

**Date and Time:** Monday 30 September 2024 23:59:00 CEST

**Job Number:** 234829189

**Documents (100)**

1. [*Russia : Yekaterinburg media highlights 3-9 Jul 17*](https://advance.lexis.com/api/document?id=urn:contentItem:5P09-P5R1-JC8S-C33J-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** strategic and interventions or strategic and programs or strategic and plan or strategic and producer or interventions and programs or interventions and plan or interventions and producer or programs and plan or programs and producer or plan and producer

**Search Type:** Terms and Connectors

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

2. [*RPC Group PLC Full year results for the year -5-*](https://advance.lexis.com/api/document?id=urn:contentItem:5NRD-C531-F0CC-S07T-00000-00&idtype=PID&context=1516831)

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3. [*- PotashCorp Reports Second Quarter Earnings of $ 0.24 per Share*](https://advance.lexis.com/api/document?id=urn:contentItem:5P45-MJF1-F0K1-N4N9-00000-00&idtype=PID&context=1516831)

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4. [*Abu Dhabi cultivating a sustainable agriculture industry*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-72W0-00000-00&idtype=PID&context=1516831)

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5. [*Pipeline of skilled staff has Scotland looking to the future*](https://advance.lexis.com/api/document?id=urn:contentItem:5R19-MF41-F15K-239M-00000-00&idtype=PID&context=1516831)

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6. [*Summary of Russian press for Tuesday 14 November 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5PYC-5JW1-DYRV-3192-00000-00&idtype=PID&context=1516831)

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7. [*Nigeria 's paddies of promise*](https://advance.lexis.com/api/document?id=urn:contentItem:5NY2-B131-JCH9-G3DR-00000-00&idtype=PID&context=1516831)

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8. [*- PotashCorp Reports Second Quarter Earnings of $ 0.24 per Share*](https://advance.lexis.com/api/document?id=urn:contentItem:5P4T-J3P1-F0K1-N0GF-00000-00&idtype=PID&context=1516831)

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9. [*CGIAR centres and research programmes combine forces to reduce the damage of banana disease in Uganda*](https://advance.lexis.com/api/document?id=urn:contentItem:5RP3-61R1-F0YC-N1XD-00000-00&idtype=PID&context=1516831)

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10. [*Cuba - Q3 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5NJM-TMS1-JD33-J1WN-00000-00&idtype=PID&context=1516831)

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11. [*Free trade, Brexit and the customs union*](https://advance.lexis.com/api/document?id=urn:contentItem:5RRY-G2V1-JCJY-G53P-00000-00&idtype=PID&context=1516831)

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12. [*National Forum of Agricultural Producers*](https://advance.lexis.com/api/document?id=urn:contentItem:5RVR-DDV1-JDVR-029M-00000-00&idtype=PID&context=1516831)

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13. [*Cuba - Q2 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5RDY-W5T1-JD33-J2VS-00000-00&idtype=PID&context=1516831)

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14. [*BRIEF NEWS BULLETIN NO. 10305*](https://advance.lexis.com/api/document?id=urn:contentItem:5RCS-6VM1-JDKJ-113X-00000-00&idtype=PID&context=1516831)

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15. [*Agriculture is the key to a prosperous Africa*](https://advance.lexis.com/api/document?id=urn:contentItem:5R44-4SW1-F039-623V-00000-00&idtype=PID&context=1516831)

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16. [*The role of leadership in place-based development and building institutional arrangements*](https://advance.lexis.com/api/document?id=urn:contentItem:6BNK-C111-DY41-749J-00000-00&idtype=PID&context=1516831)

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17. [*National Forum of Agricultural Producers*](https://advance.lexis.com/api/document?id=urn:contentItem:5RVR-DDV1-JDVR-029Y-00000-00&idtype=PID&context=1516831)

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18. [*Register of Commission documents: Research for TRAN Committee - Transport and Tourism in Sweden Document date: 2017-07-28 IPOL\_BRI(2017)601987 Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5PJP-M1Y1-JDG9-Y3N2-00000-00&idtype=PID&context=1516831)

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19. [*Washington: USDA Agencies Band Together to Assist Producers Impacted by 2017 Hurricanes*](https://advance.lexis.com/api/document?id=urn:contentItem:5RP3-61T1-F0YC-N4G6-00000-00&idtype=PID&context=1516831)

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20. [*M and A Navigator: Deal pipeline -18 May*](https://advance.lexis.com/api/document?id=urn:contentItem:5SC0-R471-JD3Y-Y3BP-00000-00&idtype=PID&context=1516831)

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21. [*All set for the big reveal Who will win the ICIS Innovation Awards this year- Seventeen entries across six categories are in the running, as revealed in the shortlist below. The winners will be announced in mid-October, but until then you are free to choose your own favourites!*](https://advance.lexis.com/api/document?id=urn:contentItem:5P74-MTD1-DYX4-71D3-00000-00&idtype=PID&context=1516831)

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22. [*Pipeline of skilled staff has Scotland looking to the future*](https://advance.lexis.com/api/document?id=urn:contentItem:5R19-MF41-F15K-23C9-00000-00&idtype=PID&context=1516831)

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23. [*SigmaRoc PLC Full Year Results -2-*](https://advance.lexis.com/api/document?id=urn:contentItem:5SCM-75H1-JCXB-22M1-00000-00&idtype=PID&context=1516831)

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24. [*The modern-day barons: inside the murky underbelly of land promotion*](https://advance.lexis.com/api/document?id=urn:contentItem:5P5X-0RN1-F021-61SG-00000-00&idtype=PID&context=1516831)

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25. [*P8\_TA(2016)0061 Opening of negotiations for an EU-Tunisia Free Trade Agreement European Parliament resolution of 25 February 2016 on the opening of negotiations for an EU-Tunisia Free Trade Agreement (2015/2791(RSP))*](https://advance.lexis.com/api/document?id=urn:contentItem:5RK3-P7W1-JDG9-Y0WM-00000-00&idtype=PID&context=1516831)

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26. [*Cuba - Q1 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5PT0-48R1-JD33-J06C-00000-00&idtype=PID&context=1516831)

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27. [*Democratic tensions in decentralised planning – Rhetoric, legislation and reality in England*](https://advance.lexis.com/api/document?id=urn:contentItem:6BGY-HK51-JBMY-H3R1-00000-00&idtype=PID&context=1516831)

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28. [*-Compass Minerals Reports Solid Fourth-Quarter and Full-Year Results*](https://advance.lexis.com/api/document?id=urn:contentItem:5RN7-X7G1-F0K1-N0KW-00000-00&idtype=PID&context=1516831)

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29. [*BRIEF NEWS BULLETIN NO. 10248*](https://advance.lexis.com/api/document?id=urn:contentItem:5PYK-W2D1-JDKJ-110D-00000-00&idtype=PID&context=1516831)

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30. [*Alliance success factors and performance in social economy enterprises*](https://advance.lexis.com/api/document?id=urn:contentItem:5V6X-0HW1-JB00-310M-00000-00&idtype=PID&context=1516831)

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31. [*M and A Navigator: Deal pipeline -1 February*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJD-06P1-F0K1-N05Y-00000-00&idtype=PID&context=1516831)

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32. [*Register of Commission documents: 70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 Document date: 2017-10-23 AGRI\_AD(2017)604528 Opinions*](https://advance.lexis.com/api/document?id=urn:contentItem:5R6T-YHX1-JDG9-Y28Y-00000-00&idtype=PID&context=1516831)

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33. [*New investment opportunities open up across a range of sectors in Kuwait*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-735G-00000-00&idtype=PID&context=1516831)

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34. [*Sirius Minerals plc Full Year 2017 Results -2-*](https://advance.lexis.com/api/document?id=urn:contentItem:5RTD-KRX1-F0CC-S0N2-00000-00&idtype=PID&context=1516831)

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35. [*BRIEF NEWS BULLETIN NO. 10249*](https://advance.lexis.com/api/document?id=urn:contentItem:5PYT-VM51-F12K-R1B6-00000-00&idtype=PID&context=1516831)

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36. [*Daily News 29 / 11 / 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5R36-J7R1-JDG9-Y234-00000-00&idtype=PID&context=1516831)

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37. [*M and A Navigator: Deal pipeline -20 July*](https://advance.lexis.com/api/document?id=urn:contentItem:5P2M-VG91-JD3Y-Y170-00000-00&idtype=PID&context=1516831)

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38. [*SWM ANNOUNCES THIRD QUARTER 2017 RESULTS AND DIVIDEND INCREASE*](https://advance.lexis.com/api/document?id=urn:contentItem:5PVN-R4J1-JDPT-Y55K-00000-00&idtype=PID&context=1516831)

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39. [*Cuba - Q4 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5P58-J311-JD33-J02C-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** strategic and interventions or strategic and programs or strategic and plan or strategic and producer or interventions and programs or interventions and plan or interventions and producer or programs and plan or programs and producer or plan and producer

**Search Type:** Terms and Connectors

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

40. [*The Political Economy of Chinese and Indian Trade, Aid and Investments in Nigeria : A Comparative Analysis*](https://advance.lexis.com/api/document?id=urn:contentItem:6BH2-VXY1-JBMY-H405-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

41. [*M and A Navigator: Deal pipeline ""18 May*](https://advance.lexis.com/api/document?id=urn:contentItem:5SC0-R4D1-F0K1-N4P6-00000-00&idtype=PID&context=1516831)

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42. [*China- Kazakhstan border woes dent Silk Road ambitions*](https://advance.lexis.com/api/document?id=urn:contentItem:5R77-WTF1-F039-639H-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

43. [*- Tecogen Announces Third Quarter 2017 Results*](https://advance.lexis.com/api/document?id=urn:contentItem:5PYD-M971-F0K1-N01F-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

44. [*Council of the European Union:CFSP Report – Our priorities in 2017 ST 10650 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5P8V-B9R1-F0YC-N2R7-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

45. [*Council of the European Union:CFSP Report – Our priorities in 2017 ST 10650 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDW-MHC1-F0YC-N205-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

46. [*BRIEF NEWS BULLETIN NO. 10318*](https://advance.lexis.com/api/document?id=urn:contentItem:5RGH-V4W1-JDKJ-155H-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

47. [*Register of Commission documents: Cuba relations: a new chapter begins Document date: 2017-07-18 EXPO\_IDA(2017)570485 In-Depth Analysis*](https://advance.lexis.com/api/document?id=urn:contentItem:5PG5-BBV1-F0YC-N4GV-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

48. [*M and A Navigator: Deal pipeline â(EURO)"20 July*](https://advance.lexis.com/api/document?id=urn:contentItem:5P2M-VKP1-F0K1-N4S8-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

49. [*BRIEF NEWS BULLETIN NO. 10428*](https://advance.lexis.com/api/document?id=urn:contentItem:5SB0-G111-JDKJ-126G-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

50. [*Government bodies promote innovation in Peru*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-72Y4-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

51. [*Washington: Perdue Names New Leaders in USDA ’s Departmental Administration*](https://advance.lexis.com/api/document?id=urn:contentItem:5RP3-61Y1-F0YC-N4TW-00000-00&idtype=PID&context=1516831)

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52. [*PWM/The Banker Private Banking Awards 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5RG4-BBV1-DY9P-N4BF-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

53. [*Washington: Remarks at the Kuwait Reconstruction Conference for Iraq*](https://advance.lexis.com/api/document?id=urn:contentItem:5RP3-61T1-F0YC-N187-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

54. [*Back to her native roots Jean Franczyk is viewing her birthplace with fresh eyes as the new head of Chicago Botanic Garden. By A.K. Thomson*](https://advance.lexis.com/api/document?id=urn:contentItem:5PXP-3GG1-JBVM-Y28B-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

55. [*The future of food and farming - Communication on the Common Agricultural Policy post-2020*](https://advance.lexis.com/api/document?id=urn:contentItem:5R36-J7R1-JDG9-Y32B-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

56. [*The future of food and farming - Communication on the Common Agricultural Policy post-2020*](https://advance.lexis.com/api/document?id=urn:contentItem:5R36-J7G1-F0YC-N159-00000-00&idtype=PID&context=1516831)

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| **Content Type** | **Narrowed by** |
| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

57. [*Summary of Russian press for Tuesday 15 August 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5P7Y-TTJ1-DYRV-316K-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| **Content Type** | **Narrowed by** |
| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

58. [*Belgium - Q2 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5RDY-W5T1-JD33-J2TM-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

59. [*Defra non-executive board member appointments*](https://advance.lexis.com/api/document?id=urn:contentItem:5RSF-CMK1-JDKC-R2NY-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| **Content Type** | **Narrowed by** |
| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

60. [*Register of Commission documents:REPORT on the EU-Africa Strategy: a boost for development Document date: 2017-10-24 P8\_A(2017)0334 Reports*](https://advance.lexis.com/api/document?id=urn:contentItem:5R5J-9J41-JDG9-Y347-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

61. [*KSK Power Ventur PLC Audited Results for the year -7-*](https://advance.lexis.com/api/document?id=urn:contentItem:5P42-XB81-F0CC-S0G0-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

62. [*GATHERING STORM CLOUDS UNSETTLE SHAREHOLDERS IN IRISH FOOD GIANTS Gavin McLoughlin examines the factors behind share price falls - and rises - at the companies that sprung out of Ireland 's co-operative movement*](https://advance.lexis.com/api/document?id=urn:contentItem:5RRB-WXV1-JBVM-Y17Y-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** strategic and interventions or strategic and programs or strategic and plan or strategic and producer or interventions and programs or interventions and plan or interventions and producer or programs and plan or programs and producer or plan and producer

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

63. [*Russia : Chelyabinsk Region media highlights 26 Feb - 4 Mar 18*](https://advance.lexis.com/api/document?id=urn:contentItem:5RX7-GRT1-JC8S-C39H-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

64. [*Washington: AFRICAN GROWTH AND OPPORTUNITY ACT AND MILLENNIUM CHALLENGE ACT MODERNIZATION ACT*](https://advance.lexis.com/api/document?id=urn:contentItem:5RFG-21T1-JDG9-Y42M-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

65. [*Sankalp Africa Summit 2018 Spurs Innovation and Investment*](https://advance.lexis.com/api/document?id=urn:contentItem:5RYY-3W81-F0YC-N4H7-00000-00&idtype=PID&context=1516831)

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66. [*Apulia: A lesser-known gem on Italy 's south easterly tip*](https://advance.lexis.com/api/document?id=urn:contentItem:5S0S-CCT1-F021-63JD-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

67. [*BRIEF NEWS BULLETIN NO. 10429*](https://advance.lexis.com/api/document?id=urn:contentItem:5SB6-FC31-JDKJ-13G6-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

68. [*Asiamoney China private banking awards 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5S40-HRB1-JD1P-T1SX-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

69. [*The future of food and farming - Communication on the Common Agricultural Policy post-2020*](https://advance.lexis.com/api/document?id=urn:contentItem:5R2T-0481-JDG9-Y2VT-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

70. [*M and A Navigator: Deal pipeline ""1 February*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJD-0721-F0K1-N0Y8-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

71. [*One Planet summit in Paris next week*](https://advance.lexis.com/api/document?id=urn:contentItem:5R4B-38M1-JDJN-634R-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

72. [*The new battle over Turkey and Syria 3-Has Soleimani lost his charm?*](https://advance.lexis.com/api/document?id=urn:contentItem:5RF8-NBD1-JCF2-22T1-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

73. [*Porto Alegre’s sociopolitical urbanism and neoliberal economic dynamics: Perspectives from a local community in the Afro- Brazilian periphery*](https://advance.lexis.com/api/document?id=urn:contentItem:6BNK-C111-DY41-73VS-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

74. [*DEALS OF THE YEAR 2 0 1 8*](https://advance.lexis.com/api/document?id=urn:contentItem:5S7T-YHR1-DY9P-N2VR-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

75. [*Register of Commission documents:Harnessing globalisation for local and regional authorities: Challenges and possible solutions Document date: 2017-09-29 EPRS\_BRI(2017)608723 Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5R13-MJ01-F0YC-N0M7-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

76. [*Natural disasters, entrepreneurship, and creation after destruction*](https://advance.lexis.com/api/document?id=urn:contentItem:5YJX-P231-DY4C-F0K5-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

77. [*- Nutrien 's First-Quarter 2018 Impacted by Delayed Spring Season, Expect Strong Second-Quarter Results*](https://advance.lexis.com/api/document?id=urn:contentItem:5S9B-8KK1-JD3Y-Y4MD-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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78. [*Putin's end-of-year news conference - Kremlin transcript*](https://advance.lexis.com/api/document?id=urn:contentItem:5R6N-0SD1-JC8S-C3Y6-00000-00&idtype=PID&context=1516831)

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79. [*Go head over heels to taste the real Italy LUCY JOHNSTON takes her family south down the boot to stylish Apulia to soak up the sun, seaside and ancient culture Food that captures the South's magic*](https://advance.lexis.com/api/document?id=urn:contentItem:5S0T-PTM1-DY9P-N46F-00000-00&idtype=PID&context=1516831)

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80. [*BRIEF NEWS BULLETIN NO. 10447*](https://advance.lexis.com/api/document?id=urn:contentItem:5SG0-DJ41-F12K-R1SV-00000-00&idtype=PID&context=1516831)

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81. [*Diversification and development aiding Qatar 's economic recovery*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-73PK-00000-00&idtype=PID&context=1516831)

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82. [*Go head over heels to taste the real Italy LUCY JOHNSTON takes her family south down the boot to stylish Apulia to soak up the sun, seaside and ancient culture Food that captures the South's magic*](https://advance.lexis.com/api/document?id=urn:contentItem:5S0T-PTM1-DY9P-N4F6-00000-00&idtype=PID&context=1516831)

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83. [*US Navy remotely lands F/A-18 Super Hornet on carrier deck E Naval officers aboard the USS Abraham Lincoln demonstrated for the first time the ability to remotely take control of an aircraft and land it on an aircraft carrier’s deck.*](https://advance.lexis.com/api/document?id=urn:contentItem:5S0J-0KM1-JCF2-H004-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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84. [*Reducing risk and leveraging markets: The impact of financial structure on federal contractor performance*](https://advance.lexis.com/api/document?id=urn:contentItem:6BND-9V51-JBMY-H007-00000-00&idtype=PID&context=1516831)

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85. [*Russia : Chelyabinsk Region media highlights 26 Feb - 4 Mar 18*](https://advance.lexis.com/api/document?id=urn:contentItem:5S64-BS91-DYRV-31FW-00000-00&idtype=PID&context=1516831)

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86. [*Go head over heels to taste the real Italy LUCY JOHNSTON takes her family south down the boot to stylish Apulia to soak up the sun, seaside and ancient culture Food that captures the South's magic*](https://advance.lexis.com/api/document?id=urn:contentItem:5S0T-PTM1-DY9P-N4KH-00000-00&idtype=PID&context=1516831)

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87. [*BRIEF NEWS BULLETIN NO. 10136*](https://advance.lexis.com/api/document?id=urn:contentItem:5P3P-YNV1-JDKJ-13KW-00000-00&idtype=PID&context=1516831)

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88. [*Register of Commission documents: Japan and prospects for closer EU ties Document date: 2017-10-05 EPRS\_BRI(2017)608739 Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5R2T-0481-JDG9-Y1W6-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

89. [*Understanding the drivers of sustainable entrepreneurial practices in Pakistan ’s leather industry*](https://advance.lexis.com/api/document?id=urn:contentItem:5YJX-P231-DY4C-F0N5-00000-00&idtype=PID&context=1516831)

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90. [*Algeria implements reforms and develops policy framework to lessen oil dependency*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-73TY-00000-00&idtype=PID&context=1516831)

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91. [*Register of Commission documents: Sanctions over Ukraine : Impact on Russia Document date: 2018-01-17 EPRS\_BRI(2018)614665 Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJ1-4S11-JDG9-Y1V3-00000-00&idtype=PID&context=1516831)

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92. [*Deal or no deal?*](https://advance.lexis.com/api/document?id=urn:contentItem:5P3Y-J9T1-JCF2-21T4-00000-00&idtype=PID&context=1516831)

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93. [*CALENDRIER du 4 au 10 septembre 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDW-MHD1-JDG9-Y36K-00000-00&idtype=PID&context=1516831)

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94. [*P8\_TA(2015)0444 Towards a European Energy Union European Parliament resolution of 15 December 2015 on Towards a European Energy Union (2015/2113(INI))*](https://advance.lexis.com/api/document?id=urn:contentItem:5R25-2WM1-JDG9-Y1W0-00000-00&idtype=PID&context=1516831)

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95. [*- Granite Construction to Acquire Layne Christensen in $ 565 Million Stock Merger Transaction*](https://advance.lexis.com/api/document?id=urn:contentItem:5RNF-W9N1-JD3Y-Y3TT-00000-00&idtype=PID&context=1516831)

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96. [*Register of Commission documents: Global Trendometer: Essays on medium- and long-term global trends - Summer 2017 Document date: 2017-09-06 EPRS\_STU(2017)603253 Study*](https://advance.lexis.com/api/document?id=urn:contentItem:5PTJ-KD01-F0YC-N0VS-00000-00&idtype=PID&context=1516831)

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97. [*Register of Commission documents: the Joint Proposal for a Council Decision on the signing, on behalf of the European union, and provisional application of the Comprehensive and Enhanced Partnership Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part and the Republic of Armenia , of the other part. Document date: 2017-09-25 COM\_JOIN(2017)0036(ANN04) JOIN documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5R13-MJ01-F0YC-N2PC-00000-00&idtype=PID&context=1516831)

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98. [*Washington: OZONE STANDARDS IMPLEMENTATION ACT OF 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5P2F-5CB1-JDG9-Y3N4-00000-00&idtype=PID&context=1516831)

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99. [*Washington: TAX CUTS AND JOBS ACT--CONTINUED*](https://advance.lexis.com/api/document?id=urn:contentItem:5R3M-K1P1-JDG9-Y0CS-00000-00&idtype=PID&context=1516831)

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100. [*New Year Honours in full*](https://advance.lexis.com/api/document?id=urn:contentItem:5R95-7491-F021-60D1-00000-00&idtype=PID&context=1516831)

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# [***Russia: Yekaterinburg media highlights 3-9 Jul 17***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P09-P5R1-JC8S-C33J-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

Supplied by BBC Worldwide Monitoring

July 10, 2017 Monday

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**Length:** 1270 words

**Body**

By BBC Monitoring

The following are highlights from state-owned Rossiya 1 TV's regional news slot, Ekho Moskvy in Yekaterinburg radio, Znak.com online newspaper and e1.ru Yekaterinburg city portal for the period 3-9 July 2017:

Elections

The Russian All-People's Union party has nominated lawyer Ivan Volkov as candidate to run for governor in Sverdlovsk Region, Ekho Moskvy in Yekaterinburg reported on 3 July. Volkov said that he had enough experience to take part in the campaign. However, he does not rule out that he may miss the deadline to collect the required number of municipal deputies' signatures. (Ekho Moskvy in Yekaterinburg radio, Yekaterinburg, 1001 gmt 3 Jul 17)

Yevgenia Chudnovets, convicted for a repost, has become the tenth candidate to run for governor in Sverdlovsk Region, Ekho Moskvy in Yekaterinburg reported on 3 July. Chudnovets was nominated by the International Party of Russia. However, local political experts believe that only six hopefuls can collect the required number of municipal deputies' signatures. (Ekho Moskvy in Yekaterinburg radio, Yekaterinburg, 0540 gmt 3 Jul 17)

Yekaterinburg mayor Yevgeny Royzman has so far collected 30 per cent of local deputies' signatures required to run for governor in Sverdlovsk Region, Ekho Moskvy in Yekaterinburg reported on 7 July. (Ekho Moskvy in Yekaterinburg radio, Yekaterinburg, 0525 gmt 7 Jul 17)

Experts, lawyers and representatives of civil associations in Yekaterinburg have discussed the public monitoring of elections, Rossiya 1 TV reported on 6 July. They believe that all stages of the pre-election and election campaign should be transparent and candidates should have equal rights and possibilities. (Rossiya 1 TV "Vesti Ural" news, Yekaterinburg, 1545 gmt 6 Jul 17)

Political

Russian President Vladimir Putin is to visit Yekaterinburg on 9 July, Ekho Moskvy in Yekaterinburg reported on 6 July. Putin is expected to meet former Japanese Prime Minister Yoshiro Mori. According to some information, the Japanese party intends to discuss a territorial problem and joint economic activities on the southern Kuril Islands. (Ekho Moskvy in Yekaterinburg radio, Yekaterinburg, 0540 gmt 6 Jul 17)

US Consul General in Yekaterinburg Marcus Micheli is to step down, Ekho Moskvy in Yekaterinburg reported on 4 July. A new consul general will be appointed in autumn. Micheli arrived in Yekaterinburg in 2015. (Ekho Moskvy in Yekaterinburg radio, Yekaterinburg, 1017 gmt 4 Jul 17)

The head of the Emergencies Ministry for Sverdlovsk Region, Maj-Gen Andrei Zalensky, has been relieved of his duties, Rossiya 1 TV reported on 6 July. An order to this effect was signed by President Vladimir Putin. Zalensky ***planned*** to retire and filed a relevant request. (Rossiya 1 TV "Vesti Ural" news, Yekaterinburg, 1545 gmt 6 Jul 17)

Criminal proceedings on charges of abuse of office have been initiated against former head of Pervouralsk Yuri Pereverzev, Rossiya 1 TV reported on 3 July. In line with the investigation, being the head of the city administration in 2011-13, Pereverzev illegally handed over a plot of land near Lake Glukhoe to a legal entity. As a result, the municipality lost R27m (around 447,000 dollars at the current exchange rate). Pereverzev is facing up to seven years in prison. (Rossiya 1 TV "Vesti Ural" news, Yekaterinburg, 1545 gmt 3 Jul 17)

The police are carrying out searches at opposition politician Alexei Navalny's campaign office in Yekaterinburg, Ekho Moskvy in Yekaterinburg quoted the head of the office, Viktor Barmin, as saying on 7 July. (Ekho Moskvy in Yekaterinburg radio, Yekaterinburg, 1047 gmt 7 Jul 17)

Economic

Japan is to set up its national pavilion at the Innoprom exhibition in Yekaterinburg, Ekho Moskvy in Yekaterinburg reported on 3 July. Along with high-technology products of the machine-tool and robotics industries, the partner country of the exhibition will unveil its achievements in the environmental sector. About 168 Japanese companies are expected to take part in the exhibition. (Ekho Moskvy in Yekaterinburg radio, Yekaterinburg, 0732 gmt 3 Jul 17)

A delegation from China's Heilongjiang Province and Harbin is to attend the Innoprom exhibition in Yekaterinburg, Ekho Moskvy in Yekaterinburg reported on 4 July. Along with the officials, the delegation will also comprise representatives of 180 companies specialising in machine-building, the construction industry, biotechnologies, electronic equipment and ***agriculture***. A delegation from Henan Province led by deputy governor Zhao Jiancai and official representatives of Jilin Province are also expected to visit the exhibition. (Ekho Moskvy in Yekaterinburg radio, Yekaterinburg, 1029 gmt 4 Jul 17)

About 200 Chinese companies are expected to take part in the Innoprom industrial exhibition in Yekaterinburg on 10-13 July, Rossiya 1 TV reported on 7 July. The Chinese companies will be representing the industrial and ***agricultural*** sectors, provision of services, the financial and machine-building sectors, as well as companies involved in production of chemical products and medical equipment. They are ***planning*** to set up an exchange of contacts to strengthen ties among small and medium-size businesses of the countries. (Rossiya 1 TV "Vesti Ural" news, Yekaterinburg, 1545 gmt 7 Jul 17)

Ministers representing a number of countries are to attend the Innoprom exhibition in Yekaterinburg, Ekho Moskvy in Yekaterinburg reported on 5 July. Japanese Economy, Trade and Industry Minister Hiroshige Seko is expected to take part in the main ***strategic*** session of the business ***programme*** on the first day of the exhibition. UAE Minister of Economy Sultan Bin-Sa'id al-Mansuri, Czech Industry and Trade Minister Jiri Havlicek, Russian Trade and Industry Minister Denis Manturov and chairman of the board of the Centre for ***Strategic*** Research foundation Alexei Kudrin are also among the speakers at the exhibition. (Ekho Moskvy in Yekaterinburg radio, Yekaterinburg, 0852 gmt 5 Jul 17)

Sverdlovsk Region has become one of the leaders in milk production in Russia, Rossiya 1 TV reported on 4 July. According to the regional ministry of ***agriculture***, in 2017, about 300,000 t of milk were ***produced*** by farmers and backyards. Specialists claim that the production of ***agricultural*** products has been on the rise recently. The revenues amounted to R22bn (365m dollars at the current exchange rate). (Rossiya 1 TV "Vesti Ural" news, Yekaterinburg, 1545 gmt 4 Jul 17)

Sverdlovsk Region has improved its position in a national rating of investment environment by two counts, Rossiya 1 TV reported on 5 July. The region is enjoying the position in the second group with comfortable business conditions. (Rossiya 1 TV "Vesti Ural" news, Yekaterinburg, 1545 gmt 5 Jul 17)

Human rights

A world congress of disabled people is to be held in Yekaterinburg on 7-10 September, Ekho Moskvy in Yekaterinburg reported on 5 July. According to the governor's information policy department, more than 700 people from 27 countries will take part in it. (Ekho Moskvy in Yekaterinburg radio, Yekaterinburg, 1041 gmt 5 Jul 17)

Yekaterinburg blogger Ruslan Sokolovsky, convicted for inciting hatred and offending religious believers' feelings, has had his sentence mitigated, Rossiya 1 TV reported on 7 July. The Sverdlovsk Region court reduced the suspended sentence to two years and three months. In May, Sokolovsky was given a three-and-a-half-year suspended sentence. The young man was arrested in September 2016 after posting a video showing him playing the Pokemon Go game in a church in Yekaterinburg. (Rossiya 1 TV "Vesti Ural" news, Yekaterinburg, 1545 gmt 7 Jul 17)

Source: BBC Monitoring

**Load-Date:** July 10, 2017

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[***Daily News 29 / 11 / 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R36-J7R1-JDG9-Y234-00000-00&context=1516831)

Impact News Service

November 29, 2017 Wednesday

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**Length:** 2630 words

**Body**

Brussels: European Commission has issued the following news release:

Intellectual property: Protecting Europe's know-how and innovation leadership

The Commission today presents measures to ensure that intellectual property rights (IPR) are well protected, thereby encouraging European companies, in particular SMEs and start-ups, to invest in innovation and creativity. Vice-President Jyrki Katainen, responsible for Jobs, Growth Investment and Competitiveness, said: 'Europe's economic growth and competitiveness largely depends on our many entrepreneurs investing in new ideas and knowledge. This package improves the application and enforcement of intellectual property rights and encourages investment in technology and product development in Europe.' Commissioner Elżbieta Bieńkowska, responsible for Internal Market, Industry, Entrepreneurship and SMEs, added: 'Today we boost our collective ability to catch the 'big fish' behind fake goods and pirated content which harm our companies, our jobs, our health and safety. We are also placing Europe as a global leader with a patent licensing system conducive to the roll-out of the Internet of Things from smartphones to connected cars.'

Today's initiatives will make it easier to act efficiently against breaches of IPR, facilitate cross-border litigation, and tackle the fact that 5% of goods imported into the EU (worth €85 billion) are counterfeited or pirated. When it comes to Standard Essential Patents (SEPs), the Commission encourages fair and balanced licensing negotiations which ensure that companies are rewarded for their innovation while allowing also others to build on this technology to generate new innovative products and services. Vice-President Katainen and Commissioner Bieńkowska will hold a press conference following the College meeting which will be broadcasted live here. A press release, a MEMO and three factsheets (on Intellectual Property Rights, and Why IPRs matter, and on SEPs) are available. (For more information: Lucia Caudet – Tel.: + 32 229 56182; Maud Noyon – Tel.: +32 229 80379; Victoria von Hammerstein – Tel.: +32 229 55040)

L'avenir de l'***agriculture*** et de l'alimentation- Présentation des orientations de la Commission pour une politique agricole commune flexible, juste et durable

Le collège des commissaires a adopté aujourd'hui les orientations de la Commission pour simplifier et moderniser la politique agricole commune (PAC) dont les principaux objectifs demeurent le soutien aux agriculteurs et le développement d'une ***agriculture*** durable et verte. L'initiative phare présentée dans la Communication, intitulée 'l'avenir de l'***agriculture*** et de l'alimentation', consiste à renforcer les compétences des États membres en matière de choix et de modalités d'affectation des ressources de la PAC afin d'atteindre des objectifs communs ambitieux dans les domaines de l'environnement, de la lutte contre le changement climatique et de la durabilité. Jyrki Katainen, vice-président chargé de l'emploi, de la croissance, de l'investissement et de la compétitivité, a déclaré: «La politique agricole commune nous accompagne depuis 1962. Nous devons veiller, d'une part, à ce qu'elle continue de fournir aux consommateurs des denrées alimentaires saines et de qualité tout en créant des emplois et de la croissance dans les zones rurales, et, d'autre part, à ce qu'elle évolue parallèlement aux autres politiques.'. Phil Hogan, commissaire pour l'***agriculture*** et le développement rural, a dit: «La Communication publiée aujourd'hui apporte l'assurance que la politique agricole commune permettra la réalisation d'objectifs nouveaux et émergents, tels que la promotion d'un secteur agricole intelligent et résilient, le renforcement de la protection de l'environnement et de l'action en faveur du climat et la consolidation du tissu socio-économique dans les zones rurales.' La structure actuelle à deux piliers sera maintenue, mais l'approche plus simple et plus flexible qui est prévue comprendra les mesures  précises visant à permettre la réalisation des objectifs convenus au niveau de l'UE. Chaque pays de l'UE élaborera ensuite son propre ***plan*** stratégique - qui sera approuvé par la Commission - dans lequel il indiquera comment il envisage d'atteindre les objectifs. Les propositions législatives mettant en œuvre les objectifs définis dans la Communication seront présentées par la Commission avant l'été 2018, après la proposition du cadre financier pluriannuel. La Communication sur 'l'avenir de l'***agriculture*** et de l'alimentation' est en ligne. Un communiqué de presse ainsi qu'un mémo seront disponibles en ligne dans toutes les langues au début de la conférence de presse du Vice-Président Katainen et du Commissaire Hogan (aux alentours de 12h45) sera retransmise en direct sur EbS. (Pour plus d'informations: Daniel Rosario – Tel.: +32 229 56185; Clémence Robin – Tel: +32 229 52509)

Brexit: European Commission proposes legislative amendments for the relocation of the European Medicines Agency and the European Banking Authority from London

The European Commission has today made two legislative proposals to amend the founding Regulations of the European Medicines Agency (EMA) and the European Banking Authority (EBA). This follows last week's agreement in the margins of the General Affairs Council (Article 50 format) to move the EMA and the EBA from London to Amsterdam and Paris, respectively. The Commission is acting swiftly in order to provide legal certainty and clarity, ensuring that both Agencies can continue to function smoothly and without disruption beyond March 2019. Under the ordinary legislative procedure, the co-legislators (the European Parliament and the Council) are expected to give priority to the handling of these legislative proposals. (full press release available here) (For more information: Margaritis Schinas: +32 229 60524; Mina Andreeva – Tel.: +32 229-91382, Daniel Ferrie – Tel.: +32 229 86500)

Commission proposes to extend Single Resolution Board Chair's term of office

The European Commission has today proposed to extend the mandate of Ms Elke König, Chair of the Single Resolution Board (SRB), for five years as of 24 December 2017. Ms König, a German national, was appointed Chair of the SRB at the end of 2014 for an initial period of three years. Ms König, a former President of the German Federal Financial Supervisory Authority, has spent all her career in the financial and insurance sector. In 2010 and 2011, Ms König was a member of the International Accounting Standards Board (IASB) in London. Today's decision follows a hearing of the SRB Board's plenary session on 10 October 2017. The proposal will now be transmitted to the European Parliament for approval, and the Council will also be informed. Following that approval, the Council would have to adopt an implementing decision to extend the mandate (For more information: Alexander Winterstein - Tel.: +32 229 93265; Andreana Stankova – Tel.: +32 229 57857)

64 millions d'euros du fonds de Cohésion pour un environnement mieux protégé en Croatie

Le Fonds de Cohésion de l'UE investit 64,3 millions d'euros dans des infrastructures de gestion de l'eau dans l'agglomération de Varaždin, au Nord du pays. 'Ce projet est un nouvel exemple concret de la valeur ajoutée d'une Union européenne qui se soucie de l'environnement et de la santé de ses citoyens,' a commenté la Commissaire à la politique régionale Corina Crețu. Plus de 200 km d'égout et 108 postes de pompages vont être construits dans le cadre de ce projet financé par l'UE, qui contribuera à protéger l'environnement et assurer un accès à une eau plus saine pour près de 95 000 personnes.  Les travaux devraient être achevés à l'automne 2021. (Pour plus d'informations: Johannes Bahrke – Tel.: +32 229 58615; Sophie Dupin de Saint-Cyr – Tel.: +32 229 56169)

Better rail connections in Sicily thanks to Cohesion policy investments

Over €105 million from the European Regional Development Fund is invested in the modernisation of the Messina-Palermo railway line, on the section between the Fiumetorto train station and the village of Ogliastrillo. The EU-funded project covers the doubling of the tracks, for enhanced safety and reduced travel time between the two Sicilian cities. Commissioner for Regional Policy Corina Creţu commented: 'This project will give a boost to tourism, shorten travel time and promote clean mobility in this beautiful region; that is EU money well spent.' TheMessina-Palermo line is an important section of the Italian national and regional transport ***plan***, and it is also part of the Scandinavian-Mediterranean Corridor of the trans-European transport network (TEN-T), stretching from Finland and Sweden in the North to the southern Italian ports and Malta in the South. Works should be completed in December 2019. (For more information: Johannes Bahrke - Tel .: +32 229 58615, Sophie Dupin from Saint-Cyr - Tel .: +32 229 56169)

EU delivering on climate commitments through enhanced global partnerships

To cooperate more closely with major economies to implement the 2015 Paris Agreement on Climate Change and on environmentally-friendly practices more broadly, the European Union has launched new ***strategic*** partnerships. These include a ***programme*** co-financed by the EU's Partnership Instrument (worth €20 million) and co-financed by the German International Climate Initiative with €5 million) to advance bilateral cooperation on climate change and contribute to improved public awareness. In addition, and following the 14th EU – India Summit which reinforced the ***strategic*** importance of India as a key partner of the European Union in the fields of climate action, environment, climate change and urbanisation, the EU is also launching a ***programme*** entitled 'Business Support to the EU-India Policy Dialogues', worth €3.8 million, to develop the EU – India partnership further by promoting sustainable energy, urbanisation and environmentally friendly practices, with technical solutions from EU businesses. This will also contribute to an increased and diversified presence of EU companies in the Indian market. See the full press release here. (For more information:Maja Kocijančič – Tel.: +32 229 86570; Adam Kaznowski – Tel.: +32 229 89359)

State aid: Commission approves €3.1 million investment aid for CO2 transport infrastructure in The Netherlands

The European Commission has approved, under EU State aid rules, Dutch ***plans*** to grant €3.1 million of public support to the company OCAP CO2 B, for the construction of CO2 transport infrastructure in PrimA4a, in the Greenport of Aalsmeer. This measure is expected to reduce 21 kilotonnes of CO2 emissions per year. In particular, the infrastructure will transport waste CO2 (e.g from Shell) to greenhouses in the PrimA4a horticulture area, which need CO2 for their crop growth. Currently, these greenhouses ***produce*** their own CO2 using heating systems such as cogeneration systems or gas fired boilers. In summer, when heating is not needed, the greenhouses nevertheless use their heating systems for the sole purpose of CO2 generation. Thanks to this measure, greenhouses in future will be able to use excess waste CO2 instead. This will benefit the environment by reducing the use of primary energy sources to ***produce*** CO2. The Commission assessed and approved the measure by applying principles set out under the Commission's 2014 Guidelines on State aid for Environmental protection and Energy. More information on today's decision will be available on the Commission's competition website, in the public case register under the case number SA.48816 (For more information: Ricardo Cardoso – Tel.: +32 229 80100; Yizhou Ren – Tel.: +32 229 94889)

Concentrations: la Commission autorise l'acquisition du contrôle conjoint d'ADTIM par DIF et CDC

La Commission européenne a approuvé, en vertu du règlement européen sur les concentrations, l'acquisition du contrôle en commun de la société ADTIM basée en France, par les sociétés DIF Management Holding B.V ('DIF') basée aux Pays Bas, et la Caisse des Dépôts et Consignations ('CDC') basée en France. ADTIM est une société délégataire de service public d'un organisme public local français (Syndicat mixte Ardèche Drôme Numérique) qui fournit des services de télécommunications. DIF est un gestionnaire de fonds indépendant qui investit dans des projets d'infrastructure à long terme liés au capital-investissement. CDC est un établissement public français à statut juridique spécial, exerçant des activités d'intérêt général, dont la gestion de fonds privés. La Commission a conclu que l'acquisition envisagée ne soulèverait pas de problème de concurrence compte tenu de son impact très limité sur la structure du marché. L'opération a été examinée dans le cadre de la procédure simplifiée du contrôle des concentrations. De plus amples informations sont disponibles sur le site internet concurrence de la Commission, dans le registre public des affaires sous le numéro d'affaire M.8602 (Pour plus d'informations: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou - Tel.: +32 229 13740)

Mergers: Commission clears acquisition of Curaeos Holding by EQT

The European Commission has approved, under the EU Merger Regulation, the acquisition of Curaeos Holding B.V of the Netherlands by EQT Fund Management S.à.r.l of Luxembourg. Curaeos Holding is an international dental services provider which owns dental clinics, dental labs and a dental products distribution business. It also operates a migraine clinic in Germany. EQT is an investment fund making investments primarily in Northern and Continental Europe. The Commission concluded that the proposed acquisition would raise no competition concerns because EQT is not engaged in any business activity related to Curaeos Holding's business. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's competition website, in the public case register under the case number M.8698   (For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou - Tel.: +32 229 13740)

Concentrations: la Commission autorise l'acquisition de Maersk Olie og Gas par Total

La Commission européenne a approuvé, en vertu du règlement européen sur les concentrations, l'acquisition de la société danoise Maersk Olie og Gas A/S par l'entreprise française Total S.A Maersk Olie og Gas est présente dans les secteurs de l'exploration, la production et le négoce de pétrole brut et de gaz naturel. Total est un producteur et fournisseur international d'énergie, intégré et présent dans tous les secteurs de l'industrie pétrolière et gazière. La Commission a conclu que l' operation envisagée ne soulèverait pas de problème de concurrence du fait de la faiblesse relative des parts de marchés combinées à l'issue de l'opération. L'operation a été examinée dans le cadre de la procédure simplifiée de contrôle des concentrations. De plus amples informations sont disponibles sur le site internet concurrence de la Commission, dans le registre public des affaires sous le numéro d'affaire M.8662 (Pour plus d'informations: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou - Tel.: +32 229 13740)

Eurostat: Household energy prices in the EU down compared with 2016

In the European Union (EU), household electricity prices slightly decreased (-0.5%) on average between the first half of 2016 and the first half of 2017 to stand at €20.4 per 100 kWh. Across the EU Member States, household electricity prices in the first half of 2017 ranged from below €10 per 100 kWh in Bulgaria to more than €30 per 100 kWh in Denmark and Germany. A press release is available here. (For more information: Lucia Caudet – Tel.: +32 229 56182; Maud Noyan – Tel.: +32 229 80379)

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[***The modern-day barons: inside the murky underbelly of land promotion***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P5X-0RN1-F021-61SG-00000-00&context=1516831)

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**Byline:** By Isabelle Fraser

**Body**

In October last year, Tony Gallagher threw his friend David Cameron a 50th birthday party at Sarsden House, his 17th-century mansion near Chipping Norton, Oxfordshire. He served a dinner of roast beef and lamb, cooked on his Aga, to a private gathering of 23 people.

At the same time, Gallagher was also quietly ***planning*** to sell the company that he had built up over three decades, accumulating land, gaining ***planning*** permission, and auctioning it off at vast profit.  After reportedly holding talks with the Pears family, the Wellcome Trust and Berkeley Homes, Gallagher Estates was sold to housing association L&Q in January.

It netted the entrepreneur a £250m payday, propelling him into 152nd place in The Sunday Times Rich List, with an overall fortune estimated at £850m.

Such is the life of the modern-day land baron. A group of private companies, largely unknown to the public, have carved out a lucrative niche locating and snapping up land across the UK.

Sarsden House near Chipping Norton, where Tony Gallagher threw his friend David Cameron a 50th birthday party

Operating in the murky world of "***strategic*** land" promotion, these firms prepare sites for development by doing the time-consuming work of gaining ***planning*** permission. It is then sold on "shovel-ready" to housebuilders.

These companies don't ever build homes, but work within the labyrinthine ***planning*** system, taking advantage of its weaknesses and loopholes.

It's a modern-day gold rush: the magazine Farmers' Weekly is filled with adverts for companies offering to prepare ***agricultural*** land for building; Gladman Developments, a land promoter, offers its services on a "no win, no fee" basis to lure landowners interested in selling up, claiming a success rate of 90pc. The reason for this is the sheer profit that can be made by obtaining ***planning*** permission on a ***strategic*** site of land.

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According to Simon Hodson, head of residential land at JLL, while an average acre of ***agricultural*** land may sell for £5,000 to £10,000, land with ***planning*** permission for residential development is normally worth £1m-4m per acre, depending on its location and the amount of infrastructure and preparation needed before building.

These companies will then take a cut of 10-30pc of the sale value, depending on the size of the site. This means that the murky underbelly of the land market is highly profitable: in the year ending March 31 2016, Gladman made a pre-tax profit of £11.6m, while Gallagher's was £79m in the year to June 30 2016.

The company was bought for £505m, which included land to build 42,500 new homes. The companies keep a low profile, and so do their bosses. Gallagher quietly donated £110,000 to the Conservative party last year, while Gladman has also built his firm up over decades, selling his family home to invest in his first tracts of land.

The way they operate and the nature of the land market means it is difficult to know the scale of this opaque world.

***agricultural*** land

When promoting land, these companies will seldom purchase it upfront, but instead either pay the owner an option for exclusive rights, or promise the money once it is sold, with the landowner retaining the land and being actively involved in the sale process.

The options don't need to be registered anywhere, and they are not obliged to detail their deals in their results.

A search through a database created by Freedom of Information requests of land ownership by campaigner Guy Shrubsole reveals that Gladman owns just 304 acres, but it says it ***produces*** sites for 10,000 homes per year, a far higher amount.

Gallagher owns just 714 acres according to this database. Such is the opaque nature of these land deals that mythology swirls around the industry: one - unproven, and very likely untrue - claim is that 90pc of green belt has long-term speculative options in place, in case the Government of the day changes its policy on building on it.

The true size of the industry is almost impossible to find out. There are around eight big companies, and many more smaller ones, quietly preparing land around the country, though largely outside London.

Who owns the land going through ***planning***?Credit: Savills

Figures from Savills suggest that land promoters and investors currently control around 20pc of land due to be put through ***planning***, enough for 153,400 homes.

This is compared to housebuilders which own just 7.7pc of land at this stage in development. This disparity is caused partly by the fact that these promoters work on a much longer-term basis, picking up options on land for development in 15 or even 20 years.

A site for 10,000 homes that Gallagher developed in Northstowe, Cambridgeshire, was acquired in 1998, and then finally sold to housebuilders last year.

It also takes away much of the risk for housebuilders, which can focus on building rather than the secondary, more inefficient ***planning*** side of the business. Some sites can get held up in a lengthy appeal process, or even fail to get ***planning***, says Adrian Clack, Gallagher's land director; housebuilders can't afford to let that happen.

In this way these businesses play a valuable role in removing risk from developers by taking it on themselves.

"Historically the traditional UK housebuilder model has been focused on buying with three to five year profit margins. It's short term, hand-to-mouth," says Hodson. "It's a business model that isn't suited to the promotion of long term sites, as they can't turn cash over quickly enough."

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A source in one of the large housebuilders says that it buys one third of its plots from these land promoters, although this figure varies. Some housebuilders have substantial land banks that they take through the ***planning*** system itself, such as Taylor Wimpey and Persimmon.

Much of the success comes from navigating the ***planning*** system. Land promoters track down underfunded local authorities that have not yet set out a local ***plan*** for housing in the next 15 years, or a ***programme*** for building in the next five years in its National ***Planning*** Policy Framework.

Enter a land promotion company, which finds sites in these areas where the council is likely to say yes.

David Gladman, co-founder of the eponymous company, told the High Court last July: "We normally only target local authorities whose ***planning*** is in relative disarray and ... either have no up-to-date local ***plan*** or, temporarily, they do not have a five-year supply of consented building plots."

Just 41pc of local authorities have a five-year ***plan*** for housing supply, according to Savills. If a local authority doesn't have that in place, it means as long as a ***planning*** application meets certain criteria it will be approved.

Gladman employs a team of more than 50 town planners to develop these sites. Companies searching for land use aerial photography, maps, data and agents to find the sites, often simply knocking on doors to ask landowners if they want to sell up.

A plot for sale in SwindonCredit: Getty

Last year Gladman sold 10,000 plots over 50 sites on the edges of towns, mainly to SME housebuilders, but Gallagher concentrates on fewer, much larger sites for thousands of homes, divvying it up between major developers.

One site, near Milton Keynes, will have 6,500 homes, built by six housebuilders. "We will look to the edge of settlements where there are sites that make a sensible extension to town or city," says Clack.

After its takeover of Gallagher, L&Q will build a mixture of affordable homes and those for private rent and sale on its land, while it continues to use its expertise and ***produce*** more land for it and other developers.

The approach of many of these land businesses put them in the crosshairs of "Not in my back yard" residents. Local newspapers are full of references to acrimonious ***planning*** meetings caused by Gladman's ***plans***.

Last month, an application it lodged in the small Kent village of Charing was rejected and declared "outrageous" by the parish council chairman. Late last year the former Archbishop of Canterbury, Lord Carey, accused Gladman's firm of "reflecting the worst features of capitalism" when it applied for ***planning*** permission opposite his Berkshire home, disrupting his ***plans*** to sell up.

homes ***planning***

Are these businesses a nefarious force? They are "an instrumental part of delivering housing," says Hodson, and help accelerate the amount of land ready to be built on. Last year, 293,127 homes were granted ***planning*** permission, according to the Home Builders Federation, a record high.

By preparing large sites for development, like Gallagher does, it's easier to create a combination of residential and commercial property, parcelling off areas to experts in that field. But by charging a premium for a clean site that's ready to be built on, it forces developers to increase house prices to recoup the high outlay on land, while cutting the viability of building affordable homes.

"Land promoters deliberately pump the cost of land higher and higher, then reap the rewards when they sell it," says Catharine Banks, policy officer at Shelter.

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While housebuilders have recently been accused of "land banking" by Government, hoarding land with ***planning*** permission that could be built on, the same could be levelled at these businesses.

Research by Shelter last month found that almost a third of sites that have been approved to have homes built on have not been completed within the last five years. Gladman, however, claims it doesn't hang on to land and offers it for sale within a couple of months of gaining ***planning*** as, under the option system, it only makes money when it is sold.

"The land market is inefficient and fragmented," says Tom Aubrey, from the Centre for Progressive Capitalism, who argues that these land promoters are a natural product of its dysfunction and lack of transparency.  He likens the model of these businesses to private equity firms, as an agile, speculative force. "It's a bit like airlines before the internet was set up: it was difficult to know who had the best price because of the asymmetry of information."

The Government has signalled it wants to open up the land market, making data on land and who owns it more accessible. According to Shelter's Banks, this "would be a small but very powerful change, which could help the country build the homes we so desperately need."

**Load-Date:** August 5, 2017

**End of Document**



[***Abu Dhabi cultivating a sustainable agriculture industry***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-72W0-00000-00&context=1516831)

Oxford Business Group: Articles

June 2017

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**Length:** 4238 words

**Body**

As a rising population continues to put upward pressure on demand for food, Abu Dhabi's authorities are pursuing various initiatives to promote domestic production, both as a means of economic diversification and to further bolster food security, with various bodies responsible for the ***agricultural*** sector being established over the last 10 years.

Although innovative solutions have increasingly started to come on-line in Abu Dhabi, particularly regarding water, the emirate's desert climate presents significant barriers to large-scale ***agricultural*** expansion. As such, the bulk of the emirate's foodstuffs continue to be sourced from abroad, with various ***strategic*** investments in recent years focused on diversifying Abu Dhabi's international supply streams. Meanwhile, at home, investments in stockholding capacity are aiming to mitigate the short-term impact of potential disruptions to international supply, and a fast-growing agri-food and food-processing segment looks set to position the emirate as a leading regional player.

**Contribution**

According to the "Statistical Yearbook of Abu Dhabi 2016" from Statistics Centre - Abu Dhabi (SCAD), the value of the emirate's ***agriculture***, forestry and fisheries sector stood at Dh6.02bn ($1.6bn) in 2014, the most recent year reported, equivalent to 0.6% of the emirate's GDP. This figure represents an increase of 4.1% over 2013 at current prices. The sector's 2015 gross fixed capital formation at current prices was Dh706m ($192.2m), or 0.4% of the emirate's total, representing a 6.3% increase over 2014, per SCAD figures.

**Fruits, Vegetables & Field Crops**

In 2015 Abu Dhabi's 24,018 plant holdings together accounted for a total ***agricultural*** area of 749,869 dunums (a dunum is roughly 0.1 ha). Al Ain is home to most of these holdings, with approximately 60% located in the region, followed by 28% in Al Dhafra and 12% in the Abu Dhabi region. The average size of plant holdings in Al Ain is roughly 35 dunums, with the majority (9268) of its 11,921 plant holdings sized between 30 and 39 dunums.

In terms of cultivated land, fruit trees are the most dominant, with a total of 272,322 dunums dedicated to them in 2015, followed by 48,177 dunums for field crops and 19,355 dunums for vegetables. Excluding date trees, which account for the majority of all fruit trees in the emirate, there were a total of 132,227 fruit trees in Abu Dhabi in 2015. Mango trees accounted for 15,840 of these; apple trees, 15,402; and orange trees, 7561.

According to figures from the Abu Dhabi Food Control Authority (ADFCA), the number of greenhouses in the emirate has grown rapidly in the last three years. The figure of productive greenhouses grew at a relatively modest pace between 2011 and 2013, rising from 5633 to 8817 over the two-year period. Over the following two years, however, the number jumped, almost doubling from 8817 in 2013 to 16,715 by 2015. This rapid growth can be attributed to concerted efforts aimed at boosting the consumption of locally ***produced*** goods. The majority of the emirate's greenhouses are located in Al Ain. The region is home to 62.2% of all greenhouses, while Al Dhafra hosts 25.2% and the Abu Dhabi region is home to the remaining 12.6%.

The emirate ***produced*** a combined 71,012 tonnes of vegetables over the course of 2015, down from 80,385 tonnes in 2014. Cucumber was the most popular crop by production volume, with total output of 22,776 tonnes; this was followed by tomatoes at 17,237 tonnes and cabbage at 7539 tonnes.

**Dates**

Dates are Abu Dhabi's most important ***agricultural*** product by far, with figures from ADFCA indicating that almost 99% of the total land allocated to fruit trees in the emirate is dedicated to date palms. In 2015 Abu Dhabi ***produced*** 93,075 tonnes of dates, and although this figure was down slightly from 93,592 tonnes in 2014, the longer-term trend has been one of rising production, with output up from 80,461 tonnes in 2012. In line with the rest of the emirate's ***agricultural*** activity, the bulk of Abu Dhabi's dates are grown in Al Ain, with 53,839 tonnes ***produced*** in the region compared to 31,133 in Al Dhafra and 8103 in the Abu Dhabi region. The total value of dates ***produced*** across the emirate in 2015 was Dh579.3m ($157.7m), equivalent to roughly 9.6% of the total output value of the ***agriculture***, forestry and fisheries sector for the year.

Abu Dhabi's date segment is dominated by state-owned Al Foah, which buys dates from more than 18,000 farmers across the UAE and markets the ***produce*** both domestically and to 48 markets abroad, with exports accounting for 90% of sales. The company has agents in several major markets around the world, including Jordan, Morocco, Saudi Arabia and Malaysia, with five separate brands targeting different consumer market segments. The firm processes dates at its factories in Al Saad and Al Marfa, which have respective capacities of 90,000 and 50,000 tonnes per annum (tpa). Al Foah places a special emphasis on supporting local farmers. By December 2016 the company had disbursed over Dh460m ($125.2m) to the farmers it partners with.

**Livestock & Animal Products**

According to ADFCA, the emirate was home to 3.5m livestock in 2015. Sheep and goats comprised the majority of animals, accounting for 88% of the total, followed by camels at 11% and cattle with 1% (although this figure only accounts for cattle in traditional holdings). Al Ain is home to 63.1% of all livestock in the emirate, with 20% located in the Abu Dhabi region and the remaining 17% in Al Dhafra.

In 2015 the emirate had a total of 31 commercial farms, including 13 cattle farms and nine chicken broiler farms. The combined value of meat production was Dh770.3m ($209.7m), down from Dh840.2m ($228.8m) in 2014. In total, commercial farms ***produced*** 22,632 tonnes of chicken meat in 2015, up slightly from 22,257 tonnes in 2014. The production of eggs rose significantly over the course of the year, from 309.4m in 2014 to 356.3m in 2015. Commercial milk output also climbed over the period, from 95,727 tonnes in 2014 to 102,783 in 2015.

Al Ain Dairy represents the emirate's oldest commercial dairy farm, and is one of the three largest in the UAE. Established in 1981, the company now employs 1700 people, and its facility in Al Ain houses roughly 6500 livestock. ***Plans*** for a new Dh400m ($108.9m) farm in Al Ain were announced in 2015, with the ***planned*** facility set to house an additional 6000 cows, effectively doubling its current capacity.

**Fisheries & Aquaculture**

Dh128.3m ($34.9m) worth of fish, equating to 5235 tonnes, were caught in the emirate's waters in 2015. These figures were up almost 1000 tonnes from 2014, when 4291 tonnes of fish worth Dh105.6m ($28.8m) were caught. The scrombridae family, which includes mackerel and tuna, accounted for the largest proportion of fish caught by both value and volume, representing 37.5% and 34.4% of the total, respectively.

TRADE: The total value of Abu Dhabi's imported ***agricultural*** goods was Dh8.7bn ($2.4bn) in 2015, down slightly on 2014's figure of Dh9bn ($2.5bn). Live animals and live animal products, along with vegetable products, comprised the majority of imports, with the value of live animals and live animal products reaching Dh2.8bn ($762.3m), and vegetables totalling Dh2.9bn ($789.6m) in 2015.

The total value of Abu Dhabi's exported ***agricultural*** goods was Dh1.7bn ($462.8m) in 2015, a significant increase on the Dh750m ($204.2m) recorded for 2014. The largest growth segment was live animals and live animal products, which saw the value of its exports jump by more than 400% - from Dh186m ($50.6m) in 2014 to Dh804m ($218.9m) in 2015. This spike can be attributed to the marked increase in global demand for goat meat, particularly from South-east Asia and the Middle East, which resulted in goat meat prices reaching record highs over the course of 2015 and 2016. Fortunately for Abu Dhabi, sheep and goats account for the vast majority of the emirate's livestock.

The total value of exported foodstuffs, beverages, spirits and tobacco from the emirate more than doubled in 2015, reaching Dh587m ($159.8m) over Dh217m ($59m) in 2014. The value of exported vegetable products was Dh67m ($18.2m), up from Dh57m ($15.5m) in 2014, while the total value of exported animal or vegetable fats, oils and waxes was down slightly over the year, dipping from Dh204m ($55.5m) in 2014 to Dh175m ($47.6m) in 2015.

**Challenging Environment**

The spike in food prices around the world in 2007-08 proved to be a turning point for ***agriculture*** sectors across the Middle East, as shortages of basic commodities put pressure on governments to re-evaluate their food security strategies. The issue has become even more pressing due to growing demand among the region's rapidly expanding populations. Speaking to media in 2015, Sultan bin Saeed Al Mansoori, the UAE's minister of economy, said he expected total expenditure on food to quadruple to $400bn by 2025.

In June 2016 the emirate unveiled the Abu Dhabi ***Plan***, a roadmap aimed at preparing and guiding the emirate to a post-oil future, with one of the ***plan***'s 25 goals emphasising the need for food security and ensuring a sustainable ***agricultural*** sector. Although domestic production is on the rise thanks to various innovative efforts under way, production remains constrained by the region's arid desert climate. High maximum temperatures limit yields for many crops, rainfall is well below the level required for rain-fed cereal production and renewable freshwater sources are among the lowest globally. Moreover, some 95% of land in the Gulf is subject to some form of desertification, a factor likely to be compounded by climate change in the coming decades.

As a result, the UAE remains largely reliant on food imports, with the country gathering some 85% of its food requirements from abroad. Although the risk of price spikes in such an arrangement is a concern for the UAE, the country's hydrocarbons wealth and ample reserves mean it is well positioned to absorb short-term price volatility. Arguably more worrying is the threat of supply shortages in the event of disruptions to its key trading routes.

**Government Support**

To navigate these manifold challenges, various bodies responsible for different segments of the ***agricultural*** sector have been established at the emirate level in Abu Dhabi, with some of these efforts also feeding into federal-level policies. Founded in 2005, ADFCA has since seen its oversight expand significantly; today, the authority is responsible for developing policies that underpin the Abu Dhabi government's overarching objective of achieving food security. In line with this, the authority has launched a ***strategic*** ***plan*** for 2016-20 to work alongside the Abu Dhabi ***Plan*** on various objectives: to develop the emirate's ***agricultural*** sector in a way that ensures the delivery of safe food to the public; to promote the effective and efficient use of the emirate's scarce water resources; and to develop strategies in partnership with the private sector that work to head off major disruptions to the flow of ***agricultural*** products into the emirate.

Between 2015 and 2020 the authority aims to implement 22 ***strategic*** projects with an estimated combined value of Dh1.5bn ($408.4m). ADFCA also contributes on a federal level and has been working closely with the UAE's Ministry of Climate Change and Environment to create a UAE-wide strategy to help provide direction on the future development of the nation's ***agricultural*** sector.

**Securing Supply**

The Food Security Centre - Abu Dhabi (FSCAD) was established under ADFCA in 2010 by the Abu Dhabi Executive Council with the vision of enabling all residents of the emirate to have access to healthy, nutritious and safe food under all circumstances, including food shortage emergencies and crises. As such, FSCAD's mandate revolves around three main points: availability, affordability and accessibility. The UAE currently manages enough ***strategic*** food reserves for the population for about three months. To effectively do this, various considerations including population size and the habits of the more than 200 nationalities that live in the emirate are taken into account. Given that food security encompasses many sectors in addition to ***agriculture*** - particularly infrastructure and storage capabilities - FSCAD's board is made up of individuals from multiple professional backgrounds.

The catalyst for the formation of FSCAD came in 2007. "It was then that the government realised that animal feed for livestock, which now numbers 3.5m head in Abu Dhabi alone, was becoming too costly to ***produce*** locally," Khalifa Al Ali, managing director of FSCAD, told OBG. To tackle these challenges, the authorities, in partnership with the private sector, began making ***strategic*** international investments in the global ***agricultural*** supply chain.

As a result, a major part of both the emirate's and the wider UAE's food security has come to be defined by investments abroad. The Land Matrix, a global, independent land monitoring initiative, calculates that the UAE has acquired three times its own ***agricultural*** land area since 2000.

**Private Partners**

One of the key pillars of ADFCA's ***strategic*** ***plan*** involves the assurance of a sustainable supply of safe food to Abu Dhabi. As such, further broadening the participation of the private sector in the emirate's food security is considered a fundamental enabler, in addition to the continuous improvement of relevant policies. "The major push is on bringing private local companies into the food security mix by leveraging their expertise and the emirate's existing infrastructure and good doing business indicators," Rashid Mohammed Khalfan Al Shariqi, director-general of ADFCA, told OBG. In line with these goals, ADFCA has signed contracts with various Abu Dhabi-based firms in recent years, including Jenaan Investment and Al Dahra Holding.

Jenaan Investment has a long-term contract with the Abu Dhabi government to supply fodder for farmers in the emirate. The company's biggest holdings are in Sudan, where it has 45,700 ha of continuous land - 6000 ha of which is currently under irrigation - with further operations in Saudi Arabia, Ethiopia, Egypt, Spain and the US. Maintaining a diversified portfolio is key, Mohammed Al Falasi, president of the Investment and Business Group of Jenaan Investment, told OBG. "When talking about food security, it is important not to depend on a single source. ***Agriculture*** is an extremely risky business anywhere in the world, illustrated by the fact that even the US still subsidises it."

Al Dahra Holding, meanwhile, manages an international land portfolio of around 81,000 ha across more than 20 countries. In 2013 the company invested $400m to buy eight Serbian ***agricultural*** firms to grow food and fodder for export. This approach, investing directly in the supply chain, is increasingly being favoured over simply buying land in developing countries. "Many developing markets involve complex supply chains and require everything to be built from scratch, without the assistance of any third parties," said Al Falasi. "It involves a lot of ***planning*** with local governments, who aren't well practiced in regulation and incentives around foreign direct investment."

**Stockpiling**

Another principle element of the emirate's food security strategy involves stockpiling food at home to mitigate the effects of short-term dips in supply. The UAE has invested billions of dollars at the federal level in recent years to build grain silos in Abu Dhabi and Fujairah, while large financial investments have also gone towards advanced warehousing and transportation infrastructure.

As with ***strategic*** investments abroad, Abu Dhabi-based companies are playing an important role in these efforts. Al Dahra Holding and food manufacturer Agthia are some entities working with federal authorities to ensure ***strategic*** food reserves are available at various locations inside the UAE. In June 2016 Agthia announced ***plans*** to expand its facilities at Abu Dhabi's Zayed Port, which should boost its grain storage capacity to 1.5m tpa.

Partnering with the private sector has allowed the authorities to tap into the expertise needed to effectively manage large reserves, while also allowing the government to share the significant costs associated with the process. According to the "Regional Overview of Food Insecurity in the Near East and North Africa 2015" report published by the UN Food and ***Agriculture*** Organisation, the average cost of maintaining ***strategic*** food stocks is $2.15 per tonne every month.

**Abu Dhabi Farmers' Services Centre**

Established in 2009 in cooperation with the Australian firm GRM International, the Abu Dhabi Farmers' Services Centre (ADFSC) represents another key actor in the emirate's ***agricultural*** landscape, and plays a central role supporting local farmers in the face of technical challenges presented by Abu Dhabi's desert environment. Basic foods can be ***produced*** in open fields from September to June, but the summer months' production then moves to greenhouses. Rather than expanding hectarage, the emphasis is on adopting new ***agricultural*** technologies that improve yields and help manage limited water resources, according to ADFCA.

ADFSC provides technical training and advice to local farmers as it works to boost production of locally grown food, with these efforts paying significant dividends in recent years. Total fruit and vegetable products supplied to ADFSC reached 71,013 tonnes in 2015, up from 47,749 tonnes in 2013. The jump was even more significant in value terms, with the total value of fruit and vegetables supplied to the centre more than doubling over the same period, reaching Dh178m ($48.5m) in 2015, compared to Dh78m ($21.2m) in 2013.

ADFSC is also responsible for providing certification for Global Good ***Agricultural*** Practices to farms in Abu Dhabi. The certification is an international initiative that aims to provide consistent and transparent ***agricultural*** standards across the world, and also indicates that vegetables are free from pesticide residue. As of late 2015 approximately 190 farms in the emirate were certified, according to the centre, with a total of 8000 certified farms targeted by 2020. Additionally, ADFSC acts as an umbrella organisation for farmers in the emirate. Farmers are given minimum price guarantees for their ***produce***, thereby protecting them from fluctuations in market prices and helping them secure a minimum guaranteed income, while also enabling ADFSC to sell the ***produce*** to large local retailers in bulk.

**Buying Local**

Local Harvest, the commercial arm of ADFSC, is responsible for marketing and selling locally ***produced*** goods, with various efforts aimed at boosting their consumption. One ***programme***, the "Go Local" campaign, carried out in partnership with the Abu Dhabi Tourism & Culture Authority, has paid significant dividends in recent years.

A survey commissioned by ADFSC in 2014 found that 88% of respondents bought locally ***produced*** vegetables, compared to 73% in 2011. Of the combined 1.05m tonnes of fruit and vegetables consumed in the emirate in 2013, 16% was ***produced*** locally. In volume terms, locally ***produced*** fruit and vegetables grew at a compound annual growth rate (CAGR) of 28.4% between 2010 and 2013, compared to a 7.9% CAGR for total market volume over the same period. In value terms, meanwhile, the growth was even stronger, with the value of the market for domestically ***produced*** fruit and vegetables expanding at a CAGR of 43.4% between 2010 and 2013, compared to an 8.3% value expansion for the total market over the same period. The overall market share of local meat and livestock was estimated at 49% in 2014, although this only took fresh meat into account. Among the meat and livestock products measured, chicken and eggs constituted the highest shares of local production relative to total market volume, at 75% and 54%, respectively.

**Water Use**

Desalinated water comprises around 37% of the UAE's total supply and is largely used for domestic consumption. Groundwater and recycled water, meanwhile, account for 51% and 12%, respectively, with the vast majority diverted to irrigation and landscaping purposes. However, long-term reliance on quickly depleting groundwater reserves is unsustainable for the UAE - the most water scarce of all GCC nations - from both an environmental and economic standpoint. Indeed, according to a UN study, water dedicated to industry in the UAE ***produces*** more than 1000 times the economic value of water dedicated to ***agriculture***.

Meanwhile, a study carried out by the Environment Agency - Abu Dhabi (EAD) found that irrigating the emirate's plants, gardens and farms would exhaust Abu Dhabi's groundwater reservoirs within the next 50 years, as current abstraction rates are outpacing production by a factor of more than 20. According to ADFSC, Abu Dhabi's ***agriculture***, forestry and park sectors together account for around 72% of all water consumption in the emirate. In response, the authorities have introduced various measures aimed at curbing groundwater usage. The 2010 abolition of subsidies for the production of Rhodes grass, which is used as animal feed, is an example. At the time it accounted for 59% of the emirate's water use. In early 2016 the EAD unveiled a three-phase project for a sustainable groundwater conservation ***plan*** for the emirate. The initiative - which will gather information and map all wells used for the irrigation of farms, forests, parks and gardens - will be carried out over a 30-month period in collaboration with other bodies, including ADFCA and ADFSC.

The implementation of pioneering technologies on the emirate's farms is also helping to decrease consumption rates, while other efforts are focused on diverting a larger proportion of treated wastewater to ***agriculture***. Currently, 60% of treated sewage generated in Abu Dhabi is reused each year, with the remainder discharged into the sea, according to Mohammed Dawoud, water resources manager at the EAD. By 2018 the emirate hopes that 100% of treated wastewater will be re-used (see analysis).

**Agri-Business & Food Processing**

In addition to its investments abroad and its stockpiling at home, developing Abu Dhabi as a regional centre for agri-business and food - thereby bringing major food-processing facilities within the UAE's borders - is another avenue being pursued by authorities to ensure a reliable food supply for the country.

The UN has identified the UAE as a key regional food hub, with the food cluster at the Khalifa Industrial Zone (KIZAD) in Abu Dhabi attracting many big international food players in recent years. Brazilian firm BRF was the first major facility to open in the zone in December 2014, with its $160m, 160,000-sq-metre factory ***producing*** 72,000 tonnes of meat products per annum. In December 2016 Al Dahra Holding announced the launch of a Dh140m ($38.1m) rice-processing plant, also to be located in KIZAD. The development, which will include 40 silos with a capacity of 750 tonnes each, will be capable of processing up to 120,000 tonnes of rice per year.

Abu Dhabi-based Agthia, which is 51% owned by the government through the industrial investment holding company, Senaat, represents one of the biggest local agri-food and food-processing players. Agthia is also the largest local supplier of bottled water; its Al Ain and Alpin brands hold approximately 25% of the UAE's market share. In June 2016 Agthia signed a 25-year agreement with Abu Dhabi Ports aimed at expanding the group's Grand Mills Flour and animal feed facilities at Zayed Port. The expansion will take place on an 85,700-sq-metre plot of land and will include dedicated grain silos, logistics warehousing and on-site bagging facilities. The development is expected to increase Agthia's grain storage capacity from 930,000 to 1.5m tpa.

Another leading food ***producer*** in the UAE, National Food Product Company (NFPC), ***plans*** to construct a facility in the zone. Announced in February 2017, the 752,000-sq-metre plant, which will manufacture most NFPC brands, will include energy-and water-saving features, and is expected to start operations in early 2018. The first phase is set to comprise a facility housing its water-bottling, juice and dairy operations, while the second will include a fully automated packaging factory, a recycling plant and a cold store with a 150,000-tonne capacity.

**Outlook**

Despite being faced with challenges associated with its desert environment, Abu Dhabi's ***agricultural*** sector continues to benefit from an array of government-led initiatives. By providing an active support network for its farmers in the form of ADFSC, the emirate has managed to boost domestic supply in recent years, while efforts to better integrate into global supply chains mean both Abu Dhabi and the wider UAE are significantly less exposed to the risks of global supply shortages today than 10 years ago. Indeed, in the 2016 Global Food Security Index, which ranks 12 food security-related issues, 10 were classified as strengths for the UAE. Of those 10 categories, the country earned the maximum possible score in three areas: the proportion of the population under the global poverty line, the presence of food safety net ***programmes*** and access to financing for farmers. Furthermore, KIZAD is set to continue attracting investment from regional and global players, supporting Abu Dhabi's burgeoning reputation as a regional food re-export hub.

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[***Pipeline of skilled staff has Scotland looking to the future***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R19-MF41-F15K-23C9-00000-00&context=1516831)

Scotsman

November 23, 2017 Thursday

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**Length:** 1673 words

**Byline:** David Lee

**Body**

A pipeline of skilled staff is vital for innovative firms and Scotland has an enviable record in this area, says David Lee

From the days when Clydeside rattled with the roar of shipbuilding, to steel manufacturing, engineering and medical breakthroughs, brewing, textiles, oil and ***agriculture***, Scottish industry and skills have led the way.

Meeting the challenges that each industry brings, evolving to meet fresh demands and carving a successful reputation as a world leader - whether in distilling or banking, jute, journalism or Dolly the sheep - Scotland has consistently punched above its weight.

When an industry has significant growth ambitions, ensuring the future pipeline of skills is crucial. For life sciences in Scotland to grow into an £8 billion sector by 2025, more highly skilled people will be needed at all levels. So is the current pipeline fit for purpose?

Dave Tudor, co-chairman of the Life Sciences Scotland Industry Leadership Group (ILG), thinks we are well placed. "We have a strong mix of high-quality graduates and modern apprenticeships coming into the industry.

"The Skills Investment ***Plan*** in 2011-12 worked well and the ILG's business environment group is involved in developing the revised ***plan***.

"It's about ***strategic*** workforce ***planning*** - there is always a demand for new skills, for example in sterile manufacturing environments - but I think the universities are responding well to industry needs," he says.

Dame Anna Dominiczak, regius professor of medicine at Glasgow University, agrees: "I think we have fantastic graduates and should be very proud of what we ***produce***.

"We have big classes graduating from our School of Life Sciences with very bright young people coming out every year.

"The same is happening at Edinburgh, Dundee, Aberdeen.

"We have to make sure they interact with industry and work with SMEs.

"We have a direct link between the Stratified Medicine Scotland Innovation Centre and a Masters ***programme***, designed to prepare them to work in the industry of the future.

"It's about the type of thinking they need to do and what's coming next - including data analytics.

"We hear a lot about machine learning and AI (artificial intelligence). We need to provide experiences for our graduates that allow us to build an inter-disciplinary workforce for the future."

However, Scott Johnstone, chief executive of trade body, the Scottish Lifesciences Association (SLA), thinks we are closing the gap in educational provision.

"There is a real thirst for talented graduates but they require technical regulatory skills to work in life sciences businesses.

"The businesses want them to be employment-ready in that respect, not to have to train them in those fundamental skills; that immediate graduate employability is key."

Johnstone has seen progress working with universities to modify the curriculum and identifies real potential in Graduate Level Apprenticeships for life sciences, based on the direct application of academic learning to real-life situations.

He adds that the SLA's special interest groups on higher and further education are looking specifically at ensuring there is more "shared best practice" between Scotland's universities.

He feels the SLA has added value to the business environment for life sciences companies in Scotland.

"We have created a Scottish member-driven organisation, which is designed to make connections and drive better healthcare - and grow members' businesses by doing that.

"Our special interest groups bring together great businesses to make connections, domestically and globally, and solve problems."

Julia Brown, head of life sciences at Scottish Enterprise, says we also need to ensure school pupils understand more about what "life sciences" means, as well as the opportunities available.

"It's the white lab coat and safety specs phenomenon. That image is ingrained although the industry isn't like that any more.

"There is lots of work going on to encourage internships in life sciences businesses and there is more to do in schools to myth-bust and to make life sciences less intimidating."

Hans Moller, director of Edinburgh BioQuarter, says hubs like it have a big part to play: "We have a role in making transformational medicine visible to the public by bringing people in to see what we do - schools and the local community - and getting them to hear stories from [for example] a researcher working on future stem cell treatments.

"That can be very interesting for young people and perhaps encourage them down the route of studying STEM (science, technology, engineering and mathematics) subjects.

"A lot of the work in life sciences is very niche and can be hard to explain; we need to translate it into something people can understand and relate to."

So what do life sciences companies want from the business environment in Scotland?

"It is about making it tax-efficient for them to operate here and giving them access to high-quality staff," says Johnstone.

"Tax, skills and patient capital are absolutely crucial. Businesses need investors who will share risks."

He warns that any move to impose differential income tax rates by the Scottish Government would be a disincentive.

"The big lever is tax and there are concerns. You could argue that you could pay more because of the better quality of life in Scotland but if businesses are trying to recruit high-quality people from the rest of the UK or further afield, those potential recruits may be put off by higher income tax.

"There are attractions to businesses like R&D tax credits, Patent Box and so on, but there are no differentials across the UK for these."

There is work to do in informing life sciences businesses about the tax opportunities, says Demetrios Kyriacou, a senior R&D consultant with tax specialist Leyton UK.

"Scottish businesses must be made more aware of the tax incentives available to them in the form of Patent Box and R&D tax relief.

"We have helped a number of companies to claim and they have received benefits, usually in the form of cash.

"This assists both cash flow and profitability for innovative businesses who are incurring high costs in the development phase, before a product/process is brought to market. Also companies are often unaware of the wide scope of the R&D criteria."

Kyriacou adds: "The environment needs to remain stable following Brexit - we predict that R&D tax benefits will remain at the same level or increase in order to compensate for Britain's exit from the single market.

"This is likely only to benefit companies that are already based in Scotland which are innovating."

One important area of the business environment is ensuring capital is available for businesses looking to scale up.

The Life Sciences Scotland strategy says: "Scotland is only second to London in the UK for numbers of companies receiving venture finance.

"However, deal sizes are still smaller compared to competing regions in the UK."

Brown thinks this is crucial to success: "We need sympathetic investors and patient capital. Investing and doing interesting things costs money and takes time.

"We have one of the most active angel investment groups for life sciences and start-up funding is less of a challenge - it's growth money that's needed, especially where companies are looking for more than £1-2 million and up to £10m.

"The Scottish Investment Bank has addressed some of these issues, while Scottish Enterprise helped to set up Epidarex to get a specific fund for Scottish life sciences operating - and to draw in other funds."

Richard Gibbs, managing partner of patent attorney Marks & Clerk in Glasgow, agrees more must be done to help businesses looking to grow, especially when they need finance quickly. "Life sciences businesses can struggle after the initial rounds of funding," he says.

"While advice and funding for a start-up life science business is often readily available, it can be very difficult to secure funding to take you from that initial incubator' phase to the next, higher level."

Infrastructure is another key area for a growing sector.

Tudor identifies a specific issue with "clean rooms", the sterile environments needed for life sciences manufacturing processes.

"When you are manufacturing with large molecules, you need a sterile environment akin to an operating theatre.

"Companies need that kind of facility to move to the next scale but we don't have enough of that.

"It needs to be some form of public-private collaboration - and conversations are happening." n

Business Environment

The strategy identifies the core aspects of the business environment that are critical to support the sector's growth. They are:

Develop Scotland's life sciences infrastructure ***plan***

To support the continued growth of the sector, we will map out the key infrastructure developments required, seeking appropriate investment for our ambitious ***plans***.

These could include scale-up facilities, clean rooms, digital infrastructure, start-up and follow-on space to support growth.

Maintain a world-class regulatory environment

We will continue to maintain our globally recognised regulatory standards to ensure Scottish products are of significant quality and continue to be globally competitive.

Support the delivery of the life sciences Skills Investment ***Plan***

Our people are still our greatest asset and the Skills Investment ***Plan***, developed in partnership with Skills Development Scotland, provides a framework to ensure continued supply of a highly skilled and educated workforce to meet the needs of the sector.

We will continue to support the implementation of the current ***plan*** and the development of future ***plans*** as required by our dynamic sector.

Improve access to funding and investment

Scotland is only second to London in the UK for numbers of companies receiving venture finance.

However, deal sizes are still smaller compared to competing regions in the UK.

We will support Scottish companies helping them to engage with international investors to generate larger deal opportunities.

Source: Life Sciences Strategy for Scotland 2025 Vision

**Load-Date:** November 23, 2017

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[***Pipeline of skilled staff has Scotland looking to the future***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R19-MF41-F15K-239M-00000-00&context=1516831)

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Hans Moller, director of Edinburgh BioQuarter, says hubs like it have a big part to play: "We have a role in making transformational medicine visible to the public by bringing people in to see what we do - schools and the local community - and getting them to hear stories from [for example] a researcher working on future stem cell treatments.

"That can be very interesting for young people and perhaps encourage them down the route of studying STEM (science, technology, engineering and mathematics) subjects.

"A lot of the work in life sciences is very niche and can be hard to explain; we need to translate it into something people can understand and relate to."

So what do life sciences companies want from the business environment in Scotland?

"It is about making it tax-efficient for them to operate here and giving them access to high-quality staff," says Johnstone.

"Tax, skills and patient capital are absolutely crucial. Businesses need investors who will share risks."

He warns that any move to impose differential income tax rates by the Scottish Government would be a disincentive.

"The big lever is tax and there are concerns. You could argue that you could pay more because of the better quality of life in Scotland but if businesses are trying to recruit high-quality people from the rest of the UK or further afield, those potential recruits may be put off by higher income tax.

"There are attractions to businesses like R&D tax credits, Patent Box and so on, but there are no differentials across the UK for these."

There is work to do in informing life sciences businesses about the tax opportunities, says Demetrios Kyriacou, a senior R&D consultant with tax specialist Leyton UK.

"Scottish businesses must be made more aware of the tax incentives available to them in the form of Patent Box and R&D tax relief.

"We have helped a number of companies to claim and they have received benefits, usually in the form of cash.

"This assists both cash flow and profitability for innovative businesses who are incurring high costs in the development phase, before a product/process is brought to market. Also companies are often unaware of the wide scope of the R&D criteria."

Kyriacou adds: "The environment needs to remain stable following Brexit - we predict that R&D tax benefits will remain at the same level or increase in order to compensate for Britain's exit from the single market.

"This is likely only to benefit companies that are already based in Scotland which are innovating."

One important area of the business environment is ensuring capital is available for businesses looking to scale up.

The Life Sciences Scotland strategy says: "Scotland is only second to London in the UK for numbers of companies receiving venture finance.

"However, deal sizes are still smaller compared to competing regions in the UK."

Brown thinks this is crucial to success: "We need sympathetic investors and patient capital. Investing and doing interesting things costs money and takes time.

"We have one of the most active angel investment groups for life sciences and start-up funding is less of a challenge - it's growth money that's needed, especially where companies are looking for more than £1-2 million and up to £10m.

"The Scottish Investment Bank has addressed some of these issues, while Scottish Enterprise helped to set up Epidarex to get a specific fund for Scottish life sciences operating - and to draw in other funds."

Richard Gibbs, managing partner of patent attorney Marks & Clerk in Glasgow, agrees more must be done to help businesses looking to grow, especially when they need finance quickly. "Life sciences businesses can struggle after the initial rounds of funding," he says.

"While advice and funding for a start-up life science business is often readily available, it can be very difficult to secure funding to take you from that initial incubator' phase to the next, higher level."

Infrastructure is another key area for a growing sector.

Tudor identifies a specific issue with "clean rooms", the sterile environments needed for life sciences manufacturing processes.

"When you are manufacturing with large molecules, you need a sterile environment akin to an operating theatre.

"Companies need that kind of facility to move to the next scale but we don't have enough of that.

"It needs to be some form of public-private collaboration - and conversations are happening." n

Business Environment

The strategy identifies the core aspects of the business environment that are critical to support the sector's growth. They are:

Develop Scotland's life sciences infrastructure ***plan***

To support the continued growth of the sector, we will map out the key infrastructure developments required, seeking appropriate investment for our ambitious ***plans***.

These could include scale-up facilities, clean rooms, digital infrastructure, start-up and follow-on space to support growth.

Maintain a world-class regulatory environment

We will continue to maintain our globally recognised regulatory standards to ensure Scottish products are of significant quality and continue to be globally competitive.

Support the delivery of the life sciences Skills Investment ***Plan***

Our people are still our greatest asset and the Skills Investment ***Plan***, developed in partnership with Skills Development Scotland, provides a framework to ensure continued supply of a highly skilled and educated workforce to meet the needs of the sector.

We will continue to support the implementation of the current ***plan*** and the development of future ***plans*** as required by our dynamic sector.

Improve access to funding and investment

Scotland is only second to London in the UK for numbers of companies receiving venture finance.

However, deal sizes are still smaller compared to competing regions in the UK.

We will support Scottish companies helping them to engage with international investors to generate larger deal opportunities.

Source: Life Sciences Strategy for Scotland 2025 Vision

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HINA Digest

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**Body**

Zagreb, 11 January 2018 (Hina) - World Bank expects Croatia's economy to grow 2.6% in 2018ZAGREB, Jan10(Hina) - In its latest publication "Global Economic Prospects", the World Bank expects Croatia's economy to grow by 2.6% in 2018, which confirms its updated forecast from October 2017.This is a slowing down compared to 2017, for which the World Bank estimates that it will see a 3%increase in GDP. In 2019, the World Bank expects Croatia'seconomy to grow at a slightly faster rate, of 2.8%.The latest World Bank estimate of Croatia's economic growth in 2018 is slightly lower than estimates by other institutions.In its recent estimate the European Commission said that in 2018 it expected Croatia's economy to grow by 2.8% while the International Monetary Fund (IMF) said it expected an increase of 2.7%.The Croatian National Bank (HNB) expects the economy to grow by 2.9% this year and the government basedthis year's budget on an economic growth estimate of 2.9%.The World Bank expects the global economy to grow at a rate of 3.1% this year, a mild increase compared to 2017, for which it has estimated a growth rate of 3%. In 2019, the global economy is expected to grow at a rate of 3%.As for Europe and central Asia, the region which includes Croatia, the World Bank has revised its previous growth forecast of 2.7% to 2.9% for 2018. In 2017, the World Bank believes the growth rate in the region will be 3.8%.Juncker to invite Cerar and Plenkovic to talks in Brussels by month's end - dailyZAGREB, Jan 10 (Hina) - European Commission President Jean Claude Juncker will invite the prime ministers,Miro Cerar of Slovenia and Andrej Plenkovic of Croatia, to talks on the border dispute in Brussels by the end of January, according to an article in the Ljubljana-based Delo daily ofWednesday.The Slovenian newspaper says that Juncker ought to be involved more in the resolution of the dispute after Zagreb refused to accept an arbitration ruling on the border as well as anoffer of mediation by the Commission's First Vice-President, Frans Timmermans.A source told Delo that during his visit to Brussels on Monday and Tuesday, Slovenian President Borut Pahorconveyed his country's position that Juncker should convene a meeting with the two countries' prime ministers.Slovenia is also set to send a letter to the European Commission on alleged incidents in Savudrija aka Piran Bay should talks on the implementation of the arbitration ruling not yield any results in the foreseeable time, according to the paper.Upon the receipt of such a letter, the Commission is supposed to give its response within three months.The border demarcation and the 29 June 2017 arbitration award handed down by the Permanent Court of Arbitration are likely to be topics of the talks between Pahor and his Croatian counterpart Kolinda Grabar-Kitarovic, who will be one of the guests ata reception which Pahor will giveon Saturday on the occasion of the start of his second presidential term.Farm minister:Croatia has recorded Slovenian fishermen trespassing inCroatian watersEarlier on Wednesday, Croatia's ***Agriculture*** Minister Tomislav Tolusic told the national radio (HR) that not any fine from Slovenia had been sent to Croatia over the alleged trespassing of Croatian fishermen inthe Slovenian waters in the bay, countering that Croatian police, too,hadrecorded Slovenian fishermen trespassing in the Croatian waters."However, we do not want to take unilateral steps," he told the radio, reiterating that the arbitration award, being the result of acontaminated process, was not binding on Croatia."Croatia behaves in a very fair way, and takes no unilateral moves towards Slovenia.""We want to solve contentious issues through friendly talks and agreement," the ministersaid.Tolusic underlinedthat there were no major incidents in the bay, and ascribed heightened tensions to theatmosphere in the run-up to local elections in Slovenia, which are to be held in the first half of 2018.Janjic drops Savudrija Bay regatta ideaZAGREB, Jan10(Hina) - Vukovar war veteran Petar Janjic told Hina on Tuesday he was giving up on his regatta campaign in Savudrija Bay, announced for February 3, saying that the reasons for his decision were various obstacles and lack of support from veteran associations' leaders.On Monday, after the expiration of an ultimatum he gave the government to resolve the sea border dispute with Slovenia, Janjic, a retired colonel, said he would organise a regatta on February 3."Through informal channels I received information which made me give up on the campaign," Janjic said, adding that he still did not support the government and its decision regarding the border dispute with Slovenia.He is also disappointed with veteran associations' leaders.The HVIDR-a disabled war veterans association on Wednesdaydistanced itself and withheld support for any ultimatums or initiatives that enhance tensions and further strain Croatia-Slovenia relations.HVIDR-a presidentJosip Djakicsaid on Tuesday Janjic's ultimatums and actions regarding the border dispute with Slovenia in Savudrija Bay were entirely unacceptable and that HVIDR-a members would not take part in his or similar initiatives.Bosniak political parties criticise talks between Croatian andTurkish presidentsZAGREB, Jan10(Hina) - Predominantly Bosniak political parties in Bosnia and Herzegovina have condemned as an act of unacceptable interference Croatian President Kolinda Grabar-Kitarovic'sattempts to see to it that Turkish President Recep Tayyip Erdogan help change the country's election law to enable the country's Croat ethnic community to exercise the same rights as those of the other two constituent peoples, the Serbs and the Bosniaks.The leader of the Alliance for a Better Future of Bosnia and Herzegovina and Avaz media group owner, Fahrudin Radoncic, known for his strong criticismof the Party of Democratic Action (SDA) of Bakir Izetbegovic as well as of Turkish authorities, told the Dnevni Avaz daily that he agreed with Turkish President Recep Tayyip Erdogan.Bosnia and Herzegovina's internal matters should be dealt with byBosnia and Herzegovina, Radoncic said, describing Grabar-Kitarovic's move as insulting to Bosniaks."Even though my views often differ from those of Turkish President Erdogan, I consider his statement that relations in Bosnia and Herzegovina can be resolved in our country as entirely correct and I fully support it.The President of Croatia, Mrs Grabar-Kitarovic, should know that Bosniaks cannot be governed via Turkey and such an approach is in a way insulting to us as a political, national and state-building factor," said Radoncic.Dnevni Avaz also quoted former Croatian president Ivo Josipovic as saying that Croatia's previous attempts to interfere in Bosnia and Herzegovina's internal affairs had proven harmful to it and that talks with Turkey on Bosnia and Herzegovina's legislation "have a poor prospect"."Itwon't happen, this is a naive approach and the sides in Bosnia and Herzegovina must do it," said Josipovic.The Social Democratic Party of Bosnia and Herzegovina (SDP BiH) said in a statement that the meeting between Grabar-Kitarovic and her Turkish counterpart focusing on Bosnia and Herzegovina's internal affairs "is a formof political occupation" of Bosnia and Herzegovina."The SDP BiH believes that itis unacceptable for our country's home policy to be tailored in Turkey, at talks between Kolinda Grabar-Kitarovic and Recep Tayyip Erdogan," the party said, claiming that apolicy of interference in Bosnia and Herzegovina's internal affairs was continuing.Izetbegovic claims Erdogan won't interfere in election lawZAGREB, Jan 11 (Hina) - Turkish President Recep Tayyip Erdogan is "a polite person" who will not interfere in Bosnia and Herzegovina's internal affairs, Bosniak leader Bakir Izetbegovic said on Wednesday evening, a day after Erdogan met with Croatian President Kolinda Grabar-Kitarovic in Ankara to discuss the situation in Bosnia and Herzegovina.Speaking in an interview with N1 television, Izetbegovic said Erdogan called him during the meeting with Grabar-Kitarovic to propose mediation by Croatia and Turkey to improve dialogue between Bosnian Croats and Bosniaks and help them reach an agreement, rather than interfere in amending electoral legislation, which is the subject of heated debate in the country."Erdogan called me and said he was in a meeting with Mrs Kitarovic and asked if we were in favour of a trilateral meeting, first at the ministerial level and then at the presidential.

Why not? Talking is always worthwhile," said Izetbegovic, who serves as the Bosniak member of the country's collective presidency and leads the Democratic Action Party (SDA)."Mr Erdogan is a fair and wise leader who will not interfere in Bosnia and Herzegovina's internal affairs. You cannot just abandon the civic principle and do what the HDZ, HNS or Covic tell you and start segregation of the election system," he said, referring to Croat political parties and the Croat member of the state presidency, Dragan Covic.Amending electoral legislation in Bosnia and Herzegovina to ensure that the Croats enjoy the same status as the country's other two constituent peoples, the Bosniaks and Serbs, was one of the topics discussed by the Croatian and Turkish leaders on Tuesday.Grabar-Kitarovic thanked Erdogan for understanding the need for Croatia and Turkey to continue to act as mediators in efforts to strengthen the reform processes in Bosnia and Herzegovina to ensure its development for the benefit of all its citizens and accelerate its journey towards EU membership.Erdogan pointed out that the present government structure in Bosnia and Herzegovina was defined by the Dayton agreement, which ended the country's 1992-1995 war, and that Croatia and Turkey were only mediators. It is too early to say what the outcome might be, which is why I would refrain from commenting, he said.Izetbegovic rejected proposals by some of the Bosniak opposition parties that the Croatian president should be denied hospitality next week because of her interference in amending the election law."That would be too much. What do you get by not communicating? We should talk and say frankly what we think," Izetbegovic said, adding that he was confident that Croatia was trying to be "a civilised country" that would treat Bosnia and Herzegovina more fairly.He criticised the government in Zagreb for not addressing unresolved issues such as the Peljesac Bridge construction project, Croatia using Lake Busko for electricity production and paying Bosnia and Herzegovina a small fee for it, and the fact that there are still a lot of properties in Croatia that have not been returned to Bosnia and Herzegovina.Croat politicians want Croat representatives to the upper chamber of the parliament of the Bosniak-Croat Federation entity and the three-member state presidency to be elected by Croats without being outvoted by more numerous Bosniaks and Serbs. On the other hand, Bosniak parties insist that all voters can elect their representatives regardless of whether they vote for the lower chamber of parliament or the upper, ethnic-based chamber. According to the 2013 census, Bosniaks are three times more numerous than Croats, whose number diminished during the 1992-1995 war.EconMin announces tax break for companies investing in R&DZAGREB, Jan 10 (Hina) - Companies investing in research, development and innovation can count on a profit tax cut for actual research and development (R&D) costs, Economy Minister Martina Dalic said on Wednesday.Tomorrow the government is expected to discuss a bill on state aid for R&D aimed at providing a tax break for companies whose business is research, development and innovation.Dalic said the bill would strengthen and expand the legislative and financial framework in order to stimulate innovation.The tax break will be available to all businesses that are not in trouble, except shops, casinos and similar industries that are usually excluded from such state aid.Dalic said the profit tax cuts would range from EUR 50,000 for feasibility studies to EUR 300,000 for basic research.Aside from the profit tax cut, the companies in question will be able to use other forms of aid for R&D.Dalic said that under the law and European regulations, companies applying for this tax break could also apply for European Union grants and other forms of state aid, but the total amount approved must not exceed EUR 40 million per project.She said this measure was expected to improve Croatia's place in the European R&D investment rankings. "Total investment in R&D in Croatia, both private and public, is below one percent of GDP, while the European average is a little over two percent. In this way we also wish to contribute to the achievement of our goal to raise investment in R&D to 1.4% of GDP by 2020."Dalic said an increase in R&D investment, notably private, was necessary for better growth and competitiveness. The point of this is to bolster future economic growth, she added.Retail trade turnover in November up 5.7%ZAGREB, Jan10(Hina) - Consumption in November 2017 grew 5.7% from the same month of 2016, going up on the year for the 39th consecutive month.The national statistical office (DZS) said on Wednesday that retail trade turnover in November 2017 grew 5.7% on the year in real terms, thus confirming its preliminary estimate published at the end of December.According to working-day adjusted data, retail trade turnover grew 7.8% in nominal terms from November 2016.On the month, consumption, measured by retail trade turnover, grew by 2.4% in nominal terms and by 2.2% in real terms.According to DZS data, retail trade turnover in the first 11 months of 2017 grew 5.1% in real terms from the same period of 2016.21% less jobless registered with employment service in DecZAGREB, Jan10(Hina) -A total of 187,363jobseekers were registered with the Croatian Employment Service (HZZ) at the end of December 2017, which was 0.4% or 693 persons fewer than at the end of November 2017 and 20.8% or 49,254persons fewer than at the end of December 2016, the HZZ said on Wednesday.Daily data from the HZZ shows that the number of unemployed persons is currently standing at 192,205, with 13,915job vacancies.In December 2017, there were 4,420newly-registered jobseekers and another 695 who just finished school.A total of 22,855people were deleted from the unemployment database in December, which is 1.7% more than in December 2016.Croatian airports report 15.6% increase in passenger numbers in NovemberZAGREB, Jan 11 (Hina) - Croatian airports served 9.2 million passengers in the January-November period of 2017, or 18 percent more than in the corresponding period of the previous year, according to figures from the National Bureau of Statistics (DZS).In November alone, the number of passengers was 304,000, an increase of 15.6 percent compared with November 2016.Zagreb airport was the busiest of all nine airports in November 2017, with 73 percent of all passengers using it, an increase of 13 percent over November 2016. It was followed by Split airport with 37,300 passengers (+22.2%).The largest increase, of as much as 214 percent, was recorded by Osijek airport, which served about 2,400 passengers in November. The only airport to observe a drop in the number of passengers (-41%) was Zadar airport.The airports also reported increases in cargo transport. A total of 9 million tonnes of cargo was transported by air in the first 11 months of 2017, which is 19 percent more than in the same period of 2016, while November 2017 saw an increase in the volume of cargo transported of as much as 45.3 percent compared with November 2016.Agrokor's Food and ***Agriculture*** sectors post positive EBITDAZAGREB, Jan10(Hina) - The government-appointed emergency administration at the Agrokor corporation said on Wednesday that in the first 11 months of 2017 itsFood and ***Agriculture*** sectors continued to record solid business results, generatingpositive operatingresults, while the Retail and Wholesale sectors, in whichcost restructuring continued, continued to postnegativeearnings before interest, taxes, depreciation, and amortisation (EBITDA).Retail and Wholesale earned HRK 13.42 billion in said period, while their EBITDA was a negative HRK 149 million.Konzum, the biggest retailer in Croatia, posted HRK 8.09 billion in revenues and HRK 113 million in EBITDA in the first 11 months of 2017.Konzum's Bosnia and Herzegovina branch posted HRK 1.86 billion in revenues and a negative EBITDA of HRK 93 million.The Tisak newsstand chain posted HRK 1.87 billion in revenues and a negative EBITDA of HRK 37 million.The Velpro wholesaler posted nearly HRK 1.5 billion in revenues and a negative EBITDA of HRK 111 million.Food sector generates EBITDA of HRK 1.04 billionThe Food sector, which comprises nine companies, generated HRK 7.57 billion in revenues and an operating profit (EBITDA) of HRK 1.04 billion in the January-November period of 2017.Water bottler Jamnica continued a streak of record results in November, earning HRK 1.22 billion and an EBITDA of HRK 297 million in the 11 months of the year.Frozen food and ice-cream ***producer*** Ledo reported HRK 999 million in revenueand an operating profit of HRK 197 million. The company made its first delivery of ice cream to the United States in November and continued deliveries in December.Edible oil ***producer*** Zvijezda posted a revenue of HRK 609 million and an EBITDA of HRK 54 million. The company has expanded to new markets, including Italy and Canada, and negotiations are under way to increase its international presence.The PIK Vrbovec meat company generated a revenue of HRK 1.66 billion and an EBITDA of HRK 112 million, with 82% of the revenue made on the domestic market. It reported an increase in sales on EU markets.***Agriculture*** sector posts EBITDA of HRK 283 millionThe ***Agriculture*** sector (Belje, PIK Vinkovci, Vupik and Agrokor Trgovina) collected revenues in the amount of HRK 2.54 billion and their EBITDA was HRK 283million in the first elevenmonths.Belje's revenues totalled HRK 1.18 billion and EBITDA was HRK 182 million.PIK Vinkovci collected HRK 350 million in revenues in the first 11 months, with EBITDA amounting to HRK32 million, while Vupik generated HRK 297 million in revenues and EBITDA totalling HRK 51 million.Costs of the Emergency AdministrationCommenting on the costof the emergency administration and business operations of Agrokor d.d, the report notes that Agrokor d.d.is in the process of transition into aservice centre for the group, which has resulted in growing business costs that are directly related to various centralised services for the entire group. "Within the framework of the restructuring process, the emergency administration is maintaining these costs under control," the report notes.It also notes that the cost of business operations presented does not includeValue Added Tax.In November, Agrokor d.d.'s business operation costs amounted to HRK 44.5 million with the major part of that being for consulting (HRK 32.5 million). Since the introduction of the emergency administration, those costs have come to HRK 418.8 million with the cost of consultants amounting to HRK 213.8 million.At the end of November there were 94 people employed in Agrokor d.d., 4 more than at the end of October.Dalic: Stabilised business of Agrokor companies good basis for reaching settlementZAGREB, Jan 10 (Hina) - Economy Minister Martina Dalic said on Wednesday that the latest report by the emergency administration at the heavily indebted Agrokor food and retail group showed that the business of all of the group's companies had stabilised and that the conglomerate was making operating profits, adding that this was a good basis for reaching a settlement with the creditors.Dalic told a press conference that it was good that the emergency administration had managed to present the first draft of a settlement deal to the creditors before the end of last year and that she hoped a settlement would eventually be reached within the time frame required by the law.Noting that the law on the emergency administration was very clear about the settlement - it has to be accepted by more than two thirds of the creditors, Dalic said it would be good if it was accepted by as many creditors as possible. She said that the time ahead should be used to intensify talks with all categories of creditors so that the settlement could be adopted by more votes than the legal minimum.Dalic said she believed all creditors were aware that an agreement was possible only with a certain degree of compromise. She said that the report by the emergency administration was a good basis to step up negotiations to reach a final settlement within the time frame required by the law.Uljanik to be restructured under EU rulesResponding to questions from the press about the ***planned*** recapitalisation of the Uljanik shipyard in Pula, Dalic said that the European Commission had been formally notified of Uljanik's request for government involvement in the restructuring process. She added that the process required a go-ahead from the Commission.Dalic said that the process would include the preparation of a restructuring ***programme*** and that a ***strategic*** partner would be sought to participate in the implementation of that ***programme*** together with the government as a partner in the process"Uljanik has requested a state guarantee, which can be granted only subject to approval by the European Commission. Within six months of granting the approval, Uljanik is required to draw up a restructuring ***programme*** and find a ***strategic*** partner," Dalic said.She emphasised that the restructuring ***programme*** and the state guarantee implies that under EU rules a loan that is granted based on such state guarantee has to be repaid within the next six months or a ***strategic*** partner has to be found within that time.Dalic said she expected the Uljanik management to make maximum effort in seeking a ***strategic*** partner.Uljanik on Tuesday announced an emergency shareholders' meeting for February 16 to decide on increasing the company's equity by a maximum of HRK 302.22 million, without the obligation of inviting takeover bids. The equity would be increased by issuing no fewer than 6 million and no more than 10.07 million new ordinary shares at a nominal price of 30 kuna per share.Uljanik has so far received two letters of intent from potential ***strategic*** partners to participate in the restructuring and diversification of the shipyard -- one from Kermas Energija from Zagreb and the other from the Palumbo Group of Naples, Italy.Croatia's Optimapharm acquires Czech MKS ResearchZAGREB, Jan10(Hina) - Optimapharm, the Zagreb-based company specialisingin clinical research, has taken over the Czech company MKS Research, the Croatian company stated in a press release on Wednesday.This acquisition will helpOptimapharm to enter the Czech marketand "further strengthen its portfolio of clients in the pharmaceutical and biotech industries and its market position in Central Europe.""The move is in line with Optimapharm’s medium-term ***strategic*** objective of becoming the largest independent CRO (clinical research organisation) in CEE (Central and East Europe), with business operations across Europe and the U.S."Upon the acquisition, Optimapharm's workforce will rise to 120 employees and its annual business revenues are supposed to be over 12 million euros.Optimapharm,the biggest independent clinical research organisation in Southeast Europewas founded in 2005 in Zagreb, and has since built up a professional multidisciplinary team with expertise in clinical research in the pharmaceutical, biotech and medical device industries,according to the press release.The Croatian company has offices in more than ten European countries and covers markets with over 200 million people.Zagreb Holding unions filing suits over Christmas bonus cutsZAGREB, Jan 10 (Hina) - The heads of the four biggest unions in the Zagreb Holding (ZH) city enterprise said on Wednesday they would file lawsuits because ofmayor Milan Bandic who, breaching the collective agreement, had cut their Christmas bonusfrom HRK 2,885 to HRK 1,250.Union leader Zelimir Hercigonja told reporters Bandic had written to ZG Board president Ana Stojic Deban that it would be inappropriate in the current circumstances to pay the full amount of the Christmas bonus as stipulated inthe collective agreement.Hercigonja said Bandic claimed last month that all rights would be fully honoured but later changed his mind, as a result of which workers received a Christmas bonusamounting to HRK 1,250. Workers demand the payment of the full bonus, so the unions have started collecting powers of attorneyfor lawsuits and some have already been filed on behalf of the workers at ZH's Zagreb Electric Tram (ZET) and Waste Management branches, he added.Hercigonja said there was no chance of their losing the lawsuits and that the responsibility for the damage, which unions estimate at HRK 10-15 million, would be borne by the mayor and the ZHBoard.The president of the union active in ZET, Drazen Jovic, said they demanded the resignation ofStojic Deban. The president of the union active inWaste Management, Mirjana Kaltak, said this union had filed about 800 lawsuits over the failure to pay the full amount of the Christmas bonus and that Bandic recently told her he had no intention of paying the full amount.Zagreb mayor won't scrap ***plan*** to change collective agreement for city enterprise employeesZAGREB, Jan 10 (Hina) - Zagreb mayor Milan Bandic said on Wednesday he would not scrap ***plans*** to change the collective agreement for workers of the Zagreb Holding (ZH) city enterprise and that as long as he was in office he would not allow people in the city council to have a HRK 2,500 Christmas bonus and cash grant and those in ZH nearly HRK 7,000.The heads of the four biggest unions in ZH said earlier today they would file lawsuits because Bandic, breaching the collective agreement, had cut their Christmas bonus from HRK 2,885 to HRK 1,250.Responding to questions from the press, the mayor said he would meet with the city council unions on January 15 and the ZH unions on the 19th. He said he was a partner to the unions because there was no progress without social peace.Bandic said that under the collective agreement, the city council's 11,000 staff received a HRK 2,500 Christmas bonus and cash grant, while ZH's 11,000 staff received HRK 6,900. "It's a question of ethics and morality," he added.Asked why he had not changed the collective agreement earlier, he said he would have had he known earlier. He said everyone working for the city must receive the same amount for their Christmas bonus and cash grant, adding that Zagreb's city employees had a 30% higher salary than those in other towns.Asked about the lawsuits, the mayor said he would change the collective agreement nonetheless. "They will sue and life will go on," he said, adding that the net salary of a Zagreb Electric Tram driver was between HRK 8,000 and 9,000.Former receiver testifies in Gavrilovic trialZAGREB, Jan 10 (Hina) - The selling price of 3.3 million German marks for the Gavrilovic meat processing company related only to its plants based in government-controlled territory during the war, whilethe value of the whole company was about 60 million marks, the company's former receiver Slavko Boras said at a trial before Zagreb County Court on Wednesday.Boras was the last receiver for Gavrilovic before the company was taken over by GeorgGavrilovic, who is now on trial for war profiteering."The company couldn't have been bought for 3.3 million," Boras told judges, adding that two more buyers were interested in the company, one from Krsko in Slovenia and the other from Kosovo.Everyone was aware at the time that it was not possible to obtain managerial loans for the purchase, or rather to use the property being bought as collateral, the witness said and added:"Only Gavrilovic agreed to that, but he said he did not have money and could not borrow it."Boras said that this was why he had proposed that the Commercial Court defer payment for three months. Although he was relieved of his duties as receiver in 1992, the witness said he knew that the money was paid several days after the deadline."I know that about a million marks came from the sale of the company's shop in Tkalciceva Street (in Zagreb), which was not yet the property of Georg Gavrilovic, but I did not know the origin of the other two million German marks at the time," Boras said.Prosecutors claim that the two million German marks, paid from an account intended for national defence, were secured by the then finance minister, Jozo Martinovic.The allegation was confirmed in court late last year by the witness Ivica Papes, who said that he was not aware of the origin of the two million marks which he had transferred to Gavrilovic's account on the finance minister's orders in 1992.Gavrilovic, who has Austrian citizenship, is charged with inciting to abuse of official position and powers. Since the alleged abuse occurred between November 11, 1991 and October 1992, when Croatia was in a state of war, he is being tried under a law exempting crimes of war profiteering and privatisation-related crimes from the statute of limitations.The indictment says that Gavrilovic took advantage of the war and difficulties in the functioning of government to acquire considerable unduefinancial gain for himself.The Gavrilovic family has dismissed the indictment as appalling, saying that it is timed as a form of pressure on an international arbitration case in which the Gavrilovic company seeks damages from Croatia. Counsel for the accused claim that the statute of limitations has run out in this case.Genos announces discovery of biomarkers for personalised treatment of inflammatory bowel diseasesZAGREB, Jan10(Hina) - Researchers at Genos, Croatia's leading laboratory in the field of glycan analysis, has published in the latest international magazine Gastroenterologythe discovery of glycan biomarkers that will enable the personalised treatment of patients suffering from inflammatory bowel diseases.The research covered 3,441 patients from Los Angeles and Italy, and the findings of Genos's analysis of glycan biomarkers were additionally confirmed at the Leiden University Medical Centre, Genos said on Wednesday.Immunoglobulin-bound glycans enable an early diagnosis of inflammatorybowel diseases and predict the course of their treatment thus making it more precise and efficient, reads the research published in the most prestigious medical journal in the field of gastroenterology.The discovery of glycan biomarkers of inflammatory bowel diseases is a result of a major EU project, IBD-BIOM, which has secured Genos eight million kuna in grants.Further research will be conducted as part of theflagship EU project SYS-CID (A systems medicine approach to chronic inflammatory diseases), which will secure Genos an additional six million kuna for research and enable cooperation with the world's best researchers.Genos management board chair Gordan Lauc has said that the project is a major collaboration involving a large number of authors and led by Genos researchers.Glycans are carbohydrate compoundsattached to proteins and involved in many physiological and pathophysiological processes, with apronounced diagnostic potential.The Scientist in 2013 namedGenos the best place to work in the world.So far the laboratory has won six projects from the EU's Seventh Framework ***Programme***, five projects from the Horizon 2020 ***programme***, and two major projects financed from the EU's structural funds, amounting to more than HRK 70 million in total.Genos is part of the Croatian Centre of Research Excellence for Personalised Health Care.12 Croats qualify for Winter Olympics in PyeongChangZAGREB, Jan10(Hina) - Thirty days remain until the start of the 23rd edition of the Winter Olympic Games that will be held in South Korea, and to date, 12 Croatians, who compete in four sports, have secured their place in the games.There is a slight possibility of seeing a few more Croatianparticipants in the Games, although the qualification period expires in 15 days' time.In the best-case scenario, the number of Croatian athletes can rise by three or four and the number of sports by two.The Croatian Alpine Skiing team has two female skiers and three male skiers. Those who are supposed to take part in the competition will be selected among the following athletes: Leona Popovic, Ida Stimac, Natko Zrncic-Dim, Filip Zubcic, Matej Vidovic, Istok Rodes, Elias Kolega and Samuel Kolega.There will be four Croatians in Bobsleigh events. The 4-man team led by Drazen Silic currently ranks 26th in the Olympic standings, and the best 30 teams will qualify for the Olympic Games. A Croatian 2-man bobsleigh team currently ranks 29th and stands a chance of joiningthe competitors in the Olympic Games.Also, one female and one male competitor from Croatia havesecured their place in Cross-Country Skiing, and they will be selected among the following candidates:Vedrana Malec, Gabrijela Skender, Edi DadicandMarko Skender.Croatia can currently count onone competitor in Biathlon, and the most likely candidate isKresimir Crnkovic.Croatia's representatives, however, stand slim chances of competing in Luge and Snowboard.There will be 15 disciplines at the Winter Games, which will be held from 9 to 25 February 2018 in PyeongChang, Gangwon Province, the Republic of Korea. PyeongChang was selected as the host city after receiving a majority vote at the 123rd IOC Session held on 6 July 2011 after three consecutive bids. The Olympic Winter Games will be held in Korea for the first time in 30 years after the Seoul Olympic Games in 1988.Green activists to organise paddling race down Drava on SaturdayZAGREB, Jan10 (Hina) - The tenth edition of the winter paddling race down the Drava Riverwill be held on Saturday, 13 January, by environmental activists in their efforts to prevent the construction ofplanned hydro-power plants.The race under the slogan "Let us save the Drava from newhydro-power plants!"will be organised by the World Wildlife Fund Adria (WWF Adria)and the local environmentalist organisation ZEUS together with the Matis rafting club, with the start in the northern Croatian town of Donja Dubrava. The race starts at 9am.Saturday's race will be accompanied by other events to entertain participants in the regatta."The rivers Mura, Drava and Danube constitute a 700 kilometre green belt that networks nearly one million hectares of one of the most important European river basins," ZEUS and Matis said last year before the start of the ninthedition of the race, recalling that the region is also called the European Amazon.The organisers also recalled that in the summer of 2017, the WWF multiannual campaign in Croatia called "Our rivers, our treasure"was held on severalrivers."More than 200 rowers paddled down the Sava, Drava, Kupa, Zrmanja, Korana and Mreznica, with the support of Slovenian Olympic athlete Rok Rozman, who is also the originator of the whole story through its Balkan Rivers Tour. The campaign aims to save Croatian free-flowing rivers from ***planned*** hydropower plant constructions and other damaging projects," according to information issued on the WWF Adria website on 14 June2017.Prominent Mexican artist to exhibitin ZagrebZAGREB, Jan10(Hina) - Mexican conceptual artist, photographer, videographer and performance artist Teresa Margolles will launch her exhibition in Zagreb's French Pavillion on January 18.As an artist Morgollesresearches the social causes and consequences of death.The exhibition called "En el aire" (In the Air)seems cheerful and pleasant at first: A machine blows delicate bubbles into an otherwise empty room, where they float to the ground and burst on the touch of a visitor’s skin. The picture changes dramatically, though, when one learns about the nature of the material: the bubbles are made of water that was collected in the morgues of Mexico City after the cleaning of corpses of victims of drug cartels.Water collected from the morgues will not be used in the Zagreb exhibition.ZSE indices close in redZAGREB, Jan 10 (Hina) - The main Zagreb Stock Exchange (ZSE) indices closed in the red on Wednesday, with the Crobex decreasing by 0.12% to 1,857.69 points and the Crobex10 sliding by0.37% to 1,076.18 points.Turnover at the close of regular trading was HRK 7.97 million, about 1.3 million higher than on Tuesday.The highest turnover, of HRK 2.7 million, was generated by the stock of the Podravka food company. The price of its share shrank by 0.37% to HRK 270.The only other stock to turn over more than a million kuna was the Jadran hotel company, turning over HRK 1.8 million. It closed its first trading day at HRK 9.00 per share.(EUR 1 = HRK 7.435879)THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HOURS THURSDAY. (Hina) vm Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

ZAGREB, Jan10(Hina) - In its latest publication "Global Economic Prospects", the World Bank expects Croatia's economy to grow by 2.6% in 2018, which confirms its updated forecast from October 2017.

ZAGREB, Jan 10 (Hina) - European Commission President Jean Claude Juncker will invite the prime ministers,Miro Cerar of Slovenia and Andrej Plenkovic of Croatia, to talks on the border dispute in Brussels by the end of January, according to an article in the Ljubljana-based Delo daily ofWednesday.

ZAGREB, Jan10(Hina) - Vukovar war veteran Petar Janjic told Hina on Tuesday he was giving up on his regatta campaign in Savudrija Bay, announced for February 3, saying that the reasons for his decision were various obstacles and lack of support from veteran associations' leaders.

ZAGREB, Jan10(Hina) - Consumption in November 2017 grew 5.7% from the same month of 2016, going up on the year for the 39th consecutive month.

ZAGREB, Jan10(Hina) -A total of 187,363jobseekers were registered with the Croatian Employment Service (HZZ) at the end of December 2017, which was 0.4% or 693 persons fewer than at the end of November 2017 and 20.8% or 49,254persons fewer than at the end of December 2016, the HZZ said on Wednesday.

ZAGREB, Jan10(Hina) - The government-appointed emergency administration at the Agrokor corporation said on Wednesday that in the first 11 months of 2017 itsFood and ***Agriculture*** sectors continued to record solid business results, generatingpositive operatingresults, while the Retail and Wholesale sectors, in whichcost restructuring continued, continued to postnegativeearnings before interest, taxes, depreciation, and amortisation (EBITDA).

ZAGREB, Jan10(Hina) - Optimapharm, the Zagreb-based company specialisingin clinical research, has taken over the Czech company MKS Research, the Croatian company stated in a press release on Wednesday.

ZAGREB, Jan 10 (Hina) - The heads of the four biggest unions in the Zagreb Holding (ZH) city enterprise said on Wednesday they would file lawsuits because ofmayor Milan Bandic who, breaching the collective agreement, had cut their Christmas bonusfrom HRK 2,885 to HRK 1,250.

ZAGREB, Jan 10 (Hina) - The selling price of 3.3 million German marks for the Gavrilovic meat processing company related only to its plants based in government-controlled territory during the war, whilethe value of the whole company was about 60 million marks, the company's former receiver Slavko Boras said at a trial before Zagreb County Court on Wednesday.

ZAGREB, Jan10(Hina) - Researchers at Genos, Croatia's leading laboratory in the field of glycan analysis, has published in the latest international magazine Gastroenterologythe discovery of glycan biomarkers that will enable the personalised treatment of patients suffering from inflammatory bowel diseases.

ZAGREB, Jan10(Hina) - Thirty days remain until the start of the 23rd edition of the Winter Olympic Games that will be held in South Korea, and to date, 12 Croatians, who compete in four sports, have secured their place in the games.

ZAGREB, Jan10 (Hina) - The tenth edition of the winter paddling race down the Drava Riverwill be held on Saturday, 13 January, by environmental activists in their efforts to prevent the construction ofplanned hydro-power plants.

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THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HOURS THURSDAY.

**Load-Date:** January 11, 2018

**End of Document**



[***Washington: USDA Agencies Band Together to Assist Producers Impacted by 2017 Hurricanes***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RP3-61T1-F0YC-N4G6-00000-00&context=1516831)

Impact News Service

February 17, 2018 Saturday

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**Body**

Washington: US Department of ***Agriculture*** has issued the following news release:

Just as families, friends and communities came together to respond to damages that occurred during the hurricanes of 2017, so did government agencies.

When hurricanes Harvey, Irma and Maria made landfall, the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), Risk Management Agency (RMA), Rural Development (RD), and Animal and Plant Health Inspection Service (APHIS) worked together, along with the Federal Emergency Management Agency (FEMA) and other intergovernmental groups, to provide information and recovery resources to ***agricultural*** ***producers*** who experienced losses.

USDA offers a variety of ***programs*** and services to help people in all walks of life that have been hard hit by disaster events ranging from livestock disaster assistance ***programs***, crop insurance, conservation efforts, housing assistance and animal quarantine and disease response.

With office closures due to lack of power and damage across all impacted areas, information phone lines were set up for ***producers*** in Florida, Georgia, Puerto Rico, Texas and the Virgin Islands. Employees from other offices and USDA teams from other states went to work to assist farmers and ranchers.

Christy Marshall, a farm loan specialist based in Gainesville, Florida, was one of the state office employees to travel to the Miami-Dade FSA county office to help with the daily lines of ***producers*** seeking assistance. Over the course of three months, Marshall spent a month and a half in the Miami office.

“From farm structure destruction to the crop losses, there was devastation everywhere you looked,” Marshall said. “The overwhelming need of farmers down there outnumbered the county office staff. It was normal to have 10 to 15 ***producers*** waiting for service and we were trying to help any way that we could, sometimes even giving impromptu presentations in the lobby while they waited.”

In Texas, the USDA Service Centers in Wharton and Jackson counties were temporarily closed due to damage. Employees from these offices were able to serve ***producers*** by working out of neighboring county offices. A few FSA employees were personally displaced by the storms. To help out, FSA employees from other regions in Texas volunteered to work in those areas to provide uninterrupted service to ***producers***, allowing displaced employees to take care of personal matters.

A joint field office was assembled in Austin, Texas. Several USDA agencies loaned employees to staff the office. Employees provided support functions in their area of expertise. FEMA representatives in the field would look to USDA staff for guidance on ***agriculture***, conservation and natural resources and rural housing needs.

USDA employees also helped to staff FEMA disaster recovery centers in Texas and Florida. Billie Hamrick, FSA ***program*** technician from Madison County, Florida, worked for a month in a center in Orlando, where she helped the Economic Development Administration respond to area needs.

“It was one of the best work experiences I've had while working with FSA,” said Hamrick. “I worked with people from many different agencies and departments, people from all over the United States, who used their areas of expertise to help people during that time of need.”

Employees also travelled to Puerto Rico to help with FEMA operations there. Proficient in Spanish, Latawnya Dia, FSA public affairs specialist based in Washington, DC, worked a six-week detail in San Juan.

“I worked with USDA and the Puerto Rico Department of ***Agriculture*** to develop a communications and outreach ***strategic*** ***plan*** that is currently underway,” Dia said. “These efforts are enabling USDA employees to better provide outreach and assistance.”

As recovery efforts continue and ***producers*** seek guidance, USDA agencies continue to work with local partner organizations and host ***producer*** meetings throughout Florida, Georgia, Puerto Rico, Texas and the Virgin Islands. Over 100 meetings have been held to inform farmers and ranchers of available assistance.

**Load-Date:** February 19, 2018

**End of Document**



[***Nigeria's paddies of promise***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NY2-B131-JCH9-G3DR-00000-00&context=1516831)

The Africa Report

June 30, 2017 Friday

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**Length:** 1370 words

**Byline:** Eromo Egbejule

**Body**

New financing mechanisms are helping to increase rice production in Nigeria. The country has a long way to go, however, before it has the milling capacity and irrigation systems needed to become self-sufficient, and can begin seeking export markets.

For Namadina Jega, testing the limits of the proverb “hard work never killed anyone” has been a daily venture for the last decade. For five or six days each week, the enterprising rice farmer travels on an old Jincheng motorcycle along the dusty path to his seven farms in his hometown of Jega, the commercial nerve centre of Nigeria’s Kebbi State, to tend to them from dawn till the sun goes down.

As an outgrower, the 43-year-old sells his production to a reseller, who treats and packages the rice before selling it to uptakers who buy in large quantities. Thanks to the e-wallet scheme initiated by Akinwumi Adesina, ***agriculture*** minister under the Goodluck Jonathan administration, Jega gets an alert once a month for subsidised fertiliser rations to nurture his crops without the interference of middlemen. And a new presidential initiative to supply farmers with subsidised fertilisers, imported in conjunction with the Moroccan government, now gives Jega and his mates various options to boost their cropping.

Back to the land

It may seem like so many things are going well in Nigeria’s rice sector. President Muhammadu Buhari has called for people to “go back to the land” amidst a recession and has predicted that the country will be self-sufficient in rice production by 2018. Critics point out that Nigeria regularly imports millions of tonnes of rice each year and that despite rising levels of production since 2014, much needs to be done in terms of infrastructure and finance. Nonetheless, a presidential aide dubiously declared in April that Nigeria was the world’s second-largest ***producer*** of rice and that exports had begun. The Africa Report went on a fact-finding mission to determine whether those claims are true and to see how well the rice sector has been doing.

There are signs of progress in many parts of the country. There are several thousand rice farmers like Jega scattered across the state who have benefited since November 2015 from the Bank of ***Agriculture*** and Central Bank of Nigeria’s Anchor Borrowers’ ***Programme***. Kebbi State government added seed capital of N4bn ($12.7m) to the scheme, which provides loans with - single-digit interest rates. Kebbi has 78,000 documented farmers and 3,800 beneficiaries of the Anchor scheme in the town of Jega alone.

Boosting production

To boost the local rice sector, in December Abubakar Atiku Bagudu, Kebbi State’s governor and chairman of the Presidential Committee on Rice and Wheat Production in Nigeria, announced the launch of the LAKE (Lagos-Kebbi) Rice partnership, where rice is grown in Kebbi and milled in the economic capital.

State governments are working on other ideas to boost rice production. In nearby Zamfara State, farmers in Yakoforji get free water for their crops from irrigation channels that are at least 30km long all the way from the Bakolori Dam. Not so far away, 15 farms spanning several thousand hectares and belonging to Ahmed Yerima, a former governor of the state, have Chinese engineers manning heavy machinery.

However, both local players and officials in Abuja cast doubt on claims about rice exports and self-sufficiency. “Anyone who tells you we are exporting rice is a liar,” says Alhaji Bello Baidu emphatically. The 56-year-old head of a dry season farmers’ association in Jega is one of a few resellers who supervises the operations of a large number of outgrowers. “We don’t ***produce*** enough rice for our sustenance here in Nigeria even, and so many people smuggle rice in from Benin Republic and Niger Republic. If you say we are exporting pepper and onions, I can agree. But not rice.”

Lending credence to this, Yemi Kale, head of the National Bureau of Statistics, tells The Africa Report: “There was no export of rice in 2010, 2012, 2014, 2015 and 2016.” Nigeria ***produced*** 7.9m tonnes of rice in 2016 – up from 6.7m in 2014, and an April 2016 report from the US Department of ***Agriculture*** projected that Nigeria’s rice imports would be 2.1m tonnes from May 2016 to April 2017. Waste from manual post-cultivation processes means that only about half of Nigeria’s production eventually gets milled. If the vast majority of the 7.9m tonnes ***produced*** last year was milled, it could meet the country’s typical annual consumption of about 7m tonnes.

Local investment in rice growing and processing is on the rise. A few players – including the likes of Olam (see page 75), a Singaporean multinational, and smaller firms like Labana – have invested in the rice sector in recent years. Concrete magnate Aliko Dangote has also mooted a $1bn investment to increase production to allow the country to meet its rice needs.

Smuggling routes

Meanwhile, there are a number of challenges for Nigeria’s rice farmers. First is the Land Use Act first promulgated in 1978, under which farmers are restricted to cultivating small farms and all land ultimately belongs to the government. There is also a lack of infrastructure to help small-scale farmers. Baidu, the Kebbi State-based rice reseller, says: “There are about seven states along the stretch of the River Niger, from Kebbi to Bayelsa alone, and we have a combined production of about 1.7m hectares with 4tn/ha currently. What of the areas along the Rivers Benue, Nasarawa, Kaduna etc., where there is rice-growing potential? With two croppings or cultivations per year, we can almost feed Nigeria.”

Nigeria’s strict policies discouraging rice imports mean that merchants on both sides of the borders with Niger and Benin have become experts at finding new smuggling routes. The costs involved in smuggling are also passed along the chain to the consumer, with a hike in prices over the past year by more than 100%. A 50kg bag of imported rice currently sells for N19,000–20,000 ($62-65), compared to about N10,000 for homegrown varieties.

The local rice could be even cheaper, but the diesel for generators and levies imposed by local authorities keep prices elevated. Farmers typically buy only seed varieties with short maturity dates to use less fuel. A downside is that those varieties have smaller yields.

There has not been any recent policy focused on improving the quantity and quality of rice ***produced*** in the country. Under former ***agriculture*** minister Adesina, there was a ***strategic*** ***plan*** to create a rice boom, but it never became policy.

Self-sufficiency goals

Professor Olumuyiwa Osiname, who worked on the rice strategy with Adesina and is now at the International Institute of Tropical ***Agriculture***, says that efforts must be coordinated if Nigeria hopes to become anywhere near self-sufficient. "If what we want is an import-substitution policy, we should concentrate on areas where we can get industrial rice [quantities] and not small-scale farming that will sustain only small farmers and their families. States to focus on are Kebbi, Jigawa, Sokoto, Zamfara, Niger and Katsina. There are big dams in these states, and they can grow irrigated rice twice a year. [...] If we concentrate on 10 states like this, we can handle 70% of our needs.”

Debisi Araba, regional director for Africa at the International Center for Tropical ***Agriculture***, says that players need to address “critical failures along the value chain. [...] We should focus on increasing milling capacity and efficiency, which will in turn provide signals for increased crop production. There is urgent need to develop site-specific irrigation systems, small-scale dams and connecting farms with functioning roads. The public sector also needs to evolve strategies where public funds de-risk and stimulate private investments along the entire chain.”

Last year, many civil servants began to acquire farmland across Kebbi and Zamfara states, given the success of the Anchor Borrowers lending scheme. But they still rely on the likes of Jega, who has no formal training and no machinery – but plenty of experience in the field – to help nurture their crops to maturity. Nigeria’s new rice generation, like the economy it seeks to improve, is now in slow motion.

**Load-Date:** July 4, 2017

**End of Document**



[***Summary of Russian press for Tuesday 14 November 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PYC-5JW1-DYRV-3192-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

Supplied by BBC Worldwide Monitoring

November 14, 2017 Tuesday

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**Length:** 3703 words

**Body**

By BBC Monitoring

Putin meets Turkish president

Newspapers look at President Vladimir Putin meeting his Turkish counterpart Recep Tayyip Erdogan in Sochi

Izvestia: Yegor Sozayev-Guryev report "'Our relations may be considered restored"' looks at the talks of President Vladimir Putin and Turkish President Recep Tayyip Erdogan in Sochi. The two leaders have agreed to remove barriers as regards supplies of ***agricultural*** production; p 2 (650 words). unavailable online

Nezavisimaya Gazeta: Igor Subbotin article headlined "Erdogan hints at military solution in Syria" says that Syria has topped the agenda of a meeting of President Putin and his Turkish counterpart Recep Tayyip Erdogan in Sochi. Experts say that Iran's influence remains the main problem in Syria and call on Russia to pay attention to it; p 8 (807 words; [*http://bit.ly/2zWSKzo*](http://bit.ly/2zWSKzo)).

Vedomosti: Alexei Nikolsky and Nina Ilyina article headlined "Talks about someone else's land" looks at Vladimir Putin and Turkish President Recep Tayyip Erdogan discussing the situation in Syria during their meeting in Sochi. According to military expert Viktor Murakhovsky, Russia and Turkey have to put things in order in Idlib as the most inhabited de-escalation zone in Syria first. Only then it will be possible to state that the war is over in Syria and a peace process has begun; p 3 (600 words; [*http://bit.ly/2hq28QR*](http://bit.ly/2hq28QR)).

Kommersant: Andrei Kolesnikov report headlined "Man with Ruchei" looks at Vladimir Putin and visiting Turkish President Recep Tayyip Erdogan meeting at the Black Sea presidential residence Bocharov Ruchei near Sochi. The Turkish president has failed to achieve the goals he had set before the meeting, the report says; pp 1, 4 (750 words; [*http://bit.ly/2iUzHuO*](http://bit.ly/2iUzHuO)).

Putin's address may be postponed

RBC: Natalya Galimova report "February evolution" says that the Kremlin is discussing the possibility to postpone Putin's address to the Federal Assembly from December 2017 until the beginning of 2018. If the address is postponed, it is likely to be carried out in February, a source close to the Kremlin says; p 2 (1,300 words). [*http://www.rbc.ru/newspaper/2017/11/14/5a08a0349a79472f09fe6133*](http://www.rbc.ru/newspaper/2017/11/14/5a08a0349a79472f09fe6133)

Vedomosti: Svetlana Bocharova and Elena Mukhametshina article headlined "Violation without punishment" says that the Kremlin is likely to postpone the president's annual address to the Federal Assembly from December 2017 to February 2018. The idea goes out of tune with the constitution, lawyers say; p 2 (550 words; [*http://bit.ly/2hx6NUE*](http://bit.ly/2hx6NUE)).

Russia-USA media row

Izvestia: Article by the deputy chairman of the State Duma, Pyotr Tolstoy, headlined "Mirror response" looks at the "humiliating" decision of the US Department of Justice to register Russia's media outlets RT and Sputnik as foreign agents. Russia will have to retaliate, author says; p 2 (700 words). unavailable online

Rosneft CEO fails to appear in court

RBC: Margarita Alyokhina report "He never came" says that Rosneft head Igor Sechin has failed to answer a call to testify in the trial of former Economy Minister Alexei Ulyukayev. According to the law, Sechin cannot ignore summons. Court is obligated to ensure that he comes to testify; under the law, he may be brought to court, experts say; p 3 (700 words). [*http://www.rbc.ru/newspaper/2017/11/14/5a09a6059a7947bb207bd9f4*](http://www.rbc.ru/newspaper/2017/11/14/5a09a6059a7947bb207bd9f4)

Moskovsky Komsomolets: Daria Fedotova article headlined "Ulyukayev left without key witness" gives an update on a trial of former Economic Development Minister Alexei Ulyukayev charged with corruption. Head of the state-owned company Rosneft Igor Sechin has failed to come to court to give testimony during a court session on 13 November, the article says. The court has called Sechin again to give testimony on 15 November; p 2 (596 words; [*http://bit.ly/2hrqABm*](http://bit.ly/2hrqABm)).

Vedomosti: Anastasia Kornya article headlined "To Sochi instead of court" says that whether Igor Sechin will manage to come to court to give testimony during a trial of former Economic Development Minister Alexei Ulyukayev, is not really important now. The very fact of calling him to court affects his reputation of an "ubermensch", political analyst Alexei Makarkin says; p 2 (850 words; [*http://bit.ly/2zAs8na*](http://bit.ly/2zAs8na)).

Rossiyskaya Gazeta: Ivan Petrov report headlined "One cannot do without witnesses" says that if Igor Sechin fails to come to court to give testimony at a trial of former Economic Development Minister Alexei Ulyukayev, the court may give up an idea to question Sechin and will limit itself to the testimony which he gave during the preliminary investigation; p 7 (397 words; [*http://bit.ly/2yYMnLZ*](http://bit.ly/2yYMnLZ)).

Medvedev at Asean summit

Rossiyskaya Gazeta: Vladimir Kuzmin report headlined "Eastern wind of change" looks at Prime Minister Dmitry Medvedev representing Russia at the Asean summit that has begun in Manila. Medvedev has stated that economic sanctions have turned into a tool of competitive struggle in modern world, the report says; p 3 (576 words; [*http://bit.ly/2hpmglY*](http://bit.ly/2hpmglY)).

Kommersant: Tatiana Yedovina article headlined "Dmitry Medvedev drops in on Asian market" says that at the Asean summit Dmitry Medvedev has called on the Asean countries to implement infrastructure projects in Asia; p 2 (700 words; [*http://bit.ly/2jsmMnO*](http://bit.ly/2jsmMnO)).

Kommersant: Mikhail Korostikov article headlined "Southeast Asia feels cental" focuses on the Asean summit that is under way in Manila, and says that Russia is trying to "familiarise" Asean with the Eurasian Economic Union project; p 6 (850 words; [*http://bit.ly/2yYKYF6*](http://bit.ly/2yYKYF6)).

Presidential election

Nezavisimaya Gazeta: Alexei Gorbachev article headlined "Yavlinsky goes to regions, promises money" says that founder of the Yabloko party Grigory Yavlinsky intends to present the third part of his election ***programme***, dedicated to redistribution of the budget in favour of regions. Experts consider Yavlinsky's election campaign the best in terms of "meaningfulness" compared to campaigns of the rest of opposition candidates, but still not very effective; pp 1-2 (788 words; [*http://bit.ly/2zF99aI*](http://bit.ly/2zF99aI)).

Kommersant: Maxim Ivanov article headlined "Gennady Zyuganov pulls back making way to congress" says that leader of the Communist Party of the Russian Federation (CPRF) Gennady Zyuganov has postponed the last party congress to be held before the start of the presidential election campaign from 2 December to 22 December. Zyuganov waits for the moment when a wave of self-promotion of "showman-candidates" comes down, a political analyst says; p 3 (600 words; [*http://bit.ly/2moISbx*](http://bit.ly/2moISbx)).

Nezavisimaya Gazeta: Editorial headlined "Late start of Putin's campaign: Pros and cons" says that President Putin's team probably wants voters to see vapidity of other candidates' ***programmes*** first, that is why Putin has yet to announce his standing in the presidential election; p 2 (526 words; [*http://bit.ly/2hpV4U4*](http://bit.ly/2hpV4U4)).

Nezavisimaya Gazeta: Alexei Kiva article headlined "National interests: Where threat comes from" suggests that Russia should familiarise itself with experience of South Korea, Singapore and China to create a new effective socio-economic model of Russia's development ahead of the presidential election. Russia is failing to create its own range of priorities, the article says; p 6 (2,602 words; [*http://bit.ly/2AH9Can*](http://bit.ly/2AH9Can)).

Doping scandal

Moskovsky Komsomolets: Irina Stepantseva article headlined "WADA wears away a stone" looks ahead at a session of the WADA Executive Committee scheduled for 15-16 November and mulls prospects for Russian athletes to be banned from participating in the 2018 Olympics; pp 1, 3 (859 words; [*http://bit.ly/2ADGNLo*](http://bit.ly/2ADGNLo)).

Moskovsky Komsomolets: Mikhail Zubov article headlined "Putin draws Olympic fire upon himself" mulls President Putin's statements relating continuing "doping attacks" on Russia to the West's desire to intervene with the upcoming presidential election in Russia. Experts say that "attacks" on Russian sport will certainly unite the population around Putin and thus provide him with a resounding victory. Political analyst Sergei Markov notes that doping scandals may be meant to affect Putin personally since his is an athlete himself; pp 1, 3 (680 words; [*http://bit.ly/2yZ2adG*](http://bit.ly/2yZ2adG)).

Human rights

Kommersant: Anastasia Kurilova interview with Gerald Staberock, Secretary General of the World Organization Against Torture (OMCT), headlined "'States mainly try to pretend that violence does not occur'", who says that fighting against tortures Russia lacks effective investigations as a result of which victims get proper status, while guilty ones get punished; p 5 (750 words; [*http://bit.ly/2joZ6jS*](http://bit.ly/2joZ6jS)).

Moskovsky Komsomolets: Marina Lemutkina article headlined "Dormitories to become collective" explores the probability of Russian students who live in campus dorms, to be forced to leave their places of residence so that law enforcers could be accommodated in the dormitories for the period of the 2018 FIFA World Cup; p 3 (625 words; [*http://bit.ly/2yYxhWG*](http://bit.ly/2yYxhWG)).

Farmers' protest

Nezavisimaya Gazeta: Daria Garmonenko article headlined "To presidential administration without tractors" says that a meeting is being arranged for activists from the public movement Polite Farmers and presidential administration's top officials. Meanwhile, the activists ***plan*** to visit the Russian Investigations Committee and the Federal Security Service's central offices next week, the article says; p 3 (691 words; [*http://bit.ly/2z0e0UL*](http://bit.ly/2z0e0UL)).

Military

Rossiyskaya Gazeta: Yuri Gavrilov article headlined "This missile is impossible to catch" says that the ***Strategic*** Missile Troops (RVSN) are being equipped with a "unique" nuclear system, referring to Col-Gen Sergei Karakayev, commander of the RVSN; p 2 (430 words; [*http://bit.ly/2zEmXlG*](http://bit.ly/2zEmXlG)).

Kommersant: Ivan Safronov and Alexandra Dzhordzhevich article headlined "New Year address to servicemen" says that on 22 December President Putin will hold an expanded session of the Defence Ministry board during which military achievements of 2017 are expected to be summed up and tasks for 2018 are to be set; p 3 (500 words; [*http://bit.ly/2mrquz8*](http://bit.ly/2mrquz8)).

Opposition

Vedomosti: Elena Mukhametshina and Anastasia Kornya article headlined "Yabloko strengthens its positions near Pskov" says that Yabloko party member Yuri Pavlov has been elected for the post of the head of the city of Gdov's administration in Pskov Region. The article recalls other achievements of the party in regional and municipal elections and says that according to a political analyst, it is a candidate's personality that matters when it comes to regional and municipal elections; p 3 (500 words; [*http://bit.ly/2yzDxjt*](http://bit.ly/2yzDxjt)).

Migrants

Nezavisimaya Gazeta: Ekaterina Trifonova article headlined "Ukrainians not allowed to get political asylum in Russia" focuses on problems Ukrainian migrants and Russian compatriots abroad are facing in attempt to get either political asylum of repatriation in Russia. It has been suggested that conditions for labour migrants from the Central Asia should be toughened, the article says, however, the Russian authorities are likely to continue welcoming them to maintain friendly relations with Central Asian leaders; p 3 (739 words; [*http://bit.ly/2z01X9X*](http://bit.ly/2z01X9X)).

Domestic political

RBC: Vladislav Inozemtsev report "Why Russia needs new state" says that the "re-establishment of state institutions is for modern Russia the only alternative to new revolutionary events". "It is time to complete the transitional period and the main goal facing Russia is not a change of the president or the transition to the parliamentary form of government, but the complete re-establishment of the country," author says; p 5 (1,900 words). [*http://www.rbc.ru/newspaper/2017/11/14/5a094ec29a79476eb3014671*](http://www.rbc.ru/newspaper/2017/11/14/5a094ec29a79476eb3014671)

Rossiyskaya Gazeta: Mikhail Pinkus article headlined "At governor's table" says that after President Putin had phoned two activists in Chelyabinsk, the leader of the Stop GOK organization that opposes the construction of an ore-dressing company, and the head of a group of defrauded housing investors, a meeting with regional top officials and other concerned parties was arranged for activists at the Chelyabinsk Region governor's office; pp 1, 10 (531 words; [*http://bit.ly/2hrnGMW*](http://bit.ly/2hrnGMW)).

Domestic economic

Moskovsky Komsomolets: Vladimir Gurvich article headlined "Ultimatum of new economy" says that Russia is likely to lose about 3 million able-bodied citizens before 2020 and mulls an idea to create high-efficient jobs in Russia, which may help replenish the loss; p 4 (958 words; [*http://bit.ly/2hpNeK8*](http://bit.ly/2hpNeK8)).

Nezavisimaya Gazeta: Igor Gundarov article in the Carte Blanche regular column headlined "Where does able-bodied population disappear?" focuses on the "demographic collapse as the main threat to national security" in Russia. "Cascaded demographic reactions" are the main reason determining the current decrease in birth rate, the article says; p 3 (765 words; [*http://bit.ly/2ADViP5*](http://bit.ly/2ADViP5)).

Moskovsky Komsomolets: Nikolai Vardul article headlined "Russian lesson" says that Russia continues stepping up its oil export, which diminishes the effectiveness of the OPEC agreement on a reduction in oil production. According to an expert, if Russia wants to develop its cooperation with Saudi Arabia, it will have to stick to restrictions imposed on oil export; p 4 (675 words; [*http://bit.ly/2zzMTPN*](http://bit.ly/2zzMTPN)).

Rossiyskaya Gazeta: Alexandra Vozdvizhenskaya article headlined "It is better if it is less" says that over a year Russia and the OPEC countries have exceeded the target set by a ***plan*** to reduce oil production; p 2 (493 words; [*http://bit.ly/2hyzJMf*](http://bit.ly/2hyzJMf)).

Nezavisimaya Gazeta: Anastasia Bashkatova article headlined "GDP does not fit in with government's ***plans***" says that according to preliminary statistics published by the Federal Statistics Service (Rosstat), the growth of the domestic economy slows down and is hardly likely to reach the level of 2 per cent following the outcomes of 2017; pp 1, 4 (961 words; [*http://bit.ly/2zWNkV4*](http://bit.ly/2zWNkV4)).

Nezavisimaya Gazeta: Olga Solovyeva article headlined "Finance Ministry to teach citizens to save money without incomes" focuses on the ***programme*** aimed at improving Russia's financial awareness, which is being implemented by the Finance Ministry at the expenses of the federal budget and the World Bank; pp 1, 4 (1,202 words; [*http://bit.ly/2AERXiG*](http://bit.ly/2AERXiG)).

Vedomosti: Tatiana Lomskaya and Margarita Papchenkova article headlined "Economy hits brakes" says that the domestic economy fails to meet the government's expectations: it has to do an impossible thing to increase growth pace by 3 per cent at once in the 4th quarter in 2017 to reach the anticipated 2-per-cent growth; p 4 (950 words; [*http://bit.ly/2yyMmKl*](http://bit.ly/2yyMmKl)).

Vedomosti: Editorial by Vladimir Ruvinsky headlined "Victims of stagnation" says that according to the Centre for Macroeconomic Analysis and Short-Term Forecasting (CMASF), long-lasting stagnation after an economic decline has resulted in an increased pace of bankruptcies among Russian companies; pp 1, 6 (450 words; [*http://bit.ly/2AEYGZY*](http://bit.ly/2AEYGZY)).

Vedomosti: Elizaveta Bazanova article headlined "Finance Ministry finds taxes in virtual world" says that the Finance Ministry has stated that those who make money out of selling crypto-currency should pay income tax; p 5 (750 words; [*http://bit.ly/2zFPQfj*](http://bit.ly/2zFPQfj)).

Vedomosti: Op-ed by political analyst Maxim Fomin headlined "Bonds for pipes" mulls prospects for the institution of infrastructure mortgage in Russia; pp 6-7 (1,400 words; [*http://bit.ly/2zVlSXY*](http://bit.ly/2zVlSXY)).

Kommersant: Veronika Goryacheva article headlined "Bitcoins to bring tax expense" says that the Finance Ministry has found taxable activities and assets in deals with crypto-currency; p 7 (750 wpords; [*http://bit.ly/2mmWPXO*](http://bit.ly/2mmWPXO)).

Russia-USA

Izvestia: Alexander Vedrussov report "Budget for war" comments on the decision of US Congress to allocate 4.6bn dollars to withstand "Russia's aggression". "US Congress has in fact deprived Trump of a chance of and authority for a constructive way out of a spiral of tension between the two great powers," author says; p 3 (1,900 words). unavailable online

Rossiyskaya Gazeta: Yevgeny Shestakov article headlined "CIA frightens Trump" says that having returned from the Apec summit, US President Donald Trump has found himself harshly criticised for allegedly "being intimidated by President Putin"; p 8 (926 words; [*http://bit.ly/2yXDAtD*](http://bit.ly/2yXDAtD)).

Moskovsky Komsomolets: Nikolai Makeyev article headlined "Washington 'gets poisoned' by Russian wheat" says that an unprecedented yield of wheat in Russia has "caused panic" in the USA, since a sudden inflow of Russian wheat on the US market has resulted in a drop of prices on wheat. Experts say that domestic ***agriculture*** ***producers*** should not get too excited about that, because a lack in grain storage facilities and a deficit of processing capacities are likely to leave Russian wheat unclaimed on the global market; p 4 (587 words; [*http://bit.ly/2ACmaiI*](http://bit.ly/2ACmaiI)).

Vedomosti: Irina Sinitsyna article in the Quote of Week regular column headlined "'If US farmers are seesawed, then it happens against a backdrop of high yield in Russia. We are pushing the USA aside on certain markets and it is clear that they suffer losses. It only makes us feel better'. ***Agriculture*** Minister Alexander Tkachev" says that "one may search for new sales markets and customers, but if Russia fails to get reconciled with well-tried partners, it will have to go on a hydrocarbon diet"; p 7 (350 words; [*http://bit.ly/2hrlqFz*](http://bit.ly/2hrlqFz)).

Rossiyskaya Gazeta: Igor Dunayevsky article headlined "Freedom of speech under control" says that RT, "pressurised by the US authorities", has registered itself as a foreign agent; pp 1, 8 (450 words; [*http://bit.ly/2hxpcAD*](http://bit.ly/2hxpcAD)).

Kommersant: Elena Chernenko article headlined "Fear breeds supply" looks at US Senate and US Congress's House of Representatives approving the final edition of the US military budget for 2018 and says that the US budget has once and for all bought into "Russian missile threat"; pp 1, 6 (1,200 words; [*http://bit.ly/2ADlbPj*](http://bit.ly/2ADlbPj)).

Russia-Ukraine

Moskovsky Komsomolets: Mikhail Katkov article headlined "How to intimidate Crimea" says that according to Crimean media outlets, Ukraine intends to unfold a new information war against the Crimean authorities in social media. The USA will reportedly help Ukraine by training "mole bloggers", Crimean press says; p 2 (661 words; [*http://bit.ly/2zFFT3s*](http://bit.ly/2zFFT3s)).

Eastern Ukraine

Moskovsky Komsomolets: Artur Avakov article headlined "Serbian scenario for Ukraine" looks at the outcomes of a meeting of presidential aide Vladislav Surkov and US Special Representative for Ukraine Kurt Volker in Belgrade. The UN peacekeeping mission in eastern Ukraine has topped the agenda of the meeting, the article reports; p 2 (600 words; [*http://bit.ly/2hrqcCU*](http://bit.ly/2hrqcCU)).

Nezavisimaya Gazeta: Tatiana Ivzhenko article headlined "Verkhovna Rada [Ukrainian parliament] intends to step up defence" says that the Ukrainian parliament is about to consider in the second reading a bill on Ukraine's strategy in Donbass [eastern Ukrainian self-styled republics]. The bill implies that the Ukrainian servicemen will carry out special intelligence operations in eastern Ukraine, the article says; pp 1-2 (1,067 words; [*http://bit.ly/2hpVFoQ*](http://bit.ly/2hpVFoQ)).

Russia-India

Rossiyskaya Gazeta: Sergei Ptichkin article headlined "Fighter jet turns into missile carrier" says that the Russian-Indian company BrahMos has concluded its first contract on supplies of cruise missiles for Su-30MKI fighter jets with the Indian Defence Ministry; p 6 (490 words; [*http://bit.ly/2yy8BQz*](http://bit.ly/2yy8BQz)).

Russia-Moldova

Nezavisimaya Gazeta: Svetlana Gamova interview with Moldovan President Igor Dodon, headlined "'Moldova will lose its sovereignty without Russia'", who speaks about the current political developments in Moldova, where the government restricts the president's powers, and describes "external forces", with the help of which Moldova's breakaway Dniester region is expected to be won back and return to Moldova. Dodon also speaks about Moscow's attitude towards the situation in Moldova and his political ***plans***; pp 1, 5 (2,289 words; [*http://bit.ly/2zEfALl*](http://bit.ly/2zEfALl)).

Russia-Venezuela

Nezavisimaya Gazeta: Anatoly Komrakov article headlined "Russia writes off Maduro's debts" says that the Finance Ministry has prepared a restructuring of the Venezuelan debt worth 3bn dollars, which is likely to be paid in no less than ten years in a best-case scenario. However, Russian tax payers are unlikely to see those money at all, the article says noting that over the past 17 years Russia has written off about 140bn dollars of foreign countries' debts to win geo-***strategic*** weight; p 4 (753 words; [*http://bit.ly/2zIT2XO*](http://bit.ly/2zIT2XO)).

USA

Moskovsky Komsomolets: Renat Abdullin article headlined "Duterte sings for Trump" looks at US President Donald Trump visiting the Philippines as the final destination of his Asian tour. It appears that Trump and his counterpart from the Philippines, Rodrigo Duterte, have managed to find common language during their meeting, the article reports; p 3 (465 words; [*http://bit.ly/2ACg9SY*](http://bit.ly/2ACg9SY)).

Nezavisimaya Gazeta: Vladimir Skosyrev article headlined "China and its neighbours do not need Trump as intermediary" says that US President Donald Trump's idea of playing the role of an intermediary in a row over islands in the South China Sea, which has put Vietnam and Philippines at loggerheads with China, has not found support in those involved in the row; pp 1, 8 (558 words; [*http://bit.ly/2zGa4FN*](http://bit.ly/2zGa4FN)).

Lebanon

RBC: Alexander Atasuntsev report "Premiere screening of force" says that a crisis continues in Lebanon caused by a statement of resignation made by Lebanese Prime Minister Saad Hariri in Saudi Arabia. Analysts do not rule out that he is being forced to stay in Riyadh, which is fraught with problems including a civil war in Lebanon; pp 6-7 (1,400 words). [*http://www.rbc.ru/newspaper/2017/11/14/5a09721c9a7947857db416f0*](http://www.rbc.ru/newspaper/2017/11/14/5a09721c9a7947857db416f0)

Foreign story

Nezavisimaya Gazeta: Boris Nikolayev article headlined "Formula of saving planet" looks at the UN Climate Change Conference, which started in Bonn on 6 November. The global warming issue is likely to be widely discussed during the conference, the article says; p 11 (1,896 words; [*http://bit.ly/2hwZ3SF*](http://bit.ly/2hwZ3SF)).

Sources: as listedInclusion of items in this list of significant reports from some of the day's main Russian newspapers does not necessarily mean that BBC Monitoring will file further on them

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[***Council of the European Union:CFSP Report – Our priorities in 2017 ST 10650 2017 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P8V-B9R1-F0YC-N2R7-00000-00&context=1516831)

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**Body**

Brussels: Council of the European Union has issued the following document:

10650/17 MS/agi 1 DGC 1C LIMITE EN Council of the European Union Brussels, 5 July 2017 (OR. en) 10650/17 LIMITE CFSP/PESC 583 COPS 219 'I/A' ITEM NOTE From: Political and Security Committee To: Permanent Representatives Committee (Part 2)/Council Subject: CFSP Report – Our priorities in 2017 1. The Inter-Institutional Agreement (IIA) of 2 December 2013, part II, point E, paragraph 25, provides that each year, the High Representative shall consult the European Parliament on a forward-looking document which will set out the main aspects and basic choices of the CFSP. 2. The Nicolaidis Group examined the report and agreed on 26 June 2017 that the PSC should be invited to approve the amended draft report. 3. On 4 July 2017, the Political and Security Committee approved the amended draft report as set out in the annex. 4. In light of the above, Coreper is invited to approve the draft report, with a view to forwarding it to the Council for endorsement.

PUBLIC Conseil UE 10650/17 MS/agi 2 ANNEX DGC 1C LIMITE EN ANNEX CFSP Report – Our Priorities in 20171 (1) INTRODUCTION 1. 2017 has begun as a year of uncertainty, numerous challenges and on-going conflicts. To the South, instability and fragility persist while, to the East, the European security order continues to be violated. The EU is also confronted with threats such as terrorism, hybrid threats, cyberattacks, organised crime as well as challenges such as irregular migration and human trafficking. 2. The European Union will continue to address these issues with determination under the leadership of High Representative/Vice-President Mogherini and in close cooperation with Member States and partner countries. The EU continues to stand for its values, with multilateralism as its key principle and the United Nations at its core, and to actively promote a rules-based global order and respect for Human Rights. In doing so, we will be guided by the Global Strategy on the European Union's Foreign and Security Policy, which was presented to the European Council by the HR/VP in June 2016. 1 This report should be read in conjunction with agreed Council and European Council conclusions. 10650/17 MS/agi 3 ANNEX DGC 1C LIMITE EN 3. Implementing the Global Strategy will provide the framework for the EU's external relations, including the further development of CFSP and CSDP, for the years to come. In the first half of the year we will continue to focus on taking forward work in five priority areas identified in the Global Strategy and endorsed by the Foreign Affairs Council (FAC) in October 2016, namely (i) investing in the resilience of states and societies to the East and South, and an integrated approach to conflicts and crises; (ii) strengthening security and defence; (iii) reinforcing the internal/external policy nexus, with special attention to migration, counterterrorism and hybrid threats; (iv) updating existing or preparing new regional and thematic strategies; and (v) stepping up public diplomacy efforts. As cross-cutting dimensions within all five building blocks, Human Rights as well as Women, Peace and Security and Gender Equality and Women's Empowerment will continue to be mainstreamed into all our polices. The Sustainable Development Goals will be another cross cutting theme for the follow up work. 4. On security and defence, efforts at a more effective and credible cooperation among Member States will further intensify, based on the FAC conclusions of November 2016 defining for the first time a comprehensive level of ambition for the EU in the field of security and defence. This strong political message was confirmed at the highest level in the European Council conclusions of December 2016. On resilience, the HR/VP and the Commission published a Joint Communication on 7 June, aiming to establish a coherent policy framework on the issue across the EU's external action, and to identify key issues at the nexus between internal and external policy. 5. In order to reflect the comprehensive approach, this report includes, when appropriate, references to non-CFSP policies and instruments. 10650/17 MS/agi 4 ANNEX DGC 1C LIMITE EN (2) GEOGRAPHICAL Europe and Central Asia 6. The EU's relations with Russia in 2017 will continue to be dominated by Russia's violation of international law in Ukraine, including the illegal annexation of the Crimean peninsula and destabilisation of eastern Ukraine. The EU remains committed to the policy of nonrecognition of the illegal annexation of Crimea and Sevastopol. The EU's policy on Russia will continue to be guided by the five principles confirmed by the FAC in March 2016 (implementation of the Minsk agreement as the key condition for any substantial change in the EU's stance towards Russia, strengthened relations with Eastern partners and other neighbours, strengthening EU resilience, the possibility of selective engagement with Russia on issues of interest to the EU, and the need to engage in people-to-people contacts and support Russian civil society) and by the European Council conclusions of March 2015 which linked the duration of the restrictive measures against Russia - as adopted on 31 July 2014, enhanced on 8 September 2014 and subsequently amended - to the complete implementation of the Minsk agreements. The balanced and effective implementation of the principles is in line with the implementation of the Global Strategy. Three of the EU's regimes of restrictive measures (travel ban/asset freeze on individuals and entities; measures related to the annexation of the Crimean peninsula; and economic measures) will be subject to review in the course of 2017. At the same time, the EU will remain committed to maintaining open lines of communication with Russia on international crises, global and other issues that are in the interest of the EU. The EU will not refrain from expressing its concern about the human rights situation in Russia, in particular as regards measures that restrict fundamental freedoms and further restrict space for independent civil society in Russia. The EU stresses the need to challenge Russia's ongoing disinformation campaigns in the context of the EU ***strategic*** communication efforts. 10650/17 MS/agi 5 ANNEX DGC 1C LIMITE EN 7. The EU's approach to the Eastern Partnership (EaP) will keep its focus on further developing strong and mutually beneficial relations with all six partners, based on their individual level of ambition in their relations with the EU. This will encompass support for a market economy, sustainable development, good governance, interconnectivity and building the resilience of our partners – at state, economic and societal level - faced with new challenges for their stability, as agreed at the Riga summit of 2015, and set out in the review of the European Neighbourhood Policy (ENP) and the Global Strategy. The EU will continue its efforts of enhanced ***strategic*** communication of the EaP and on ensuring better visibility and outreach for the policy and its outcomes. The next EaP summit, scheduled for end of November 2017 in Brussels, should demonstrate the continued EU commitment for the EaP as well as the maturity of its engagement with its Eastern neighbours, while highlighting its concrete added value for the citizens of both the partner countries and Member States. 8. With regard to individual EaP partners, the application of the Association Agreement, including its trade part, will allow the EU to monitor and support the reform process in Ukraine, including through substantial financial assistance. Following the legally binding interpretative decision of EU Heads of State and Government of December 2016, the ratification process of the Association Agreement signed in 2014 will be completed and the Agreement will enter into force. The EU Advisory Mission (EUAM) to Ukraine began operations in 2014 and assists the Ukrainian authorities in developing effective, sustainable and accountable civilian security services that contribute to strengthening the rule of law in Ukraine. A ***strategic*** review has been prepared and discussed in PSC and relevant Council working committees in early 2017; as a result, the mandate of the mission has been extended until 30 November 2018 and the Operational ***Plan*** of the mission is currently being revised. 10650/17 MS/agi 6 ANNEX DGC 1C LIMITE EN 9. With Georgia and the Republic of Moldova, the revision of the Association Agendas will establish the priorities for implementation of the Association Agreements which entered into force last year. The visa liberalisation decisions for Ukraine and Georgia are finalised: the visa-free regime for Georgia entered into force on 28 March 2017, for Ukraine it entered into force on 11 June 2017. The EU will continue to support Georgia's efforts to overcome the consequences of conflict in Georgia's breakaway regions of Abkhazia and South Ossetia, including through the activities of the EU Monitoring Mission (EUMM) and the EU Special Representative for the South Caucasus and the crisis in Georgia. The EU will continue to support a peaceful settlement of the Transnistrian conflict, through participation in the existing negotiations format (5+2) and encouraging all parties to engage proactively to find a viable solution. 10. In relations with those Eastern Partners which do not seek Association Agreements – Armenia, Azerbaijan and Belarus – the EU has proposed alternatives based on common values and fundamental principles for promoting comprehensive cooperation and sustained reform processes. Negotiations on a new agreement are finalised with Armenia and the agreement is expected to be signed soon. Negotiations on a new agreement with Azerbaijan were initiated in February 2017. Partnership Priorities will be agreed jointly to replace the outdated ENP Action ***Plans*** and, in the case of Belarus, as the first broadly agreed political document. The EU will continue to support the OSCE Minsk Group’s role in the peace process of the conflict in Nagorno-Karabakh and encourage Azerbaijan and Armenia to re-engage in negotiations for the peaceful resolution of the conflict. 10650/17 MS/agi 7 ANNEX DGC 1C LIMITE EN 11. The EU's response to the challenges and opportunities in the Arctic will be based on the implementation of the Joint Communication on An integrated European Union policy for the Arctic, released in April 2016. 12. The EU will continue to support the strengthening of the Organization for Security and Cooperation in Europe (OSCE) as a platform for cooperation between the participating states, especially aiming at finding a sustainable political solution to protracted conflicts and to crises, notably in Ukraine. The EU highly values and strongly supports the OSCE’s work. It emphasizes the need to fully implement the existing commitments in all three dimensions. Given the changes in the security environment, as well as technological developments in the military sphere, the EU deems necessary a substantial update and modernisation of politicomilitary instruments in the framework of the OSCE. It is especially important in the context of the structured dialogue on the current and future challenges and risks to security in the OSCE area which was launched in Vienna in December 2016. 13. In Central Asia, the EU is focusing on promoting good governance and economic development to strengthen resilience, security and stability in the region, in line with the EU Strategy for Central Asia. The EU also aims to promote Europe-Asia connectivity. In addition, the European Union strives to promote further cooperation in the education sector, water and environment issues and rule of law, as well as enhanced protection of human rights. There is an established strong institutional relationship manifested by the EU-Central Asia High-Level Political and Security Dialogue (latest meeting on 8 June 2017, in Kyrgyzstan) and the EU-Central Asia Ministerial meeting (the next meeting in autumn 2017 in Uzbekistan) that shall be further streamlined and connected and could lead to further cooperation in the area of security, including countering terrorism and preventing and countering violent extremism. 10650/17 MS/agi 8 ANNEX DGC 1C LIMITE EN 14. The future of the Western Balkans is within the European Union. The enlargement and Stabilisation and Association processes, with their support for reforms and good neighbourly relations, as well as with the established conditionality, represents a ***strategic*** investment in the peace, democracy, prosperity, security and stability in Europe. In 2017, the overall priority is to take forward the European perspective of the region in order to enhance its resilience and thus, in line with the Global Strategy, the security of the EU itself. The EU remains committed to the European perspective of the region and to support the EU-oriented reforms and projects, in particular focusing on further strengthening institutions, good governance and the rule of law; fostering good neighbourly relations and inclusive regional cooperation, while paying due attention to divisive rhetoric; mitigating stability risks from political polarization and promoting socio-economic development. Throughout 2017, attention will focus on addressing the following political stability and security factors: continuing to facilitate normalisation of relations between Belgrade and Pristina, mitigating stability risks from political polarisation and supporting reforms in Kosovo∗, supporting the new government in the former Yugoslav Republic of Macedonia in the reform process and in addressing risk from political polarisation, fostering Bosnia and Herzegovina's socio-economic development and strengthening rule of law, consolidating Serbia's and Montenegro's European perspective, further strengthening reform and the rule of law in Albania, Montenegro and Serbia. The EU will strengthen dialogue with the Western Balkans on further deepening cooperation on foreign policy and defence issues and progressive alignment with the EU's foreign policy positions. ∗ This designation is without prejudice to positions on status, and is in line with UN Security Council Resolution 1244 (1999) and the Opinion of the International Court of Justice on the Kosovo declaration of independence. 10650/17 MS/agi 9 ANNEX DGC 1C LIMITE EN The mandate of the EU Rule of Law Mission (EULEX) in Kosovo has been extended until June 2018. A Concept of Transition to transfer some Mentoring, Monitoring and Advising tasks from EULEX to the EU Office in Kosovo in June 2018 has been discussed in relevant Council groups and committees and work will continue based on a ***Strategic*** Review on EULEX to be presented in the autumn 2017. In Bosnia and Herzegovina, the EU military operation EUFOR ALTHEA’s presence on the ground remains an important contribution to stability and security in the country. EUFOR continues to support efforts to maintain a Safe and Secure Environment (SASE) and conducts capacity-building and training of the armed forces of Bosnia and Herzegovina in order to contribute to their professionalism and the country's stability. A ***strategic*** review on EUFOR ALTHEA will be ***produced*** in the autumn of 2017. 15. The EU will remain vigilant with regard to the Western Balkans/Eastern Mediterranean route. To help address migration issues on the Western Balkans/Eastern Mediterranean route, close coordination and cooperation with the countries of the region will need to continue throughout 2017, including follow-up of assistance provided to manage borders, improve reception capacities, stem irregular migration and fight smuggling networks. The implementation of the collective, cross-border measures, based on cooperation and fully respecting the refugees' rights, while also recalling their obligations, which were agreed at the October 2015 Leaders Meeting need to continue. The frequent and regular contacts between the main EU and Western Balkan stakeholders addressing the issue ensure effective coordination and help enable timely responses to evolving needs. Contingency ***planning*** regarding alternative migration routes will need to be in place in all affected Western Balkan countries and continuous monitoring in particular through EU Agencies is a priority in order to curtail possible further development of the smuggling operations in the region. 10650/17 MS/agi 10 ANNEX DGC 1C LIMITE EN 16. The EU remains committed to working together with a democratic, inclusive and stable Turkey to address our common challenges. The EU has strongly condemned the coup attempt of 15 July 2016. However, the scale and nature of the follow-up measures taken by the Turkish authorities remain a source of grave concern and call for an effective redress mechanism. As a candidate country, Turkey is expected to uphold the highest standards of democracy, including respect for human rights, the rule of law, fundamental freedoms and the right of all to a fair trial. The implementation of the EU-Turkey Statement agreed on 18 March 2016 remains a priority and the European Union sticks to its commitment, notably to provide support to refugees in Turkey through the Facility for Refugees. The EU-Turkey Statement has contributed to tangible results in putting the irregular migration influx under control and in preventing loss of life at sea. However, further efforts are needed from both sides to ensure the full implementation of the Statement. In 2017 we will continue, post the 16 April referendum on constitutional changes, our engagement with Turkey, in the many areas where we have important joint interests, such as the counterterrorism dialogue as well as the increased pace of political dialogues on foreign policy issues. There is an urgent need to further develop human rights-compliant counter-terrorism cooperation with Turkey, in close partnership with the Council of Europe, which may also have a positive impact on the visa liberalisation process. In this context, the full end effective implementation of the visa road-map vis-à-vis all Member States is recalled. 10650/17 MS/agi 11 ANNEX DGC 1C LIMITE EN The EU takes note of the preparatory work by the Commission for draft negotiating directives for an upgrading of the EU-Turkey Customs Union, without prejudice to Member States’ position. Turkey needs to commit itself unequivocally to good neighbourly relations and to the peaceful settlement of disputes in accordance with the United Nations Charter; having recourse, if necessary, to the International Court of Justice. In this context, the EU expresses once again serious concern and urges Turkey to avoid any kind of threat or action directed against a Member State, or source of friction or actions, which damage good neighbourly relations and the peaceful settlement of disputes. Moreover, the EU stresses again all the sovereign rights of EU Member States. This includes, inter alia, the right to enter into bilateral agreements and to explore and exploit natural resources in accordance with the EU acquis and international law, including the UN Convention on the Law of the Sea and also stresses the need to respect the sovereignty of Member States over their territorial sea and airspace. Turkey is urged to show restraint and to respect Cyprus’ sovereignty over its territorial sea and Cyprus’ sovereign rights in its exclusive economic zone. Turkey, despite repeated calls, continues refusing to fulfil its obligation of full, non-discriminatory implementation of the Additional Protocol to the Association Agreement towards all Member States, the fulfilment of which could provide a positive impulse to the negotiation process. In the absence of progress on this issue, including Turkey’s restrictions as regards the Republic of Cyprus, the EU will maintain its measures from 2006, which will have a continuous effect on the overall progress of the negotiations. Furthermore, Turkey has still not made progress towards the necessary normalisation of its relations with the Republic of Cyprus. The EU recalls its position on accession of EU Member States to international organisation. 10650/17 MS/agi 12 ANNEX DGC 1C LIMITE EN The EU expects Turkey to actively support the negotiations aimed at a fair, comprehensive and viable settlement of the Cyprus problem within the UN framework, in accordance with the relevant UN Security Council resolutions and in line with the principles on which the European Union is founded. Turkey's commitments and contribution to such a comprehensive settlement remains crucial. 17. The EU is closely connected to, and has excellent relations with, the non-EU Western European countries, Switzerland and Norway being among the EU's main trade and investment partners. Bilateral relations with Switzerland and European Economic Area (EEA) countries will be further strengthened, both as regards the internal market but also in other key areas such as energy, climate change or migration. As regards Switzerland, the main objectives are to finalise negotiations on an institutional framework for the complex system of existing agreements, and to closely monitor national implementing legislation related to the law approved on 16 December 2016 following the popular vote against the free movement of persons in 2014. The objective is to further foreign policy co-operation and dialogue with all non-EU Western European countries, including the Holy See. Negotiations will intensify on Association Agreement(s) with Andorra, Monaco and San Marino, with the aim of their full participation in the EU's internal market. 10650/17 MS/agi 13 ANNEX DGC 1C LIMITE EN Middle East and North Africa (MENA) 18. In line with the Global Strategy, the EU will contribute to the security of the Union and to strengthening the stability of the MENA region through a number of interrelated actions and processes. As part of an integrated approach using all EU instruments, these focus on crisis management, conflict resolution and prevention, countering terrorism and violent extremism, protection of Human Rights and improved governance and sustainable economic growth, as well as science diplomacy actions. They also include support to regional peace initiatives and the search for a two-state solution in the Israeli-Palestinian conflict. The EU will remain committed to, and supportive of, the UN-led processes towards finding a peaceful solution to the crises in Syria, Yemen and Libya. 19. Chief among the numerous challenges in the region, not least because of its direct impact on the European Union itself, is the ongoing conflict in Syria. The EU has adopted a new strategy for Syria on 3 April 2017 and hosted and co-chaired together with the United Nations, Germany, Kuwait, Norway, Qatar and the UK, an international Ministerial conference involving all key actors in Brussels on 5 April 2017, following up to the Kuwait and London conferences. The conference underlined the EU's position as a key political player and leading donor, accounting for two thirds of the EUR 5.6 billion generated in pledges for 2017 to respond to the continued suffering of Syrians in Syria and in neighbouring host countries. 10650/17 MS/agi 14 ANNEX DGC 1C LIMITE EN 20. In Libya, the EU will continue its support to the political stabilisation process including by supporting the internationally recognised Government of National Accord and the Presidency Council, while promoting a constructive UN-led dialogue with different Libyan parties to ensure a peaceful resolution of the security and political crisis within the framework of the Libya Political Agreement (LPA); in this sense, the EU will also further enhance its engagement with neighbouring countries and regional organisations within the framework of the Quartet for Libya. The EU notes the continued threat of terrorism in Libya, and urgent need to unite all armed forces under the control of the legitimate civilian authorities as set out in the LPA to ensure stability and preserve the country's unity and territorial integrity. Furthermore, in order to prevent and discourage irregular migration flows across the Central Mediterranean and to avoid further loss of lives at sea, in the desert, and in the hands of traffickers, the EU will take additional action along the Central Mediterranean route as a follow up to the Joint Communication adopted by the Commission and the HR/VP and the Malta Declaration. Cooperation with countries of origin and transit shall be reinforced in order to stem the migratory pressure on Libya's and other neighbouring countries' land borders. A key objective remains breaking the business model of smugglers, by stepping up work with Libya as the main country of departure as well as with Libya's North African and sub-Saharan neighbours. 21. This is already the focus of our work in the Maghreb and Mediterranean, with EUNAVFOR MED operation SOPHIA. As well as contributing to the disruption of the business model of human smuggling and trafficking networks, the operation will continue to conduct activities on the supporting tasks of providing capacity and training to the Libyan Coast Guard and Navy and contributing to information sharing and the implementation of the UN arms embargo on the high seas off the coast of Libya (on the basis of UN Security Council Resolution 2357 (2017)). Civilian operational ***planning*** continues by the EU Integrated Border Management Assistance Mission in Libya (EUBAM Libya) to identify potential options for civilian CSDP engagement as regards to policing, criminal justice and border security, on the basis of Libyan ownership. EUBAM is currently working towards establishing a light presence in Tripoli. Opportunities to assist in the consolidation of Libyan security structures are being actively sought and will be supported as appropriate. 10650/17 MS/agi 15 ANNEX DGC 1C LIMITE EN 22. In the context of a stalled Middle East Peace Process, the EU, including through the EU Special Representative's mandate, and in line with relevant UN Security Council resolutions, including most recently resolution 2334 (2016), will continue to reinforce its engagement with the parties and international partners to create a new dynamic conducive to negotiations. The EU reiterates its firm commitment to the two-state solution and its existing policies, as set out in its successive Council conclusions, and its concerns about the growing threats to that solution. The EU recalls that settlements are illegal under international law, constitute an obstacle to peace and threaten to make a two-state solution impossible, and reiterates its strong opposition to Israel's settlement policy and actions taken in this context, such as demolitions and confiscation, including of EU funded projects. The EU is deeply concerned that the continuing cycle of violence has led to a serious loss of human life in Israel and the occupied Palestinian territory. The EU firmly condemns the terror attacks and violence from all sides and in any circumstances, including the death of children. The EU will continue to work within the Quartet and with other stakeholders in the region to ensure a robust multilateral framework. In this context, the high-level Conference in Paris on 15 January 2017 brought together 70 Foreign Ministers and delegates, including HR/VP Mogherini. It stressed the need for a two-state solution and rejected unilateral moves to prejudice permanent status issues. The Conference sent a strong message of support to the two-state solution from the international community. The EU reaffirms its proposal of an unprecedented package of political, economic and security support to be offered to and developed with both parties in the context of a final status agreement. 10650/17 MS/agi 16 ANNEX DGC 1C LIMITE EN 23. In the Middle East, the EU Police Mission in the Palestinian Territories (EUPOL COPPS) continues to assist the Palestinian Authority in building the institutions of a future State of Palestine in the areas of policing and criminal justice. The EU Border Assistance Mission for the Rafah Crossing Point (EUBAM RAFAH), currently located in Tel Aviv, with a standby operational capacity to provide a third-party presence at the Rafah Crossing Point as part of the 2005 Agreement on Movement and Access (AMA agreement) forms part of the confidence-building measures between the Government of Israel and the Palestinian Authority. Both missions have been subject to a comprehensive ***strategic*** review in early 2017 and, in spite of the increased tensions in the region and the stalled Middle East Peace Process, Member States have agreed to their extension until June 2018. The revised Operational ***Plans*** for both missions have been discussed and endorsed by the relevant Council working committees. 24. In Iraq, the EU will help the Iraqi federal government meet the critical challenges it will face in the wake of the hoped-for military defeat of Da'esh. Specific support to Iraqi security structures will be further explored and integrated as appropriate, including the setting up of an EU Security Sector Reform Advise and Assist Team, which is currently being discussed in the relevant Council working committees. Security dialogues will continue with countries in the region, and will focus on enhancing joint action to fight terrorism through a comprehensive approach involving both security and civil measures that are in accord with the protection of human rights. The EU will maintain its commitment to Tunisia's democratic transition and strengthen its support as foreseen in the Joint Communication of September 2016 and the FAC Conclusions of October 2016. The EU will build on the adoption of the Partnership Priorities and visit of the HR/VP to Algiers to take forward the relationship with Algeria. Expanding the privileged partnership with Morocco with the new government will be a priority in 2017. The implementation of ENP partnership priorities will be initiated with a number of countries of the Southern Mediterranean, including with key partners in the region such as Jordan and Lebanon. This will take full account of the priorities outlined in the Global Strategy, including a strong focus on support for civil society. 10650/17 MS/agi 17 ANNEX DGC 1C LIMITE EN 25. Dialogue and cooperation with Gulf Cooperation Council (GCC) countries will be stepped up, notably as concerns common security interests and possible joint action to boost economic resilience in the Southern neighbourhood. To the same end, wherever feasible, joint ***programming*** of assistance with Member States will be pursued. However, the dispute engaging several countries in the region, started on the 5th June 2017, could have a detrimental effect on intra-GCC relations and regional stability. The EU will continue to work with all parties in order to avoid further escalation and will support all mediation efforts. In Yemen, the ongoing conflict is having devastating consequences for the country and its population, with a catastrophic humanitarian situation coupled with a significant cholera outbreak. The EU will continue its strong support to the efforts of the UN Secretary General and the UN Special Envoy for Yemen to achieve a resumption of negotiations. It will continue to urge all parties to the conflict to react in a flexible and constructive manner and without preconditions to their efforts. 26. On the regional front, the EU will deepen its exchanges with the League of Arab States (LAS) and the Union for the Mediterranean building on the positive steps taken in 2016 and early 2017. With the joint EU-LAS Ministerial declaration of December 2016 in mind, the EU will work towards the holding of a first Euro-Arab summit in 2018. 27. This agenda is evidently sensitive to the changing international environment. The region is also especially unpredictable, and unforeseen events such as a new conflict or migration/refugee crises could also affect progress. Political disputes within the LAS may derail work on the Euro-Arab summit. 10650/17 MS/agi 18 ANNEX DGC 1C LIMITE EN Iran 28. 16 January 2017 marked the fi

rst anniversary of the Implementation Day of the Joint Comprehensive ***Plan*** of Action (JCPOA) between the EU/E3+3 and Iran, a multilateral agreement endorsed by the UN Security Council. The EU continues to play a key role through the HR/VP's coordination of the Joint Commission established to oversee implementation of the agreement. The EU and its Member States have repeatedly expressed their resolute commitment to the full and effective implementation of the JCPOA throughout its lifetime. The EU will continue to advocate this position with all partners as clearly stated in the November 2016 FAC Council Conclusions on Iran. The year 2017 will be critical for the agreement which, if fully implemented, ensures the exclusively peaceful nature of the Iranian nuclear ***programme***. The EU will closely monitor developments and engage all JCPOA parties to ensure that commitments are respected by all sides. The EU will also keep working closely with the International Atomic Energy Agency (IAEA), which is tasked with monitoring and verifying Iran's nuclear obligations. 29. Bilateral engagement between the EU and Iran will develop, based on the Joint Statement of the HR/VP and the Iranian Foreign Minister of 16 April 2016 which sets the ground for cooperation across a number of areas. Concrete projects and cooperation will gradually expand in 2017 on trade and economic areas, energy, environment and climate change, humanitarian issues, education and research. Furthermore, discussions are expected to be continued on human rights and a comprehensive dialogue on migration is ***planned*** to be launched. Regional issues, in particular, developments in Syria will continue to be addressed at all levels. 10650/17 MS/agi 19 ANNEX DGC 1C LIMITE EN Africa 30. 2017 will be a challenging year for Africa, against the backdrop of a modest forecast for continental economic growth. But it will also be a year of opportunity for the EU-Africa partnership, with many occasions to reaffirm and enhance engagement at bilateral, regional and continental level. The EU's engagement with Africa will focus on the preparations for the fifth Africa-EU summit (Abidjan, Cote d'Ivoire, end of November 2017). The 10 year anniversary of the Joint Africa-EU Strategy (JAES) is a good opportunity to take stock of what has been achieved so far and to redefine the ***strategic*** priorities for a strengthened engagement over the next years in order to meet the new challenges the two continents are facing. The EU will continue working with the African Union (AU) Commission and will pursue a political dialogue at ministerial level. Under an overarching theme of youth, the EU will engage with the AU, regional organisations and bilateral African partners, including civil society organisations and the private sector, to develop the environment that would foster investment and job creation with the needs and ambitions of a young population in mind. Collaboration between African and European researchers and innovators in fields such as food and nutrition security, sustainable ***agriculture***, climate change and sustainable energy will further be promoted. Engagement in the field of international peace and security will also deserve special attention, and in particular further support to the African Peace and Security Architecture. 10650/17 MS/agi 20 ANNEX DGC 1C LIMITE EN 31. With persisting security vulnerabilities linked to violent extremism, piracy, terrorist attacks and organized crime, work on the comprehensive implementation of the regional strategies and action ***plans*** for the Sahel, Gulf of Guinea and the Horn of Africa will continue, in a joint effort. Contributing to regional and international efforts for peace and stability – particularly in Mali and Somalia, which are fundamental for the stability of their wider regions - will remain a key priority in 2017. Efforts will continue to consolidate progress and to foster reconciliation in the Central African Republic and to avoid the outbreak of large scale violence in South Sudan by bringing the parties back to a political process. Increased attention will be paid to addressing security and migration-related challenges in Sahel and Northern Africa (particularly Libya); exploring and enhancing cross-regional synergies and cooperation between the Horn of Africa and Gulf countries in areas such as security, economic development and addressing migration; and boosting the effectiveness of regional action in addressing the challenges faced by countries in the Lake Chad Basin, including the fight against Boko Haram. Sustained work with the G5 Sahel will remain a priority, confirmed also in the context of the ministerial dialogue. The issue of maritime security will need to be closely monitored, in the light of the alarming trends of piracy and armed robbery at sea (including 'kidnap for ransom' events) in particular off the Nigerian coasts. Finally, in the Great Lakes the EU will continue to use the instruments at its disposal to support international efforts to resolve the crises in Burundi and the Democratic Republic of Congo, allowing a resumption of longer term efforts at development and regional integration. 10650/17 MS/agi 21 ANNEX DGC 1C LIMITE EN 32. Efforts to draw together the impact of the several CSDP Missions and operations currently in situ in Africa are progressing, with the agreement of Member States for the launching of the first phase of the regionalisation of CSDP in the Sahel region. CSDP operations and missions cover a broad range of activities and competencies. CSDP features in the EU's efforts to work with partners towards the common goal of tackling irregular migration at source and in transit countries in the Sahel. Stability in the Sahel region is enhanced through CSDP missions in Mali and Niger (EUCAP Sahel Mali, EUTM Mali, EUCAP Sahel Niger) in close cooperation with host governments. In early 2017, the EU compound in Agadez was completed, hosting the EUCAP-Sahel Niger antenna and an EU Office supporting development activities. The strengthening of an integrated approach in the region builds on efforts under CSDP (e.g training and capacity-building) and goes hand in hand with the strengthening of coordination between CSDP missions in the Sahel and projects financed under other EU instruments such as the EU Trust Fund for Africa and the Instrument contributing to Stability and Peace, in particular those Member States' projects in the region which will be an integral part of this approach including in the context of the initiative for capacity building in support of security and development (CBSD). The CSDP regional approach in Sahel is in line with the emphasis in the Global Strategy on strengthening cross border cooperation in the face of complex issues that increasingly require a regional approach. The aim is to extend training and advisory support for security and defence forces to G-5 Sahel countries, with particular emphasis on cross border cooperation, using as a starting point current deployments in Mali and Niger. The EU CSDP Military Advisory Mission in the Central African Republic (EUMAM RCA), an advisory mission that was launched in the spring of 2015, was replaced by the EU CSDP Military Training Mission in the Central African Republic (EUTM RCA) on 16 July 2016, demonstrating the strong EU commitment 10650/17 MS/agi 22 ANNEX DGC 1C LIMITE EN to restoring peace and stability in the country. It is anticipated that of the six total battalions mandated to the mission to train over its four years, two should be fully trained by the end of 2017. Military engagement exists on the seas off the Horn of Africa (Operation ATALANTA) countering piracy to great effect and on land with the Somalia Training Mission (EUTM Somalia), based in Mogadishu, developing the capacity of the Somalian National Army. EUCAP Somalia is a civilian mission headquartered in Mogadishu and with elements in Nairobi focused on Somali maritime civilian law-enforcement. Further enhancement of the EU's engagement in the security sector in Somalia is being considered in order to empower National structures in advance of AMISOM's draw-down. AMISOM has been supported by the EU since 2007 and remains critical to securing Somalia’s security. Coordinated international support for its transition to Somali security forces beyond 2018 will be paramount to the return of security in the whole country. 33. The EU will continue to work together with regional and international partners with regards to democratic consolidation, promotion and protection of human rights and to prevent further violence in the more fragile countries, such as the Democratic Republic of Congo, the Central African Republic and Guinea Bissau. Contentious political processes in the past years, e.g Burundi, Gabon and The Gambia, have strained our political dialogue, further highlighting the need for increased investment in the long term consolidation of rule of law and democratic governance. The EU will continue to follow closely upcoming electoral processes, deploying electoral observers for a number of elections during 2017. The EU will continue to manage relations in a way which is consistent with the essential elements of the Cotonou Agreement and which responds to each specific context. 10650/17 MS/agi 23 ANNEX DGC 1C LIMITE EN 34. Increased attention will be paid to promoting the economic and investment aspects of relations with Africa. Efforts to have the Economic Partnership Agreements with West Africa and the countries of the Southern African Development Community and the East African Community signed, ratified and implemented will continue. Strong business-to-business interaction and investment promotion components will be built into bilateral political dialogue. The External Investment ***Plan*** will start being implemented. 35. Sustained efforts to implement the outcome of the Valletta Summit on Migration (November 2015) will be continued in a comprehensive manner and covering all aspects of migration. Increased dialogue and cooperation will be pursued with countries of origin, transit and destination, in the framework of the Valletta, Rabat and Khartoum processes, and bilaterally, including in the context of the Partnership Framework, to address root causes of migration and forced displacement, to facilitate legal migration - while respecting EU and national competences, to prevent and discourage irregular migration, to prevent and fight migrant smuggling and to eradicate trafficking in human beings, to reinforce international protection, and to improve return, readmission and reintegration. In parallel, those efforts will be consistently pursued jointly with African countries and financed in the framework of the implementation of the EU Trust Fund for Africa. 36. Ministerial dialogues notably with Nigeria, Ethiopia, Angola and Cape Verde will step up EU's engagement with these partners. A summit with South Africa (the first since 2013), also marking 10 years of ***strategic*** partnership with the EU, would cement the bilateral relationship and could give a particularly healthy boost to economic engagement. The EU will continue to build on the ministerial dialogues with regional organisations (e.g Economic Community of West African States/ECOWAS, Southern Africa Development Community/SADC, Intergovernmental Authority on Development/IGAD) in order to make progress on the implementation of the joint trade and investment agendas and enhance joint contribution to peace, stability and democratisation processes in the regions concerned. 10650/17 MS/agi 24 ANNEX DGC 1C LIMITE EN 37. EU's ***strategic*** reflection on EU-ACP relations after 2020 will reach a turning point in autumn 2017, with discussions expected to start on an EU proposal for the future framework and long-term priorities. Americas 38. The transatlantic relationship is the single-most important partnership for the EU and its Member States to address key global challenges. It remains indispensable for global peace, security and prosperity. 2017 will be devoted to building relations with the US administration and the Congress in order to continue the close cooperation and coordination with the US. The EU will give specific emphasis to continued close cooperation on the key foreign policy challenges including inter alia Syria, Libya, counter-terrorism and monitoring the implementation of the JCPOA with Iran, developments in Ukraine and Russia. The strong EU-US bilateral cooperation in security and defence, complementing EU-NATO cooperation, will be further helped by the recently adopted administrative arrangement between the EU Military Staff and the US European Command, and by the Acquisition and Cross-Servicing Agreement, signed in December 2016, to provide mutual logistical assistance in operational situations. 39. The EU-Canada ***strategic*** partnership is based on shared common values, a long history of close cooperation and strong people-to-people ties. The signature of the Comprehensive Economic and Trade Agreement and ***Strategic*** Partnership Agreement (SPA) at the EUCanada Summit held in Brussels on 30 October 2016 marked the beginning of a new, even more dynamic, chapter in EU-Canada relations. In 2017, the emphasis will be put on the implementation of upgraded policy and sectoral dialogues through the SPA. These include foreign policy, security, energy and development. The signature of the EU-Canada Security of Information Agreement (SIA) is foreseen for 2017. The implementation of this agreement will facilitate military-to-military cooperation substantively. 10650/17 MS/agi 25 ANNEX DGC 1C LIMITE EN 40. The EU will continue to strengthen its ***strategic*** partnership with Latin America and the Caribbean at bilateral, sub-regional and regional level. The region's importance for the EU is constantly increasing – as a mature market for goods and investment, as a like-minded partner for global challenges and as the provider of success stories in building resilient societies in the face of severe security and social challenges. As none of these are self-evident, the EU will engage in all these aspects: strengthen those who defend free trade, fair competition and open markets and those who promote the rule of law, associated with the fight against drug cartels and illicit trafficking, encourage peaceful solutions to internal conflicts and socially sound economic policies. 41. In 2017, the EU will aim at pursuing negotiations with MERCOSUR on the bi-regional Association Agreement, a landmark initiative to deepen our relations with the region. With Mexico, a ***strategic*** partner and an important multilateral player, the EU will continue negotiations to upgrade the existing agreement, which will provide the even wider framework for strengthened cooperation. The EU's objective is also to start negotiations on modernised Association Agreement with Chile as soon as possible. The current discussions on the post- Cotonou arrangement, important for the Caribbean, will also have to be factored in. 10650/17 MS/agi 26 ANNEX DGC 1C LIMITE EN 42. Putting in practice, as soon as possible, the Political Dialogue and Cooperation Agreement signed with Cuba will be among the main priorities for the coming year. In Colombia the EU will continue to play a leading role in supporting the peace process and contributing to peace building efforts, particularly through the Columbia EU Trust Fund. In recognition of its commitment, the EU has been given an accompanying role in the implementation of the Final Peace Agreement signed on 24 November 2016, in the areas of rural development, reincorporation of demobilised FARC members and child soldiers, and assistance to the new Prosecutors Office to fight organised crime. In 2017, the Special Envoy of the High Representative, Mr Eamon Gilmore, will continue to play a key role in coordinating the overall response. In Haiti, the EU will continue its support to improve the internal situation, notably recovery efforts after Hurricane Matthew hit the country in October 2016. As the political polarisation and the socio-economic situation deteriorate in Venezuela, the EU will pursue, together with main international partners, its support to peaceful democratic solutions based on meaningful dialogue and respect for rule of law, human rights and fundamental freedoms, including those of jailed political opponents. In the meantime, the EU continues to explore all available possibilities for a scaling up of the assistance contributing to address the most urgent needs of the population and the need to protect European citizens. 43. Some important events will mark 2017 in the region. The summit between the EU and the Community of Latin America and the Caribbean States (CELAC) at the end of October in El Salvador will constitute a unique opportunity to foster our relations with a like-minded and changing region, both politically and economically. It will also be the occasion to assess the progress in the EU's enhanced relations with regional organisations in the Caribbean and Central America, focusing on security, economic development and climate change. An EUBrazil summit has also been set for October this year. 10650/17 MS/agi 27 ANNEX DGC 1C LIMITE EN 44. In addition, EU cooperation with Latin American countries on CSDP and security and defence issues has evolved significantly, particularly in the recent few years. Chile and Colombia signed a Framework Participation Agreement (FPA) with the EU in 2014 aiming at facilitating their respective participation in EU-led crisis management operations. Furthermore, dialogue on CSDP issues has been initiated with further Latin American countries. These include Brazil, Mexico and Argentina, which expressed an interest in deepening dialogue and cooperation with the EU in the area of security and defence, including on the basis of a possible FPA. Asia-Pacific 45. In East Asia, the EU intends to further deepen relations with such ***strategic*** partners as Japan and the Republic of Korea (ROK), which face important security and stability challenges that have direct and indirect implications for the EU. The EU remains fully committed to a ***Strategic*** Partnership Agreement (SPA) and a Free Trade Agreement (FTA) with Japan and aims to improve coordination of sector policy dialogues between the EU and Japan through the Joint Committee established through the SPA. The EU and Japan are enhancing their security partnership: Japan is already providing concrete support to EU crisis management missions in Africa, and the two sides have carried out a number of joint counter-piracy exercises in the West Indian Ocean. The EU-ROK Framework Participation Agreement allows for a framework for joint crisis management operations, and the EU welcomes the ROK's participation to EU's counter-piracy efforts off the Horn of Africa, notably in the EUled Atalanta operation. 10650/17 MS/agi 28 ANNEX DGC 1C LIMITE EN 46. As regards China, the EU will focus on the implementation of its new China strategy adopted on 18 July 2016, an ambitious document stating that the EU's engagement with China will be principled, practical and pragmatic, staying true to its interests and values, in particular adherence to international rules and norms, and respect for human rights. In the China strategy, the EU reaffirmed its support to the continued implementation of the 'one country, two systems' principle in Hong Kong and Macao and to a 'one-China' policy. The conclusion of a Partnership and Cooperation Agreement (PCA) with Mongolia in the coming months will enhance EU-Mongolian cooperation. For 2017, the main objective for the EU will be to provide an adequate and broad package of supportive measures (including maintaining the level of development assistance, increasing EU presence on the ground), given an acute economic and financial crisis in Mongolia ahead of several large external debt repayments due in 2017. 10650/17 MS/agi 29 ANNEX DGC 1C LIMITE EN 47. In South Asia, the EU foresees to follow-up on the political and financial commitments made at the Brussels Conference on Afghanistan, to implement the Cooperation Agreement on Partnership and Development with Afghanistan and to finalise and launch a new EUAfghanistan Strategy. The EU remains engaged in supporting the civilian security sector through financial support – EUR 320 million per year, mainly to the Law and Order Trust Fund Afghanistan (LOTFA) until 2020 – and through the Office of the EU Special Representative (EUSR) with deployed security sector reform (SSR) experts until August 2017; arrangements to support civilian policing will continue. The EU will further strengthen the EU-India ***Strategic*** Partnership by implementing the March 2016 summit outcomes including the EU-India Agenda for Action, and the EU is committed to strengthening the partnership with India across the board, particularly on foreign policy, security (counterterrorism, cyber etc.), military contacts and global issues. The EU also envisages finalising and launching a new ***Strategic*** Engagement ***Plan*** with Pakistan and working on full implementation of the EU-Pakistan Readmission Agreement. It intends to work with the Government of Nepal towards consolidating the country's peace process. As regards Bangladesh, cooperation will also encompass countering violent extremism, counterterrorism and radicalisation. Furthermore, the EU envisages further strengthening cooperation on migration with Pakistan, Afghanistan and Bangladesh, and expects these partners to deliver on return and readmission arrangements. 10650/17 MS/agi 30 ANNEX DGC 1C LIMITE EN 48. As regards South-East Asia, the EU and the Association of Southeast Asian Nations (ASEAN) will mark the 40th anniversary of their relations in 2017. Further progress will be made in developing ***strategic*** level relations with ASEAN, in follow-up to the Joint Communication on relations with ASEAN, welcomed by the Council in June 2015. The ASEAN-EU Ministerial Meeting (AEMM) of October 2016 reconfirmed the value of new areas of cooperation (e.g maritime security, launch of negotiations on a region-to-region civil aviation agreement to enhance connectivity), identified new domains for increased cooperation (for instance the establishment of an EU-ASEAN High-Level Dialogue on the Sustainable Development Goals). The EU will actively pursue the participation in all ASEAN-led processes in the region, in particular in all security-oriented fora, including the East Asia Summit (EAS) and the ASEAN Defence Ministers' Meeting - Plus. The EU remains committed to establishing a ***Strategic*** Partnership with ASEAN and to supporting ASEAN's integration process, including by providing funding and policy advice. The EU will continue to implement the Joint Communication by the HR/VP and the Commission on Myanmar/Burma and the related Council conclusions of June 2016. EU-Indonesia relations advanced considerably in 2016. A regular ***strategic*** ministerial dialogue with Indonesia has been launched. FTA negotiations are underway and the Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreement is under implementation. November 2016 witnessed the organisation of the first EU-Indonesia Joint Committee under the new Partnership and Cooperation Agreement; the EU will maintain a high level of engagement with Indonesia. 49. In Oceania, the EU envisages raising the EU’s profile and presence in the Pacific, continuing the ***strategic*** reflection on the EU-ACP relations after 2020. The EU also foresees launching of FTA negotiations with Australia and New Zealand and the implementation of the Framework Agreements with Australia and New Zealand. 10650/17 MS/agi 31 ANNEX DGC 1C LIMITE EN 50. The Asia-Europe Meeting (ASEM) continues to be an important platform where Asia and Europe discuss common challenges with the objective to foster greater connectivity between the two regions. There is a general consensus among ASEM members that the productivity of ASEM dialogue should be enhanced through engagement on key areas of global concern such as shared security challenges, climate change, counter-terrorism and cyber. 51. The 9th EU-China Summit took place on 1-2 June 2017 and the 24th EU-Japan Summit took place on 6 July 2017. An EU-India Summit is foreseen after the summer, a possible EUPakistan Summit by the end of the year. The Pacific Island Forum is foreseen for September 2017. The 24th ASEAN Regional Forum and Post-ministerial meeting with ASEAN will take place in Manila in August 2017 and the ASEM Foreign Ministers Meeting in Myanmar on 20-21 November 2017. 52. The EU will continue to monitor developments and, when need be, take appropriate action regarding the Democratic People's Republic of Korea in terms of its nuclear, other WMD and ballistic missile ***programmes*** and human rights concerns. The EU’s priorities for 2017 will be to ensure full implementation of the existing UN Security Council Resolutions on DPRK, in particular resolutions 2321 (2016) and 2270 (2016), as well as the full and timely transposition of any further UN Security Council Resolutions. The EU will continue to make clear its explicit condemnation of the DPRK’s continued pursuit of its illegal nuclear and ballistic missile ***programmes***, and further calls for the DPRK to return to meaningful and credible dialogue towards denuclearisation. 10650/17 MS/agi 32 ANNEX DGC 1C LIMITE EN 53. Some advances on human rights and a review of the legislative framework in Myanmar/Burma led to the discontinuation in 2016 of the EU sponsored UN General Assembly resolution on human rights. Nevertheless, the outbreak of violence in Rakhine State resulted in the EU calling for the urgent resumption of aid ***programmes***, humanitarian and media access in Northern Rakhine State, and sponsoring a resolution in the 34th session of the Human Rights Council, which set up a Fact-Finding Mission. Return to civilian rule in Thailand is likely to slip into 2018 as elections which according to the government were originally scheduled for 2017 are likely to be delayed. The traditionally close EU-Philippines relations have come under strain as a result of the high number of killings related to the fight against drug crime and the possible reintroduction of the death penalty. (3) GLOBAL ISSUES 54. In 2017 external aspects of migration will continue to be the top priority for the EU. The EU reaffirms its commitment to a comprehensive and geographically balanced approach on migration. We have the responsibility to address the opportunities and challenges of migration and mobility which must be shared in a fair manner between countries of origin, transit and destination, while respecting EU and national competences. Two overall strands of work will be of particular importance. First and foremost, continued implementation of the Partnership Framework remains central. This goes in terms of continued engagement with the five priority countries in sub-Saharan Africa, but also in terms of fully exploiting the spirit of the Partnership Framework in our migration-engagement in the Central Mediterranean, the Middle East, and countries in North Africa and Asia. Secondly, following last year's UN General Assembly Summit on Movements of Refugees and Migrations, the EU will continue the efforts to ensure an ambitious follow-up to the New York Declaration, concerning both the Global Compact for Migration and the Global Compact for Refugees (to be developed by the end of 2018). Follow up on the Council Conclusions on Protracted Forced Displacement, especially with regards to working towards peaceful solutions to conflict, will complement this strand of work. 10650/17 MS/agi 33 ANNEX DGC 1C LIMITE EN 55. Against a background of ever more complex global challenges, efforts to promote change and reform in the ways the United Nations works to be able to tackle the conflicts, threats and megatrends of today will be stepped up. In line with its Global Strategy, the EU will defend and promote multilateralism and human rights at a time of increasing uncertainty. The 72nd UN General Assembly beginning in September 2017 will provide an opportunity to project EU priorities. The EU will mobilise support for the new Secretary-General and his determination to ensure the UN delivers across all pillars: peace and security, human rights and development. This will include inter alia reform efforts and preventive diplomacy. 56. As UN processes such as the Paris Agreement on Climate Change and on the 2030 Agenda for Sustainable Development have shifted from negotiation to implementation, the EU will lead efforts to drive ahead with global implementation of concrete commitments. The world can continue to count on the EU for leadership in the global fight against climate change and on its commitment to swiftly and fully implement the Paris agreement.The EU is strengthening its existing global partnerships to this end and will continue to seek new alliances, from the world's largest economies to the most vulnerable island states. 57. The security/development nexus will be particularly important under Sustainable Development Goal (SDG) 16 'Promote peaceful and inclusive societies'. Key policy initiatives launched in 2016 on Sustainable Europe, the EU Consensus on Development and the European External Investment ***Plan*** will be finalised. The EEAS will pursue outreach and devise actions to ensure that the effort is collective, in productive partnership with states and actors from all regions of the world including at the High Level Forum of July 2017. The EU will continue its work on Ocean diplomacy considering the outcome of the UN Ocean Conference (5-9 June 2017) and subsequently hosting the Our Ocean conference in October 2017 in Malta. 10650/17 MS/agi 34 ANNEX DGC 1C LIMITE EN 58. The EU action in promoting human rights and supporting democracy worldwide will continue to be based on the implementation of the Action ***Plan*** on Human Rights and Democracy. A mid-term review of the Action ***Plan*** was prepared. Support for civil society space, freedom of association and expression and human rights defenders will remain a key priority as will children's rights and the prevention of torture and ill-treatment. The EU will remain committed to the promotion of the freedom of religion or belief while being particularly focused on the protection of the rights of persons belonging to religious minorities. It will unequivocally condemn the indiscriminate and atrocious attacks against them. The EU will further strengthen its support to, and promotion of, the International Criminal Court (ICC) as well as focus in particular on migration. As regards EU support to security structures, including through CSDP missions and operations, further steps will be taken to develop a due diligence policy. At the multilateral level, the EU will continue to advocate the universality of human rights, working in particular through the Third Committee of the UN General Assembly and the UN Human Rights Council. Supporting democracy worldwide through the preparation and deployment of EU elections observation missions (EOM) and election expert missions (EEM) in agreed priority countries will be high priority for 2017. The promotion of the effective implementation of EOMs recommendations, including through the deployment of election follow-up missions, and finalisation of the compilation of best practices on the follow up to EOM recommendations will be a concrete deliverable. 10650/17 MS/agi 35 ANNEX DGC 1C LIMITE EN 59. Equality between women and men is a fundamental value of the EU guaranteed by the Treaties. The EU promotes all synergies and the need for coherence between the Women in Peace and Security (WPS) agenda and other relevant UN and EU policy frameworks, such as the 2030 Agenda for Sustainable Development, the Youth, Peace and Security agenda, UN Security Council Resolution 2272 (2016) on Sexual Exploitation and Abuse, the EU Gender Action ***Plan*** 2016-2020, the Global Strategy, as well as other EU strategies, guidelines, action ***plans***, tools and financing instruments. The WPS agenda covers all aspects of 'gender and conflict' and aims to ensure that the rights, agency and protection of women and girls are observed and upheld before, during and after conflict, and that the role of women in decision-making is enhanced at all stages of the conflict continuum and in the implementation of peace agreements, making it relevant to the full spectrum of aspects of foreign and security policy. The WPS agenda is universally applicable and, therefore, must be implemented in the EU domestically as well as externally. The effective implementation of the internal dimension of the WPS agenda at EU Member States' national, as well as at EU level, is also a central prerequisite to EU internal-external coherence. In 2017 the EU will continue to strengthen its effective implementation of the WPS agenda and to integrate gender equality across all its policies and strategies, as indicated in the Global Strategy. We will build on enhancing our targeted cooperation with the UN and with all national, regional and international partners. Furthermore, the EU will continue to promote the integration of the gender perspective into the analysis, ***planning*** and conduct and the ***strategic*** reviews of CSDP operations and missions, and of its diplomatic/political activities, in order to support the meaningful, equitable and transversal empowerment of women, as critical to peace, security and sustainable development. 10650/17 MS/agi 36 ANNEX DGC 1C LIMITE EN 60. Our climate diplomacy will combine work on the essential linkages and synergies between climate action and security, sustainability and long term economic growth. This will also involve ensuring maximum coherence between climate policy and energy policy, as the EU works to spur the transition to low greenhouse gas emissions, climate resilient, and competitive economies which provide growth, job opportunities and a long term path for sustainable development. 61. We will further strenghten our energy diplomacy in support of the EU’s energy security, diversification efforts and initiatives that promote sustainable energy markets. Energy partnerships and dialogues should continue to be coherent with relevant foreign and external policy goals - including climate goals - and promote diversification of sources, suppliers and routes, as well as safe and sustainable low-emission and energy efficiency technologies including with a view for business opportunities for EU companies. Energy dialogues should, where appropriate, include discussions of global and regional energy security developments and where possible, take into account particular specificities and existing relevant engagements of EU Member States. They should also ensure that sovereignty and sovereign rights of Member States to explore and develop their natural resources are safeguarded. The EU remains committed to the promotion and continuous improvement of the highest level of standards of nuclear safety in third countries. 62. Efforts towards the implementation of June 2016 Communication on Culture in external relations will focus on enhancing the contribution the EU already makes to international cultural relations and proposing ways to develop the EU's international cultural relations in order to advance its objectives to promote international peace and stability, safeguard diversity, and stimulate jobs and growth. The EU will continue to advocate science diplomacy at every opportunity to help build bridges and improve international relations; to address global challenges through sound scientific advice; and to embrace globalisation through enhanced science, technology and innovation cooperation. 10650/17 MS/agi 37 ANNEX DGC 1C LIMITE EN (4) CSDP AND CRISIS MANAGEMENT 63. Preventing conflicts is more efficient and effective than engaging with crises after they break out. In recognition of this, there are two priority areas in the implementation of the Global Strategy: (1) building the resilience of states and societies – and thus shifting the emphasis from crisis containment to more upstream preventative measures - and (2) developing an integrated approach to conflicts and crises that will allow the EU to act at all stages of the conflict cycle. Work has begun on both of these priorities in 2017, including through the aforementioned Joint Communication on resilience. The EU will progress work on these areas further in 2017 as part of multi-stranded implementation of the Global Strategy. 64. The implementation of the Global Strategy in the area of security and defence will continue to be a priority in 2017. In 2016 the November Foreign Affairs Council and the December European Council gave a substantive tasking to step up cooperation on Security and Defence, setting the EU level of ambition. Work on implementation will continue on this basis, including the actions which were identified in the Implementation ***Plan*** on Security and Defence presented by the HR/VP in November 2016. Progress will be regularly reported, as was done in March 2017 and May 2017 by substantive Council conclusions, which is reflected in a comprehensive report on the overall implementation of the Global Strategy. These steps will be closely synchronised with the implementation of the European Defence Action ***Plan*** and the Joint Declaration signed in Warsaw by the leaders of the EU institutions and NATO. 10650/17 MS/agi 38 ANNEX DGC 1C LIMITE EN 65. The new EU level of ambition in security and defence will drive EU capability development, based on a review of the priority areas of civilian CSDP missions and of required defence capabilities and priorities set out through the Capability Development ***Plan***. Defence cooperation will be of key importance to fulfilling this ambition. As requested by the Council, the High Representative/Head of the Agency has submitted to Ministers an initial reflection for a Member State driven Coordinated Annual Review on Defence; this is aimed at developing a more structured way for delivering capabilities based on greater transparency, political visibility and Member State commitment. The EU agreed on the need to launch an inclusive and ambitious Permanent Structured Cooperation (PESCO). PESCO should be open to all Member States who are willing to make necessary binding commitments and meet the criteria, based on articles 42.6 and 46 TEU and Protocol 10 of the treaties. It will aim at assisting Member States develop new defence capabilities and bring together existing military assets in view of their coordinated deployment. Any capabilities developed through PESCO will remain owned and operated by Member States, who have a single set of forces that they can also use in other frameworks, including UN and NATO. In addition to these, the following specific lines of work are followed this year with regard to the implementation of the Global Strategy in the field of security and defence: consolidating the work of the newly established Military ***Planning*** and Conduct Capability (MPCC) within the EU Military Staff of the EEAS for the operational ***planning*** and conduct of non-executive military missions, as well as to reinforce civilian/military synergies and coordination; strengthening the EU’s rapid response toolbox, in particular by enhancing the preparation, modularity and effective financing of the EU Battlegroups; identification of possible projects and moving forward in the operationalisation of the Capacity Building in Security and Development (CBSD), reiterating its flexible geographic scope; developing a more ***strategic*** approach for CSDP cooperation with third countries. 10650/17 MS/agi 39 ANNEX DGC 1C LIMITE EN 66. Work will also be taken forward to assess in more detail the implications of the Global Strategy for the priority areas of civilian crisis management, initially agreed by the European Council in Feira in June 2000, in order to address both identified new challenges and persisting gaps in the originally agreed capabilities as well as the conduct of a timely review of these priority areas. In addition, work is underway to enhance the responsiveness of civilian crisis management, by implementing a multi-layered approach including the possible creation of a core responsiveness capacity, which could act as a ***planning*** and start-up capacity as well as provide scalable and temporary reinforcement or provision of specialised expertise. 67. The European Defence Action ***Plan*** (EDAP), put forward by the European Commission in November 2016, is a key element of the defence package supported by EU Leaders in December 2016. It proposes new financial tools to support Member State cooperation on defence capabilities, in line with identified priorities, and to foster a more integrated, sustainable, competitive and innovative European defence industrial base with equal opportunities for the defence industry in the EU. Work will continue on the establishment of a European Defence Fund based on proposals by the Commission. 10650/17 MS/agi 40 ANNEX DGC 1C LIMITE EN 68. In light of the current political and security environment, cooperation with partners, notably the United Nations, NATO, the OSCE and the African Union, is of particular importance. With regard to EU-NATO cooperation, as a follow-up to the Joint Declaration signed by the President of the European Council, the President of the European Commission and the Secretary General of NATO in Warsaw on 8 July 2016, the EEAS and NATO International Staff – in close cooperation with the Commission and EDA – established a common set of proposals for implementation endorsed by both Councils in December 2016. The 42 actions cover all seven areas of cooperation identified in the Joint Declaration: 1) countering hybrid threats and cooperating on ***strategic*** communication; 2) operational cooperation including maritime and migration issues; 3) cyber security and defence; 4) defence capabilities; 5) defence industry and research; 6) exercises; 7) supporting Eastern and Southern partners' capacity-building efforts. This work will be taken forward in the spirit of full openness and transparency, in full respect of the decision-making autonomy and procedures of both organisations and in close cooperation with and full involvement of Member States. It will be based on the principles of inclusiveness and reciprocity without prejudice to the specific character of the security and defence policy of any Member State. The first progress report on implementation was welcomed by the Council on the 19 June 2017. International Security 69. In 2017 the EU will continue to promote external policies and cooperation that enhance the security of the EU and its citizens, focusing on the internal/external security nexus inter alia in the areas of counter-terrorism, non-proliferation and disarmament, cyber security, maritime security, sanctions and ***strategic*** communication. Work will continue on mainstreaming security policy into the EU's external action. ***Strategic*** ***programming*** for the period 2018-2020 of the Instrument contributing to Stability and Peace (IcSP) is ongoing . Also, mainstreaming of security policy into other instruments will be taken forward, not least with the European Neighbourhood Instrument. 10650/17 MS/agi 41 ANNEX DGC 1C LIMITE EN 70. The EU will focus its external counter-terrorism (CT) efforts on Turkey, the Western Balkans, Lebanon, Tunisia, Egypt and Jordan through dedicated capacity building support efforts and upgraded dialogue. The CT/Security Experts network in EU delegations will be consolidated and expanded from the current 13 to strengthen its presence in the Western Balkans and deploy in the Horn of Africa. An important priority will be the dialogue with the US on CT efforts with a focus on countering violent extremism, multilateral cooperation and capacity building efforts in third countries. A number of events will shape the coming year including upgraded CT political dialogues, consultations and multilateral meetings. There will be dialogues and consultations with Turkey, the Western Balkans, Tunisia, Saudi Arabia, Russia, India, Pakistan, Australia, the US and others. A number of working level meetings, workshops and study visits will also take place. The EU's operational partnerships will be also strengthened through the Western Balkans Counter-terrorism initiative and the Integrative Internal Security Governance. The meeting in March 2017 of the Global Counter Terrorism Forum provided an opportunity to take stock of the progress and the way ahead for this multilateral CT initiative. Experience gained in this field will be analysed with a view to enhance the EU's external engagement in the fight against terrorism, through a coherent mobilisation of all available instruments. The combination of home grown terrorists operating in networks; terrorists acting alone; foreign terrorist fighter returnees be they men, women or minors; attacks directed, encouraged or inspired by Da’esh and Al Qaeda; cyber related challenges; and the propagation of ideologies and beliefs that leads to radicalization and violent extremism, are parts of the evolving threat picture. 10650/17 MS/agi 42 ANNEX DGC 1C LIMITE EN 71. In the field of disarmament, non-proliferation and arms export controls, the main events in 2017 will be the start of preparations for the upcoming review of key international instruments, notably the Chemical Weapons Convention in 2018 and the Nuclear Non- Proliferation Treaty in 2020. Other important conferences will bring together the states parties to the Anti-Personnel Mine Ban Treaty and the Arms Trade Treaty, respectively. 2017 will also see the commencement of international negotiations aimed at a legally binding instrument banning nuclear weapons. The EU will demonstrate its continued support to key international instruments such as the Comprehensive Nuclear Test Ban Treaty, the UN ***Programme*** of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in all its aspects, the Missile Technology Control Regime, Wassenaar Arrangement and other such instruments. The EU recalls its support for the membership of all EU Member States in non-proliferation export control regimes. Special attention will be paid to the prevention, detection and mitigation of risks and threats related to the illicit use of chemical, biological, radiological and nuclear (CBRN) materials including through the EU CBRN Centres of Excellence. Following up on the Global Strategy, the EU will revise and update its Strategy on Small Arms and Light Weapons. 72. Sectorally, the second implementation report of the Maritime Security Action ***Plan*** will provide an opportunity to take stock and move forward on maritime security. Following the Joint Declaration signed in Warsaw by leaders of EU institutions and NATO, operational coordination in the maritime domain will be strengthened. The EU will be co-chairing the Intersessional Meeting on Maritime Security of the ASEAN Regional forum. 73. Increased attention will be paid to the external dimension of aviation security, especially in supporting the implementation of UN Security Council Resolution 2309 (2016). Working with Member States, a third countries risk-based approach is being pursued which will inform prioritised capacity building assistance efforts, associated ***programming*** actions and political lobbying, including via the EU CT Expert network, to address civil aviation threats to EU interests and citizens. 10650/17 MS/agi 43 ANNEX DGC 1C LIMITE EN 74. The cyber security of the EU and its citizens will be high on the agenda in 2017. The EEAS and the Commission will review and update the EU Cybersecurity Strategy, which will respond to the heightened cyber threat landscape in a context of increasing hybrid threats. Also, further development of a Cyber Diplomacy toolbox was agreed in order to provide a framework for the EU to deter cyber operations and to react effectively to large scale malicious cyber activity. Cyber defence will remain in focus with the continuous implementation of the Cyber Defence Policy Framework and an increased focus on reach-out and training activities with Member States. 75. In 2017 the EU will continue to work to ensure that the EU's autonomous restrictive measures target those responsible for policies and practices which breach international law in order to bring about change. In particular it will continue to review and up-date, where necessary, restrictive measures including in view of the latest jurisprudence of the European Court of Justice and will seek to mitigate the risk of unintended consequences on the wider population. In the context of sanctions lifting, the EU will continue to promote engagement, trade and investment. 76. In the area of ***strategic*** communication, the EU will continue to joining up efforts in the field of public diplomacy including ***strategic*** communication, inside and outside the EU – in particular to our East and South - to speak with one voice and ultimately promote its core values. Intelligence and Situational Awareness 77. The November 2016 FAC conclusions invite the EEAS together with Member States to reinforce the existing network of EU and Member States’ structures contributing to autonomous situational awareness in order to better inform the EU’s decision-making capacity. This will require streamlining of capacities and recruiting specific expertise to address pressing challenges including hybrid and terrorism.

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[***Council of the European Union:CFSP Report – Our priorities in 2017 ST 10650 2017 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDW-MHC1-F0YC-N205-00000-00&context=1516831)

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10650/17 MS/agi 1 DGC 1C LIMITE EN Council of the European Union Brussels, 5 July 2017 (OR. en) 10650/17 LIMITE CFSP/PESC 583 COPS 219 'I/A' ITEM NOTE From: Political and Security Committee To: Permanent Representatives Committee (Part 2)/Council Subject: CFSP Report – Our priorities in 2017 1. The Inter-Institutional Agreement (IIA) of 2 December 2013, part II, point E, paragraph 25, provides that each year, the High Representative shall consult the European Parliament on a forward-looking document which will set out the main aspects and basic choices of the CFSP. 2. The Nicolaidis Group examined the report and agreed on 26 June 2017 that the PSC should be invited to approve the amended draft report. 3. On 4 July 2017, the Political and Security Committee approved the amended draft report as set out in the annex. 4. In light of the above, Coreper is invited to approve the draft report, with a view to forwarding it to the Council for endorsement.

PUBLIC Conseil UE 10650/17 MS/agi 2 ANNEX DGC 1C LIMITE EN ANNEX CFSP Report – Our Priorities in 20171 (1) INTRODUCTION 1. 2017 has begun as a year of uncertainty, numerous challenges and on-going conflicts. To the South, instability and fragility persist while, to the East, the European security order continues to be violated. The EU is also confronted with threats such as terrorism, hybrid threats, cyberattacks, organised crime as well as challenges such as irregular migration and human trafficking. 2. The European Union will continue to address these issues with determination under the leadership of High Representative/Vice-President Mogherini and in close cooperation with Member States and partner countries. The EU continues to stand for its values, with multilateralism as its key principle and the United Nations at its core, and to actively promote a rules-based global order and respect for Human Rights. In doing so, we will be guided by the Global Strategy on the European Union's Foreign and Security Policy, which was presented to the European Council by the HR/VP in June 2016. 1 This report should be read in conjunction with agreed Council and European Council conclusions. 10650/17 MS/agi 3 ANNEX DGC 1C LIMITE EN 3. Implementing the Global Strategy will provide the framework for the EU's external relations, including the further development of CFSP and CSDP, for the years to come. In the first half of the year we will continue to focus on taking forward work in five priority areas identified in the Global Strategy and endorsed by the Foreign Affairs Council (FAC) in October 2016, namely (i) investing in the resilience of states and societies to the East and South, and an integrated approach to conflicts and crises; (ii) strengthening security and defence; (iii) reinforcing the internal/external policy nexus, with special attention to migration, counterterrorism and hybrid threats; (iv) updating existing or preparing new regional and thematic strategies; and (v) stepping up public diplomacy efforts. As cross-cutting dimensions within all five building blocks, Human Rights as well as Women, Peace and Security and Gender Equality and Women's Empowerment will continue to be mainstreamed into all our polices. The Sustainable Development Goals will be another cross cutting theme for the follow up work. 4. On security and defence, efforts at a more effective and credible cooperation among Member States will further intensify, based on the FAC conclusions of November 2016 defining for the first time a comprehensive level of ambition for the EU in the field of security and defence. This strong political message was confirmed at the highest level in the European Council conclusions of December 2016. On resilience, the HR/VP and the Commission published a Joint Communication on 7 June, aiming to establish a coherent policy framework on the issue across the EU's external action, and to identify key issues at the nexus between internal and external policy. 5. In order to reflect the comprehensive approach, this report includes, when appropriate, references to non-CFSP policies and instruments. 10650/17 MS/agi 4 ANNEX DGC 1C LIMITE EN (2) GEOGRAPHICAL Europe and Central Asia 6. The EU's relations with Russia in 2017 will continue to be dominated by Russia's violation of international law in Ukraine, including the illegal annexation of the Crimean peninsula and destabilisation of eastern Ukraine. The EU remains committed to the policy of nonrecognition of the illegal annexation of Crimea and Sevastopol. The EU's policy on Russia will continue to be guided by the five principles confirmed by the FAC in March 2016 (implementation of the Minsk agreement as the key condition for any substantial change in the EU's stance towards Russia, strengthened relations with Eastern partners and other neighbours, strengthening EU resilience, the possibility of selective engagement with Russia on issues of interest to the EU, and the need to engage in people-to-people contacts and support Russian civil society) and by the European Council conclusions of March 2015 which linked the duration of the restrictive measures against Russia - as adopted on 31 July 2014, enhanced on 8 September 2014 and subsequently amended - to the complete implementation of the Minsk agreements. The balanced and effective implementation of the principles is in line with the implementation of the Global Strategy. Three of the EU's regimes of restrictive measures (travel ban/asset freeze on individuals and entities; measures related to the annexation of the Crimean peninsula; and economic measures) will be subject to review in the course of 2017. At the same time, the EU will remain committed to maintaining open lines of communication with Russia on international crises, global and other issues that are in the interest of the EU. The EU will not refrain from expressing its concern about the human rights situation in Russia, in particular as regards measures that restrict fundamental freedoms and further restrict space for independent civil society in Russia. The EU stresses the need to challenge Russia's ongoing disinformation campaigns in the context of the EU ***strategic*** communication efforts. 10650/17 MS/agi 5 ANNEX DGC 1C LIMITE EN 7. The EU's approach to the Eastern Partnership (EaP) will keep its focus on further developing strong and mutually beneficial relations with all six partners, based on their individual level of ambition in their relations with the EU. This will encompass support for a market economy, sustainable development, good governance, interconnectivity and building the resilience of our partners – at state, economic and societal level - faced with new challenges for their stability, as agreed at the Riga summit of 2015, and set out in the review of the European Neighbourhood Policy (ENP) and the Global Strategy. The EU will continue its efforts of enhanced ***strategic*** communication of the EaP and on ensuring better visibility and outreach for the policy and its outcomes. The next EaP summit, scheduled for end of November 2017 in Brussels, should demonstrate the continued EU commitment for the EaP as well as the maturity of its engagement with its Eastern neighbours, while highlighting its concrete added value for the citizens of both the partner countries and Member States. 8. With regard to individual EaP partners, the application of the Association Agreement, including its trade part, will allow the EU to monitor and support the reform process in Ukraine, including through substantial financial assistance. Following the legally binding interpretative decision of EU Heads of State and Government of December 2016, the ratification process of the Association Agreement signed in 2014 will be completed and the Agreement will enter into force. The EU Advisory Mission (EUAM) to Ukraine began operations in 2014 and assists the Ukrainian authorities in developing effective, sustainable and accountable civilian security services that contribute to strengthening the rule of law in Ukraine. A ***strategic*** review has been prepared and discussed in PSC and relevant Council working committees in early 2017; as a result, the mandate of the mission has been extended until 30 November 2018 and the Operational ***Plan*** of the mission is currently being revised. 10650/17 MS/agi 6 ANNEX DGC 1C LIMITE EN 9. With Georgia and the Republic of Moldova, the revision of the Association Agendas will establish the priorities for implementation of the Association Agreements which entered into force last year. The visa liberalisation decisions for Ukraine and Georgia are finalised: the visa-free regime for Georgia entered into force on 28 March 2017, for Ukraine it entered into force on 11 June 2017. The EU will continue to support Georgia's efforts to overcome the consequences of conflict in Georgia's breakaway regions of Abkhazia and South Ossetia, including through the activities of the EU Monitoring Mission (EUMM) and the EU Special Representative for the South Caucasus and the crisis in Georgia. The EU will continue to support a peaceful settlement of the Transnistrian conflict, through participation in the existing negotiations format (5+2) and encouraging all parties to engage proactively to find a viable solution. 10. In relations with those Eastern Partners which do not seek Association Agreements – Armenia, Azerbaijan and Belarus – the EU has proposed alternatives based on common values and fundamental principles for promoting comprehensive cooperation and sustained reform processes. Negotiations on a new agreement are finalised with Armenia and the agreement is expected to be signed soon. Negotiations on a new agreement with Azerbaijan were initiated in February 2017. Partnership Priorities will be agreed jointly to replace the outdated ENP Action ***Plans*** and, in the case of Belarus, as the first broadly agreed political document. The EU will continue to support the OSCE Minsk Group’s role in the peace process of the conflict in Nagorno-Karabakh and encourage Azerbaijan and Armenia to re-engage in negotiations for the peaceful resolution of the conflict. 10650/17 MS/agi 7 ANNEX DGC 1C LIMITE EN 11. The EU's response to the challenges and opportunities in the Arctic will be based on the implementation of the Joint Communication on An integrated European Union policy for the Arctic, released in April 2016. 12. The EU will continue to support the strengthening of the Organization for Security and Cooperation in Europe (OSCE) as a platform for cooperation between the participating states, especially aiming at finding a sustainable political solution to protracted conflicts and to crises, notably in Ukraine. The EU highly values and strongly supports the OSCE’s work. It emphasizes the need to fully implement the existing commitments in all three dimensions. Given the changes in the security environment, as well as technological developments in the military sphere, the EU deems necessary a substantial update and modernisation of politicomilitary instruments in the framework of the OSCE. It is especially important in the context of the structured dialogue on the current and future challenges and risks to security in the OSCE area which was launched in Vienna in December 2016. 13. In Central Asia, the EU is focusing on promoting good governance and economic development to strengthen resilience, security and stability in the region, in line with the EU Strategy for Central Asia. The EU also aims to promote Europe-Asia connectivity. In addition, the European Union strives to promote further cooperation in the education sector, water and environment issues and rule of law, as well as enhanced protection of human rights. There is an established strong institutional relationship manifested by the EU-Central Asia High-Level Political and Security Dialogue (latest meeting on 8 June 2017, in Kyrgyzstan) and the EU-Central Asia Ministerial meeting (the next meeting in autumn 2017 in Uzbekistan) that shall be further streamlined and connected and could lead to further cooperation in the area of security, including countering terrorism and preventing and countering violent extremism. 10650/17 MS/agi 8 ANNEX DGC 1C LIMITE EN 14. The future of the Western Balkans is within the European Union. The enlargement and Stabilisation and Association processes, with their support for reforms and good neighbourly relations, as well as with the established conditionality, represents a ***strategic*** investment in the peace, democracy, prosperity, security and stability in Europe. In 2017, the overall priority is to take forward the European perspective of the region in order to enhance its resilience and thus, in line with the Global Strategy, the security of the EU itself. The EU remains committed to the European perspective of the region and to support the EU-oriented reforms and projects, in particular focusing on further strengthening institutions, good governance and the rule of law; fostering good neighbourly relations and inclusive regional cooperation, while paying due attention to divisive rhetoric; mitigating stability risks from political polarization and promoting socio-economic development. Throughout 2017, attention will focus on addressing the following political stability and security factors: continuing to facilitate normalisation of relations between Belgrade and Pristina, mitigating stability risks from political polarisation and supporting reforms in Kosovo∗, supporting the new government in the former Yugoslav Republic of Macedonia in the reform process and in addressing risk from political polarisation, fostering Bosnia and Herzegovina's socio-economic development and strengthening rule of law, consolidating Serbia's and Montenegro's European perspective, further strengthening reform and the rule of law in Albania, Montenegro and Serbia. The EU will strengthen dialogue with the Western Balkans on further deepening cooperation on foreign policy and defence issues and progressive alignment with the EU's foreign policy positions. ∗ This designation is without prejudice to positions on status, and is in line with UN Security Council Resolution 1244 (1999) and the Opinion of the International Court of Justice on the Kosovo declaration of independence. 10650/17 MS/agi 9 ANNEX DGC 1C LIMITE EN The mandate of the EU Rule of Law Mission (EULEX) in Kosovo has been extended until June 2018. A Concept of Transition to transfer some Mentoring, Monitoring and Advising tasks from EULEX to the EU Office in Kosovo in June 2018 has been discussed in relevant Council groups and committees and work will continue based on a ***Strategic*** Review on EULEX to be presented in the autumn 2017. In Bosnia and Herzegovina, the EU military operation EUFOR ALTHEA’s presence on the ground remains an important contribution to stability and security in the country. EUFOR continues to support efforts to maintain a Safe and Secure Environment (SASE) and conducts capacity-building and training of the armed forces of Bosnia and Herzegovina in order to contribute to their professionalism and the country's stability. A ***strategic*** review on EUFOR ALTHEA will be ***produced*** in the autumn of 2017. 15. The EU will remain vigilant with regard to the Western Balkans/Eastern Mediterranean route. To help address migration issues on the Western Balkans/Eastern Mediterranean route, close coordination and cooperation with the countries of the region will need to continue throughout 2017, including follow-up of assistance provided to manage borders, improve reception capacities, stem irregular migration and fight smuggling networks. The implementation of the collective, cross-border measures, based on cooperation and fully respecting the refugees' rights, while also recalling their obligations, which were agreed at the October 2015 Leaders Meeting need to continue. The frequent and regular contacts between the main EU and Western Balkan stakeholders addressing the issue ensure effective coordination and help enable timely responses to evolving needs. Contingency ***planning*** regarding alternative migration routes will need to be in place in all affected Western Balkan countries and continuous monitoring in particular through EU Agencies is a priority in order to curtail possible further development of the smuggling operations in the region. 10650/17 MS/agi 10 ANNEX DGC 1C LIMITE EN 16. The EU remains committed to working together with a democratic, inclusive and stable Turkey to address our common challenges. The EU has strongly condemned the coup attempt of 15 July 2016. However, the scale and nature of the follow-up measures taken by the Turkish authorities remain a source of grave concern and call for an effective redress mechanism. As a candidate country, Turkey is expected to uphold the highest standards of democracy, including respect for human rights, the rule of law, fundamental freedoms and the right of all to a fair trial. The implementation of the EU-Turkey Statement agreed on 18 March 2016 remains a priority and the European Union sticks to its commitment, notably to provide support to refugees in Turkey through the Facility for Refugees. The EU-Turkey Statement has contributed to tangible results in putting the irregular migration influx under control and in preventing loss of life at sea. However, further efforts are needed from both sides to ensure the full implementation of the Statement. In 2017 we will continue, post the 16 April referendum on constitutional changes, our engagement with Turkey, in the many areas where we have important joint interests, such as the counterterrorism dialogue as well as the increased pace of political dialogues on foreign policy issues. There is an urgent need to further develop human rights-compliant counter-terrorism cooperation with Turkey, in close partnership with the Council of Europe, which may also have a positive impact on the visa liberalisation process. In this context, the full end effective implementation of the visa road-map vis-à-vis all Member States is recalled. 10650/17 MS/agi 11 ANNEX DGC 1C LIMITE EN The EU takes note of the preparatory work by the Commission for draft negotiating directives for an upgrading of the EU-Turkey Customs Union, without prejudice to Member States’ position. Turkey needs to commit itself unequivocally to good neighbourly relations and to the peaceful settlement of disputes in accordance with the United Nations Charter; having recourse, if necessary, to the International Court of Justice. In this context, the EU expresses once again serious concern and urges Turkey to avoid any kind of threat or action directed against a Member State, or source of friction or actions, which damage good neighbourly relations and the peaceful settlement of disputes. Moreover, the EU stresses again all the sovereign rights of EU Member States. This includes, inter alia, the right to enter into bilateral agreements and to explore and exploit natural resources in accordance with the EU acquis and international law, including the UN Convention on the Law of the Sea and also stresses the need to respect the sovereignty of Member States over their territorial sea and airspace. Turkey is urged to show restraint and to respect Cyprus’ sovereignty over its territorial sea and Cyprus’ sovereign rights in its exclusive economic zone. Turkey, despite repeated calls, continues refusing to fulfil its obligation of full, non-discriminatory implementation of the Additional Protocol to the Association Agreement towards all Member States, the fulfilment of which could provide a positive impulse to the negotiation process. In the absence of progress on this issue, including Turkey’s restrictions as regards the Republic of Cyprus, the EU will maintain its measures from 2006, which will have a continuous effect on the overall progress of the negotiations. Furthermore, Turkey has still not made progress towards the necessary normalisation of its relations with the Republic of Cyprus. The EU recalls its position on accession of EU Member States to international organisation. 10650/17 MS/agi 12 ANNEX DGC 1C LIMITE EN The EU expects Turkey to actively support the negotiations aimed at a fair, comprehensive and viable settlement of the Cyprus problem within the UN framework, in accordance with the relevant UN Security Council resolutions and in line with the principles on which the European Union is founded. Turkey's commitments and contribution to such a comprehensive settlement remains crucial. 17. The EU is closely connected to, and has excellent relations with, the non-EU Western European countries, Switzerland and Norway being among the EU's main trade and investment partners. Bilateral relations with Switzerland and European Economic Area (EEA) countries will be further strengthened, both as regards the internal market but also in other key areas such as energy, climate change or migration. As regards Switzerland, the main objectives are to finalise negotiations on an institutional framework for the complex system of existing agreements, and to closely monitor national implementing legislation related to the law approved on 16 December 2016 following the popular vote against the free movement of persons in 2014. The objective is to further foreign policy co-operation and dialogue with all non-EU Western European countries, including the Holy See. Negotiations will intensify on Association Agreement(s) with Andorra, Monaco and San Marino, with the aim of their full participation in the EU's internal market. 10650/17 MS/agi 13 ANNEX DGC 1C LIMITE EN Middle East and North Africa (MENA) 18. In line with the Global Strategy, the EU will contribute to the security of the Union and to strengthening the stability of the MENA region through a number of interrelated actions and processes. As part of an integrated approach using all EU instruments, these focus on crisis management, conflict resolution and prevention, countering terrorism and violent extremism, protection of Human Rights and improved governance and sustainable economic growth, as well as science diplomacy actions. They also include support to regional peace initiatives and the search for a two-state solution in the Israeli-Palestinian conflict. The EU will remain committed to, and supportive of, the UN-led processes towards finding a peaceful solution to the crises in Syria, Yemen and Libya. 19. Chief among the numerous challenges in the region, not least because of its direct impact on the European Union itself, is the ongoing conflict in Syria. The EU has adopted a new strategy for Syria on 3 April 2017 and hosted and co-chaired together with the United Nations, Germany, Kuwait, Norway, Qatar and the UK, an international Ministerial conference involving all key actors in Brussels on 5 April 2017, following up to the Kuwait and London conferences. The conference underlined the EU's position as a key political player and leading donor, accounting for two thirds of the EUR 5.6 billion generated in pledges for 2017 to respond to the continued suffering of Syrians in Syria and in neighbouring host countries. 10650/17 MS/agi 14 ANNEX DGC 1C LIMITE EN 20. In Libya, the EU will continue its support to the political stabilisation process including by supporting the internationally recognised Government of National Accord and the Presidency Council, while promoting a constructive UN-led dialogue with different Libyan parties to ensure a peaceful resolution of the security and political crisis within the framework of the Libya Political Agreement (LPA); in this sense, the EU will also further enhance its engagement with neighbouring countries and regional organisations within the framework of the Quartet for Libya. The EU notes the continued threat of terrorism in Libya, and urgent need to unite all armed forces under the control of the legitimate civilian authorities as set out in the LPA to ensure stability and preserve the country's unity and territorial integrity. Furthermore, in order to prevent and discourage irregular migration flows across the Central Mediterranean and to avoid further loss of lives at sea, in the desert, and in the hands of traffickers, the EU will take additional action along the Central Mediterranean route as a follow up to the Joint Communication adopted by the Commission and the HR/VP and the Malta Declaration. Cooperation with countries of origin and transit shall be reinforced in order to stem the migratory pressure on Libya's and other neighbouring countries' land borders. A key objective remains breaking the business model of smugglers, by stepping up work with Libya as the main country of departure as well as with Libya's North African and sub-Saharan neighbours. 21. This is already the focus of our work in the Maghreb and Mediterranean, with EUNAVFOR MED operation SOPHIA. As well as contributing to the disruption of the business model of human smuggling and trafficking networks, the operation will continue to conduct activities on the supporting tasks of providing capacity and training to the Libyan Coast Guard and Navy and contributing to information sharing and the implementation of the UN arms embargo on the high seas off the coast of Libya (on the basis of UN Security Council Resolution 2357 (2017)). Civilian operational ***planning*** continues by the EU Integrated Border Management Assistance Mission in Libya (EUBAM Libya) to identify potential options for civilian CSDP engagement as regards to policing, criminal justice and border security, on the basis of Libyan ownership. EUBAM is currently working towards establishing a light presence in Tripoli. Opportunities to assist in the consolidation of Libyan security structures are being actively sought and will be supported as appropriate. 10650/17 MS/agi 15 ANNEX DGC 1C LIMITE EN 22. In the context of a stalled Middle East Peace Process, the EU, including through the EU Special Representative's mandate, and in line with relevant UN Security Council resolutions, including most recently resolution 2334 (2016), will continue to reinforce its engagement with the parties and international partners to create a new dynamic conducive to negotiations. The EU reiterates its firm commitment to the two-state solution and its existing policies, as set out in its successive Council conclusions, and its concerns about the growing threats to that solution. The EU recalls that settlements are illegal under international law, constitute an obstacle to peace and threaten to make a two-state solution impossible, and reiterates its strong opposition to Israel's settlement policy and actions taken in this context, such as demolitions and confiscation, including of EU funded projects. The EU is deeply concerned that the continuing cycle of violence has led to a serious loss of human life in Israel and the occupied Palestinian territory. The EU firmly condemns the terror attacks and violence from all sides and in any circumstances, including the death of children. The EU will continue to work within the Quartet and with other stakeholders in the region to ensure a robust multilateral framework. In this context, the high-level Conference in Paris on 15 January 2017 brought together 70 Foreign Ministers and delegates, including HR/VP Mogherini. It stressed the need for a two-state solution and rejected unilateral moves to prejudice permanent status issues. The Conference sent a strong message of support to the two-state solution from the international community. The EU reaffirms its proposal of an unprecedented package of political, economic and security support to be offered to and developed with both parties in the context of a final status agreement. 10650/17 MS/agi 16 ANNEX DGC 1C LIMITE EN 23. In the Middle East, the EU Police Mission in the Palestinian Territories (EUPOL COPPS) continues to assist the Palestinian Authority in building the institutions of a future State of Palestine in the areas of policing and criminal justice. The EU Border Assistance Mission for the Rafah Crossing Point (EUBAM RAFAH), currently located in Tel Aviv, with a standby operational capacity to provide a third-party presence at the Rafah Crossing Point as part of the 2005 Agreement on Movement and Access (AMA agreement) forms part of the confidence-building measures between the Government of Israel and the Palestinian Authority. Both missions have been subject to a comprehensive ***strategic*** review in early 2017 and, in spite of the increased tensions in the region and the stalled Middle East Peace Process, Member States have agreed to their extension until June 2018. The revised Operational ***Plans*** for both missions have been discussed and endorsed by the relevant Council working committees. 24. In Iraq, the EU will help the Iraqi federal government meet the critical challenges it will face in the wake of the hoped-for military defeat of Da'esh. Specific support to Iraqi security structures will be further explored and integrated as appropriate, including the setting up of an EU Security Sector Reform Advise and Assist Team, which is currently being discussed in the relevant Council working committees. Security dialogues will continue with countries in the region, and will focus on enhancing joint action to fight terrorism through a comprehensive approach involving both security and civil measures that are in accord with the protection of human rights. The EU will maintain its commitment to Tunisia's democratic transition and strengthen its support as foreseen in the Joint Communication of September 2016 and the FAC Conclusions of October 2016. The EU will build on the adoption of the Partnership Priorities and visit of the HR/VP to Algiers to take forward the relationship with Algeria. Expanding the privileged partnership with Morocco with the new government will be a priority in 2017. The implementation of ENP partnership priorities will be initiated with a number of countries of the Southern Mediterranean, including with key partners in the region such as Jordan and Lebanon. This will take full account of the priorities outlined in the Global Strategy, including a strong focus on support for civil society. 10650/17 MS/agi 17 ANNEX DGC 1C LIMITE EN 25. Dialogue and cooperation with Gulf Cooperation Council (GCC) countries will be stepped up, notably as concerns common security interests and possible joint action to boost economic resilience in the Southern neighbourhood. To the same end, wherever feasible, joint ***programming*** of assistance with Member States will be pursued. However, the dispute engaging several countries in the region, started on the 5th June 2017, could have a detrimental effect on intra-GCC relations and regional stability. The EU will continue to work with all parties in order to avoid further escalation and will support all mediation efforts. In Yemen, the ongoing conflict is having devastating consequences for the country and its population, with a catastrophic humanitarian situation coupled with a significant cholera outbreak. The EU will continue its strong support to the efforts of the UN Secretary General and the UN Special Envoy for Yemen to achieve a resumption of negotiations. It will continue to urge all parties to the conflict to react in a flexible and constructive manner and without preconditions to their efforts. 26. On the regional front, the EU will deepen its exchanges with the League of Arab States (LAS) and the Union for the Mediterranean building on the positive steps taken in 2016 and early 2017. With the joint EU-LAS Ministerial declaration of December 2016 in mind, the EU will work towards the holding of a first Euro-Arab summit in 2018. 27. This agenda is evidently sensitive to the changing international environment. The region is also especially unpredictable, and unforeseen events such as a new conflict or migration/refugee crises could also affect progress. Political disputes within the LAS may derail work on the Euro-Arab summit. 10650/17 MS/agi 18 ANNEX DGC 1C LIMITE EN Iran 28. 16 January 2017 marked the fi

rst anniversary of the Implementation Day of the Joint Comprehensive ***Plan*** of Action (JCPOA) between the EU/E3+3 and Iran, a multilateral agreement endorsed by the UN Security Council. The EU continues to play a key role through the HR/VP's coordination of the Joint Commission established to oversee implementation of the agreement. The EU and its Member States have repeatedly expressed their resolute commitment to the full and effective implementation of the JCPOA throughout its lifetime. The EU will continue to advocate this position with all partners as clearly stated in the November 2016 FAC Council Conclusions on Iran. The year 2017 will be critical for the agreement which, if fully implemented, ensures the exclusively peaceful nature of the Iranian nuclear ***programme***. The EU will closely monitor developments and engage all JCPOA parties to ensure that commitments are respected by all sides. The EU will also keep working closely with the International Atomic Energy Agency (IAEA), which is tasked with monitoring and verifying Iran's nuclear obligations. 29. Bilateral engagement between the EU and Iran will develop, based on the Joint Statement of the HR/VP and the Iranian Foreign Minister of 16 April 2016 which sets the ground for cooperation across a number of areas. Concrete projects and cooperation will gradually expand in 2017 on trade and economic areas, energy, environment and climate change, humanitarian issues, education and research. Furthermore, discussions are expected to be continued on human rights and a comprehensive dialogue on migration is ***planned*** to be launched. Regional issues, in particular, developments in Syria will continue to be addressed at all levels. 10650/17 MS/agi 19 ANNEX DGC 1C LIMITE EN Africa 30. 2017 will be a challenging year for Africa, against the backdrop of a modest forecast for continental economic growth. But it will also be a year of opportunity for the EU-Africa partnership, with many occasions to reaffirm and enhance engagement at bilateral, regional and continental level. The EU's engagement with Africa will focus on the preparations for the fifth Africa-EU summit (Abidjan, Cote d'Ivoire, end of November 2017). The 10 year anniversary of the Joint Africa-EU Strategy (JAES) is a good opportunity to take stock of what has been achieved so far and to redefine the ***strategic*** priorities for a strengthened engagement over the next years in order to meet the new challenges the two continents are facing. The EU will continue working with the African Union (AU) Commission and will pursue a political dialogue at ministerial level. Under an overarching theme of youth, the EU will engage with the AU, regional organisations and bilateral African partners, including civil society organisations and the private sector, to develop the environment that would foster investment and job creation with the needs and ambitions of a young population in mind. Collaboration between African and European researchers and innovators in fields such as food and nutrition security, sustainable ***agriculture***, climate change and sustainable energy will further be promoted. Engagement in the field of international peace and security will also deserve special attention, and in particular further support to the African Peace and Security Architecture. 10650/17 MS/agi 20 ANNEX DGC 1C LIMITE EN 31. With persisting security vulnerabilities linked to violent extremism, piracy, terrorist attacks and organized crime, work on the comprehensive implementation of the regional strategies and action ***plans*** for the Sahel, Gulf of Guinea and the Horn of Africa will continue, in a joint effort. Contributing to regional and international efforts for peace and stability – particularly in Mali and Somalia, which are fundamental for the stability of their wider regions - will remain a key priority in 2017. Efforts will continue to consolidate progress and to foster reconciliation in the Central African Republic and to avoid the outbreak of large scale violence in South Sudan by bringing the parties back to a political process. Increased attention will be paid to addressing security and migration-related challenges in Sahel and Northern Africa (particularly Libya); exploring and enhancing cross-regional synergies and cooperation between the Horn of Africa and Gulf countries in areas such as security, economic development and addressing migration; and boosting the effectiveness of regional action in addressing the challenges faced by countries in the Lake Chad Basin, including the fight against Boko Haram. Sustained work with the G5 Sahel will remain a priority, confirmed also in the context of the ministerial dialogue. The issue of maritime security will need to be closely monitored, in the light of the alarming trends of piracy and armed robbery at sea (including 'kidnap for ransom' events) in particular off the Nigerian coasts. Finally, in the Great Lakes the EU will continue to use the instruments at its disposal to support international efforts to resolve the crises in Burundi and the Democratic Republic of Congo, allowing a resumption of longer term efforts at development and regional integration. 10650/17 MS/agi 21 ANNEX DGC 1C LIMITE EN 32. Efforts to draw together the impact of the several CSDP Missions and operations currently in situ in Africa are progressing, with the agreement of Member States for the launching of the first phase of the regionalisation of CSDP in the Sahel region. CSDP operations and missions cover a broad range of activities and competencies. CSDP features in the EU's efforts to work with partners towards the common goal of tackling irregular migration at source and in transit countries in the Sahel. Stability in the Sahel region is enhanced through CSDP missions in Mali and Niger (EUCAP Sahel Mali, EUTM Mali, EUCAP Sahel Niger) in close cooperation with host governments. In early 2017, the EU compound in Agadez was completed, hosting the EUCAP-Sahel Niger antenna and an EU Office supporting development activities. The strengthening of an integrated approach in the region builds on efforts under CSDP (e.g training and capacity-building) and goes hand in hand with the strengthening of coordination between CSDP missions in the Sahel and projects financed under other EU instruments such as the EU Trust Fund for Africa and the Instrument contributing to Stability and Peace, in particular those Member States' projects in the region which will be an integral part of this approach including in the context of the initiative for capacity building in support of security and development (CBSD). The CSDP regional approach in Sahel is in line with the emphasis in the Global Strategy on strengthening cross border cooperation in the face of complex issues that increasingly require a regional approach. The aim is to extend training and advisory support for security and defence forces to G-5 Sahel countries, with particular emphasis on cross border cooperation, using as a starting point current deployments in Mali and Niger. The EU CSDP Military Advisory Mission in the Central African Republic (EUMAM RCA), an advisory mission that was launched in the spring of 2015, was replaced by the EU CSDP Military Training Mission in the Central African Republic (EUTM RCA) on 16 July 2016, demonstrating the strong EU commitment 10650/17 MS/agi 22 ANNEX DGC 1C LIMITE EN to restoring peace and stability in the country. It is anticipated that of the six total battalions mandated to the mission to train over its four years, two should be fully trained by the end of 2017. Military engagement exists on the seas off the Horn of Africa (Operation ATALANTA) countering piracy to great effect and on land with the Somalia Training Mission (EUTM Somalia), based in Mogadishu, developing the capacity of the Somalian National Army. EUCAP Somalia is a civilian mission headquartered in Mogadishu and with elements in Nairobi focused on Somali maritime civilian law-enforcement. Further enhancement of the EU's engagement in the security sector in Somalia is being considered in order to empower National structures in advance of AMISOM's draw-down. AMISOM has been supported by the EU since 2007 and remains critical to securing Somalia’s security. Coordinated international support for its transition to Somali security forces beyond 2018 will be paramount to the return of security in the whole country. 33. The EU will continue to work together with regional and international partners with regards to democratic consolidation, promotion and protection of human rights and to prevent further violence in the more fragile countries, such as the Democratic Republic of Congo, the Central African Republic and Guinea Bissau. Contentious political processes in the past years, e.g Burundi, Gabon and The Gambia, have strained our political dialogue, further highlighting the need for increased investment in the long term consolidation of rule of law and democratic governance. The EU will continue to follow closely upcoming electoral processes, deploying electoral observers for a number of elections during 2017. The EU will continue to manage relations in a way which is consistent with the essential elements of the Cotonou Agreement and which responds to each specific context. 10650/17 MS/agi 23 ANNEX DGC 1C LIMITE EN 34. Increased attention will be paid to promoting the economic and investment aspects of relations with Africa. Efforts to have the Economic Partnership Agreements with West Africa and the countries of the Southern African Development Community and the East African Community signed, ratified and implemented will continue. Strong business-to-business interaction and investment promotion components will be built into bilateral political dialogue. The External Investment ***Plan*** will start being implemented. 35. Sustained efforts to implement the outcome of the Valletta Summit on Migration (November 2015) will be continued in a comprehensive manner and covering all aspects of migration. Increased dialogue and cooperation will be pursued with countries of origin, transit and destination, in the framework of the Valletta, Rabat and Khartoum processes, and bilaterally, including in the context of the Partnership Framework, to address root causes of migration and forced displacement, to facilitate legal migration - while respecting EU and national competences, to prevent and discourage irregular migration, to prevent and fight migrant smuggling and to eradicate trafficking in human beings, to reinforce international protection, and to improve return, readmission and reintegration. In parallel, those efforts will be consistently pursued jointly with African countries and financed in the framework of the implementation of the EU Trust Fund for Africa. 36. Ministerial dialogues notably with Nigeria, Ethiopia, Angola and Cape Verde will step up EU's engagement with these partners. A summit with South Africa (the first since 2013), also marking 10 years of ***strategic*** partnership with the EU, would cement the bilateral relationship and could give a particularly healthy boost to economic engagement. The EU will continue to build on the ministerial dialogues with regional organisations (e.g Economic Community of West African States/ECOWAS, Southern Africa Development Community/SADC, Intergovernmental Authority on Development/IGAD) in order to make progress on the implementation of the joint trade and investment agendas and enhance joint contribution to peace, stability and democratisation processes in the regions concerned. 10650/17 MS/agi 24 ANNEX DGC 1C LIMITE EN 37. EU's ***strategic*** reflection on EU-ACP relations after 2020 will reach a turning point in autumn 2017, with discussions expected to start on an EU proposal for the future framework and long-term priorities. Americas 38. The transatlantic relationship is the single-most important partnership for the EU and its Member States to address key global challenges. It remains indispensable for global peace, security and prosperity. 2017 will be devoted to building relations with the US administration and the Congress in order to continue the close cooperation and coordination with the US. The EU will give specific emphasis to continued close cooperation on the key foreign policy challenges including inter alia Syria, Libya, counter-terrorism and monitoring the implementation of the JCPOA with Iran, developments in Ukraine and Russia. The strong EU-US bilateral cooperation in security and defence, complementing EU-NATO cooperation, will be further helped by the recently adopted administrative arrangement between the EU Military Staff and the US European Command, and by the Acquisition and Cross-Servicing Agreement, signed in December 2016, to provide mutual logistical assistance in operational situations. 39. The EU-Canada ***strategic*** partnership is based on shared common values, a long history of close cooperation and strong people-to-people ties. The signature of the Comprehensive Economic and Trade Agreement and ***Strategic*** Partnership Agreement (SPA) at the EUCanada Summit held in Brussels on 30 October 2016 marked the beginning of a new, even more dynamic, chapter in EU-Canada relations. In 2017, the emphasis will be put on the implementation of upgraded policy and sectoral dialogues through the SPA. These include foreign policy, security, energy and development. The signature of the EU-Canada Security of Information Agreement (SIA) is foreseen for 2017. The implementation of this agreement will facilitate military-to-military cooperation substantively. 10650/17 MS/agi 25 ANNEX DGC 1C LIMITE EN 40. The EU will continue to strengthen its ***strategic*** partnership with Latin America and the Caribbean at bilateral, sub-regional and regional level. The region's importance for the EU is constantly increasing – as a mature market for goods and investment, as a like-minded partner for global challenges and as the provider of success stories in building resilient societies in the face of severe security and social challenges. As none of these are self-evident, the EU will engage in all these aspects: strengthen those who defend free trade, fair competition and open markets and those who promote the rule of law, associated with the fight against drug cartels and illicit trafficking, encourage peaceful solutions to internal conflicts and socially sound economic policies. 41. In 2017, the EU will aim at pursuing negotiations with MERCOSUR on the bi-regional Association Agreement, a landmark initiative to deepen our relations with the region. With Mexico, a ***strategic*** partner and an important multilateral player, the EU will continue negotiations to upgrade the existing agreement, which will provide the even wider framework for strengthened cooperation. The EU's objective is also to start negotiations on modernised Association Agreement with Chile as soon as possible. The current discussions on the post- Cotonou arrangement, important for the Caribbean, will also have to be factored in. 10650/17 MS/agi 26 ANNEX DGC 1C LIMITE EN 42. Putting in practice, as soon as possible, the Political Dialogue and Cooperation Agreement signed with Cuba will be among the main priorities for the coming year. In Colombia the EU will continue to play a leading role in supporting the peace process and contributing to peace building efforts, particularly through the Columbia EU Trust Fund. In recognition of its commitment, the EU has been given an accompanying role in the implementation of the Final Peace Agreement signed on 24 November 2016, in the areas of rural development, reincorporation of demobilised FARC members and child soldiers, and assistance to the new Prosecutors Office to fight organised crime. In 2017, the Special Envoy of the High Representative, Mr Eamon Gilmore, will continue to play a key role in coordinating the overall response. In Haiti, the EU will continue its support to improve the internal situation, notably recovery efforts after Hurricane Matthew hit the country in October 2016. As the political polarisation and the socio-economic situation deteriorate in Venezuela, the EU will pursue, together with main international partners, its support to peaceful democratic solutions based on meaningful dialogue and respect for rule of law, human rights and fundamental freedoms, including those of jailed political opponents. In the meantime, the EU continues to explore all available possibilities for a scaling up of the assistance contributing to address the most urgent needs of the population and the need to protect European citizens. 43. Some important events will mark 2017 in the region. The summit between the EU and the Community of Latin America and the Caribbean States (CELAC) at the end of October in El Salvador will constitute a unique opportunity to foster our relations with a like-minded and changing region, both politically and economically. It will also be the occasion to assess the progress in the EU's enhanced relations with regional organisations in the Caribbean and Central America, focusing on security, economic development and climate change. An EUBrazil summit has also been set for October this year. 10650/17 MS/agi 27 ANNEX DGC 1C LIMITE EN 44. In addition, EU cooperation with Latin American countries on CSDP and security and defence issues has evolved significantly, particularly in the recent few years. Chile and Colombia signed a Framework Participation Agreement (FPA) with the EU in 2014 aiming at facilitating their respective participation in EU-led crisis management operations. Furthermore, dialogue on CSDP issues has been initiated with further Latin American countries. These include Brazil, Mexico and Argentina, which expressed an interest in deepening dialogue and cooperation with the EU in the area of security and defence, including on the basis of a possible FPA. Asia-Pacific 45. In East Asia, the EU intends to further deepen relations with such ***strategic*** partners as Japan and the Republic of Korea (ROK), which face important security and stability challenges that have direct and indirect implications for the EU. The EU remains fully committed to a ***Strategic*** Partnership Agreement (SPA) and a Free Trade Agreement (FTA) with Japan and aims to improve coordination of sector policy dialogues between the EU and Japan through the Joint Committee established through the SPA. The EU and Japan are enhancing their security partnership: Japan is already providing concrete support to EU crisis management missions in Africa, and the two sides have carried out a number of joint counter-piracy exercises in the West Indian Ocean. The EU-ROK Framework Participation Agreement allows for a framework for joint crisis management operations, and the EU welcomes the ROK's participation to EU's counter-piracy efforts off the Horn of Africa, notably in the EUled Atalanta operation. 10650/17 MS/agi 28 ANNEX DGC 1C LIMITE EN 46. As regards China, the EU will focus on the implementation of its new China strategy adopted on 18 July 2016, an ambitious document stating that the EU's engagement with China will be principled, practical and pragmatic, staying true to its interests and values, in particular adherence to international rules and norms, and respect for human rights. In the China strategy, the EU reaffirmed its support to the continued implementation of the 'one country, two systems' principle in Hong Kong and Macao and to a 'one-China' policy. The conclusion of a Partnership and Cooperation Agreement (PCA) with Mongolia in the coming months will enhance EU-Mongolian cooperation. For 2017, the main objective for the EU will be to provide an adequate and broad package of supportive measures (including maintaining the level of development assistance, increasing EU presence on the ground), given an acute economic and financial crisis in Mongolia ahead of several large external debt repayments due in 2017. 10650/17 MS/agi 29 ANNEX DGC 1C LIMITE EN 47. In South Asia, the EU foresees to follow-up on the political and financial commitments made at the Brussels Conference on Afghanistan, to implement the Cooperation Agreement on Partnership and Development with Afghanistan and to finalise and launch a new EUAfghanistan Strategy. The EU remains engaged in supporting the civilian security sector through financial support – EUR 320 million per year, mainly to the Law and Order Trust Fund Afghanistan (LOTFA) until 2020 – and through the Office of the EU Special Representative (EUSR) with deployed security sector reform (SSR) experts until August 2017; arrangements to support civilian policing will continue. The EU will further strengthen the EU-India ***Strategic*** Partnership by implementing the March 2016 summit outcomes including the EU-India Agenda for Action, and the EU is committed to strengthening the partnership with India across the board, particularly on foreign policy, security (counterterrorism, cyber etc.), military contacts and global issues. The EU also envisages finalising and launching a new ***Strategic*** Engagement ***Plan*** with Pakistan and working on full implementation of the EU-Pakistan Readmission Agreement. It intends to work with the Government of Nepal towards consolidating the country's peace process. As regards Bangladesh, cooperation will also encompass countering violent extremism, counterterrorism and radicalisation. Furthermore, the EU envisages further strengthening cooperation on migration with Pakistan, Afghanistan and Bangladesh, and expects these partners to deliver on return and readmission arrangements. 10650/17 MS/agi 30 ANNEX DGC 1C LIMITE EN 48. As regards South-East Asia, the EU and the Association of Southeast Asian Nations (ASEAN) will mark the 40th anniversary of their relations in 2017. Further progress will be made in developing ***strategic*** level relations with ASEAN, in follow-up to the Joint Communication on relations with ASEAN, welcomed by the Council in June 2015. The ASEAN-EU Ministerial Meeting (AEMM) of October 2016 reconfirmed the value of new areas of cooperation (e.g maritime security, launch of negotiations on a region-to-region civil aviation agreement to enhance connectivity), identified new domains for increased cooperation (for instance the establishment of an EU-ASEAN High-Level Dialogue on the Sustainable Development Goals). The EU will actively pursue the participation in all ASEAN-led processes in the region, in particular in all security-oriented fora, including the East Asia Summit (EAS) and the ASEAN Defence Ministers' Meeting - Plus. The EU remains committed to establishing a ***Strategic*** Partnership with ASEAN and to supporting ASEAN's integration process, including by providing funding and policy advice. The EU will continue to implement the Joint Communication by the HR/VP and the Commission on Myanmar/Burma and the related Council conclusions of June 2016. EU-Indonesia relations advanced considerably in 2016. A regular ***strategic*** ministerial dialogue with Indonesia has been launched. FTA negotiations are underway and the Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreement is under implementation. November 2016 witnessed the organisation of the first EU-Indonesia Joint Committee under the new Partnership and Cooperation Agreement; the EU will maintain a high level of engagement with Indonesia. 49. In Oceania, the EU envisages raising the EU’s profile and presence in the Pacific, continuing the ***strategic*** reflection on the EU-ACP relations after 2020. The EU also foresees launching of FTA negotiations with Australia and New Zealand and the implementation of the Framework Agreements with Australia and New Zealand. 10650/17 MS/agi 31 ANNEX DGC 1C LIMITE EN 50. The Asia-Europe Meeting (ASEM) continues to be an important platform where Asia and Europe discuss common challenges with the objective to foster greater connectivity between the two regions. There is a general consensus among ASEM members that the productivity of ASEM dialogue should be enhanced through engagement on key areas of global concern such as shared security challenges, climate change, counter-terrorism and cyber. 51. The 9th EU-China Summit took place on 1-2 June 2017 and the 24th EU-Japan Summit took place on 6 July 2017. An EU-India Summit is foreseen after the summer, a possible EUPakistan Summit by the end of the year. The Pacific Island Forum is foreseen for September 2017. The 24th ASEAN Regional Forum and Post-ministerial meeting with ASEAN will take place in Manila in August 2017 and the ASEM Foreign Ministers Meeting in Myanmar on 20-21 November 2017. 52. The EU will continue to monitor developments and, when need be, take appropriate action regarding the Democratic People's Republic of Korea in terms of its nuclear, other WMD and ballistic missile ***programmes*** and human rights concerns. The EU’s priorities for 2017 will be to ensure full implementation of the existing UN Security Council Resolutions on DPRK, in particular resolutions 2321 (2016) and 2270 (2016), as well as the full and timely transposition of any further UN Security Council Resolutions. The EU will continue to make clear its explicit condemnation of the DPRK’s continued pursuit of its illegal nuclear and ballistic missile ***programmes***, and further calls for the DPRK to return to meaningful and credible dialogue towards denuclearisation. 10650/17 MS/agi 32 ANNEX DGC 1C LIMITE EN 53. Some advances on human rights and a review of the legislative framework in Myanmar/Burma led to the discontinuation in 2016 of the EU sponsored UN General Assembly resolution on human rights. Nevertheless, the outbreak of violence in Rakhine State resulted in the EU calling for the urgent resumption of aid ***programmes***, humanitarian and media access in Northern Rakhine State, and sponsoring a resolution in the 34th session of the Human Rights Council, which set up a Fact-Finding Mission. Return to civilian rule in Thailand is likely to slip into 2018 as elections which according to the government were originally scheduled for 2017 are likely to be delayed. The traditionally close EU-Philippines relations have come under strain as a result of the high number of killings related to the fight against drug crime and the possible reintroduction of the death penalty. (3) GLOBAL ISSUES 54. In 2017 external aspects of migration will continue to be the top priority for the EU. The EU reaffirms its commitment to a comprehensive and geographically balanced approach on migration. We have the responsibility to address the opportunities and challenges of migration and mobility which must be shared in a fair manner between countries of origin, transit and destination, while respecting EU and national competences. Two overall strands of work will be of particular importance. First and foremost, continued implementation of the Partnership Framework remains central. This goes in terms of continued engagement with the five priority countries in sub-Saharan Africa, but also in terms of fully exploiting the spirit of the Partnership Framework in our migration-engagement in the Central Mediterranean, the Middle East, and countries in North Africa and Asia. Secondly, following last year's UN General Assembly Summit on Movements of Refugees and Migrations, the EU will continue the efforts to ensure an ambitious follow-up to the New York Declaration, concerning both the Global Compact for Migration and the Global Compact for Refugees (to be developed by the end of 2018). Follow up on the Council Conclusions on Protracted Forced Displacement, especially with regards to working towards peaceful solutions to conflict, will complement this strand of work. 10650/17 MS/agi 33 ANNEX DGC 1C LIMITE EN 55. Against a background of ever more complex global challenges, efforts to promote change and reform in the ways the United Nations works to be able to tackle the conflicts, threats and megatrends of today will be stepped up. In line with its Global Strategy, the EU will defend and promote multilateralism and human rights at a time of increasing uncertainty. The 72nd UN General Assembly beginning in September 2017 will provide an opportunity to project EU priorities. The EU will mobilise support for the new Secretary-General and his determination to ensure the UN delivers across all pillars: peace and security, human rights and development. This will include inter alia reform efforts and preventive diplomacy. 56. As UN processes such as the Paris Agreement on Climate Change and on the 2030 Agenda for Sustainable Development have shifted from negotiation to implementation, the EU will lead efforts to drive ahead with global implementation of concrete commitments. The world can continue to count on the EU for leadership in the global fight against climate change and on its commitment to swiftly and fully implement the Paris agreement.The EU is strengthening its existing global partnerships to this end and will continue to seek new alliances, from the world's largest economies to the most vulnerable island states. 57. The security/development nexus will be particularly important under Sustainable Development Goal (SDG) 16 'Promote peaceful and inclusive societies'. Key policy initiatives launched in 2016 on Sustainable Europe, the EU Consensus on Development and the European External Investment ***Plan*** will be finalised. The EEAS will pursue outreach and devise actions to ensure that the effort is collective, in productive partnership with states and actors from all regions of the world including at the High Level Forum of July 2017. The EU will continue its work on Ocean diplomacy considering the outcome of the UN Ocean Conference (5-9 June 2017) and subsequently hosting the Our Ocean conference in October 2017 in Malta. 10650/17 MS/agi 34 ANNEX DGC 1C LIMITE EN 58. The EU action in promoting human rights and supporting democracy worldwide will continue to be based on the implementation of the Action ***Plan*** on Human Rights and Democracy. A mid-term review of the Action ***Plan*** was prepared. Support for civil society space, freedom of association and expression and human rights defenders will remain a key priority as will children's rights and the prevention of torture and ill-treatment. The EU will remain committed to the promotion of the freedom of religion or belief while being particularly focused on the protection of the rights of persons belonging to religious minorities. It will unequivocally condemn the indiscriminate and atrocious attacks against them. The EU will further strengthen its support to, and promotion of, the International Criminal Court (ICC) as well as focus in particular on migration. As regards EU support to security structures, including through CSDP missions and operations, further steps will be taken to develop a due diligence policy. At the multilateral level, the EU will continue to advocate the universality of human rights, working in particular through the Third Committee of the UN General Assembly and the UN Human Rights Council. Supporting democracy worldwide through the preparation and deployment of EU elections observation missions (EOM) and election expert missions (EEM) in agreed priority countries will be high priority for 2017. The promotion of the effective implementation of EOMs recommendations, including through the deployment of election follow-up missions, and finalisation of the compilation of best practices on the follow up to EOM recommendations will be a concrete deliverable. 10650/17 MS/agi 35 ANNEX DGC 1C LIMITE EN 59. Equality between women and men is a fundamental value of the EU guaranteed by the Treaties. The EU promotes all synergies and the need for coherence between the Women in Peace and Security (WPS) agenda and other relevant UN and EU policy frameworks, such as the 2030 Agenda for Sustainable Development, the Youth, Peace and Security agenda, UN Security Council Resolution 2272 (2016) on Sexual Exploitation and Abuse, the EU Gender Action ***Plan*** 2016-2020, the Global Strategy, as well as other EU strategies, guidelines, action ***plans***, tools and financing instruments. The WPS agenda covers all aspects of 'gender and conflict' and aims to ensure that the rights, agency and protection of women and girls are observed and upheld before, during and after conflict, and that the role of women in decision-making is enhanced at all stages of the conflict continuum and in the implementation of peace agreements, making it relevant to the full spectrum of aspects of foreign and security policy. The WPS agenda is universally applicable and, therefore, must be implemented in the EU domestically as well as externally. The effective implementation of the internal dimension of the WPS agenda at EU Member States' national, as well as at EU level, is also a central prerequisite to EU internal-external coherence. In 2017 the EU will continue to strengthen its effective implementation of the WPS agenda and to integrate gender equality across all its policies and strategies, as indicated in the Global Strategy. We will build on enhancing our targeted cooperation with the UN and with all national, regional and international partners. Furthermore, the EU will continue to promote the integration of the gender perspective into the analysis, ***planning*** and conduct and the ***strategic*** reviews of CSDP operations and missions, and of its diplomatic/political activities, in order to support the meaningful, equitable and transversal empowerment of women, as critical to peace, security and sustainable development. 10650/17 MS/agi 36 ANNEX DGC 1C LIMITE EN 60. Our climate diplomacy will combine work on the essential linkages and synergies between climate action and security, sustainability and long term economic growth. This will also involve ensuring maximum coherence between climate policy and energy policy, as the EU works to spur the transition to low greenhouse gas emissions, climate resilient, and competitive economies which provide growth, job opportunities and a long term path for sustainable development. 61. We will further strenghten our energy diplomacy in support of the EU’s energy security, diversification efforts and initiatives that promote sustainable energy markets. Energy partnerships and dialogues should continue to be coherent with relevant foreign and external policy goals - including climate goals - and promote diversification of sources, suppliers and routes, as well as safe and sustainable low-emission and energy efficiency technologies including with a view for business opportunities for EU companies. Energy dialogues should, where appropriate, include discussions of global and regional energy security developments and where possible, take into account particular specificities and existing relevant engagements of EU Member States. They should also ensure that sovereignty and sovereign rights of Member States to explore and develop their natural resources are safeguarded. The EU remains committed to the promotion and continuous improvement of the highest level of standards of nuclear safety in third countries. 62. Efforts towards the implementation of June 2016 Communication on Culture in external relations will focus on enhancing the contribution the EU already makes to international cultural relations and proposing ways to develop the EU's international cultural relations in order to advance its objectives to promote international peace and stability, safeguard diversity, and stimulate jobs and growth. The EU will continue to advocate science diplomacy at every opportunity to help build bridges and improve international relations; to address global challenges through sound scientific advice; and to embrace globalisation through enhanced science, technology and innovation cooperation. 10650/17 MS/agi 37 ANNEX DGC 1C LIMITE EN (4) CSDP AND CRISIS MANAGEMENT 63. Preventing conflicts is more efficient and effective than engaging with crises after they break out. In recognition of this, there are two priority areas in the implementation of the Global Strategy: (1) building the resilience of states and societies – and thus shifting the emphasis from crisis containment to more upstream preventative measures - and (2) developing an integrated approach to conflicts and crises that will allow the EU to act at all stages of the conflict cycle. Work has begun on both of these priorities in 2017, including through the aforementioned Joint Communication on resilience. The EU will progress work on these areas further in 2017 as part of multi-stranded implementation of the Global Strategy. 64. The implementation of the Global Strategy in the area of security and defence will continue to be a priority in 2017. In 2016 the November Foreign Affairs Council and the December European Council gave a substantive tasking to step up cooperation on Security and Defence, setting the EU level of ambition. Work on implementation will continue on this basis, including the actions which were identified in the Implementation ***Plan*** on Security and Defence presented by the HR/VP in November 2016. Progress will be regularly reported, as was done in March 2017 and May 2017 by substantive Council conclusions, which is reflected in a comprehensive report on the overall implementation of the Global Strategy. These steps will be closely synchronised with the implementation of the European Defence Action ***Plan*** and the Joint Declaration signed in Warsaw by the leaders of the EU institutions and NATO. 10650/17 MS/agi 38 ANNEX DGC 1C LIMITE EN 65. The new EU level of ambition in security and defence will drive EU capability development, based on a review of the priority areas of civilian CSDP missions and of required defence capabilities and priorities set out through the Capability Development ***Plan***. Defence cooperation will be of key importance to fulfilling this ambition. As requested by the Council, the High Representative/Head of the Agency has submitted to Ministers an initial reflection for a Member State driven Coordinated Annual Review on Defence; this is aimed at developing a more structured way for delivering capabilities based on greater transparency, political visibility and Member State commitment. The EU agreed on the need to launch an inclusive and ambitious Permanent Structured Cooperation (PESCO). PESCO should be open to all Member States who are willing to make necessary binding commitments and meet the criteria, based on articles 42.6 and 46 TEU and Protocol 10 of the treaties. It will aim at assisting Member States develop new defence capabilities and bring together existing military assets in view of their coordinated deployment. Any capabilities developed through PESCO will remain owned and operated by Member States, who have a single set of forces that they can also use in other frameworks, including UN and NATO. In addition to these, the following specific lines of work are followed this year with regard to the implementation of the Global Strategy in the field of security and defence: consolidating the work of the newly established Military ***Planning*** and Conduct Capability (MPCC) within the EU Military Staff of the EEAS for the operational ***planning*** and conduct of non-executive military missions, as well as to reinforce civilian/military synergies and coordination; strengthening the EU’s rapid response toolbox, in particular by enhancing the preparation, modularity and effective financing of the EU Battlegroups; identification of possible projects and moving forward in the operationalisation of the Capacity Building in Security and Development (CBSD), reiterating its flexible geographic scope; developing a more ***strategic*** approach for CSDP cooperation with third countries. 10650/17 MS/agi 39 ANNEX DGC 1C LIMITE EN 66. Work will also be taken forward to assess in more detail the implications of the Global Strategy for the priority areas of civilian crisis management, initially agreed by the European Council in Feira in June 2000, in order to address both identified new challenges and persisting gaps in the originally agreed capabilities as well as the conduct of a timely review of these priority areas. In addition, work is underway to enhance the responsiveness of civilian crisis management, by implementing a multi-layered approach including the possible creation of a core responsiveness capacity, which could act as a ***planning*** and start-up capacity as well as provide scalable and temporary reinforcement or provision of specialised expertise. 67. The European Defence Action ***Plan*** (EDAP), put forward by the European Commission in November 2016, is a key element of the defence package supported by EU Leaders in December 2016. It proposes new financial tools to support Member State cooperation on defence capabilities, in line with identified priorities, and to foster a more integrated, sustainable, competitive and innovative European defence industrial base with equal opportunities for the defence industry in the EU. Work will continue on the establishment of a European Defence Fund based on proposals by the Commission. 10650/17 MS/agi 40 ANNEX DGC 1C LIMITE EN 68. In light of the current political and security environment, cooperation with partners, notably the United Nations, NATO, the OSCE and the African Union, is of particular importance. With regard to EU-NATO cooperation, as a follow-up to the Joint Declaration signed by the President of the European Council, the President of the European Commission and the Secretary General of NATO in Warsaw on 8 July 2016, the EEAS and NATO International Staff – in close cooperation with the Commission and EDA – established a common set of proposals for implementation endorsed by both Councils in December 2016. The 42 actions cover all seven areas of cooperation identified in the Joint Declaration: 1) countering hybrid threats and cooperating on ***strategic*** communication; 2) operational cooperation including maritime and migration issues; 3) cyber security and defence; 4) defence capabilities; 5) defence industry and research; 6) exercises; 7) supporting Eastern and Southern partners' capacity-building efforts. This work will be taken forward in the spirit of full openness and transparency, in full respect of the decision-making autonomy and procedures of both organisations and in close cooperation with and full involvement of Member States. It will be based on the principles of inclusiveness and reciprocity without prejudice to the specific character of the security and defence policy of any Member State. The first progress report on implementation was welcomed by the Council on the 19 June 2017. International Security 69. In 2017 the EU will continue to promote external policies and cooperation that enhance the security of the EU and its citizens, focusing on the internal/external security nexus inter alia in the areas of counter-terrorism, non-proliferation and disarmament, cyber security, maritime security, sanctions and ***strategic*** communication. Work will continue on mainstreaming security policy into the EU's external action. ***Strategic*** ***programming*** for the period 2018-2020 of the Instrument contributing to Stability and Peace (IcSP) is ongoing . Also, mainstreaming of security policy into other instruments will be taken forward, not least with the European Neighbourhood Instrument. 10650/17 MS/agi 41 ANNEX DGC 1C LIMITE EN 70. The EU will focus its external counter-terrorism (CT) efforts on Turkey, the Western Balkans, Lebanon, Tunisia, Egypt and Jordan through dedicated capacity building support efforts and upgraded dialogue. The CT/Security Experts network in EU delegations will be consolidated and expanded from the current 13 to strengthen its presence in the Western Balkans and deploy in the Horn of Africa. An important priority will be the dialogue with the US on CT efforts with a focus on countering violent extremism, multilateral cooperation and capacity building efforts in third countries. A number of events will shape the coming year including upgraded CT political dialogues, consultations and multilateral meetings. There will be dialogues and consultations with Turkey, the Western Balkans, Tunisia, Saudi Arabia, Russia, India, Pakistan, Australia, the US and others. A number of working level meetings, workshops and study visits will also take place. The EU's operational partnerships will be also strengthened through the Western Balkans Counter-terrorism initiative and the Integrative Internal Security Governance. The meeting in March 2017 of the Global Counter Terrorism Forum provided an opportunity to take stock of the progress and the way ahead for this multilateral CT initiative. Experience gained in this field will be analysed with a view to enhance the EU's external engagement in the fight against terrorism, through a coherent mobilisation of all available instruments. The combination of home grown terrorists operating in networks; terrorists acting alone; foreign terrorist fighter returnees be they men, women or minors; attacks directed, encouraged or inspired by Da’esh and Al Qaeda; cyber related challenges; and the propagation of ideologies and beliefs that leads to radicalization and violent extremism, are parts of the evolving threat picture. 10650/17 MS/agi 42 ANNEX DGC 1C LIMITE EN 71. In the field of disarmament, non-proliferation and arms export controls, the main events in 2017 will be the start of preparations for the upcoming review of key international instruments, notably the Chemical Weapons Convention in 2018 and the Nuclear Non- Proliferation Treaty in 2020. Other important conferences will bring together the states parties to the Anti-Personnel Mine Ban Treaty and the Arms Trade Treaty, respectively. 2017 will also see the commencement of international negotiations aimed at a legally binding instrument banning nuclear weapons. The EU will demonstrate its continued support to key international instruments such as the Comprehensive Nuclear Test Ban Treaty, the UN ***Programme*** of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in all its aspects, the Missile Technology Control Regime, Wassenaar Arrangement and other such instruments. The EU recalls its support for the membership of all EU Member States in non-proliferation export control regimes. Special attention will be paid to the prevention, detection and mitigation of risks and threats related to the illicit use of chemical, biological, radiological and nuclear (CBRN) materials including through the EU CBRN Centres of Excellence. Following up on the Global Strategy, the EU will revise and update its Strategy on Small Arms and Light Weapons. 72. Sectorally, the second implementation report of the Maritime Security Action ***Plan*** will provide an opportunity to take stock and move forward on maritime security. Following the Joint Declaration signed in Warsaw by leaders of EU institutions and NATO, operational coordination in the maritime domain will be strengthened. The EU will be co-chairing the Intersessional Meeting on Maritime Security of the ASEAN Regional forum. 73. Increased attention will be paid to the external dimension of aviation security, especially in supporting the implementation of UN Security Council Resolution 2309 (2016). Working with Member States, a third countries risk-based approach is being pursued which will inform prioritised capacity building assistance efforts, associated ***programming*** actions and political lobbying, including via the EU CT Expert network, to address civil aviation threats to EU interests and citizens. 10650/17 MS/agi 43 ANNEX DGC 1C LIMITE EN 74. The cyber security of the EU and its citizens will be high on the agenda in 2017. The EEAS and the Commission will review and update the EU Cybersecurity Strategy, which will respond to the heightened cyber threat landscape in a context of increasing hybrid threats. Also, further development of a Cyber Diplomacy toolbox was agreed in order to provide a framework for the EU to deter cyber operations and to react effectively to large scale malicious cyber activity. Cyber defence will remain in focus with the continuous implementation of the Cyber Defence Policy Framework and an increased focus on reach-out and training activities with Member States. 75. In 2017 the EU will continue to work to ensure that the EU's autonomous restrictive measures target those responsible for policies and practices which breach international law in order to bring about change. In particular it will continue to review and up-date, where necessary, restrictive measures including in view of the latest jurisprudence of the European Court of Justice and will seek to mitigate the risk of unintended consequences on the wider population. In the context of sanctions lifting, the EU will continue to promote engagement, trade and investment. 76. In the area of ***strategic*** communication, the EU will continue to joining up efforts in the field of public diplomacy including ***strategic*** communication, inside and outside the EU – in particular to our East and South - to speak with one voice and ultimately promote its core values. Intelligence and Situational Awareness 77. The November 2016 FAC conclusions invite the EEAS together with Member States to reinforce the existing network of EU and Member States’ structures contributing to autonomous situational awareness in order to better inform the EU’s decision-making capacity. This will require streamlining of capacities and recruiting specific expertise to address pressing challenges including hybrid and terrorism.

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**Body**

Zagreb, 15 November 2017 (Hina) - Demography ministry,UNICEF to fight poverty,violence against childrenZAGREB, Nov14(Hina) - The aim of the ***programme*** "For Stronger Families", jointly launched by the Ministry of Demography, Family, Youth and Social Policy and UNICEF in collaboration with partners, is to strengthen and expand social services for families with children included in the social welfare system.Worth HRK 3.3 million, the ***programme*** was launched to provide quality support to families facing difficult life situations and to reduce domestic violence, notably violence against children.The ***programme*** will be conducted until 2020 and will include approximately 1,400 social workers, educators, legal and other experts working with families at risk. The ***programme*** will give those families efficient tools.The ***programme*** will help 5,500 families at risk and 29,000 children.One in eight children physically abused by family member last year"The latest figures about violence against and physical punishment of children in Croatia show that last year, one in four 16-year-olds was physically punished, witnessed violence between parents or was mentally abused, and one in eight children was physically abused by a family member," said Marina Ajdukovic who runs a ***programme*** for psychological assistance.Research data showthat parents facing financial problems, unemployment, sickness, stress or those with insufficient support from their peers, more often react violently towards their children. Although illegal, physical punishment of children isstill widespread in Croatia, while psychological violence is on the rise, Ajdukovic said.Valentina Otmacic, Head of the UNICEF Office for Croatia, pointed out that "the aim of this nationwide ***programme*** is to secure adequate support for every family which needs it."Labour ministry to earmark EUR 3.5 mln to boost social entrepreneurship in 2016ZAGREB, Nov 14 (Hina) - Labour and Pension System Minister Marko Pavic admitted that in terms of social entrepreneurship development, Croatia was at the bottom of the ranking in the region, and added that his ministry was preparing a 26-million-kuna scheme to boostsocial entrepreneurship in 2018.Opening a conference on this topic in Zagreb, Minister Pavic said that last year the ministry had provided 10 million kuna for 18 projects in this segment."The aim of the conference is to promotesocial entrepreneurship as a specific business concept based on the principles of social, economic and environmental sustainability with profits being reinvested in the development of businesses and in the strengthening of human resources," Pavic said.Contracts worth HRK 3M awarded for 10 science projectsZAGREB, Nov14 (Hina) - Contracts worth HRK 3 million were awarded at the Science and Education Ministry on Tuesday forten science and technology projects as part of theUnity Through Knowledge Fund.The projects will last 15 months and are financed with a HRK 2.93 million World Bank loan, while the business partners provided an additional HRK 766,000.The funds were given to projects in environmental management, biodiversity preservation, network communication management and other scientific research areas.

The ten were chosen from 43 submitted by March 8.State secretary Matko Gluncic said theUnity Through Knowledge Fund project tried to bring together young Croatian scientists with experienced scientists of Croatian origin at foreign institutions who submitted a project together."There's great benefit in the fact that we are connecting Croats abroad and those in Croatia, and ouryoung scientists have the possibility to cooperate with top institutions abroad. It's their opportunity to learn how projects are done and how EU funds are attracted," he added.Par'l committee says necessary to raise awareness of transgender personsZAGREB, Nov 14 (Hina) - It is necessary to raise awareness in Croatia of transgender persons, strengthen legal procedures for transgender persons to exercise theirrights and to work on accepting differences, it was said on Tuesday in parliament ata thematic meeting on the status and rights of transgender persons."Homosexual, bisexual or transexual persons are exposed to homophobiaand other forms of discrimination," the chairman of the parliamentaryCommittee on Human and Minority Rights, MP Milorad Pupovac said.We have a legal and medical framework that regulates that area, Pupovac underscored, adding however that Croatia lacks a "helpful and friendly"administration that would assist transgender people in exercising their legal and medical rights.Speaking about the needs of transgender persons, Luna Sardelic of the TransParent NGO said they primarily needed psychological counselling and social transition in the sense of working roles. They also needed to change their identification documents as well as assistance with medical transition which includeshormonal therapy, operations and so on.The procedure to change a name in identification documents is relatively simple and cheap whereas changing gender in identification documents is a long and complicated procedure.With regard to medical treatment, Sardelic warned that there is a lack of expertise in this field and that the state does not cover the costs of medical transition.Gender Equality OmbudswomanVisnja Ljubicic stressed that over the past two years, 65 requests have been received for sex change, 59 of which were given a positive opinion and more than 50 people have registered this change in registrar records, she said.Amendments to local government law on Sabor's agenda WednesdayZAGREB, Nov14(Hina) - Croatia's lawmakers will convene on Wednesday to discuss the government-sponsored bill of amendments to the local self-government law,which, according to Public Administration Minister Lovro Kuscevic, are aimed at contributing to greater political stability, better cohabitation and cooperation between representative and executive bodies and to improve the system of direct voting on all decisions of importance to local communities.The amended legislation will increase the public's direct influence as the deadline for callinga referendum for the replacement of municipal heads, mayors, county prefects and their deputies is beingreduced from 12 to six months.The bill obliges municipal heads, mayors and prefects to propose budgets. It provides a better definition for dissolving representative and executive bodies if they fail to adopt or obstruct the adoption of a budget.Under the proposed amendments, representative bodies (local councils) can be dissolved only if they fail to vote on budgets without giving a reason, Kuscevic has recently said.Under the draft amendments, a local government head cannot be replaced in an election year, so astoprevent additional expenses.The proposedamendments strip municipal heads, mayors and county prefects of the right, which they now enjoy, to dissolve representative bodies (local legislatures). Furthermore,municipal heads, mayors and county prefects may be relieved of their duties by the government if they fail to propose budgets but without necessarily dissolvingthe local legislature.The amendments tabled by the government have provoked numerous reactions from the public and political parties who warn that the amendments make it almost impossible to impeach municipal heads, mayors and prefects. Thebill, criticised by the Opposition for giving huge powers to local bosses, has already been dubbed Lex Sheriff.Conflict of Interest Commission launches proceedings against Zagreb mayorZAGREB, Nov14(Hina) - The Conflict of Interest Commission decided on Tuesday to launch proceedings against Zagreb mayor Milan Bandic for possibly influencing the employment of State Assets Minister Goran Maric's brother Svetimir in the Zagreb Holding (ZH) multi-utility conglomerate.According to the Commission,Bandic broke the law on the prevention of conflict of interest with a statement at a March 3 press conference whichrepresented an instruction to the ZHmanagement to hire Maric although, as the city's representative in ZH's assembly, Bandicis not authorised to decide on hirings, except the appointment of ZH's management and supervisory board members.Commission memberBranka Lukacevic-Gregic said Bandic could have indirect influence on a person's employment by influencing the appointment of members to the ZG supervisory board, which then appoints the management.Maric was hired byZHin August. Lukacevic-Gregic said Bandic's press conference could have created the impression that he influenced the employment, as Maric was indeed hired.The Commission decided not to launch proceedings against Bandic based on a number of other complaints.Judge, trustee in bankruptcy arrested in anti-corruption operationZAGREB, Nov 15 (Hina) - Five people have been arrested in an operation by the anti-corruption office USKOK and police, including Zagreb Commercial Court judge Vesna Malenica and trustee in bankruptcy Pero Hrkac, on the suspicion of favouritism in bankruptcy proceedings, Hina learned from unofficial sources on Tuesday.The other arrestees are Milan Lucic, Miroslav Mitak and Josip Debic.Police and USKOK have still not revealed the particulars of this anti-corruption operation as the investigation is under way.A police statement said only that five suspects had been arrested, including a Commercial Court official.According to unofficial sources, the State Judicial Council (DSV) earlier in the day granted a request by USKOK to strip of immunity the judge suspected of unlawful conduct in bankruptcy proceedings.SDP wants to amend labour legislation to stop young people from emigratingZAGREB, Nov14(Hina) - Opposition leader Davor Bernardic said on Tuesday that next week his Social Democratic Party (SDP) would propose a set of amendments to labour legislation to stop young people from emigrating.The set of amendments will applyto the law on the minimum wage to ensure that its rise is tied to the rise of the average gross salary to eventually reach 60% of the average salary, up from the current 40%, he told reporters, presenting measures under the motto "Decent work and decent pay".Furthermore, the amendments will also applyto the law on benefits to stimulate full-time employment by exempting employers from paying benefits for five years. They will also applyto the law on co-financing employment to bring back co-financed internship.Bernardic said those measures were necessary because Croatia was among the ten European Union member states with the lowest minimum wage and the lowest growth of only 14% over the past nine years.As many as 70% of the employed, or 920,000, work for a gross monthly salary of HRK 3,000-5,000, the average gross hourly wage in the EU is 25.4 euros, while in Croatia it is 10 euros, 90% of new work contracts are fixed-term contracts, including95% for women, and traineeship without employment is the only measure for hiring 40,000 young people, he said.Croatia's poverty risk rate is 20%, 320,838 citizens have frozen accounts for owing HRK 42.3 billion in total, the employee-pensioner ratio is 1:1.23, the average pension is lower than the minimum wage, and Croatians work the most among EU workers, 41.5 hours a week, Bernardic said.It is necessary to discourage fixed-term contracts, reinstate internship and introduce more flexible working hours, and not flexible work terms, he added.The head of the SDP Economy Council, Josip Tica, said Croatia's key macroeconomic problems were loss of the workforce, a strong rise in social inequality since 2008, and demography. He said it was crucial to raise the minimum wage. "It's unlikely that Croatia will succeed in attracting the workforce from abroad when it can't keep its own."Responding to questions from the press, Bernardic said there was no conflict with the Peasant Party (HSS)and that "spins about conflicts in the opposition" were aimed at "diverting attention from real problems."He said Prime Minister Andrej Plenkovic was not aware of problems, whereas President Kokolinda Grabar-Kitarovic was and saw that people were emigrating as they did not have the necessary living conditions.Agrokor sectors generate positive EBITDA in first 9 months of 2017ZAGREB, Nov 14(Hina) - All three sectors of the Agrokor conglomerate -- food, ***agriculture***, and retail and wholesale -- had a positive EBITDA (earnings before interest, tax, depreciation and amortisation) in the first nine months, according to a monthly financial report issued by the emergency administration in that heavily indebted corporation.The report, published on the Economy Ministry's websiteon Tuesday, underscores that the continuation of the challenging restructuring process will result in further improvementof the overall situationin the group.The retail and wholesale sector (Konzum Hrvatska, Konzum BiH, Tisak, Velpro Centar and Velpro BiH) earned 11.54 billion kuna in revenues, up 1.22 billion. This sector's EBIDTA stood at 13 million kuna in the first nine months, whereas at the end of August it was in the red by HRK 193 million.The companies from the food sector (for instance, Jamnica, Roto dinamic, Sarajevski kiseljak, Ledo, Frikom, Ledo Citluk, Zvijezda, Dijamant and PIK Vrbovec) posted total revenues of HRK 6.5 billion and EBITDA of one billion kuna. The revenues rose by 527 million kuna in September from August, and EBITDA by 57 million.The ***agriculture*** sector (Belje, PIK Vinkovci, Vupik and Agrokor Trgovina) collected HRK 2 billion in revenues and their EBITDA was 227 million in the first nine months, with a rise of 192 million and 20 million respectively in comparison to the first eight months.Total lending shrinking for two years - RBA analysisZAGREB, Nov14(Hina) - Lending by banks operating in Croatia totalled HRK 255.7 billion at the end of September, which is HRK 5 billion or 1.9% less than in September 2016, according to figures provided by Raiffeisenbank Austria (RBA).Thus, lending has been decreasing over a periodof 24 months.The latest decrease was on the back of the sale of non-performing loans, RBA analysts note.The trend of a decrease in lending in nominal terms has also been sustained with the appreciation of the national currency the kuna against the euro, according to the RBA analysis.Broken down by sector, retail borrowing accounts for 46.1% or HRK 118 billion.Borrowing of non-financial companies reached HRK 85.6 billion at the end of this September, rising by 0.3% on the year.Central government borrowing was reduced by 8.5%.EIZ: Croatia records fall in labour productivity and total factor productivityZAGREB, Nov 14 (Hina) - Total factor productivity and labour productivity have decreased in Croatia because of a long recession as the Croatian economy is losing a comparative advantage over other countries in the neighbourhood, research conducted by the Zagreb Institute of Economics (EIZ) showed on Tuesday.The purpose of the research was to establish indicators of companies' performance andthepace of their entering and leaving the market, and identify which market forces affected the productivity of the Croatian economy between 2003 and 2016, research manager Buno Skrinjaric said."The main conclusion is that both the average labour productivity and total factor productivity decreased during the analysed period, primarily because of the effects of a long recession," Skrinjaric said.He added that this meant that the Croatian economy was losing a competitive advantage over neighbouring countries, while at the same time it did not have an advantage that would enable higher than present growth for Croatian exporters operating on international markets.Skrinjaric said that Croatia needed to implement reforms, primarily the reform of itseducation system, and improve the judicialsystem.He said it should be made easy for companies to enter and leave the market, adding that companies that were entering the market were more productive than those leaving it, which he said showed that market forces were functioning after all.Building permits issued in September up 13.7%ZAGREB, Nov14(Hina) -The annual increase in the number of building permits issued in Croatia continued in September 2017, when 872 were issued, up 13.7% (or 177 permits) on the year, the DZS national statistical office said on Tuesday.In September2017, 684 building permits were issued for buildings and 188 for other structures.Broken down by type of construction, 610 permits issued in September were for new buildings while 262 were for reconstructions.According to DZS figures for the first nine months, a total of 6,928 permits were issued in the January-September period or 24.7% more than in the same period in 2016. Of that number, 5,696 permits were issued for buildings and 1,232 for other structures.The value of workto be done under the permits issued in the January-September 2017 perdiod was estimated at HRK 18.5 billion, up 18% on the year.Eurostat: Industrial production in EU drops m-o-m, Croatia reports increaseZAGREB, Nov 15 (Hina) - Industrial production in the EU in September 2017 dropped on the month, while Croatia saw a 1.4% increase in industrial output, which puts it among countries with growing production, show data published by the EU's statistical office Eurostat.According to seasonally adjusted data published on Tuesday, industrial output in the EU in September slid by 0.5% compared to the previous month while in the euro area it dropped 0.6%, after going up in August.The biggest monthly drop in industrial output was reported by Portugal (-6.7%), followed by Denmark (-3.7%) and Greece (-3.6%). The Netherlands saw the highest increase (+4.3%), followed by Sweden (+2.4%), and Estonia (+2.3%).Croatia reported an increase in industrial output of 1.4%, which is the highest rate since June, when it stood at 0.7%. In July, industrial output dropped 1.2% and in August it went up 0.3%.In the EU28, the production of capital goods fell the most, by 1.4%, and that of energy fell by 0.6%. The production of both intermediate goods and non-durable consumer goods dropped by 0.3% and of durable consumer goods by 0.1%.On the year, industrial output in the EU rose 3.6% and in the euro area it rose 3.3%.In August, industrial output in the EU was 4.0% higher than in August 2016 and in the euro area it was 3.9% higher.In Croatia, the growth of industrial output in September was below the EU average -3.1% - a mild annual slowdown compared to the month before, when industrial output was 3.2% higher than in August 2016.Latvia saw the strongest annual growth of industrial production, of 12.9%, followed by Slovenia (+8.6%), and Hungary (+8.0%). Ireland was the only country to see a year-on-year drop in industrial output (-3.1%).Campsites post record numbersZAGREB, Nov 14 (Hina) - Croatian campsites recorded nearly three million campers and 19 million nights in the first ten months of 2017, which are record numbers, as campers spent 26% more than three years ago, the campsites rank second in Europe in terms of quality and expect new investments, all of which shows how important they are for tourism and the economy, the 11th Camping Congress heard on Tuesday.The event, organised by the Croatian Camping Union, is taking place in Sibenik on November 13-15.Researcher Zrinka Marusic presented the preliminary results of a new Tourism Institute survey on campsites and compared them with those for 2014. Theyshow that daily spending in campsites increased 26%, prices of accommodation went up 24% and those of other services by 27%.This year campers spent EUR 60.41 on average daily, of which EUR 31 on accommodation, a dozen euros on food and drink, a little more on shopping, and only EUR 2.25 on culture and entertainment, Marusic said, adding that campers were more satisfied than three years ago with nearly everything on offer at the campsites, except congested traffic, shopping possibilities anda destination'soffer.Rovinj hospital developing health tourism in cooperation with Italian partnersZAGREB, Nov 14(Hina) - The Orthopaedic and Rehabilitation Hospital "Prim. dr. Martin Horvat" has signed contracts with two Italian hospitals and the region of Veneto on the promotion of medical tourism and absorption of EU funds as well as reciprocal treatment of patients.An international cluster for health tourism will organise the arrival of Italian patients in that coastal Croatian town and facilitate access toEuropean Union funds as well as develop diagnostic activities, according to a statement made by the Rovinj hospital's director, Marinko Rade.The contracts were signed with the Veneto Orientaledistrict and with the two hospitals "Villa Salus" based in Venezia Mestreand in Jesolo, a seaside resort town in the province of Venice.The Orthopaedic and Rehabilitation Hospital "Prim. dr. Martin Horvat" is located in the city of Rovinj on the western coast of Istria. The hospital was built in 1888 and is among the oldest orthopaedic-rehabilitation institutes. The hospital complex is located only 3 km northeast of the city centre along the seaside. Most of the complex is located on a peninsula that jets out into the sea, according to the information provided on the hospital's website.Best women entrepreneurs awardedZAGREB, Nov 14 (Hina) -Josipa Maslac-Petricevic, Selma Smajic, Anamarija Cicarelli and Tihana Smitran are Croatia's best women entrepreneurs according to the Women In Adria network and institute for the development of women in entrepreneurship.During the ceremony on Tuesday, the owner of the Naftalin company that manufacturers work uniforms and employs 75 workers, Maslac-Petricevic was proclaimed this year's winner of the "Inspiringbusiness woman of the year" award.The most promising businesswoman ofthe year is Selma Smajic who owns the Ures company based in the northern coastal town of Umag. Growing herbs and berries and flowersisthe core businessof Smajic's company.Anamarija Cicarelliowns the Split-based Interligo company, which was proclaimed the best "micro company." Cicarelli's company provides counselling to small businesses in tourism, mostly those providing accommodation.Tihana Smitran was awarded in the Best Start-Up category with her Amulet Studio providing marketing, innovative media solutionsto local and foreign clients. This year Smitran opened a branch office in Estonia.Croatian PM congratulates Slovenian president on re-electionZAGREB, Nov14(Hina) - Croatia's Prime Minister Andrej Plenkovic on Tuesday sent a letter of congratulations to Slovenia's Borut Pahor, who won his second presidential term in Sunday's runoff election."Croatia and Slovenia are neighbouring and friendly countries. Our peoples are connected bythe common past and joint journey towards theirindependence and international affirmation. I believe that our membership of the European Union and NATO and our firm commitment to the values of those associations provide a solid foundation and framework for the further strengthening of cooperation and dialogue as well as for fostering mutual confidence in efforts toresolve theremaining outstanding issues," the Croatian premier wrote in his message.Plenkovic said that he and his cabinet were looking forward to continued cooperation with Pahor.Croatian PM receives outgoing US ambassadorZAGREB, 14. studenoga 2017. (Hina) - Croatian Prime Minister Andrej Plenkovic on Tuesday received outgoing US Ambassador to Croatia JulietaValls Noyes.The prime minister and the ambassador said the two countries' bilateral relations were very good.Plenkovic thanked Ambassador Valls Noyes for the support she had extended in promoting political, economic and cultural relations between the two countries.He also underscored the ambassador's significant contribution to the building of US-Croatia friendly relations.Valls Noyes will be succeeded by Robert Kohorst, a private real estate entrepreneur close to US President Donald Trump.Although a career member of the Foreign Service, Valls Noyes was close to former US President Barack Obama who appointed her ambassador to Croatia in September 2015 and there hasbeen speculation about her departure since Trump won the elections in late 2016.Noyes did service work in Guatemala as a teen, which inspired her career in diplomacy. Her first posting was as vice consul in the U.S. consulate in the border city of Ciudad Juarez, Mexico. In 1987, she was sent to the embassy in Guatemala City, Guatemala as political officer before being brought home in 1989 as the Panama desk officer in the Bureau of American Republics Affairs. She returned to Mexico in 1993 as the assistant press officer in the embassy in Mexico City.Noyes had her first taste of European diplomacy in 1995, when she began serving as the State Department’s desk officer for Greece. Two years later, she was posted as political officer at the U.S. embassy in Madrid, Spain. Noyes returned to Latin America in 1999 as the political section chief of the embassy in Panama City, Panama.Noyes went overseas again in 2008 as the deputy chief of mission and charged’affaires in the U.S. mission to the Holy See. She made some news when some cables she had sent concerning the Vatican were released through WikiLeaks. Among the subjects covered in her pithy cables were the Catholic priests' sex abuse scandal in Ireland and the Vatican’s assistance in releasing U.S. citizens being held by Iran.Noyes is married to Nick Noyes, a retired Foreign Service officer. They have three children. Noyes speaks Spanish, Italian, Portuguese, and some French.Gen. Pavel: NATO wants stability in W. Balkans, requirements for BiH remain sameZAGREB, Nov14(Hina) -NATO Military CommitteeGeneral Petr Pavel said in Sarajevo on Tuesday that the armed forces of Bosnia and Herzegovinadidtheir job professionally and showed that they could be a good partner to NATO, but warned that further steps leading to full membership depended on meeting the political criteria.Pavel headed a delegation which met with BiH Defence Minister Marina Pendes and the military Chief of Staff, General Ante Jelec. They talked about the situation in the BiH armed forces and the transferof military propertyownership to the BiH Defence Ministry, which is a prerequisite for activating the Membership Action ***Plan***.NATO member states adopted a decision on the activation of the MAP in 2010, provided that the BiHDefence Ministry become the official owner of property necessary formilitary activity. This requirement has not been metdue to opposition from the Bosnian Serb entity, whose authorities insist that all real estate of the former Socialist Republic of BiH remain the entity's property which it would"lend" to the military.Pavel said transferring the ownership of promising properties remained a political condition.The decision to activate the MAP is up to NATO's political and not military structure, he said. We can make recommendations and our recommendation regardingthe interoperability of the armed forces and the executionof theirtasks will be positive, he added.Pavel said NATO remained fully committed to the stability and security of the Western Balkans as an area of ***strategic*** importance whose leaders should show commitment to dialogue and reconciliation.The BiH armed forces reported 63 locations aspromising, estimating that they will need this many barracks, training areas and warehouses for normal functioning.Pendes said ownership of 30 such facilities had been transferred to the state level Defence Ministry and they were all located in the Croat-Bosniak Federation entity.Ownership of another seven military facilities isbeing transferred, including some in the Serb entity, but the entity authorities havecontested this in court.Although not all facilities have been transferred andit is uncertain when they could be, Pendes said evenahalfway result could be enough for activating the MAP.She said the Serb entity parliament's declaration on the entity's military neutrality would not stop the process of BiH's NATO accession as state bodies adopted decisions backing the process. "There are BiH Presidency decisions and the Defence Act, and we need to do everything to assure ourpartners in NATO that we are fulfilling our commitments."Covic says Bosnia doesn't want to jeopardise relations with neighboursZAGREB, Nov14(Hina) - Bosnia and Herzegovina will conduct its international policy in a way thatwill not jeopardise its relations with neighbouring countries and will treat the issue of recognising Kosovo's independence in the same way, the Chairman of the Bosnia and Herzegovina collective Presidency, Dragan Covic, said in Sarajevo on Tuesday."Our position regarding Kosovo is clear. Our relationship with Kosovo will be agreed with our friends," Covic told the press in Sarajevo, commenting on the escalated rhetoric in relations with Serbia, following various interpretations of BiH Presidency member Bakir Izetbegovic's statement that he expected Bosnia to one day recognise Kosovo's independence, which is currently not possibly due tothe opposition of Bosnian Serb officials.Izetbegovic said this in an interview with Deutsche Welle (DW), but the Serbian news agency Tanjug interpreted it as Izetbegovic's insisting on the recognition of Kosovo and an announcement that this would happen soon.This interpretation was used by Serbian politicians, including President Aleksandar Vucic, who said on Tuesday that Izetbegovic's interview made relations in the region more complicated."The statement is more serious than anyone in Serbia realises at this moment," Vucic said.Izetbegovic's office issued a press release saying that the interview with DW was carried incorrectly, which caused an unnecessary verbal war.Dragan Covic confirmed for the press on Tuesday that members of the BiH Presidencyshould travel to Serbia on 6 December for a return visit.Vucic: Izetbegovic's announcement of Kosovo recognition has far-reaching consequencesZAGREB, Nov14(Hina) - Serbian President Aleksandar Vucic said on Tuesday the statement by the Bosniak member of the Bosnian Presidency, Bakir Izetbegovic, about the recognition of Kosovo's independence, would have far-reaching political and legal consequences."Some think Serbia hasn't been trampled and humiliated enough and that only a trampled and humiliated Serbia is a good Serbia," Vucic said in Belgrade, commenting on Izetbegovic's statement to Deutsche Welle that Bosnia and Herzegovina (BiH) should have recognised Kosovo."As far as I'm concerned, Kosovo should have been recognised by now. Our colleagues, the Serbs, will get mad now, and our attempts for that to happen have only causedproblems in BiH, withouthelping Kosovo," Izetbegovic said.Asked if BiH would at some point recognise Kosovo, he said, "I hope so, yes.""That interview complicates many things in the region," Vucic said, adding that it was "complex" and would have far-reaching political and other consequences.Izetbegovic's statement has angered Vucic and other Serbian politicians who have in the meantime forgottenthat Kosovo's recognition by the other countries in the area of former Yugoslavia has notexacerbated their relations with Belgrade.Vojvodina Croats concerned about hate speech in Serbian mediaZAGREB, Nov 14 (Hina) - The Democratic League of Croats in Vojvodina (DSHV) on Tuesday expressed grave concern about widespread hate speech in Serbian media that wasparticularly targeting Croats and Croatia as well as Albanians from Kosovo.The Liber centre for new media this year analysed 16 printed, electronic, online and agency media outlets and concluded that "extreme speechis present in every fourth news itemby the highest circulationmediain Serbia," and that its sole intention was "to cause dramaand sensationalismat any cost, along with spreading fear and a feeling of insecurity and intolerance.""The sample observedis dominated bythe spreading of a feeling of intolerance towards Croatia and Croats, followed by Albanians from Kosovo," the survey released on Tuesday notes.The DSHV backed the conclusions of the analysis with data released by the Croatian National Council'sCommission forMonitoring Violations of Minority Rights, which recorded 311 negative media articles about Croats andCroatia in 2016.The DSHV underscored that it was problematic that it was non-governmental organisations and enthusiasts that dealt with hate speechand intolerance in Serbian media, rather than the relevant state institutions."On the other hand, we underline that spreading intolerance towardsCroats and their home country is increasinglycoming not only from extreme groups, but reputable Serbian establishment figures and political representatives," DSHV said.Belgrade: 4 receive suspended sentences, 3 acquitted in US Embassy arson caseZAGREB, Nov 14 (Hina) - Four men charged with setting fire to the United States Embassy building in Belgrade in 2008 have been given suspended prison terms, while three have been acquitted for lack of evidence, the High Court in Belgrade ruled on Tuesday.The accused Dejan Vuckovic, Dragan Marinkov and Marko Novitovic each received a six-month prison sentence with two years' probation, while Milan Tomas got five months with two years' probation.Djordje Tomin, Nikola Kosanovic and Filip Backovic were acquitted, for lack of evidence, of charges of throwing rocks and torches at the US Embassy building.The accused were charged with throwing rocks, torches and other objects that caused a fire in which Zoran Vujovic, of Novi Sad, died. They can appeal the ruling.The damage to the Embassy building was estimated at about $900,000, but the Embassy did not claim damages.In May this year, the Senior Public Prosecutor's Office in Belgrade also issued an indictment against five police officers for abuse of position in this case, but the indictment has not been upheld yet.US officials have insisted several times that the Serbian judiciary deal with this case more efficiently given that the crimes were committed nine years ago.In other news:Zagreb gets new 10 mn euro luxury hotelZAGREB, Nov14(Hina) - The Le Premier, a new luxury hotel, opened in Zagreb on Tuesday with an investment of 10 million euro by the owner of the Libertas international university, Gojko Ostojic.This is the first investment in any hotel in Zagreb since 2012.The Le Premier is located in downtown Zagreb in a former palace built in 1923 by architectLav Kalda and the building has been proclaimed a cultural monument.The building was bought from PBZ Bank and has been revamped into a five-star hotel. The hotel, which employs a score of workers,comprises 62 room, a presidential suite, restaurant, spa centre and other facilities.Students in hotel and tourism managementat the Libertas University will have an opportunity to undergo professional training in the hotel."No otherhigher education institution or university in Croatia offers their students internship with a complete work experience in how a hotel functions and is managed, and in one in which a university has invested and we believethat this will give us a competitive edge," Libertas rectorDusko Pavlovic said.Zagreb Tourism Board directorMartina Bienenfeld underscored that it was good that cultural monuments and old buildings were being put into use for tourism purposes.Zagreb Mayor Milan Bandic said that the new hotel would be important for Zagreb's tourism offer.Exhibition about Italian-Croatian artistic links to be held in ZagrebZAGREB, Nov14(Hina) - An exhibition about the importance of Croatian-Italian artistic connections at the turn of the 20th century will open in Zagreb's Modern Gallery on Thursday, and this international project will run in Croatia through 21 January and after that it will be transferred to Italy.The exhibition, whose authors are GiandomenicoRomanelliand BiserkaRauter Plancic, is about Italian Neoclassical and 19th-century art, whichrefers to painting and plastic arts made in Italy or by Italian artists in the Neoclassical period and also aboutNovecento Italiano, an Italian artistic movement founded in the second decade of the 20th century.Paintingsmade by Italian artists: Telemaco Signorini, Ciardi Guglielmo, Gennaro Favai, Guido Cadorin and other artists, a few of whom were members of theMacchiaioli, a group of Italian painters active in Tuscany in the second half of the nineteenth century,will beput on displayin Zagreb. The works come from renowned Italian museums and galleries.Croatia'spainters whose paintings will be exhibited are NikolaMasic,FerdoQuiquerez,Mate CelestinMedovic, Emanuel Vidovic, Garbijel Jurkic and Ignjat Job.This international exhibition project titled "On the Shores of the Adriatic Sea, the Painting of Landscape between the Ottocento and the Novocento", "tells of the importance of Italian-Croatian artistic links for the development of the open-air movement and Croatian landscape painting in general,"according to information provided by the Modern Gallery."The objective of this exhibition, which will also be presented in Italy in 2018in association with the Italian Cultural Institute in Zagreb, is to launch the modern Croatian visual heritage on the European exhibition scene and to acquaint the international public with the Croatian section of the plein-air movement, which has considerable correspondences with European painting from the end of 19th and beginning of the 20th century."ZSE indices end mixedZAGREB, Nov 14 (Hina) - The main Zagreb Stock Exchange (ZSE) indices ended mixed on Tuesday, with the Crobex gaining 0.03% to close at 1,842.63 points and the Crobex10 dropping by 0.15% to 1,084.49 points.Turnover at the close of regular trading was HRK 6.26 million, about 3.1 million less than on Monday.The most traded stock was that of frozen food and ice-cream ***producer*** Ledo, turning over HRK 1.05 million. Its price fell by 2.62% to HRK 780 per share.No other stock turned over a million kuna or more.(EUR 1 = HRK 7.536907)THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HOURS WEDNESDAY. (Hina) vm Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

ZAGREB, Nov14(Hina) - The aim of the ***programme*** "For Stronger Families", jointly launched by the Ministry of Demography, Family, Youth and Social Policy and UNICEF in collaboration with partners, is to strengthen and expand social services for families with children included in the social welfare system.

ZAGREB, Nov 14 (Hina) - Labour and Pension System Minister Marko Pavic admitted that in terms of social entrepreneurship development, Croatia was at the bottom of the ranking in the region, and added that his ministry was preparing a 26-million-kuna scheme to boostsocial entrepreneurship in 2018.

ZAGREB, Nov14 (Hina) - Contracts worth HRK 3 million were awarded at the Science and Education Ministry on Tuesday forten science and technology projects as part of theUnity Through Knowledge Fund.

ZAGREB, Nov 14 (Hina) - It is necessary to raise awareness in Croatia of transgender persons, strengthen legal procedures for transgender persons to exercise theirrights and to work on accepting differences, it was said on Tuesday in parliament ata thematic meeting on the status and rights of transgender persons.

ZAGREB, Nov14(Hina) - Croatia's lawmakers will convene on Wednesday to discuss the government-sponsored bill of amendments to the local self-government law,which, according to Public Administration Minister Lovro Kuscevic, are aimed at contributing to greater political stability, better cohabitation and cooperation between representative and executive bodies and to improve the system of direct voting on all decisions of importance to local communities.

ZAGREB, Nov14(Hina) - The Conflict of Interest Commission decided on Tuesday to launch proceedings against Zagreb mayor Milan Bandic for possibly influencing the employment of State Assets Minister Goran Maric's brother Svetimir in the Zagreb Holding (ZH) multi-utility conglomerate.

ZAGREB, Nov 15 (Hina) - Five people have been arrested in an operation by the anti-corruption office USKOK and police, including Zagreb Commercial Court judge Vesna Malenica and trustee in bankruptcy Pero Hrkac, on the suspicion of favouritism in bankruptcy proceedings, Hina learned from unofficial sources on Tuesday.

The other arrestees are Milan Lucic, Miroslav Mitak and Josip Debic.

Police and USKOK have still not revealed the particulars of this anti-corruption operation as the investigation is under way.

A police statement said only that five suspects had been arrested, including a Commercial Court official.

According to unofficial sources, the State Judicial Council (DSV) earlier in the day granted a request by USKOK to strip of immunity the judge suspected of unlawful conduct in bankruptcy proceedings.

ZAGREB, Nov14(Hina) - Opposition leader Davor Bernardic said on Tuesday that next week his Social Democratic Party (SDP) would propose a set of amendments to labour legislation to stop young people from emigrating.

ZAGREB, Nov 14(Hina) - All three sectors of the Agrokor conglomerate -- food, ***agriculture***, and retail and wholesale -- had a positive EBITDA (earnings before interest, tax, depreciation and amortisation) in the first nine months, according to a monthly financial report issued by the emergency administration in that heavily indebted corporation.

ZAGREB, Nov14(Hina) - Lending by banks operating in Croatia totalled HRK 255.7 billion at the end of September, which is HRK 5 billion or 1.9% less than in September 2016, according to figures provided by Raiffeisenbank Austria (RBA).

ZAGREB, Nov 14 (Hina) - Total factor productivity and labour productivity have decreased in Croatia because of a long recession as the Croatian economy is losing a comparative advantage over other countries in the neighbourhood, research conducted by the Zagreb Institute of Economics (EIZ) showed on Tuesday.

ZAGREB, Nov14(Hina) -The annual increase in the number of building permits issued in Croatia continued in September 2017, when 872 were issued, up 13.7% (or 177 permits) on the year, the DZS national statistical office said on Tuesday.

ZAGREB, Nov 14 (Hina) - Croatian campsites recorded nearly three million campers and 19 million nights in the first ten months of 2017, which are record numbers, as campers spent 26% more than three years ago, the campsites rank second in Europe in terms of quality and expect new investments, all of which shows how important they are for tourism and the economy, the 11th Camping Congress heard on Tuesday.

ZAGREB, Nov 14(Hina) - The Orthopaedic and Rehabilitation Hospital "Prim. dr. Martin Horvat" has signed contracts with two Italian hospitals and the region of Veneto on the promotion of medical tourism and absorption of EU funds as well as reciprocal treatment of patients.

ZAGREB, Nov 14 (Hina) -Josipa Maslac-Petricevic, Selma Smajic, Anamarija Cicarelli and Tihana Smitran are Croatia's best women entrepreneurs according to the Women In Adria network and institute for the development of women in entrepreneurship.

ZAGREB, Nov14(Hina) - Croatia's Prime Minister Andrej Plenkovic on Tuesday sent a letter of congratulations to Slovenia's Borut Pahor, who won his second presidential term in Sunday's runoff election.

ZAGREB, 14. studenoga 2017. (Hina) - Croatian Prime Minister Andrej Plenkovic on Tuesday received outgoing US Ambassador to Croatia JulietaValls Noyes.

ZAGREB, Nov14(Hina) -NATO Military CommitteeGeneral Petr Pavel said in Sarajevo on Tuesday that the armed forces of Bosnia and Herzegovinadidtheir job professionally and showed that they could be a good partner to NATO, but warned that further steps leading to full membership depended on meeting the political criteria.

ZAGREB, Nov14(Hina) - Bosnia and Herzegovina will conduct its international policy in a way thatwill not jeopardise its relations with neighbouring countries and will treat the issue of recognising Kosovo's independence in the same way, the Chairman of the Bosnia and Herzegovina collective Presidency, Dragan Covic, said in Sarajevo on Tuesday.

ZAGREB, Nov14(Hina) - Serbian President Aleksandar Vucic said on Tuesday the statement by the Bosniak member of the Bosnian Presidency, Bakir Izetbegovic, about the recognition of Kosovo's independence, would have far-reaching political and legal consequences.

ZAGREB, Nov 14 (Hina) - The Democratic League of Croats in Vojvodina (DSHV) on Tuesday expressed grave concern about widespread hate speech in Serbian media that wasparticularly targeting Croats and Croatia as well as Albanians from Kosovo.

ZAGREB, Nov 14 (Hina) - Four men charged with setting fire to the United States Embassy building in Belgrade in 2008 have been given suspended prison terms, while three have been acquitted for lack of evidence, the High Court in Belgrade ruled on Tuesday.

ZAGREB, Nov14(Hina) - The Le Premier, a new luxury hotel, opened in Zagreb on Tuesday with an investment of 10 million euro by the owner of the Libertas international university, Gojko Ostojic.

ZAGREB, Nov14(Hina) - An exhibition about the importance of Croatian-Italian artistic connections at the turn of the 20th century will open in Zagreb's Modern Gallery on Thursday, and this international project will run in Croatia through 21 January and after that it will be transferred to Italy.

ZAGREB, Nov 14 (Hina) - The main Zagreb Stock Exchange (ZSE) indices ended mixed on Tuesday, with the Crobex gaining 0.03% to close at 1,842.63 points and the Crobex10 dropping by 0.15% to 1,084.49 points.

THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HOURS WEDNESDAY.

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**End of Document**



[***CGIAR centres and research programmes combine forces to reduce the damage of banana disease in Uganda***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RP3-61R1-F0YC-N1XD-00000-00&context=1516831)

Impact News Service

February 12, 2018 Monday

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**Body**

Mérida: Latin American Forestry Institute has issued the following press release:

Bioversity International brings together a highly multidisciplinary team with the aim of making innovative breakthroughs to curb the spread of Banana Xanthomonas Wilt while minimizing the costs.

Bananas and plantains (Musa spp.) provide a major source of food and income for over 30 million people in Eastern and Central Africa (ECA). Uganda ***produces*** an estimated 10 million tonnes annually valued at about US$550 million. Most ECA bananas are domestically consumed with the highest global per capita consumption of over 200 kg. Banana Xanthomonas Wilt (BXW), a bacterial disease, emerged in Uganda in 2001 and has since proved to have a devastating effect on banana production, with up to 100% loss if no management practices are adopted. To control the disease, farmers can adopt a package of practices, including single diseased stem removal and cleaning of tools to prevent contamination. Alternatively, resistant cultivars are under development. Several policy ***interventions*** are thus available but it is not clear which will have the greatest impact on curbing the spread of BXW while minimizing the costs.

Bioversity International, under the umbrella of the CGIAR Research ***Program*** on Roots, Tubers and Bananas, organized a workshop in Kampala, Uganda, 1–2 February 2018, to understand better the socio-economic impact of BXW spread and quantify the role of policy ***interventions***. The goals of the workshop were to:

    Finalize and validate the conceptual framework describing relationships between different elements of BXW spread and its socio-economic consequences, linking different scales – from farm to country levels     Finalize and validate research questions of the study     Identify what data, methods and models are available and what resources are needed to fill in the missing elements     Generate a framework for linking the models     Formulate scenarios for simulation modeling, which would represent possible alternative future (until 2050) developments to inform policymakers     Roadmap tasks and deliverables

The research will answer the question: What will be the socio-economic impact of BXW spread in Uganda until 2050 if there are no policy ***interventions***, and under different ***interventions***?

This highly complex question requires an integrated modelling approach which can be modelled to see the impact of different ***interventions*** on banana production, ***producers***’ revenue, market prices, consumption and nutrition, and link them to costs for different actors, starting from the government and ending with farmers. To address such different areas of focus and implications at multiple scales, from the farm to (inter)national level, the research brings together a highly multidisciplinary team hailing from different CGIAR research centres, different disciplines (agronomists, economists, plant pathologists, mathematicians), different CGIAR research ***programmes*** (CRP), different flagships within the roots, tubers and bananas (RTB) CRP, together with representatives of Makerere University and the National ***Agricultural*** Research Organization of Uganda.

This innovative research links various models in order to understand the economic impact of pest and disease spread. We start with the dynamic global partial equilibrium model – IMPACT, developed by the International Food Policy Research Institute (IFPRI) with support from the CGIAR Research ***Program*** on Policies, Institutions and Markets (PIM). This is an economic simulation model for analysis of long-term ***agricultural*** markets and food security. A crop disease mapping model based on statistical analysis of survey data will be combined with a mathematical model for disease spread dynamics, in order to inform the IMPACT model about the dynamics of BXW spread and its consequences for yield loss. Additionally, we will systematically assess costs borne by different actors in the food system.

By combining expertise from RTB research clusters on resilient crops, banana bacterial wilt, improved livelihoods at scale, foresight and impact assessment, and sustainable intensification/ diversification, and linking those with the IMPACT model, we have the potential to make innovative breakthroughs that can truly make a difference in the management of the devastating BXW disease and defend Uganda’s economic base and food security.

Learn more about Banana Xanthomonas Wilt and how to control it.

This research is part of the CGIAR Research ***Program*** on Roots, Tubers and Bananas and is supported by CGIAR Fund Donors. Additional support, for the IMPACT modelling part was provided by the CGIAR Research ***Program*** on Policies, Institutions and Markets (PIM) through the Global Futures and ***Strategic*** Foresight project.

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**End of Document**



[***Register of Commission documents: Research for TRAN Committee - Transport and Tourism in Sweden Document date: 2017-07-28 IPOL\_BRI(2017)601987 Briefing***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PJP-M1Y1-JDG9-Y3N2-00000-00&context=1516831)

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**Body**

Brussels: Public Register European Parliament has issued the following document:

Briefing DG IPOL Policy Department for Structural and Cohesion Policies Author: Christina Ratcliff, Research Administrator European Parliament PE 601.987 July 2017 1 Research for TRAN Committee - Transport and tourism in Sweden This overview of the transport and tourism sectors in Sweden was prepared to provide information for the mission of the Transport and Tourism Committee to the country in 2017 (17-19 July). 1. INTRODUCTION Sweden is the third largest country in the European Union (EU) by surface area (438,574 km2) and has the largest population of the Nordic countries (9.747 million inhabitants estimated in 2015)1. It is bordered by Norway to the west and Finland to the east. To the south, Sweden is connected to Denmark by the Øresund Bridge, the longest combined road and rail bridge in Europe. It is a combined two track rail and four lane road bridge and tunnel that crosses the Øresund Strait between the two countries. The works started in 1995 and the link was opened to traffic on 1 July 2000, with a project cost of EUR 2.7 billion2. The country became a member of the EU on the 1st of January 1995 and its political system is a parliamentary constitutional monarchy. The currency is the Swedish krona (SEK) and there is currently no target date to adopt the euro3. The country’s unemployment rate is forecast to level off at 6.6% in 2017 and 2018 (please see Table 1 below) and in 2015, the share of women employed in transport corresponded exactly to the EU average (22%)4. The employment share in high-growth transport enterprises has carried on decreasing slightly over the past few years, but in 2014, it was still well above EU average5. Table 1: Macro-Economic Forecasts for Sweden 2015 2016 2017 2018 GDP growth (%, year over year) 4.1 3.3 2.6 2.2 Inflation (%, year over year) 0.7 1.1 1.4 1.4 Unemployment (%) 7.4 6.9 6.6 6.6 Source: European Commission6 1 European Commission - DG MOVE (Mobility and Transport) - EU Transport Scoreboard 2016 for Sweden.

2 European Commission - DG MOVE (Mobility and Transport) - Scandinavian-Mediterranean Core Network Corridor. Railway and road transport have developed quickly, mainly as a result of the increased integration between the areas in both sides of the link. 3 European Commission - DG ECFIN (Economic and Financial Matters) - Sweden and the euro. 4 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - People. 5 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - Internal Market. 6 European Commission - DG ECFIN (Economic and Financial Affairs) - Country page for Sweden - Spring 2017. 2 2. GENERAL TRANSPORT The importance of the transport system is reflected in the National Transport ***Plan***, in which investment in the whole transport system for 2018-2029 is ***planned*** to increase by 20% compared to the previous ***planning*** period 2014-2025 (from SEK 515 billion or EUR 54.4 billion to SEK 622.5 billion or EUR 65.8 billion)7. According to the International Transport Forum, Sweden spent the equivalent of EUR 3.051 billion on inland transport infrastructure in 2014, an investment which represents 0.7% of the country’s Gross Domestic Product (GDP)8. Sweden scores a perfect 100% as regards the transposition of EU transport directives. The number of court cases because of an alleged infringement of EU transport law has generally remained very low as of the end of July 2016. However, there are a number of pending proceedings as regards aviation9. 2.1 Renewable Energy in Transport In 2015, Sweden had the highest share of renewable energy in transport (24% versus an EU average of 6.7%)10, largely exceeding the 10% target for 2020 imposed on all Member States by Directive 2009/28/EC11 (the Renewable Energy Directive). Sweden promotes further emissions’ reductions in the transport sector through tax measures and pilot ***programmes***. These aim to target in particular low-carbon emission vehicles and technologies like biofuels, which have become an important element in its energy supply. Indeed, in Sweden, the main incentive for renewable energy use in transport is a tax exemption for biofuels12. By 2030, Sweden aims to reduce Greenhouse Gas (GHG) emissions from domestic transport by 70% compared to 2010 levels. Nevertheless, CO2 emissions from transport (accounting in Sweden for 33% of its total GHG emissions and more than 50% of the emissions not included in the EU Emissions Trading Scheme) remain a particular policy challenge for the country13. In 2015, Sweden was also in fourth place in the share of new cars using alternative fuels. Furthermore, it scored well above the EU average for the number of electric vehicle charging points for that same year14. The uptake of smart mobility and Intelligent Transport Systems (ITS) in the country was also highlighted by the European Commission, especially as there is reportedly a growing trend towards more and more cooperative ITS and driverless piloting activities15. 2.3 The Trans-European Transport Network (TEN-T) The Scandinavian-Mediterranean Corridor is the only Core Network Corridor (CNC) of the TEN-T that crosses Sweden16 (please see Map 1 below). Not only is it the longest of the CNCs, it is also a crucial axis for the European economy, linking major urban centres in Germany and Italy to Scandinavia and the Mediterranean. The European Coordinator for this CNC is Mr Pat Cox and the sections included are rail, road, airports, ports, rail-road terminals and 'Motorways of the Sea'. Key projects of this CNC include the Fehmarn Belt crossing between Denmark and Germany, and the Brenner base tunnel between Austria and Italy17. The Connecting Europe Facility (CEF) has selected 17 projects involving Sweden in the CEF Call 2015, of which six projects are actions exclusively in Sweden totalling an estimated cost of EUR 70,483,464, with a maximum EU contribution of EUR 34,493,451 (this represents an average co-financing rate of 48.94%)18. The remaining 11 selected projects are joint projects where Sweden is one of two or several Member States involved. 7 European Commission - The Commission’s Annual Growth Survey - The European Semester - Country Report Sweden 2017. 8 OECD.Stat (Organisation for Economic Co-operation and Development) - International Transport Forum - Transport infrastructure investment and maintenance spending. The International Transport Forum collects, on an annual basis from all its Member countries, data on investment and maintenance spending on transport infrastructures. Data are collected from Transport Ministries, statistical offices and other institutions designated as official data sources. 9 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - Internal Market. 10 EUROSTAT - Statistics explained - Energy from Renewable Sources - Table 4, updated March 2017. 11 Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC - Article 3, paragraph 4: “Each Member State shall ensure that the share of energy from renewable sources in all forms of transport in 2020 is at least 10% of the final consumption of energy in transport in that Member State.” (p.L140/28). 12 RES Legal - Legal sources on renewable energy - Sweden: Summary - updated January 2017. 13 European Commission - The Commission’s Annual Growth Survey - The European Semester - Country Report Sweden 2017. 14 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - Energy Union and Innovation. 15 European Commission - The European Semester Thematic Fiche 2016 - Transport (p.17). 16 European Commission - DG MOVE (Mobility and Transport) - TEN-T Country Fiche for Sweden. 17 European Commission - DG MOVE (Mobility and Transport) - Scandinavian-Mediterranean Core Network Corridor. 18 INEA (Innovation and Networks Executive Agency) website - Connecting Europe Facility - Projects by country - Sweden. 3 As for the completion of the TEN-T core networks in Sweden, only its inland waterways core network is complete. In 2014, the core road and conventional rail networks were more than 50% complete, however, highspeed rail still needed development19. Map 1: The TEN-T Core Network Corridors - focus on Sweden Baltic-Adriatic Orient/East-Med Scandinavian-Mediterranean North Sea-Baltic Source: European Commission20 2.4 Transport Infrastructure Quality Swedish transport infrastructure is rated slightly above the EU average for roads, ports and airports and slightly below the EU average for railroad infrastructure21. In the World Economic Forum's index of satisfaction with transport infrastructure quality, the country is ranked 11th out of the 28 Member States based on overall performance of transport infrastructure (please see Figure 1 below)22. Consumer satisfaction with transport in general in Sweden went up between 2013 and 2015. It remains however below EU average for all modes of transport23. 19 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - Investments and Infrastructure. 20 European Commission - DG MOVE (Mobility and Transport) - Trans-European Transport Networks - TENtec - Maps. 21 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - Investments and Infrastructure. 22 The countries are ranked on their overall performance of transport infrastructure. The results should however be interpreted with caution, since they report a subjective view rather than an objective assessment. They can reflect the satisfaction with the density of infrastructure rather than the quality of maintenance. They also do not reflect differences observed within Member States, which can be very significant, e.g between regions, road types (motorway, secondary, local) or ownership models (concession or national roads). 23 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - People. 4 Figure 1: Satisfaction with Infrastructure Quality (2015-2016) Source: World Economic Forum24 In 2016, Sweden scored second best in the EU as regards the timeliness of shipments25. Indeed, the analysis of the World Bank Logistics Performance Index (LPI)26 shows that Sweden is among the best performing Member States (please see Figure 2 below). One of the components of the LPI is quality of trade and transport related infrastructure (e.g ports, railroads, roads, information technology)27. Figure 2: Infrastructure Quality under the Logistics Performance Index (2016) Source: World Bank Logistics Performance Index28 24 European Commission - The European Semester Thematic Fiche 2016 - Transport (p.9). Data taken from the World Economic Forum, ***produced*** for its Global Competitiveness Report 2016-2017. Scale from 1 [extremely underdeveloped] to 7 [extensive and efficient by international standards]. 25 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - Investments and Infrastructure. 26 The Logistics Performance Index (LPI) is the weighted average of the scores of a country on six key dimensions: efficiency of the clearance process, quality of trade and transport related infrastructure, ease of arranging competitively priced shipments, competence and quality of logistics services, ability to track and trace consignments, and timeliness of shipments in reaching destination within the scheduled or expected delivery time. The LPI consists of both qualitative and quantitative measures. 27 European Commission - The European Semester Thematic Fiche 2016 - Transport (pp.9-10). 28 The scores demonstrate comparative performance (lowest score to highest score) from 1 to 5. Concerning the global LPI, it is worth adding that there are 23 Member States ranked in the top 50 out of the 160 countries compared by the World Bank, with Germany, Luxemburg, Sweden and the Netherlands occupying the first four places. According to the European Commission, this shows that despite increasing challenges, Member States are still performing relatively well. 5 3. ROAD TRANSPORT In 2014, passenger cars accounted for 83.2% of passenger transport by land in Sweden, with 114.9 billion pkm29. This was then followed by railways (8.8%), buses and coaches (6.3%), and tram and metro (1.8%). Furthermore, in 2015, the average amount of time that Swedish car drivers spent in traffic jams was just over 20 hours per year, which is well below the annual EU average of 30 hours in road congestion30. At the end of 2013, there were 2,057km of motorways in Sweden out of a total road network length of 216,976km in the country31. In 2014, 92.5% of the haulage by vehicles registered in Sweden was national haulage, whereas only 7.5% was international haulage, moving a total of 42 billion tkm combined. The Swedish road freight transport sector employed 75.9 thousand people in 2013 and encompassed over 15 thousand enterprises32. 3.1 Road safety In 2010, the EU renewed its commitment to improving road safety by setting a target of reducing road deaths by 50% by 2020, compared to 2010 levels. In 2015, Sweden maintained its position among the three top performers in road safety (please see Figure 3 below)33. However, for every death on Swedish road, there was also an equivalent of four seriously injured people, which represented a percentage increase since 201034. Figure 3: Mortality (road deaths per million inhabitants) in 2015, with mortality in 2010 for comparison Source: European Transport Safety Council35 29 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (pp.49-50). 30 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - Energy Union and Innovation. 31 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (pp.78-79). For the collection of data for these statistics, the European Commission defines a country’s road network length as the sum of motorways, main or national roads, secondary or regional roads, and other roads (to be used with caution as some countries include roads without a hard surface in “other roads”). 32 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (pp.38-40 and pp.24-25). 33 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - People. 34 European Transport Safety Council (ETSC) - 'Ranking EU Progress on Road Safety' - 10th Road Safety Performance Index Report, June 2016 (p.22). 35 European Transport Safety Council (ETSC) - 'Ranking EU Progress on Road Safety' - 10th Road Safety Performance Index Report, June 2016 (p.17). \*National provisional estimates used for 2015, as the final figures for 2015 are not yet available at the time of going to print. \*\*UK data for 2015 are GB provisional total for year ending September 2015 and Northern Ireland total for the calendar year 2015. Numbers of deaths in Luxembourg and Malta are small and are therefore subject to substantial annual fluctuation. 6 3.2 The Green Highway Project The Green Highway is a transport corridor, which aims to be free of fossil fuel and runs through three municipalities: from Sundsvall to Östersund in Sweden and then to Trondheim in Norway. The SÖT partnership seeks to develop and implement renewable energy solutions for transport systems, based on electricity, water, wind and bio-fuels. By renovating traditional petrol stations along the 450km corridor36, the Green Highway project has established filling-stations for environmentally friendly fuels and charging points for electric vehicles. It has also simultaneously developed business opportunities linked to environmentally friendly transport and infrastructure. For example, the infrastructure for four-season outdoor testing of electric vehicles along the Green Highway has been established for the car industry. As a result of the Green Highway’s cleaner transport successes, the region has become known as an even more attractive place to visit and in which to live and work. The project was part of the EU ***programme*** Interreg IV Sweden-Norway (***programming*** period 2007-2013) and financed by the European Regional Development Fund. The total investment for the Green Highway was EUR 1,690,000 (of which EUR 716,215 was EU funding)37. Now, there is a project called “Smart Green Region Mid Scandinavia” which is part of the Interreg V Sweden-Norway ***programme*** (***programming*** period 2014-2020)38. The Green Highway is one of the three main parts of this new project, which is expected to last 3 years (estimated to end summer 2018). The estimated total budget for the whole project is EUR 3,644,230 (of which EUR 1,134,002 is expected to be EU funding). 3.3 LHVs and the forestry industry The country was granted an exemption from the Weights and Dimensions Directive of 199639 allowing Longer and Heavier Vehicles (LHVs, also known as “Megatrucks”) to circulate in normal traffic40. Indeed, most public roads in Sweden are traditionally equipped for and open to LHVs, especially considering the share of LHVs in the total transported tonne-km in the country already exceeded 90% in 201041. Usually, LHVs are a maximum of 25.25 meters long and can have a GVW (Gross Vehicle Weight) of up to 60 tons. In the past, the Swedish road authorities already permitted 60-tonne trucks (20 tons more than most EU member states) but the limit increased to 64 tons in June 2015. The forestry industry is especially interested in achieving more energy-efficient timber transport by increasing GVWs and reducing the number of trucks on the roads, thereby saving on transportation costs. Several studies have received special permissions to test timber trucks between 74 tons and 90 tons for round-wood haulage. For example42, the “ETT Modular System for Timber Transport” project undertook a trial of longer and heavier timber trucks in real-life operational circumstances in Sweden43. ETT stands for “one more stack”, so it means LHVs accommodating four stacks instead of the usual three (please see Photo 1 below). Other aims of the project included to reduce the number of transport runs, to cut diesel consumption, and to reduce emissions of fossil carbon dioxide. Environmentally speaking, by increasing the load capacity per vehicle, the specific CO2 emissions per transported unit decreases - some studies have measured a reduction of up to 20%. One study published in 2016 by Lund University in Sweden found that the ideal combination of length and weight of LHVs is 34 meters and 74 36 Green Highway - A fossil fuel free transport corridor - website with summary page in English. 37 European Commission - DG REGIO (Regional Policy) - Projects - Scandinavia – developing the three-city axis. 38 Smart Green Region Mid Scandinavia - website with summary page in English. 39 Directive (EU) 2015/719 of the European Parliament and of the Council of 29 April 2015 amending Council Directive 96/53/EC laying down for certain road vehicles circulating within the Community the maximum authorised dimensions in national and international traffic and the maximum authorised weights in international traffic. 40 Even before Sweden joined the EU in 1995, LHVs were circulating on Swedish roads. 41 European Parliament - DG IPOL (Internal Policies) - Policy Department B: Structural and Cohesion Policies - Transport and Tourism - “A review of megatrucks” study dated 2013 (p.30). 42 Another example is the 2012 study entitled Cost benefit analysis of round wood transports using 90-tonne vehicles (summary available in English) by VTI (the Swedish National Road and Transport Research Institute) and sponsored by The Swedish Energy Agency, the Swedish Transport Administration, and the Swedish Governmental Agency for Innovation Systems. 43 Skogforsk (the Forestry Research Institute of Sweden) - “ETT Modular System for Timber Transport” project. The project involved many different players, such as forestry companies, manufacturers of vehicles and other equipment, public agencies, hauliers, research funders, etc. The “ETT Modular System for Timber Transport” project was followed by another projects entitled “ETT Demo”. 7 tons - this was the combination that had the most pronounced positive impact from an economic point of view as well as regarding emissions44. However, it is a controversial topic as many stakeholders in the transport sector believe there are safety concerns with the use of LHVs, especially when overtaking, and challenges include motorway service stations, petrol stations, traffic junctions, crossings and bridges that may not be designed to accommodate LHVs45. Photo 1: ETT vehicle (including timber truck, dolly, link, semi-trailer) 30 meters long, GVW 90 tons, 66-ton load capacity. Source: ETT project 4. MARITIME TRANSPORT In Sweden, maritime transport remains an important complementary transport mode and Swedish short sea shipping plays an essential role within the EU intermodal export chain. Given Sweden’s geographical location, maritime transport can help reduce potential capacity bottlenecks. Following the government’s action ***plan*** of 2015 for improved competitiveness of the shipping industry, the authorities introduced a tonnage tax system46 from January 2017. The effects of this measure are expected to materialise over the coming years, and could be assessed based on the possible increase in the fleet, potential ‘returning’ tonnage under the Swedish flag and jobs created for seafarers and within the maritime cluster as a whole47. The Port of Gothenburg is considered the gateway to Sweden for trade and freight. As the country’s largest port by far, it is responsible for handling 57% of Sweden’s container traffic. The most important challenge for Gothenburg is to keep attracting direct calls from ocean going vessels, which in practice means attracting megacontainer ships that are deployed on the Asia-North Europe trade lane. These mega ships require upgrading of Gothenburg’s container terminal and improving the maritime access to the port (deepening the access channel and berth)48. Maritime sea transport represents an important source of employment and revenue for Sweden: over 13,000 people were employed by the sea transport sector. In 2013, there were 767 sea transport enterprises and the sector turned over EUR 3.5 billion. Inland water transport is much less significant for Sweden with only 1,500 people employed in 478 enterprises (turnover for 2013: EUR 159 million)49. 44 Trivector article dated 26.04.2017 The original study was published on 25.10.2016 by Lund University and entitled: ”Systemanalys av införande av HCT på väg i Sverige” (“System analysis for the introduction of High Capacity Vehicles on the road in Sweden” - summary available in English). The research project was funded by Vinnova (Swedish Innovation Agency) and the Swedish Transport Administration. 45 The Freight Ferry People - Sweden Proposes Increased Truck Weight Allowance on roads - Article dated 12/01/2017. 46 European Commission Decision on 18.08.2016 not to raise objections - published in the Official Journal of the European Union on 16.09.2016 (p.C341/7). 47 European Commission - The Commission’s Annual Growth Survey - The European Semester - Country Report Sweden 2017. 48 OECD iLibrary - Organisation for Economic Cooperation and Development - The impact of mega ships: the case of Gothenburg (report part of the International Transport Forum’s Case-Specific Policy Analysis series). 49 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (pp.24-26). 8 5. RAILWAY TRANSPORT Despite a good overall macroeconomic performance, Sweden’s infrastructure investment situation compares rather unfavourably by international standards. The railway system in particular could benefit from increased investment in maintenance and development in large parts of the network. An inquiry regarding the organisation of the railway system from December 2015 highlighted the needs for a comprehensive strategy for its utilisation50. In 2014, there were 10,881km of railway lines in use in Sweden (8,232km of which were electrified, representing 75% of Swedish railway lines). The main railway gauge is 1,435mm and the country does not currently have any high-speed railway lines51. The sector is liberalised and embraces many technical innovations (e.g open data access). The volumes are increasing and the railway system in Sweden is environmentally friendly. However, there are also persistent weak points, especially as regards the quality/robustness of rail infrastructure and the delays, which are a constant feature particularly in severe weather conditions. According to the Commission, the growth of traffic volume has outpaced investment during the last decade in Sweden, and there has been insufficient investment especially in cross-border connections52. The Swedish government has put forward specific investment ***plans*** for high-speed railways and, in the 2016 infrastructure bill, it supports the introduction of high-speed railways between the three major metropolitan regions (namely Stockholm, Gothenburg and Malmö53). In recent budget proposals, the government has recognised the infrastructure-related challenges by focusing on maintaining infrastructure. While the current budget level of about EUR 0.9 billion per year remains in place for 2016-2018, a sizeable increase of about EUR 0.6 billion has been proposed for 2019 and 2020. The government is seeking broad political support for these investments, considering they would have a long-term impact on the public investment budget54. In 2014, rail passenger transport in Sweden accounted for 12.1 billion pkm, which represented only 8.8% of the modal split of passenger transport on land (please see Section 3 for the distribution among the other modes)55. In Sweden, the market share of competitors of the principal rail freight undertaking is the highest in the EU (55%), which means that there is a lot of competition for the operators in the sector56. In 2014, rail freight in Sweden moved 21.3 billion tkm (which is a 1.6% increase compared to the previous year)57. Of ***strategic*** importance for freight traffic and part of the TEN-T core railway network58, the Bothnian Corridor stretches out on both the Swedish and the Finnish side of the Bothnian Gulf. It connects east-westbound and northsouthbound transnational links in Sweden, Finland, Norway and Russia. Several factors currently limit the efficiency of transports along the Bothnian Corridor: steep inclines limits the speed and weight of the trains, as well as insufficient carrying capacity. The lack of capacity in general creates competition disadvantages and market obstacles for the raw material supply of EU´s industrial market59. Indeed, freight traffic in the area is predicted to increase by 50% by 2050 due to the intensified raw material exploitation in northern Scandinavia60. Because of this, a new railway line will be constructed entitled “the North Bothnia Line” (270km between Umeå and Luleå). This new railway infrastructure is key to improving trans-national goods flows within EU and to/from the EU and will alleviate the current Stambanan line (part of the TEN-T comprenhensive network) which has limited capacity, single track lines and bottlenecks. The project has already received CEF funding for studies (railway ***plans*** and technical designs)61 and the goal is to start its construction in 2018. 50 European Commission - The Commission’s Annual Growth Survey - The European Semester - Country Report Sweden 2017. In addition to its direct impact, infrastructure investment could also serve to improve access to new areas and open up opportunities for new residential development, thus alleviating the current housing shortage. 51 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (pp.80-82). 52 European Commission - The Commission’s Annual Growth Survey - The European Semester - Country Report Sweden 2017. 53 Government Office of Sweden - Transport and Infrastructure - The right investments in transport infrastructure build a strong and sustainable Sweden for the future - published 12/12/2016. 54 European Commission - The Commission’s Annual Growth Survey - The European Semester - Country Report Sweden 2017. 55 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (pp.49 and 53). 56 European Commission - DG MOVE (Mobility and Transport) - Sweden Country Scoreboard - Internal Market. 57 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (p.42). 58 European Commission - DG MOVE (Mobility and Transport) - TEN-T Country Fiche for Sweden (Bothnian Corridor: Lulea – Oulu Cross- Border Rail studies and works). 59 Keep EU Cooperating website - Project: The Bothnian Corridor (divided between the Swedish side and the Finnish side), which connects the Northern Axis to the Nordic Triangle and to Rail Baltica - Description. 60 Baltic Press - Think Tank, Think Energy - Why is the Bothnian Corridor important? - Article dated 19/11/2013 by Przemysław Myszka. 61 INEA (Innovation and Networks Executive Agency) website - Connecting Europe Facility - Projects by country - Sweden - NORRBOTNIABANAN. Studies, railway ***plans*** and technical design. Phase 1: Umea-Skelleftea - 2014 CEF Transport Call. 9 6. AIR TRANSPORT In 2014, the air passenger traffic between Member States shows that Sweden’s most popular flying destination was Spain with over 2.8 million passengers carried, followed by Denmark (over 2.7 million) and the United Kingdom (over 2.5 million). For the same year, over 7.3 million passengers flew on domestic flights in Sweden, demonstrating the importance air transport holds at a national level62. Sweden has 19 commercial airports on its territory, but only Stockholm-Arlanda Airport carries more than 10 million passengers per year63. In 2014, the airport was ranked 14th major European airport in terms of passenger traffic with 22.43 million passengers carried (arriving, departing and in transit)64. In 2016, the airport is reporting that this number has increased to 24.7 million passengers. It also claims to have over 17,500 employees and to generate over 50,000 indirect jobs65. In terms of freight traffic, the Stockholm-Arlanda Airport is ranked 28th in the list of major European airports with 85.2 thousand tonnes of cargo and mail loaded and unloaded in 201466. The Denmark-Sweden Functional Airspace Block (DK-SE FAB), as defined by the Single European Sky (SES), is up and running67. In order to reduce airspace fragmentation in Denmark and Sweden, the Nordic Unified Air traffic Control (NUAC) was established in 2009 as the first integrated operating company in Europe that is responsible for en-route Air Traffic Management (ATM) in a FAB68. It is one of two established and operational initiatives (the other being the COOPANS ATM System, a common ATM platform) that allows for more efficient air navigation service within the DK-SE FAB. In the 2015 CEF Transport call, the “DK-SE FAB Operational Harmonisation” project was selected, with an estimated total cost of EUR 2,250,205 and with a maximum EU contribution of EUR 1,125,103 (representing a co-financing rate of 50%)69. After ten years of developing, Saab and LFV (Luftfartsverket - Air Navigation Services of Sweden) launched in 2015 the Remote Tower, a remote air traffic service concept which digitises and integrates airport functions. They were the first in the world to have such a system approved for operation: on 21 April 2015 in Sweden, air traffic at Örnsköldsvik airport came under the control of the Remote Tower Centre in Sundsvall70. This solution for remotely operated air traffic management provides flexibility in the provision of air traffic control services and will offer major benefits in meeting the varying seasonal traffic volumes. Thanks to this technology, Scandinavian Mountains Airport (located

in Rörbäcksnäs between Sälen in Sweden and Trysil in Norway) will be the first airport built in the world without a traditional air traffic control tower71. 7. TOURISM In 2014, tourism’s share of Swedish GDP was 2.8%. It has been growing steadily for the last ten years and is an important contributor to the economy and the labour market in Sweden. Around 159,000 people were employed in the Swedish tourism sector in 2014, which represents a 22% increase since the year 2000 (compared to 10% growth in total employment over the same period). While employment in many traditional basic industries in Sweden has fallen, tourism has helped to create more jobs in a variety of service industries72. In 2015, the monthly distribution of Sweden's accommodation statistics showed that the month of July was the most popular with 20.9% of the total nights spent (over 11,435 thousand nights). Identical to the EU average, the seasonal deviation was 3.4 in Sweden for that year (please see Table 2 below). 62 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (pp.56 and 57). 63 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (p.83). The second largest Swedish airport is Gothenburg Landvetter Airport, carrying between 5 and 10 million passengers per year. 64 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (p.59). 65 Stockholm-Arlanda Airport website - About the airport. 66 European Commission - EU Transport in Figures - Statistical Pocketbook 2016 (p.62). 67 EUROCONTROL - Pan-European Single Sky - FABs. 68 European Commission - DG MOVE (Mobility and Transport) - NUAC (Nordic Unified Air traffic Control) - LFV (Sweden) and Naviair (Denmark). 69 INEA (Innovation and Networks Executive Agency) website - Connecting Europe Facility - Projects by country - Sweden - DK-SE FAB Operational Harmonisation - 2015 CEF Transport Call. 70 SAAB Digital Air Traffic Solutions - Sweden first in the world with remotely operated air traffic management - Article dated 21/04/2015. 71 Air Traffic Management website - Sweden ***plans*** first airport without traditional tower - Article dated 19/12/2016. 72 OECD (Organisation for Economic Co-operation and Development) - Country Profiles: Tourism Trends and Policies - Sweden - 2016 (p.277). ISBN: 978-92-823-8658-3 (paper) Catalogue number: QA-01-17-804-EN-C (paper) doi:10.2861/184913 (paper) 978-92-823-8659-0 (pdf) QA-01-17-804-EN-N (pdf) doi:10.2861/732192 (pdf) 10 © European Union, 2017 Table 2: Nights spent at tourist accommodation establishments, 2015 Source: European Commission73 The major challenges for Swedish tourism are connectivity and transport, profitability, destination and product development, seasonality, and sustainability. Transport is crucial and at the same time challenging because of Sweden’s large size and geographical location in northern Europe, combined with a rather small population74. Interestingly, in 2015, the domestic share of the total nights spent in Sweden accounted for 75%, while international tourists only represented 25%75. This dominant domestic tourism in Sweden links in with the high number of domestics flights shown in Section 6. Sweden’s UNESCO World Heritage sites include 13 cultural heritage sites, one natural heritage site (High Coast / Kvarken Archipelago together with Finland), and one mixed cultural and natural heritage site (Laponian Area)76. Officially called the Aurora Borealis, the natural phenomena of the Northern Lights can be explained as “the solar wind sends charged particles towards the Earth, and upon colliding with its atmosphere they ***produce*** energy given off as light”. Usually from November to March, the display can last for 20 seconds or can go on for hours. The further north you go, such as Swedish Lapland or the Abisko National Park77, the greater the chances of spotting the Aurora Borealis. The Midnight Sun can also be best experienced in the north of the country, where the nighttime sun is at its strongest between May and July. Although the full Midnight Sun only shines above the Arctic Circle, nights are white all over the country78. \*\*\* Disclaimer This document is provided to Members of the European Parliament and their staff in support of their parliamentary duties and does not necessarily represent the views of the European Parliament. It should not be considered as being exhaustive. Authors Christina Ratcliff, Research Administrator, Policy Department for Structural and Cohesion Policies Feedback If you wish to give us your feedback please e-mail to Poldep-Cohesion Secretariat: [*poldep-cohesion@ep.europa.eu*](mailto:poldep-cohesion@ep.europa.eu) Policy Department B Within the European Parliament’s Directorate-General for Internal Policies, Policy Department B is the research unit which supplies technical expertise to the following five parliamentary Committees: ***Agriculture*** and Rural Development; Culture and Education; Fisheries; Regional Development; Transport and Tourism. Expertise is ***produced*** either in-house or externally. All TRAN publications: [*http://www.europarl.europa.eu/supporting-analyses*](http://www.europarl.europa.eu/supporting-analyses) 73 Eurostat, Statistics explained - Seasonality in the tourist accommodation sector - data extracted in October 2016. (1) Seasonal deviation is estimated as the average of the absolute deviations of monthly data points from their mean. 74 OECD (Organisation for Economic Co-operation and Development) - Country Profiles: Tourism Trends and Policies - Sweden - 2016 (p.278). 75 Eurostat, Statistics explained - Seasonality in the tourist accommodation sector - data extracted in October 2016. 76 UNESCO (United Nations Educational, Scientific and Cultural Organization) - The States parties - Sweden. 77 Visit Sweden website - Northern Lights, Aurora Borealis trips and holidays. 78 Swedish Lapland website - Under the Midnight Sun.

**Load-Date:** September 25, 2017

**End of Document**



[***SigmaRoc PLC Full Year Results -2-***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SCM-75H1-JCXB-22M1-00000-00&context=1516831)

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**Body**

Looking further ahead it is evident that the value we create for shareholders lies in the identification, acquisition and integration of local businesses into local clusters which run at a high operational standard. The resources and management capacity required to pursue this process and deliver acquisitive growth is in place within the Group and we are pleased with the progress made towards delivering on our acquisition pipeline this year. The number of opportunities both in the UK and in selected European countries is encouraging and we remain disciplined in our selection and appraisal of target companies in line with our strategy.

We have every expectation of making further progress this year.

David Barrett

Executive Chairman

18 May 2018

CEO'S STATEMENT

Some seventeen months ago we launched SigmaRoc plc as a buy-and-build construction materials company, to drive shareholder value by creating clusters of connected and compatible quality businesses focused on their local and regional markets. Our 2017 results show we are delivering on our strategy having met our targets and I see plenty of opportunity ahead to build SigmaRoc into a significant operator in the construction materials sector. The review of 2017 below provides some colour to the achievements in our first full year and to what may lie ahead.

Review of business

On 5 January 2017 SigmaRoc completed its first acquisition, taking ownership of Ronez for approximately GBP45 million, in conjunction with raising approximately GBP50 million via the placing of 100 million new ordinary shares of one penny each in the capital of the Company ('Ordinary Shares') at a price of 40 pence per share and 10 million convertible loan notes at a price of GBP1 per note.

Ronez is a fully integrated ***producer*** of construction materials and operates two hard rock quarries and multiple associated business lines with production units across Jersey and Guernsey (the 'Islands'). Ronez provided the Group with a profitable and cash-generative base for the first cluster in the Channel Islands, from which to further execute upon its business ***plan***.

The first half of 2017 was primarily focussed on successfully transitioning ownership, management and administration of Ronez into SigmaRoc and ensuring its continued operational and financial performance. This was a complex process requiring a calve-out from the seller and creation of new back office infrastructure for a fully integrated business, all the while continuing to service our customers and markets seamlessly. SigmaRoc and Ronez worked closely together to implement the change-over as expeditiously as the Board could have hoped and without disruption to the business. The strong financial results we publish today are a testimony to the success of this project.

Locking in synergies was a priority, which was aided by the launch of the SigmaGsy shipping division and acquisition of MV Ronez. The combination of these businesses under one management structure allowed us to deliver on the targeted financial improvement, at the same time as offering new services to the local market and local customers.

A further focus was the ongoing work to secure the long-term future of the Channel Islands business by developing new mineral resources which are of ***strategic*** importance to the Channel Islands and investing in capacity of required products. We committed to replace the Ready Mix concrete plant in Jersey and invested in our road contracting divisions.

A drilling ***programme*** has been undertaken on the historical quarry located in the Chouet Headland in Guernsey, to confirm the quality of this ***strategic*** mineral resource. The exploration involved five cored holes to prove the quality of the deposit, and 10 open holes that have been used to determine the depth of overburden across the proposed development. This assessment of the reserves has confirmed that the quantity of overburden is consistent with previous estimates and that, subject to satisfactory geotechnical conditions during extraction, up to 4.5 million tonnes of diorite and granodiorite aggregate is confirmed for potential extraction during the lifetime of the quarry. The draft development framework document for the future Chouet Quarry is being prepared for consideration by the Development and ***Planning*** Authority of the States of Guernsey and, subject to their approval, could be adopted during 2018.

The second half of 2017 was focused on the creation of a second, precast and prestressed concrete product cluster, which currently has operations in East Anglia and South East England. It became evident to us that an opportunity existed in the creation of a cluster focused on precast and prestressed concrete products, targeting the higher margin subset of that market. A first step in that direction was made through the acquisition of Topcrete Limited ('Topcrete') on 18 October 2017 for GBP12.5 million (net of cash acquired and repatriated to the vendors of Topcrete), comprising GBP9.0 million initial cash consideration and GBP3.5 million deferred cash consideration. Topcrete, via its wholly owned subsidiary Allen (Concrete) Limited ('Allen Concrete'), provides specialist wetcast concrete products in London and the Midlands.

In December 2017, the Group acquired PPGL for GBP10.25 million, comprising GBP9.5 million initial cash consideration and GBP0.75 million deferred consideration, payable by the issue of new Ordinary Shares to the vendor of PPGL. The initial cash consideration was funded by was of a placing of 34 million new Ordinary Shares at a price of 41 pence per share, raising in aggregate GBP13.94 million. PPGL, via its wholly owned subsidiary Poundfield Products Limited ('Poundfield'), provides specialised patented concrete products and systems within the United Kingdom specialising in complex infrastructure projects and retaining wall systems.

With the acquisition of these two businesses, SigmaRoc is now well positioned in the UK market for precast and prestressed products, targeting the industrial and ***agricultural*** sectors, as well as housing and specialist infrastructure projects. Both companies are heavily asset backed with significant land holdings and intellectual property in the form of patents and trademarks, making these businesses an ideal fit within the SigmaRoc business model. This cluster has the potential to be extended further to ensure better regional and/or product coverage, while the SigmaRoc team is focused on the integration of both businesses to drive synergies.

The results and progress delivered to date would not have been possible without the help and dedication of the circa 225 employees in the Group today. Some have been with their respective businesses for nearly 50 years, others joined recently, yet all have shown dedication and commitment to making their business a better place to work. Our safety record to date and the improvements achieved on that front are clear evidence of this.

Trading summary

Last year started positively with renewed confidence in the local markets of Jersey and Guernsey. Several housing and commercial projects commenced and volumes picked up in both Islands. In particular, the contracting division in Jersey was able to put in a stronger performance on the back of various road schemes. Several operational and procurement initiatives also started to take effect leading to a stronger first half in terms of profitability and operational EBITDA.

The second half of the year remained on trend, delivering a performance in line with the Board's expectations, yet Guernsey continued to perform below long term trends. A major waste management project in Guernsey was started in the year however delays mean a shift into 2018 of key volumes. Overall, the Channel Islands cluster performed well, delivering GBP26 million in revenue, representing an increase of 11% compared to 2016.

The timing of the Allen Concrete and Poundfield acquisitions in 2017 means their full impact will become apparent in 2018. In 2017, they contributed GBP1.1 million to revenues.

Group underlying EBITDA performance was strong, delivering GBP5.5 million, well ahead of Ronez's performance of 2016, yet incurring for the first time the full overheads attributable to standalone back office functions, as well as the full overhead of a quoted company. Our commitment to ensure shareholder value driven by structural changes to the Channel Islands cluster would at least equate to the overheads required to run a publicly quoted company was achieved.

As a Group we generated a full year underlying net profit after tax of nearly GBP2.1 million equating to an earnings per share of 2.02p. Total capital expenditure ('Capex') was GBP1.7 million, relatively limited when compared to total depreciation charge. This figure includes the investment in MV Ronez, as well as the mandatory drydock and special survey, which declared the ship to be in good condition with another decade of operating life. Group working capital increased GBP3.3m mainly as a result of consolidating the full balance sheet value of our UK acquisitions late in the year. Despite these, underlying Group cash flow from operations of GBP1.4m highlights the cash generating ability of the group.

We were very pleased with the result of the post-acquisition Purchase Price Allocation ('PPA') to assess the fair value of the Ronez assets. When acquired, the book value of Ronez's net assets was approximately GBP22 million. As management evaluated, the PPA process revalued the Ronez assets upward by GBP19 million to GBP41 million, leaving a residual goodwill of only GBP4 million. This is a real testimony to the quality of the business purchased. When combined with the fact that the freehold land assets in our UK precast cluster were valued at over GBP6.5 million, we are confident in the solid asset backing of the businesses purchased.

***Strategic*** approach and outlook

**Load-Date:** May 21, 2018

**End of Document**



[***SWM ANNOUNCES THIRD QUARTER 2017 RESULTS AND DIVIDEND INCREASE***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PVN-R4J1-JDPT-Y55K-00000-00&context=1516831)

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**Body**

ALPHARETTA,  GA,  November 1,  2017 --  Schweitzer-Mauduit  International,  Inc.

("SWM"  or the  "Company") (NYSE:  SWM) reported  earnings results for the three

month  period ended  September 30, 2017 and  announced a  2% increase of its per

share quarterly cash dividend rate to $0.43 from $0.42.

Adjusted  measures are reconciled to GAAP at the end of this release.  Financial

measures  are from  continuing operations  and per  share data  is on  a diluted

basis.   Financial and operational  comparisons are versus  the comparable prior

year  period.  Key definitions:  Advanced Materials &  Structures segment (AMS),

Engineered  Papers segment  (EP), Low  Ignition Propensity  (LIP), Reconstituted

Tobacco Leaf (RTL), and Heat-not-Burn (HnB)

Third Quarter 2017 Financial Summary

  \* Total net sales increased 23% to $257.8 million; Advanced Materials &

    Structures' organic net sales (excluding Conwed acquisition) increased 4%

    and Engineered Papers' net sales also increased 4%

  \* GAAP operating profit was $38.5 million, or 14.9% of net sales, up from

    $30.8 million, or 14.7%  of net sales; adjusted operating profit was $45.4

    million, or 17.6%  of net sales, up from $35.1 million, or 16.8%  of net

    sales

  \* GAAP EPS was $0.84, up 38%, and Adjusted EPS was $1.00, up 35%; both

    benefited from an $0.11 non-operating gain from an asset sale (excluding the

    gain, GAAP and adjusted EPS were each up 20%)

Third Quarter 2017 Business Highlights

  \* Advanced Materials & Structures segment organic net sales increased 4%, with

    continued growth of specialty films  for transportation leading the

    portfolio; net sales increased 60% including the Conwed acquisition

  \* AMS segment GAAP and adjusted operating profit margins expanded 130 and 280

    basis points, respectively, reflecting organic sales growth, operating

    leverage, and the addition of Conwed and related synergies

  \* Engineered Papers segment net sales increased 4% despite a segment volume

    decline of 3%; positive mix  from LIP volume growth and currency benefits

    more than offset the anticipated RTL volume decline and pricing reductions

  \* EP segment GAAP and adjusted operating profit margins decreased 60 and 120

    basis points, respectively, due primarily to the expected RTL volume decline

Dr.  Jeff Kramer, Chief Executive Officer, commented, "Our business continued to

perform  well overall  in the  third quarter,  with continued sales momentum and

margin expansion in AMS and relatively stable results from EP.   Consistent with

recent  quarters, specialty  film demand  was strong  as sales traction from new

channels  in Asia continued to bolster our results.  In addition, Conwed synergy

execution  successfully  progressed  toward  our  $10  million  annualized  cost

reduction  goal by the  end of next  year.  Our most  synergistic acquisition to

date  is on track with  our expectations to drive  value creation as we optimize

the scaled AMS platform."

"Engineered  Papers continued  to perform  as expected,  with strong  LIP volume

growth  compared to a soft quarter last  year and a temporary customer inventory

build  in  the  U.S.   LIP  growth,  combined  with pockets of strength in other

cigarette   papers,   helped   offset  the  anticipated  volume  challenges  for

traditional  RTL.  Regarding  other reconstituted  tobacco products, wrapper and

binder sales remained solid and Heat-not-Burn volume for next generation tobacco

products continued to ramp up.  We are actively working across our customer base

on  the development  of customized  HnB products  to meet  the projected growing

demand in this innovative category."

Dr.  Kramer concluded,  "As we  close out  2017, our near-term priorities remain

execution  on the Conwed integration  synergies, manufacturing efficiencies, and

growth  initiatives across the businesses to deliver on our previously announced

2017 Adjusted   EPS  guidance  of  $3.15.   Key  ***strategic***  growth  investments,

including  a new  film line  in Europe,  the development of specialty filtration

papers,  and HnB product roll-outs, are  all hitting their respective milestones

with expected benefits in 2018.  We are at an exciting juncture in our evolution

as  we head into  next year, with  a scaled and  growing AMS segment designed to

more  than offset  the long-term  volume and  pricing headwinds  in the tobacco-

driven  EP segment.  Our free cash flow has remained healthy, supporting another

dividend   increase,  and  our  outlook  for  sustainable  long-term  growth  is

significantly improved as a result of these transformative ***strategic*** actions."

Third Quarter 2017 Financial Results

Advanced  Materials & Structures segment net sales were $116.2 million, up 60%,

including the Conwed acquisition (Conwed net sales were $40.7 million).  Organic

net  sales  increased  4%, driven  by  double-digit growth of surface protection

films  for transportation.   Filtration sales  weakness was  partially offset by

strength  in  medical.   Conwed  results  remained  generally  in  line with our

expectations,  driven  by  strong  sales  growth  of  building  and ***agricultural***

products  into the infrastructure and  construction end-markets.  GAAP operating

profit  was $15.4 million, up 77%; adjusted  operating profit was $22.0 million,

up  88%.  GAAP and adjusted operating  profit margins expanded 130 and 280 basis

points, respectively.  The organic sales increase, favorable mix, and the Conwed

acquisition (including synergies) contributed to margin expansion.

Engineered  Papers segment  net sales  were $141.6  million, up 4%; positive mix

effects  from strong  LIP performance  coupled with  positive currency movements

more than offset the 3% overall segment volume decline, pricing concessions, and

as  expected  lower  third-party  LIP  royalties.   The  overall  volume decline

reflected  higher cigarette papers volume,  including double-digit growth in LIP

papers  due to  low volume  in the  prior year  quarter and a customer inventory

build,  and higher non-tobacco sales, which were offset by lower traditional RTL

volume.   GAAP  operating  profit  was  $32.3 million, up 1%; adjusted operating

profit  was $32.7 million,  down 2%.  GAAP and  adjusted operating profit margin

declined  60 and 120 basis  points, respectively.   Operating profit  margin was

negatively  affected by lower RTL volume, pricing, and LIP royalties, which were

partially offset by LIP growth and favorable currency movements.

Unallocated  GAAP and adjusted expenses were  $9.2 million and 9.3 million, down

7% and  6%, respectively,  due  primarily  to  favorable  timing  of third-party

consulting  services.  GAAP and adjusted  Unallocated expenses were both 3.6% of

total sales, down 110 basis points.

Consolidated net sales were $257.8 million, up 23%, and 4% on an organic basis.

The Conwed acquisition contributed $40.7 million of incremental net sales.  GAAP

operating profit was $38.5 million, up 25%, and GAAP operating profit margin was

14.9%, up  20 basis  points.   Adjusted  operating  profit was $45.4 million, up

29%, and  adjusted  operating  profit  margin  was  17.6%, up  80 basis points.

Adjusted  EBITDA  was  $59.1  million,  up  29%, and  adjusted EBITDA margin was

22.9%, up 100 basis points.

GAAP  Income was  $25.7 million,  up 37%; this  equated to  GAAP EPS  of $0.84.

Adjusted  income  was  $30.7  million,  up  35%; this equated to Adjusted EPS of

$1.00.   Interest expense was  $7.4 million, up  $3.5 million due  to the Conwed

acquisition  and related debt structure changes.  Other income was $4.1 million,

up $3.4 million due primarily to a $4.8 million pretax gain, or $0.11 per share,

from  an  asset  sale.   The  Company's  effective tax rate was 27.0%, down from

38.8%, due  to favorable discrete items in  the current year, versus unfavorable

discrete  items in the prior year period.   The Chinese JVs were neutral to GAAP

EPS  and Adjusted EPS,  down from a  $0.06 contribution due  to sales timing and

challenging  market conditions. Net currency  movements had a 2% positive impact

on  sales and a  $1.7 million positive  impact on operating profits; translation

impact  of  net  currency  movements  was  positive  $0.01  to both GAAP EPS and

Adjusted EPS.

Non-GAAP  Adjustments reflect items  included in GAAP  operating profit, income,

and EPS, but excluded from adjusted operating profit, income, and EPS.  The most

significant  item was purchase accounting expenses,  which were $0.14 per share,

up  $0.08.    These  expenses  capture  the  ongoing  non-cash  intangible asset

amortization,  as  well  as  any  non-cash  one-time  inventory step-up charges,

associated  with AMS  acquisitions.  Restructuring  and impairment expenses were

$0.02  per  share,  down  $0.01,  and  were  primarily related to synergy-driven

headcount reductions in AMS.

Year-to-Date 2017 Financial Results

Advanced  Materials & Structures segment net sales were $334.0 million, up 55%,

including  the Conwed acquisition  (Conwed net sales  were $106.2 million), with

year-to-date  trends  generally  consistent  with  those  of the third quarter.

Organic  net sales increased 6%, led by specialty films for transportation; this

growth  was partially offset by softness  in filtration sales.  Conwed's overall

results  were generally in line with the Company's expectations, driven by sales

growth  of erosion  and sediment  control products  into the  infrastructure and

construction  end-markets.  GAAP  operating profit  was $40.9  million, up 79%;

adjusted  operating  profit  was  $62.5  million,  up  92%.  GAAP  and  adjusted

operating profit margins expanded 160 and 360 basis points, respectively.  Total

segment  organic  sales  growth,  favorable  mix,  and  the  Conwed  acquisition

(including synergies) contributed to margin expansion.

Engineered  Papers segment net sales were $412.4 million, down 3%, mainly due to

a  3% overall  volume  decline.   Price/mix  was  neutral and expected lower LIP

royalties  were offset by positive currency  movements.  Lower RTL and cigarette

paper  volumes were  partially offset  by growth  of non-tobacco paper volumes.

GAAP operating profit was $90.0 million, down 13%; adjusted operating profit was

$91.7  million, down  14%.  GAAP and  adjusted operating  profit margin declined

250 and 280 basis points, respectively.  The decrease in high-margin LIP and RTL

sales  and  manufacturing  inefficiencies  resulting  from lower overall segment

volume   impacted   year-to-date   profitability.    In  addition,  year-to-date

profitability was impacted by high costs in the first quarter of 2017 related to

certain production line restart issues.

Unallocated  GAAP expenses were $26.3 million,  flat compared to the prior year;

adjusted  unallocated  expenses  were  $26.2  million,  up 1%. GAAP and adjusted

Unallocated expenses were both 3.5% of total sales, down 60 basis points.

Consolidated  net sales were $746.4 million, up 16%, but were flat on an organic

basis.   The Conwed  acquisition contributed  $106.2 million  of incremental net

sales.   GAAP operating  profit was  $104.6 million,  up 5%, and  GAAP operating

profit  margin was 14.0%, down 160 basis  points.  Adjusted operating profit was

$128.0 million, up 13%, and adjusted operating profit margin was 17.1%, down 50

basis  points.  Adjusted EBITDA was $158.4  million, up 10%, and adjusted EBITDA

margin was 21.2%, down 120 basis points.

GAAP  Income was  $61.7 million,  down 6%; this  equated to  GAAP EPS of $2.01.

Adjusted  income  was  $78.0  million,  up  4%; this  equated to Adjusted EPS of

$2.54.   Interest expense was $20.0  million, up $7.4 million  due to the Conwed

acquisition  and related debt structure changes.  Other income was $3.2 million,

down  $0.8 million.  The  Company's effective tax  rate was 30.2%, down slightly

from  30.6%.  The Chinese  JVs contributed  $0.01 to  GAAP EPS and Adjusted EPS,

down  $0.07 due to sales timing  and challenging market conditions. Net currency

movements  had an immaterial impact on sales and $1.3 million positive impact on

operating  profits; translation impact of net  currency movements was neutral to

both GAAP EPS and Adjusted EPS.

Non-GAAP  Adjustments reflect items  included in GAAP  operating profit, income,

and EPS, but excluded from adjusted operating profit, income, and EPS.  The most

significant  item was purchase accounting expenses,  which were $0.44 per share,

up  $0.25.   These  expenses  primarily  capture the ongoing non-cash intangible

asset  amortization, as well as any non-cash one-time inventory step-up charges,

associated  with AMS  acquisitions.  Restructuring  and impairment expenses were

$0.09 per share, flat compared to the prior year.

Cash Flow, Debt, & Dividend

Year-to-date  cash provided by operating activities  was $93.2 million, up $10.1

million.   The  Company's  working  capital-related  cash  outflows  were  $21.8

million,  up  $7.4  million,  primarily  resulting  from  increased  receivables

associated  with higher sales, inventory builds related to facility relocations,

and higher cash tax payments.  Capital spending and capitalized software totaled

$30.1  million, up  $10.9 million,  due primarily  to investments  for specialty

filtration  paper production  and the  addition of  Conwed.  Free  cash flow was

$63.1  million, essentially flat with the  prior year period.  Year-to-date, the

Company has paid dividends to shareholders totaling $38.7 million.

Net  debt was  $593.4 million  on September 30,  2017, versus $333.0  million at

December   31, 2016 due  mainly  to  the  January  2017 closing  of  the  Conwed

acquisition.   Pursuant to the debt covenants and certain adjustments to foreign

cash balances contained in the Company's credit facility, the Company's net debt

to adjusted EBITDA was approximately 2.9x as of September 30, 2017.

The  Company announced a  2.4% increase of its  quarterly cash dividend to $0.43

per  share from $0.42 per  share.  the dividend will  be payable on December 22,

2017 to stockholders of record as of December 1, 2017.

2017 Financial Outlook

In February 2017, the Company issued annual guidance of $3.15 for 2017E Adjusted

EPS.   This equated to $2.52 of GAAP EPS based on initial estimates of $0.09 per

share  of  restructuring  expenses  and  $0.54  per  share  of non-cash purchase

accounting  expenses related to AMS segment  acquisitions that are excluded from

Adjusted EPS.

The  Company expects 2017 capital expenditures and capitalized software spending

to exceed $40 million.

Conference Call

SWM  will  hold  a  conference  call  to  review third quarter 2017 results with

investors and analysts at 8:30 a.m. Eastern time on Thursday, November 2, 2017.

The  earnings conference call will be simultaneously broadcast over the Internet

at  [*www.swmintl.com*](http://www.swmintl.com).  To listen to the call, please go to the Company's Web site

at  least 15 minutes prior to  the call to register  and to download and install

any  necessary audio software. For those unable to listen to the live broadcast,

a replay will be available on the Company's Web site shortly after the call.

SWM  will  use  a  presentation  in  conjunction  with its conference call.  The

presentation  can be found on the Company's  Web site in advance of the earnings

conference  call.   The  presentation  can  also  be  accessed  via the earnings

conference call webcast.

About SWM

SWM  is a leading global provider of  highly engineered papers, films, nets, and

non-wovens  for  a  variety  of  applications  and  industries.   As  experts in

manufacturing  materials made from fibers, resins,  and polymers, we provide our

customers  critical  components  that  enhance  the  performance  of  their  end

products.   The Advanced Materials  & Structures segment  focuses on resin-based

rolled  goods for the filtration, transportation, infrastructure & construction,

medical,  and industrial end-markets.   This segment was  established in 2013 as

part  of  a  ***strategic***  transformation  intended  to  diversify SWM's historical

concentration  in the tobacco industry and  reposition the Company for long-term

growth.   The Company currently generates approximately  half of its total sales

outside  the tobacco industry.  The  Engineered Papers segment remains primarily

focused  on supplying major cigarette manufacturers  with a variety of specialty

papers.   SWM and  its subsidiaries  conduct business  in over  90 countries and

employ  approximately 3,400 people  worldwide.  For  further information, please

visit SWM's Web site at    [*www.swmintl.com*](http://www.swmintl.com).

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the

Private  Securities Litigation Reform  Act of 1995 and  other federal securities

laws  that are subject to  the safe harbor created  by such laws and other legal

protections.  Forward-looking  statements  include,  without  limitation,  those

regarding  2017 guidance and future  performance, future market  and EPS trends,

future EPS contributions of our China JVs and RTL, AMS margins, sales and volume

trends,  Argotec financial results, growth prospects, capital spending, currency

rates  and trends and impact on EPS, 2017 momentum, future cash flows, effective

tax rates, 2017 LIP sales trends, future RTL volumes, LIP pricing and royalties,

diversification  efforts of our  AMS segment, integration  of and accretion from

the  Conwed acquisition, future results of  legacy AMS operations, interest rate

swap  impacts,  future  growth  of  non-tobacco  sales,  benefits  of  AMS'  new

enterprise  resource ***planning*** system, and  other statements generally identified

by   words   such   as   "believe,"  "expect,"  "intend,"  "***plan***,"  "potential,"

"anticipate,"   "project,"  "appear,"  "should,"  "could,"  "may,"  "typically,"

"will,"  and  similar  words.   These  statements  are  not guarantees of future

performance  and involve certain  risks and uncertainties  that may cause actual

results  to  differ  materially  from  our  expectations  as of the date of this

release.   These risks include, among  other things, those set  forth in Part I,

Item  1A. Risk Factors  of our  Annual Report  on Form  10-K for  the year ended

December 31, 2016, as well as the following factors:

  \* Changes in sales or production volumes, pricing and/or manufacturing costs

    of reconstituted tobacco products, cigarette paper (including for lower

    ignition propensity cigarettes), filtration-related products due to changing

    customer demands (including any change by our customers in their tobacco and

    tobacco-related blends for their cigarettes, their target inventory levels

    and/or the overall demand for their products), new technologies such as e-

    cigarettes, inventory adjustments and rebalancings, competition or

    otherwise;

  \* Changes in the Chinese economy, including relating to the demand for

    reconstituted tobacco, premium cigarettes and netting;

  \* Risks associated with the implementation of our ***strategic*** growth

    initiatives, including diversification, and the Company's understanding of,

    and entry into, new industries and technologies;

  \* Changes in the source and intensity of competition in our commercial

    segments.  We operate in highly competitive markets in which alternative

    supplies and technologies may attract our customers away from our products.

    In additional, our customers may, in some cases, ***produce*** for themselves the

    components that the Company sells to them for incorporation into their

    products, thus reducing or eliminating their purchases from us;

  \* Our ability to attract and retain key personnel, due to our prior

    restructuring actions, the tobacco industry in which we operate or

    otherwise;

  \* Weather conditions, including potential impacts, if any, from climate

    change, known and unknown, seasonality factors that affect the demand for

    virgin tobacco leaf and natural disasters or unusual weather events;

  \* Increases in commodity prices and lack of availability of such commodities,

    including energy, wood pulp and resins, could impact the sales and

    profitability of our products;

  \* Adverse changes in the oil, gas, and mining sectors impacting key AMS

    segment customers;

  \* Increases in operating costs due to inflation or otherwise, such as labor

    expense, compensation and benefits costs, including costs related to the

    comprehensive health care reform law enacted in the US in 2010;

  \* Employee retention and labor shortages;

  \* Changes in employment, wage and hour laws and regulations in the U.S.,

    France and elsewhere, including loi de Securisation de l'emploi,

    unionization rule and regulations by the National Labor Relations Board,

    equal pay initiatives, additional anti-discrimination rules or tests and

    different interpretations of exemptions from overtime laws;

  \* Labor strikes, stoppages, disruptions or other disruptions at our

    facilities;

  \* Existing and future governmental regulation and the enforcement thereof, for

    example relating to the tobacco industry, taxation and the environment

    (including the impact thereof on our Chinese joint ventures);

  \* New reports as to the effect of smoking on human health or the environment;

  \* Changes in general economic, financial and credit conditions in the U.S.,

    Europe, China and elsewhere, including the impact thereof on currency

    exchange rates (including any weakening of the euro and Real) and on

    interest rates;

  \* Changes in the manner in which we finance our debt and future capital needs,

    including potential acquisitions;

  \* The success of, and costs associated with, our current or future

    restructuring initiatives, including the granting of any needed governmental

    approvals and the occurrence of work stoppages or other labor disruptions;

  \* Changes in the discount rates, revenue growth, cash flow growth rates or

    other assumptions used by the Company in its assessment for impairment of

    assets and adverse economic conditions or other factors that would result in

    significant impairment charges;

  \* The failure of one or more material suppliers, including energy, resin and

    pulp suppliers, to supply materials as needed to maintain our product ***plans***

    and cost structure;

  \* International conflicts and disputes such as those involving the Russian

    Federation and the Middle East, which restrict our ability to supply product

    in the affected regions due to the corresponding effects on demand, the

    application of international sanctions, or practical consequences on

    transportation, banking transactions, or other commercial activities in

    troubled regions;

  \* The pace and extent of further international adoption of LIP cigarette

    standards and the nature of standards so adopted;

  \* Risks associated with our 50%-owned, non-U.S. joint ventures relating to

    control and decision-making, compliance, accounting standards, transparency

    and customer relations, among others;

  \* A failure in our risk management and/or currency or interest rate swaps and

    hedging ***programs***, including the failures of any insurance company or

    counterparty;

  \* The number, type, outcomes (by judgment or settlement) and costs of legal,

    tax, regulatory or administrative proceedings, litigation and/or amnesty

***programs***, including those in Brazil;

  \* The outcome and cost of LIP-related intellectual property infringement and

    validity litigation in Europe and the European Patent Office opposition

    proceedings;

  \* Risks associated with acquisitions or other ***strategic*** transactions,

    including acquired liabilities and restrictions, retaining customers from

    businesses acquired, achieving any expected results or synergies from

    acquired businesses, complying with new regulatory frameworks, difficulties

    in integrating acquired businesses or implementing ***strategic*** transactions

    generally and risks associated with international acquisition transactions,

    including in countries where we do not currently have a material presence;

  \* Risks associated with dispositions, including post-closing claims being made

    against us, disruption to our other businesses during a sale process or

    thereafter, credit risks associated with any buyer of such disposed assets

    and our ability to collect funds due from any such buyer;

  \* Risks associated with our global asset realignment initiatives, including:

    changes in tax law, treaties, interpretations, or regulatory determinations;

    audits made by applicable regulatory authorities and/or our auditor; and our

    ability to operate our business in a manner consistent with the regulatory

    requirements for such realignment;

  \* Increased taxation on tobacco-related products;

  \* Costs and timing of implementation of any upgrades or changes to our

    information technology systems;

  \* Failure by us to comply with any privacy or data security laws or to protect

    against theft of customer, employee and corporate sensitive information;

  \* Changes in tax rates, the adoption of new U.S. or international tax

    legislation or exposure to additional tax liabilities;

  \* Changes in construction and infrastructure spending and its impact on demand

    for certain products;

  \* Potential loss of consumer awareness and demand for acquired companies'

    products if it is decided to rebrand those products under the Company's

    legacy brand names; and

  \* Other factors described elsewhere in this document and from time to time in

    documents that we file with the SEC.

All  forward-looking statements  made in  this document  are qualified  by these

cautionary statements.  These forward-looking statements are made only as of the

date of this document, and we do not undertake any obligation, other than as may

be  required  by  law,  to  update  or  revise any forward-looking or cautionary

statements  to  reflect  changes  in  assumptions,  the  occurrence  of  events,

unanticipated  or otherwise, or changes in future operating results over time or

otherwise.

Comparisons  of results for  current and any  prior periods are  not intended to

express  any future trends or indications of future performance unless expressed

as such, and should only be viewed as historical data.

For additional factors and further discussion of these factors, please see SWM's

Annual  Report on  Form 10-K  for the  period ended  December 31, 2016 and other

reports  we file  from time  to time.   The financial  results reported  in this

release are unaudited.

Non-GAAP Financial Measures

Certain  financial measures and comments contained in this press release exclude

restructuring  expenses, certain purchase accounting  adjustments related to AMS

segment  acquisitions, interest expense, income tax provision, capital spending,

capitalized  software, and  depreciation and  amortization.  This  press release

also  provides  certain  information  regarding  the Company's financial results

excluding currency impacts.  This information estimates the impact of changes in

foreign  currency rates  on the  translation of  the Company's current financial

results  as  compared  to  the  applicable  comparable  period and is derived by

translating  the current local currency results into U.S. Dollars based upon the

foreign currency exchange rates for the applicable comparable period.  Financial

measures  which  exclude  or  include  these  items  have not been determined in

accordance  with accounting principles  generally accepted in  the United States

(GAAP) and are therefore "non-GAAP" financial measures. Reconciliations of these

non-GAAP  financial measures to the most closely analogous measure determined in

accordance  with GAAP are  included in the  financial schedules attached to this

release.

The  Company believes  that the  presentation of  non-GAAP financial measures in

addition   to   the  related  GAAP  measures  provides  investors  with  greater

transparency  to  the  information  used  by  the  Company's  management  in its

financial  and operational  decision-making.  Management  also believes that the

non-GAAP   financial  measures  provide  additional  insight  for  analysts  and

investors  in evaluating the Company's  financial and operational performance in

the  same way  that management  evaluates the  Company's financial performance.

Management  believes that providing this information enables investors to better

understand  the Company's operating performance  and financial condition.  These

non-GAAP  financial measures are not calculated or presented in accordance with,

and  are not  alternatives or  substitutes for,  financial measures  prepared in

accordance  with GAAP, and should be read only in conjunction with the Company's

financial measures prepared in accordance with GAAP.

(Tables to Follow)

SOURCE SWM:

CONTACT

Allison Aden

Chief Financial Officer

+1-770-569-4277

Or

Mark Chekanow

Director of Investor Relations

+1-770-569-4229

Web site:    [*http://www.swmintl.com*](http://www.swmintl.com)

SCHWEITZER-MAUDUIT INTERNATIONAL, INC. AND SUBSIDIARIES

BUSINESS SEGMENT REPORTING

(Dollars in millions)

(Unaudited)

Net Sales

               -------------------------------- --------------------------------

                 Three Months Ended September

                             30,                 Nine Months Ended September 30,

               -------------------------------- --------------------------------

                                          %                                 %

                  2017        2016      Change     2017        2016      Change

               ----------- ----------- -------- ----------- ----------- --------

Advanced

Materials &

Structures      $ 116.2     $  72.5     60.3 %   $ 334.0     $ 215.5     55.0  %

Engineered

Papers            141.6       136.8      3.5 %     412.4       425.7     (3.1 )%

               ----------- -----------          ----------- -----------

Total

Consolidated    $ 257.8     $ 209.3     23.2 %   $ 746.4     $ 641.2     16.4  %

               ----------- -----------          ----------- -----------

Operating Profit (Loss)

            --------------------------------------- ---------------------------------------

               Three Months Ended September 30,         Nine Months Ended September 30,

            --------------------------------------- ---------------------------------------

                                    Return on Net                            Return on Net

                                        Sales                                    Sales

            --------------------- ----------------- ---------------------- ----------------

               2017       2016      2017     2016      2017        2016      2017     2016

            ---------- ---------- -------- -------- ----------- ---------- -------- -------

Advanced

Materials &

Structures   $ 15.4     $  8.7     13.3 %   12.0 %   $  40.9     $ 22.8     12.2 %   10.6 %

Engineered

Papers         32.3       32.0     22.8 %   23.4 %      90.0      103.4     21.8 %   24.3 %

Unallocated    (9.2 )     (9.9 )                       (26.3 )    (26.3 )

            ---------- ----------                   ----------- ----------

Total

Consolidated $ 38.5     $ 30.8     14.9 %   14.7 %   $ 104.6     $ 99.9     14.0 %   15.6 %

            ---------- ----------                   ----------- ----------

Restructuring and Impairment Expenses and Purchase

Accounting Adjustments

                             ------------------------------ --------------------

                              Three Months Ended September    Nine Months Ended

                                          30,                   September 30,

                             ------------------------------ --------------------

                               2017            2016            2017       2016

                             --------- -------------------- ---------- ---------

Advanced Materials &

Structures                    $ 6.6     $ 3.0                $ 21.6     $  9.8

Engineered Papers               0.4       1.3                   1.7        3.1

Unallocated                    (0.1 )       -                   0.1        0.3

                             --------- -------------------- ---------- ---------

Total Consolidated            $ 6.9     $ 4.3                $ 23.4     $ 13.2

                             --------- -------------------- ---------- ---------

Adjusted Operating Profit (Loss) \*

            --------------------------------------- ----------------------------------------

               Three Months Ended September 30,          Nine Months Ended September 30,

            --------------------------------------- ----------------------- ----------------

                                    Return on Net                             Return on Net

                                        Sales                                     Sales

                                  -----------------                         ----------------

               2017       2016      2017     2016      2017        2016       2017     2016

            ---------- ---------- -------- -------- ----------- ----------- -------- -------

Advanced

Materials &

Structures   $ 22.0     $ 11.7     18.9 %   16.1 %   $  62.5     $  32.6     18.7 %   15.1 %

Engineered

Papers         32.7       33.3     23.1 %   24.3 %      91.7       106.5     22.2 %   25.0 %

Unallocated    (9.3 )     (9.9 )                       (26.2 )     (26.0 )

            ---------- ----------                   ----------- -----------

Total

Consolidated $ 45.4     $ 35.1     17.6 %   16.8 %   $ 128.0     $ 113.1     17.1 %   17.6 %

            ---------- ----------                   ----------- -----------

\*  Adjusted Operating Profit (Loss), a non-GAAP financial measure, is calculated

by   adding  Restructuring  and  Impairment  Expenses  and  Purchase  Accounting

Adjustments to Operating Profit.

SCHWEITZER-MAUDUIT INTERNATIONAL, INC. AND SUBSIDIARIES

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND SUPPLEMENTAL DATA

(Dollars in millions, except per share amounts)

                            Three Months Ended     Nine Months Ended September

                              September 30,                    30,

                          ---------------------- -------------------------------

                             2017       2016           2017            2016

                          ---------- ----------- ---------------- --------------

Operating profit           $ 38.5     $ 30.8      $ 104.6          $  99.9

Plus: Restructuring and

impairment expense            1.5        1.3          4.2              4.0

Plus: Purchase accounting

adjustments                   5.4        3.0         19.2              9.2

                          ---------- ----------- ---------------- --------------

Adjusted Operating Profit  $ 45.4     $ 35.1      $ 128.0          $ 113.1

                          ---------- ----------- ---------------- --------------

Income                     $ 25.7     $ 18.7      $  61.7          $  65.8

Plus: Restructuring and

impairment expense            1.5        1.3          4.2              4.0

Less: Tax impact of

restructuring and

impairment expense           (0.4 )     (0.5 )       (1.2 )           (1.2 )

Plus: Purchase accounting

adjustments                   5.4        3.0         19.2              9.2

Less: Tax impact of

purchase accounting

adjustments                  (1.5 )     (1.0 )       (5.9 )           (3.4 )

Less: Income tax valuation

allowance & one-time tax

expense                         -        1.3            -              0.9

                          ---------- ----------- ---------------- --------------

Adjusted Income            $ 30.7     $ 22.8      $  78.0          $  75.3

                          ---------- ----------- ---------------- --------------

Earnings per share -

diluted                    $ 0.84     $ 0.61      $  2.01          $  2.15

Plus: Restructuring and

impairment expense           0.04       0.04         0.13             0.13

Less: Tax impact of

restructuring and

impairment expense          (0.02 )    (0.01 )      (0.04 )          (0.04 )

Plus: Purchase accounting

adjustments                  0.18       0.10         0.63             0.30

Less: Tax impact of

purchase accounting

adjustments                 (0.04 )    (0.04 )      (0.19 )          (0.11 )

Less: Income tax valuation

allowance & one-time tax

expense                         -       0.04            -             0.03

                          ---------- ----------- ---------------- --------------

Adjusted Earnings Per

Share - Diluted            $ 1.00     $ 0.74      $  2.54          $  2.46

                          ---------- ----------- ---------------- --------------

Income                     $ 25.7     $ 18.7      $  61.7          $  65.8

Plus: Interest expense        7.4        3.9         20.0             12.6

Plus: Income tax (benefit)

provision                     9.5       10.7         26.5             27.9

Plus: Depreciation &

amortization                 15.0       11.2         46.0             33.3

Plus: Restructuring and

impairment expense            1.5        1.3          4.2              4.0

                          ---------- ---------------------------- --------------

Adjusted EBITDA            $ 59.1     $ 45.8      $ 158.4          $ 143.6

                          ---------- ---------------------------- --------------

Cash provided by operating

activities                 $ 48.4     $ 30.8      $  93.2          $  83.1

Less: Capital spending       (8.2 )     (7.8 )      (27.5 )          (17.5 )

Less: Capitalized software

costs                        (1.0 )     (0.8 )       (2.6 )           (1.7 )

                          ---------- ----------- ---------------- --------------

Free Cash Flow             $ 39.2     $ 22.2      $  63.1          $  63.9

                          ---------- ----------- ---------------- --------------

                                                    September        December

                                                     30, 2017        31, 2016

                                                 ---------------- --------------

Total Debt                                        $ 694.0          $ 440.4

Less: Cash                                          100.6            107.4

                                                 ---------------- --------------

Net Debt                                          $ 593.4          $ 333.0

                                                 ---------------- --------------

SCHWEITZER-MAUDUIT INTERNATIONAL, INC. AND SUBSIDIARIES

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND SUPPLEMENTAL DATA

(Dollars in per share amounts)

 2017 Earnings Per Share Guidance - Diluted, from Continuing Operations

                                                             2017E

                                                      -------------------

 2017E EPS                                              $   2.52

 Plus: Restructuring/Impairment expense                     0.13

 Less: Tax impact of restructuring/impairment expense      (0.04   )

 Plus: Purchase accounting expense                          0.81

 Less: Tax impact of purchase accounting expense           (0.27   )

                                                      -------------------

 2017E Adjusted EPS                                     $   3.15

                                                      -------------------

\* 2017E Adjusted EPS guidance issued in February 2017; reconciliation to GAAP

issued in May 2017 upon completion of initial estimates for

restructuring/impairment and purchase accounting expenses

\*\* Excluded from the above reconciliation are potential transaction costs

associated with future acquisitions.

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**Load-Date:** November 1, 2017

**End of Document**



[***China-Kazakhstan border woes dent Silk Road ambitions***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R77-WTF1-F039-639H-00000-00&context=1516831)

FT.com

December 21, 2017 Thursday 1:41 AM GMT

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**Length:** 1330 words

**Byline:** Emily Feng in Khorgos and Henry Foy in Moscow

**Body**

Soaring mountains and golden plains surround the nascent city of Khorgos, one of the most important land transport hubs ***planned*** for China’s new Silk Road.

But despite hundreds of millions of dollars of investment, the majority of traders here on China’s border with Kazakhstan, among the planet’s furthest points from the ocean, still rely on maritime routes to receive imported goods.

“I would rather my goods take 10 times as long to get to Khorgos but be sure they arrive on time,” says Jia Xiubing, who imports European snacks through the Chinese ports of Qingdao and Tianjin, which lie about 4,000km east by road or rail. Traders say Khorgos’s showpiece free trade zone is blighted by chronic delays, high costs and limits on what can be imported.

With investments ranging from ports in Pakistan and Sri Lanka to high-speed railways in east Africa to gas pipelines crossing central Asia, China’s $900bn Belt and Road Initiative is arguably the largest overseas investment drive ever launched by a single country.

But the problems, along with other logistical difficulties of transporting goods through central Asia to Europe, illustrate the shaky ground beneath China’s ambitious ***plans*** to boost its global influence and bolster slowing economic growth at home.

Khorgos is a crucial hub in the transport network linking China and Europe. By 2020 it will house the world’s largest “dry port”, where 4m tonnes of goods a year can be stored and transferred between Chinese and Kazakh trains, which run on a different gauge.

However, it is one of China’s slowest outbound border crossings. Goods take an average of 10.6 hours to cross into  [*Kazakhstan*](https://www.ft.com/topics/places/Kazakhstan?mhq5j=e6) — almost twice as long as those moving in the opposite direction, according to the Central Asia Regional Economic Co-operation (Carec) ***programme***, a trade organisation.

“Customs processes are actually very fast on the China side. It is getting goods through the Kazakh side that can be very unpredictable and costs twice as much in customs fees,” says Alim, a Chinese Uighur confectionery trader.

Most goods have to be unloaded and stored in bonded warehouses, sometimes for days, as they await clearance from the customs regimes either side of the border. The cost of unloading train cargo remains the highest among trade corridors Carec monitors, putting Khorgos among central Asia’s most expensive border crossings.

And the problems are not limited to Khorgos, which lies in the Chinese frontier region of Xinjiang that borders three central Asian nations.

A free-trade zone set to open this year in the regional capital of Urumqi has been delayed “because the local government has not been able to decide on logistics operations and a customs regime with partners”, according to a zone employee who declined to be named because of a lack of authorisation to discuss the matter.

Jonathan Hillman, a fellow at the Center for ***Strategic*** and International Studies in Washington, says: “More efficient border procedures will be key — even more important than building new roads.”

Kazakh officials deny that shipments from China pass into Kazakhstan more slowly than into other countries and the government in Astana remains bullish on bilateral ties. Cross-border trade between the two countries increased a hundredfold in the five years to 2016 and is on track to double this year to 200,000 containers a year, according to Kazakhstan’s foreign ministry. Kazakh officials say their country accounts for 70 per cent of China-Europe transit traffic.

“The government of Kazakhstan wants to ensure that it continues to develop as a key transportation hub in Eurasia that plays a crucial role in connecting and enabling trade between east and west,” says Roman Vassilenko, deputy foreign minister.

But the positive sentiments are not universally shared across the border in China, where critics believe Kazakhstan has been freeriding on China’s goodwill.

Chinese development in Khorgos dwarfs that on the Kazakh side, where only 25 of 63 projects have investors, according to Ravil Budukov, the zone’s former press secretary. “China has provided all the money” for Kazakhstan’s roads and high-speed rail links, says a Chinese trade official in Xinjiang. “And we do not expect anything back.”

While Kazakhstan’s leaders have welcomed Chinese investment, analysts say the country remains deeply suspicious of Beijing’s motives.

“The larger the Chinese presence in central Asia, the stronger the anti-China sentiments,” says Daniyar Kosnazarov, of Narxoz University in Almaty, Kazakhstan’s biggest city. “Nationalist sentiments and enthusiasm for Chinese investment are living an uneasy coexistence but the ice is getting thinner and thinner.”

In April last year, thousands took to the streets over concerns about legal changes that would allow Chinese investors would buy up valuable real estate. “There is a lot of fear among Kazakhs about the country being overrun by Chinese,” says Dmitriy Frolovskiy, a Moscow-based central Asia analyst. “It has to face the world’s second economy and one of the strongest armies, which could conquer it within days.”

Kazakhstan has traditionally gravitated towards Russia, itself wary of China’s growing clout in central Asia, for political and economic patronage. A deeply Russified cultural legacy remains in the former Soviet republic, with most ethnic Kazakhs on the border using Russian, rather than Mandarin, as the lingua franca of trade.

“People are always going to look after their own interests,” says Su Gang of the Xinjiang Uighur Logistics Association, which monitors trade in the region. “That’s what we call trade protectionism.”

That extends to the Khorgos free-trade zone.

Kazakhstan, as a member of the Russia-led Eurasian Economic Union, limits imports to 50kg or €1,500 worth of undeclared goods per person per month. China, worried that cheap Kazakh imports could hurt domestic ***producers***, bans most ***agricultural*** products from entering through the tax-free zone.

That limits all but small-scale trade from surviving in Khorgos, where buyers and sellers haggle over socks, bedding and packaged food in dimly lit malls.

This falls far short of what many traders had in mind when they set up shop, says Xiang Wu, a textile trader: “No matter how hard you work, there is a glass ceiling on how much money you can make here.”

Bribe culture threatens Silk Road dreams

Once a sleepy mountain village ringed by the tents of nomadic herders, Tashkurgan has grown rapidly in the past decade as a trade waypoint between China and Pakistan.

The Chinese town’s location has also given rise to a new side-business: skimming off customs fees on goods that pass through, highlighting the corruption that hinders China’s ***plan*** to set up trade corridors branching into central Asia and Europe.

“One needs to know someone here to get the special customs prices. The customs office is all staffed by locals from Tashkurgan and Kashgar,” a nearby city, says Abdullah, a Tajik businessman native to Tashkurgan.

Carec, a regional trade body, warns that unofficial payments remain a significant challenge to the smooth operation of all central Asian trade corridors.

“There is no set list of customs fees. One day, it will cost about 5 per cent [of the value of goods in a container], another day 20,” says Wassim Abbas, echoing sentiments of dozens of Pakistani traders who run import-export businesses throughout the region.

Traders at Khorgos, another important transit point along China’s New Silk Road stretching across Asia, also complain of being forced to pay bribes.

“Kazakhstan is like China in the 1980s. There is no rule of law, only rule by law over there,” says one Chinese trader at Khorgos. “Money is the only thing that has any influence there.”

Kazakhstan’s customs authorities said in a statement that “isolated cases [of bribes] have been identified that are not systemic in nature”.

*This article has been amended since original publication to correct the map.*

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**Load-Date:** July 4, 2018

**End of Document**



[***Register of Commission documents: 70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 Document date: 2017-10-23 AGRI\_AD(2017)604528 Opinions***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R6T-YHX1-JDG9-Y28Y-00000-00&context=1516831)

Impact News Service

December 18, 2017 Monday

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**Length:** 10134 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

AD\1137616EN.docx PE604.528v03-00 EN United in diversity EN European Parliament 2014-2019 Committee on ***Agriculture*** and Rural Development 2016/0375(COD) 16.10.2017 OPINION of the Committee on ***Agriculture*** and Rural Development for the Committee on Industry, Research and Energy on the proposal for a regulation of the European Parliament and of the Council on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 (COM(2016)0759 – C8-0497/2016 – 2016/0375(COD)) Rapporteur: Jens Rohde PE604.528v03-00 2/34 AD\1137616EN.docx EN PA\_Legam AD\1137616EN.docx 3/34 PE604.528v03-00 EN SHORT JUSTIFICATION The development of a Governance of the Energy Union was first required by the European Council in its conclusions of 24 October 2014 on the 2030 Framework for energy and climate.

The Governance should help ensure that the EU meets its energy policy goals, with the necessary flexibility for Member States and fully respecting their freedom to determine their energy mix. The conclusions emphasized that the Governance should build on existing structures, such as national climate ***programmes*** and national ***plans*** for renewable energy and energy efficiency. The Energy Union Strategy of 25 February 2015 broadened the scope of Governance – beyond the 2030 Framework for energy and climate – to all five dimensions of the Energy Union, namely: energy security solidarity and trust; internal energy market; moderation of demand; decarbonisation including renewable energy; and research, innovation and competitiveness. Moreover, Parliament's resolution 'Towards a European Energy Union' of 15 December 2015 called for the Energy Union Governance to be ambitious, reliable, transparent, democratic and fully inclusive of the Parliament and to ensure that the 2030 climate and energy targets are achieved. On this basis, the Commission proposal under discussion aims to establish the regulatory framework for the Governance of the Energy Union, based on two main pillars: First, the streamlining of existing ***planning***, reporting and monitoring obligations in the energy and climate field in order to reflect Better Regulation principles. Second, the definition of an efficient political process between Member States and the Commission with close involvement of other EU institutions in view of the achievement of the Energy Union objectives, in particular its 2030 targets for energy and climate. The proposal has been prepared in parallel to the Commission's reviews of the Renewable Energy Directive, the Energy Efficiency Directive, and the Energy Performance of Buildings Directive. Moreover, the proposal fully integrates the Climate Monitoring Mechanism Regulation No 525/2013 (MMR) to ensure integration between the energy and climate fields, whereas it updates the existing provisions to make them fit for monitoring the implementation of the proposed Effort Sharing and the Land Use, Land Use Change and Forestry (LULUCF) Regulations and for fulfilling the EU's commitments under the Paris Agreement. According to the Commission, its proposal will result in significant reduction of administrative burden. In total, the proposal integrates, streamlines or repeals more than 50 existing individual ***planning***, reporting and monitoring obligations. As regards ***agriculture***, in particular, the proposal provides for reporting obligations by Member States on: - their long-term low emission strategies including emissions reductions and enhancement of removals in the ***agricultural*** sector; - the implementation of national trajectories and objectives regarding the share of renewable energy including the share of biofuel ***produced*** from main ***agricultural*** crops; - the implementation of measures promoting the use of energy from biomass including biomass uses by the ***agricultural*** sector; - final energy consumption by individual sectors including ***agriculture***. PE604.528v03-00 4/34 AD\1137616EN.docx EN Your rapporteur welcomes the Commission proposal as a step in the right direction. It is an ambitious proposal. He is, nevertheless, suggesting some amendments, mainly of technical character, so that: - the Commission, in the context of reporting on renewable energy, may establish clear guidelines for Member States for bioenergy reporting; - the Commission, in the case that it concludes that insufficient progress is made by a Member State towards meeting the targets or implementing the measures set out in its integrated national climate and energy ***plan***, should issue specific requirements for the Member State concerned to fulfil. These specific requirements are meant to replace the system of recommendations by the Commission to the Member State concerned, which is provided for in the Commission proposal. The rapporteur believes that recommendations due to their non- binding character do not reach far enough in this case; - Member States will not have to report on changes in domestic commodity prices and land use, which are associated with the increased use of biomass and other forms of energy from renewable sources as the reporting of this kind would be too burdensome and almost impossible for Member States; - the wording in some parts of the Commission text is made more coherent and streamlined. AMENDMENTS The Committee on ***Agriculture*** and Rural Development calls on the Committee on Industry, Research and Energy, as the committee responsible, to take into account the following amendments: Amendment 1 Proposal for a regulation Recital 1 Text proposed by the Commission Amendment (1) This Regulation sets out the necessary legislative foundation for a reliable and transparent Governance that ensures the achievement of the objectives and targets of the Energy Union through complementary, coherent and ambitious efforts by the Union and its Member States, while promoting the Union's Better Regulation principles. (1) This Regulation sets out the necessary legislative foundation for a reliable and transparent Governance that ensures the achievement of the objectives of the Energy Union and the targets of the Paris Agreement through complementary, coherent and ambitious efforts by the Union and its Member States, while promoting the Union's Better Regulation principles. AD\1137616EN.docx 5/34 PE604.528v03-00 EN Amendment 2 Proposal for a regulation Recital 1 a (new) Text proposed by the Commission Amendment (1 a) No provisions of this Regulation may be interpreted in such a way as to prejudice or undermine the rights of a Member State confirmed in the Article 194 (2) second subparagraph of TFEU. Justification The TFEU in the Article 194 (2) second subparagraph confirmed a Member State's right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply.Since EU regulation may not prejudice or undermine the provisions of the Treaties, it is important to underline that the EU legislator has taken into consideration the abovementioned rights of Member State. Amendment 3 Proposal for a regulation Recital 2 Text proposed by the Commission Amendment (2) The European Energy Union should cover five key dimensions: energy security; the internal energy market; energy efficiency; decarbonisation; and research, innovation and competitiveness. (2) The European Energy Union should make a transition to a highly efficient energy system which focuses to a high degree on renewable energy and covers five key dimensions: energy security and affordability to consumers; the internal energy market; energy efficiency; decarbonisation; and research, innovation and competitiveness. Amendment 4 Proposal for a regulation Recital 3 Text proposed by the Commission Amendment (3) The goal of a resilient Energy Union with an ambitious climate policy at its core is to give Union consumers, both (3) The goal of a resilient Energy Union with an ambitious climate policy at its core is to give Union consumers, both PE604.528v03-00 6/34 AD\1137616EN.docx EN households and businesses, secure, sustainable, competitive and affordable energy, which requires a fundamental transformation of Europe's energy system. That objective can only be achieved through coordinated action, combining both legislative and non-legislative acts at Union and national level. households and businesses, secure, sustainable, competitive and affordable energy, which requires a fundamental transformation of Europe's energy system in order to ensure a fair access to energy for all. That objective can be best achieved through coordinated action, combining both legislative and non-legislative acts at Union, national and regional level and through promoting research and local energy supply. Amendment 5 Proposal for a regulation Recital 5 Text proposed by the Commission Amendment (5) The European Council agreed on 24 October 2014 on the 2030 Framework for Energy and Climate for the Union based on four key targets: at least 40% cut in economy wide greenhouse gas ('GHG') emissions, at least 27% improvement in energy efficiency with a view to a level of 30%, at least 27% for the share of renewable energy consumed in the Union, and at least 15% for electricity interconnection. It specified that the target for renewable energy is binding at Union level and that it will be fulfilled through Member States’ contributions guided by the need to deliver collectively the Union target. (5) The European Council agreed on 24 October 2014 on the 2030 Framework for Energy and Climate for the Union based on four key targets: at least 40% cut in economy wide greenhouse gas ('GHG') emissions, at least 27% improvement in energy efficiency with a view to a level of 30%, at least 27% for the share of renewable energy consumed in the Union, and at least 15% for electricity interconnection. Energy efficiency targets should be indicative and in line with the Council conclusions of October 2014. It specified that the target for renewable energy is binding at Union level and that it will be fulfilled through Member States’ contributions guided by the need to deliver collectively the Union target. Amendment 6 Proposal for a regulation Recital 7 Text proposed by the Commission Amendment (7) The European Council also concluded on 24 October 201414that a (7) The European Council also concluded on 24 October 201414 that a AD\1137616EN.docx 7/34 PE604.528v03-00 EN reliable and transparent governance system, without any unnecessary administrative burden, should be developed to help ensure that the Union meets its energy policy goals, with the necessary flexibility for Member States and fully respecting their freedom to determine their energy mix. It emphasized that such governance system should build on existing building blocks, such as national climate ***programmes***, national ***plans*** for renewable energy and energy efficiency as well as the need to streamline and bring together separate ***planning*** and reporting strands. It also agreed to step up the role and rights of consumers, transparency and predictability for investors, inter alia by systematic monitoring of key indicators for an affordable, safe, competitive, secure and sustainable energy system and to facilitate coordination of national energy policies and foster regional cooperation between Member States. reliable and transparent governance system, without any unnecessary administrative burden, should be developed to help ensure that the Union meets its energy policy goals, with the necessary flexibility for Member States and fully respecting their freedom to determine their energy mix. Such governance system should build on existing building blocks, such as goals of the Paris Agreement, national climate ***programmes***, national ***plans*** for renewable energy and energy efficiency as well as the need to streamline and bring together separate ***planning*** and reporting strands. It also agreed to step up the role and rights of consumers, transparency and predictability for investors, inter alia by systematic monitoring of key indicators for an affordable, safe, competitive, secure and sustainable energy system and to facilitate coordination of national energy and climate policies and foster regional cooperation between Member States, in order to maintain and enhance carbon sink function of the affected ecosystems, sustainable forest management and long term sustainability of the resources used. Furthermore, in order to maintain stability, competitiveness and reasonable prices at national and European levels, Member States must strike a balance between their existing production capacity, technologies and resources so as to continue their efforts to promote renewable energy resources. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 14 Conclusions of the European Council 23 - 24 October 2014 (EUCO 169/14). 14 Conclusions of the European Council 23 - 24 October 2014 (EUCO 169/14). Amendment 7 Proposal for a regulation Recital 17 Text proposed by the Commission Amendment PE604.528v03-00 8/34 AD\1137616EN.docx EN (17) The achievement of the Energy Union objectives should be ensured through a combination of Union initiatives and coherent national policies set out in integrated national energy and climate ***plans***. Sectorial Union legislation in the energy and climate fields sets out ***planning*** requirements, which have been useful tools to drive change at the national level. Their introduction at different moments in time has led to overlaps and insufficient consideration of synergies and interactions between policy areas. Current separate ***planning***, reporting and monitoring in the climate and energy fields should therefore as far as possible be streamlined and integrated. (17) The achievement of the Energy Union objectives should be ensured through a combination of Union initiatives and coherent national policies. Existing ***planning***, reporting and monitoring in the climate and energy fields should be simplified and streamlined. Amendment 8 Proposal for a regulation Recital 17 a (new) Text proposed by the Commission Amendment (17a) To implement the Energy Union, it is essential that an adequate reporting requirement be introduced for fossil fuels.This should include information on production criteria relating to origin and method of extraction.Accordingly the Commission should submit a catalogue of criteria for fossil fuels, and implement the reporting requirement, by December 2018. Justification The European Union must be an active participant in the energy transition.A serious energy policy requires that fossil fuels also be subjected to more rigorous assessment, to ensure comparability.On no account should fossil fuels have an advantage in terms of the reporting requirement. Amendment 9 Proposal for a regulation Recital 22 AD\1137616EN.docx 9/34 PE604.528v03-00 EN Text proposed by the Commission Amendment (22) National ***plans*** should be stable to ensure transparency and predictability of national policies and measures in order to ensure investor certainty. Updates of national ***plans*** should however be foreseen once during the ten-year period covered to give Member States the opportunity to adapt to significant changing circumstances. For the ***plans*** covering the period from 2021 to 2030, Member States should be able to update their ***plans*** by 1 January 2024. Targets, objectives and contributions should only be modified to reflect an increased overall ambition in particular as regards the 2030 targets for energy and climate. As part of the updates, Member States should make efforts to mitigate any adverse environmental impacts that become apparent as part of the integrated reporting. (22) National ***plans*** should be stable to ensure transparency and predictability of national policies and measures in order to address the needs of the population of a Member State, to contribute to energy security and to ensure investor certainty. Updates of national ***plans*** should however be foreseen once during the ten-year period covered to give Member States the opportunity to adapt to significant changing circumstances. For the ***plans*** covering the period from 2021 to 2030, Member States should be able to update their ***plans*** by 1 January 2024. As part of the updates, Member States should make efforts to mitigate any adverse environmental impacts that become apparent as part of the integrated reporting. The progressive transition towards the latest generation of biofuels should take account of existing Member State investments in first-generation biofuel production. Amendment 10 Proposal for a regulation Recital 23 a (new) Text proposed by the Commission Amendment (23 a) The LULUCF sector is highly exposed and very vulnerable to climate change. At the same time, this sector has huge potential to provide for long-term climate benefits and to contribute significantly to the achievement of European and international long-term climate goals. It can contribute to climate change mitigation in several ways, in particular by reducing emissions, maintaining and enhancing sinks and carbon stocks, and providing bio-materials than can substitute fossil- or carbon-intensive ones. In order for PE604.528v03-00 10/34 AD\1137616EN.docx EN measures aiming in particular at increasing carbon sequestration to be effective, the sustainable resource management and long-term stability and adaptability of carbon pools is essential. Long-term strategies are essential to allow for sustainable investments in the long run. Amendment 11 Proposal for a regulation Recital 29 a (new) Text proposed by the Commission Amendment (29a) It is essential to encourage investment in, and development of, advanced, sustainable biofuels derived from ***agricultural*** and forestry waste, ensuring consistency between the EU's policies and objectives on energy, climate, the circular economy, and ***agriculture***, and promoting investment in the bioeconomy and the circular economy, to overcome difficulties in creating biomass supply chains through, inter alia, possible feed-in tariffs for electricity ***produced*** from solid or gaseous fuels from waste biomass, so that technologies for conversion of waste biomass into energy are not excluded from the market. Amendment 12 Proposal for a regulation Recital 33 a (new) Text proposed by the Commission Amendment (33 a) Given the high global warming potential and relatively short atmospheric lifetime of methane, the Commission may consider policy options for addressing methane emissions, with the exclusion of enteric methane emissions which are naturally ***produced*** when rearing AD\1137616EN.docx 11/34 PE604.528v03-00 EN ruminants, and in line with the circular economy policy and the use of waste. Amendment 13 Proposal for a regulation Recital 34 Text proposed by the Commission Amendment (34) To help ensure coherence between national and Union policies and objectives of the Energy Union, there should be an on-going dialogue between the Commission and the Member States. As appropriate, the Commission should issue recommendations to Member States including on the level of ambition of the draft national ***plans***, on the subsequent implementation of policies and measures of the notified national ***plans***, and on other national policies and measures of relevance for the implementation of the Energy Union. Member States should take utmost account of such recommendations and explain in subsequent progress reports how they have been implemented. (34) To help ensure coherence between national and Union policies and objectives of the Energy Union, there should be an on-going dialogue between the Commission and the Member States. While recognizing the competence of the Member States in this area, the Commission may issue recommendations to Member States including on the level of ambition of the draft national ***plans***, on the subsequent implementation of policies and measures of the notified national ***plans***, and on other national policies and measures of relevance for the implementation of the Energy Union. Member States should take utmost account of such recommendations and explain in subsequent progress reports how they have been implemented. Amendment 14 Proposal for a regulation Recital 38 Text proposed by the Commission Amendment (38) Member States and the Commission should ensure close cooperation on all matters relating to the implementation of the Energy Union and this Regulation, with close involvement of the European Parliament. The Commission should as appropriate assist Member States in implementing this Regulation, particularly with regard to the establishment of the national ***plans*** and associated capacity building. (38) Member States and the Commission should ensure close cooperation on all matters relating to the implementation of the Energy Union and this Regulation, including the achievement of emission reduction targets, with close involvement of the European Parliament. The Commission, with the support of the European Parliament, should as appropriate assist Member States in implementing this Regulation, particularly PE604.528v03-00 12/34 AD\1137616EN.docx EN with regard to the establishment of the national ***plans*** and associated capacity building. The power to establish national energy and climate ***plans***, in the context of the EU targets, should however remain with the Member States. Amendment 15 Proposal for a regulation Recital 40 Text proposed by the Commission Amendment (40) The European Environment Agency should assist the Commission, as appropriate and in accordance with its annual work ***programme***, with assessment, monitoring and reporting work. (40) The European Environment Agency should assist the Commission, as appropriate and in accordance with its annual work ***programme***, with assessment, monitoring and reporting work. Member States should take into account the advice provided by the European Environment Agency concerning the environmental impact of biofuel production. Amendment 16 Proposal for a regulation Article 1 – paragraph 2 – point a Text proposed by the Commission Amendment (a) energy security, (a) energy security and affordability to consumers; Amendment 17 Proposal for a regulation Article 3 – paragraph 1 Text proposed by the Commission Amendment 1. By 1 January 2019 and every ten years thereafter, each Member State shall notify to the Commission an integrated national energy and climate ***plan***. The ***plans*** shall contain the elements set out in 1. By 1 January 2020 and every ten years thereafter, each Member State shall notify to the Commission an integrated national energy and climate ***plan***. The ***plans*** shall contain the elements set out in AD\1137616EN.docx 13/34 PE604.528v03-00 EN paragraph 2 and Annex I. The first ***plan*** shall cover the period from 2021 to 2030. The following ***plans*** shall cover the ten-year period immediately following the end of the period covered by the previous ***plan***. paragraph 2 and Annex I. The first ***plan*** shall cover the period from 2021 to 2030. The following ***plans*** shall cover the ten-year period immediately following the end of the period covered by the previous ***plan***. Justification It is impossible to accept this deadline.Timeframe for preparation of the national ***plan*** should go in line with consultation steps in each MS, such as the ***Strategic*** Environmental Impact Assessment, public consultations as mentioned in art.10 and acceptance by the Government.It also needs to be connected with the work on regulation, as major controversies concerning the substance of the ***Plan*** are not yet solved.There is ongoing work on important regulations included in “Clean energy for all Europeans” package, which will greatly influence what should be set up in the National ***Plan***. Amendment 18 Proposal for a regulation Article 3 – paragraph 2 – point c Text proposed by the Commission Amendment (c) a description of the policies and measures foreseen to meet the corresponding objectives, targets and contributions set out under point (b); (c) a description of the policies, measures and investment strategies foreseen to meet the corresponding objectives, targets and contributions set out under point (b); Amendment 19 Proposal for a regulation Article 3 – paragraph 2 – point e Text proposed by the Commission Amendment (e) an assessment of the impacts of the ***planned*** policies and measures to meet the objectives referred to in point (b); (e) an assessment of the impacts of the ***planned*** policies, measures and investment strategies to meet the objectives referred to in point (b); Amendment 20 Proposal for a regulation Article 3 – paragraph 2 – point e a (new) PE604.528v03-00 14/34 AD\1137616EN.docx EN Text proposed by the Commission Amendment (ea) results of consultation and involvement of local authorities, civil society, the social partners, relevant sectors and members of the public; Amendment 21 Proposal for a regulation Article 3 – paragraph 3 Text proposed by the Commission Amendment 3. When preparing the national ***plans*** referred to in paragraph 1, Member States shall take into account the interlinkages between the five dimensions of the Energy Union and they shall use consistent data and assumptions across the five dimensions where relevant. 3. When preparing the national ***plans*** referred to in paragraph 1, Member States shall avoid administrative burden and additional costs by taking into account the interlinkages between the five dimensions of the Energy Union and they shall use consistent data and assumptions across the five dimensions where relevant Justification Reduction of administrative burden when implementing the climate and energy packages needs to be priority. Amendment 22 Proposal for a regulation Article 4 – paragraph 1 – point a – point 1 – point i Text proposed by the Commission Amendment i. the Member State's binding national target for greenhouse gas emissions and the annual binding national limits pursuant to Regulation [ ] [ESR]; i. the Member State's binding national target for greenhouse gas emissions and the annual binding national limits pursuant to Regulation [ ] [ESR], but not falling short of the targets set in Article 7a(2) of Directive 98/70/EC [ESR] to be attained by 2020; Amendment 23 Proposal for a regulation AD\1137616EN.docx 15/34 PE604.528v03-00 EN Article 4 – paragraph 1 – point a – point 2 – point i Text proposed by the Commission Amendment i. with a view to achieving the Union's binding target of at least 27% renewable energy in 2030 as referred to in Article 3 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], a contribution to this target in terms of the Member State's share of energy from renewable sources in gross final consumption of energy in 2030, with a linear trajectory for that contribution from 2021 onwards; i. with a view to achieving the Union's binding target of at least 27% renewable energy in 2030 as referred to in Article 3 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], a contribution to this target in terms of the Member State's share of energy from renewable sources in gross final consumption of energy in 2030, taking into account the amortisation of investments for first-generation biofuels, with a linear trajectory for that contribution from 2021 onwards; Amendment 24 Proposal for a regulation Article 4 – paragraph 1 – point a – point 2 – point ii Text proposed by the Commission Amendment ii. trajectories for the sectorial share of renewable energy in final energy consumption from 2021 to 2030 in the heating and cooling, electricity, and transport sectors; ii. trajectories for the sectorial share of renewable energy in final energy consumption from 2021 to 2030 ensuring an optimal uptake of biomass in the heating and cooling, electricity, and transport sectors; Amendment 25 Proposal for a regulation Article 4 – paragraph 1 – point a – point 2 – point iii a (new) Text proposed by the Commission Amendment iiia. the trajectories to gradually increase the blending obligation for biofuels derived from ***agricultural*** waste which applies to suppliers of fossil fuels; Amendment 26 PE604.528v03-00 16/34 AD\1137616EN.docx EN Proposal for a regulation Article 5 – paragraph 1 – point d – point iv a (new) Text proposed by the Commission Amendment (iv a) realistic, accurate, holistic and comprehensive assessments of the climate change mitigation potential of different sources of energy, the level of impact on levels of greenhouse gasses in the atmosphere and time needed for mitigation processes to start reducing GHG concentrations. Amendment 27 Proposal for a regulation Article 5 – paragraph 2 a (new) Text proposed by the Commission Amendment 2 a. Member States shall collectively ensure that the contribution from biofuels and bioliquids, as well as from biomass fuels consumed in transport, if ***produced*** from cereal and other starch-rich crops, sugars and oil crops and crops grown as main crops primarily for energy purposes on ***agricultural*** land, shall be no more than 7% of the calculation of the Union's gross final consumption of energy in transport in 2030. Amendment 28 Proposal for a regulation Article 8 – paragraph 2 – point b Text proposed by the Commission Amendment (b) the macroeconomic, environmental, skills and social impact of the ***planned*** policies and measures referred to in Article 7 and further specified in Annex I, for the first ten-year period at least until the year 2030 including a comparison with the projections based on existing (b) the macroeconomic, environmental, health, skills and social impact of the ***planned*** policies and measures referred to in Article 7 and further specified in Annex I, for the first ten-year period at least until the year 2030 including a comparison with the projections of existing (implemented AD\1137616EN.docx 17/34 PE604.528v03-00 EN (implemented and adopted) policies and measures referred to in paragraph 1; and adopted) policies and measures referred to in paragraph 1; Amendment 29 Proposal for a regulation Article 9 – paragraph 1 Text proposed by the Commission Amendment 1. By 1 January 2018 and every ten years thereafter Member States shall prepare and submit to the Commission a draft of the integrated national energy and climate ***plan*** referred to in Article 3(1). 1. By 1 January 2020 and every ten years thereafter Member States shall prepare and submit to the Commission a draft of the integrated national energy and climate ***plan*** referred in Article 3(1). Justification It is impossible to accept this deadline.Timeframe for preparation of the national ***plan*** should go in line with consultation steps in each MS, such as the ***Strategic*** Environmental Impact Assessment, public consultations as mentioned in art.10 and acceptance by the Government.It also needs to be connected with the work on regulation, as major controversies concerning the substance of the ***Plan*** are not yet solved.There is ongoing work on important regulations included in “Clean energy for all Europeans” package, which will greatly influence what should be set up in the National ***Plan***. Amendment 30 Proposal for a regulation Article 13 – paragraph 3 Text proposed by the Commission Amendment 3. Member States shall only modify the targets, objectives and contributions set out in the update referred to in paragraph 2 to reflect an increased ambition as compared to the ones set in the latest notified integrated national energy and climate ***plan***. deleted Justification An explicit declaration of an 'increased ambition' in comparison with previous ***plans*** would limit the powers of decision of the Member States with regard to the adjustments they consider it desirable to make to their energy strategies. PE604.528v03-00 18/34 AD\1137616EN.docx EN Amendment 31 Proposal for a regulation Article 14 – paragraph 2 – point b Text proposed by the Commission Amendment (b) emissions reductions and enhancement of removals in individual sectors including electricity, industry, transport, the buildin

gs sector (residential and tertiary), ***agriculture*** and land use, land-use change and forestry (LULUCF); (b) emissions reductions and enhancement of removals in individual sectors including electricity, industry, transport, the buildings sector (residential and tertiary), ***agriculture*** and land use, land-use change and forestry (LULUCF) where it is necessary to preserve existing sink habitats and enhance natural carbon sinking through well-functioning and resilient ecosystems and ecosystem services, including through sustainable forest management, in line with EU commitments; Amendment 32 Proposal for a regulation Article 15 – paragraph 2 – subparagraph 1 – point d Text proposed by the Commission Amendment (d) information on national climate change adaptation ***planning*** and strategies in accordance with Article 17(1); (d) information on national climate change adaptation ***planning*** and strategies, particularly regarding advanced biofuel research and investment in accordance with Article 17(1); Amendment 33 Proposal for a regulation Article 18 – paragraph 1 – point a – point 4 Text proposed by the Commission Amendment (4) trajectories on bioenergy demand, disaggregated between heat, electricity and transport, and on biomass supply by feedstock and origin (distinguishing between domestic production and imports). (4) trajectories on bioenergy demand, disaggregated between heat, electricity and transport, and on biomass supply, by feedstock and origin (distinguishing between domestic production and imports). AD\1137616EN.docx 19/34 PE604.528v03-00 EN For forest biomass, an assessment of its source and impact on the LULUCF sink; For forest biomass, an assessment of its source and impact on the LULUCF sink at country level. Justification LULUCF reporting should be done at country level, in coherence with the proposal for a regulation on the inclusion on greenhouse gas emissions and removals from LULUCF into the 2030 climate and energy framework (COM(2016)479 Amendment 34 Proposal for a regulation Article 18 – paragraph 1 – point a – point 4 – subparagraph 1 a (new) Text proposed by the Commission Amendment The Commission may establish clear guidelines to Member States to report on these trajectories including definitions and unit conversions from resource to energy; Justification Clear guidelines and calculations are needed for bioenergy reporting. Amendment 35 Proposal for a regulation Article 18 – paragraph 1 – point a – point 5 Text proposed by the Commission Amendment (5) if applicable, other national trajectories and objectives including long term and sectorial ones (such as share of biofuels, share of advanced biofuels, share of biofuel ***produced*** from main crops ***produced*** on ***agricultural*** land, share of electricity ***produced*** biomass without the utilisation of heat, share of renewable energy in district heating, renewable energy use in buildings, renewable energy ***produced*** by cities, energy communities and self-consumers); (5) other national trajectories and objectives including long term and sectorial ones (such as share of biofuels, share of advanced biofuels, share of biofuel ***produced*** from main crops ***produced*** on ***agricultural*** land, share of electricity ***produced*** biomass without the utilisation of heat, share of renewable energy in district heating, renewable energy use in buildings, renewable energy ***produced*** by cities, energy communities and self-consumers); PE604.528v03-00 20/34 AD\1137616EN.docx EN Amendment 36 Proposal for a regulation Article 18 – paragraph 1 – point b – point 5 Text proposed by the Commission Amendment (5) measures promoting the use of energy from biomass, especially for new biomass mobilisation taking into account biomass availability (both the domestic potential and the imports from third countries) and other biomass uses (***agriculture*** and forest-based sectors), as well as measures for the sustainability of biomass ***produced*** and used; (5) measures promoting the use of energy from biomass, especially for new biomass mobilisation taking into account biomass availability (both the domestic potential and the imports from third countries) and other biomass uses, including ***agriculture*** and forest-based sectors as well as measures for the sustainability of biomass ***produced*** and used; Amendment 37 Proposal for a regulation Article 22 – paragraph 1 – point d Text proposed by the Commission Amendment (d) national objectives to phase out energy subsidies; (d) national objectives to phase out energy subsidies, particularly for fossil and nuclear fuels; Justification In order to prevent market distortions, the immediate need is to take measures to eliminate all subsidies for fossil and nuclear fuels. Amendment 38 Proposal for a regulation Article 23 – paragraph 1 – subparagraph 1 – introductory part Text proposed by the Commission Amendment By 15 March 2021, and every year thereafter (year X), Member States shall report to the Commission: By 31 July 2021, and every year thereafter (year X), Member States shall report to the Commission: AD\1137616EN.docx 21/34 PE604.528v03-00 EN Justification The existing MMR deadline (end of July) for reporting the approximate greenhouse gas inventories for (X-1) year should be maintained.Shortening the deadline will prevent the prompt submission due to lack of statistical data on the activities necessary to estimate the emissions for the year (X-1) at the beginning of the year (X). Amendment 39 Proposal for a regulation Article 25 – paragraph 1 – point a Text proposed by the Commission Amendment (a) the progress made at Union level towards meeting the objectives of the Energy Union, including for the first ten-year period the Union's 2030 targets for energy and climate, notably in view of avoiding any gaps to the Union's 2030 targets for renewable energy and energy efficiency; (a) the progress made at Union level towards meeting the objectives of the Energy Union, including for the first ten-year period the Union's 2030 targets for energy and climate, notably in view of avoiding any gaps to the Union's 2030 targets for renewable energy and energy efficiency and in view of the revised EU climate and energy action as appropriate, as outlined in Article 38; Amendment 40 Proposal for a regulation Article 25 – paragraph 1 a (new) Text proposed by the Commission Amendment 1 a. The Commission shall take into account, during its assessment of the integrated national energy and climate ***plans***, legitimate national specific situations, proven through an assessment of competent authorities at national and European level, which could explain any delay in the contributions of Member States for the collective achievement of the Energy Union objectives and, in particular, for meeting its self-set targets. Amendment 41 PE604.528v03-00 22/34 AD\1137616EN.docx EN Proposal for a regulation Article 25 – paragraph 1 b (new) Text proposed by the Commission Amendment 1b. The Commission shall announce in advance the indicators that it intends to use to make such assessments. Amendment 42 Proposal for a regulation Article 25 – paragraph 2 Text proposed by the Commission Amendment 2. In the area of renewable energy, as part of its assessment referred to in paragraph 1, the Commission shall assess the progress made in the share of energy from renewable sources in the Union’s gross final consumption on the basis of a linear trajectory starting from 20% in 2020 and reaching at least 27% in 2030 as referred to in Article 4(a)(2)(i). 2. In the area of renewable energy, as part of its assessment referred to in paragraph 1, the Commission shall assess the progress made in the share of energy from renewable sources in the Union’s gross final consumption on the basis of a linear trajectory starting from 20% in 2020 and reaching at least 27% in 2030 as referred to in Article 4(a)(2)(i). This shall include holistic and comprehensive assessment with a view to maintaining and enhancing carbon sink capacity and GHG emission reduction. Amendment 43 Proposal for a regulation Article 26 – title Text proposed by the Commission Amendment Follow-up in case of inconsistencies with overarching Energy Union objectives and targets under the Effort Sharing Regulation Follow-up in case of inconsistencies with overarching Energy Union objectives and targets under the Effort Sharing Regulation and the Directive [recast of Directive 2009/28/EC as proposed by COM(2016) 767] Amendment 44 AD\1137616EN.docx 23/34 PE604.528v03-00 EN Proposal for a regulation Article 27 – paragraph 1 Text proposed by the Commission Amendment 1. If, on the basis of its assessment of the integrated national energy and climate ***plans*** and their updates pursuant to Article 12, the Commission concludes that the targets, objectives and contributions of the national ***plans*** or their updates are insufficient for the collective achievement of the Energy Union objectives and, in particular, for the first ten-years period, for the Union's 2030 targets for renewable energy and energy efficiency, it shall take measures at Union level in order to ensure the collective achievement of those objectives and targets. With regard to renewable energy, such measures shall take into consideration the level of ambition of contributions to the Union's 2030 target by Member States set out in the national ***plans*** and their updates. 1. If, on the basis of its assessment of the integrated national energy and climate ***plans*** and their updates pursuant to Article 12, the Commission concludes that the targets, objectives and contributions of the national ***plans*** or their updates are insufficient for the collective achievement of the Energy Union objectives and, in particular, for the first ten-years period, for the Union's 2030 targets for renewable energy and energy efficiency, it shall take measures at Union level in order to ensure the collective achievement of those objectives and targets, taking into account the flexibility available to the Member States. With regard to renewable energy, such measures and, in particular, the financing platform set up at Union level to contribute to renewable energy projects, shall take into consideration the level of ambition of contributions to the Union's 2030 target by Member States set out in the national ***plans*** and their updates. Amendment 45 Proposal for a regulation Article 27 – paragraph 3 Text proposed by the Commission Amendment 3. If, on the basis of its aggregate assessment of Member States' integrated national energy and climate progress reports pursuant to Article 25(1)(a) and supported by other information sources, as appropriate, the Commission concludes that the Union is at risk of not meeting the objectives of the Energy Union and, in particular, for the first ten-years period, the targets of the Union's 2030 Framework for Climate and Energy, it may issue 3. If, on the basis of its aggregate assessment of Member States' integrated national energy and climate progress reports pursuant to Article 25(1)(a) and supported by other information sources, the Commission concludes that the Union is at risk of not meeting the objectives of the Energy Union and, in particular, for the first ten-years period, the targets of the Union's 2030 Framework for Climate and Energy, it shall issue specific PE604.528v03-00 24/34 AD\1137616EN.docx EN recommendations to all Member States pursuant to Article 28 to mitigate such risk. The Commission shall, as appropriate, take measures at Union level in addition to the recommendations in order to ensure in particular the achievement of the Union's 2030 targets for renewable energy and energy efficiency. With regard to renewable energy, such measures shall take into consideration ambitious early efforts by Member States to contribute to the Union's 2030 target. requirements for all Member States pursuant to Article 28 to mitigate such risk. The Commission shall take measures at Union level in addition to the specific requirements in order to ensure in particular the achievement of the Union's 2030 targets for renewable energy and energy efficiency. With regard to renewable energy, such measures shall take into consideration ambitious early efforts by Member States to contribute to the Union's 2030 target. Justification Recommendations are, by definition, not binding enough. Therefore, the Commission should rather issue specific requirements for Member States to comply with. Amendment 46 Proposal for a regulation Article 27 – paragraph 5 – introductory part Text proposed by the Commission Amendment 5. If, in the area of energy efficiency, without prejudice to other measures at Union level pursuant to paragraph 3, the Commission concludes, based on its assessment pursuant to Article 25(1) and (3), in the year 2023 that progress towards collectively achieving the Union’s energy efficiency target mentioned in the first subparagraph of Article 25(3) is insufficient, it shall take measures by the year 2024 in addition to those set out in Directive 2010/31/EU [version as amended in accordance with proposal COM(2016) 765] and Directive 2012/27/EU [version as amended in accordance with proposal COM(2016) 761] to ensure that the Union's binding 2030 energy efficiency targets are met. Such additional measures may in particular improve the energy efficiency of: 5. If, in the area of energy efficiency, without prejudice to other measures at Union level pursuant to paragraph 3, the Commission concludes, based on its assessment pursuant to Article 25(1) and (3), in the year 2023 that progress towards collectively achieving the Union’s energy efficiency target mentioned in the first subparagraph of Article 25(3) is insufficient, it shall, if Member States do not take additional measures by the year 2024 in addition to those set out in Directive 2010/31/EU [version as amended in accordance with proposal COM(2016) 765] and Directive 2012/27/EU [version as amended in accordance with proposal COM(2016) 761], take further measures to ensure that the Union's binding 2030 energy efficiency targets are met. Such additional measures may in particular improve the energy efficiency of: AD\1137616EN.docx 25/34 PE604.528v03-00 EN Justification A provision automatically empowering the Commission to take measures of its own if it is anticipated that the Commission's energy efficiency targets will not be met would not apply the EED in line with the subsidiarity principle.If there is perceived as being a risk that individual Member States will not attain their energy efficiency targets, they must decide for themselves in the light of national circumstances and of the measures already taken what additional measures are worthwhile and appropriate. Amendment 47 Proposal for a regulation Article 28 – title Text proposed by the Commission Amendment Commission recommendations to Member States Specific requirements for Member States Justification Recommendations are, by definition, not binding enough. Therefore, the Commission should rather issue specific requirements for Member States to comply with. Amendment 48 Proposal for a regulation Article 28 – paragraph 2 – point a Text proposed by the Commission Amendment (a) the Member State concerned shall take utmost account of the recommendation in a spirit of solidarity between Member States and the Union and between Member States; deleted Justification Recommendations are, by definition, not binding enough. Therefore, the Commission should rather issue specific requirements for Member States to comply with. Amendment 49 Proposal for a regulation Article 28 – paragraph 2 a (new) PE604.528v03-00 26/34 AD\1137616EN.docx EN Text proposed by the Commission Amendment 2a. The Commission shall ensure that the recommendations are published and made accessible. Amendment 50 Proposal for a regulation Annex I – part 1 – section A – point 2 – point 2.1 – point 2.1.1 – point ii Text proposed by the Commission Amendment ii. If applicable, other national objectives and targets consistent with existing long-term low emission strategies. If applicable, other objectives and targets, including sector targets and adaptation goals ii. Other national objectives and targets consistent with existing long-term low emission strategies. Other objectives and targets, including sector targets and adaptation goals Amendment 51 Proposal for a regulation Annex I – part 1 – section A – point 2 – point 2.1 – point 2.1.2 – point v Text proposed by the Commission Amendment v. Trajectories on bioenergy demand, disaggregated between heat, electricity and transport, and on biomass supply by feedstocks and origin (distinguishing between domestic production and imports). For forest biomass, an assessment of its source and impact on the LULUCF sink v. Trajectories on bioenergy demand, disaggregated between heat, electricity and transport, and on biomass supply by feedstocks and origin (distinguishing between domestic production and imports). For forest biomass, an assessment of its source and impact on the LULUCF sink at country level Justification LULUCF reporting should be done at country level, in coherence with the proposal for a regulation on the inclusion on greenhouse gas emissions and removals from LULUCF into the 2030 climate and energy framework (COM(2016)479). AD\1137616EN.docx 27/34 PE604.528v03-00 EN Amendment 52 Proposal for a regulation Annex I – part 1 – section A – point 2 – point 2.1 – point 2.1.2 – point v – subparagraph 1 a (new) Text proposed by the Commission Amendment The Commission may establish clear guidance to Member States to report on these trajectories including definitions and unit conversions from resource to energy Justification Clear guidelines and calculations are needed for bioenergy reporting. Amendment 53 Proposal for a regulation Annex I – part 1 – section A – point 2 – point 2.1 – point 2.1.2 – point vi Text proposed by the Commission Amendment vi. If applicable, other national trajectories and objectives, including long term or sectorial ones (e.g share of advanced biofuels, share of renewable energy in district heating, renewable energy use in buildings, renewable energy ***produced*** by cities, energy communities and self-consumers) vi. Other national trajectories and objectives, including long term or sectorial ones (e.g share of advanced biofuels, share of renewable energy in district heating, renewable energy use in buildings, renewable energy ***produced*** by cities, energy communities and self-consumers) Amendment 54 Proposal for a regulation Annex I – part 1 – section A – point 3 – point 3.1.1 – point i Text proposed by the Commission Amendment i. Policies and measures to achieve the target set under Regulation [ ] [ESR] as referred to in 2.1.1 and policies and measures to comply with Regulation [ ] [LULUCF ], covering all key emitting i. Policies and measures to achieve the target set under Regulation [ ] [ESR] as referred in 2.1.1 and policies and measures to comply with Regulation [ ] [LULUCF] and the target for enhancing removals PE604.528v03-00 28/34 AD\1137616EN.docx EN sectors and sectors for the enhancement of removals, with an outlook to the long-term vision and goal to become a low-carbon economy with a 50 years perspective and achieving a balance between emissions and removals in accordance with the Paris Agreement from sinks, covering all key emitting sectors and sectors for the enhancement of removals, including incentives to implement and support, including through result-based payment, actions relating to mitigation and adaptation approaches for the integral and sustainable management of forests, cropland, grassland and wetland going beyond standard good practice and set baseline, with an outlook to the long-term vision and goal to become a low-carbon economy with a 50 years perspective and achieving a balance between emissions and removals in accordance with the Paris Agreement Amendment 55 Proposal for a regulation Annex I – part 1 – section A – point 3 – point 3.1 – point 3.1.2 – point vi – indent 2 Text proposed by the Commission Amendment - other biomass uses by other sectors (***agriculture*** and forest-based sectors); as well as measures for the sustainability of biomass production and use - other biomass uses by other sectors including ***agriculture*** and forest-based sectors; as well as measures for the sustainability of biomass production and use Amendment 56 Proposal for a regulation Annex VII – part 1 – paragraph 1 – point d Text proposed by the Commission Amendment (d) changes in commodity prices and land use within the Member State associated with its increased use of biomass and other forms of energy from renewable sources; (d) if available, changes in commodity prices and land use within the Member State associated with its increased use of biomass and other forms of energy from renewable sources; AD\1137616EN.docx 29/34 PE604.528v03-00 EN Amendment 57 Proposal for a regulation Annex VII – part 1 – paragraph 1 – point g Text proposed by the Commission Amendment (g) the development and share of biofuels made from feedstocks listed in Annex IX to [recast of Directive 2009/28/EC as proposed by COM(2016) 767] including a resource assessment focusing on the sustainability aspects relating to the effect of the replacement of food and feed products for biofuel production, taking due account of the principles of the waste hierarchy established in Directive 2008/98/EC and the biomass cascading principle, taking into consideration the regional and local economic and technological circumstances, the maintenance of the necessary carbon stock in the soil and the quality of the soil and the ecosystems; (g) the development and share of biofuels made from feedstocks listed in Annex IX to [recast of Directive 2009/28/EC as proposed by COM(2016) 767] including a resource assessment focusing on the sustainability aspects relating to the effect of the use of food and feed products for biofuel production, taking account of the principles of the waste hierarchy established in Directive 2008/98/EC and the biomass cascading principle, taking into consideration the regional and local economic and technological circumstances, the maintenance of the carbon stock in the soil and the quality of the soil and the ecosystems; Justification The wording needs to be improved: food and feed products are actually not replaced but used for biofuel production. Also,“due’’ account is difficult to assess in the case of the two principles quoted here. Amendment 58 Proposal for a regulation Annex VII – part 1 – paragraph 1 – point h a (new) Text proposed by the Commission Amendment (ha) the estimated impact of co-production and use of first generation biofuels on the self-sufficiency and price of protein concentrates and other feed products; Amendment 59 Proposal for a regulation PE604.528v03-00 30/34 AD\1137616EN.docx EN Annex VII – part 1 – paragraph 1 – point h b (new) Text proposed by the Commission Amendment (hb) the estimated impact of the production or use of biofuels obtained from ***agricultural*** losses and waste on the development of the EU’s bio-economy; Amendment 60 Proposal for a regulation Annex VII – part 1 – paragraph 1 – point m – point 1 – point a – point i Text proposed by the Commission Amendment i) Branches and tree tops (reporting is voluntary) i) Branches and tree tops Amendment 61 Proposal for a regulation Annex VII – part 1 – paragraph 1 – point m – point 1 – point a – point ii Text proposed by the Commission Amendment ii) Stumps (reporting is voluntary) ii) Stumps Amendment 62 Proposal for a regulation Annex VII – part 1 – paragraph 1 – point m – point 1 – point b – point i Text proposed by the Commission Amendment i) Bark (reporting is voluntary) i) Bark Amendment 63 Proposal for a regulation Annex VIII – point d AD\1137616EN.docx 31/34 PE604.528v03-00 EN Text proposed by the Commission Amendment (d) the technological development, availability and sustainability of biofuels made from feedstocks listed in Annex IX to [recast of Directive 2009/28/EC as proposed by COM(2016) 767], including an assessment of the effect of the replacement of food and feed products for biofuel production, taking due account of the principles of the waste hierarchy established in Directive 2008/98/EC and the biomass cascading principle, taking into consideration the regional and local economic and technological circumstances, the maintenance of the necessary carbon stock in the soil and the quality of soil and ecosystems; (d) the technological development, availability and sustainability of biofuels made from feedstocks listed in Annex IX to [recast of Directive 2009/28/EC as proposed by COM(2016) 767], including an assessment of the effect of the use of food and feed products for biofuel production, taking account of the principles of the waste hierarchy established in Directive 2008/98/EC and the biomass cascading principle, taking into consideration the regional and local economic and technological circumstances, the maintenance of the carbon stock in the soil and the quality of soil and ecosystems; Justification The wording needs to be improved: food and feed products are actually not replaced but used for biofuel production. Also,“due’’ account is difficult to assess in the case of the two principles quoted here. Amendment 64 Proposal for a regulation Annex VIII – point f Text proposed by the Commission Amendment (f) in respect of both third countries and Member States that are a significant source of biofuels, bioliquids and biomass fuels consumed within the Union, on national measures taken to respect the sustainability criteria and greenhouse gas saving criteria set out in Article 26, paragraphs 2 to 7, of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], for soil, water and air protection. (f) in respect of both third countries and Member States that are a source of raw materials for biofuels, bioliquids and biomass fuels consumed within the Union, on national measures taken to respect the sustainability criteria and greenhouse gas saving criteria set out in Article 26, paragraphs 2 to 7, of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], for soil, water and air protection. Justification This is to ensure consistent and relevant reporting by the Commission. The term “significant” is not sufficiently clear; its meaning may change over time and should therefore be removed. PE604.528v03-00 32/34 AD\1137616EN.docx EN AD\1137616EN.docx 33/34 PE604.528v03-00 EN PROCEDURE – COMMITTEE ASKED FOR OPINION Title Governance of the Energy Union References COM(2016)0759 – C8-0497/2016 – 2016/0375(COD) Committees responsible Date announced in plenary ENVI 16.1.2017 ITRE 16.1.2017 Opinion by Date announced in plenary AGRI 16.1.2017 Rapporteur Date appointed Jens Rohde 7.2.2017 Rule 55 – Joint committee procedure Date announced in plenary 18.5.2017 Date adopted 10.10.2017 Result of final vote +: –: 0: 28 11 0 Members present for the final vote John Stuart Agnew, Clara Eugenia Aguilera García, Eric Andrieu, José Bové, Daniel Buda, Nicola Caputo, Viorica Dăncilă, Michel Dantin, Paolo De Castro, Jean-Paul Denanot, Albert Deß, Diane Dodds, Herbert Dorfmann, Norbert Erdős, Luke Ming Flanagan, Martin Häusling, Anja Hazekamp, Esther Herranz García, Ivan Jakovčić, Philippe Loiseau, Ulrike Müller, Maria Noichl, Marijana Petir, Jens Rohde, Bronis Ropė, Maria Lidia Senra Rodríguez, Czesław Adam Siekierski, Tibor Szanyi, Marc Tarabella, Marco Zullo Substitutes present for the final vote Paul Brannen, Alberto Cirio, Angélique Delahaye, Norbert Lins, Gabriel Mato, Annie Schreijer-Pierik, Vladimir Urutchev, Ramón Luis Valcárcel Siso, Hilde Vautmans, Miguel Viegas Substitutes under Rule 200(2) present for the final vote Stanisław Ożóg PE604.528v03-00 34/34 AD\1137616EN.docx EN FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION 28 + PPE Daniel Buda, Alberto Cirio, Michel Dantin, Albert Deß, Herbert Dorfmann, Norbert Erdős, Jens Gieseke, Esther Herranz García, Norbert Lins, Marijana Petir, Annie Schreijer-Pierik, Czesław Adam Siekierski, Vladimir Urutchev S&D Clara Eugenia Aguilera García, Eric Andrieu, Paul Brannen, Nicola Caputo, Paolo De Castro, Jean-Paul Denanot, Viorica Dăncilă, Maria Noichl, Tibor Szanyi, Marc Tarabella ALDE Ivan Jakovčić, Ulrike Müller, Jens Rohde, Hilde Vautmans NI Diane Dodds 11 - ECR Stanisław Ożóg GUE/NGL Luke Ming Flanagan, Anja Hazekamp, Maria Lidia Senra Rodríguez, Miguel Viegas Verts/ALE José Bové, Martin Häusling, Bronis Ropė EFDD John Stuart Agnew, Marco Zullo ENF Philippe Loiseau 0 0 Key to symbols: + : in favour - : against 0 : abstention

**Load-Date:** December 19, 2017

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[***Washington: TAX CUTS AND JOBS ACT--CONTINUED***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R3M-K1P1-JDG9-Y0CS-00000-00&context=1516831)

Impact News Service

December 2, 2017 Saturday

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**Length:** 79134 words

**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 The PRESIDING OFFICER. The Senator from Florida. Motion to Commit Mr. NELSON. Madam President, the matter that is before the Senate is the motion I have offered. It simply is, in this tax bill, the corporate rate is reduced from 35 percent down to 20 percent, and that is permanent, but the modest, middle-class tax breaks are not permanent, and in 7 or 8 years they cease to exist. They sunset.

So, in this tax bill, you want to give permanent, huge corporate cuts, from 35 down to 20. By the way, if the American corporation is doing business overseas, it is basically a zero tax rate, which is an incentive to go overseas, send jobs overseas. American jobs are lost while giving those huge corporate breaks at the same time it is giving modest breaks to the very people who need the tax cuts; that is, hard-working American families, the middle class. Then, oh, by the way, in 7 or 8 years, vamoose, it is gone, no tax break. It goes back up. It is a tax increase. That is simply not fair. So this little motion simply says go back to the Finance Committee and correct this inequity. Go back to the Finance Committee, make the middle-class tax cuts permanent, and then get the Finance Committee to offset those with revenue from someplace. Do you know where that someplace should be? It ought to be the huge corporate tax cuts. That is where the revenue ought to be taken back from to give that revenue or tax cuts to the middle class. It is a simple issue of fairness. I am delighted to be joined by my colleague from Minnesota. I yield the floor. The PRESIDING OFFICER. The Senator from Minnesota. Ms. KLOBUCHAR. Madam President, I thank Senator Nelson for his leadership on this motion. It is a very simple motion for a very simple proposition; that is, that the Tax Code should be simpler. That is true. We should make it more streamlined. That is true, but our focus should be helping the people of America. Our problem with the bill that is on the floor right now is that it is weighted much too heavily in terms of helping the wealthiest among us and not the middle class. Senator Nelson's amendment, which I am a proud cosponsor of, gets right to the meat of this, to the bread and butter, to helping the middle class with their groceries--since I used meat and bread and butter--but also with their mortgages, with paying for college, with everything they need to do. Our problem with the bill right now is that too much of it goes to the top. In fact, when you look at the numbers, it is quite startling. The first [[Page S7656]] thing you notice for the middle class is that $1.4 trillion in additional debt comes out of this bill. Now, our colleagues were claiming until yesterday, well, that is going to be offset with all this economic growth we are going to see. What did we find out? Even when you consider that--and this is by the nonpartisan Joint Committee on Taxation that looked at this. They are like the umpire. They do the scorecard. They looked at this, and they said: Yes, it is about 1.4, $1.5 trillion in debt. It does ***produce*** some economic growth, but guess what. The net is over a trillion dollars in debt. Now, whose shoulder is that going to be on? That debt is going to be on the middle class and their kids and their grandkids, and that is the No. 1 reason why I am so concerned about this bill and why I stood with 17 other Democrats, including Senator Nelson, just this last week and said: Come to the table. This is your moment for our colleagues on the Republican side of the aisle. While the White House is busy sending out tweets and going after this person and that person and this group and that group, someone has to govern, and this is their moment to govern, to work with us on a bill that doesn't add this debt that gives the middle class more than just a lump of debt in their stocking. What Senator Nelson's amendment smartly does is, it says: Let's go back and actually have hearings. Let's go back and in a deficit-neutral manner help the middle class. That is what we have to do. Even though we appeared to be very close to voting on this bill, we still don't know what exactly is in the final version of this bill. We know what isn't in it. Where is this Buffett rule that would make it more fair for everyone? What are we doing about the oil giveaways? What are we doing about the carried interest loophole? None of this is in the bill. Instead, there is $1.4 trillion in debt. So that is why I strongly support Senator Nelson's amendment. I would also add other amendments that should be considered that I have submitted: savings for servicemembers to help lower the out-of- pocket costs for National Guard members, an amendment that would help address the cost millions of people face when they are providing elder care for loved ones, an amendment that would make it easier to use 529 education savings accounts to help workers develop the skills they need for 21st century jobs, and also other ones related to ***agriculture***. Senator Nelson's amendment and all these amendments are geared and focused on the middle class. We are living in a time when the wealthier have been getting wealthier and the middle class have been losing ground. They may have jobs now because our economy has rebounded, but the cost of things has gotten so expensive, whether it is their cable bill, whether it is the cost of sending their kids to college, and, with this tax bill this is our opportunity to address that. A tax bill should be the value statement for our government, the value statement for America. So I ask my colleagues to come back to the table, to come back to the table to talk about a bill that would bring down that corporate rate. I am all in favor of that. I have 18 Fortune 500 companies. I know how important they are to jobs in my State, but they don't have to go down to the extreme rate that they are. Instead, that money should be used to help the middle class, while bringing down the corporate rate, while bringing in that money from overseas and plugging some of it into this Nation's infrastructure to literally help us with the roads and bridges and rail we have now, but that isn't in this bill. So we tell our colleagues this is a moment in time where you could actually work with us on something that makes sense for America. Don't squander it. I appreciate the time from Senator Nelson and his leadership. I yield the floor. The PRESIDING OFFICER. The Senator from Mississippi. Mr. WICKER. Madam President, on behalf of the majority, I yield back all time. The PRESIDING OFFICER. The Senator from Florida. Mr. NELSON. Madam President, we yield back all time as well. The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the Nelson motion to commit. Mr. WICKER. Madam President, I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The clerk will call the roll. The legislative clerk called the roll. The result was announced--yeas 48, nays 52, as follows: [Rollcall Vote No. 290 Leg.] YEAS--48 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden NAYS--52 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Collins Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McCain McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young The motion was rejected. Vote on Motion to Commit The PRESIDING OFFICER. The question is on agreeing to the Baldwin motion to commit. Mr. BARRASSO. Madam President, I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The clerk will call the roll. The bill clerk called the roll. The result was announced--yeas 48, nays 52, as follows: [Rollcall Vote No. 291 Leg.] YEAS--48 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden NAYS--52 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Collins Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McCain McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young The motion was rejected. The PRESIDING OFFICER (Mr. Kennedy). The Senator from Oklahoma. Mr. LANKFORD. Mr. President, I ask unanimous consent that Senator Cardin be recognized to offer a motion to commit, which is at the desk, and that the time until 2 p.m be equally divided in the usual form on the motion; further, that at 2 p.m , the Senate vote in relation to the motion with no intervening action or debate. I further ask that following disposition of the motion, the majority leader or his designee be recognized. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from Maryland. Motion To Commit Mr. CARDIN. Mr. President, I have a motion at the desk. The PRESIDING OFFICER. The clerk will report the motion. The bill clerk read as follows: [[Page S7657]] The Senator from Maryland [Mr. CARDIN] moves to commit the bill H.R 1 to the Committee on Finance of the Senate with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that-- (1) are within the jurisdiction of such committee; and (2) in order to fix and enhance our country's infrastructure, help create jobs, and responsibly use one- time revenue for one-time spending, designate the revenue raised by the deemed repatriation provisions of the bill for infrastructure improvements. The PRESIDING OFFICER. The Senator from Maryland. Mr. CARDIN. Mr. President, I urge my colleagues to support this motion. This motion will send H.R 1 back to the Committee on Finance with instructions to return it within 3 days to deal with one of the principal purposes of this act, and that is to create jobs. I am pleased that I am joined in this effort by Senators Feinstein, Blumenthal, Udall, Casey, Stabenow, Klobuchar, and Harris. As I explained yesterday--but I want to just go over this, if I could--this particular motion is based upon a bipartisan recommendation in the last Congress that came out of the Senate Finance Committee. We had working groups that took a look at the different aspects of our Tax Code in areas that we need to reform, and there was general agreement that we need to deal with the fact that American companies have earned earnings overseas, and they have parked those funds overseas and have not brought them back to the United States because of the differential tax rates between our corporate taxes and the tax rates overseas. The American companies were not willing to pay the taxes. So, therefore, they leave the money overseas. To bring that money back is called repatriation. So the money comes back to the United States. We have done this before, and we imposed a lower tax rate in order to get the money back here in the United States. The challenge with that proposal is a couple things. But, first, it is not a permanent revenue flow. It is a one-time-only revenue flow. We had the numbers on the House-passed bill, which would bring in somewhere around $300 billion of one-time-only revenue. The problem is that H.R 1 includes provisions that use those revenues that bring that in as repatriation but uses the money on a permanent basis to give permanent tax relief to businesses and that puts us deeper in a hole as it relates to the deficit of this country. This bill already is too expensive. We know that. I think my Republican colleagues know that. The American public knows that--that it will add to the deficit. We now have not only the scores that we traditionally use from the Joint Committee on Taxation as to how much it would cost, and we know it is somewhere in excess of $1.5 trillion-- closer to $2 trillion if you extend all the sunsets that are in the bill--but, even now, we have the so-called dynamic score that takes into consideration predicted economic changes that try to make it more favorable, and that is in excess of $1 trillion. That is unacceptable. It should be unacceptable to every Member of this body. This amendment will help us in doing that, in that it will take at least the $300 billion, which is one-time-only revenue, and not allow it to be used in the budget itself. Instead, we wall that off and use it for infrastructure. I serve on the Environment and Public Works Committee, in addition to the Senate Finance Committee. I can tell you that the unmet transportation needs, water infrastructure needs, and energy infrastructure needs in this country are well documented. We know we need to modernize our transit systems, our roads, our bridges, our water infrastructure, and our energy infrastructure. We need to modernize them, particularly if we are going to be competitive. This motion will set up the right priority for modernizing America's infrastructure. What does that mean with regard to jobs? Speaker Ryan used the number of a little less than 1 million jobs that are created spending $1.5 trillion. That is about $1.5 million per job. That is not very good by anyone's standards. We have projections that $300 billion--far less than $1.5 trillion--will create 4 million great jobs here in America. Here is a chance to really create jobs but at the same time ***produce*** a much more up-to-date, modern transportation system for this country. I have the honor of representing Maryland in the Senate. I can tell you that we need significant resources to update our transit system. The WMATA system is old and needs improvements, and needs further investments. We are in the second worst congested area here in Washington. We need investments in roads. Our bridges are in serious trouble. We have a major water main break every day in this country-- every day. We need billions of dollars to fix our water infrastructure. Here is an opportunity for us to speak to two major priorities. One is fiscal responsibility. Let's do this in the right way, not spend one-time-only money. Two, we can take care of the international tax problems of American companies that have money overseas. Third, we can repair our infrastructure without raising the debt. I urge my colleagues to support this motion so that we can really create jobs and not add to the deficit and to help the people of this country. I yield the floor. The PRESIDING OFFICER. The Senator from Washington. Mrs. MURRAY. Mr. President, I come to the floor this afternoon to speak on behalf of myself, along with Senator Wyden, about the incredible healthcare impacts that this tax bill will have on families. It is astonishing just how far my Republican colleagues are willing to run from the truth in order to jam this terrible tax bill through Congress. They said it was going to lower taxes for the middle class. Well, it will not. They claim it is going to create jobs. Experts tell us the exact opposite. They are once again telling families to place their faith on tired trickle-down economic theories, and we have seen how that works. It doesn't. Unfortunately, I could go on, but I did come to the floor this afternoon to clear up any remaining confusion about one particular claim that Senate Republicans are making in order to justify handing more tax breaks to massive corporations and the wealthy. The Senate Republican tax bill includes a truly devastating healthcare change that is going to raise families' premiums, cause millions of people to lose their coverage, and create even more chaos and instability in our healthcare markets. People have rejected every single Republican attempt this year to undermine their healthcare, so it is worth asking, why are they doing it again? Why are Republicans doing it in this bill? The answer is simple. Republicans wanted to spend the savings from taking away millions of people's healthcare on tax cuts for those at the top. Taking healthcare away from families to pay for big corporations' tax breaks is bad enough; what makes it even worse is how they are trying to deny what they are doing. Senate Republicans are claiming that if they pass the bipartisan bill that Chairman Alexander and I agreed on, all the damage from the healthcare sabotage in their tax bill will somehow go away. They couldn't be more wrong. Our bill, the Alexander-Murray bill, was designed to shore up the existing healthcare system and deal with the problems that President Trump and Republicans already created, not to solve the new problems in this awful Republican tax bill. And just yesterday, the nonpartisan Congressional Budget Office confirmed that. Here is what they said will happen regardless of whether Alexander- Murray becomes law as well: Premiums will go up 10 percent each year, 13 million people will lose coverage, and markets will be even more unstable, which experts have said will cause some of our communities to lose their coverage options. There has been some discussion on whether passing something called reinsurance, which is a ***program*** designed to help with the cost of enrolling the sickest patients, might mitigate the serious damage this Republican tax bill would do. The answer is no there as well. This policy is good policy on its own, but it will not stop the premium increases, and it will not stop the coverage losses and the chaos this Republican tax bill will cause. The Republicans are doing everything they can to avoid the facts, but that doesn't make them go away. While hiding behind these bipartisan [[Page S7658]] bills might seem like a good talking point in Washington, DC, political cover doesn't pay families' medical bills or give them their coverage back. It does not help people with preexisting conditions who may get priced out of the market. It doesn't help people in communities where markets are already unstable thanks to President Trump's year of sabotage, meaning insurers are ready to exit if things get worse. One more point. Over the last year of roller coasters on healthcare, there is one thing we could count on; that is, President Trump and the Republican leaders making empty promises. Republicans who are comfortable voting for this awful tax bill because of promises they got from President Trump--who called his own TrumpCare bill ``mean'' when it suited him--and Republican leaders who have written check after check they couldn't cash on healthcare are placing a bet that is more than risky. In fact, this bet is so risky, it requires House Republicans voting in favor of supporting ObamaCare changes they have already said they oppose. If you have spent 5 minutes in this Congress, you should know that getting House Republicans to support ObamaCare is as tough a sell as it gets. The truth is, if Republicans are serious about not undermining families' healthcare, there is a very easy way for them to actually do that. They can step back from the brink right now and work with Democrats on healthcare and taxes in ways that actually help, not hurt, the people we are supposed to be here to serve. They are far down the road, I understand, but it is not too late. They can turn around. It is not too late to do the right thing. That is what we are asking. Mr. President, I yield the floor. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. Mr. President, I want to pick up where Senator Murray left off and emphasize to colleagues that not only would this bill raise taxes on millions of middle-class families, but it would also be a dagger in the heart of the Affordable Care Act, causing millions to lose their coverage and raise costs for millions more. By gutting the personal responsibility portion of the Affordable Care Act, this legislation is going to take America back to the days when healthcare was for the healthy and wealthy because it will green-light once more discriminating against those with preexisting conditions. It will say the insurance companies can go out and beat the stuffing out of somebody who has a preexisting condition. If that is not enough, evidence this morning in the paper shows that this will trigger a new wave of health insurance scams and rip-offs that are going to harm our people. This morning in the paper, they talked about how this is going to encourage these cheap, junk, short- term health insurance policies, which often lack consumer protections and in so many instances have been a magnet for fraud and unscrupulous sales practices. For example, the paper this morning talked about how--I will read it. ``Examples abound of people who are dumped from such policies''--these short-term policies--``or denied coverage, mired in debt and medical bills totaling thousands, if not hundreds of thousands of dollars.'' It documents the various sales tactics used to rip people off. I remember what those tactics were like. When I was director of the senior citizens, the Gray Panthers, at home, it was common for agents to sell policy after policy that was not worth much more than the paper it was written on. It sure sounds to me as though these short-term policies, while a different time, are going to encourage the same kinds of rip- off practices that are going to harm our people. As we have touched on, we have heard from Senators on the other side that they think that if they vote for this bill, what they are going to be able to do is get two other bills that somehow will mitigate, will eliminate a lot of the harm this horribly flawed bill is going to do. It is going to harm millions of middle-class families who don't get a fair shake in the marketplace and then inflict all this damage on healthcare that I just described. I happen to think these two bills are constructive bills. The Alexander-Murray bill will make payments that will help limit the amount low-income Americans pay for health insurance. Our colleagues, Senators Collins and Nelson, have another constructive idea-- reinsurance money. That helps to stabilize the insurance market, which, by the way, the President of the United States has worked so hard to destabilize. The fact is, the Congressional Budget Office, which is the nonpartisan group of experts we use, has made it clear that these two bills will not even come close to wiping out the disastrous consequences of the health provisions in this bill that the Senate is about to vote for. I want to be clear. This is not just a tax bill, not just a bill with handouts to multinational corporations and a grab bag full of goodies for campaign supporters and powerful, well-connected interests. It is not just that. It is a big step backward in the cause of making sure that all our people have affordable, accessible healthcare. What we ought to be doing is looking at ways to come together and find common ground on provisions that we know are cost-effective, things like the children's health bill, which if I had my way would have been passed a long time ago, and community health centers and other vital provisions. We should be building on what we have, such as holding down the cost of pharmaceuticals, for example, targeting the middlemen who are at the heart of the problem. That is what we ought to be doing. We should not be doing what is on offer this morning. What is on offer this morning is turning back the clock on American healthcare, turning back the clock to those dark days when the insurance companies could beat the stuffing out of somebody who had a preexisting condition. We are better than that. We still have time. As I have said on the floor, as the ranking Democrat on the Finance Committee, we still have time to choose a different course. A few days ago, 17 Democratic Senators--led by Senators Manchin, Kaine, Donnelly, and Heitkamp--came together and said: We want to find common ground on taxes. I have written two bipartisan, comprehensive Federal income tax bills, the most recent one with a member of the President's Cabinet. We don't have to go this route. We don't have to go this route on taxes. We certainly don't have to do it on healthcare. There are approaches that would bring us together, and I have just described several of them. What I know we shouldn't do is turn back the clock to the days when healthcare in America was for the healthy and wealthy. That is what you get when you green-light discrimination against people with preexisting conditions. If they are healthy, no problem. If they are wealthy, they can take care of it. We should reject this bill and especially the provisions that relate to healthcare and that take America back to dark days, horrible days when healthcare in America was essentially for the healthy and wealthy. I yield the floor. The PRESIDING OFFICER. The Senator from Vermont. Mr. SANDERS. Mr. President, it is no secret that I am strongly opposed to this disastrous, unfair, and destructive piece of legislation that we are debating today that will give massive tax breaks to the wealthiest people in our country, to the most profitable corporations, and to billionaire campaign contributors. What really concerns me is that we are debating, as everybody acknowledges, a very complicated and confusing piece of legislation that is over 500 pages long. Here we are a few hours before we are going to be voting on this legislation, and nobody has seen it. Nobody even knows what is in this legislation. It is probably being written as we speak right now. That is not a very effective or intelligent way to deal with legislation that impacts every American and trillions of dollars. One of the concerns I have as we look at this bill is that there are provisions in it that nobody really understands in terms of whom it impacts and whom it benefits. As one example, buried in this legislation, on page 503, section 14504, is a paragraph entitled ``Modification to Source Rules Involving Possessions.'' That is the title of that section. What does that mean? As best we can understand, it means that if you are a hedge fund manager who is a resident [[Page S7659]] of the Virgin Islands, you will be able to get a major tax break on capital gains and a 90-percent reduction in tax liability on your income. It has been estimated that corporations and the wealthy are avoiding over $100 billion each and every year by stashing their cash in the Caribbean and other offshore tax havens. It appears that this provision will make a bad situation even worse. In adding insult to injury, it appears that this provision may help only a handful of wealthy hedge fund managers who have claimed residency in the Virgin Islands. It has been estimated that this provision alone--one provision in a 500-plus page bill--will cost over $600 million in lost revenue in the next decade--$600 million in lost revenue when we have a $20 trillion debt and 40 million people who are living in poverty. Now, I see no Republican Senators on the floor, but I am sure that staff is watching this discussion. I have a question that I would like to discuss with Senator Wyden but, more importantly, with some of our Republican colleagues. What I would like to ask my Republican colleagues is whether there has been a hearing on the need to provide tax breaks to wealthy hedge fund managers who have established residency in the Caribbean. I would say to my friend from Oregon that there are a lot of problems facing our country--a declining middle class, 40 million people living in poverty, 28 million people having no health insurance. I am not aware that one of the great crises facing this country is the need to provide tax breaks to wealthy hedge fund managers who have established residency in the Caribbean. It may be one of those great national crises that I have missed, but I don't quite perceive it as being an issue that the American people seem to be deeply concerned about. I hope that my Republican colleagues--maybe Senator Hatch or others-- will come to the floor and tell us who this provision benefits. Are we talking about one hedge fund manager? Are we talking about two? Are we talking about three hedge fund managers who are going to divvy up some $600 million in tax breaks over the next decade? I ask my colleague from Oregon, who is the ranking member of the Senate Finance Committee, his thoughts on the issue. Mr. WYDEN. I am very pleased that my colleague from Vermont is discussing this issue on the floor. The Finance Democratic staff has been looking into this and has been working also with the Senator's staff, and I think that it would be fair to say that every few hours, this bill just seems to get worse. I mean, we don't know if, in the middle of the night, somebody will add another round of favors for the powerful interests, the politically well connected. What I can tell the Senator is what we have been able to put together as of now. In 2004, legislation was written that we were very much involved in that helped eliminate the loophole by requiring U.S citizens to be bona fide residents of the Virgin Islands and imposing U.S tax on income effectively connected with the United States. Now, in the dark of night, as I have indicated, it appears that we have a provision that is relaxing this rule. From our conversations, I know the Senator understands that we all want to help the people of the Virgin Islands after a devastating hurricane. Are we helping people by creating a huge, new loophole, possibly for a handful of those people who are especially well connected and can get to the Finance Committee? I am convinced that if one looks at the Paradise Papers and the Panama Papers, what they were warning about in those papers was of all of these efforts to stash money and create new options for people to wheel and deal in offshore accounts. So my colleague is right. I continue to wonder why, when we want to ask these really important questions about special interest favors and when we look to the other side, we have this barrier between both sides of the aisle. We need somebody here to explain to us and explain to the American people how this has seemed to just fly out of the sky. I am very appreciative of the Senator's raising a question about what looks like yet another scam that has come into a process that has been one big sham from the beginning. I appreciate my colleague's question. Mr. SANDERS. I thank the Senator very much. I would just say, according to a number of independent studies, despite what President Trump and the Republican leadership are saying, the overwhelming bulk of the tax benefits in this legislation goes to the top 1 percent. I believe the number is 62 percent that goes to the top 1 percent. Mr. WYDEN. If my colleague will yield, there is no question he is correct that in terms of stacking the deck, this is not just stacked to the top but to the top 1 percent or a fraction of the 1 percent. Mr. SANDERS. You have 62 percent of the benefits going to the top 1 percent. Meanwhile, by the end of the decade, my good friend, Senator Wyden from Oregon, there is no question but that tens of millions of middle-class Americans will be paying more in taxes; is that correct? Mr. WYDEN. There is absolutely no question about that. We are looking at something like half of the middle class to be paying more in taxes come 2027. Mr. SANDERS. So here we have a nation today that has a grotesque level of income and wealth inequality--worse than at any time since the late 1920s. The top one-tenth of 1 percent now owns almost as much wealth as the bottom 90 percent, and 62 percent of all new income is going to the top 1 percent. The Republicans' solution is to make this grotesque inequality even worse by giving 62 percent of the tax benefits to the top 1 percent. I want to get back to this one point. I suspect that when you rush a bill of this mag

nitude through the U.S Senate when there have been virtually no hearings, no experts, no real ability to have significant debate and discussion at the committee level, what you are going to find the day after this bill is passed are absolutely outrageous provisions. I suspect--I don't know, and I would like my Republican colleagues to help us here; I cannot verify because we don't have the information-- that on page 503, section 14504, there is a provision that will provide $600 million in tax breaks over a 10-year period that will end up in the pockets of a handful of Wall Street hedge fund managers. That is what I suspect. Maybe I am wrong. Therefore, I hope that some of the Republicans who put this provision in the bill will tell us how this is going to benefit the people of the United States or the Virgin Islands or anyplace else. Again, I am speaking to the ranking member of the Senate Finance Committee, who knows something about this. Is this an issue, Senator Wyden, that has been discussed for 1 minute? Mr. WYDEN. Not for a minute. The reason my colleague's questions are so important is that this is, certainly, an example of what seems to turn up every few hours, practically in the middle of the night. My colleague raised a very good point with respect to the development of this bill. I mean, we are talking about making $10 trillion worth of changes in tax policy on the fly--without a hearing. The Senator's colleagues have said--Chairman Enzi and the Budget Committee--and I have heard it several times on the other side--that there were 70 hearings on this bill. There was not one on this piece of legislation. It certainly didn't examine this issue. It didn't examine the question, for example, of what is going to happen to people with this dagger to the Affordable Care Act. I can tell this to my colleague because he is right to talk about how one brings parties together. I know my colleague did that as part of a major bill on the Veterans' Affairs Committee with Senator McCain. Our former colleague Bill Bradley mentioned that when he wrote a tax bill, he flew all over the country to work with Republicans. In this case, apropos of my colleague's question, not only did no one do that sort of thing, but they wouldn't even walk down the corridor to talk about working with the other side. Mr. SANDERS. Let me make two points as I wind down here. One, yesterday, I challenged my Republican colleagues, after this bill is passed, to tell us and tell the American people that when they rack up a deficit of $1.4 trillion, they are not going to [[Page S7660]] come back and cut Social Security, Medicaid, Medicare, education, nutrition. Tell the American people that you are not going to balance the budget and compensate for your huge tax breaks to the rich and large corporations by going after the middle class and working class of this country. I challenged my Republican colleagues yesterday to come to the floor and tell the American people that they would not do that. They have not responded to that challenge. The second challenge today is to tell us what is in section 14504, page 503. This is a provision that would provide $600 million in tax breaks to my Republican colleagues. Who is going to get those tax breaks? We believe--and tell us if we are wrong; maybe we are--that we are talking about a handful of hedge fund managers. Who are they? How many of them are there? I would ask, respectfully, that Senator Hatch or any other Republican come down to the floor and tell us who benefits from section 14504. Mr. WYDEN. Will my colleague yield for a moment? Mr. SANDERS. I will. Mr. WYDEN. I want to ask the Senator a question because I am not sure that we have really laid out the timetable of what is ahead. My colleague, of course, who is our ranking Democrat on the Budget Committee, is very up on this. We have all been concerned because we have seen it before. You pass these big tax cuts. You get on a sugar high for a relatively short period of time. Then the deficits start rolling in. What we see next are the cuts in the ***programs*** that are a lifeline for millions of people--the anti-hunger ***programs***, Medicaid, Medicare, Social Security. I saw comments in the paper that what my colleague is concerned about has already been announced by the Speaker of the House. I understand that what the Speaker of the House has said is that his next ***plan*** is to take up the issues of what he calls entitlement reform. They are not talking about the things that the American people care about and that I am going to hear about at townhall meetings at home this weekend-- holding down the costs of prescription drugs. They are talking about rolling back the safety net--Medicaid and the anti-hunger ***programs*** and Social Security. Is that my colleague's understanding? Mr. SANDERS. Absolutely. That is absolutely what they will do. They will talk about saving Social Security; they will talk about entitlement reform. What they mean is cutting Social Security, cutting Medicare, and cutting Medicaid. As the Senator has indicated, it is not some kind of an abstract, theoretical idea. That is what Speaker Ryan is already talking about. More to the point, that is exactly what was in the budget that was passed here several months ago. Mr. INHOFE. Will the Senator yield for a unanimous consent request? Mr. SANDERS. I will. Mr. INHOFE. Mr. President, I ask unanimous consent that at the conclusion of the remarks by the Senator from Vermont, I be recognized for up to 10 minutes. The PRESIDING OFFICER. Is there objection? Without objection. Mr. WYDEN. Reserving the right to object, if I could, I don't think the UC was granted. Mr. INHOFE. I have a point of inquiry. Was the UC already granted-- the unanimous consent request? The PRESIDING OFFICER. The Chair said ``without objection'' because the Chair did not hear objection. Mr. WYDEN. Well, I would like to reserve my right to object at this time. The PRESIDING OFFICER. Is there objection? Mr. WYDEN. Reserving my right to object, and I will not object. I would just like to make sure that our colleague from Oklahoma and our colleague from Washington are both accommodated in this matter. Senator Sanders and I have finished. I believe Senator Cantwell said that Senator Inhofe will go ahead. We thank Senator Cantwell for her usual collegiality. Senator Inhofe will go first and I ask unanimous consent that Senator Cantwell follow Senator Inhofe, and I will withdraw my reservation. I withdraw my reservation and I ask unanimous consent that Senator Cantwell follow Senator Inhofe. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. Mr. SANDERS. Mr. President, let me conclude my remarks. I would urge my Republican colleagues to come down to the floor of the Senate and explain to the American people what section 14504 is about and who benefits from some $600 million in tax breaks over a 10- year period. Is it two hedge fund managers? Is it five hedge fund managers? What is it? That is my request, and I hope we can get a response to that quick question as quickly as possible. With that, I yield the floor. The PRESIDING OFFICER. The Senator from Oklahoma. Mr. INHOFE. Mr. President, let me pause in this class warfare for just a minute to make a couple of observations that I think are certainly important to me. First of all, I agree that no one has said that the underlying bill is perfect. Incidentally, I will not respond to the Senator's specific request until I have time to go back and get the proper response, and then I will be glad to do it. But I will say this. We are going to have a conference. There is going to be opportunity for us to go and get some of the things ironed out--some of the things we are both concerned about. There are a couple of things I want to serve notice right now that I am going to be concerned about. One is that the bill that we have punishes trust ownership. It doesn't treat the trust ownership the same way it does ordinary ownership. I think they both should be treated equally. I talked to a number of people who will be participating in this on the other side of the aisle, and I would like to kind of serve notice that we are going to be talking about this, because I think it is very, very significant. The second thing is that we hear a lot of good ideas. Certainly, there is this idea that somehow there isn't a good idea unless it emanates from this body. I have to tell you this. It is interesting for me to be standing here because I am not on any of the committees that have anything to do with this bill. I am not on the Finance Committee, and I am not on the Budget Committee. If you want to talk about defending America and roads and highways, I will talk to you about that. That is my specialty. I am on those committees and have senior leadership in those committees. But as a Member not directly involved in this debate, I have looked at it and I have heard good ideas from the outside. I heard one a week ago that actually came from the Hugh Hewitt show. I heard an idea that I tried to pick apart, and I can't find any faults with it. So I have developed an amendment that we are going to have that will address this idea that I am talking about. That amendment would offer an alternative to those who have retirement ***programs***, where the individual is not to pay for the income until the withdrawal date--say, age 59\1/2\. The amendment would provide that there would be a one-time opportunity to withdraw up to 25 percent of the retirement account for a single flat fee of 10 percent in lieu of paying income tax at that time. There are a lot of benefits that I think are pretty obvious. We are talking about retirement ***programs*** where the individual is not to pay for the income until the withdrawal dates--let's say, at age 59\1/2\. This would have the immediate revenue of 10 percent of all savings that are withdrawn, and this would actually amount to billions of dollars. We are talking about immediate dollars, not dollars that may be there in the future. Now, you could argue that this might reduce some revenue at some future date because the individuals will have already pulled this out for a fee of 10 percent. So, perhaps, it would have some negative effects in the distant future. But when you stop to think about the benefits--I know a lot of people on the other side of the aisle don't realize this--we are going to have huge benefits. If you just look at what has happened in this administration in the second and third quarter of this year, we have gone through years in the Obama administration with maybe a 1.5-percent [[Page S7661]] increase in GDP, and we have enjoyed 3 percent in the second quarter and 3.3 percent in the third quarter. That is a huge increase. For each 1 percent increase over a period of 10 years, we are talking about $3 trillion. So we are all considering this. This amendment that we are talking about that merely allows people to take money out that is already their money is something that would have a great stimulation in the economy. I am one of the few ones who was around here--not in this body but in the other body--and I was aware of this back during the Reagan years of 1981 and 1986. In 1981, the amount of revenue that we had coming into the Federal coffers was $469 billion. Ten years later that was $750 billion. That was after the first great reduction. Let's remember that reduction took the top rates down from 70 percent to 50 percent. Again, in 1986, when the total revenue was $569 billion, there was a further reduction. The top rate went down from 50 percent to, I believe, 28 percent. Now, with all of those reductions, that increased 10 years later from $569 billion to $1 trillion. Consequently, we know that if we can stimulate the economy, we are going to have more revenue coming in. That is a fact. I think this will be something that I think a lot of people can look at. I talk about when you get into the conference. I will not be one of the conferees, and I am aware of that, but there are a lot of good ideas out there along with those on the floor today. They will be pursuing them at that time. That is assuming we pass this bill, and I think we will pass it. Additionally, tax reform will ensure that American families and businesses see a meaningful reduction in their tax burden. The Senate bill provides a substantial tax deduction to small and family businesses that are structured as passthrough entities. These small and family businesses are household names such as Love's Travel Stop, the Country Stores, Hobby Lobby. We are all very familiar with Hobby Lobby. By the way, I will say that in the event there is anyone here who has not been down to see the Museum of the Bible, that is Hobby Lobby who paid for that. Those are the types of people who would benefit. Unfortunately, the Senate does not allow tax deductions for these companies or passthrough entities if they have trusts. This is not right. For these companies trusts were for long-term business purposes, not to evade their fair share of taxes. These companies use the income to invest capital in operations to grow their businesses, to hire people, and to contribute to the economic growth that we need in this country. We should not penalize passthrough companies for their businesses because they are trusts. My amendment would fix that. With that, I yield the floor. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. Mr. President, I ask unanimous consent that Senator Cantwell and Senator Van Hollen be allowed a total of 15 minutes to discuss some very important issues. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from Washington. Ms. CANTWELL. Mr. President, I come to the floor with my colleague from Maryland to talk about the State and local tax deduction. I thank the ranking member of the Senate Finance Committee for his hard work on trying to articulate what is fair tax policy for Americans. Senator Wyden and I come from parts of the country with probably some of the most unique tax codes. He doesn't have a sales tax in Oregon. We don't have an income tax in Washington. We are not an expensive tax State. We are not an expensive tax State. There are other States such as Texas, Nevada, and Florida that also don't have an income tax. Under this bill, those States and the citizens of those States, like many others, are going to be penalized. Middle-class Americans are going to have their taxes raised to give a tax break to corporations. So while we might want to discuss what is fair tax policy as it relates to the competitiveness of our economy, the good news for the people of the State of Washington is that we have very competitive businesses, whether it is Microsoft or Amazon or Starbucks or Costco or Boeing. They are all working hard. They are all working in multiple places, and yes, they are all doing really, really well. The question is, Do we need to reduce their corporate rate so significantly, and to do so, take money out of the pockets of middle- class families across the United States of America? The reason I mention Senator Wyden and the States of Oregon and Washington, is that, even though we have a unique tax code, our State's economy has grown faster than the national average every year since World War II. That is to say, the uniqueness of our tax code has not hurt us, and yet in the State of Washington we have had the highest minimum wage for a long time in the United States. Now we are raising it in various parts of our State. We have had a unique view of where our revenue should come from. Why now? Why now? After 100 years of tax deductibility by taxpayers in this country, why are you taking away their ability to deduct only to give a tax break to corporations that are making record profits? After 100 years, why are you doing this? Well, I think some of my colleagues have said it best. They have called it double-taxation. You are going ahead after 100 years and saying it is OK to tax the same amount that we pay to the State that you also are going to tax at the Federal level. As one article mentioned, ``Alexander Hamilton in the Federalist Papers said the Federal Government might try to monopolize taxation to the entire exclusion and destruction of State governments.'' That is right. Our Founding Fathers said: Do not have double taxation. So for 100 years--100 years--we protected the citizens of this country. Yet someone over there is thinking: Do you know what? I need $1.4 trillion. Where can I get it? Let's do it on the backs of middle-class families, because they might not notice until 2019 when their tax bill comes and they have a different equation. I get that my colleagues think they have solved this problem by getting rid of the deductions and now all of a sudden giving you a double standard deduction. I have done the math. I have done the math for us in Washington State, and over 300,000 people in Washington will see their taxes go up immediately, probably paying anywhere from $750 to $1,000 more in taxes. Is that fair? They are sitting in the shadow of these large companies who are making record profits and doing quite well, asking why are they the funders of this tax break. Why are they? Why are we getting rid of a policy that has existed in our country for over 100 years and penalizing them just to give this corporate break? I can tell you I don't buy the notion that this is going to trickle down to productivity and wage growth. I know what is driving productivity and wage growth in my State. It is a great, educated, skilled workforce. It is staying ahead of innovation whether it is making software or new ways of doing business, and, yes, it is a constant challenge. Those businesses tell me all the time we need more infrastructure, we need more affordable housing, we need a better transportation system, we need better education. So they are very concerned about the ideas in this legislation. So you are going to tax immediately about 300,000 Washingtonians with a higher tax rate and, according to the Joint Committee on Taxation and other entities, probably by the time this is done, at the end of this bill, over a million Washingtonians are going to pay more money. That is why I am so concerned, along with other States that have been fighting this battle for so long. Why now? Why now? What is the urgency that you are taking away the ability of my citizens to deduct their local sales tax, their property tax, and, in the House case, other expenses, whether they are medical or education or their mortgage? It is just beyond me, when the middle class has suffered so much and has not recovered from the downturn in the economy, that you think the best economic strategy is to take money out of the middle-class taxpayer. I ask unanimous consent to have printed in the Record a letter from the National Governors Association from Governor Sandoval from Nevada. I mentioned they don't have an income tax. They are highly sensitive to this issue. [[Page S7662]] There being no objection, the material was ordered to be printed in the Record, as follows: National Governors Association, September 22, 2017. Hon. Richard Neal, Ranking Member, Committee on Ways & Means, U.S Senate, Washington, DC. Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, Minority Leader Pelosi, Chairman Hatch, Ranking Member Wyden, Chairman Brady, and Ranking Member Neal: The nation's governors appreciate congressional efforts to reform and improve federal tax policy. Federal and state tax systems are complex and often interconnected. Therefore, as Congress considers reforms, we urge you to maintain the balance between state and federal tax systems by preserving the income exclusion for municipal bond interest and the deductibility for state and local taxes. The financing engine that drives U.S infrastructure is the $3.8 trillion municipal bond market. Changes to federal laws and regulations should not increase issuance costs to states for municipal bonds or diminish investor demand for them. If federal changes make issuing municipal bonds cost-prohibitive for states and local governments, then fewer projects could be funded, taxes could rise, fewer jobs created, and economic growth will suffer. Governors also believe that no federal law or regulation should preempt, limit, or interfere with the sovereign rights of states. A mark of sovereignty includes the ability to develop and operate revenue and tax systems. Deductibility of state and local taxes has contributed to the stability of state revenues that are essential for providing public services. We encourage you to avoid changes to the tax code that would undermine the ability of state and local governments to meet the needs of the citizens whom we all serve. Eliminating state and local tax deductibility, moreover, exposes a higher share of an itemizing taxpayer's income to federal taxation because it adds back mandatory payments of state and local taxes already paid, as taxable income. Federal tax reform requires an intergovernmental partnership because decisions at the federal level will affect state and local governments profoundly. We look forward to working with Congress on bipartisan tax reform to maintain balance between our systems and modernize the federal tax system to meet the needs of our citizens. Sincerely, Gov. Brian Sandoval, NGA Chair. Gov. Steve Bullock, NGA Vice Chair. Ms. CANTWELL. Mr. President, their letter says that the deductibility of State and local taxes has been a part of their stability, and they are about meeting the needs of their citizens. So the notion that we have the National Governors Association, the homebuilders, the Realtors, so many people concerned about this is falling on deaf ears. I guarantee you it will not fall on deaf ears when the citizens have a chance to respond to this. The notion that we not only are taking away this ability to deduct, but we are also in this legislation making a change to the way inflation is calculated, what is called Chained CPI--I am not going to bother to explain the details to you, but I will tell you this. It will change your tax bracket, and you will be in a higher tax bracket. So besides giving you less deductibility, they are changing a formula and making you pay more taxes. This bill needs to slow down. It needs to focus on what will help our economy grow, and economists don't believe this bill is going to do much to help the economy grow. It is going to give those corporations money to pay for dividends. Seventy-five to eighty percent will go to their shareholders, and those shareholders and the stock market will do well. What we also need to focus on is the investment that middle-class families need to stay in their home, to make education affordable, to pay for healthcare, and to have communities work. The fact is, the Fraternal Order of Police is also against this legislation because of taking away of this local deductibility. It is like Hamilton said: Why are you doing this at a Federal level? I thought the other side of the aisle was the States' rights people? I thought they were there to protect the uniqueness of the Tax Code to say that States have rights, to say that States ought to be able to decide their own future. Well, after 100 years, you are taking that away today, and you are going to hear from the citizens of this country who are upset that they have to pay higher taxes just to give these very successful companies a corporate tax break. I yield to my colleague from Maryland. The PRESIDING OFFICER. The Senator from Maryland. Mr. VAN HOLLEN. Mr. President, may I inquire how much time remains on the unanimous consent agreement for this amendment? The PRESIDING OFFICER. The Democrats have approximately 6 minutes remaining. Mr. VAN HOLLEN. Thank you, Mr. President. I see Senator Menendez from New Jersey has arrived. He is a cosponsor, together with Senator Cantwell and myself, on this amendment, and I want to thank Senator Cantwell for her leadership. She has covered a lot of important points. The main one is, from the beginning of our Federal Tax Code in 1913, we have established a principle in the United States to avoid double taxation. It makes no sense that any citizens of this country send a dollar of tax to their State governments to help schools or roads in their State, and then they are turned around and taxed on that same dollar by the Federal Government, but that is exactly what this Republican tax ***plan*** is doing. Now, weeks and weeks ago, the Republican leader, Senator McConnell, and the Speaker of the House, Paul Ryan, made these public statements about how these Republican tax bills weren't going to raise taxes on anybody. They both had to publicly reverse those statements because, in order to provide huge tax breaks to the biggest corporations of this country, this bill will require millions and millions of middle-class families to increase their taxes, and a main vehicle for doing that is by removing the deduction for those citizens. I am just going to give you some quick numbers: 100 million Americans today use the deduction for State and local taxes. In fact, half of the families in my State of Maryland use it. Thirty-eight percent of taxpayers making between $50,000 and $75,000 claim the State and local deduction. That is 7.6 million households. Fifty-six percent of taxpayers who make under $100,000 claim the State and local deduction, and 86 percent of taxpayers making under $200,000 claim the State and local deduction. It is wrong to double tax those families in order to provide a huge tax break for big corporations. Just to add insult to injury, the corporations in our State still get to deduct their State and local taxes. We just don't let the people in our State do the same thing. Let's adopt this amendment. The PRESIDING OFFICER. The Senator from New Jersey. Mr. MENENDEZ. Mr. President, I am here to support the motion offered by Senator Cantwell, to speak out against a tax bill that is nothing short of highway robbery on New Jerseyans. This tax ***plan*** is about one thing. It is about cutting taxes for wealthy corporations and asking working families to pay for it. It is especially bad for middle-class families in New Jersey, New York, Washington, Maryland, and other high-earning States that make bold investments in education, that drive the most innovation, that generate the most Federal revenue. Don't let the Republicans fool you if they airdrop an amendment at the last minute that throws a few crumbs at New Jersey families and call it a victory. Carve-outs, caps, and exceptions are nothing but gimmicks meant to distract the public from what is really going on. No matter how you slice it, gutting or even limiting the State and local tax deduction is a direct assault on middle-class families in America's highest earning, most economically productive States. By gutting the SALT deduction, Republicans will literally force millions of middle- class families across America to pay taxes on their taxes. In 2015 alone, nearly 1.8 million New Jersey households deducted a combined $32 billion in State, local, and property taxes from their Federal tax bill. These families aren't living large. They are middle- class folks who had to work hard for every dollar they have. In fact, IRS data shows that more than 85 percent of taxpayers who claim the SALT deduction make under $200,000 a year and over half make under $100,000 a year. So it is wrong to ask millions of Americans who had to fight their way into the middle class to pay more just [[Page S7663]] so big corporations can pay less, and rubbing salt in their wounds is the fact that Republicans let corporations keep on deducting their State and local taxes on top of the huge tax cuts lavished on them by this tax ***plan***. If deducting State and local taxes is so important for big corporations that make billions of dollars each year, Republicans should understand why it is so important for middle-class families in cities and suburbs across America. That is why I am offering this motion with Senator Cantwell to send the bill back to committee to fix this fatal flaw and restore the SALT deduction. If it is good enough for huge corporations, it should be good enough for middle-class families. I have heard many of my Republican colleagues complain about the SALT deduction as if it is some subsidy for States like New Jersey, and that hypocrisy is just amazing to me. Far from subsidizing successful States like New Jersey or New York, the SALT deduction actually benefits the entire Nation, which is able to share in the economic rewards created by the high-powered economies of States like New Jersey, and now Republicans want to take even more. Well, we are sick and tired of it, and we want our money back. I will make a deal with any Republican from a taker State. Since you are so opposed to subsiding other States, how about you take all of the extra Federal dollars you receive beyond what you pay and transfer it back to donor States like New Jersey? Sound like a deal? I don't think so. Each and every year, States like New Jersey, New York, and Virginia generate billions of dollars in Federal revenue that go to Americans in less productive, lower income States that are more reliant, more dependent on Federal spending. They are America's economic powerhouses, America's donor States, precisely because they invest in public education, law enforcement, mass transit, infrastructure, and economic opportunity for all. It is no surprise that everyone from the Fraternal Order of Police to the American Hospital Association, to AARP support keeping the State and local tax deduction. Taking it away is a direct threat to the funding States need to educate our kids, keep cops on the beat, equip first responders and firefighters, and provide healthcare to the most vulnerable--all this just to give big corporations big tax cuts. If multinational corporations get to keep deducting their State and local taxes, there is no reason to stop millions of middle-class Americans from doing the same. Make no mistake, any reduction in the State and local tax deduction is a direct assault on America's highest earning, most innovative, most economically productive States. Guess what. All Americans will lose out when America's economic powerhouse States aren't so powerful anymore. I urge my colleagues to stop punishing success, stop interfering in State government decisions, and join me in protecting the SALT deduction. Vote for the motion to recommit. I yield the floor The PRESIDING OFFICER. The Senator from South Dakota. Mr. THUNE. Mr. President, we are about to embark upon a vote that I think will be historic, a once-in-a-generation opportunity, in my view. The last time we did major tax reform in this country was 1986, 31 years ago. Believe it or not, I happened to be a staffer here back then. Although my boss was not on the Senate Finance Committee, I was the tax LA in the office, and so I had the opportunity, in a very small way, to be a part of the 1986 Tax Reform Act, which at that point was landmark legislation, very historic, very far-reaching, and had a profound impact in a positive way on the economy. Well, here we are 31 years later--long overdue, I might add, to get to the point where we once again can do something fundamentally about a tax code that is completely outdated, completely antiquated, and puts us at a competitive disadvantage with countries around the world with whom we have to compete. So we have an opportunity today--and we will have an amendment process here that will get started very soon in which Members will have an opportunity to lay down their amendments, to debate them, and to get them ultimately voted on, but when it is all said and done, I believe we will have a final product that moves us fundamentally in a different direction when it comes to our tax policy, in a direction that is good for jobs, that is good for growth--economic growth--and that is good for wages in this country for hard-working families and people who have been living paycheck to paycheck for a really long time. We didn't get here overnight. There has been a lot said about how this is all of a sudden rushed to the floor. I have to tell you that I got on the Senate Finance Committee in 2011, and since 2011 when I joined the committee, we have had 70-plus hearings on tax reform. We have had 70 hearings examining different aspects of the tax reform, listening to recommendations about how it might be changed, how it might be modernized, how it might be updated, and how it might be improved. It has been a long, methodical process to get us to where we are today. Two years ago, in 2015, the chairman of the committee, Senator Hatch, created five working groups, and each of the working groups had a specific area of responsibility to look at different elements of the Tax Code and come up with a series of recommendations for how it might be improved. I was privileged to chair one of those working groups, along with Senator Cardin. We had both Democrats and Republicans participating in that process. At the end of it, each of the working groups submitted recommendations, many of which, I might add, are included in the mark we are going to be voting on later today. A lot of those ideas came from those bipartisan working groups. So there are a lot of Democratic and Republican ideas that have been incorporated into this legislation. I would hope, in the end, that there might be some Democrats who ultimately will vote for it. But I think it is important to note, for those who believe that perhaps this was somehow rushed in here, that there has been a lot of thought over a long period of time. There were not only months but years--literally years--of work that has gone into bringing us to where we are today. When the bill was introduced--the mark was put out there by the chairman--that put in place a process in the committee where we had a markup. So we spent 23 hours over several days marking up the bill. We voted on 63 Democratic amendments in all 69, or thereabouts, amendments on the bill while it was being marked up before it was reported out here to the floor. Since it was reported out of the committee, there have been a number of changes that have been made in response to concerns and issues that have been raised by individual Senators on both sides of the aisle. And that brings us to where we are today. I say that by way of context to let people know that this has been a long process--an arduous process, I might add--and frankly one that is really overdue. I happen to believe profoundly that it is high time that we undertake the important work of readapting and readjusting our tax policies to reflect an economy and a marketplace that is very different from the last time this was done in 1986. So that gets us to where we are today. In trying to figure out how to modernize, how to update our Tax Code, there are a couple of things that clearly needed to be dealt with. One is that we have a tax system that has the highest rates among businesses in the industrialized world. We have a 35-percent rate for corporations. When we look at every other industrialized country around the world--look at the OECD average; it is down around 22 percent. A number of countries have gone well below that. We continue to hemorrhage jobs and businesses and profits to other places around the world because our tax rate, our Tax Code, frankly, isn't competitive. We operate in what is known as a worldwide tax system in which not only do you pay a tax in a country in which the income is generated, but you also pay a tax when it comes back into the United States at the higher level, at the 35-percent rate. So that also had to be adapted, and we are moving now more toward what is called a territorial tax system in which the income is taxed in the jurisdiction in which it is generated. I believe that will make us a much more competitive economy globally and make America a much more attractive place to do business. [[Page S7664]] We get the corporate rate, the business rate, down to 20 percent. And when I say businesses, that is what we call C corporations. There is a slightly different treatment for passthrough businesses. Those are your partnerships, LLCs, and sole proprietorships, things like that. But we also significantly reduce rates on small businesses. We believe that is important to growth. This needs to be a pro-growth bill. We want to grow our economy at a faster rate because a faster growing economy, an economy growing at rates that are more normal to historic averages, means that we are creating better paying jobs. That means we are lifting wages in this country. Wages have been flat for so long. For the last decade or so, the American people have rarely had anything that could be characterize as a pay raise. That is why we needed to update our business tax rates, our business tax code, so that we can get the economy ***producing*** and growing at a faster rate to generate those good-paying jobs and provide higher wages to American families and American workers. We believe this bill does that. I think the changes that have been made in addition to lowering the rate--allowing for expensing of capital investments allows businesses to recover their cost of investment faster, accelerate that cost recovery, which enables them to get that capital they can use to expand and grow their operations and thereby, again, create those better- paying jobs. Those are key changes that are fundamental to greater economic growth, better jobs, and higher wages in our economy. There have been a lot of analyses and studies that have been done that demonstrate how, in fact, that might work. If you look at what the President's Council of Economic Advisers says, they suggest that lowering the rate on businesses will generate $4,000 in additional average household income on an annual basis. That is an additional $4,000 in the pockets of families in this country as a result not just of the tax reductions, which I will get to in just a moment, but the changes we made on the business side of the code generate an additional $4,000 annually per household. There is another study out there by Boston University. They conclude that it would increase the average household income by $3,500, which is slightly less than $4,000. It is safe to say that families in this country, households in this country, and people in this country are going to benefit, because when you create a more favorable environment, favorable conditions for investment and creating jobs, you get competition for labor. Competition for labor raises the price of labor. When the price of labor goes up, companies have to pay higher wages. That means bigger paychecks for American workers. That is precisely what these particular studies have shown. Let me say, too, because I think that as I have listened to our colleagues on the other side--they consistently make the argument that somehow these are tax cuts for the rich, which I don't think is any surprise. That is normally what they say anytime we have a debate about reducing taxes. My experience here, in the time I have been in Washington, both as a Member of the House of Representatives and now as a Member of the Senate, has been that, generally speaking, Democrats like to grow government. We like to grow the economy. We believe the best way to lift all boats--to generate better paying jobs, to improve the quality of life and standard of living for American families--is to get a stronger economy that is creating those better paying jobs and raising wages in this country. Suffice it to say that our colleagues on the other side have attacked this bill, as they do most bills. This is no exception. Most of the attacks are on reform bills for delivering too much relief to high- income earners. I have to say that I take issue with that because I think, if you look at the actual content, the substance of the bill, you will come to a very different conclusion. I said this before, and I mean it sincerely: I hope people don't take it from me. Sit down and look at your own tax situation. Plug in the changes that we are making here, and find out if you come out better or worse than you are today. I will tell you that if you look at the average family of four with a combined annual income of $73,000, you are going to see that they are going to see a $2,200 tax cut. A $2,200 tax cut is what your average family of four making $73,000 in this country is going to see. What does that represent to them? That is a 60-percent reduction, a 60- percent tax cut relative to what they are paying today under current law. By reforming the Tax Code and putting these changes in place, the average family of four with a combined annual income of $73,000 will see a $2,200 tax cut or about a 60-percent reduction in what they are paying today. Why does that happen? Well, it happens because we are making some changes that provide significant relief in the Tax Code relative to families when they file their taxes. The first, of course, is we double the standard deduction. The standard deduction is the amount that people can deduct from their income right away, from their adjusted gross income. That lowers the amount that is actually taxable to start with. Under our legislation, the standard deduction for both married couples and those who are filing single--they actually get a doubling of the standard deduction. The second thing we do in our bill--and if you are raising kids, this will dramatically reduce the tax burden you will have--is we double the child tax credit, which under current law is $1,000 per child. Under this legislation, that will double to $2,000 per child. The other thing we do is we lower rates. We have a significant rate reduction through all the different brackets in the code. The combination of doubling the standard deduction, doubling the child tax credit, and lowering rates means that middle-income families are going to pay less in taxes. We think we have found the right balance in designing a bill that delivers tax relief to hard-working, middle-income families in this country. At the same time, we are reforming the business side of our Tax Code in a way that unleashes our economy and unleashes those job creators and a lot of that investment that has been sitting on the sidelines and allows our small businesses and our larger businesses to expand their operations, and as they do that, they will have to hire more workers and pay those workers higher wages. We think the combination of those features of this bill makes this a bill that is very beneficial to middle-income families in this country. Those are just a few of the features of the bill that lead to, as I said earlier, an average tax cut for a typical family of four of $2,200 or about a 60-percent reduction over what they are currently paying. As we have listened to the debate from the other side, they attacked it as being a tax cut for the rich. They attacked it for being rushed out here. They attacked it for being a windfall for corporations. It is very predictable. There is nothing new in any of these arguments. I have been around here long enough to know in advance what the other side is going to say. But in this case, these arguments simply don't comport with reality. They just don't fit the facts. They don't fit the data. With respect to the issue of who pays, we pay a lot of attention--and we should--to tax burdens in this country. One of the things this legislation we will be passing today does is it maintains in the law the progressivity in our Tax Code. We have the most progressive Tax Code, I would argue, in all the world. So we paid very close attention to this to make sure that the tax burden, when all is said and done, doesn't change very much from where it is today. So people of different income groups, income categories, continue to pay similar burdens to what they are paying today. What this shows is that those in the $20,000 to $50,000 category today pay about 4.3 percent of the entire tax burden, the taxes collected in this country. People who earn between $20,000 and $50,000 pay about 4.3 percent. Under our legislation, that will go down to 4.1 percent. Those in the $50,000 to $100,000 category--earners in that group today pay about 16.9 percent of all the taxes collected. That is their share of the tax burden. Under this legislation, that will go down to 16.7 percent. Again, that is a slight reduction in the overall tax burden relative to what they have today. Those making $100,000 or more [[Page S7665]] actually will see their taxes tick up a little bit--not a lot but a little bit. They are currently paying 78.7 percent of the tax burden in this country, and that will go up to 78.9 percent. So those at $100,000 or more are paying almost 80 percent of all the taxes that are paid or collected in this country today, and that number is very similar to what it would be--up a little bit. But that is really the only category that is going to pay more relative to what they are paying today. To me, that is a demonstration, clearly, of how--when we went through this process, we committed to ensuring that there was fairness in the code, and we paid attention to the tax burden to ensure that people continue to pay their fair share and that particularly those in the upper income categories pay their fair share. Another argument that has been made by our colleagues on the other side--which is interesting to me because it is a revelation to many of us that all of a sudden they are concerned about deficits--is that somehow this is going to blow up the deficit. Well, we did allow for a net tax cut in this. There is about $5.5 trillion of tax cuts overall, about $4 trillion of which is offset by what we call base broadeners, or killing and getting rid of preferences and loopholes and deductions in the code, and the balance of which will be made up through economic growth. There are debates about how much growth will occur in the economy, but I think it is fair to say that this is going to grow the economy. Even the Joint Committee on Taxation, which uses numbers that, to me, are completely inaccurate--I mean, it is hard to feature that over the course of the next decade, our economy isn't going to grow at more than 1.9 percent, but that is what they assume. Just by way of example, over the last two quarters, it has grown to 3.3 and 3.1 percent. If we can continue to build on that, we will more than pay for and have lots of revenue left over when this is all said and done. So if you assume modest amounts of economic growth--about two-tenths, three-tenths of 1 percent of additional growth in the economy per year--it more than covers what we are talking about here in terms of the shortfall of forgone revenue associated with this tax legislation. We have a bill that is based upon reasonable assumptions about growth. We have a bill that, if our economy really does pick up--and I believe it will if we put the right policies in place that encourage investment, track investment into this country, and provide the right incentives for businesses to expand their operations--we will see an entirely new economy where 1.9 percent growth, which has become the normal for too many people--there are too many people in this country who don't know anything but 1.9 percent growth. We can do so much better than that. This is America, the greatest economy on the face of the Earth. We ought to be able to get up to that 3 to 3.5 percent growth rate. If we do, this economy will take off, American businesses will start, entrepreneurs will start creating jobs, and we will have higher wages and bigger paychecks for American workers. I hope we get a ``yes'' vote later today on this. I yield the floor. Ms. COLLINS. Mr. President, today I wish to join in a colloquy with the majority leader to address concerns that I have with the tax reform legislation that we are considering and to thank him for the many discussions that we have had over the past months about this bill. I have made clear that I don't think that the repeal of the individual mandate should have been included in the tax bill. Rather, I would prefer to see the mandate issue and the other flaws in the ACA addressed through a series of discrete bills that can be thoughtfully targeted to correct specific problems. That said, I have long-supported the repeal of the so-called individual mandate because I do not believe that the Federal Government should force any American to buy healthcare coverage he or she either does not want or cannot afford. Eighty percent of the people who pay the penalty imposed by the mandate make less than $50,000 a year. Nevertheless, it appears very likely that the individual mandate repeal will be part of this legislation. Unless we take action, that repeal will almost certainly lead to further increases in the cost of health insurance premiums--premiums that are already too expensive under the ACA. Therefore, I believe that it is imperative that Congress take action to mitigate this likely premium increase. There are two steps we can take to help remedy this situation. First, we need to pass the Bipartisan Health Care Stabilization Act of 2017, legislation authored by HELP Chairman Alexander and Ranking Member Murray. This legislation will not only give States critical flexibility to better manage their insurance markets, but will also provide funding in 2019 and 2020 for cost-sharing reductions received by low-income enrollees in the ACA exchanges. Mr. McCONNELL. From its inception, I have opposed the individual mandate because it is simply wrong for the Federal Government to require someone to purchase a particular product, particularly one they do not want and cannot afford. I agree that Alexander-Murray can help provide certainty and flexibility for State insurance markets in the absence of the mandate and will support passage of the Bipartisan Health Care Stabilization Act, ideally prior to the adoption of any final tax reform conference agreement and certainly before the end of this year. Ms. COLLINS. I thank the majority leader for his response. Second, it is critical that we provide States with the support they need to create State-based high-risk pools for their individual health insurance markets. In September, I introduced the bipartisan Lower Premiums Through Reinsurance Act of 2017, a bill that would allow States to protect people with preexisting conditions while lowering premiums through the use of these high-risk pools. That bill would create a menu of options States could use to design reinsurance ***programs***, which in turn would be eligible for Federal ``seed money'' grants that could leverage section 1332 ``flow-through'' funding to finance the ***programs***. States may also add funds from other sources to the mix. We know from the experience of Alaska and Maine just how effective such high-risk pools can be. Alaska's pool reduced a projected 40 percent rate increase to just 7 percent this year and is expected to contribute to a 20-percent decline in premiums next year. Maine saw similar results in its ***program***, the Maine Guaranteed Access Reinsurance Association. I believe that passage of legislation to create and provide $5 billion in funding for high-risk pools annually over 2 years, together with the Bipartisan Health Care Stabilization Act, is critical for helping to offset the impact on individual market premiums in 2019 and 2020 due to repeal of the individual mandate. Mr. McCONNELL. I believe that State high-risk pools are a much better alternative to Federal mandates. I will also support passage of your bill and this funding to create high-risk pools, ideally prior to the adoption of any final tax reform conference agreement and certainly before the end of this year. Ms. COLLINS. I thank the majority leader The PRESIDING OFFICER. The question is on agreeing to the Cardin motion to commit. Mr. THUNE. I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The clerk will call the roll. The senior assistant legislative clerk called the roll. The result was announced--yeas 43, nays 57, as follows: [Rollcall Vote No. 292 Leg.] YEAS--43 Baldwin Bennet Blumenthal Brown Cantwell Cardin Carper Casey Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Murphy Murray Nelson Peters Reed Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Whitehouse Wyden [[Page S7666]] NAYS--57 Alexander Barrasso Blunt Booker Boozman Burr Capito Cassidy Cochran Collins Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Gillibrand Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McCain McConnell Merkley Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sanders Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Warren Wicker Young The motion was rejected. The PRESIDING OFFICER (Mr. Boozman). The majority leader is recognized. Mr. McCONNELL. Mr. President, I ask unanimous consent that there now be 30 minutes for debate only, with no amendments or motions in order, with the majority leader being recognized at the conclusion of that time. The PRESIDING OFFICER. Is there objection? Mr. WYDEN. Reserving the right to object. The PRESIDING OFFICER. The Senator from Oregon is recognized. Mr. WYDEN. Mr. President and colleagues, the Senate is looking at making $10 trillion of changes in tax policy on the fly. This is the biggest change in Federal income tax policy in more than three decades. This is legislation that will determine our country's economic future for a generation, and, at this time, the Senate does not have the language the Senate will be voting on. My colleagues have been saying that they are out looking for it. I have a couple of questions I would like to ask the distinguished majority leader. When will the Senate be able to actually see the full text of this legislation? Mr. McCONNELL. Mr. President, I would say to my friend from Oregon that there will be plenty of time for him to read it. Mr. WYDEN. Again, through the Chair, we are talking about complicated materials. We are talking about extraordinarily difficult, technical issues under the best of circumstances. While I respect the majority leader, to just be told we will have plenty of time to read it, what I can say--coming on top of the fact that we didn't have a single hearing on the actual legislation, nothing with regard to specifics--I think on this side of the aisle we have a right to some sense of when we will actually be able to see this. It strikes me as a reasonable and pretty straightforward request, given the fact that the American people have been kept in the dark about this for so long. So, again, I respectfully ask the majority leader: When will it be possible to see the full text of this bill? Mr. McCONNELL. Mr. President, I say to my good friend from Oregon, there were 4 days of hearings on the bill in committee with the committee report sent out at least 2 weeks ago. I am totally confident our friends on the other side are fully familiar with almost all aspects of this. He will certainly have an opportunity to read the final version, but he is very familiar with the various parts of this. There was plenty of time to look at it in committee, and, as I said, there will be plenty of time to read the final version of it before we vote. Mr. WYDEN. Further reserving my right to object, I know that on the other side there has been discussion of scores and scores of hearings. I would say to the distinguished majority leader, there was not one single hearing--not one--on the specifics with respect to this legislation. There was not one single hearing on the health changes the majority seeks to make that put a dagger into the heart of the Affordable Care Act. So I will ask my colleague once more, and if we don't get a sense of what time we are actually going to see this bill, I intend to object. The PRESIDING OFFICER. The Senator from South Carolina is recognized. Mr. SCOTT. Mr. President, reserving my right to object, I am not sure what meeting I sat through for 12 hours about 2 weeks ago, where we essentially litigated each aspect of this legislation. I am not sure where we have been for the last several years as we have had, for the last 5 or 6 years, several hearings. The reality of this legislation is that every facet of it is something we have discussed. There is not a new part--not a new part-- to the legislation. Yes, we have fused it together over time. There is no doubt about that. But to sit here and say that we have not had opportunities in the Finance Committee to hear the facets of the bill is just disingenuous. Mr. WYDEN. Will my colleague yield for a question? Could my colleague tell me when the hearing was held on the health changes envisioned in this legislation? Mr. SCOTT. Mr. President, it is not a secret that our party and this body have been working on healthcare for about 10 years. Anyone who doesn't understand and appreciate that the individual mandate and its effects in our bill take nothing at all away from anyone who needs a subsidy, anyone who wants to continue their coverage--it does not have a single letter in there about preexisting conditions or any actual health feature. The reality is, what our ***plan*** does on the individual mandate is good news for the average American. Here it is---- Mr. WYDEN. Will my colleague yield? Mr. SCOTT. Here it is. Here is the good news for every American. They ought to hear loud and clear that 80 percent of the folks who are punished--punished--by the individual mandate live in a household of less than $50,000 of income, and one-third of those folks live in a household of less than $25,000. Therefore, the benefit of our actions is to set folks free from being penalized for doing nothing. Mr. WYDEN. Will my colleague continue to yield? Mrs. MURRAY. Will the Senator from Oregon yield? Mr. WYDEN. In just one moment. Will my colleague yield for a question? I believe I have the floor. The PRESIDING OFFICER. Is there objection to---- Mr. WYDEN. Reserving the right to object. Mr. SCOTT. Regular order. The PRESIDING OFFICER. Is there objection to the request? Mr. WYDEN. It is my intention, Mr. President, to come back every 30 minutes until we get an answer to the question. I just asked my colleague from South Carolina if there was a hearing on the sweeping changes that are being proposed in this bill, the Affordable Care Act. I asked him for a date. He said nothing with respect to---- Mr. TILLIS. Mr. President, regular order. Mr. WYDEN. Mr. President, we will be back in 30 minutes to continue this. The PRESIDING OFFICER. Without objection, it is so ordered. There will now be 30 minutes of debate. The Senator from Colorado. Mr. BENNET. Mr. President, on the matter that was being discussed--I am on the Finance Committee. There has not been a hearing on this bill, not a single hearing. A markup is not a hearing. People might say, well, why is that a big deal? Why is that relevant? Because a hearing is an opportunity for the American people to say whether they want this bill or not. A hearing is an opportunity for an economist to come to the Senate and say whether they want this bill. A markup is a chance for Senators to say what is on their mind, not for the American people to be able to say what is on their mind. That is what I am thinking about today. I wanted to start my remarks with a little bit of a history lesson because this Chamber seems to forget what it has said, where it has been, and it is only if you have a case of terrible amnesia that you can support this legislation. When Bill Clinton left the White House, he left his successor a projected surplus of $5.6 trillion. That is what George Bush inherited when he became President. The Senate was actually having hearings about what to do with the surplus and whether that surplus constituted some sort of threat to the economy. That is what he left behind. Then, George Bush, with this Congress, cut taxes in 2001. They didn't pay for those tax cuts. They didn't need to because they would pay for themselves. That is what they said. It is exactly [[Page S7667]] what they are saying today. It is exactly what they are saying today. In 2003, they passed another tax cut, and they didn't pay for it, but they said it would pay for itself. Incredibly, the 2003 tax cut came after we had invaded Iraq under a pretext by that administration. Not only did we never ask the American people to pay for those wars, we cut their taxes and put the burden on their children. That supply-side economics, which is exactly the same movie we are seeing today, resulted in the worst recession since the Great Depression. We had a 10-percent unemployment rate when Barack Obama became President of the United States. Guess what else we had. We had a $1.5 trillion deficit, not a $5.6 trillion surplus--a $1.5 trillion deficit because of two unpaid-for wars, because of two tax cuts that weren't paid for that were going to pay for themselves, and because they passed something called Medicare Part D--the prescription drug ***program*** for seniors--that they didn't pay for. The minute Barack Obama became President, they said it was his deficit. They wouldn't lift a finger to help working people in America who had lost their jobs in the worst recession since the Great Depression, brought on by their own economic policies and by the fecklessness of some of the largest banks in this country. They wouldn't lift a finger. Then-Minority Leader Mitch McConnell said in 2011--this is in 2011-- ``Now, we've reached the point where our deficits and debts are so large they're suffocating job growth, threatening the wider economy, and imperiling entitlements.'' That is when we were in the depths a recession we had not seen since the Great Depression. When Barack Obama left office, the deficit was about $550 billion. Today, it is $660 billion. As a result of this ***plan***, J.P Morgan was telling us, yesterday or the day before, that this will be the largest nonrecession-caused deficit in our history since World War II. What a disgrace. And for what? To give taxes to the wealthiest people in America. This is an unusual thing to do, but I am putting up the Republicans' chart. This is their chart. The Senator from Pennsylvania is on the floor. This is their chart, where they are telling my farmers and ranchers in rural Colorado that they should be satisfied with these percentages they are giving them, these rate cuts they are giving them. You can't eat percentages. You can't feed your family on rate cuts. You can't run your farm or your ranch on rate cuts. Do they think they are not going to get it figured out? Colorado's Republicans are too smart for this bill. They are too smart for this bill. So are Colorado's Democrats and Independents. Unlike us, they actually have to worry about the next generation of Americans. That is all they do. They know our politics is not up to that. It is not up to the aspirations they have for their kids and for their grandkids. No piece of legislation could illustrate how right they are than this piece of legislation and the mistruths that have been used to sell--the President going to Missouri and saying: This is a middle-class tax cut. This hurts the rich like me. No, it doesn't. What people are concerned about, and what they will be concerned about is, their aftertax income as a result of the changes that are being made, and this is the best year. I didn't bring out the worst year. This is 2019. This is what you are going to be getting. It is great if you are up here, and you are making more than $1 million-- where, by the way, I have not met a person who says they have cashflow problems that this tax cut is going to help them with. I know a lot of people in Colorado--and I will bet you in Arkansas and in Pennsylvania--who are still struggling because middle-class family incomes have been flat for 20 years, and the costs of housing, higher education, early childhood education, and healthcare are forcing them to make choices that their parents and grandparents never had to make for their kids. What a shame to be taking healthcare away from 13 million people in this bill, instead of trying to make the system better. This bill rejects all the testimony we had in hearing after hearing on the Health, Education, Labor, and Pensions Committee. This is my final chart. This is the math of this bill. This bill takes $34 billion a year--not 1 year, a year--in tax cuts and gives it to 572,000 taxpayers. You can't even see that. I know you can't see it on the TV. It looks like a pencil line because that is the scale. That is how few people there are in our economy--572,000 people getting $34 billion. If you include the estate tax, which I didn't here, it is $39 billion. It is $40 billion going to families who are lucky enough to make more than $1 million a year. These are the taxpayers who make $50,000 or less in our economy. There are 90 million of them, not 572,000. There are 90 million of them. They get $14 billion out of this bill. That is an average tax cut of $160--$7.50 These aren't talking points. This is the math that is at the heart of the deal the Republicans have said is a middle-class tax cut. You know what is even worse about it? Just like the 2001 tax cuts, just like the 2003 tax cuts, they are not paying for it. They are borrowing the money from middle-class families all over the country, from the sons and daughters of teachers, firefighters, and police officers. That is who is going to have to pay back that bill. And for what? To end poverty in America? No. To invest in infrastructure or healthcare or to strengthen our safety net? No. To fritter it away on $34 billion worth of tax cuts for the wealthiest people in America. I am going to close by saying this. Before I got here 9 years ago, I never would have believed that something this cynical could happen on the floor of the Senate. I wouldn't have believed it. Colleagues of mine who said for years that this is all just about getting to cuts to Medicare, Social Security, and Medicaid, I would say: No, it is not. People care about this. They want to sort out our fiscal condition. I was wrong. They were right. This is about that. That is what they are going to come back here and do. It is going to be really hard to withstand it. President Trump, after all this for the last 10 years around here, since we were fighting, trying to fight out of the worst recession since the Great Depression--which we did, by the way--in the name of fiscal responsibility, we had fiscal cliffs; in the name of fiscal responsibility, we had government shutdowns; in the name of fiscal responsibility, we passed 30 temporary budgets that no school district in Colorado could get away with once. Have we managed to restore our fiscal health? No. Have we piled on more debt for our kids and grandkids? Yes. That is what is going to happen here. It is no wonder, when we elected a President, somebody who told the American people--and was nominated by the Republican Party and elected by the United States of America--President Trump promised that he would eliminate our debt ``over a period of eight years''; that he would deliver ``a giant, beautiful, massive'' tax cut--that was supposed to be for the forgotten man. Unless the people making over $1 million are the ``forgotten man,'' he didn't deliver on that--pass ``one of the largest increases in national defense spending in American history;'' while saying, ``I'm not going to cut Social Security . . . and I'm not going to cut Medicare or Medicaid.'' There is a job that every American has to do for the next generation of Americans; that is, to leave more opportunity, not less, to the people who are coming after us. This bill that has been so falsely described and written in such a way that it actually denies the middle class in America benefits it really could use and does so by putting a bunch more debt on the backs of their children is something this Senate should reject. I yield the floor. The PRESIDING OFFICER. The Senator from Pennsylvania is recognized. Mr. TOOMEY. Mr. President, I am going to be brief. I am going to yield to my colleague from South Carolina, and I think my colleague from South Dakota has a few comments. I want to respond to some of the points my colleague from Colorado made. First, I want to thank him for bringing out our chart. What our chart illustrates is that every category of income earners in America gets a tax cut under our ***plan***. If you look toward the left of the chart, you see that the biggest reductions go to the people in the [[Page S7668]] lowest income categories in a percentage term. My colleagues said percentages don't matter. I am a little bit confused because it seems to me that I think they do matter. I will give you an example. Under our tax ***plan***, our tax reform, and our working-class and middle- class tax cuts, the average single head of household--a single mom who, as head of household, has one child and earns the average income of $41,000, which doesn't make her a millionaire, or not typically, with $41,000--is going to have a $1,400 tax cut. That is a 75-percent tax cut for her. Now, maybe our colleague from Colorado thinks that percentage doesn't matter. I think it probably matters to her. A 75- percent reduction in the taxes that she has to pay probably matters to her. It is probably pretty helpful. You could take the case of a family of four who earns the median national income. That is $73,000. On average, they will have a $2,200 tax cut. That is a 60-percent tax cut. So I am at a loss as to why that doesn't matter to that family. I think it matters a lot. I think that family can do a lot with that $2,200. The fact is that our bill lowers taxes for every category of income earner, and the proportionate share is the greatest for the lowest income earners. This is good for working Americans and middle-class Americans. I yield to my colleague from South Carolina. Mr. SCOTT. Mr. President, this is what I find astonishing. We have been talking about this for a number of months. Frankly, for years we have been talking about tax reform. Actually, since 1986 we have been talking about tax reform. Our ***plan*** removes millions of low-income Americans from having to pay taxes. I think it is interesting that our friends' argument on the left is sincere but wrong. It misses the fact that if you are living in a single-parent household, with a mother or a father who is working paycheck to paycheck, getting another $100 a month is real money. Why are we not talking about the actual benefits to the specific people who benefit from this tax reform? When Senator Toomey talks about the typical American family seeing its taxes slashed by 60 percent, why is that specific savings of $2,200 not a meaningful--perhaps, transformative--savings that allows someone now to save for college or to save for retirement? To me, this is where the rubber meets the road. Yes, here on the other side of the Potomac, it is OK to talk in platitudes. I prefer to talk to individuals about the impact of our actions in their households and the impact of our actions in their accounts. It is a very simple way of doing the math. You don't have to pull out a calculator for a 75-percent savings for the average single parent who makes $41,000. The reason that we use $41,000 is that that is the average income of a single head of household. The reason that we use $73,000 is that that is the typical American family's income. When we are talking about the benefits, we are talking about real people--people like Sherry, back in South Carolina, a single parent with two kids, who is trying to start a business, who is struggling to keep her ends together, believing that someone, somewhere, sees her, that the decision makers in Washington don't see her as invisible or unimportant. I am not talking about tax philosophy. I am talking about real people who need their money more than the government does. If we are going to talk about tax cuts and tax revenues, let us be clear that in the 1920s, during the Mellon tax cuts, which slashed the high rate from 70 percent down to the twenties throughout the 1920s, revenues went up by 61 percent. Under the Kennedy administration, we cut taxes, and tax revenues went up to the government from those cohorts from whom we cut it. So what we have is a history. Our friends on the other side say that there is no actual history. Well, there is history that proves that. In the cohorts where the brackets are and where the cuts occur, we can demonstrate that the revenues have increased. I yield for the Senator from South Dakota. Mr. THUNE. Mr. President, how much time is left on our side? The PRESIDING OFFICER. There are 8\1/2\ minutes on the majority's side. There are 2\1/2\ minutes on the Democrats' side. The Senator from Colorado is recognized. Mr. BENNET. Mr. President, I don't want to get in the way of my friend from South Carolina, for whom I have tremendous respect. Point 1, nothing that I said was about anything other than real people. The real people in Colorado are going to be able to do this math, and they are going to know what it says. Point 2, those 1920s that you mentioned ended up with, then, the worst depression since the beginning of the country, and we had the worst income inequality in 1928. Guess when the next time was that that happened. It was when George Bush handed over the keys to Barack Obama. That was the next moment in time, when he was leaving, that we had that kind of income inequality. That has not been fixed, and that is not being fixed by this ***plan***. It is being made worse by this ***plan*** for all of the reasons that I said. The final point that I will make--and then I will stop and get out of the way--is that, if you have this much conviction, at least you could pay for it. It would be nice for you to pay for it. I yield the floor. The PRESIDING OFFICER. The Senator from South Carolina is recognized. Mr. SCOTT. Mr. President, I will say to my friend from Colorado that we are having a spirited debate. We are diametrically opposed on the issue, but we do have some common ground on other issues that we are working on together. I appreciate your passion. I know you are sincere. I will tell you that there is a truth that is, perhaps, missing from the conversation, and it is simply this: If you don't control spending, you cannot raise enough revenue to keep up. When you look back at the cataclysmic occurrences throughout history, one thing you will find very quickly is that even with more revenue, if your spending outpaces your revenue, you are going to find yourself in a challenging predicament. I yield for Senator Thune. The PRESIDING OFFICER. The Senator from South Dakota. Mr. THUNE. Mr. President, our country has always been about opportunity. The American dream is the hope that your kids and your grandkids and those who come after you will have a better life than you have had. One of the ways we do that is that we get a growing, expanding economy that creates better paying jobs, more opportunity, and higher wages. When you get higher wages, you improve that standard of living, and you improve that quality of life. That is what Americans aspire to. That is what all American families--moms and dads--aspire to for their kids and those who are going to come after them. I would say to our colleagues on the other side, who, like I said, have a newfound interest in deficits and debt, that one of the ways in which you deal with deficits and debt is to grow the economy. When you get an expanding economy that is creating better paying jobs, more people are working, more people are investing, more people are taking realizations, and more people are paying taxes. What history has shown is that when you have a vibrant, growing economy, you get more government revenue. Of course, the official scorekeepers, whether you use the Congressional Budget Office or the Joint Committee on Taxation, both agree that you are going to get more revenue when you get more growth in the economy. There might be a slight difference of opinion about how much. The CBO, I think, says that for every one-tenth of 1 percent increase in the GDP, you see an additional $273 billion in tax revenue that is generated over a decade or, to put it a different way, almost $3 trillion for every percentage point increase in gross domestic product. If you want to get serious about dealing with America's fiscal problems, you have to restrain spending, which there hasn't been much appetite for around here in the time that I have been here. You also have to get the economy growing and expanding. That is what this exercise--what we are going through here in reforming our Tax Code--is really all about, because 2-percent growth is not good enough. [[Page S7669]] This 2-percent growth is not and should not be the new normal for the American economy. That is what we have had for the last 8 years. During President Obama's entire time in office, we didn't have a single year--not 1 year--in which the GDP was more than 3 percent--not 1 year. If you go back historically--literally to the end of World War II, about 1948-- and roll forward to today, the average in the American economy has been 3 to 3.5 percent, but there has not been a single year in the last 8 years in which we have had 3 percent growth in the economy. What does that mean? That means that, without that kind of growth, businesses are not expanding. They are not investing, they are not hiring new workers, they are not paying those workers more, and you end up with flat wages. We have had, literally, a decade now of flat wages, where American families and individuals have not seen any growth in their incomes. What we hope to accomplish through all of this will be changes made to the Tax Code that will increase investment through lowering rates on businesses, allowing them to recover their costs of investment faster, and accelerating their cost recovery. Those are changes--those are reforms in our Tax Code--that will help unleash this economy and get us back, closer to normal, when we were creating those good-paying jobs. Then, we can start doing something, at the same time, about spending around here, and we will start seeing those deficits go down. The best thing that can happen for the American economy, the best thing that can happen for the American family, and the best thing that can happen for the American worker is to have a growing, vibrant economy. To my colleagues on the other side who consistently get up and say there is no benefit to this that will be delivered to middle-income families in this country, again, I will say what has already been said by my colleagues from South Carolina and from Pennsylvania, which is to look at a typical family of four with a combined annual income of $73,000, who under this tax cut bill will receive a tax cut of $2,200-- a 60-percent reduction over what they are paying today under current law. That is what that average family of four will see. Now, the Senator from Colorado said that he doesn't believe that Colorado Republicans are for this. I can tell you who is going to be for this--the people, the families, who get the $2,200 tax cut. That is $2,200 they are going to have in their pockets. You heard my colleague from South Carolina talk about that family that lives paycheck to paycheck or about that single mom who wants a better future for her kids. How do we help them? One of the ways we help them is to reduce the burden--the take--that their government takes from them every single year and to allow them to keep more in their pockets. Let's give them bigger paychecks, and let's let them decide how to spend the money. That is a fundamental difference that we have had around here for a long time. We come here believing that the way you help American families is to start growing the economy rather than growing the government, allowing the American people to make decisions that are in their best interests and in the best interests of them and their families about how they want to save for retirement, how they want to help their kids get college educations, how they want to improve their lives, rather than sending the money to Washington, DC, and letting Washington spend it. That is, fundamentally, the difference, I think, that we are talking about here. As to the arguments that have been made by the other side, they just aren't based on facts. The data tells a different story as the Senator from Pennsylvania pointed out. Look at the chart. Look at the percentage of tax cuts. Who benefits? We have worked very, very hard on this bill to maintain progressivity in the Tax Code so that we have tax relief delivered to those hard-working American families, to those hard-working American taxpayers who need a break, who are living paycheck to paycheck. Honestly, I hope, when this is all said and done, that not only will we be able to pass this bill but that, maybe, we will get a few Democrats who might decide that it will be in the best interests of their constituents to help their families and their States realize more income in their pockets and bigger paychecks and, hopefully, an opportunity to live out their versions of the American dream for them, for their kids, and for their grandkids. That is what the American experience and the American dream are really all about. When we take more and more here in Washington, DC, that means that American families have less with which to help themselves and to ***plan*** for their futures. Our time has expired. Mr. WYDEN. Mr. President, how much time remains on our side? The PRESIDING OFFICER (Mr. Cruz). The majority controls 1 minute, and the Democrats control 1\1/2\ minutes. Mr. WYDEN. Mr. President, I will take our 1\1/2\ minutes. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. We have just a minute and a half. The hour is late. I want to repeat once again that we still do not have this bill. We have seen apparently, in the last few hours, tax changes that involve billions and billions of dollars. The American people have a right to know what is in this proposal, and certainly we on this side of the aisle have a right to know about it. I am struck by the comments of my colleagues on the other side that learning the facts about what the Joint Committee on Taxation had to say about the Republican proposal--0.8 percent growth, $1 trillion short in spending--has had absolutely no effect on the discussion we are having from the Republican side. I see my friend the distinguished majority leader here, and I believe he will propound a unanimous consent request. As he knows, I will have another reservation, and we will discuss this some more. The PRESIDING OFFICER. The majority leader. Mr. McCONNELL. Mr. President, I ask unanimous consent that there now be 30 minutes equally divided for debate only, with no amendments or motions in order and with the majority leader being recognized at the conclusion of that time. The PRESIDING OFFICER. Is there objection? Mr. WYDEN. Reserving the right to object. Mr. McCONNELL. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. McCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. Is there objection to the majority leader's unanimous consent request? Mr. WYDEN. Reserving the right to object, Mr. President, I understand that we are going to get the proposal from the majority shortly. I come back again to the fact that there are changes apparently worth billions and billions of dollars, like the passthrough provision. We need to be able to see these. The American people have a right to know. I believe the majority has indicated that we will get this shortly, and I withdraw my reservation and will point out that if we don't get it shortly, I will stay at my post and keep objecting because the American people have a right to know that tax policy is being made in the dark. The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time? The Senator from Colorado. Mr. GARDNER. Mr. President, I want to talk about the importance of passing this tax reform legislation for the people of Colorado. What we have is an opportunity to see real wage growth in this country-- something we haven't seen for far too long. Over the past decade, I think people who are on both sides of the aisle have recognized that while there might be some economic job activity, job creation taking place, while we might see some low economic unemployment numbers in States like Colorado, what we haven't seen is the kind of wage growth we know we can create. Under the analysis done by nonpartisan think tanks in Colorado, they [[Page S7670]] estimate that wages would grow--after-tax income--by over $3,000. That is incredible wage growth for families who many people estimate and who other economists have said could see a financial hardship if they were asked to come up with $400. In fact, we know that if over one-third of people in America had to come up with $400 today, it would create a financial crisis in their household. We heard our colleague from Pennsylvania and our colleague from South Dakota talking about the fact that a family earning a median household income of $73,000 would see a 60-percent reduction in their taxes next year. A single parent with a child, earning $41,000 a year, would see a 75-percent tax cut. Let me read a headline from a story in Colorado. The headline of this article is ``How Tax Reform Can Empower This Drive-in Theater Owner to Expand Her Business.'' What she is talking about is the fact that if she sees lower taxes at the 88 Drive-in--that is an iconic drive-in in Commerce City, CO. If you see this drive-in, you will know exactly--it is iconic on the landscape. She believes that if her taxes are lower, she will be able to move forward and buy the property next door, which will allow her to expand her business. She talks about the fact that she has to turn people away because so many people are going to it and they don't have enough room. She wants to expand, but she is held back by our uncompetitive Tax Code. If we cut taxes, she will be able to buy land, expand the business, and create more jobs. It is a greater opportunity for her, her family, and the people of Colorado. This is really an opportunity to see the kind of growth and wage growth that we haven't seen in this country for far too long. I have held several roundtables on taxes throughout the Eastern Plains of Colorado, where I live. People are worried about their income because they haven't seen the kind of economic growth, the numbers in employment growth that they have in the Front Range, in Denver. I have held roundtables on the Western Slope of Colorado, in Southern Colorado, Northern Colorado, and they are all very worried about a country that is not as competitive as it used to be. They know that with a competitive tax code, they would see those jobs and investment come back into this country once again. People in Pueblo, CO, know they need jobs brought back into their community because while many areas of Colorado have seen very low unemployment rates, they haven't seen the kind of growth other areas have. They know that with a competitive tax code that brings jobs and money back from overseas, that will provide real relief to a single parent with a child at home and to a family of four working hard to make ends meet. They are going to pay less taxes next year as a result. They are going to be able to spend the money they want to in Pueblo, CO, to put it into an investment that they want to in Brighton, CO. It will be an investment that somebody in Craig, CO, wants to have. That is what they are focused on. They want to get the money into their pockets. They earned it. They should keep it, not Washington, DC, where they make bad decisions on how to spend their hard-earned dollars. To my colleagues who oppose this bill, we have talked about the opportunities for the American people to see real wage growth. This bill does it. We talked about the opportunity to bring jobs back from overseas. This bill does it. We talked about the opportunity to get businesses hiring again and expanding. Nonpartisan estimates show that this bill would create nearly 1 million jobs--new jobs created by this bill. It is a great opportunity for us, and I thank the people who have worked so hard on this bill, my colleagues in South Dakota, Pennsylvania, and others. Mr. President, I yield back my time. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. CASEY. Mr. President, I rise to talk about a subject matter that this bill deals with that we are not hearing a lot about. I wanted to start, though, with the basics in terms of the overall debate. I have said many times in the last number of days and weeks when we have reviewed the House proposal and when we reviewed the Senate proposal that was voted on in the Senate Finance Committee before Thanksgiving--I described the Senate bill as a giveaway to the superrich and big, multinational corporations. I still believe that. I hope that when we see the new version of the bill, I won't have to say that again, but I am afraid I will. I am afraid that when we look at some of the data on what the tax impact would be on certain income brackets in the United States, even starting in the first year where the analysis starts, 2019--I am looking at page 3 of a report by the Tax Policy Center dated November 20 and based upon the Senate bill. In that year, tax year 2019, table No. 1 focuses on three income categories: folks making between $50,000 and $87,000; folks making between about $310,000 and $750,000; and others making above $750,000, so basically the top 1 percent. Here is what they find. The Tax Policy Center tells us that the first group, the family making $50,000 to $87,000, would receive an average tax cut of about $900, or 1.4 percent of after-tax income. The next group, the $310,000 to $750,000 income, gets a tax benefit that amounts to about $12,000, or 3.5 percent. The top 1 percent--$750,000 and up--they get a tax break of $34,000, or 2.2 percent. Probably the most significant numbers in there by way of comparison aren't necessarily the dollar amounts, although I would ask why the top 1 percent needs $34,000 in 2019. I don't think that should be part of our legislation. I would like to see all of the tax benefits to the top 1 percent go to the middle and those trying to get to the middle. But let's do the comparison. In the first year, in terms of these families making $50,000 to $87,000, they get 1.4 percent. The folks making between $310,000 and $750,000 get 3.5 percent--more than two full percentage points higher. Why is that? Why do people making $310,000 to $750,000 get a much bigger percentage tax cut than people making $50,000 to $87,000? The third category is the top 1 percent, and they get 2.2 percent. So I have problems with this legislation just based upon that. Why does the top 1 percent need one more penny? Why do very wealthy people--maybe not quite the top 1 percent but the 95th to 99th percentile, the $310,000 to $750,000 category--why do they need a tax break? Guess what. It doesn't get any better down the road. And I am not talking about 2027, where it is cataclysmic for families in the middle; let's talk about 2 years before that. It is still bad. It is still 3 percent, by comparison, for the very wealthy, people making up to $750,000. The top 1 percent are still getting 2.1 percent. But the income category between $50,000 and $87,000 gets 1.2 percent of the tax cut, so they will be getting worse in 2025. Why is that? As my colleague, the senior Senator from Colorado, shows in that chart, why do people making more than $1 million need $34 billion in 1 year? I don't understand it. Let me focus in particular on part of the debate about which we really haven't had much discussion. The impact of this tax bill may be the only substantial effort that will be made on tax reform for years, if not decades. We know that the last time any kind of major tax reform was done was 1986, so three decades have passed since the last tax reform effort. So this is a critically important moment not just for taxpayers, not just for the economy, not just for families generally, but especially for children. In a bill of this significance, a bill of this impact, one major question should be asked, among many: What will be the impact on children? What is the child impact statement, if we were to draft one, if we had to articulate that? What is the impact on children of this legislation? Well, there are a lot of organizations around the country that pay attention to public policy as it relates to children. I am looking at a letter dated November 28 and signed by a long list of organizations that advocate on behalf of children, and I will just read some of the headlines from this letter. The first headline says: ``The Senate tax ***plan*** threatens child care ***programs*** and funding for the future.'' The second major headline says: ``The Senate tax bill's proposal to cut the Affordable Care Act would harm children's health and well- being.'' [[Page S7671]] The next headline says: ``The Child Tax Credit proposal in the Senate tax bill would not help families who struggle to pay for child care.'' The next headline says: ``The Senate tax bill also takes away other tax benefits that ordinary families rely on.'' Mr. President, I ask unanimous consent that this letter be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows: Dear Senator: As members of the Child Care/Early Learning Coalition, we urge you to vote against the ``Tax Cuts and Jobs Act.'' This bill would eliminate existing benefits in the tax code for children and families, as well as undermine critical supports, including those related to child care and early education, in the future. The Senate tax ***plan*** threatens child care ***programs*** and funding in the future. The Senate tax bill, which consists largely of massive tax cuts for businesses and the wealthy, is estimated to increase the deficit by about $1.4 trillion over ten years. The budget agreed upon by the House and Senate provides a roadmap of how Congress will seek to offset this increase in the deficit: by cutting federal spending and, in particular, by slashing ***programs*** and services that provide working families with a basic standard of living. That means this tax bill will ultimately lead to cuts in ***programs*** that are integral to the wellbeing of children and their families, including Medicaid, SNAP, public education, and the Child Care and Development Block Grant. The Senate tax bill's proposal to cut the Affordable Care Act would harm children's health and well-being. The Senate bill would repeal the ACA's individual responsibility provision, a requirement that most people enroll in coverage or pay a penalty. Estimates from the Congressional Budget Office (CBO) show that repealing the ACA's individual responsibility provision would increase the number of uninsured by 13 million over 10 years and raise insurance premiums in the individual markets by 10 percent. Children's health and well-being suffers when their families lack the health insurance they need to see a doctor when they are sick or for preventive care. The Senate has already rejected an attempt to repealing the ACA, and now the bill would sneak this in in order to fund even larger tax cuts for high-income households and corporations. The Child Tax Credit proposal in the Senate tax bill would not help families who struggle to pay for child care. The Senate tax bill would increase the Child Tax Credit (CTC), but does not make this increase fully refundable. As a result, lower-income families will not receive the full benefit: for example, a single mother working full time at the federal minimum wage and earning $14,500 would only receive an additional $75 in CTC benefits. In addition, the tax ***plan*** bills adds a new requirement--providing a Social Security Number for each child claimed for the refundable portion of the CTC--which could exclude a significant number of children in immigrant families. This is not an approach targeted to help families striving to make ends meet, and does nothing to address the high cost of child care with which so many working families struggle every day. The Senate tax bill also takes away other tax benefits that ordinary families rely on. Even though the Senate tax bill proposes increasing the CTC (and doubling the standard deduction), the bill also proposes eliminating personal and dependency exemptions, eliminating the deduction for state and local taxes, and eliminating deductions for some employment-related expenses. This would leave many families worse off. And the Senate bill makes all of the tax benefits for families temporary, expiring at the end of 2025, even though the proposed corporate tax cuts are all permanent. There is a better way to help families and children and to build a strong economy now and in the future. Instead of these ill-conceived tax cuts, Congress can help families through the tax code by enacting the Child and Dependent Care Tax Credit Enhancement Act of 2017, and ensure that all children and families who need it get high quality child care and early education by enacting the Child Care for Working Families Act. Sincerely, Association of Asian Pacific Community Health Organizations (AAPCHO), Center for American Progress, Center for Community Change Action, Children's Defense Fund, Children's Leadership Council, CLASP, Every Child Matters, Family Focused Treatment Association, Generations United, Health Care for America Now, Jumpstart, Make it Work, Mi Familia Vota, National Association of Family Child Care Providers, National Association for Bilingual Education, National Association of Social Workers (NASW), National Council of Jewish Women, National LGBTQ Task Force Action Fund, National Physicians Alliance, National Women's Law Center, NETWORK Lobby for Catholic Social Justice, SparkAction, The Institute on Taxation and Economic Policy, United Auto Workers, Working Families Party, ZERO TO THREE. Mr. CASEY. That is just one brief assessment of the impact of this legislation on children, but I think that should be a question we ask of every major piece of legislation. Mr. WYDEN. Mr. President, will my friend from Pennsylvania yield briefly? Mr. CASEY. Yes. Mr. WYDEN. He is a very fine member of the Finance Committee. I don't remember any discussion in our committee about how this specific legislation affects children. My colleague is really the expert on the subject, and maybe he can tell me if he recalls such a thing with respect to this specific legislation and what it means for children. I don't remember such a discussion. Mr. CASEY. Mr. President, I want to say to the senior Senator from Oregon, as the ranking member of the committee, he will remember, as I do, that in the course of that so-called markup, which is a fancy Washington word for having some debates and offering amendments, there was no hearing--no hearing for days, and there has still been no hearing on the Senate bill passed out of the Finance Committee and the new version of the bill that we will see right now. So, in the course of that discussion, there were no hearings. It would have been helpful to us and to the American people if we had the major organizations come in before the Finance Committee and give us testimony about the impact on children--organizations that have spent decades advocating on behalf of children, doing public policy research as it relates to children, but we never heard that because there were no hearings, not a single hearing on the bill. There was discussion, and there were questions for some tax policy experts, but nothing in the way of hearings that could probe very deeply on what happens to kids. I think the American people would like to know more about what will happen with the child tax credit, for example. There has been a lot of talk on the Republican side about the child tax credit; they are allegedly making it better. Well, the Senate Republican ***plan*** does increase the maximum tax credit for children from $1,000 to $2,000 per child. That sounds pretty good so far, right--$1,000 to $2,000. But because the bill limits refundability, a mom working full-time at minimum wage will see only an additional $75 in the child tax credit, while a married couple earning $500,000 would become newly eligible for the maximum $2,000-per-child credit. According to the Center on Budget and Policy Priorities, 10 million children--10 million--live in families who would get $6.25 or less per month in the additional child tax credit in this bill. So there is not much improvement in the child tax credit on maybe the only tax reform bill that this body will consider for the next 30 years. Let's say it is only 10 years. Wouldn't it be nice to have some testimony from experts across this country who live and breathe the work of being advocates for children, who study every bill to determine whether it impacts on children. Wouldn't it be nice to have their testimony maybe on the child tax credit, maybe just on the child and dependent care tax credit, which is the only tax provision in law right now that helps people pay for childcare. Ask any family: What is your No. 1 concern, other than making ends meet and maybe paying for higher education? Other than a few priorities like that, their No. 1 concern is how to pay for childcare, but there is no testimony on that issue that relates to the bill. There is no testimony at all because there were no hearings on the bill. How can you have a child impact statement, how can you even generalize about it without a hearing? Of course, we need more than generalizations. We need specifics. So I think we have to ask those questions and be focused on children in a very specific way. Here is the last thing I will say. This opportunity to come together in a bipartisan fashion, which has not happened in this case--but we have the opportunity, and the majority could have taken a different path. They could have said to us months ago: Let's have a bipartisan process. Let's not move to a pathway that requires only 51 votes. Let's have a real bipartisan process on tax reform as they did in the mid- 1980s, resulting in the 1986 bill. They could have said: Do you know what? We have a bipartisan concern about children. We like the child tax credit. We like the child independent care tax credit. [[Page S7672]] We like the earned-income tax credit. All of those are good policies. We want to make them better. We want to have a bipartisan effort to infuse all of those policies with even more funding, more help to make them more robust for our children, but that never happened. Once again, because of what the majority did, the pathway they selected to passing their bill with only Republican votes--and that was their choice--we will have a tax bill that will not have a child impact statement, will not have hearings about the impact on children and families, will not have any of that. Once again, we will prove that Washington, DC, never misses an opportunity to miss an opportunity, especially as it relates to children and families. That is particularly insulting to the American people and regrettable because we have a moment here where we are trying to do tax reform and because it is not bipartisan, because there were no hearings on the bill, the impact on children will never ever be fully assessed. That is not just a tragedy, but that is a real insult to our families and to our children. I yield the floor. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. TOOMEY. Mr. President, how much time is remaining on the majority side? The PRESIDING OFFICER. Ten and a half minutes remains. Mr. TOOMEY. OK. Thank you, Mr. President. I will be brief because I think my colleague from South Carolina has a comment he wants to make. Let me respond just briefly to my colleague from my State of Pennsylvania. Our bill increases the child tax credit. Our bill lowers the tax burden on every category of income earners, including working families, middle-income families--every category. As my colleague from Colorado demonstrated kindly, he showed in the chart that the biggest proportional savings go to the lower-income families, and the pro-growth policy is going to create more job opportunities at higher wages. So let's see: more money in child tax credit, less taxes owed on the part of families, more job opportunities, and higher wages. I think it is a pretty safe bet that this is good for kids. I think it is a pretty safe bet that when families get to keep more of their money, that is probably good for their kids. I think most of my constituents would probably agree with that. We have heard folks on the other side suggest that we are actually not cutting taxes on the middle class. This is unfortunate because we have enough areas where we disagree without having to make up areas that aren't true. Our friends on the other side like higher taxes; we like lower taxes. They like to redistribute wealth; we like people who earn it to keep wealth. We focus on growing the economy; they want to grow government. We have honest differences in priorities, so I wish we would focus on where there are actual differences and the facts in question. But there is no question that we are lowering taxes on middle-income families because we are lowering taxes on every category of wages. The people who are watching on C-SPAN and the people who are listening in the gallery must get a little frustrated and must ask themselves: Well, who can we believe? We hear one side say: This is lower taxes for working families. We have the other side say: Oh, it is higher taxes. I have a suggestion. I know there is a solution. You could look it up at Joint Committee on Taxation, but that is tedious. You have to go to the website, you have to find it, and then you would see in the tables--because they are unambiguous--that taxes owed go down in every category. Do you know when people are going to know for sure what the answer is? It is going to come in January when the withholding in their paycheck changes and when their take-home pay goes up because the taxes they owe go down. I know we are still a few weeks away from that, but when this passes and gets signed into law, the proof is going to be very clear, and people are going to see it. Here is a quick word about the repeal of the individual mandate. My friend and colleague from Oregon described it. I am paraphrasing, but I think I will get it about right. He described the repeal of the individual mandate as driving a stake through the heart of ObamaCare or something equivalent to that. I couldn't help but think: What an incredibly damming indictment of ObamaCare. Think about what that means. Think about what they are saying if repealing the individual mandate drives a stake through the heart of ObamaCare. The individual mandate is the provision which says that you have to buy this whether you want it or not. You have to. You are forced to. The government dictates the terms, the government effectively dictates prices, and you must buy it. If you don't, you will get hit with a penalty, a tax penalty. We don't actually repeal the mandate, but we eliminate that tax penalty, and that is going to be very helpful for low- and middle- income families, working-class families. In Pennsylvania, 83 percent of all the people who get hit with this individual mandate tax live in a household with income of $50,000 or less. That is who is paying this. But what I wanted to stress for a moment is what a damming indictment it is of ObamaCare that it only works, according to its proponents, if people are forced to buy the product. It is so badly designed, it is so terrible that people will not buy it voluntarily, despite huge subsidies. We don't change any of the subsidies. They are all available to anyone who wants to participate. We don't change the rules. We don't change eligibility. We don't change anything except one thing. We say that if you decide this ***plan*** doesn't fit your family or if you decide for all the subsidies you get it is still not worth it for you to have this ***plan*** and you opt out, you will no longer be punished with this tax. That is the only thing we do in this bill. Since we eliminate that coercion, which forces people to buy it, our colleagues on the other side say that drives a stake through the heart of ObamaCare. It seems to me that a product or a service that people have to be forced to buy and that is killed if they are not forced to buy it probably isn't a great deal for those people, and I think we just got that admission. With that, I yield to my colleague from South Carolina. The PRESIDING OFFICER. The Senator from South Carolina Mr. SCOTT. I will say, Mr. President, that my colleague from Pennsylvania did such a good job that there is little left to say. I was fumbling because I was just confused on what I would say, and I will be honest with you that there is just not much to say. If I were to reinforce a couple of points that the Senator did not cover, they would be that at our last Finance hearing, which lasted--I thought it was 12 hours; it was 23 hours--we had our friends on the other side offer 63 amendments. To say that they are not engaged in the process is to forget the 63 amendments offered over 23 hours. Senator Toomey did such a good job that I am just going to sit back down. Mr. THUNE. Mr. President, Senator Scott and I and the Senator from Pennsylvania were all there at what we call the markup. Mr. SCOTT. We were. Mr. THUNE. My recollection is like his, and, frankly, my recollection, when it comes to all the work that went into getting us to where we are dates back a long way. I joined the Senate Finance Committee in 2011. I am not sure when the Senator from South Carolina joined or the Senator from Pennsylvania, but it was shortly after that, I think. Since I have been on the Finance Committee, we have had 70-plus hearings--70-plus hearings on tax reform. We have looked at every facet, every aspect, every element of the Tax Code. We even went so far 2 years ago, in 2015, to create five working groups. We all participated in those, along with, I might add, our Democratic colleagues, each of whom had a key role in helping with the final recommendations that were put forward. A lot of what is in this bill is based upon the work that was done by those working groups. There isn't a single shred of the Tax Code that we haven't covered and haven't studied in great detail. Then, of course, as the Senator from South Carolina pointed out, when it came time to mark the bill up, we spent several days--23 hours debating back and forth, listening to each other, and in some cases arguing. In some [[Page S7673]] cases, those were very spirited arguments. The Democrats offered 63 amendments, all of which got votes in the Senate Finance Committee. So for anybody to suggest that this has been anything but a transparent process based upon years of work and buildup and lead-up to get us to where we are today is absolutely misstating the facts. I think the work we have done in advance of this has led to a product that is the culmination of a great deal of thought, a great deal of input, and a great deal of research from not only experts in the field but fellow Members--Democrats and Republicans--Senators and staff--who have gotten us to where we are today. I think the fact, which has been pointed out many times, that a family that is living paycheck to paycheck will now get the benefit of a doubling of the standard deduction and a doubling of the child tax credit, frankly, I happen to believe--contrary to my colleague from Pennsylvania--is a pretty big deal. If you are a family who has any sort of tax liability, that tax credit is a dollar-for-dollar credit against that tax liability. An increased portion of that is refundable under this legislation. If you look at the lower rates we have in the bill, that middle- income family in this country stands to benefit significantly as a result of this to the tune of--if you are a family of four with a combined annual income of $73,000--an additional $2,200 in your pocket. That is $2,200 in the American family's pocket that they get to decide how to spend. As the Senator of Pennsylvania pointed out, don't take our word for it. You can sit down, if you like to, and look at the features of the bill. Look at your individual tax situation. Plug in these changes, and I think you will find you are going to see a pretty significant reduction in your tax liability. When January rolls around when this passes, people will get their check. When they look at their withholdings, they will realize they have a lot more money. That paycheck is bigger. The paycheck is going to be bigger. Why? The amount taken out in terms of Federal taxes is going to be significantly smaller. That is a good thing for the American family. That is why this debate and the bill we have before us are so important, not only to those families who are trying to build a stronger, brighter, and more prosperous future for themselves and their families but also for this American economy. With the other changes that are made in the bill, it is going to lead to better paying jobs and higher wages that are going to lift the boats of all Americans. Americans haven't had a pay raise, literally, in about the past decade. We haven't had a single year in the Obama years of 3 percent growth, which has been the historical average going back to the end of World War II. We are growing at 1.5 to 2 percent. We don't happen to believe that is good enough. We think we can do better. That shouldn't be the new normal. The American economy is the greatest economy on the face of the Earth. We ought to be able to grow at 3 to 3.5 percent. I can tell you, ladies and gentlemen, that the average middle-income family in this country is not only going to get a big tax cut--which means they are going to get a bigger paycheck and have more money in their pocket--but they will get the benefit of the higher wages coming with a growing, more dynamic economy that it reflects. I yield the floor. Mr. WYDEN. Mr. President, I would just like to respond briefly to the Senator from Pennsylvania, who is baffled by why we are so opposed to the health provisions of the bill. The Congressional Budget Office says that the majority's provisions will cause 13 million people to lose coverage and premiums to go up 10 percent. This morning's paper makes the point that it will bring back junk insurance, which once again will allow discrimination against people with preexisting conditions. I will use the last 30 seconds that I have, as we await the majority leader, to say, once again, that the American people and the Congress are actually going to find out some information about what is being offered. I would just like to close my use of the minute by pointing out now another double standard. It sure looks like lobbyists on K Street have more and better information about what is about to be offered than do Democrats in the Senate. So what we are talking about is that we have seen one double standard after another. The tax breaks for the middle- class are temporary, and the wealthy get permanent ones. The PRESIDING OFFICER. The Senator's time has expired. All time has expired. The Senator from Pennsylvania. Mr. TOOMEY. Mr. President, I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. CASEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Is there objection? Mr. TOOMEY. I object. The PRESIDING OFFICER. Objection is heard. The legislative clerk continued with the call of the roll. Mr. SCOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER (Mr. Strange). Is there objection? Without objection, it is so ordered. The Senator from South Carolina is recognized. Mr. SCOTT. Thank you, Mr. President. I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order and with the majority leader being recognized at the conclusion of that time. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from Oregon. Mr. WYDEN. Mr. President, here we are now at 4:15. We still have not seen this bill--a $10 trillion bill, the biggest tax bill in more than three decades, with changes involving billions and billions of dollars made, apparently, overnight. I have made it clear that when the leader, Senator McConnell, comes back down, we expect to see this bill. We were told essentially an hour ago that we would see this in a matter of minutes. The American people have a right to know that even though the majority wants to make $10 trillion worth of tax policy changes on the fly, this side of the aisle is going to insist on knowing what is in the bill. My colleague has been very patient, and I wish him to be recognized on our time now. The PRESIDING OFFICER. The Senator from Minnesota. Mr. FRANKEN. Mr. President, I rise this evening in opposition to the tax bill before us. I think the problem in our country isn't that wealthy people in this country aren't wealthy enough; the problem is, the wealth gap has grown to the highest levels in my lifetime. This bill would make that wealth gap even bigger. Senator Paul Wellstone often said: ``We all do better when we all do better.'' He knew the economy does better when there is a strong middle class and when working families have more money to spend. Unfortunately, the Republican tax bill does the opposite of what Paul Wellstone argued for. Instead of helping working families, it raises taxes on at least 14 million of them, and it uses this revenue to give $1 trillion to the superrich, all while adding $1.5 trillion to our national debt. This is, at its core, an awful bill. When President Trump took office, he pledged that he would look out for the ``forgotten men and women,'' not the wealthy. This bill is a betrayal of that commitment. I believe Congress should work on a bipartisan basis to make our Tax Code fairer and simpler for working families, and that is what I have advocated for since I joined the Senate. Democrats have made a good- faith effort to work in a bipartisan manner on a tax reform bill with Republicans, but Republicans have chosen, from the very start of this Congress, to take a purely partisan approach that has left Democrats entirely out of the discussion. We all know this bill is being rushed through Congress so Republicans can claim a legislative achievement by the end of the year. That is not the way you get a fairer, simpler Tax Code. You get a fairer, simpler Tax Code by having hearings with outside witnesses. [[Page S7674]] You get a fairer, simpler Tax Code by giving Americans an opportunity to weigh in as it is being drafted, to review the bill, and to share their views. You get a simpler, fairer Tax Code by doing it in a bipartisan manner, not by excluding Democrats entirely from the drafting of the bill. The fast-track process Republicans are using is just like the Republicans' equally partisan, equally secretive, and equally rushed attempt to repeal and replace ObamaCare earlier this year. Americans deserve better. In their effort to get this bill through before Americans realize just how damaging it is, many Republicans have made some misleading claims about it. For example, Republicans often cite the fact that the bill would double the standard deduction that families can claim on their tax return. That is true, but they always seem to leave out the very important fact that their bill would also eliminate the personal exemption. The personal exemption is about $4,000 for each family member, so when compared with a $12,000 increase in the standard deduction, it means households with two parents and more than one child would be worse off under the Republican tax bill than under current law; for example, with two children. Sometimes they argue that doubling the child tax credit from $1,000 to $2,000 would offset the loss of the personal exemption, but under their ***plan*** families who most need the help would get hardly anything from the increase in the child tax credit, which is not refundable. So, for instance, a family living off a minimum wage earner would benefit by only about 75 more dollars under this bill's revised child tax credit, not the full $1,000 some Republicans promise, but the Republican bill would also now allow people earning up to $500,000 a year to claim the full tax credit of $2,000 per child. That is $500,000 a year, up from $110,000 as it is now. So that is $75 more per child for a minimum wage earner and $2,000 per child for someone making $500,000 a year. That is just not fair. We hear from my friends on the Republican side that tax cuts always pay for themselves. Ask the people of Kansas about that. When Kansas cut taxes in 2012 and in 2013, State revenues plummeted, Kansas slashed university budgets, canceled highway projects, and had to borrow $1 billion to fund their public pension ***plan***. Schools around the State started going 4 days a week. Teachers moved across the river from Kansas City, KS, to Kansas City, MO. From 2013 to mid-2017, the Kansas economy underperformed that of nearly all its neighbors and the United States overall in economic growth, private sector job creation, passthrough business formation, and labor force participation. Finally, corporations begged the legislature to raise their taxes, which they did, over the Governor's veto. That is Kansas; take the whole country. Bruce Bartlett, Ronald Reagan's economic adviser, wrote a few weeks ago: The Tax Reform Act of 1986 reduced the top personal tax rate to just 28 percent from 50 percent, and the corporate percent to 34 percent from 46 percent. Yet there was no increase in the rate of economic growth in subsequent years, and by 1990, the economy was in deep recession. Tax cuts don't magically pay for themselves. I would also like to highlight the Republican hypocrisy on budget deficits. For many years, Republicans have used budget deficits as an excuse to block important pieces of legislation. In fact, even now, we are in danger of stripping health insurance away from 9 million children because of difficulties finding offsets for reauthorization of the Children's Health Insurance ***Program***. Yet, when it comes to the tax bill, only a handful of Republicans have raised concerns about the fact that it would add $1.5 trillion to our national debt. We know from experience that as soon as the ink is dry on this bill, Republicans will cite the rising national debt caused by this bill as a reason to cut key ***programs*** that millions of Americans use every day-- things like Social Security, Medicare, Medicaid, job training, education, infrastructure, and affordable housing. In fact, under their budget resolution that Republicans adopted just 2 months ago, they laid out their ***plans*** for these reductions, which would include over $1 trillion in Medicaid cuts and $470 billion in Medicare cuts. This bill would also trigger automatic cuts to some key ***programs***. So in exchange for the bill's minimum tax cuts for some working families, starting in 2018, there would be an automatic 4-percent reduction in Medicare payments and a zeroing out of other key accounts--a zeroing out of the Crime Victims Fund, farm price support ***programs***, and the social services block grant that provides funds to Meals on Wheels, youth counseling, and other important services for vulnerable people. There are many better uses for $1.5 trillion. President Trump said he wanted to work with Congress on a $1 trillion infrastructure package to rebuild our roads, our airports, our ports, and to build broadband across America. I have said I would like to work with the President and my Republican colleagues on a comprehensive bill, but this bill would make it impossible to enact a $1 trillion infrastructure package the President promised and which we have really heard nothing about. There are too many other flaws with the Republican bill to highlight them all now, but I would like to raise one that is particularly important to Minnesotans. The bill before us today would eliminate the State and local tax deduction. It is an important deduction because when people deduct the taxes they pay to their State and local governments, first of all, it prevents the double taxation of their income, and it enables our local communities to make investments in public safety and education, childcare, and infrastructure. According to the Tax Policy Center, 34 percent of Minnesotans claim the State and local tax deduction, with an average deduction of almost $13,000. Eliminating this deduction means a significant tax increase for those families and would make it harder for local communities in Minnesota to raise the revenue necessary to make vital investments. I have heard outrage over the Republican approach to tax reform from a very wide range of my constituents. I have heard from Minnesota farmers about how it would undermine ***agricultural*** cooperatives, which are really important to Minnesota. I have heard from Minnesota students who are concerned it will force them out of graduate school. I have heard from Minnesota homebuilders and developers who say it would cut affordable housing construction in half. I have heard from Realtors who say the bill could crater the real estate market. I have heard from many ordinary Americans who say the bill is simply unfair. Americans deserve a fairer, simpler Tax Code, not the debt-funded giveaway to the wealthy that Republicans are trying to force through the Senate today. That is why I oppose this bill, and I urge my colleagues to oppose it as well. I yield the floor. The PRESIDING OFFICER. The Senator from South Carolina. Mr. SCOTT. Mr. President, we have heard a lot about this bill over the last several hours and, frankly, several weeks, and we have had a lot of conversations over the last several months, but, today, December 1, 2017, at 4:24 p.m --and I hope we remember this because I have finally heard the definition of ``fearmongering.'' Someone once said that fear is an acronym for false evidence appearing real. What we have heard today is that because of the passage of this bill, the Crime Victims Fund will be zeroed out. We heard the social services block grants will go away. We heard there will be cuts to Medicaid. I want all the folks in this Chamber to remember the time so that if they ever have to go back and find it, they will know it was December 1 at 4:24 p.m when it was said. So here is my thought: A few months into 2018, when your takehome pay has increased because the government is taking less of your hard-earned money--punishing you less and rewarding your success more--just remember to check and see if there is any money in the Crime Victims Fund; I would suggest they check and see if there are any dollars in the social services block grant; and I hope they will check and see if there has been a cut to Medicaid because if you cannot find those cuts, there is one reason: They do not exist. I look forward to hopefully passing this bill today. I hope we do. I look forward to the American people taking [[Page S7675]] the time to remember the exact time, the exact date that this was said, and then do the research necessary to draw their own conclusion. The first conclusion that will be easy to come to is that when you look at your pay stub and you see there is more money in it in 2018 than there was in 2017, just remember how it got there. It is not because of what we do, because there are some folks on this side of the Potomac who believe we actually have Federal dollars. There are no Federal dollars. Every penny we spend in Washington comes from a taxpayer somewhere. There are no Federal dollars; there are simply taxpayer dollars arriving in Washington to be used in some way. I am only suggesting that the average American can spend their money in the way best for their family significantly better than we can. So I hope the good people of this country who are paying attention to this very important debate will be able to remember 4:24 p.m so they can review the tape, review the video, the DVR--or whatever you call it nowadays--and see for themselves what was said or go someplace online and figure out, at the end of 2018, the middle of 2018, the beginning of 2018, has something actually changed other than that you have more money in your paycheck? Mr. President, I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The senior assistant legislative clerk proceeded to call the roll. Mr. PORTMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. PORTMAN. Mr. President, I ask unanimous consent that there now be 30 minutes equally divided for debate only, with no amendments or motions in order and with the majority leader being recognized at the conclusion of that time. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from Oregon. Mr. WYDEN. Mr. President, I have just seen an air-dropped list of provisions--there seem to be upwards of 30--and it sure looks as if the lobbyists have been working overtime. They must have earned a holiday gift with this new bonanza of goodies. We still await a bill that we are going to read, although I saw something that might actually be a bill. So we are going to use this time so colleagues can get into some of these questions about this array of treats that the lobbyists seem to have figured out how, in the last few hours--perhaps overnight--to carve out for their benefit. To start our discussion for our 15 minutes, I believe my friend and colleague Senator Merkley is going to start. The PRESIDING OFFICER. The Senator from Oregon. Mr. MERKLEY. Mr. President, I thank my senior colleague from Oregon for his leadership in this debate on these important tax provisions. There is so much at stake here for the future of our society as we have been debating what we see as one provision after another that is designed to make the richest Americans richer while increasing the taxes on some 87 million middle-class Americans. Then, we get this nice, little list. Republicans have given the lobbyists a list of 30 special interest provisions, circulated it, and said: This is what we are going to put in our managers' amendment for all of you. My colleague from South Carolina was speaking a moment ago about one that hasn't even been filed--life insurance provisions. What is that? Maybe my colleague would like to come to the floor and explain it and explain why this is being circulated to lobbyists, to the swamp, instead of to the Members of the U.S Senate. Thirty of these provisions--who knows what all is in this. Isn't there any form of transparency or integrity left in this Chamber in terms of legislative debate? Have the American people had a chance to see this list? It is online now. The few who might be listening in might be able to see these titles, but this is not the way to do business in the U.S Senate. This is not the way to do the people's business. This is the way to do the swamp's business. What happened to clearing the swamp? What happened to that? How is it that the richest Americans are making out like bandits rather than the middle class doing well under this bill? Why is that? Why are there billions of dollars going to the richest Americans by eliminating the alternative minimum tax? Why are there hundreds of billions of dollars going in other provisions, including changing the upper limit tax brackets, including the passthroughs for affluent, highly successful LLCs? How about that? What is this list, and why haven't the American people seen all of the details about it? This type of chicanery is inappropriate. Take and give the list to the Members of the Senate, not to K Street. This close partnership between the Republican majority and K Street, filling them in, doing those special favors, and not even filling in the body here so we can have a conversation about each of these items, this is absolutely a horrific way to do business. This is the way the powerful and the privilege want business to be done. My Republican colleagues are working with them hand in hand instead of working for and by the American people. The PRESIDING OFFICER. The Senator from Ohio. Mr. PORTMAN. Mr. President, this is a big day because we are about to provide tax relief to millions of people in Ohio and around the country--middle-class tax cuts, doubling the standard deduction, doubling the child tax credit, lower rates for people in every bracket. In my home State of Ohio, we have the opportunity to see people who are making $50,000 a year, with two kids, see a 26-percent tax cut. That is important. My colleague just talked about his concern about some of the provisions that are before us. I will say, these have all been filed. That doesn't always happen around here, and it should. These have all been filed, and people can go on rpc.senate.gov These were made public. Nothing is on this list that hasn't been filed publicly. Just looking at it, the biggest one that my colleague talked about as being something to help rich people is the deduction for property taxes. It is capped at $10,000. There is a deduction for allowing people to deduct their property taxes, which is incredibly important for middle-class families around the country. Some people on the other side want to go much further and provide much larger deductions and make those for State and local taxes. By the way, their proposal would go primarily to upper income people, the proposal they have. That benefit goes primarily to those who are making higher incomes. How is it paid? It is a $10,000 deduction for property tax. It is paid for by exactly the provision my colleague from Oregon just complained about because he said he wanted to be sure people had to pay an alternative minimum tax, and that alternative minimum tax is being used to pay for this middle-class tax cut we are talking about. Anyway, that is the biggest item by far. The second biggest item is for the passthrough companies. These are the smaller businesses in America, and it is to try to have some more parity between the passthrough companies and the so-called C corporations. Again, that is something that is really important to small businesses in my home State of Ohio and around the country. I encourage him to take a look. All of these have been filed. He can look at them now or he can go online, as any citizen can, and take a look at these things. I would say that at the end of the day, I know we had a difference of opinion on whether there should be tax cuts, but we think tax relief is appropriate right now. We think the middle-class families who have not seen an increase in their wages, not just for the last few years but the last couple of decades, need a little help. Their expenses have not gone down. They have gone up. Wages have been flat. That middle-class squeeze is addressed through these tax cuts--on average, about $2,375 for an Ohio median-income family. That is important. People who are working paycheck to paycheck will find this to be incredibly important. Maybe they can put a little more money aside for retirement. Maybe it can help with their healthcare costs, which have gone up [[Page S7676]] dramatically as wages have been flat. Maybe they can help people be able to buy a car or to make a car payment if they already have a car. These are real tax cuts. They are going to help middle-class families. Again, I hope my colleagues will look at some of these changes, like the $10,000 deduction for property taxes paid for with the alternative minimum tax changes and help us be able to make this legislation even more generous for folks in the middle class, as they say they are for. With that, I would like to ask my colleague from South Carolina, who has been very involved in the child tax credit, ensuring we have a reduction of the brackets, if he would have a few comments on those. Mr. SCOTT. Mr. President, I thank my good friend from Ohio. I say to Senator Portman, may I see that list? I have been on the floor and, unfortunately, I have not been able to get a copy of the list. Obviously, you have been able to have your staff get it or go online and get a copy of this list. I think my good friend from Oregon said they needed their good friends who are lobbyists to supply them with a list. I am not sure what the other side is missing. They had control of the House, the Senate, and the White House for a couple of years, and they increased spending without doing anything about revenues, other than trying to have a tax increase a few years ago, $630 billion of tax increases, and somehow they have missed the correlation between higher taxes and lower revenues. We have gotten it right that oftentimes lower taxes actually increase revenue, which has been proven from the twenties, sixties and eighties. It is good news that my friends on the left are finally thinking about the national debt. We had a couple hundred years of life in America that ***produced*** about $10 trillion of national debt. Eight years after Democratic leadership, we have a national debt of $20 trillion. I find it a tad disingenuous that my friends on the left are going to counsel us about debt when, in fact, their record is so clearly obvious. When it comes to the benefits this bill has for those folks who are working paycheck to paycheck, as the country saw its debt double in the last 8 years, what they did not see double were their wages. As a matter of fact, their wages were stagnant. Why? Because when you take money out of the private sector economy and place it into the hands of the government, you do not grow the private sector economy. It is a simple formula. While wages were flat, the economy grew at an anemic 1.9 percent, even though they doubled the national debt from $10 trillion to $20 trillion. It is fascinating that my friends on the left, looking for ways to create lobbyist loopholes, are on this floor lecturing anybody about debt. We, on the other hand, aren't thinking about lobbyists or our friends on the left. We are thinking about the American people, the hard-working group of individuals who find themselves too often at the end of too many weeks with too little left in their pockets. We are not asking the American people to just believe us. What we are saying with great clarity is, starting in paychecks in 2018, because of our tax cuts targeted toward the typical American family, you will see in your paycheck more of your hard-earned money. This is how we say there is proof in the pudding. It is simply to take a look and see how much of that money is left. To my good friend from Ohio, my friends on the other side of the aisle are starting to overcook my grits just a little bit. I don't mind having a vigorous debate on facts, but to sell fear--as I said a few minutes ago, fear being false evidence appearing real is just turning the heat up on my grits. I have to tell you, this leads to an unhealthy outcome for the American people because at the end of the day, the goal is not for us to be right and for them to be wrong. I don't think their goal is for them to be right and for us to be wrong. It is kind of simple. The goal is, and always should be, for the people we represent to be better off because of our decisions in Washington. I can tell you, passing this tax reform bill will leave the typical American family with 60 percent--60 percent--of a tax cut. I yield back. Mr. PORTMAN. I thank my colleague. I yield back. The PRESIDING OFFICER. The Senator from Michigan. Ms. STABENOW. Mr. President, my friend from South Carolina said the proof is in the pudding. I would suggest the proof is in your paycheck. That is what I suggest. We had a chance yesterday with my amendment to absolutely guarantee that my friends on the other side of the aisle believe what they are saying; that people are going to get a minimum of $4,000 in increased wages. I offered an amendment to simply say that in a couple years from now--2 years from now, 2020, we can make it 2021 or 2025, just pick a day when folks are going to get $4,000 in their wages, and we will put that in an amendment and pass it. The truth is, there is no guarantee in this bill. If my friends on the other side of the aisle believed that there would be $4,000 more in wages in middle-class families' pockets with this supply-side trickle- down economics tax cut, they would have voted for my amendment yesterday, which simply says that if there is a $4,000 increase in wages, the tax cut continues. If it doesn't, if they don't have $4,000 more in people's pockets, then the tax giveaway stops because all it means is it is adding to the national debt. I am all for anything that puts money in people's pockets. I have sponsored and voted for tax cuts for small businesses, manufacturers, farmers, and families over the years in public service and here in the Senate, and I want to do that; close tax loopholes that are taking jobs overseas, not increase new ones, which, by the way, this bill does, a new $4 billion tax loophole for oil companies--not closing tax loopholes. If folks really believe this, if they really believe the numbers, let's lock it down. The proof is in your paycheck. That is what families in Michigan are saying. They want to know it is in their paycheck. They want to know it is a guarantee. You know what, they are very skeptical. Because the truth is, in the past, supply-side economics/trickle-down economics has not worked. You say that it is going to trickle down. People in Michigan are still waiting. They are still waiting to catch it. It is not trickling down. We do have examples. What are the facts? With the tax cut in 1986, 10 years after that, the wages of working people in this country were flat. They did not go up. That is a fact. With President Bill Clinton in his effort to balance the budget in 1997, I was pleased. I had only been in the House for 6 months and went in and had the opportunity to balance the budget, which we did for the first time in 30 years. What happened during that process? Actually, taxes on wealthy people were raised a little bit to give a middle-class tax cut and invest in education, which I know our distinguished Presiding Officer cares deeply about, and innovation. What happened? There were 22 million jobs that were created. Then we went into 2001, 2002 with President George W. Bush, and there was a big tax cut in 2001, a supply-side/trickle-down tax cut. We were told that it was going to put money in people's pockets. It didn't. It created debt. In 2003, we had another supply-side tax cut that was going to put money in people's pockets. It didn't. It created a huge debt. We had wars that weren't paid for. Then it went into the biggest recession that we have seen outside of the Great Depression with the financial crisis, and 8 million people lost their jobs. People lost the equity in their homes and their pension values. It was terrible. President Obama came in in 2009 and had to try to begin to dig out of the hole. That is a fact. He began to dig out of that hole and put things back together for folks. It was a big hole, and a lot of families are still feeling that hole. I know that is true in Michigan. So part of me may feel a little skeptical when I am hearing: Have I got a deal for you. Let's try supply-side economics one more time, and this time it really is going to create jobs and really is going to put money in your pockets. There is no proof of that. There is no proof that this grows the economy to be able to cover the costs of the tax giveaways whether you look at supply-side economics, whether you look at new dynamic scoring--the new ways of scoring on things--to make it look better. That didn't even show up. What I [[Page S7677]] would say is that the proof is in your paychecks, for the people who are watching. There is a lot going back and forth, and it is very confusing because we hear one thing from one side, and we hear the exact opposite from the other. I understand how confusing this is, but I would just ask this: Why weren't my friends willing to support my amendment that would say that if folks really get the $4,000 minimum amount being promised in increased wages, then this goes on, and if they don't, then the tax giveaway stops? Why didn't they support that? Mr. WYDEN. Will the Senator yield? Ms. STABENOW. Yes. Mr. WYDEN. I think my colleague--my seatmate--is making a very important point. Of course, people always wonder, well, is this kind of a Democratic position or a Republican position? I want to make it clear that I believe that Tom Barthold, the head of the Joint Committee on Taxation, which is our independent tax umpire, essentially agreed with you. In committee, I believe we asked him whether he thought this huge reduction in the corporate tax rate would translate into $4,000 in the pockets of working families in Michigan and Oregon. Is that my colleague's understanding? Ms. STABENOW. Absolutely. We asked that question, as you know, and he indicated that that was not the case. I continue to hear it over and over again. We have heard it from the President of the United States and the Secretary of the Treasury. We have heard it from folks on the floor. Just today, we have seen it in charts on the floor. That is great. If that could really happen, I would support that. It has never happened, and my colleagues will not support guaranteeing that it will happen. This is about putting up or shutting up, in my opinion. That is what we would say in Michigan. It is about whether we are going to guarantee folks that this time around, it is not just a sales job, that it is actually going to end up in their pockets. I see my friend and colleague from Pennsylvania, who offered this amendment in committee. I was pleased to join him in committee, and he knows, in Pennsylvania, like I do, that we have gone through some rough and tumble times, and we still have folks who are working too hard at not just one job but two jobs, trying to hold it together, having not seen the pay raises they deserve and have worked for. They want to know that this time around is not going to be voodoo economics and that it is actually going to increase their paychecks. Mr. WYDEN. Will my colleague yield for a question? Ms. STABENOW. Yes. Mr. WYDEN. My understanding is that you and Senator Casey in particular have been out here--and we are so glad to have our colleague from Connecticut--wondering when in the world we would actually get to see this legislation. Ms. STABENOW. Right. Mr. WYDEN. This pile of papers, for all practical purposes, is what we have been waiting for for days. Ms. STABENOW. I hope you are a speed reader. Mr. WYDEN. I am going to try to do some, but as far as I can tell, it sure looks like a lobbyist's wish list. There are going to be a lot of folks happy on K Street as they try to shop for the holidays because of the fees they have put together in working to get these changes into the Republican proposal. I appreciate my colleague for giving me the opportunity to make sure that the public knows now that, at this late hour, we are finally getting, after days, the opportunity to see the bill that is actually the bill. Ms. STABENOW. Before turning this to my friend and colleague from Pennsylvania, I do want to mention just one thing that I understand is in there. There may be things that I am supportive of in there. We don't know. We are trying to figure it out. One thing that I don't understand, with all of the talk about supporting workers and middle-class workers, is that there is a provision in the bill that reads ``prohibit cash or gift cards as employee achievement awards.'' So if somebody works very hard and is getting some kind of achievement award, does that mean he would not be allowed to get a bonus? I mean, I don't know why in the world we would be going after people's employee achievement awards. That doesn't sound like help for the middle class to me. I now yield to my friend from Pennsylvania and thank him for his leadership. The PRESIDING OFFICER (Mr. Alexander). The Senator from Pennsylvania. Mr. CASEY. Mr. President, I thank my colleague from Michigan for focusing on the issue of wages because that was the promise--right?-- that if you give corporations a tax cut of more than $1.3 trillion-- with a ``t''--all of a sudden, you are going to see wages go up, and workers are going to do a lot better. We know that hasn't happened in recent history. We will see if the Republican argument is correct. I want to put a few facts on the record in light of the debate this afternoon. Many people in both parties have been referring to the documents of the Joint Committee on Taxation, the JCT. I am looking at one of the documents right now to go through some data. This is dated November 27. It is D-17-54 for the Joint Committee on Taxation. Here is some basic data. The Joint Committee on Taxation, which is, of course, Congress's official scorekeeper, finds that in 2019--right away, early in the implementation of the bill, if this bill is to pass and if the version we just received is to pass--the Senate ***plan*** increases taxes on nearly 13 million families earning under $200,000 a year. That is what the document tells us. That is the under-$200,000 category and 13 million families just in 2019. If you break it down further in terms of folks making between, say, $50,000 and $75,000 and then $75,000 and $100,000, almost 20 percent of Americans earning between $50,000 and $75,000 a year will see a tax increase or a tax cut of less than $100. That works out to be about $9 a month. Those individuals will have that tax consequence in 2019. So between $50,000 and $75,000 will see either a tax increase or a tax cut of $100 or less. The PRESIDING OFFICER. The Senator's time has expired. Mr. CASEY. Then you take the category of $75,000 to $100,000, and almost 17 percent of Americans in that income category will see a tax cut of less than $9 a month. In the grand total between $50,000 and $100,000, 7.7 million Americans will either see a tax increase or a tax cut of $100 or less. I don't call that tax cuts for the middle class. I yield the floor. The PRESIDING OFFICER. The Senator from Ohio. Mr. PORTMAN. Mr. President, I wish I could convince my friend from Michigan--and she is my friend--about the $4,000 per family that would come from the pro-growth policies here, many of which she supports. She wants her businesses to be competitive, and they are not now. It is an outrage that our companies have to use a tax code that puts the workers in those companies in a disadvantageous position every day. It is not just about inversions, and it is not just about companies getting taken over. By the way, last year, three times as many American companies were taken over by foreign companies as the other way around. Over the last 13 years, 4,700 companies became foreign companies that would today be U.S companies if this tax bill had been in place. I mean, it is happening. They are taking their jobs and investments with them when they go overseas. We have to fix that problem. It has been bipartisan. There has never been a partisan issue about that. That is where a lot of that $4,000 comes from. It comes from the fact that you are going to have more investment and therefore higher productivity, and workers are going to have a chance to see higher wages. The Congressional Budget Office did a study in which they showed that 70 percent of the benefit of lowering the business rate goes to workers in terms of higher wages and higher benefits. Others say it is less than that. Others say it is more than that. Kevin Hassett, who is the Chairman of the Council of Economic Advisers, says that it is more than that. But that is where the $4,000 comes from. I hope it is a lot more than that, but it is on top of the middle-class tax cuts that are very direct. [[Page S7678]] In other words, that is not just saying that we are going to have a better economy, which I believe we will--and I strongly believe we can improve a broken tax code, as I think everybody does, to make it better for American workers--but beyond that, you have the immediate tax relief, and that is what we have been talking about. This is the doubling of the standard deduction, the doubling of the child tax credit, the lowering of the tax rates. My friend from Pennsylvania just talked about the fact that 20 percent of the people between $50,000 and $75,000--I am not sure where his data was coming from, but let's take it as true--have a small tax cut or a tax increase, and 17 percent between $75,000 and $100,000 are in that category. That means 80 percent of the people in that category have a big tax cut, in the one category, and 83 percent in the other category have a big tax cut. So, yes, a small tax cut--I don't know how many have a small tax cut and how many have a tax increase, but the vast majority of middle-class families, according to what my colleague from Pennsylvania just said, are going to get a big tax cut. I don't know what is wrong with that. That is $2,375, on average, for a median- income family in Ohio. By the way, economists say that it not only creates the opportunity for people to have a little better family budget through the direct tax cuts but also, of course, more jobs. Here is something interesting. Over the past couple of days, a letter came in from 137 economists--many of them nationally known--who support this legislation. This is what they say: Economic growth will accelerate if this legislation passes, leading to more jobs, higher wages, and a better standard of living for the American people. They say that there will be significantly more resources coming into the Federal Government because of this, because of the growth. They think that there will be $1 trillion more revenue coming in because of this, because of the growth. They also think that there will be additional jobs--the Tax Foundation says 1 million new jobs. So, yes, I do believe it will be $4,000 per family, but on top of that, I believe that they are going to have a very direct benefit. I know they will because the statistics are there--my colleague from Pennsylvania just acknowledged it--that the vast majority of middle- class families are going to see a substantial tax cut. Let me give you a number. For a family with two kids, making $50,000 a year, it is a 36-percent tax cut, on average. That matters. That helps people who are trying to make ends meet. It is real both in terms of the direct tax cuts and in terms of the economic growth and the higher wages that are going to come with that, and that is so important to all of the families we represent. We have had a good discussion here. I see that my colleague from Connecticut is here and would like to speak, and others, I am sure, are going to want to speak. I would ask my colleague from Oregon if he would be willing to have another unanimous consent that there be additional time equally divided. Mr. WYDEN. I think 30 minutes is what we have been talking about and that it is appropriate. Mr. PORTMAN. Mr. President, I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order and with the majority leader or his designee being recognized at the conclusion of that time. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. PORTMAN. I yield the floor. The PRESIDING OFFICER. The Senator from Connecticut. Mr. MURPHY. Thank you very much, Mr. President. I was paying attention to my social media feed, and I have seen that Senators on the Republican side are starting to announce which way they are voting. I saw that Corker is a no and Collins is a yes. I don't know what they are a no or a yes on. How can you declare which way you are going to vote on a bill that you haven't read, on a bill that your constituents haven't seen? Senator Wyden just piled up what looked to be about 6 inches' worth of text in front of the Senate floor. There is no possible way that any Member of this body has read all of that. There is no way that in the time between when it is released to Senators and when we vote, anyone-- even from the very close States--is going to be able to get back to their constituents and ask them what they think about this piece of legislation. I guess I would say I have never seen anything like it, but we just went through it earlier this year when we were given about an hour to look at a complete reform of one-sixth of the American economy, the healthcare system. We are now being asked to vote this evening on a multitrillion-dollar reform of our Tax Code, and not a single U.S Senator will have read it. There is no way you will have read it. I just saw how big it is. Maybe Republicans have read it because they have seen it in these secret negotiations, but I can guarantee you that Senate Democrats will not have read this because we have been kept out of the loop on all of these negotiations designed to get to 50 votes--not to 60 votes, not to 70 votes, not a consensus product that can get Republican and Democratic support. I got here in 2007 when Democrats took control of the House and the Senate. I remember during those 2 years all sorts of consternation from Republicans about how bills were being rushed through the process. In reaction to that, when Republicans took back control of the House, they instituted something called a 72-hour rule that said that we couldn't vote on a piece of legislation unless Members have been able to see it for 72 hours. We need a 72-minute rule. I don't think we are going to be able to look at this legislation for more than 72 minutes--a multitrillion-dollar reform of the U.S Tax Code--before we are asked to vote on it. Senator Wyden and others have been waving around this list of lobbyist asked-for amendments that fill up an entire page. We are not going to get 72 minutes to look at this, never mind have a single conversation with our constituents. It is dark out. The bill is going to be introduced on a Friday night. We are going to vote on it overnight. This is supposed to be the world's greatest deliberative body. It is not supposed to work like this. It is not a middle-class tax cut. I am not going to deny that there are some people in the middle class who are going to get their taxes lowered by this bill, but the middle-class tax cuts here are temporary and they are very selective. They are selective in a way that very peculiarly seems to discriminate against Democratic States. So the States that are represented by Democrats don't get as big a tax cut out of this because it has been crafted in a way that hurts States like mine that utilize the State and local tax deductions more than other States, those that happen to be represented by Republicans. It is not a middle-class tax cut because the middle-class tax cuts are temporary. They go away after 7 years. The corporate tax cuts, the inheritance tax cuts for billionaires, are permanent. Those go through the full 10-year timeframe. But middle-class families don't get permanence. After 7 years, 6 out of 10 middle-class families will have their taxes go up, not down. That 7-year timeframe is an important one because by repealing the individual mandate, premiums go up by 10 percent a year. Republicans have been screaming about premiums going up, and they decided intentionally to put a provision in this bill that will guarantee premiums will continue to go up at 10 percent per year. Guess what happens at year 7. Year 7 is when that 10 percent increase year-by-year compounds such that premiums will double. So in year 7--this is a great deal if you are a middle-class taxpayer--your tax cut to the extent it exists in this bill disappears and your healthcare premium is doubled. What it is, is a big tax cut for the wealthy. I am stealing Senator Bennet's chart, but he did it very well. We have 572,000 taxpayers--the richest 500,000 Americans--getting $34 billion in tax cuts, and then we have 90 million taxpayers who are making under $50,000 a year getting $14 billion in tax cuts. I get it. If you are going to structure a tax cut that covers everybody, naturally people who make more are going to get more. But why does it make sense to borrow $34 billion to help the wealthiest 500,000 Americans? This [[Page S7679]] doesn't even count the inheritance tax, which is going to help an even smaller percentage of those people even more. Come on, this idea that you could deficit-finance a tax cut for the rich and it will just trickle down and magically result in economic growth--that is just not true. It is fiction. We have decades of economic experience to tell us that when we cut taxes for the rich, it does not magically result in enough economic growth to make up for the deficit, especially deficits that are going to be in the neighborhood of $2 trillion. You might as well claim that unicorns are real. You want to believe that Tupac is still alive, go for it--that is just as plausible as deficit-financed tax cuts for the rich resulting in enough economic growth to wipe out the deficit. It is fiction. It is a fantasy from the beginning. I think we should take our time, read the bill, and have a real conversation about what we are about to do. If our goal is to provide a middle-class tax cut, we could do a much better job if we worked together. This is not a middle-class tax cut for everybody, and after 7 years, the majority of people in the middle class lose that tax cut. There is no reason to borrow this much money for the richest 500,000 Americans. As a Senator with two young kids, I just don't know why you would ask my kids and so many others to pay back the loans necessary to deliver this tax cut, especially when it isn't going to magically result in the kind of economic growth that trickle-down economists have claimed for years and years. It is not impossible to get a bipartisan tax bill. I know my Republican friends claim, as they did on healthcare, that there is no good will on the Democratic side to try to craft a bipartisan proposal. The tragedy is that they didn't even try. There was no attempt to try to find common ground here, just as there was no attempt to try to find common ground on healthcare until the bill failed. I credit Senator Alexander and Senator Murray for trying to find that common ground after the healthcare bill failed, but the order switched--try to find common ground first, and if that fails, do it in a partisan fashion, instead of doing it in a partisan fashion, and when that fails, trying to find common ground. This is a really bad deal, a really bad piece of legislation for my constituents--I think, because I will not have read it by the time I am forced to vote on it, and neither will any of the other 99 Members of this body. I will yield the floor. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. Mr. President, will my colleague yield for a question before he yields? Mr. MURPHY. I will. Mr. WYDEN. I am just curious. I am heading home for townhall meetings in Oregon over the weekend. I am the ranking Democrat on the committee, the storied committee, as my colleagues know, that works in a bipartisan way. Bill Bradley tells this story about how he flew all over the country to meet with Republicans to talk about how you could find common ground to deal with tax reform. At this time, we haven't been able to get the majority to even walk down the corridor in an effort to try to get a bipartisan bill. As I told my colleagues, I have written two of them. My question to my friend is, when you have your community meeting, how do you think people in Connecticut are going to react to the idea that we had maybe an hour or so to try to make our way through a bill that is actually the biggest tax bill in 31 years? I know my colleague tries very hard to be straightforward with his constituents, and he will tell them: I got it with insufficient time to get into it. How will they react to that? Mr. MURPHY. I say to Senator Wyden, I don't want to be too heavy about this, but everybody shouldn't assume that the way in which we run our country just continues on forever. Democracy is unnatural. We don't run other parts of our lives by democratic vote. We decided to run our country in a way that allows everybody to participate. And, you know, let's be honest--people have been asking some questions recently about the health of our democracy, and maybe that was a big part of the subtext of the 2016 election. This doesn't help win people's faith back in the democratic experiment when they see this casualness afforded to a debate that affects millions of Americans. It hurts us all when a bill this big, this important, gets rammed through under the cover of night. It starts to atrophy people's faith in the entire way that we go about running our government. I understand that Congress is not that popular. It would be hard to get less popular than we are today. If we ever want to start to climb our way back to legitimacy, then we have to trust the people to be part of the process of drafting and passing legislation rather than being afraid of the people and burying a bill in the dead of the night, as is happening now. I yield back. The PRESIDING OFFICER. Who yields time? The Senator from Maryland. Mr. CARDIN. Mr. President, I understand we now have a new bill. I am looking at Senator Wyden hold up that new bill. I got a sheet that looked as if it came from K Street that gave us a list of changes that will be included in the managers' package. I looked at the list, and somewhere around 50 or 60 new provisions were on that list. Many of those were not bills that had been filed, so we had no idea what was going to be included in it. None of those issues--in fact, nothing in this bill has been subject to an open hearing in the Finance Committee. Now we are going to be asked, I understand, maybe later tonight to vote on those changes. Quite frankly, I don't know what those changes are, and I am not going to have an opportunity to go over those with my constituents. That is wrong. That is not the process we use to change the Tax Code of this country, a major tax reform bill. That is an outrageous process, to say that we are going to vote on a new bill without an opportunity to understand it, without any hearings, without an opportunity for constituents to give their views on it, and I must state that I find that very offensive. I want to talk about one provision in particular, and I hope we will have a chance to do something about it during the amendment process. As I understand it, the revised provisions in regard to State and local tax deduction still restrict what taxpayers can deduct on their Federal tax returns in regard to State and local taxes that they pay. I admit, this could have been modified, but what I understand is that the modification is that taxpayers will be able to deduct up to $10,000 of property taxes but will not be able to deduct any of their State taxes, whether they are income taxes or sales taxes, in regard to the Federal taxes. In my State, we have county income taxes that will not be deductible, if I understand correctly, under the proposal we will be voting on. If that is, in fact, correct, that is absolutely wrong, and I want to tell you why. Many of us spent years in the State legislature. Our distinguished Presiding Officer was Governor of his State. We respect State and local governments. It is the same taxpayers that pay the taxes to the counties, to the State, and to the Federal Government. We believe in federalism. Our Nation was founded on federalism. I was proud of my record as speaker of the Maryland House of Delegates and of working on a federalism task force set up by President Reagan to look at the proper way to respect the rights of the States and local governments. Now we are saying we are not going to respect their ability to finance their operations. I say that because we are going to tax the tax. We are not going to respect that the same taxpayer is paying the State of Maryland's taxes or the State of Tennessee's taxes. That is wrong. That is an affront, I believe, to the Constitution of this country, but it has an impact. It is going to be much, much more difficult for our States to be able to raise the revenues they need to support our schools and for public safety and health. All those services are going to be much more difficult for our States to be able to finance because of this change that is included in the Senate bill. It is going to be more difficult for local governments. The cap on property taxes is real and will affect local government's ability to raise property taxes. But in Maryland and other [[Page S7680]] States, our local governments have other sources, including income taxes, that no longer are going to be deductible. That is going to affect my State's ability to adequately fund public services. Whether it is education, whether it is transportation, whether it is healthcare, all of that is going to be negatively impacted and it is wrong. I will give you a number, because I know the number in Maryland. Almost 50 percent of Maryland taxpayers deduct State and local taxes as an itemized deduction. They are going to be disadvantaged by the provision that is included in the Senate bill, and it is wrong. It also has unintended consequences, but it is going to have other consequences. The PRESIDING OFFICER. The Senator's time has expired. Mr. CARDIN. Mr. President, later I will come back and speak on some of these other issues, but I yield the floor. The PRESIDING OFFICER. The Senator from Ohio. Mr. PORTMAN. Mr. President, again, we have had some interesting dialogue back and forth. Earlier, my colleague from Connecticut was talking about how this isn't real middle-class tax relief, and then he lamented the fact that because of the arcane budget rules we have around here, after 10 years, all these great tax cuts expire. So you kind of have it both ways there, and I don't think you can do that, which is that there aren't real tax cuts but then, when they expire, it is the greatest shame because they are great tax cuts. Here is the reality. There are significant tax cuts here for the middle class. This legislation doubles the standard deduction. Probably about two-thirds of the people I am talking to tonight already take the standard deduction. Now we will have about 95 percent of people who will take it, and everyone who takes it will be able to, instead of getting $12,000 a family, get $24,000 a family, greatly expanding that. By the way, there is a zero tax bracket, meaning people who don't have any income tax liability. That means a lot to people I represent who are living paycheck to paycheck, having a tough time making ends meet. Also, as a result of this, and the other tax relief, about 3 million Americans who now pay income tax are going to fall off the tax rolls. They are no longer going to have income tax liability. That is really meaningful to people. It also doubles the child tax credit. We talked a little bit about that today. It also increases the refundability a little. But importantly, it helps to ensure that families have the ability to help make ends meet when they are trying to raise kids--the most important thing you can do--and it lowers tax rates. That combination means that you have the kind of tax relief we are talking about. So a family who makes $50,000 a year and has two kids gets a 36- percent tax cut. A family who makes $85,000 a year and has two kids gets a 20-percent tax cut. If you make $165,000 a year and have two kids, you get an 8-percent tax cut. So the benefit is focused more on those who are at the lower end of the economic scale, and I think that is appropriate. So it is middle-class tax relief, but here is how it works. As to the share of Federal taxes paid in 2019, which is a year after this is implemented--it starts right away, by the way, so middle-class families are going to get that relief right away--the current is in the red, and then our proposal is in the blue. So if you make zero to $20,000, it is very unlikely that you have income tax liability, but some families do and the average is 0.1 percent. If you make $20,000 to $50,000 a year, your share of the Federal taxes goes down in our bill from 4.3 percent to 4.1 percent. If you make $50,000 to $100,000 a year, your share of the Federal taxes goes from 16.9 percent to 16.7 percent. If you make $100,000 or above, your share goes not down but up, from 78.7 percent to 78.9 percent. The top percent of wage earners in this country, the top 10 percent, pay approximately 70 percent of the income taxes right now. After our bill is passed and implemented, they will pay more than 70 percent. So it is a progressive tax cut in the sense that the benefit is focused more on middle-class families who really need the help. That is what the legislation does. Then, in addition to that, in responding to my colleagues who were talking whether there is any economic growth that comes from this, yes, there is a lot of economic growth because the current code is so bad. It is broken. My colleague from Oregon, who is the ranking member, agrees with that. He has a different solution as to how you get there, but he has been a leader on tax reform for that very reason. The current code is actually putting our workers at a disadvantage, making our families have to go through a great complicated process even to file their taxes. More than half of taxpayers now have to use a tax preparer. That is terrible. So this legislation does also provide economic growth by taking that Tax Code, which has this perverse effect of actually telling U.S companies that it is better that they have workers overseas and take their investment overseas or even become a foreign company--the 4,700 companies that are foreign companies today became foreign companies over the last 13 years because we didn't have this Tax Code in place. That is based on an Ernst & Young study. I encourage folks to take a look at it. It basically makes the point that because of a broken Tax Code, it is advantageous for U.S companies to take their jobs and investment overseas. That makes no sense. Foreign companies can pay a premium for U.S companies because of our Tax Code. We have the highest business tax rate in the industrialized world, and we have an international system that encourages people to go overseas and keep their money overseas. That is crazy. This proposal changes all of that. It says: Let's get our rate down below the average of the other industrialized countries, and then let's have an international system that actually encourages them to bring the money back and create more jobs here. In fact, Mr. President, I will say something else. I know you are interested in this. It also encourages foreign investment in this country, because if you are a foreign auto company--and you have a bunch in your State of Tennessee--and your decision is that am I going to invest in Japan, where they might be headquartered, or am I going to invest in China, where they might have a factory, or am I going to invest in Germany, where they might a factory, or am I going to invest in the United States of America and maybe in Tennessee, this bill will make it more advantageous for them to make their investment here and to create the jobs here because of the lower tax rate and because of the expensing when they go out to buy new equipment and technology to make their workers more productive. So this is going to help American companies a lot to be able to compete globally. It levels the playing field, which is very important. It has been bipartisan up to now--very bipartisan. We had a working group on this, among five bipartisan working groups that were established 2 years ago, that studied this issue. We came up with the solution that you have to get the rate below the average and you have to go through the kind of system we are talking about. It was totally bipartisan. Democrats and Republicans alike agreed to it because it just makes so much sense for the American worker. They are the ones getting the short end of the stick right now. They are the ones who are told: You go out there and compete, but do it with one hand tied behind your back. We need to give them the tools to be able to succeed, and that is what this legislation does. Yes, that is going to result in middle- class families getting benefits well beyond, in my view, the direct tax cuts we talked about earlier because it is going to enable them to be able to get the higher wages and the better jobs, and that is why some economists have said it is $4,000 a family. Some have said it is more. Many Democrats think it is less. But there will be a benefit to these families. Remember, these companies we are talking about, the C corporations, they employ more than half of the American private workforce. They are competing every day in these global marketplaces. We want them to win. We want our workers to win because we want them to be able to have those higher wages and better benefits. We have spent 2 decades with relatively weak economic growth and, [[Page S7681]] therefore, relatively flat wages. In fact, on an inflation-adjusted basis, if you look back over the last 15 years, there hasn't been any wage growth. There have been higher expenses, especially healthcare, and those healthcare costs and tuition costs for those who want to send their kids to school, or other costs--food and energy--have all gone up. Wages have been flat. That is a middle-class squeeze, and that is what this middle-class tax relief helps to address. Importantly, that is what this pro-growth part helps to address because you are going to see higher wages, and you are going to see better benefits if you give this kind of tax relief to the American worker because you are going to see more investment, you are going to see more productivity that comes from that, and you are going to see higher wages. I believe that, but what I believe isn't as important as what others believe. So 137 economists, many of these are nationally known economists, have looked at the pro-growth parts of this legislation-- the parts I am talking about that make us competitive again--and they have said that economic growth will accelerate if this legislation passes, leading to more jobs, higher wages, and a better standard of living for the American people. They say there will be a million new jobs in this country just because of this. I think that is really important, as important as the tax cuts are for the middle class--and they are important. Again, those tax cuts primarily go to folks who are in the middle class and that is appropriate. Equally important to me is to get this economy moving in a way that people can have the opportunity to get those higher wages and better benefits. The Congressional Budget Office did a study. It showed that 70 percent of the benefit of getting that corporate tax rate down is going to go to workers in terms of salaries and benefits. Some say it is less than that. Some say it is more than that. Kevin Hassett, who is the chairman of the Council of Economic Advisers, says it is more than that. The point is that it is going to help these workers, and it is about time that we help them. There has been a lot of discussion about the process here tonight, and I understand the frustration. As a Member of the Senate, sometimes I feel that frustration as well. But I will say that this legislation, H.R 1, which is the vast majority of the papers that were held up a moment ago--this is the legislation that came out of committee; it is the vast majority of the pages--has been on this website called budget.senate.gov and has been public since Saturday, November 26. So it has been out there awhile for Members to look at. Every single one of these amendments that are part of the manager's amendment that was talked about tonight has been publicly filed, and I think that is good. We required that Members have to file an amendment and make it public. People can go on rpc.senate.gov and see all of those amendments, and I think that is appropriate. I would hope that, as we go through this process tonight and we talk about this legislation, we can express our differences, which we will, but that we can also stick to the facts, which is that this does provide middle-class tax cuts. Again, as to those who have said earlier that there are no real tax cuts, but then when it expires in 10 years say: Well, gosh, these big tax cuts are gone, you can't have it both ways. There are tax cuts. Maybe people think there should be different kinds of tax cuts, but they are there. Second, there is the economic growth element of this, which to me is so important. We are not going to be able to have a growing economy and have opportunity and, frankly, be in a position as a country to be able to address some of our broader problems unless we have the growth and the optimism that comes with that, and that is why I think the economic growth parts of this are equally important. Again, that has been bipartisan in the past, and I hope it can be bipartisan in the future. I hope we will be able, as a Senate tonight, to pass this legislation and then continue to work on these issues, not just in terms of tax reform but making our economy and our workers more competitive because that, in the end, is going to be the ability to give people the chance for themselves and their kids and grandkids to have a better life. I see my colleague from Pennsylvania is on the floor, and I know my colleague from Oregon may have another speaker. I yield the floor at this time. The PRESIDING OFFICER. The Senator from Ohio. Mr. PORTMAN. Mr. President, I see my colleague from Oregon has some other speakers. I know he would like to speak, I am sure. I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order, and with the majority leader being recognized at the conclusion of that time. The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Oregon. Mr. WYDEN. Mr. President, I am going to yield to my colleagues in a minute. I just think it is important to make sure that the public understands exactly what some of the facts are behind the Republican proposals. My colleague from Ohio just talked about how the Republican proposal is going to create many more jobs in the United States and certainly isn't going to keep the system that makes it attractive to do business overseas. Yet my understanding is, all the previous versions--and we are going through the 500-plus pages now--are based on territorial taxation. I don't imagine too many folks in coffee shops are up on what territorial taxation is, but it is an express lane for shipping jobs overseas. The fact is, a number of the proposals earlier from the other side have made it more attractive to do business overseas than in the United States. Here are a couple of other points. My colleague said that 70 percent of the corporate tax reduction would go to the workers. That is not what Tom Barthold, the head of the Joint Committee on Taxation, said. He said specifically that he didn't see anything resembling that kind of benefit going directly to workers. He speaks a special language known as economics, but he has made it clear he didn't envision anything like that. Two other points, and then I have a question for my colleague from Maryland. We still do not have an analysis in two areas: No. 1, the cost of the bill, and No. 2, what is going to be the fate of middle-class families with respect to this new proposal? What is it going to mean for their taxes, and by what amounts? If I can engage my colleague from Ohio on this--what can we be told at this point we are going to get, if anything, with respect to an analysis of this particular bill, the 500-plus pages? Will we be getting anything tonight before we vote? The PRESIDING OFFICER. The Senator from Ohio. Mr. PORTMAN. Mr. President, first of all, I was referring specifically to a CBO report earlier, and the Senator talked about the Joint Committee on Taxation. We may have different views on that. It wasn't my belief I was expressing; it was me talking about the Congressional Budget Office's report. My understanding is that tonight the entire bill will be online, No. 1. Second, the analysis is necessary to ensure that it fits into the reconciliation instructions. Mr. WYDEN. What analysis would it be, for example, with respect to what the new bill--the bill we are actually going to vote on--means for middle-class families? We have millions of middle-class folks who are trying to sort out what this means for them. We have just gotten a brand new bill. We would like to know what the new bill means with respect to the taxes paid by middle-class folks. Are they going to get ahead or, as we have seen in so many of the previous iterations, fall behind, particularly after 2027? Will we get a new analysis on this new proposal that we will actually vote on with respect to what it means for middle-class families? Mr. PORTMAN. Will the Senator yield? Mr. WYDEN. Of course. Mr. PORTMAN. Good news--you will be glad to hear those tax cuts continue. If your family is making $50,000, two kids, you will see a 36-percent tax cut. If you are making $165,000 a year, two [[Page S7682]] kids, you will get less of a percent--an 8-percent tax cut. That is all included in the legislation. The big change, as we talked about earlier--and I know you have it in front of you--is that there is now this deduction for property taxes. It is a $10,000 cap on that deduction. As you know, if you look at the entire SALT, which are the State and local taxes and property taxes, about 50 percent of that benefit goes to families making over $200,000 a year. In this one, the property taxes capped at $10,000 will be much more targeted to the middle class. I think it is fair to say to my colleague from Oregon that he will see more middle-class tax relief from that, and that will be something that will help middle-class families. There is no change in terms of those tax cuts because those brackets--the reduction of the tax rates, doubling of the standard deduction, the doubling of the child credit--are all in the legislation. Mr. WYDEN. What I would say to my colleague is, we don't have any evidence of that. My colleague has certainly made laudatory claims about his bill, but we don't have any evidence of them. In fact, the comment made by my colleague highlights my concern. What we have seen thus far for middle-class families after 2027 is that upward of half of them would pay more in taxes. I think, rather than continue this, I will just ask my colleague to see if his side can ***produce*** an actual document--even a summary--of what this new bill is actually going to mean for middle-class families who are concerned, based on the earlier versions, about seeing their taxes go up, particularly after 2027. I have one question for my colleague from Maryland because he has been talking about the State and local deduction, which is enormously important to folks in my State and in my colleague's as well. My question is, when the first income tax was enacted in 1861, it was to finance the cost of the Civil War. It included only one deduction at that time for State and local taxes, and that was really composed to respect the States' ability to make their own fiscal decisions. It was the first deduction more than a century ago. So does that seem like a special interest tax break compared to this list of more than 30 breaks that we have managed to excavate from various corners of K Street? Mr. CARDIN. If my colleague will yield---- Mr. WYDEN. I will. The PRESIDING OFFICER. The Senator from Maryland. Mr. CARDIN. In going over the history as to how the income tax came about, it really was part of Federalism. They needed the consent of the States to change the Constitution. It was a partnership with our States, and that is why, from its inception, there has been respect for State and local taxation as a deduction from the Federal income tax. This is not a special interest; this is how we finance government. We finance government at the Federal level, the State level, and the local level. If this bill becomes law, we are violating it. Mr. President, I will ask my colleague from Oregon to let me have a minute more for two or three more points on this that I think are important; that is, there are effects that are going to take place as a result of the limitation of State and local taxes. We are going to see effects on property values. The Realtors and real estate industries have made that clear. It is going to affect the tax base of local government. This bill is going to affect charitable giving. Why do I say that charitable giving is part of this? Because I was talking to the mayor of Baltimore, Catherine Pugh, earlier today. She has serious problems with law enforcement in Baltimore. She is depending upon private groups and their generosity to help deal with the problems of Baltimore. It is going to be much more difficult for private groups to be able to get charitable contributions if this bill becomes law. So there will be impact on this that will affect our State and local governments, in addition to the elimination of the State and local tax deduction. Here is one last point, if I might make it, in regard to middle- income taxpayers. I respect greatly my colleagues on the other side of the aisle and the charge that they show, but these charges don't include the effect of the increase of the estate tax because that has not been made part of the calculations. It does not take into consideration 13 million people who no longer are going to have health insurance. That has not been taken into consideration in the charge they are showing. It doesn't take into consideration, in the charge, that the corporation profits they are going to make as a result of these tax cuts are going to most likely go to stock buyouts, rather than helping the workers. That is not reflected. So when you take a look at all of it--and we do have some analysis that has been done that is objective--middle-income taxpayers are at a disadvantage under this tax bill. I thank my friend from Oregon for yielding me that time. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. Mr. President, I thank my friend, and I know the Senator from West Virginia and the Senator from Connecticut have both been patient. Why don't we yield time to the Senator from West Virginia now. The PRESIDING OFFICER. The Senator from West Virginia. Mr. MANCHIN. Mr. President, I thank my good friend, the Senator from Oregon. I want to put this in perspective. I don't think there is a person more bipartisan than I am. I don't think there is a person who has signed more bills in a bipartisan way with my Republican friends than I have--who has voted on more Republican bills or more Republican amendments than I have as a Democrat. I am really so frustrated. I thought that we could make this place work. That was my purpose in being here. I truly have done everything I possibly could. I reached out. The White House was kind enough to reach out to me. I sat down and I talked to all of the people who are in charge of writing this legislation from the White House. I sat down with my colleagues. I gave them some suggestions and ideas. We brought people together, thinking we could find a bipartisan way. I will tell you, as I see it unfold tonight, this has been designed not to have even me, as one Democrat, on the bill, and I want to be. I want to be part of a reform for the first time in 30 years. I look back at Ronald Reagan. He was a hero to all of us. He had 97 votes; 97 Senators voted for the legislation that he crafted. There were adjustments--a give-and-take. But every time, I would think, well, if I have some ideas, shouldn't you at least listen to me; listen to what we think? Two days ago, we did a press conference. I invited all of my colleagues. I thought: Well, I and Senator Heitkamp from North Dakota and Senator Donnelly from Indiana--I knew the three of us would show up. I had 14 other colleagues who were craving to be involved; they wanted to be involved. I saw my good friend, Bob Corker, Senator Corker from Tennessee. I asked him: Can we have a few more days to look at this? That was denied. I don't know what it is going to take. Maybe we have hit the proverbial wall. This is the first time I know of, in the history of the United States of America, that we have ever done this type of major reform without having a bipartisan objective for it. There is not one bipartisan vote on this piece of legislation, and I am looking; I have been looking and trying. People have called me today from my home, asking: What have you seen? Do you like something? I said: I haven't seen that much. I am still trying to find the bill. I promised them: I will see something before I vote on it. I won't be able to read it, but I am going to see it. I want to see something. I would love for us to take the time to sit down and work on this and see it. I think you would be surprised. I think not only could we get to 60, we could get above 60 votes on this, and that is what it should be. In 2010, I thought my Democratic colleagues who voted for the Affordable Care Act with not one Republican on it were wrong. I thought that was wrong. I understand from the history--I wasn't here; I was a Governor at that time-- [[Page S7683]] that at least they tried. They went through the markups. They went through the hearings. They had an awful lot of input. I understand that. Still, I don't think any major legislation that affects every American should go through without a bipartisan buy-in, without bipartisan votes, without bipartisan support. If this is designed to be a political ploy--to basically have one side, and one side only, not wanting one Democratic vote--this will fail, and it is a shame for our country and for my colleagues. I have made it a point that what I thought was broken in this place-- I have never, ever campaigned against a sitting colleague. I have never campaigned against a fellow Republican. I have never made a phone call against a fellow Republican. I have never raised money to be spent to try to defeat a fellow Republican, my friends, because I don't think I could face them if I am trying to defeat them and then ask them to work with me. I have never done that nor will I ever do that. That is not my purpose for being here. All I have asked for is to have the chance to work with my colleagues. That is all I have wanted to do. I want to be part of this. I ask, if there is any way possible, slow this down to allow me to be involved. I would appreciate that. I yield the floor. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. Mr. President, before we go to Senator Blumenthal---- The PRESIDING OFFICER. There are 36 seconds left. Mr. WYDEN. I thank my colleague from West Virginia. I believe we are going to propound another 30-minute unanimous consent request. The PRESIDING OFFICER. First, the other side has 15 minutes. Mr. WYDEN. Oh, they have 15 minutes. We will let Senator Toomey start the 15-minute time allotment for Republicans. Then, when our turn is next, we will go to Senator Blumenthal. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. TOOMEY. Mr. President, two points I would like to address, and then we have other Republican colleagues who would like to use our time as well. One, I want to address the comments made by my friend--and he is a friend of mine--the Senator from West Virginia. I have worked closely with Senator Manchin on a variety of pieces of legislation, some relatively ordinary and noncontroversial and others quite controversial. We have been through some battles together, Senator Manchin and I, and I enjoy working with him. I hope he is going to support this product in the end. I am not sure he will, but he might--I don't know--and he probably has some good ideas he could bring to this. Let me be very clear about the process we have used here. First of all, this legislation has gone through the regular order. It has gone through the committee. It was extensively debated in the committee. It was marked up in the committee. There were many dozens of amendments debated and voted on in the committee. The committee document, which is very similar to the final document we are going to vote on tonight, has been available for weeks. Here is one of the problems we faced from the onset in this. Very early on in this process, the vast majority of our Democratic colleagues announced they wanted to leave the room with respect to a tax reform discussion. Now, as it happens, Senator Manchin was not among them, but 45 of the 48 Democratic Senators sent a public letter, and they stipulated the terms under which they would be willing to work with us on tax reform. One of the terms was that we had to use a process that could allow them to kill it by a filibuster, if they wanted to. That was one of their terms. If they were going to participate in the process, they were demanding that we would have to empower them to kill the final product by a filibuster, if they wanted to. Well, I just think that tax reform, tax relief for low- and middle- income families like we provide in this bill and the pro-growth policies through the reforms in this bill are too important to allow the minority to kill it by filibuster. It would have been malpractice on our part to allow that possibility, and so we didn't. All that means is one thing. All it means is, the final passage on this legislation is not 60 votes, but it is 51. That is all. Any Democrat can offer any amendment. Any Democrat can join us in supporting this legislation. That was also true in committee, and it will be true right through the end of this process. Our Democratic colleagues also had other stipulations in their letter. They said there can be no savings in the tax reform package for the people who pay 40 percent of all the taxes. It is actually really hard to do pro-growth, meaningful tax reform if you say the people who pay 40 percent of all the taxes must not be allowed to get any benefit whatsoever. Another feature in their letter was that there could be no savings for the very substantial category of American businesses organized as what we call passthroughs--these are partnerships and subchapter S corporations--because under the stipulations in their public letter, there couldn't be any benefit at all to anyone whose income was in the top 1 percent. Well, there are a lot of passthroughs that have some ownership on the part of people who are in that income category. My point is, they were systematically taking themselves out of the discussion from the very beginning. Despite that, we had an open process. We had unlimited amendments, and they participated in that process. Now I would like to address the issue my colleague from Maryland raised, which is the deductibility of State and local taxes. I just want to say, for me, disallowing the deductibility of State and local taxes and offsetting that with lower income tax rates for everyone-- which is what we do in our bill, among other things--it is a matter of fairness. It is just a simple matter of fairness. Under our current policy, which our Democratic colleagues would prefer we keep, the current policy of allowing people to deduct their State and local taxes and requiring higher Federal income taxes for all Americans as a result, that amounts to a subsidy that is paid by people in low-tax jurisdictions that gets sent to people in high-tax jurisdictions. For the life of me, I don't understand why my constituents in Dauphin County, PA--a relatively lower tax place--should have to pay higher Federal income taxes so a very wealthy guy who owns a penthouse on the Upper West Side of Manhattan can deduct the very substantial taxes he chooses to pay because he lives in a very high-tax jurisdiction. How is that fair that a person of much more modest means should have to subsidize a person of great means through the Tax Code? I don't think that is fair, but it is also unfair not just from one State to another but even within a State it is really not fair. Let me illustrate my point with an example. Let's imagine you have two families who have the same financial circumstances. They are neighbors, but they happen to live on either side of a municipal boundary. One family lives on the side of a town that provides a lot of services and has high property taxes, which pays for the services. Maybe they pick up the trash. Maybe the town picks up the leaves. They provide lots of services. They have a nice community center. So the family has higher property taxes to pay for all of that. Then the other family on the other side, in a different township right next door, they don't get their leaves picked up, they don't get the trash hauled away, they don't have a nice community center, but they have lower property taxes. Now, the family who doesn't have all those services, they have to privately contract for those services. They have to go hire a company to take away their trash barrels. They have to hire a company to take away their leaves. They have to pay to join a gym or a recreational facility, and they don't get to deduct any of those expenses. They don't get to deduct the cost of paying someone to take their trash away or leaf removal or their membership at a local gym or facility like that. So how is it fair that one person gets all of those services and gets to deduct the costs in the form of deducting the property taxes that pay for it, and the [[Page S7684]] other person, otherwise identically situated, does not get to deduct the cost? That just does not strike me as fair. So all we are doing is saying: Let's be fair about this. Let's just be fair. Let's disallow that deduction. For the most part, we do preserve a portion of that, but the principle is to reduce the ability to deduct these taxes because it is more fair, and then what we can do as a result is we can lower the income tax rates paid by everyone. I think that is a step in the direction of fairness, and it is one of the things that I think is a good feature in the bill. I see my colleague the Senator from Montana is here so I will yield the floor to him. The PRESIDING OFFICER (Mr. Heller). The Senator from Montana. Mr. DAINES. Thank you, Mr. President. I am thankful for my colleague from Pennsylvania, Senator Toomey, for his remarks and for his leadership in getting us to this point tonight for this most historic moment in the U.S Senate. I spent 28 years in the private sector before I came back to Washington, DC. In fact, the last election I won before I won election to serve in Congress was student body president in my high school. I spent many years working in businesses, growing businesses, creating jobs, sending a lot of money to Washington, DC, in taxes. You are not going to find a single Republican here who says taxes are bad. What we are saying here is that we are an overtaxed Nation. In fact, if I were to ask you where are the most affluent counties in the United States, where are they, you might guess, well, Beverly Hills, perhaps Silicon Valley, New York City. The answer is, the most affluent counties in America are suburbs of Washington, DC. The American people have watched this city increase in power, increase in wealth, and I think this city has forgotten something; that the dollars that are sent here by hard-working Americans do not belong to the government, they belong to the American people. It is their money. I will tell you what. I don't think we realize how much taxes we pay. We are focused right now on Federal income taxes, Federal corporate taxes. However, imagine you wake up in the morning--if you are like me, my cell phone is now my alarm clock--and you grab your cell phone. You reach for it. The first thing you do is maybe look at what inbound emails you have, maybe you look at the Twitter feed, but you realize, as you are grabbing the cell phone, on average, a U.S wireless consumer pays about 17 percent--of that bill you pay for your cell phone, there are Federal, State, and local taxes for that cell phone. That is how the day starts. So then I go, and I get dressed. I think about how much sales tax was paid, which most States have, for the clothes that you are wearing. Well, then you might leave your home, walk across your driveway to get in an automobile, perhaps, and you realize you are paying significant property tax on that property you own--if you are a homeowner--and you get in your automobile. Oh, by the way, you have paid a significant tax on that car too. You have paid a sales tax, most likely. You may be paying hundreds of dollars a year to put license plates on it. Then you want to drive on to work, and you might want to stop at that coffee shop. You might want to get that nice cup of coffee there to get you going for the day. What do you do? Well, you pay a sales tax, most likely, as you get your cup of coffee. Perhaps on the way to work, you need to fill up your gas tank. Now, in Montana, we drive pickups. I could tell you, when you fill up your pickup, it costs you a chunk of change. You are paying 18.4 cents per gallon just in federal taxes, and then you pay your State taxes on top of that. That ranges from 12 cents a gallon in Alaska to 58 cents a gallon in Pennsylvania, and then you go to work. I was just speaking with one of my young staffers here tonight. She told me, when she got that first paycheck--I guess her first job out of college--she called her dad, and she said: They have made a mistake. They have screwed up my paycheck. And she talked him through the difference between the gross pay and what you really put in the bank, the dollars of your Federal, State, local taxes, Social Security, Medicare. Your day is finished. Perhaps you want to go home and grab something to drink, whether it is a glass of wine, perhaps a beer, perhaps a soda. Well, the government is there too. You have paid an excise tax somewhere on those beverages. All I am saying here is it is time to give some of that back. It is time to give some of that back to the single mom in Kalispell, to give it back to that small business owner in Helena, to give it back to the families, the businesses, working- class Montanans. You know what, they need a pay raise. So how do we start that? How about right here with this bill tonight. Let's lower tax rates on middle income Americans. Let's allow them to keep more of their hard-earned dollars. How about we increase the standard deduction? Let's take it from $12,000 to $24,000. How about we eliminate the poverty tax? That is eliminating ObamaCare's poverty tax. As Justice Roberts said, it is a tax. It has cost the American people so far over $5 billion, 42 percent of those making less than $25,000 a year, 82 percent make less than $50,000 a year. That is a poverty tax. We are going to repeal that as part of this bill that we are going to pass tonight. Families need a break. How about we double the child tax credit? We are parents of four. How about that single mom with two children? I think she needs a break. Let's give working moms, working dads with a couple of kids an extra couple thousand dollars to help make ends meet and reduce the tax burden on small businesses--not corporations. We will talk about that in a minute. That is important to do, but these small businesses that are not corporations are paying as much as 40 percent of their income in Federal income taxes. We are going to take that down to less than 30 percent. What does that do? It creates jobs. It puts pressure on wages, higher wages, because we need to direct these tax cuts to those who provide jobs. By the way, those smaller businesses, 55 percent of the private sector jobs in this country are from smaller businesses. Two-thirds of the new jobs created since the recession of 2007, 2008 are from these smaller businesses. We are targeting significant tax relief for those small businesses. Who are these? These are farmers. These are ranchers. These are locally owned Montana businesses. It could be our community bankers. It could be a baking company. It could be a construction company. I grew up in a construction company. My mom and dad were the CEO and the COO of the family business. In Montana, that is 68 percent of the jobs in my State. They are getting significant tax relief. Working with my colleagues, we have had some great conversations, and we have provided some additional tax relief for those smaller businesses. We have a historic, once-in-a-generation opportunity today. This only comes every 20 or 30 years. It goes back to 1986, 31 years ago--the same year my wife and I were married. We need to put more money back into the hands of American workers. Let's cut their taxes. Let's open the doors for the creation of more high-paying jobs. We start that by transferring the wealth of this city back to the families and businesses that sent us here in the first place and that keep our country moving forward. We have been hearing a lot of things about this bill. The Washington Post even claimed four Pinocchios on some of these claims that somehow this ***plan*** will raise taxes for most working-class families. Look at the facts. That is not true. Let me conclude by saying this, quoting a President: It is a paradoxical truth that tax rates are too high today and tax revenues are too low and the soundest way to raise revenues in the long term is to cut the rates now. The experience of a number of European countries and Japan have borne this out. The purpose of cutting taxes now is not to incur a budget deficit, but to achieve a more prosperous, expanding economy which can bring a budget surplus. That was John F. Kennedy in December of 1962. Let's not miss this opportunity that we have now. The PRESIDING OFFICER. The Senator's time has expired. Mr. DAINES. Mr. President, I ask unanimous consent that there now be [[Page S7685]] 30 minutes, equally divided, for debate only, with no amendments or motions in order, and that the majority leader be recognized at the conclusion of that time. The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Oregon. Mr. WYDEN. Mr. President, to start our portion of the 30 minutes, Senator Blumenthal has been very patient, so I wish to start with the Senator from Connecticut. The PRESIDING OFFICER. The Senator from Connecticut. Mr. BLUMENTHAL. Mr. President, I am honored to be here tonight. Even in moments of sadness and anger--and I feel both here--I am honored to be a Member of this body. I am particularly honored to be a Member of the U.S Senate with Joe Manchin, whose bipartisanship and willingness to listen and to compromise and be reasonable is almost legendary. All of us, including Ranking Member Wyden of the Finance Committee, have been more than eager to be reasonable and compromise and seek bipartisan solutions. I truly want to thank Senator Wyden for his leadership on this issue, as well as his insight and his great commitment to the public interest. We had a hearing earlier this week before the Armed Services Committee about future threats to our Nation and national security, with a panel of experts who testified that more than $1 trillion dollars--maybe trillions--would be necessary for us to invest in the future of our Nation's defense. So many of us asked them whether they thought it would be possible to make that investment at the same time that our Nation is about to incur an additional $1.5 trillion in debt as a result of this misguided, maligned scam, this tax bill, and when we asked that question, they shook their heads no. The former Chairman of the Joint Chiefs of Staff, Mike Mullen, once said--famously now--``The greatest threat to our national security is our national debt.'' The reason our national debt is a threat to our national security is very simply that it prevents us from the kind of commitment and investment in our national defense that we on the Armed Services Committee and we in this body and we the people of America know we have to make to secure our national defense. Our national defense is about more than just hardware and even the great troops that we deploy--our service men and women who serve and sacrifice with such incredible bravery and dedication and patriotism-- it is also about the quality of our society. It is about whether we are equal, whether we give people the mobility to move and make of themselves what their aspirations are and make the American dream real in their lives and develop those skills through education and skill training that are so necessary to us as a nation. We can't ***produce*** the submarines and the F-35s and all of the extraordinary, complex hardware that we do without that skilled training. We know that in Connecticut because we ***produce*** submarines and jet engines and helicopters. We are proud of that, but we need more people with those skills. Yet this measure will enhance the divisions in our society. It will divide us from each other as Americans. It will diminish the mobility-- social and economic mobility--in our great Nation, and it will increase economic insecurity. It will not make Americans more sure about their society, more confident in its equality and justice; it will create more anxiety and anger because at its core, this measure is about benefits to a tiny, minute fraction of America. Most of the benefits of this measure go there. And it is about hitting the rest of Americans-- particularly middle-class families--with initial benefits that may even look good at first but are a classic bait-and-switch because most of those middle-class families will be worse off over the next 10 years. Anybody earning between $50,000 and $75,000 will see their taxes increase over those years. For all the reasons that my colleagues have so powerfully and compellingly outlined in this Chamber, with statistics that I don't even have time to repeat here, this measure is essentially rotten at the core in its claim to fairness. Tax reform should be about making our Tax Code simpler and fairer. This measure does just the opposite. My colleagues may say there were hearings, but compared to the mid-1980s when the last major tax reform was passed, there have been no hearings and there has been no real markup. We are now considering an amendment that was deposited on the floor of this Chamber just minutes ago--barely an hour--and will receive no serious scrutiny or oversight. It will harm our teachers and first responders, our police and our firefighters, who will have less support for their vital services. It will harm the job creators who need more resources to invest in infrastructure. It will harm our educators and the skilled trades. It will harm middle-class America. It will hit Connecticut as hard or harder than any other State because of the nondeductibility of State and local taxes and because of the nondeductibility of casualty losses. The homeowners whose foundations are crumbling will lose the ability to deduct the cost of repairs that they must make. That is so fundamentally unfair that it belies the promises that have been made even this day on this floor. We are adopting this measure literally in the dark of night--a Friday night when few Americans may be aware of what is happening here-- comparatively few. On the passthrough provision that has been added to this bill, unquestionably, some Americans will be aware, including the President of the United States. He has more than 500 LLCs as part of his organization that will benefit from this passthrough provision. So the President may be celebrating, but most Americans will rue this day. We will remember this day, all of us who are here, but we in this Chamber will rue it as well. We will remember it because of the black mark on our democracy that resulted from a guilty plea from a former National Security Advisor--a guilty plea for lying to the FBI. It is a black mark on our democracy, a sad day for our Nation, and a shadowy moment for this administration, the Trump Presidency. But we will remember it also as a self-inflicted wound for our democracy when the actions of the U.S Senate drove deeper divisions within our society, created more insecurity, enlarged the anger and angst and anxiety that people feel about themselves, and when we added $1.5 trillion to the national debt that our children and our grandchildren will pay and thereby when we diminished our national security. The national debt may not be the greatest threat to our national security, but it is one of the largest of the dangers to our national security, and we have done nothing to alleviate it. On the contrary, we are adding to it, and that is a shame and a disgrace. I yield the floor. The PRESIDING OFFICER. The Senator from Oregon. Mr. MERKLEY. Mr. President, I thank my colleague from Oregon. I would like him to know that I will only take about 5 minutes because I want to make sure my colleagues can speak during this period. I am rising now to ask the senior Senator from Texas to come and explain his amendment that has been incorporated in the package. This, I believe, earlier was his amendment No. 1715, and we are hearing that 1712 was included as well. This is something that might be characterized as the Wall Street welfare amendment. We are not sure exactly how it works. We are not sure exactly how much it costs. But that is not the point. If you are going to stick something into the underlying bill to benefit very powerful groups like Apollo and Carlisle and Blackstone, you don't just airdrop it in at the last second, this provision for the most powerful. Come to the floor, lay out the details, and defend your amendment and why it should be included in this bill. Our basic understanding is that it enables publicly traded partnerships to be able to have their funds pass through so there is no corporate tax since they benefit from a lower rate for those passthroughs. But we have only had a few seconds to look at it. What does it really do? What does it really cost? I ask the Senator to come to the floor and explain all of the details. The American people have a right to know what you are sticking in this bill. Explain your Wall Street welfare amendment and why we should support it or not. [[Page S7686]] We have $4 trillion going to the richest Americans. Four trillion? We keep hearing about a $1.5 trillion deficit. Oh, yes, but there is lot more here, so let's just see what it is. There is the reduction in the corporate tax rate, which we all know goes to the richest Americans who hold all the stocks. That is $1.3 trillion. We have repeal of the alternative minimum tax. That is $770 billion. We have the passthrough for high-end LLCs--not for low-end LLCs but for high-end LLCs--$362 billion. We have three provisions for multinationals, a deduction for foreign dividends, a deduction for foreign intangibles, and the transfers for intellectual properties, totaling $313 billion. We have an elimination of the estate tax to benefit the richest 0.2 percent. Out of a total of 1,000 people in America, the richest two-- that is the equivalent. That 0.2 percent would get $83 billion. Then we have a change in the tax brackets, which added another over $1 trillion there. And probably most of that--we have been trying to get a breakout. We can't even get a breakout of where this will go because it is being rushed through. If we take those provisions and add them up, it is $4 trillion. I am just taking the big ones off the list of all of the details. Little public exposure. Why is this being done in a few hours here, just after the Thanksgiving holiday, before Christmas? Because my Republican colleagues are sticking it to the American people, and they don't want you to know. So, again, an example--out of this list of 30 amendments that are being stuffed in at the last second that no one has had the ability to analyze--30 amendments--let's have the senior Senator from Texas come to the floor and defend his Wall Street welfare amendment that he is sticking in here for the most powerful publicly traded partnerships. That is just one of 30. So I am calling for transparency. I am calling this process for what it is, and that is using the argument that you are doing something for the middle class in order to cover up these trillions of dollars going to the very richest. Let's see how misplaced this is. In the next year, 9 million taxpayers together at the bottom would get about 50 cents a day in tax relief--two quarters. That is what you do for the 90 million taxpayers who are most in need in America, two quarters a day. What does this bill do for those who earn more than $1 million? It gives them over $1,000 a week. So $1,000 a week for the rich and mighty; two thin quarters a day for the folks at the bottom. It even gets worse than that. By the end of the tax period, what are those people earning less than $50,000 doing? They are paying $23 billion into the Federal Treasury, but what are those who are earning more than $1 million doing? They are taking out $5 billion. So the poor are paying in while the rich are taking out. You call this middle-class tax relief? I call this a tax scam. The PRESIDING OFFICER. The time has expired. Mr. MERKLEY. It is outrageous and unacceptable. The PRESIDING OFFICER. The Senator from Louisiana. Mr. CASSIDY. Mr. President, I would like to comment on the positive aspects of the bill we are about to vote on. The most positive thing I can say about this is that working families and middle-income families across the Nation will be better off. Families who over the last 8 years have not done well will begin to do better. Now, we have already discussed some of the things that others have discussed. Let me just comment briefly: We have doubled the standard deduction to make filing of income taxes simpler. For most Americans, that will be a tax cut by doubling that standard deduction. We have provisions in there to stimulate the economy, to create competition for workers so workers will now have a choice of one job or another. When that happens, of course, their wages rise, and their benefits get better. We incentivize companies that are, right now, moving overseas-- because the taxes are so much lower elsewhere--to stay in the United States, to create American jobs, and to pay more American taxes. Those are all good things my colleagues have discussed. Let me discuss some other ways perhaps that this bill benefits working families and middle-class families. I am from an energy State. Louisiana ***produces*** so much oil and gas. The thing about energy jobs is it creates jobs for good families. They may not have a college education, but they are good people. They care about their children. In these jobs, they can earn over $100,000 a year in certain aspects of it, and they employ Americans in a way that Americans have kind of forgotten that it can be that way. It is meaningful to me. We were in Illinois when I was born. My family moved to Louisiana because someone called my father and said: You know, Jim, if you move to Louisiana, you can sell to the people working at Esso, and you can make a good living. So even though my father didn't work in the energy industry, he was one of those who benefited and made a living, which allowed me to go to medical school. I was the first generation in our family to go to college and go to medical school, and now I am a U.S Senator. What an incredible privilege, all created by energy jobs. One thing this bill does is it opens up a little more of Alaska for energy development--2,000 acres. One of my colleagues said smaller than the airport in Fargo, ND. I have never been there, but 2,000 acres is not a whole lot of land, But on those 2,000 acres, there is a lot of oil beneath. Why is that important? We as a country can make a decision to be energy secure or not. If we are going to be energy secure, it means we are going to ***produce*** our own energy. This is not to rule out renewables, but for the moment we are going to continue as a country to consume natural gas and oil. We can buy it from countries such as in the Middle East where environmental standards are not as strict as ours, but when we do that, not only are we sending our jobs and revenue overseas, but we are also, in effect, endorsing their lower environmental standards, and that overall pollutes the environment. On the other hand, if we buy from ourselves--using American workers, creating American jobs, using American environmental standards--not only do we get the benefits to the family and the benefits to the environment, but we have the national security benefit of being able to be energy secure. Now, this is powerful. I first became aware of it, I think, in middle or maybe elementary school. I went to St. Luke's Episcopal Church. There was a guy there named Thor. What a great name, Thor. Thor told me his father was a pipefitter and was at that moment in Alaska working on the Alaska Pipeline. That was 40 years ago, so maybe my memory is a little fuzzy on everything but Thor's name. The point is, a fellow from Louisiana was going to Alaska, making great money, being able to provide for his family back home. That is a good thing. As we develop our energy resources on the North Slope of Alaska, using American environmental standards, creating American jobs, we are changing the life of families like my family and for perhaps the family of the man I remember going to middle school with long ago. I mentioned Thor's father was a pipefitter. Now, it is not just on those 2,000 acres. There will be a way of transporting that oil that is ***produced*** elsewhere. In South Louisiana, we make boats--boats that actually work off rigs and can create jobs both in the boatyard and in the maritime industry. Thor's father was a pipefitter. You pipe out your oil, and you create jobs in that way. That comes to mind because when I was first elected to the Senate, I was going to a committee hearing, and some union fellows from Ohio came up to me to ask that I endorse the construction of the Keystone XL Pipeline. Of course, I have always been in favor of it so they had my vote, but they made the point: We are union laborers. We work on the job. When we say there is $40,000 created in the building of a pipeline--sure, we may only be on the job for 6 weeks, but then we go to another job for 6 more weeks and another job for 6 more weeks. [[Page S7687]] I was struck that these working families benefit not from the actual production of America's natural resources but from the transportation of America's natural resources. So the economic benefit to working and middle-income families doesn't just stop with those who are perhaps doing the drilling, but it continues downstream and, as I mentioned earlier, even extends to a family like mine. Now, let me mention another aspect of this that brings benefits to our working families and to our middle-class families. One thing I was helpful with was the restoration of the historic tax credit. The historic tax credit is a Federal tax credit first made permanent by President Ronald Reagan that allows somebody to go to an older building in a community and to restore it, returning it to commerce. So instead of a portion of our architectural heritage being destroyed, it is refurbished and is there for future generations to enjoy. More than the kind of aesthetics of seeing an older building become beautiful once more, it creates jobs. Now, let's go back to this legislation, creating better jobs for working and middle-income families. First, it affects everybody. More than 40 percent of the projects under the historic tax credit ***program*** in the last 15 years have been in towns of less than 25,000 people. In my State, since 2002, the historic tax credit has contributed to 782 projects being built, bringing $2.2 billion worth of investment into these cities and towns across my State. Now, when you have that much money, you create lots of jobs. It is thought, nationwide, according to the study by the National Park Service, the historic tax credit has encouraged more than $131 billion in private investment, rehabbing 42,000 buildings, creating more than 2.4 million trade jobs, returning a net positive to the U.S Treasury. Since fiscal year 2002, in Louisiana alone, it has, again, fostered more than $2.5 billion in private investment, creating more than 38,000 jobs. These are jobs--construction jobs, rehabilitation jobs--that allow a family to live with a good living wage. That is part of this legislation. I should mention one thing in particular very topical on the historic tax credit. The World Trade Center of New Orleans is currently being refurbished. It was built in the 1960s and is being transformed into a world-class hotel condominium complex. It brings the city of New Orleans $400 million in infrastructure spending, 1,600 jobs in construction trades, as well as more than 450 permanent, full-time jobs. Instead of a crumbling eyesore, you have a jewel, but more than a jewel, you have 1,600 jobs created and 450 permanent jobs. Let me mention the last thing that benefits working and middle-class families. My friends on the other side of the aisle talked about supposed negative effects on Social Security and Medicare. I am a doctor. I have been working in the public hospital system of Louisiana for 25 years. I understand the importance of safety net ***programs***, if you will, like Medicare that allow our senior citizens to have the healthcare they need. The dirty little secret is that, according to the people who run Medicare and Social Security, those trust funds are going bankrupt-- bankrupt. Under the Obama administration, they tried to address it by raising taxes, so they put a higher income tax on people, and the trust funds are still going bankrupt. Under ObamaCare, there were different things to try to save money within the system, delivery system reforms, and some are, frankly, good ideas--although I opposed ObamaCare, in general, some of these were good ideas, and I continue to endorse them--and the trust funds are still going bankrupt. So it raised taxes, we are trying to save money, and the trust funds are still going bankrupt. What can we do to try and rescue these ***programs*** that are so significant, so important to senior citizens, to all of us in this country--Social Security and Medicare in particular. What about economic growth? I did an analysis once with another man which shows that if we just return to the economic growth that is common in our country--about 3.5 percent GDP growth per year--we will fully fund our trust funds for Medicare and Social Security. Keep in mind, although we are cutting rates for corporations, the rates for funding Medicare and Social Security are staying where they are. So if our economy is doing better year over year, there will be more money going into these trust funds, not because the rates are higher--the rates remain the same--but because there is more money to apply the rates to. Is it reasonable to have that kind of growth? Absolutely. From 1946 to the beginning of President Obama's administration, through 10.5 recessions--including one-half of the great recession--we averaged over 3 percent growth as a country. Now, under President Obama's Presidency, it was about 2 percent growth, and 2 percent versus 3.5 is all the difference in the world because it compounds. It goes like this if it is 2 percent, it goes like this if it is 3.5 percent, and at the end of 10, 15, or 20 years, those differences are remarkable. I will say, under President Trump, for the last two quarters we have had over 3 percent GDP growth. Republicans take over, and the economy begins to do better. In the next quarter, it is estimated that it will be over 3 percent. With this legislation, increasing the amount of money families have in their pockets, building out our energy resources as we are in Alaska, creating jobs for Americans across the way, using things like the historic tax credit, returning money to the Treasury, but also creating American jobs will create that prosperity, that economic growth, so that instead of the 2-percent growth that we have had for the last 8 years, we have the 3.5-percent growth that we historically have had. That is a promise of this legislation. That will restore funding for Social Security and Medicare. That is the answer that has eluded the other side. Mr. President, before I yield back, I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order, and with the majority leader being recognized at the conclusion of that time. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. Mr. CASSIDY. I yield back. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. Mr. President, for this tranche, I believe we will have Senator Durbin lead off for us and then Senator Nelson and Senator Bennet. Each is going to try to take around 5 minutes. Senator Durbin. The PRESIDING OFFICER. Senator Durbin. Mr. DURBIN. Mr. President, what happens when you decide to write a tax bill that changes the economy of the United States of America, you don't have adequate hearings to gauge what is going to happen, you don't bring in the experts to try to tell you what the impact will be on individual families and businesses, and you stick around until 5 o'clock on a Friday night and you hand out the work product for all of the Members of the Senate to take a look at before they vote on changes in the Tax Code that will affect the people they represent? This is what happens: 479 pages were handed to us. They tell us that some of this has been around for a while, and some of it is new. They don't tell us which part is new and which part is old. Lucky for us, on K Street--and there is nothing wrong with lobbyists--where the Federal lobbyists live, they are following this really closely, and they have given us basically a cheat sheet, a scorecard, so we can figure out, at least generally speaking, how many changes have been made in the 479 pages since the last time we saw this proposed bill. I defy any Member of the Senate to stand here and take an oath that they have read this and understand what in the world it means to businesses, families, and individuals. If they want to take that oath, and maybe some will, then I refer them, ladies and gentlemen of the American jury, to exhibit A, page 257 out of the 479. Why do I pick this page? Because they didn't have time to type it. They wrote it out in longhand. We are not even teaching cursive in a lot of schools anymore, but someone on the staff knew it enough to try. The problem is, they wrote it in cursive along the margin here. It is about subchapter [[Page S7688]] S corporations and how much tax they paid and what they don't pay. I defy anybody to read it because the problem was, when they copied it, they chopped off lines so there aren't full sentences here. They are like little phrases and words. This is your Senate at work. This is what happens when you push through a bill late at night, desperate to pass it, without really stopping to ask yourself: Will this make us a stronger nation? Will this help legitimate businesses that want to expand and create jobs? Is this good for American families? The Joint Committee on Taxation told us yesterday--that is our scorekeeper; they are the ones who we hired to be our scorekeeper; they are nonpartisan--what they learned about this bill before we got the new version, with the new amendments. Our friends on K Street were happy to tell us what the listings were. They told us that this starting bill will add $1 trillion to the national debt--so our kids and grandkids can pay it off--to pay for the tax cuts. They also told us that the predicted economic growth that is supposed to come out of these pages of 4, 5 percent a year is 0.8 percent. Is it not? Am I right? Mr. WYDEN. Correct. Mr. DURBIN. They also told us that the biggest beneficiaries under this Tax Code--this Joint Committee on Taxation--happen to be the wealthiest people in America--surprise--and the biggest corporations. They told us that, at least in the second 10 years--maybe before-- regular middle-income families are going to pay higher taxes because of this. They let us know, and we knew already, what is going to happen to ***programs*** like Social Security, Medicare, and Medicaid. You see, when you run up the national debt and you want to try to balance the books-- our Republican friends have been very open about this. They want to cut the benefits under Social Security, Medicare, and Medicaid to try to balance the books. America, are you ready for this? Are you ready for senior citizens who are counting on that Social Security check to get a cut in benefits to pay for a tax cut, a tax giveaway to the wealthiest people in America? Are you ready to see Medicare cut--that is, reimbursement for seniors for medical expenses--in order to make sure that the biggest corporations in America get a tax break? Are you ready to see Medicaid, which has as its major expense taking care of seniors in nursing homes--benefits cut in order to give an incentive for businesses to move jobs overseas? That is what this is all about. Here is the reality. As a percentage of gross domestic product, American corporations have never been more profitable--never. As a percentage of gross domestic product, American corporations have never paid less in Federal taxes. What is the Republican response to that? Cut corporate taxes. Why? Shouldn't we be focused on doing what is necessary so that middle- income families have a fighting chance to pay their bills and put some money away for their kids and their future? Shouldn't we be working on helping small and medium-sized corporations instead of the big boys? That is what I think we should focus on. I don't know for sure that this bill doesn't do that. In fact, nobody does. Nobody knows what is in here--479 pages. If they tell you they do, then ask them to explain page 257. Ask them to try to read this. I have tried. This is going to change the tax law of America in ways that we can't even explain. We have to get this done because the Senate has done little or nothing this year, and so they are desperate to get something done before the end of the year. Sadly, it is a tax bill that we have just been handed 1 hour and 50 minutes ago. I yield the floor. Mr. WYDEN. Mr. President, I want to thank my colleague from Illinois for a very insightful analysis, and his skills as a handwriting expert may be necessary as the Senate Finance Committee tries to divine what that particular page actually means. I thank my colleague for trying to unpack a byzantine area of subchapter S tax law. Mr. DURBIN. If the Senator from Oregon would yield for just a moment, I would like to ask consent that this infamous page 257 be made a part of the Record after my speech, but I am really sorry for the members of the staff who have to try to write this out--type it out. Mr. WYDEN. Their eyes are being strained as we speak. The PRESIDING OFFICER. Without objection. Mr. WYDEN. I yield to the Senator from Florida. Mr. NELSON. Mr. President, this is, in effect, a massive transfer of wealth under the guise of tax reform and under repeating the statement: It will help the middle class. You can repeat a statement, but that doesn't mean it is true. You have to look at what the facts are. I think you have heard a number of the speeches that will refute this-- that it is not middle-class tax relief. It certainly isn't when a lot of those so-called tax cuts for the middle class will evaporate; they will cease to exist after 7 or 8 years. Let's take another part of this tax bill, the child tax credit. We are going to have a couple of amendments out of here on the floor tonight. We are going to have one that is going to increase the tax credit substantially, like $3,000 per child. When you compare that to the current existing Republican bill, they have a tax credit that, in fact, if you have more than three children, if you have a large family, you are going to be penalized. That is what the facts are. Let's see how the votes come later this evening on two amendments. One is a Democratic amendment, and one is a Republican amendment. As to the child tax credit, let's see what the majority of our friends who are trying to ram this through in the dead of night do. Let's see what happens, because, clearly, their tax bill does not do enough. This Senator has long supported increasing the child tax credit, including cosponsoring Senator Brown's amendment to increase the credit and make it easier for those who are in a low-income situation to claim that credit. I am going to continue to support increases for this tax credit for the middle class, as long as it is done in a fiscally responsible and thoughtful way. It doesn't make any difference who is proposing it. Let's see how the votes come out here on these two amendments. Unfortunately, the bill that is before us does it backward because it actually increases those who have a number of children. We should be doing the opposite. I hope that we will find a way to drastically change this bill. Instead of limiting the child tax credit, let's go in and make the corporate income tax not at 20 percent but at 22 percent or 25 percent in order to fund the child tax credit to help those on the bottom line of the economic ladder. We should be coming together in a bipartisan manner to flip the priorities in this bill and to significantly increase the child tax credit. Obviously, that is what the American people want, but that is not the bill of goods that you are getting sold here tonight. By saying something is something, that doesn't make it so. It is what the facts are. I yield the floor. Mr. WYDEN. Mr. President, my colleague has a parliamentary inquiry, and then we will go to Senator Bennet. Mr. DURBIN. Mr. President, parliamentary inquiry. The PRESIDING OFFICER. The Democratic whip. Mr. DURBIN. I submitted page 257 of the amendment to be placed in the Record and you gave unanimous consent for that to happen. I have now been instructed that the personnel at the Senate cannot read this page the way it is currently written. Could I have this entered in the Record just as written with the handwritten notations on the side? Could I enter it as a graphic or artwork or something like that? I ask the Presiding Officer, does that mean if the amendment has this page in it, that the amendment cannot be filed? The PRESIDING OFFICER. The amendment can be filed with handwritten changes, but the staff will have to change those later or correct them. Mr. DURBIN. I would like to ask a further parliamentary inquiry. Why didn't they accept page 257 after I received consent to put it in the Record? The PRESIDING OFFICER. The amendment has not been filed yet. Consent was accidentally---- Mr. DURBIN. Parliamentary inquiry. This page, which is part of the tax bill, [[Page S7689]] 257, as written, cannot be filed in the Senate because no one can read it; is that correct? The PRESIDING OFFICER. The amendment has not yet been filed. It can be filed in that form. Mr. DURBIN. Parliamentary inquiry. Why can't this page be filed in that form? The PRESIDING OFFICER. The amendment as shown with the handwritten text cannot be printed in that graphic form. Mr. WYDEN. Mr. President, parliamentary inquiry. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. When this is filed, we want the American people to know what has actually been written on the side. Will it be possible, as part of Senator Durbin's statement, to add this ``written on the side'' portion as part of his statement so that the American people will actually know how outrageous this process is and that it at least states, as part of his speech, what is written in the margin? Can that be stated as part of his statement? Would the Chair answer the question? My question is, when the amendment is filed, I would like to ensure that the important point my colleague has made about what is written in the margin could be included as part of his written statement that will be entered into the Record so that the American people can get some sense of what kind of flimflam is actually taking place here. The PRESIDING OFFICER. When the amendment is filed---- Mr. WYDEN. Thank you. The PRESIDING OFFICER. The text will appear in linear format with any errors that may be in it. Mr. DURBIN. Mr. President, I have the greatest respect for the Senate staff, and I am not trying to say anything negative about them. I was hoping that this could be entered into the Record, and I asked for unanimous consent to enter it, believing that the handwritten portion would show up in the Record. I have since been advised that there will have to be translators and interpreters who will have to decide exactly what this says before it is actually part of the Congressional Record. I think that I have made my point as to where we stand in preparation of tax reform for America. Thank you. Mr. WYDEN. Mr. President, I yield to the Senator from Colorado. Mr. BENNET. Mr. President, talk about the swamp. All of the folks who voted in this election do not have the swamp in Washington, DC--they are watching this happen right in front of their eyes tonight. We have a bunch of amendments that were dropped in by lobbyists here last night that we haven't seen, except that we received a list from them, and we have illegible amendments now at the desk that, even if we could read them, we wouldn't be able to. It just doesn't make any sense. I will tell you something else that doesn't make any sense. It doesn't make any sense that, in our economy, 90 percent of our folks-- the bottom 90 percent--earned the same amount of income as the top 10 percent. The top 10 percent earned 50 percent of the income in this country, and the bottom 90 percent earned the other 50 percent. You can see the direction that these lines have headed over a number of years. That is the issue that we confront in our economy. That is what we all should be working on in a bipartisan way to try to address. Unfortunately, instead of improving the circumstances for people in the bottom 90 percent of earners, the decision has been made, because of an economic philosophy that has to do with trickle-down economics, to give the benefits to the people who are doing pretty well--and not just pretty well but better than they have done since 1928, and we stated earlier today on this floor what a miracle the tax policies were in the early 1920s. The PRESIDING OFFICER (Mr. Perdue). The Democrats' time has expired. Mr. BENNET. Mr. President, I ask unanimous consent for an additional 2 minutes. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. Mr. BENNET. I thank my colleague from Pennsylvania. In addition, we cannot afford to do this. Right now, we are collecting, before this tax cut goes into effect, 18 percent of our gross domestic product in taxes and revenue. We are spending 21 percent of our gross domestic product, and that leaves us with a deficit. Because this place lacks the courage to deal with the issues that we must confront, unlike our parents and grandparents, we have hollowed out discretionary spending. We are spending 35 percent less than we were in 1980 as a percentage of our GDP. Yesterday, we had testimony in the Armed Services Committee that we need a trillion additional dollars to modernize our defense. We know how dangerous this world is with what is happening on the Korean Peninsula and with what is happening in the Middle East. Why was it OK for our parents and grandparents to invest in us, but we are unwilling to invest in the next generation of Americans? Not only are we unwilling to invest in them, but we are saddling them with the debt that has arisen from our inability to make proper decisions. We are doing it now in plain sight of budget projections that show that the money is just not here. I think we have a decision to make as to whether we want to live up to the example our parents and grandparents set for us and whether we are willing to make the kinds of investments in the next generation that they were willing to make in us. I yield the floor. Mr. WYDEN. Mr. President, just before we wrap up, I have heard Republicans talk constantly about how this process is being conducted by regular order. I have never seen in my time in public service, when talking about $10 trillion worth of tax policy changes and the biggest tax bill in three decades, something along the lines of the flimflam that we have been talking about, with handwritten changes in the margins about something that conceivably will affect vast sums of taxpayer money. I yield the floor. The PRESIDING OFFICER. Who yields time? The Senator from Florida. Mr. RUBIO. Mr. President, as most of my colleagues know by now, we have been working for I believe about a year and a half--certainly throughout this tax reform process--to address the issue of the child tax credit in an effort to increase it. I am grateful that in this process, we have been able to increase the child tax credit to $2,000. That will help a lot of people. I have been asked by some people: Why isn't that enough? Why aren't you happy with that? The answer is that the people we most want to help are not going to be able to fully use it, and here is why. For them, for people who are making $30,000 or $40,000 or $50,000--you are a construction worker; you are a teacher; you are a firefighter; you are a welder; you are a bus driver--the backbone of America's workers-- their main tax liability is their payroll tax. Unless you allow the tax credit to apply fully not just to their income tax--many of whom don't have a high income tax liability but a payroll tax--they are not going to enjoy the full benefit. The result is kind of absurd if you do one without the other. The result is, if you make $500,000 a year and you have enough kids, you can use the whole credit, but if you don't make that much money--if you make, say, $25,000 a year--you won't get nearly as much of the credit even though you have paid the taxes. It kind of doesn't make any sense, right? We are trying to help people with the cost of raising children by allowing them to keep more of their own money. It is the people who make less who need it the most, and when you only do half of it, which is the $2,000 increase, you only get it half right. So it is good, and there are people who are going to be helped by that, but we could have helped so much more. The bill we have today, which is before us here and will be before us in a few minutes when there is a substitute provided, cuts the corporate tax rate from 35 percent to 20 percent. A reduction in the corporate tax rate is something that I strongly support because I think it makes America more competitive and, in the process, is going to help a lot of these same people whom [[Page S7690]] we are trying to help. I know that sounds countercyclical, but it does because when these corporations are able to save money in taxes, many of them will use some of that money to create new jobs and hire more people. That money--some of it will be reinvested and perhaps even flow toward workers in the form of higher wages over time. These are positive things, so I am not against a reduction of the corporate tax rate. In fact, I ran for President, for the Senate, and for reelection to the Senate on the promise of reducing the corporate tax rate to 25 percent. So 20 percent goes well beyond that. However, in order to be able to pass something that pays for it, because you have to--and people don't know this back home, so I will just kind of explain it--this bill allows us roughly about $1.5 trillion over the next 10 years of spending over revenue. Now, we think that the growth in the economy is going to more than offset that, but for purposes of the rules of the Senate, it has to be within those parameters. In order for us to offer an amendment that provides an increase in the child tax credit at a rate that we want to do it--about $86.9 billion--we have to find $86.9 billion somewhere in order to be able to do it. Initially, instead of cutting the corporate tax rate from 35 to 20, we proposed cutting it from 35 to 22. It is still a massive cut. It is still well below the international average of 23. It still puts us in third place among the seven largest economies in the world. But that was met with significant resistance. We have always said that we would be open to an additional way or a different way of doing it, so today when the substitute amendment is offered, we are going to offer an amendment, Senator Lee and I. Instead of 22 percent, it is going to propose that we reduce the corporate tax from 35 to 20.94 percent. Basically, instead of a 15-percent reduction, it will be a 14.06-percent reduction, OK? The difference between what is in the bill and what we are proposing is less than 1 percentage point of reduction in the corporate tax rate--0.94 percent. With less than that 1 percent difference, we can make a huge difference in the lives of millions of Americans making between $20,000 and $50,000, as an example. That would generate about $87.4 billion, and we could use $86.9 billion of it to allow working families with children to keep more of their own money to pay for the costs of raising their children. I will remind you of who these people are. These are teachers, firefighters, welders, construction workers, truck drivers--the working class. We didn't even have to do that, to be frank. From last night to today, the leadership and those working on this--and they have worked very hard--found an additional approximately $260 billion to cut even more taxes for businesses. I have no problem with that. I want America to be super competitive. But somehow, through some political jiujitsu or some sort of magical formula, $260 billion appeared to provide even further cuts, and that is fine. I just wish that some of that jiujitsu and political magic had been employed on behalf of the millions of Americans making between $20,000, $50,000, and $60,000 a year because they need our help. What has been the opposition to this? Frankly, some of it is untrue. Some of it is offensive. Some of the opposition I have heard is that the people who would benefit from this tax cut don't pay taxes. They don't pay income tax or a lot of income tax, but they pay tax. If at 5 o'clock today you left your job as a construction worker and you received your paycheck, they took money out of your paycheck. When they take $200 out of your paycheck, it doesn't matter if it says FICA or if it says income tax withholding; it is $200. It is the same money, and you have $200 less of it. That is a tax. Anytime the government takes your money, it is a tax. I have had people tell me, including people in the administration, that they don't pay taxes. I have had people say that they don't generate economic growth, which is, in my mind, No. 1, not true, and No. 2, the wrong way to think about it. You see, our economy should be working for our people, not our people for our economy, and when you talk that way, you have it wrong. I also disagree that they don't generate growth because when you make $50,000, you spend every penny that you make. I know these people. I live in West Miami, FL, and West Miami is a small, little city. It is three-quarters of a square mile. I have lived there since 1985. The average income is $38,000 a year. If you make $38,000 a year, you spend every penny, especially if you are raising children. I do not care how much people tell you to put some money aside and save it for the future; you cannot because everything costs more and there are unexpected costs. You bought brandnew shoes in September for school, and by November they either have a hole or they no longer fit. You bought them a backpack in August for back-to-school, and by November or December, it has a hole in it or something broken and you have to pay for it. Costs constantly come up that you haven't anticipated. Where do they spend this money? In our economy. So, yes, maybe they don't generate as much growth as a Fortune 500 company, but they have to spend every penny of it, so they do generate growth. I have even heard terms used like ``It is a black hole'' and ``It is welfare.'' It is not welfare; it is their money. I heard one newspaper editorial say that it is anti-work. How could a tax credit that you can't get unless you are working be anti-work? I will tell you what is anti-work: a package of benefits from the government that you get-- which is worth more than this tax credit--that you are eligible for if you don't work. I want you to tell the worker at a Head Start facility--think about this. You are a teacher at a Head Start pre-K, and you make too much money for your children to go to Head Start, but you don't make enough to be able to afford child care for your own kids. That is happening all over this country, and somehow there are black holes that we can't even find $86.9 billion to help them just a little bit more. The second argument we have heard is that we can't cut the corporate tax rate because it is going to hurt growth. OK. You are telling me that if we have a corporate tax rate that goes from 35 percent to 20.94 percent, that is going to hurt growth. Twenty percent is the most phenomenal thing we have ever done for growth, but if you add 0.94 percent to that, it is a catastrophe. We are going to lose thousands of jobs. Come on--especially when you add that to the fact that they are going to be able to immediately expense their investments, when you add that to the fact that they are going to repatriate money abroad to the United States with the lower tax rates. When you add all the things that we have done, argue all you want, but don't please don't tell me that 0.94 percent is going to somehow lead to less economic growth because it is just not true. We are going to have a vote later today. I don't know how many votes they are going to make us have in order to pass this; there are all kinds of procedural things that happen here. But I can tell you that this is about a lot more than just tax reform. We have a big problem that perhaps this tax reform debate has revealed; that is, the only way forward in this country is one that is pro-worker and pro-growth, and you cannot have one without the other. I can tell you that in this country today, there are millions and millions of people who have been hurt by the new economy. The new economy is great. There is nothing we can do to turn it back. The future is here, and you cannot go back to the past. We should embrace the new economy. It has created extraordinary wealth for people who are innovators or people who have the right careers or right jobs. I don't begrudge it. I am glad that it is happening. But when you have a new economy, just as when we had the Industrial Revolution, there are some people who are going to be hurt and we have to help them in that transition because if we don't help them, we are going to break the social compact that holds our Nation together. I am not claiming that the child tax credit will solve that problem by itself. I am telling you that if we aren't even willing to do another $86 billion of allowing people to keep their own money--not even willing to do something as small as this--we are not willing to do anything for working people in this country, and that is a big problem. That is [[Page S7691]] an enormous challenge for our Nation. These people have felt neglected and disrespected for a long time. I want to be very careful, but I want to be clear about what I am saying. The political debate in America today is either all about helping the very poor--and I support the safety net. I don't think free enterprise works without a safety net. It should be there to help people who cannot help themselves, to help people stand back up on their feet and try again. The political debate is also all about helping the business community, and I support that because we need vibrant economic growth to create jobs and opportunity. But what about everyone else? What about the people who make $50,000 a year? They make too much money for CHIP, for pre-K paid for them by the government through Head Start, for ObamaCare subsidies, too much for government benefits, but they don't make nearly enough to afford the cost of living. What about them? What is in it for them? Yes, there is going to be economic growth and there are going to be wage increases, but not for everyone, not in this new economy in which the haves and have-nots are largely divided between those who have the right skills and right degrees and those who do not, and that has gone unaddressed for a very long time. I am telling you, if we do not address it, we leave our Nation vulnerable to two dangerous political extremes--radical socialism on the left and ethnic nationalism on the right--and neither of them are true to the American principles that created the greatest Nation on Earth. Again, I am not here to tell you that the child tax credit solves that problem. I am here to tell you that if we can't even do that, it is evidence of our unwillingness to do beyond it the tasks that need to be done. We have a major challenge in this Nation. All we are asking for and all I implore my colleagues to vote for--I know that for people on the other side of the aisle, this doesn't go far enough. I understand it; I do. I know you want to get to a higher number; I know you want it to apply to more people. I promise you, I did too. I wanted it to be $2,500. I am trying to figure out in this constitutional Republic, which cannot be a zero-sum game, how we can make things better if we do not make them perfect. And on the other side of the aisle, I implore my colleagues to believe that this is not a black hole, and this is not welfare. These are the teachers, firefighters, neighbors, and friends who are struggling because everything costs so much more. Why can't we just help them keep a little bit more of their own money? Really, is a 20.94 percent corporate tax rate going to hurt growth, especially if it will help us provide a little bit more assistance for the people who, today, desperately need our help? I hope I can earn the support of as many of my colleagues as possible. It won't make this bill perfect. It doesn't go far enough for some, but it will make it better. I yield the floor. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. TOOMEY. Mr. President, I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order, and the majority leader be recognized at the conclusion of that time. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from Oregon. Mr. WYDEN. Mr. President, we are going to have several of our colleagues on our side, and we will start with Senator Sanders. Mr. SANDERS. Mr. President, as I think about what is going on here today, I think this is in many ways a historic day, a day that historians will look back on--December 1, 2017--and they will conclude that today is the day of one of the great robberies, of criminal activities, if you like, in the modern history of this country. The Federal Treasury is being looted tonight. As we speak, there are lobbyists all over Capitol Hill, writing down in handwriting, amendments to this bill to give hundreds of millions, if not billions, of dollars in tax breaks to large corporations. As we speak, they are probably still writing those amendments. Meanwhile, this Senate, this Republican-led Senate has been unable to reauthorize the CHIP ***program***, the health insurance ***program*** for low- income children. They didn't have enough time to do that. We have been unable to reauthorize the Community Health Center ***Program***, providing 27 million people with health insurance. We don't have the time to do that. But tonight we are presumably going to pass legislation when, at a time of massive income and wealth inequality, 62 percent of the tax benefits go to the top 1 percent, and 10 years from now, millions and millions of middle-class Americans will be paying more in taxes. I have not the slightest doubt, as I have said before, that after the Republicans pass this huge tax giveaway to the wealthy and large corporations, they will be back on the floor of the Senate, and when they come back, they will say: Oh, my goodness, the deficit is too high. We have to cut Social Security, Medicare, Medicaid, education, and nutritional ***programs***. In other words, in order to give tax breaks to billionaires and to launch profitable corporations, they are going to cut ***programs*** for the elderly, the children, the working families of this country, and the poor. This legislation will go down in history as one of the worst, most unfair pieces of legislation ever passed. I say to my Republican colleagues, as you saw on November 7, the American people are catching on. They are demanding a government that does not simply work for corporate lobbyists but works for the middle class. They are demanding a tax system that says to the wealthy and large corporations: You are going to start paying your fair share of taxes, and, no, we are not going to cut Social Security; we are going to expand Social Security. We are not going to cut Medicare; we are going to move to a ``Medicare for all'' healthcare system. The American people are catching on. While Republicans may get away with this act of looting tonight, history is not on their side. The day will come, and it will come sooner rather than later, when we are going to have a government here that represents all of us, not just the Koch brothers, not just the billionaire class, not just wealthy campaign contributors. I yield. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. TOOMEY. Mr. President, I want to talk about one of the truly pro- growth features in this tax reform that is going to encourage investment in the United States, new business creation, startup, expansion, and hiring that will be associated with that. That means new jobs, more demand for workers, and higher wages. What am I referring to? I am referring to one of the things we do on the business side of this tax reform. The way I think about it, there are several big features that are going to drive economic growth on the business side of the Tax Code. One is certainly lowering the top rate from the 35 percent that makes us uncompetitive in the global economy to 20 percent, which puts us pretty close to dead even among our competitors. That is one. That is an important part. The second one that I think is even more powerful is simply allowing businesses to recognize, for tax purposes, expenses when they actually occur. Allow businesses, when they buy equipment and put that equipment to work in a factory or when buying earth-moving equipment or new machinery, to recognize that cost when it occurs. By allowing them to recognize that cost when it occurs, they can afford to purchase more of that equipment. Why is that important? That is important because that is the source of enhanced worker productivity. Workers are more productive when they have machinery and equipment to work with. This is why capital drives productivity growth. It is the investment in that new equipment that creates demand for workers but also makes the worker more productive. The example I like to use that I think illustrates it reasonably well is this: If you go to a construction site and you have two guys working on that site and one of them is operating a backhoe and the other is using a shovel, they are both digging a hole; they are both moving dirt. Which one do you think gets paid more? It is not a close call. The [[Page S7692]] guy who is operating the backhoe is getting paid more on every such job site in America, not because there is a law that requires it but because he is a more productive worker. He has a skill set, and he is using major equipment that allows him to be much, much more productive than any human being can be with a simple hand tool. That is an illustration of how it is that when a company is able to put that equipment to work, the worker benefits. That worker operator is not the only one who benefits, because somebody has to make the backhoe. Someone has to work at the factory that builds the backhoe that was bought. So what we are doing when we allow this expensing to occur--when we allow businesses, for tax purposes, to recognize the expense when it occurs rather than gradually over time, we simply make it more affordable for business to put capital to work, to buy the kind of equipment to help them grow and help them help their workers become more productive. That is why this is a very constructive, pro-growth feature in our tax reform that is going to be very, very helpful to workers. But there is a third feature in our business tax reform that is also going to be great for America, and that is going to be our change from the current global tax system that we apply on the subsidiaries and affiliates of multinational companies--the change away from a global system to a territorial system. So what does that mean? So a global system is the system we have today, and America is unfortunately almost unique in the world in having this very counterproductive system. Here is how it works. If a subsidiary of an American company goes overseas--say they go to England--and they open a business there because they want to serve the English population and they want to sell a product in England. So they go to England, they open their business, they make a profit, and they have to pay a tax to the English Government. That is normal. That is what any company operating there has to do. What America does, what we do in our Tax Code that almost no one else does is, we say: After you have paid that tax to the English Government, if you would like to dividend that money back to your parent company so it can be invested back home in America, we are going to charge you another layer of tax. We are going to make sure the combination of what you pay there and what you bring back home hits 35 percent, which is our current rate. It is completely uncompetitive. So, if you think about it, the rest of the world has a different system. They have the system which we know as a territorial system, and the idea there is the subsidiary in England pays its tax to the English Government and then whatever aftertax profit they choose to send home to their parent, if it is a French company or German company or a company somewhere else in the world, there is no additional tax layer. So which country do you think has a competitive advantage doing business in England? Anyone other than the United States. This has been the very reason that you have seen these inversions, these American companies getting acquired by other companies. In many cases, it is not about the economics, it is not about synergies, it is because there is a tax advantage to having a multinational headquartered almost anywhere other than the United States. There are a lot of good jobs at a corporate headquarters. There is management and sales and finance and ***planning*** and all kinds of really good jobs. We are losing these systematically because we have this system that nobody else in the world has--almost nobody else has--that punishes companies when they bring that money back home. So what are we going to do? We are going to change our system from one of the worst in the world to what I think is going to be one of the best. What we are going to do is we are going to say: Well, a company operating overseas has to pay that local tax, but we are not going to punish that company with another layer of tax when they bring that money back home to America and invest here. Most estimates of how much money--I should point out, you only get hit with that tax penalty if you bring that money home and reinvest it in America. That is how crazy this is. It is called the deferral system. The common popular estimates by the economists who looked at this is that there are somewhere between $2 trillion, maybe even more than $3 trillion of earnings by the subsidiaries of American-based multinationals, where they have paid the tax overseas, as they must, but they refuse to bring the money back home because they don't want to get hit with this huge tax. So think about all this money that is overseas somewhere else and not being invested in America. I have had conversations with CEOs who have told me they want to invest in the United States, but the tax makes it prohibitively expensive to bring it home, and therefore they are looking for opportunities overseas where they will not have this tax. We have to end this and we are going to end this in this bill and that is going to put an end to the tax incentive for these inversions-- the movement overseas of corporate headquarters. It is going to make America a great place to invest and to headquarter a multinational company, and it is going to encourage that kind of growth. It is one of the central pillars of our business tax reform that is very constructive and very important. I see my colleague from South Dakota is with us, and I will yield the floor now to him. The PRESIDING OFFICER. The Senator from South Dakota. Mr. THUNE. Mr. President, I thank the Senator from Pennsylvania for outlining and highlighting what are, I should say, some of the many reforms that are included in this legislation. Now, what he talked about is critically important. If America is going to be competitive in the global marketplace, we have to change our Tax Code because it is completely outdated, completely antiquated relative to any of the countries with whom we compete. So, as the Senator from Pennsylvania pointed out, the reforms we make in this bill allow American companies to compete and win against those other countries around the world--the Chinas of the world, the Russias of the world. Those countries in which America has to compete on a daily basis have a huge advantage over American companies today simply because we have a tax code that doesn't recognize and reflect what is happening in the global economy, and that is why modernizing and updating our tax code was such a critical part of our tax reform effort. I was listening to my colleague from Vermont, and I think this is a really great day in the U.S Senate. We are getting close to the finish line on this tax bill. Over the past 24 hours, I think we have made a really great bill even better with more middle-class tax relief and more relief for small businesses. We have moved our bill closer to the House's bill in key areas, which I think will help us get this bill to the President's desk in the very near future. I am excited about what this tax bill is going to do for the American people. America has always been about opportunity, a place where you could start from nothing and become anything. Generations of people have come to this country to build a better life for themselves and an even better one for their children. My grandparents were those people. They came here from Norway back in 1906, started a small merchandising company after they had learned the language and worked for a while on the railroads that were being built across this country. It later became a hardware store, and to this day in Mitchell, SD, there is still a store that goes by the name of Thune Hardware. The family is not associated with it, but it is an example of the millions of Americans or millions of people who came to this country, came to America in search of opportunity. Unfortunately, in recent years, those vast horizons that so many people came to this country for seemed to shrink. The American dream has grown dim. Getting ahead has been replaced by getting by. We have watched idly as our jobs get shipped overseas, as other countries drop their business tax rates to better compete in the global marketplace, as emerging economies and developed nations grow faster than the United States. Americans now frequently spend more time worrying about their future than looking forward to it. [[Page S7693]] We are turning that around starting today with this tax bill. I am reminded of Ronald Reagan's Presidential ad noting that ``It's morning again in America.'' Well, it may not be morning yet, but the dawn is peeking over the horizon. The tax bill before us today is going to provide immediate relief to hard-working Americans. It is going to immediately lower their tax bills. It is going to immediately mean more money in their pockets, but this bill is about much more than that. This bill isn't just about helping Americans today, although it is most certainly going to do that. This bill is about helping Americans for the long term. It is about restoring the American dream. It is about giving Americans access to the kinds of wages, jobs, and opportunities that will set them up for a secure and more prosperous future, and it is about sending a message to the world that America is finally serious about competing for 21st century jobs and innovation. For years, our tax laws have kept American businesses at a disadvantage in the global economy. As other nations have changed their Tax Codes to strengthen their businesses, our Tax Code has kept American businesses struggling, but that ends now. This legislation makes a tremendous investment in American businesses and American workers. Under this bill, American businesses will no longer face the double taxation that has kept them at a disadvantage next to their foreign counterparts and has pushed them to keep jobs and investment overseas. They will no longer face the highest corporate tax rate in the industrialized world. They will no longer be playing catchup with their foreign competitors. Instead, American business will have money to invest in American workers. They will be able to expand their domestic operations, and they will be able to compete with and beat their competitors around the globe. What is the result of that? It means more growth here at home, more jobs, more opportunities, higher wages, and an America that can lead the world in innovation, job creation, and economic growth. America may have been through a rough patch lately, but she is coming back stronger than ever. America led the world in the 20th century, and this tax bill makes it clear that she is going to do the same in the 21st century. I hope our colleagues, when it comes time to vote on this tonight, will vote in favor of tax relief for middle-income families, vote for a stronger, growing, vibrant, robust economy that is creating better paying jobs, raising wages for American workers and American families, and a brighter, better, and more prosperous future for future generations of Americans. I yield the floor. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. Mr. President, I would just like to set the record straight on a couple of points. I have a response to my colleagues who continually say this corporate tax cut is going to raise workers' wages by $4,000. Now, I asked the head of the Joint Committee on Taxation whether that was the case. He essentially said, no, he did not believe it was the case and referred us to tables that document it. Perhaps even more egregious is tonight we heard our colleague from Ohio say that a Congressional Budget Office report claims that workers are going to get 70 percent of the benefits from a corporate tax cut so it was raised even higher. Mr. President, I ask unanimous consent to have printed in the Record a portion of the report from the Congressional Budget Office, making it clear on the cover where it says the analysis and conclusions expressed there should not be interpreted as those of the Congressional Budget Office. It directly contradicts the comments made by the Senator from Ohio on wages and corporate tax cuts. There being no objection, the material was ordered to be printed in the Record, as follows: Working Paper Series, Congressional Budget Office, Washington, D.C International Burdens of the Corporate Income Tax William C. Randolph, Congressional Budget Office, Washington, D.C , August, 2006, 2006-09 Working papers in this series are preliminary and are circulated to stimulate discussion and critical comment. These papers are not subject to CBO's formal review and editing processes. The analysis and conclusions expressed in them are those of the authors and should not be interpreted as those of the Congressional Budget Office. References in publications should be cleared with the authors. Papers in this series can be obtained at [*www.cbo.gov*](http://www.cbo.gov) (select Publications and then Working Papers). Abstract This study applies a simple two-country, five-sector, general equilibrium model based on Harberger (1995, 2006) to examine the long-run incidence of a corporate income tax in an open economy. In equilibrium, capital is assumed to be perfectly mobile internationally in the sense that the country in which a real investment is located does not matter to the marginal investor. In addition, each country is assumed to ***produce*** at least some tradable corporate goods for which the country cannot affect world output prices. Like the original Harberger (1962) model, the worldwide stock of capital and the supply of labor in each country are fixed. Under those assumptions, the model provides closed form solutions and easily understood predictions about its comparative static equilibria. As with any simplified model, the analysis is silent about some potentially important issues--such as the effect of the corporate tax on savings, growth and other dynamics--that may also have important effects on corporate tax incidence. The analysis shows how the domestic owners of capital can escape most of the corporate income tax burden when capital is reallocated abroad in response to the tax. But, as in Bradford (1978), capital owners worldwide cannot escape the tax. Reallocation of capital abroad drives down the personal return to investment so that capital owners worldwide bear approximately the full burden of the domestic corporate income tax. Foreign workers benefit because an increased foreign stock of capital raises their productivity and their wages. Domestic workers lose because their productivity falls and they cannot emigrate to take advantage of higher foreign wages. Under basic assumptions of the numerical application, the outcome is also similar to the implications of the simpler model of Bradford in that the full worldwide burden falls on domestic owners of productive inputs. That outcome changes, however, under alternative assumptions. Burdens are measured in a numerical example by substituting factor shares and output shares that are reasonable for the U.S economy. Given those values, domestic labor bears slightly more than 70 percent of the burden of the corporate income tax. The domestic owners of capital bear slightly more than 30 percent of the burden. Domestic landowners receive a small benefit. At the same time, the foreign owners of capital bear slightly more than 70 percent of the burden, but their burden is exactly offset by the benefits received by foreign workers and landowners. To the extent that capital is less mobile internationally, domestic labor's burden would be lower and domestic capital's burden would be higher. Burdens can also be affected by the domestic country's ability to influence the world prices of some traded corporate outputs. But the signs and magnitudes of those effects on burden depend upon the relative capital intensities of production in the corporate sectors that ***produce*** internationally tradable goods. Mr. WYDEN. Mr. President, if I could have the attention of my colleague from Pennsylvania, I would like to pose a question to him on a matter. We, as we have indicated, have been digging through the amendments. As far as I can tell, what we have is the earlier language that imposes a new excise tax on the investment income of large university endowments. That has been in the bill, so be it. Now, there seems to be a new exception on page 289. The bill says that the new tax does not apply to a university otherwise subject to the tax if it is described in the first section, which is 511(a)(2)(B), and which does not receive Federal funds. This is new, and I am trying to figure out why there is this special exemption. I can't seem to find other people who are getting it or whom it benefits. I thought perhaps my colleague from Pennsylvania could enlighten me on this. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. TOOMEY. Mr. President, I would be happy to enlighten the Senator from Oregon. What my provision does is it applies to any college that chooses not to receive Federal funds under title IV, which is a very big category of funding for higher education. It is the provision that authorizes Federal financial student loan ***programs***, for instance. So the theory is, which you may or may not agree with, but the view is, if a college chooses to forgo Federal money and the students that attend have to find their own way to get there, it is diminishing the burden that college would otherwise impose on the [[Page S7694]] taxpayers, and so it is perfectly reasonable, in my view, to exempt such a college from the tax on endowments that we are applying generally. That is the answer to your question. Mr. WYDEN. Mr. President, if my colleague would yield further, what is your analysis of how many colleges would benefit from this? The reason I ask is, in my view, there are a lot of deserving Oregon schools--and I seem to remember quite a few colleges in Pennsylvania-- that also are very deserving, they would not benefit from this, and I would like my colleague's assessment of how many colleges would benefit from this particular provision. Mr. TOOMEY. Mr. President, I think there are very few probably who choose now to forgo all of this taxpayer money, but any college in America that wanted to could do so. So any college that decided to adopt the policy I am alluding to here would choose to forgo the taxpayer money subsidizing their students and, if they choose to do that, then they wouldn't have to pay tax on their endowment. It would apply to any college that made the choice. Mr. WYDEN. So is this Hillsdale College--because that is what I have been led to believe--and I would like my colleague's analysis of whether they would benefit. Mr. TOOMEY. I believe that Hillsdale College would qualify for this, as would any other college that chooses to forgo title IV funding. Mr. WYDEN. I am just not aware of any. Mr. TOOMEY. There are other colleges that choose to forgo the funding. I am not sure how many of them also have an endowment large enough at the moment that it would have an impact on them. I have no idea how long it might take them to develop an endowment. But the point is, anybody who is in this category would have this same treatment. Mrs. McCASKILL. Mr. President, would the Senator answer a question about this provision? Do you know who the biggest donor was to the Hillsdale College endowment? Mr. TOOMEY. I do not. Mrs. McCASKILL. Would that be the DeVos family, by any chance? Mr. TOOMEY. The answer to your question is, I have no idea, and it doesn't matter. Mrs. McCASKILL. Do you know who added this provision in here? Mr. TOOMEY. I advocated this provision. Mrs. McCASKILL. What does it have to do with taking title IV money as to whether or not your endowment will be taxed? How is that apples and apples? It sounds like apples and oranges. What in the world do those two have in relation to each other? Mr. TOOMEY. Are you finished with your question? Mrs. McCASKILL. Yes. Mr. TOOMEY. I will answer it again. You may choose to disagree, and that is fine. We can have our different opinions on this. But my view is, a college that chooses to say ``We don't want to take any Federal taxpayer dollars'' and therefore saves the taxpayer I don't know how many millions altogether--usually thousands per student--I think it is quite reasonable that a college that chooses to not put that imposition on the Federal taxpayers ought to be able to be exempt from this tax. It would be available to any college that made that choice. Several colleges in America make this choice, and any others that choose to would be able to participate. Mrs. McCASKILL. So the rationale is, if you choose not to take Federal money, then your endowment is no longer subject to any tax even though the endowment money comes from people who get a deduction for the money they give, correct? The endowment comes from donors. I thought the reason we were taxing the endowments is because the people who were giving the money were getting a tax deduction when they put it there. Mr. TOOMEY. The point is, the college that is qualifying for this is choosing not to impose a tax burden on the American taxpayer. They are not allowing their students to take the Federal taxpayer benefits that are available to them. They choose not to. They save taxpayers a tremendous amount of money when they make that choice. I think it is reasonable to allow them not to also have to pay this tax on their endowment. Mrs. McCASKILL. Are the people who are giving to the endowment still allowed to take a tax deduction? Mr. TOOMEY. I think people who give to the endowments are treated the same as people who give to any other endowment. Mrs. McCASKILL. So it doesn't matter, in terms of the people giving to the endowments, whether they get a tax deduction, just whether the school takes money from the Federal government? Mr. TOOMEY. The criteria is, if the school chooses to save Federal taxpayers very substantial amounts of money by forgoing the title IV funds, then the school would not have to pay the tax. Mrs. McCASKILL. My point, Senator, is that the people who are giving to the endowment get the exact same tax benefit as people who give to any endowment in the country. Mr. TOOMEY. And it is a completely irrelevant point. The fact is, the school is choosing to save the taxpayers a lot of money by forgoing money that would be available to its students. So it is very reasonable to have this modest savings that is available to a school that makes that choice and saves the taxpayers this money. Mrs. McCASKILL. It doesn't feel that way to us. It feels as if this is a very limited provision written for a very special person. Mr. TOOMEY. It is a universal provision available to any school that chooses to take it. Mr. MERKLEY. Will my colleague from Pennsylvania yield for a question? Mr. TOOMEY. Yes. Mr. MERKLEY. Is this Hillsdale College the same one that was sued for discrimination in the 1980s? Mr. TOOMEY. I don't know the history of litigation against most colleges, including Hillsdale. Mr. MERKLEY. You said you introduced this provision, and so I assumed you probably researched this. Isn't the reason this college has not taken Federal funds is because it was sued for discrimination? Mr. TOOMEY. This is not my understanding. I do understand that my colleagues on the far left do not have a fond opinion of Hillsdale, but I do. I actually think it is a wonderful institution, and I commend them for their choice, as other colleges, of forgoing taxpayer money that they could be taking, the burden they could be imposing on taxpayers, but they choose not to. I think any college in that category, whether it is Hillsdale or any other college, ought not to have to pay the tax on the endowment. Mr. MERKLEY. You make the point that your colleagues on the left don't have a fond opinion of this particular college, but my point is, we don't have a fond opinion of discrimination and of giving a tax provision for just one college that happens to be funded by one of the wealthiest families in America because they happen to be a Republican donor. Why would that be a good provision in terms of the United States of America, to subsidize a college that quit taking Federal funds because of discrimination? Mr. TOOMEY. Why would you choose to mischaracterize this provision the way you just did? You said it is for one college, and you know that is not true. This is criteria available to any college in America, and any college that takes it will get that benefit. Mr. MERKLEY. Would my colleague provide a list of all the colleges that qualify, because our understanding is that only one--this was written for one to qualify. And that is why this shouldn't be done at the last minute and just stuffed into a tax bill. Mr. TOOMEY. If my colleague doesn't like that provision, he can offer an amendment to strike it. This is a wide-open process. Mr. WYDEN. I am reclaiming my time. The PRESIDING OFFICER. The Democratic time has expired. Mr. WYDEN. I ask unanimous consent for 3 additional minutes to complete this one question. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. WYDEN. I thank the Chair. I was concerned at the beginning because there are so many deserving schools in Oregon and Pennsylvania [[Page S7695]] and elsewhere that don't get this special treatment, and obviously you have heard my colleagues express their concern, and I think it transcends somebody's politics. So my question now would be--the perfecting amendment has not yet been filed. Would my colleague be willing to take his provision out of the perfecting amendment and offer it as a separate amendment so we can actually have an up-or-down vote? And perhaps by that time, we will know how many colleges, if any other than this one, benefit. Mr. TOOMEY. Mr. President, the Senator from Oregon referred to many other deserving schools. I don't know which of them choose to forgo this taxpayer money, and if any of them do, then they qualify. If you do not like the provision, you are free to offer an amendment to strike the provision. That would be my recommendation. Mr. WYDEN. The answer is no. Mr. TOOMEY. I made my recommendation. If you dislike the provision, you can offer an amendment. Mr. WYDEN. Let the record show that my colleague has said no. And I can't find anybody else in America who benefits from this particular provision, and that doesn't strike me as right, to have it airdropped at the last minute into a bill. Mr. President, I believe I am out of time on my consent request. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. TOOMEY. Mr. President, I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order, and that the majority leader be recognized at the conclusion of that time. The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time? If no one yields time, time will be equally charged to each side. The Senator from Utah. Mr. LEE. Mr. President, I stand in support of the child tax credit. It is something that this bill goes a long way toward promoting. This is a great day in the sense that the Senate is moving forward with promoting the interests of the American family, doing something to weaken, to soften the impact of a little known feature called the parent tax penalty. A lot of people are familiar with the marriage tax penalty in the Tax Code. It is a pernicious feature, one that punishes people for getting married, one that can ***produce*** a series of adverse effects simply by saying ``I do.'' That is wrong. Most Americans acknowledge that it is wrong. This bill goes a long way toward undoing that. There is a different thing called the parent tax penalty that, like I say, is less understood, less frequently discussed than it should be. Here is how the parent tax penalty works. It is a basic function of the interaction between the Federal income tax system on the one hand and our Federal senior entitlement ***programs***, on the other--Social Security and Medicare. Here is how it works. Imagine two hypothetical couples, couple A and couple B. Couple A and couple B are identical in every respect but one, and that is that they are identical in their income patterns, charitable contributions, mortgage interests, so on and so forth, except for one characteristic. Couple A has four children, and couple B chooses to remain childless. Over the course of their lifetimes and while raising their children, couple A will, on average--according to what some have described as lowball estimates ***produced*** by the U.S Department of ***Agriculture***--incur around $1 million in childrearing expenses, just the cost of raising their children. Couple B, of course, being childless, will not incur those same expenses. At the same time, they are paying more or less at the same tax rate. There are a few differences in the existing Tax Code, but nothing to offset the disparity between the two couples in the sense that couple A, while incurring this $1 million in childrearing expenses while they are raising their children, is also paying into Social Security and Medicare. They are also paying taxes, and they are not having their contributions to this solvency of Social Security and Medicare adequately taken into account. In other words, because Social Security and Medicare are funded on a pay-as-you-go basis, we have to remember that it is today's workers who are paying the retirement benefits of today's retirees. It is today's children who will be tomorrow's workers who will be funding the requirement benefits under Social Security and Medicare of today's workers and tomorrow's retirees. This is what the parent tax penalty is all about. You see, the Federal Tax Code doesn't adequately take into account the enormous contribution of working parents and contributing toward the solvency and sustainability of Social Security and Medicare. This is why a little over 4 years ago, back in 2013, I started pushing this idea of the need to increase the child tax credit to help soften the impact of the parent tax penalty. This is not, to be sure, something that is intended to incentivize or compel parenthood. That is not our purpose at all. This is not social engineering. It is one thing for the government to tell people they have to do something or to incentivize them to do another. It is quite another thing to simply tell people: We are going to punish you less for bringing about the possibility of sustaining Medicare and Social Security, for bringing children into this world, and raising tomorrow's generation of workers who will pay for the Social Security and Medicare benefits of today's workers and tomorrow's retirees. This is important, and this is something that I am thrilled to see as part of this tax reform package. This tax reform package does, in fact, increase the child tax credit to $2,000 per child. What I would like to see, and what I have been working on with Senator Rubio, is also to increase the refundability of the child tax credit, to move that refundability all the way up to $2,000 per child and make it refundable up to the amount of taxes paid, including payroll taxes--in other words, up to 15.3 percent of earnings. What this would do is it would result in an effective cut in the payroll tax liability of middle-class, hard-working American moms and dads, some of whom might see their payroll tax liability exceed their income tax liability. They are still paying taxes. Tell a construction worker or a secretary or a police officer that he or she is not paying Federal taxes simply because their biggest tax liability is found in the payroll tax. In this circumstance, this amendment is needed in order to give these people significant tax benefits under this bill. It is important to remember that some 70 percent of the benefits under this bill go to America's corporations and 30 percent to individuals. It is our desire to help spread out some of the benefits of this and to help spread it out, in particular, to America's hard- working middle-class moms and dads. Now, the Rubio-Lee amendment, in its current formulation, would involve a very slight adjustment to the corporate tax rate, taking it from 20 percent to 20.94 percent. This is not an enormous difference. This reminds me a little bit of a story that I first heard told by Emo Philips. Emo Philips described himself as walking across the Golden Gate Bridge one night very late. He was alone on the bridge, or so he thought, until he got to about halfway across the bridge when he discovered he was not alone. He found somebody else standing on the outside of the guardrail of the Golden Gate Bridge. Emo said: I could tell right away that this man was in trouble, and the thought occurred to me that maybe this man is thinking about taking the unfortunate step of ending his life by jumping off the bridge. Emo said: I stopped and asked the man the first thing that came to mind: Do you believe in God? The man said: Yes. Emo said: Me too. Are you a Christian? The man said: Yes. Emo said: Me too. What denomination are you? The man said: I am a Baptist. Emo said: Me too. Are you a northern Baptist or a southern Baptist? The man said: I am a northern Baptist. Emo said: Me too. Are you a northern fundamentalist Baptist or a northern reformed Baptist? The man said: I am a northern fundamentalist Baptist. Emo said: Me too. Are you a northern fundamentalist Baptist, conference of [[Page S7696]] 1857 or a northern fundamentalist Baptist, conference of 1812? The man said: Northern fundamentalist conference of 1857. Emo said: Die, you heretic. And he pushed him off the bridge. The point here is that sometimes we have to acknowledge that very minor differences between us do not make us heretics. There is a very minor difference between a corporate tax rate of 20 percent and a corporate tax rate of 20.94 percent. But that minor difference would make all the difference in the world to America's hard-working moms and dads, many of whom are on the very cusp of where many parents find themselves, especially while their children are young. Imagine the construction worker, police officer, or school teacher who are just making ends meet and who realize that if they were to take themselves out of the workforce, they might be able to receive government benefits that they are currently not receiving. They might, in some ways, find their quality of life going up, at least in the sense that they wouldn't have to go to work. We don't want them to have to do that, you see, because when they get into that circumstance, they might forgo other career opportunities. Without that job, there will not be the next job, the next promotion, and the next promotion after that. They might find themselves trapped in a web of poverty, held down by the very government ***programs*** that are there to help them. That, in turn, might contribute to this growing expanse of the Federal Government and might inhibit economic growth. You see, sometimes we have to remember that America's ultimate and most important investor class is not necessarily just those people gathered around the boardroom. They are often in maternity wards or at the altar in a church saying ``I do.'' Sometimes the most important investments we make are in those children whom we rock to sleep at night, whom we raise to be the next generation of taxpayers, the next generation of contributors to our great society. This is why making sure that the child tax credit is there for them, is available to them, and is refundable up to the amount of taxes paid is so important. These are not freeloaders. These are not people who would be seeking a welfare benefit, because the only benefit available to them under this child tax credit would be there for them only to the extent that they have been working and paying taxes, paying into the system. This is an imminently reasonable request. In any event, this is a great moment in the very sense that we are having this conversation, in the very sense that we are poised right now to increase the child tax credit to $2,000 per child. This would go a significant way toward offsetting the parent tax penalty. It is my hope and my humble request that my colleagues will heed this call to make it even more meaningful by making the child tax credit refundable up to the amount of taxes paid, including payroll taxes. Thank you, Mr. President. I yield the floor. Mr. WYDEN. Mr. President, how much time remains on our side in the tranche? The PRESIDING OFFICER. Eleven minutes. Mr. WYDEN. I would like to yield 5 minutes of my time to the Senator from Ohio, Mr. Brown. Mr. BROWN. Mr. President, I thank Senator Wyden. Mr. President, if we want to cut taxes for the middle class, as my colleagues keep saying, then let's cut taxes for the middle class. Instead of giving the money to the corporations and hoping it trickles down, let's cut out the middleman. Let's put the money directly in the pockets of working families. I will say that again. Instead of giving the money to corporations and hoping it trickles down, cut out the middleman and put the money directly in the pockets of working families. I will keep saying this, because tax reform should be that simple. I spent the last 2 weeks, and in particular the past 2 days, working with Senators Rubio and Lee on a good-faith effort to bring the child tax credit into this conversation. I don't believe their proposal goes far enough because it fails to index the CTC for inflation. For inflation, it is temporary. Remember, the tax cuts for individuals are temporary; the tax cuts for corporations are permanent. It continues to be tied only to payroll taxes. It ignores the burdens we place on working families. We can find trillions--trillions--for corporations. This is all we can do for working families? Unfortunately, while Senators Lee and Rubio were making a real effort at middle-class tax cuts, and I thought we were close to a bipartisan bill that could save this bill, it didn't happen. Republican leadership--coming down the hall from Senator McConnell's office-- swooped in and made it clear that this bill is being written to benefit one class of people: corporations that shift jobs overseas and their CEOs. While Senators' sons and daughters will do just fine under this proposal--they will get the full tax cut for their children--working families will pay the price. What we should do--frankly, what we must do--is vote this bill down and start over. Senators Rubio and Lee and I could work together, along with our colleague, Senator Bennet, to pass real middle-class tax cuts built around a compromise that begins with our shared goals on the child tax credit. That is where we start because, right now, this bill is not a tax cut for working families. Everybody on this side of the aisle knows it. Every single person knows it. Whether they were personally a CEO, whether they were an accountant, whether they were a lawyer in a small town, they all know this is not a cut for middle-class families. Right now this bill is a massive giveaway to multinational corporations that outsource American jobs. We know the companies shut down in Mansfield, OH, in Zanesville, in Lima, and in Chillicothe, they get a tax break, they move overseas, build a new factory, and sell those products back into the United States. We know that is what has been happening. We choose not to fix that and instead we do more of the same. Even before we take into account the loss of healthcare coverage for tens of millions of Americans, a full 62 percent of these tax cuts will go to the top 1 percent of households by the end of the decade. Sixty- two percent of these tax cuts go to the top 1 percent of households. Even with the Bush tax cuts, which were clearly weighted way too much to the wealthiest people in our country--the most privileged--that was only 27 percent of those tax cuts, those benefits that went to the wealthiest 1 percent. So let's end the charade that this bill is a tax cut for ordinary Americans. It is simply not. Their CEO pals have let the cat out of the bag. Bloomberg said this morning: ``Instead of hiring more workers. . . .'' My friends on the other side of the aisle say, if we cut taxes on corporations, it will raise wages, and they will hire more workers. Bloomberg said: ``Instead of hiring more workers or raising their pay, companies say they will first increase dividends or buy back their own shares.'' That is what they always do. They take the money for themselves. They take the money for stockholders and stock buybacks and more executive compensation. The corporate CEOs couldn't be clearer: They are keeping the money for themselves. It is not going into the pockets of workers. Again, take out the middleman. If you want to do tax cuts for the middle class, then do tax cuts for the middle class. If my colleagues mean what they say--if they want to cut taxes for the middle class-- work with us bipartisanly on a good child tax credit that will really work for working families and cut taxes directly for the middle class. I yield the floor. Mr. ENZI. Mr. President, today I wish to speak about the important legislation we are now considering. Earlier this week, I explained some of the reasons the Senate needs to consider tax reform legislation and gave a general overview of the bill. Today I want to talk about some of the specific provisions of the bill. [[Page S7697]] First, I want to talk about the relief this bill provides to hard- working Americans. The Tax Cuts and Jobs Act reduces tax rates for individuals, almost doubles the standard deduction, and doubles the child tax credit. This will allow families to keep more of the money they earn in their pockets. The independent Tax Foundation estimates that this will amount to about $2,500 more in after-tax income for a middle-income family in Wyoming. This bill also will provide relief to small, family-owned businesses that currently employ the majority of the private sector in Wyoming. The bill cuts taxes for these businesses while enhancing deductions that are important to them, like the section 179 deduction that promotes business investment. The Tax Foundation believes changes like this will add more than 1,700 full time jobs in my home State. While these individual Tax Code provisions are important to so many Wyomingites and small businesses in my home State, I am also especially proud of the international tax provisions in this bill, which I worked on with Senator Portman and Chairman Hatch. Right now, our tax rules are written so that many businesses could be better off if they are headquartered outside of the United States. Those rules, which were written in the 1960s, are completely outdated. Many of the U.S major trading partners, including Canada, Japan, and the U.K , have moved to what are called ``territorial'' tax systems. Those systems tax the income generated within their borders and exempt foreign earnings from tax. The United States, on the other hand, taxes the worldwide income of U.S companies and provides deferral of U.S tax until the foreign earnings are brought home. Deferring the tax incentivizes companies to leave their money abroad and invest it there. That is certainly not a recipe for U.S growth and U.S job creation. The dominance of U.S -headquartered companies in the global marketplace is waning. In 2000, 36 percent of the Fortune Global 500 companies were headquartered in the United States. In 2009, that number dropped to 28 percent. In 2017, we are down to 26 percent. Clearly, America is losing ground, and our international tax rules are part of the problem. I have been working to change that since the 112th Congress, when I introduced the United States Job Creation and International Tax Reform Act. My goal then was to incentivize American companies to create jobs in the United States while leveling the playing field for U.S companies in the global marketplace. I believe the Tax Cuts and Jobs Act achieves that goal. This bill would reform and modernize the rules for taxing the global operations of American companies. These reforms, along with reducing our corporate tax rate, would help make America a more attractive location to base a business that serves customers around the world. With these provisions in law, families would hear fewer stories about how U.S companies are moving their profits to tax haven countries and avoiding U.S tax on those earnings. Families would hear fewer stories about how U.S multinational companies set up post office boxes in the Cayman Islands and Switzerland without an employee or officer of the company anywhere in sight and attribute a significant portion of their foreign earnings to these jurisdictions. Instead, families would hear more stories about how U.S companies are generating the ideas and inventions of tomorrow right here in America. The international tax rules are not easy or simple, and a lot of work went into these provisions. I want to again thank Senator Portman and Chairman Hatch for their work with me in this area. I look forward to continuing to work with them and the rest of my colleagues to pass this bill that our country desperately needs. Thank you. Mr. PORTMAN. Mr. President, I rise today to engage in a colloquy with the distinguished chairman of the Senate Finance Committee, Senator Hatch. Mr. Chairman, I would like to clarify a point in connection with the application of the base erosion anti-abuse tax in the Tax Cuts and Jobs act to services companies. The act provides an exception from the base erosion anti-abuse tax for services. The act limits the exception to the ``total services cost with no markup.'' As a practical matter, companies account for amounts paid or accrued for services in a variety of ways. I would like to clarify that, if in a transaction a company used one account for services cost with no markup and another account for any additional amounts paid or accrued, that the first account would be subject to the exception under the bill. The act also excludes an amount paid or incurred for services if those services meet the requirements for the services cost method under Internal Revenue Code section 482, excluding the requirement that the services not contribute significantly to fundamental risks of business success or failure. Is it the intent that, for this purpose, that the business judgment rule under current law and regulations will not prevent an amount from being excluded under the act? Mr. HATCH. The Senator is correct. The intent of the provision is to exclude all amounts paid or accrued for services costs with no markup. Thus amounts paid or accrued in that account would be excluded from the base erosion anti-abuse tax. Other accounts related to the same transaction may or may not be excepted from this tax. Similarly, it is the intent that for purposes of the base erosion anti-abuse tax that the business judgment rule will not prevent an amount from being excluded under the act. I would like to thank my friend from Ohio for his leadership on international tax issues, especially since he joined this committee. I look forward to continuing to work with him on these important issues. Mr. PORTMAN. I thank the chairman for that clarification and appreciate his outstanding leadership and work on this historic tax reform measure. Mr. CARPER. Mr. President, I wanted to take an opportunity to clarify the implications of title II in the reconciliation bill before us pertaining to the development of oil and gas resources along the coastal plain of the Arctic National Wildlife Refuge. As our colleagues recall, the Senate instructed the Energy and Natural Resources Committee to report legislation that reduces the deficit by $1 billion between 2018 and 2027. In response to those instructions, the committee reported recommendations to open the refuge's coastal plain, otherwise known as the 1002 Area, to oil and gas development. In the process of considering and ultimately reporting this legislation, the chair of the Energy and Natural Resources Committee, the senior Senator from Alaska, Ms. Murkowski, assured members of the committee that, if the legislation became law, it would require such development be subject to the full scope of environmental review required by the National Environmental Policy Act, or NEPA, as well as other environmental laws. Indeed, earlier in this floor debate, the Senator from Alaska reiterated an assurance that the environment and local wildlife will always be a concern and a priority and that this legislation does not waive NEPA or any other environmental laws. I take my colleague at her word and thank her for her commitment. After the Energy Committee reported its recommendations to the Senate Budget Committee, the Parliamentarian advised that the committee- reported language directing the Secretary of the Interior to manage the oil and gas ***program*** on the coastal plain ``in accordance with'' the Naval Petroleum Reserves Production Act of 1976 and its supporting regulations set up a clear conflict of law with NEPA, which is the jurisdiction of the EPW Committee. Because any changes to NEPA applicability, scope, and the content of environmental reviews conducted under the law, especially those within a National Wildlife Refuge, lie exclusively within the jurisdiction of the Environment and Public Works Committee, the language in section 20001(b)(3) was found to be extraneous under the definition in section 313(b)(1)(C) of the Congressional Budget Act. It appears that this effect may have been inadvertent, given the assurance we have received from the Senator from Alaska, chair of the Energy Committee, that ``we did not waive NEPA or any other environmental law.'' In any event, as a result, the substitute [[Page S7698]] amendment if adopted, would modify section 20001(b)(3) in an effort to eliminate extraneous language. It does this by directing the Secretary of the Interior to manage the oil and gas operations in the coastal plain in a manner ``similar'' to the requirements of the Naval Petroleum Reserves Product Act of 1976. This modification, while it might appear to be small, is a significant change. The Parliamentarian has advised that the language in the substitute is in order, meaning that it no longer runs afoul of section 313(b)(1)(C) of the Congressional Budget Act. The new language appears to achieve the stated intent of the chair of the Energy Committee to not repeal, modify or otherwise limit in any way the application of NEPA, the Endangered Species Act, the Marine Mammal Protection Act, the Alaska National Interest Lands Conservation Act, or any other environmental or land management statute. Importantly, the requirement that oil and gas activities must be determined to be ``compatible with the major purposes for which such areas are established,'' as required by 16 U.S.C 668dd(d)(1)(A), still applies. The Senate should be fully aware of the substantive difference ***produced*** by the perfecting amendment offered by the majority leader, Mr. McConnell. The change in the management regime as required by this amendment significantly reduces the receipts generated by lease sales that are mandated on the coastal plain, as shown in the amendment's score ***produced*** by the Congressional Budget Office. While the Energy and Natural Resources Committee rightly exercises prime responsibility to determine the scope and nature of oil and gas leasing activities broadly, these activities are subject to a variety of aforementioned environmental and natural resource statutes and associated regulations that fall within the Environment and Public Works Committee's jurisdiction. That is particularly true of activities in National Wildlife Refuges and most certainly true of the refuge's coastal plain. Indeed, NEPA assessments for Federal oil and gas activities in Alaska's Kenai National Wildlife Refuge are conducted in accordance with the same standards applied to oil and gas leasing in all other refuges. The Bureau of Land Management, in coordination with the Fish and Wildlife Service, will continue to apply the provisions of the Mineral Leasing Act and the associated regulations, memorialized in 43 CFR part 3100, which specify that leases shall be issued subject to stipulations prescribed by the Fish and Wildlife Service. In summary, I would just say that my colleague from Alaska, as chair of the Energy Committee, and I, serving as the ranking member of the Environment and Public Works Committee, share a common understanding that NEPA and other seminal environmental laws will apply to potential leasing activities and related exploration and development on the coastal plain of the Arctic Refuge. Mr. CASSIDY. Mr. President, today I wish to discuss the historic rehabilitation tax credit. During the Finance Committee markup of the Tax Cuts and Jobs Act, the committee adopted my amendment to return the historic rehabilitation tax credit to the 20 percent level, with the credit now claimed over 5 years, as well as a transition rule to grandfather approved and underway projects under the prior law and regulations. The historic rehabilitation tax credit ***program*** provides jobs and investment in communities across the country. More than 40 percent of projects over the past 15 years have been located in communities with populations less than 25,000 people. Since 2002, the historic rehabilitation tax credit has facilitated 782 projects in Louisiana, bringing more than $2.2 billion of investment into cities and towns across the State. I am pleased this important provision will be preserved in tax reform. For purposes of the transition rule in my amendment, ``taxpayer'' refers to the person who undertakes the rehabilitation of a building. In the case where a person makes an election under section 48(d), the term ``taxpayer'' means the lessor, since the lessor is the person who undertook the rehabilitation. It is intended that the historic rehabilitation tax credits be available during the transition period only to the extent such credits would have been available under the prior law and regulations. Mr. President, I am proud of the work we have done in the Senate to develop a bill that delivers tax cuts to working families and significantly improves the competitiveness of our Tax Code. This will lead to greater investment, more jobs and opportunity, and an increase in economic growth. I would like to take a moment to highlight an important, unresolved issue that we should consider as we work toward putting a bill on the President's desk. Families in Louisiana are particularly prone to the negative impacts of natural disasters. From Hurricane Katrina in 2005 to historic flooding in multiple parts of the state during 2016, we have unfortunately seen some significant losses in our State; yet as we saw once again with the recent Hurricanes Harvey and Irma, Louisianans are resilient and watchful of neighbors through the tragedy and the recovery. One aspect of recovery that many people don't see is the enormous amount of capital that flows into the storm zone from the reinsurance industry. In simple terms, reinsurance is insurance for insurance companies, and it helps Louisianans rebuild their homes, their businesses, and their lives. Reinsurance transfers risk from the balance sheets of property and casualty insurance carriers so those companies can provide cost- effective solutions to consumers and businesses. A robust reinsurance market helps ensure that policyholders are getting the best rates possible on insurance for their homes and businesses. Many of the largest reinsurers in the world were founded in Europe 100 years ago or more, and a number of them do business in the United States through U.S subsidiaries. My concern is the potential impact of the bill's base erosion provision on the reinsurance market and policyholders along the gulf coast. The base erosion provision has the rightful intent of targeting bad actors who implement strategies to avoid U.S taxes; yet the provision may have an unintended consequence of negatively impacting cross-border reinsurers conducting normal transactions, which could affect the market and premiums. Reinsurance is critical to families and businesses in Louisiana, particularly after a natural disaster, and I hope to work with my Senate and House colleagues on this matter as we work to get the bill to the President's desk. Mr. KENNEDY. Mr. President, today I rise to discuss the historic rehabilitation tax credit. The historic rehabilitation tax credit is a vital component of pro-growth tax reform and a shot in the arm for communities across the country. For instance, in my State of Louisiana, the credit has encouraged 782 restoration projects since 2002. This amounts to more than $2.2 billion in investment into cities and towns across the State. Many of these private investment dollars are flowing into small and rural communities with populations less than 25,000 people. I am pleased that the Finance Committee restored the historic rehabilitation tax credit to the 20-percent level and ensured a smooth transition for approved and underway projects by grandfathering them in under the prior law and regulations. For purposes of the historic rehabilitation tax credit's transition rule, ``taxpayer'' refers to the person who undertakes the rehabilitation of a building. In the case where a person makes an election under section 48(d), the term ``taxpayer'' means the lessor, since the lessor is the person who undertook the rehabilitation. It is intended that the historic rehabilitation tax credits be available during the transition period only to the extent such credits would have been available under the prior law and regulations. Mr. WYDEN. Mr. President, I ask unanimous consent that my motions to commit be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows: Motion to Commit With Instructions Mr. Wyden moves to commit the bill H.R 1 to the Committee on Finance with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that-- [[Page S7699]] (1) are within the jurisdiction of such committee; and (2) make permanent the tax cuts for individuals and small businesses and eliminate middle class tax increases, including reinstating the full State and Local tax deduction, paid for by sun-setting tax cuts for domestic and multinational corporations. Mr. UDALL. Mr. President, I ask unanimous consent, with the support of Senators Wyden, Bennet, Feinstein, and Klobuchar, that the text of my motion to commit be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows: Motion to Commit With Instructions Mr. Udall moves to commit the bill H.R 1 to the Committee on Energy and Natural Resources with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that-- (1) are within the jurisdiction of such committee; (2) provide for full, permanent, and mandatory funding for the payment in lieu of taxes ***program*** under chapter 69 of title 31, United States Code; and (3) provide for the permanent authorization of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C 7101 et seq.). Mr. REED. Mr. President, I ask unanimous consent that the following motion to H.R 1, the Tax Reconciliation Act, be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows: Motion to Commit With Instructions Mr. Reed moves to commit the bill, H.R 1, to the committee on Finance with instructions to report the same back to the Senate in three days, not counting any day on which the Senate is not in session, with changes that-- (1) are within the jurisdiction of such committee; and (2) preserve the value of the low income housing tax credit and increase further the small State minimum allocation. Mr. BOOKER. Mr. President, I intend to offer the following motion to H.R 1, and I ask unanimous consent that it be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows: Motion to Commit With Instructions Mr. Booker moves to commit the bill H.R 1 to the Committee on Finance with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that-- (1) are within the jurisdiction of such committee; and (2) would ensure that the bill would not result in cuts to the Medicare ***program*** under title XVIII of the Social Security Act. Mr. MENENDEZ. Mr. President, I intend to offer the following motion to H.R 1, and I ask unanimous consent that it be printed in the Record. The motion is supported by Senators Cantwell, Van Hollen, Cardin, and Booker. There being no objection, the material was ordered to be printed in the Record, as follows: Motion to Commit With Instructions Mr. Menendez moves to commit the bill H.R 1 to the Committee on Finance with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that-- (1) are within the jurisdiction of such committee; and (2) would eliminate the repeal of the State and local tax deduction if State and local spending on investments in Medicaid and other health care, infrastructure, or services for children or seniors, education, or law enforcement is reduced or taxes on the middle class are increased. Mr. SCOTT. Mr. President, I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The bill clerk proceeded to call the roll. Mr. McCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER (Mr. Sullivan). Without objection, it is so ordered. The minority leader. Mr. SCHUMER. Mr. President, in just a short time, we will proceed to a final vote on the Republican tax bill. We understand they have the votes to pass their bill, despite a process and a product that no one can be proud of, and everyone should be ashamed of. Historians will mark today as one of the darkest black-letter days in the long history of this Senate. Once hailed as the greatest deliberative body, as a beacon of American democracy, and the envy of representative governments around the world, the Senate seems to have abandoned those qualities in a rush to pass a bill that no one is proud of. Substantively, the Republicans have managed to take a bad bill and make it worse. It was chockful of special interest giveaways before tonight, but now, under the cover of darkness and with the aid of haste, a flurry of last-minute changes will stuff even more money into the pockets of the wealthy and the biggest corporations while raising taxes on millions in the middle class. One provision may be a metaphor for the whole bill. One college, Hillsdale College, has been exempted from taxes on colleges with large endowments. Hillsdale College is supported by the DeVos family, one of the largest contributors to the Republican Party. A specific provision, just like an earmark, was slipped into the bill, added by a Senator who fought to remove earmarks from Congress several years ago. A single wealthy college--the pet project of a billionaire campaign contributor to the Republican Party--was exempted from a tax by a Senator who fought to get rid of earmarks. This, unfortunately, is the metaphor for this bill and how high the stench is rising in this Chamber as we debate the bill tonight. In my long career in politics, I have not seen a more regressive piece of legislation so devoid of rationale, so ill-suited for the conditions of the country, so removed from the reality of what the American people need. Working people in this country are struggling. Corporations and the very wealthy are doing great. There is no reason for rushing through a tax break for millionaires and billionaires, paid for by pilfering the pockets and the healthcare of middle-class Americans. Millions of middle-class families will get a tax hike next year and millions more thereafter because of this bill. That is why this bill is such a monstrosity, such a danger to the country, and the American people know it. That is why they oppose the bill in large majorities. My Republican friends will ultimately pay consequences for this bill in 2018 and beyond. The Republican Party will never again be the party of tax cuts for middle-class people. With the passage of this tax bill today, it will be the first day of the new Republican Party--one that raises taxes on the middle class, abandoning its principles for its political paymasters. With respect to the process, the bill my Republican friends hope to pass so soon was received by Members of this body only a few hours ago. Not a single Member of this Chamber has read the bill. It would be impossible. Some of the pages were completely crossed off, and text had been replaced by handwritten notes. When we got the bill, this is what it looked like. This is what it looked like. When asked before by Senator Durbin, the Senate clerk said she couldn't even read it, and this section is one of the most complicated sections of the bill, dealing with passthroughs. Lawyers are paid thousands of dollars an hour to find ways for their wealthy patrons to avoid sections just like this, and my Republican friends don't have the decency, the honor to let us debate it. Senator McCaskill was the first to discover that a list of proposed amendments was circulating among lobbyists. My Republican friends allowed lobbyists to see amendments, and likely the text of this bill, before their fellow U.S Senators. There is no score of this bill by the Joint Committee on Taxation. There will be no analysis of how American businesses and taxpayers fare under this bill, how high taxes go up or go down, whether the economy grows or shrinks, whether it creates jobs or loses them. Who knows? Certainly no one here. No one could know because it hasn't even been read, let alone thoughtfully considered. I remember a few years back when my Republican colleagues gleefully scolded us to ``read the bill'' because the Affordable Care Act was a lengthy piece of legislation, and that bill was available for days before anyone had to vote on it. With this stunning deception, with this reckless ramrodding of a bill, Republicans are reaching heretofore unreached heights of hypocrisy, [[Page S7700]] and the Senate is descending to a new low of chicanery. Read the bill? They are still writing it by hand, mere hours before voting on it. Is this really how Republicans are going to rewrite the Tax Code, scrawled like something on the back of a napkin behind closed doors with the help of K Street lobbyists? If that is not a recipe for swindling the middle class and loosening loopholes for the wealthy, I don't know what is. I don't know if it is possible for a Senate majority leader to depart further from responsible legislating than the process we witnessed with this tax bill. Tonight, Mr. President, I feel mostly regret at what could have been. What a grave shame it is that we weren't able to work together on this bill. Tax reform is an issue that is ripe for bipartisan compromise. Democrats have spent many long hours with our Republican colleagues talking about our tax reform ideas. There is a sincere desire on this side of the aisle to work with our colleagues, particularly on tax reform, but we have been rebuffed time and time again. Even under these difficult circumstances, Senators Coons, Warner, Bennet, Manchin, Heitkamp, Donnelly, and McCaskill have tried in good faith to convince our Republican colleagues to sit down and talk to us. We have tried to convince you all that we want to join you in tax reform, to have a real debate befitting this august body. It is an expression of the brokenness of our politics that the influence of moneyed interests and the political right was so great that it overcame even the best of intentions of my Republican colleagues, so many of whom I admire, so many of whom I know, because they have said it to me, lament the steady erosion of bipartisanship in the one institution in our government designed by nature to foster it. I salute my friend the Senator from Tennessee for standing fast by his principles and having the courage of his convictions. I only regret that there were not more who followed his admirable example. After a divisive and draining battle over the future of healthcare, we could have moved the Senate back toward sanity, bipartisanship, compromise. We could have accomplished something great for the country and for this body at the same time. Although time is running short, there is still time, and I will make one final plea. Because this bill is so slanted toward the wealthy and powerful and rains tax increases upon millions of middle-class citizens; because the bill is laden with special interest provisions, some recently found and many not yet seen; because the bill was given to lobbyists to read and change before Senators saw it; and because the bill was given to us on few hours' notice and has not been read fully or considered fully by a single Senator, I move that we adjourn until Monday so we can first read and then clean up this awful piece of legislation. Motion to Adjourn Mr. President, I move that the Senate adjourn until Monday, December 4, 2017, at 12 noon, and I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The question is on agreeing to the motion. The clerk will call the roll. The legislative clerk called the roll. The result was announced--yeas 48, nays 52, as follows: [Rollcall Vote No. 293 Leg.] YEAS--48 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden NAYS--52 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Collins Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McCain McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young The motion was rejected. The PRESIDING OFFICER (Ms. Murkowski). The majority leader. Amendment No. 1855 to Amendment No. 1618 (Purpose: To provide a perfecting amendment.) Mr. McCONNELL. Madam President, I ask unanimous consent to call up amendment No. 1855; that the amendment be agreed to; that Senate amendment No. 1618, as amended, be considered original text for the purpose of further amendment; and that all points of order be preserved. I further ask that all time be yielded back. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will report the amendment by number. The senior assistant legislative clerk read as follows: The Senator from Kentucky [Mr. McConnell], for Mr. Hatch, proposes an amendment numbered 1855 to amendment No. 1618. (The amendment is printed in today's Record under ``Text of Amendments.'') The amendment (No. 1855) was agreed to. Amendments Nos. 1720, 1854, and 1850 to Amendment No. 1618 Mr. McCONNELL. Madam President, I ask unanimous consent that the following amendments be called up en bloc and reported by number: Sanders No. 1720, Brown. No 1854, and Rubio No. 1850. I further ask consent that the Senate now vote in relation to the Sanders amendment and that following disposition of the amendment, the Senate vote in relation to the above amendments in the order listed; finally, that there be 2 minutes equally divided between the managers or their designees prior to all further votes tonight and that they be 10 minutes in length. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will report the amendments en bloc by number. The senior assistant legislative clerk read as follows: The Senator from Kentucky [Mr. McConnell], for others, proposes amendments numbered 1720, 1854, and 1850 en bloc to amendment No. 1618. The amendments are as follows: amendment no. 1720 (Purpose: To create a point of order against legislation that cuts Social Security, Medicare, or Medicaid benefits) At the appropriate place, insert the following: SEC. \_\_. POINT OF ORDER AGAINST LEGISLATION THAT CUTS SOCIAL SECURITY, MEDICARE, OR MEDICAID BENEFITS. (a) Point of Order.--It shall not be in order in the Senate to consider any bill, joint resolution, motion, amendment, amendment between the Houses, or conference report that would-- (1) result in a reduction of guaranteed benefits scheduled under title II of the Social Security Act; (2) increase either the early or full retirement age for the benefits described in paragraph (1); (3) privatize Social Security; (4) result in a reduction of guaranteed benefits for individuals entitled to, or enrolled for, benefits under the Medicare ***program*** under title XVIII of such Act; or (5) result in a reduction of benefits or eligibility for individuals enrolled in, or eligible to receive medical assistance through, a State Medicaid ***plan*** or waiver under title XIX of such Act. (b) Waiver and Appeal.--Subsection (a) may be waived or suspended in the Senate only by an affirmative vote of two- thirds of the Members, duly chosen and sworn. An affirmative vote of two-thirds of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under subsection (a). AMENDMENT NO. 1854 (Purpose: To amend the Internal Revenue Code of 1986 to increase the Child Tax Credit, and for other purposes) Strike section 11022 and insert the following: SEC. 11022. INCREASE IN AND MODIFICATION OF CHILD TAX CREDIT. (a) In General.--Section 24 is amended-- (1) by striking subsections (a) and (b) and inserting the following: ``(a) Allowance of Credit.--There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of-- ``(1) with respect to each qualifying child of the taxpayer who has attained 6 years of age before the close of such taxable year and [[Page S7701]] for which the taxpayer is allowed a deduction under section 151, an amount equal to $2,000, and ``(2) with respect to each qualifying child of the taxpayer who has not attained 6 years of age before the close of such taxable year and for which the taxpayer is allowed a deduction under section 151, an amount equal to $2,500. ``(b) Limitation.-- ``(1) In general.--The amount of the credit allowable under subsection (a) (including any increase pursuant to subsection (h)) shall be reduced (but not below zero) by an amount equal to 5 percent of the taxpayer's adjusted gross income which is in excess of the threshold amount. ``(2) Threshold amount.-- ``(A) In general.--For purposes of paragraph (1), the term `threshold amount' means-- ``(i) $250,000 in the case of a joint return, ``(ii) $200,000 in the case of an individual who is not married, and ``(iii) $125,000 in the case of a married individual filing a separate return. ``(B) Marital status.--For purposes of this paragraph, marital status shall be determined under section 7703.'', (2) in subsection (d)(1)-- (A) in subparagraph (A), by inserting ``, subsection (h),'' after ``this subsection'', and (B) in subparagraph (B)(i)-- (i) by striking ``15 percent'' and inserting ``45 percent'', and (ii) by striking ``as exceeds $3,000'', and (3) by adding at the end the following new subsections: ``(h) Additional Credit for Certain Other Dependents.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, the credit determined under subsection (a) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c). ``(2) Exception for certain non-citizens.--Paragraph (1) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows `resident of the United States'. ``(i) Definition of Qualifying Child.--In the case of a taxable year beginning before January 1, 2025, paragraph (1) of subsection (c) shall be applied by substituting `18' for `17'. ``(j) Inflation Adjustment.-- ``(1) In general.--In the case of any taxable year beginning after 2018, each of the dollar amounts in subsection (a) shall be increased by an amount equal to-- ``(A) such dollar amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. ``(2) Rounding.--If any increase determined under paragraph (1) is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''. (b) Effective Date.--The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2017. (c) Offsets.-- (1) Adjustment and termination of corporate rate.--Section 11, as amended by section 13001 of this Act, is amended-- (A) in subsection (b), by striking ``20 percent'' and inserting ``25 percent'' (B) by adding at the end the following: ``(e) Termination of 25 Percent Rate.--In the case of any taxable year beginning after December 31, 2027-- ``(1) the tax computed under subsection (a) shall be computed in the same manner as such tax was computed under subsection (b) (as in effect on the day before the date of the enactment of the Tax Cuts and Jobs Act), and ``(2) this title shall be applied and administered as if the amendments made by section 13002 of such Act had not been enacted.''. (2) Adjustment of highest rate bracket.-- (A) Joint returns.--The last row of the table contained in section 1(j)(2)(A), as added by section 11001(a), is amended to read as follows: ``Over $1,000,000......................... $301,479, plus 39.6% of the excess over $1,000,000.''. (B) Heads of households.--The last row of the table contained in section 1(j)(2)(B), as added by section 11001(a), is amended to read as follows: ``Over $500,000........................... $149,348, plus 39.6% of the excess over $500,000.''. (C) Unmarried individuals.--The last row of the table contained in section 1(j)(2)(C), as added by section 11001(a), is amended to read as follows: ``Over $500,000........................... $150,739.50, plus 39.6% of the excess over $500,000.''. (D) Married individuals filing separate returns.--The last row of the table contained in section 1(j)(2)(D), as added by section 11001(a), is amended to read as follows: ``Over $500,000........................... $150,739.50, plus 39.6% of the excess over $500,000.''. (E) Effective date.--The amendments made by this paragraph shall apply to taxable years beginning after December 31, 2017. (3) Global intangible low-taxed income on a country-by- country basis.-- (A) In general.--Section 951(a), as added by section 14201 of this Act, is amended by adding at the end the following: ``(g) Determination of Global Intangible Low-taxed Income on a Country-by-country Rather Than Aggregate Basis.-- ``(1) In general.--Notwithstanding any other provision of this section, the global intangible low-taxed income of any United States shareholder for any taxable year shall be determined separately with respect to each foreign country by taking into account such shareholder's pro rata share of net CFC tested income and net deemed tangible income return which is properly allocable to such foreign country. ``(2) Application.--The Secretary shall take such actions as are necessary to provide for the application of this section, and any provision of this title to which this section relates, on a country-by-country rather than an aggregate basis.''. (B) Effective date.--The amendment made by this subsection shall take effect as if included in the amendments made by section 14201 of this Act. AMENDMENT NO. 1850 (Purpose: To increase the refundability of the child tax credit, and for other purposes) Beginning on page 46, strike line 5 and all that follows through page 48, line 21, and insert the following: ``(h) Special Rules for Taxable Years 2018 Through 2025.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (7). ``(2) Credit amount.--Subsection (a) shall be applied by substituting `$2,000' for `$1,000'. ``(3) Limitation.--In lieu of the amount determined under subsection (b)(2), the threshold amount shall be-- ``(A) in the case of a joint return, $500,000, and ``(B) in the case of an individual who is not married or a married individual filing a separate return, $250,000. ``(4) Definition of qualifying child.--Paragraph (1) of subsection (c) shall be applied by substituting `18' for `17'. ``(5) Partial credit allowed for certain other dependents.-- ``(A) In general.--The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)). ``(B) Exception for certain noncitizens.--Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows `resident of the United States'. ``(6) Portion of credit refundable.--In lieu of subsection (d), the following provisions shall apply for purposes of the credit allowable under this section: ``(A) In general.--The aggregate credits allowed to a taxpayer under subpart C shall be increased by the lesser of-- ``(i) the credit which would be allowed under this section without regard to this paragraph and the limitation under section 26(a), or ``(ii) the amount by which the aggregate amount of credits allowed by this subpart (determined without regard to this paragraph) would increase if the limitation imposed by section 26(a) were increased by an amount equal to the sum of the taxpayer's payroll taxes for the taxable year. ``(B) Payroll taxes.-- ``(i) In general.--For purposes of subparagraph (A), the term `payroll taxes' means, with respect to any taxpayer for any taxable year, the amount of the taxes imposed by-- ``(I) section 1401 on the self-employment income of the taxpayer for the taxable year, ``(II) section 3101 on wages received by the taxpayer during the calendar year in which the taxable year begins, ``(III) section 3111 on wages paid by an employer with respect to employment of the taxpayer during the calendar year in which the taxable year begins, ``(IV) sections 3201(a) and 3211(a) on compensation received by the taxpayer during the calendar year in which the taxable year begins, and ``(V) section 3221(a) on compensation paid by an employer with respect to services rendered by the taxpayer during the calendar year in which the taxable year begins. ``(ii) Coordination with special refund of payroll taxes.-- The term `payroll taxes' shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c). ``(iii) Special rule.--Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subclause (II) or (III) of clause (i) shall be treated as taxes referred to in such clause. ``(C) Exception for taxpayers excluding foreign earned income.--Subparagraph (A) shall not apply to any taxpayer for any taxable year if such taxpayer elects to exclude any amount from gross income under section 911 for such taxable year. ``(7) Social security number required.--No credit shall be allowed under subsection [[Page S7702]] (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term `social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''. (b) Increase in Corporate Tax Rate.--Subsection (b) of section 11, as amended by section 13001 of this Act, is amended by striking ``20 percent'' and inserting ``20.94 percent''. (c) Effective Date.--The amendments made by Mr. McCONNELL. Madam President, the next three votes will be in relation to Sanders amendment No. 1720, Brown amendment No. 1854, and Rubio amendment No. 1850. Amendment No. 1720 The PRESIDING OFFICER. There is now 2 minutes of debate equally divided prior to a vote on the Sanders amendment. Mr. SANDERS. Madam President, could we have order, please? The PRESIDING OFFICER. The Senate will be in order. The Senator from Vermont. Mr. SANDERS. Thank you. Madam President, tonight is chapter 1 of the Republican Party Koch brothers ***plan***. Tonight, the Republicans provide $1 trillion in tax breaks to the wealthiest people in this country and to the largest corporations, while raising the deficit by over $1.4 trillion. Part 2 of their ***plan***--probably coming in a few months--will be to call for massive cuts to Social Security, Medicare, and Medicaid in order to pay for their tax breaks to the rich. For those of us who don't want to cut these vitally important ***programs*** that the American people have paid for, this amendment establishes a 67-vote threshold to make those cuts. If you don't want to cut Social Security, Medicare, and Medicaid to give tax breaks to millionaires, support this amendment. The PRESIDING OFFICER. The Senator from Wyoming. Mr. ENZI. Madam President, the Sanders amendment is nongermane and would gut this legislation. The bill before us does not cut Social Security. It does not cut Medicare. It does not cut Medicaid benefits. So I encourage my colleagues to oppose the Sanders amendment and--does the Senator have any time remaining? Mr. SANDERS. I would just say that I would be delighted to gut and destroy this legislation, but pursuant to section 904 of the Congressional Budget Act of 1974--I am sorry. Mr. ENZI. I yield back the remainder of my time. The pending amendment No. 1720 does not ***produce*** a change in outlays or a change in revenues, and this is extraneous to the instruction in H. Con. Res. 71, the concurrent resolution on the budget for fiscal year 2018. Therefore, I raise a point of order against this measure pursuant to section 313(b)(1)(A) of the Congressional Budget Act of 1974. The PRESIDING OFFICER. The Senator from Vermont. Mr. SANDERS. Pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive all applicable sections of that act for purposes of the pending amendment, and I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The question is on agreeing to the motion. The clerk will call the roll. The legislative clerk called the roll. The yeas and nays resulted--yeas 46, nays 54, as follows: [Rollcall Vote No. 294 Leg.] YEAS--46 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Casey Collins Coons Cortez Masto Donnelly Duckworth Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warren Whitehouse Wyden NAYS--54 Alexander Barrasso Blunt Boozman Burr Capito Carper Cassidy Cochran Corker Cornyn Cotton Crapo Cruz Daines Durbin Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McCain McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Warner Wicker Young The PRESIDING OFFICER. On this vote, the yeas are 46, the nays are 54. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls. Amendment No. 1854 There will now be 2 minutes of debate, equally divided, prior to a vote on the Brown amendment No. 1854. The Senator from Ohio. Mr. BROWN. Madam President, without the Brown-Bennet amendment, a Senator's kid gets more tax relief than the daughter of a family in Garfield Heights, OH, who makes $40,000 a year. I will say that again. A Senator's kid gets more tax relief than the daughter of a family earning $30,000 or $40,000. Brown-Bennet is permanent; Rubio-Lee isn't. Brown-Bennet provides more for small children at the most important time in their young lives. My wife and I live in Cleveland, OH, in ZIP Code 44105. Our ZIP Code had more foreclosures in 2007 than any ZIP Code in the United States of America. This amendment helps to answer that. ZIP Codes should not be the determining factor for the future of a child. The PRESIDING OFFICER. The Senator from Wyoming. Mr. ENZI. Madam President, while this amendment expands the child tax credit provisions, it makes the credit available to fewer taxpayers. It also raises the corporate tax rate to 25 percent. The underlying bill already provides for a generous enhanced child tax credit with increased refundability that reaches far up into the middle class, giving relief to millions of families. This amendment would undermine the balance struck in the drafting of this bill and diminish its potential to generate growth. Has all time expired? The PRESIDING OFFICER. All time has not expired. The Senator has 20 seconds. Mr. ENZI. The pending amendment No. 1854 would cause the underlying legislation to exceed the Finance Committee's section 302(a) allocation of new budget authority or outlays. Therefore, I raise a point of order against this measure pursuant to section 302(f) of the Congressional Budget Act of 1974. The PRESIDING OFFICER. The Senator from Ohio. Mr. BROWN. Madam President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive all applicable sections of that act for purposes of the pending amendment, and I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The question is on agreeing to the motion. The clerk will call the roll. The senior assistant legislative clerk called the roll. The yeas and nays resulted--yeas 48, nays 52, as follows: [Rollcall Vote No. 295 Leg.] YEAS--48 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden NAYS--52 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Collins [[Page S7703]] Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McCain McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young The PRESIDING OFFICER. On this vote, the yeas are 48, the nays are 52. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls. Amendment No. 1850 There will now be 2 minutes of debate equally divided prior to a vote on Rubio amendment No. 1850. The Senator from Florida is recognized. Mr. RUBIO. Madam President, this amendment would allow people making primarily between $20,000, $50,000, $60,000 a year--workers, firefighters, police officers--to keep more of their own payroll tax liabilities. In a moment, there will be a point of order, and the objection to this has been budgetary. This is paid for. Instead of cutting the corporate rate to 20 percent, it cuts it to 20.94 percent. Instead of a 15-point cut, we are asking for a 14.06 cut. Apparently, American corporations at 20 percent, America will be a corporate utopia, but at 20.94, it is a catastrophe. That is ridiculous. Voting against this today you are basically arguing that a 0.94 cut is something corporations can't afford, and that is more important to keep in place than giving American families an $800 child tax credit. That is ridiculous. Apparently, American companies are allowed to immediately invest their investment in equipment and in land, but American parents should not be allowed to immediately invest their hard-earned money in our children and in our future. I ask all of you to fight for the American worker. This isn't perfect, but it is better than what we have now, and I ask everyone for your vote. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. Madam President, with this amendment, Senators Rubio and Lee stopped far short of meaningful relief for millions of vulnerable American families and leave out altogether so many deserving children like the Dreamers. After 2025, Rubio-Lee offers a double standard. Their child tax credit expires, even while multinational corporations get permanent tax breaks for shipping jobs overseas. Democrats want to provide strong, permanent protection for all working families, rather than temporary protection for some like Rubio-Lee. The best way to protect these families is not through a puny bandaid approach but through permanent help that America's struggling families richly deserve. Madam President, I make a point of order that the pending amendment violates section 302(f) of the Congressional Budget Act of 1974. The PRESIDING OFFICER. The Senator from Florida. Mr. RUBIO. Madam President, pursuant to section 904 of the Congressional Budget Act of 1974 and the waiver provisions of applicable budget resolutions, I move to waive all applicable sections of that act and applicable budget resolutions for purposes of this amendment, and I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The question is on agreeing to the motion. The clerk will call the roll. The bill clerk called the roll. The yeas and nays resulted--yeas 29, nays 71, as follows: [Rollcall Vote No. 296 Leg.] YEAS--29 Blunt Capito Cassidy Collins Cotton Crapo Cruz Donnelly Ernst Fischer Gardner Heitkamp Heller Hoeven Kennedy King Klobuchar Lee Manchin McCaskill Moran Murkowski Nelson Peters Risch Rubio Sasse Stabenow Sullivan NAYS--71 Alexander Baldwin Barrasso Bennet Blumenthal Booker Boozman Brown Burr Cantwell Cardin Carper Casey Cochran Coons Corker Cornyn Cortez Masto Daines Duckworth Durbin Enzi Feinstein Flake Franken Gillibrand Graham Grassley Harris Hassan Hatch Heinrich Hirono Inhofe Isakson Johnson Kaine Lankford Leahy Markey McCain McConnell Menendez Merkley Murphy Murray Paul Perdue Portman Reed Roberts Rounds Sanders Schatz Schumer Scott Shaheen Shelby Strange Tester Thune Tillis Toomey Udall Van Hollen Warner Warren Whitehouse Wicker Wyden Young The PRESIDING OFFICER (Mr. Boozman). On this vote, the yeas are 29, the nays are 71. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls. The majority leader is recognized. Mr. McCONNELL. Mr. President, I ask unanimous consent that Senator Menendez be recognized to offer a motion to commit and that there be 2 minutes of debate, equally divided, prior to a vote on the motion. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from New Jersey is recognized. Motion To Commit Mr. MENENDEZ. Mr. President, I have a motion to commit at the desk. The PRESIDING OFFICER. The clerk will report the motion. The senior assistant legislative clerk read as follows: The Senator from New Jersey [Mr. MENENDEZ] moves to commit the bill H.R 1 to the Committee on Finance with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that-- (1) are within the jurisdiction of such committee; and (2) would eliminate the repeal of the State and local tax deduction if State and local spending on investments in Medicaid and other health care, infrastructure, or services for children or seniors, education, or law enforcement is reduced or taxes on the middle class are increased. Mr. MENENDEZ. Mr. President, I rise once again to stand up for the good people of New Jersey and other States to offer a motion to restore the State and local tax, or SALT, deduction. Ending the SALT deduction will subject millions of middle-class families to double taxation, but that is not all. It will also set the stage for huge cuts to education, law enforcement, infrastructure, public health, and other critical services. But don't take my word for it. Listen to the teachers and police officers, the doctors and nurses and firefighters. The National Education Association opposes it because it will hurt our public schools. The Fraternal Order of Police and the National Sheriffs' Association oppose it because it will make our streets less safe. The American Medical Association and the American Hospital Association oppose it because people will lose access to healthcare. The AARP opposes it because it will lead to cuts in Medicare and Medicaid and hurt our seniors. Even the New Jersey Chamber of Commerce opposes it because it will hinder investments in the infrastructure that businesses need in order to compete. My motion to commit would restore the SALT deduction if these all too predictable consequences happen. A corporate tax cut cannot build a road, care for a senior, teach a child, or help keep our streets safe. If corporations can keep the State and local tax deduction, so should middle-class families. We cannot afford to roll the dice and risk these investments in the middle class. I urge the adoption of the motion to commit, and I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The yeas and nays were ordered. The PRESIDING OFFICER. Does any Senator seek time in opposition? The Senator from South Dakota is recognized. Mr. THUNE. Mr. President, let's keep in mind that the State and local tax, or SALT, deduction disproportionately [[Page S7704]] benefits wealthy taxpayers in high tax States. More than 70 percent of American families currently take the standard deduction, so they will not even be impacted at all by this bill's treatment of SALT. Let's also keep in mind that our improving amendment strikes a compromise on SALT. It includes, as does the House bill, a deduction of up to $10,000 for property tax paid to State and local governments. Democrats insisting on keeping the entire SALT deduction in place should explain why they have prioritized a tax deduction for wealthy taxpayers over middle-class tax relief. Our bill addresses this issue in an appropriate way, and I urge my colleagues to vote against this motion. I yield the floor. The PRESIDING OFFICER. The question is on agreeing to the motion. The yeas and nays were previously ordered. The clerk will call the roll. The senior assistant legislative clerk called the roll. The result was announced--yeas 48, nays 52, as follows: [Rollcall Vote No. 297 Leg.] YEAS--48 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden NAYS--52 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Collins Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McCain McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young The motion was rejected. The PRESIDING OFFICER. The Senator from Texas. Amendments Nos. 1852 and 1846 to Amendment No. 1618 Mr. CORNYN. Mr. President, I ask unanimous consent that the following amendments be called up and reported by number: Cruz No. 1852, Kaine No. 1846; further, that following disposition of the Kaine amendment, Senator Manchin be recognized to offer a motion to commit and that there be 2 minutes of debate, equally divided, prior to a vote on the motion. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will report the amendments en bloc by number. The senior assistant legislative clerk read as follows: The Senator from Texas [Mr. Cornyn], for others, proposes amendments numbered 1852 and 1846 en bloc to amendment No. 1618. The amendments are as follows: AMENDMENT NO. 1852 (Purpose: To allow limited 529 account funds to be used for elementary and secondary education, including homeschool) At the end of part IV of subtitle A of title I, insert the following: SEC. 11033. 529 ACCOUNT FUNDING FOR ELEMENTARY AND SECONDARY EDUCATION. (a) In General.-- (1) In general.--Section 529(c) is amended by adding at the end the following new paragraph: ``(7) Treatment of elementary and secondary tuition.--Any reference in this subsection to the term `qualified higher education expense' shall include a reference to-- ``(A) expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school, and ``(B) expenses for-- ``(i) curriculum and curricular materials, ``(ii) books or other instructional materials, ``(iii) online educational materials, ``(iv) tuition for tutoring or educational classes outside of the home (but only if the tutor or instructor is not related to the student), ``(v) dual enrollment in an institution of higher education, and ``(vi) educational therapies for students with disabilities, in connection with a homeschool (whether treated as a homeschool or a private school for purposes of applicable State law).''. (2) Limitation.--Section 529(e)(3)(A) is amended by adding at the end the following: ``The amount of cash distributions from all qualified tuition ***programs*** described in subsection (b)(1)(A)(ii) with respect to a beneficiary during any taxable year shall, in the aggregate, include not more than $10,000 in expenses described in subsection (c)(7) incurred during the taxable year.''. (b) Effective Date.--The amendments made by subsection (a) shall apply to contributions made after December 31, 2017. (c) Offset.-- (1) Modification of rules relating to hardship withdrawals from cash or deferred arrangements.--Section 401(k) is amended by adding at the end the following: ``(14) Special rules relating to hardship withdrawals.--For purposes of paragraph (2)(B)(i)(IV)-- ``(A) Amounts which may be withdrawn.--The following amounts may be distributed upon hardship of the employee: ``(i) Contributions to a profit-sharing or stock bonus ***plan*** to which section 402(e)(3) applies. ``(ii) Qualified nonelective contributions (as defined in subsection (m)(4)(C)). ``(iii) Qualified matching contributions described in paragraph (3)(D)(ii)(I). ``(iv) Earnings on any contributions described in clause (i), (ii), or (iii). ``(B) No requirement to take available loan.--A distribution shall not be treated as failing to be made upon the hardship of an employee solely because the employee does not take any available loan under the ***plan***.'.''. (2) Conforming amendment.--Section 401(k)(2)(B)(i)(IV) is amended to read as follows: ``(IV) subject to the provisions of paragraph (14), upon hardship of the employee, or'.''. (3) Effective date.--The amendments made by this subsection shall apply to ***plan*** years beginning after December 31, 2017. amendment no. 1846 (Purpose: To provide middle class tax relief) Beginning on page 95, strike line 7 and all that follows through page 97, line 14 and insert the following: Subtitle B--Permanent Individual Income Tax Relief for Middle Class SEC. 12001. AMENDMENT OF INCOME TAX BRACKETS. (a) Married Individuals Filing Joint Returns and Surviving Spouses.--The table contained in subsection (a) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $19,050.......................... 10% of taxable income. Over $19,050 but not over $77,400......... $1,905, plus 12% of the excess over $19,050. Over $77,400 but not over $140,000........ $8,907, plus 22% of the excess over $77,400. Over $140,000 but not over $320,000....... $22,679, plus 24% of the excess over $140,000. Over $320,000 but not over $400,000....... $65,879, plus 32% of the excess over $320,000. Over $400,000 but not over $480,050....... $91,479, plus 35% of the excess over $400,000. Over $480,050............................. $119,496.50, plus 39.6% of the excess over $480,050. (b) Heads of Households.--The table contained in subsection (b) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $13,600.......................... 10% of taxable income. Over $13,600 but not over $51,800......... $1,360, plus 12% of the excess over $13,600. Over $51,800 but not over $70,000......... $5,944, plus 22% of the excess over $51,800. Over $70,000 but not over $160,000........ $9,948, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $31,548, plus 32% of the excess over $160,000. Over $200,000 but not over $453,350....... $44,348, plus 35% of the excess over $200,000. Over $453,350............................. $133,020.50, plus 39.6% of the excess over $453,350. (c) Unmarried Individuals Other Than Surviving Spouses and Heads of Households.--The table contained in subsection (c) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $9,525........................... 10% of taxable income. Over $9,525 but not over $38,700.......... $952.50, plus 12% of the excess over $9,525. Over $38,700 but not over $70,000......... $4,453.50, plus 22% of the excess over $38,700. Over $70,000 but not over $160,000........ $11,339.50, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $32,939.50, plus 32% of the excess over $160,000. Over $200,000 but not over $426,700....... $45,739.50, plus 35% of the excess over $200,000. Over $426,700............................. $125,084.50, plus 39.6% of the excess over $426,700. (d) Married Individuals Filing Separate Returns.--The table contained in subsection (d) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $9,525........................... 10% of taxable income. Over $9,525 but not over $38,700.......... $952.50, plus 12% of the excess over $9,525. [[Page S7705]] Over $38,700 but not over $70,000......... $4,453.50, plus 22% of the excess over $38,700. Over $70,000 but not over $160,000........ $11,339.50, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $32,939.50, plus 32% of the excess over $160,000. Over $200,000 but not over $240,026....... $45,739.50, plus 35% of the excess over $200,000. Over $240,026............................. $59,748.60, plus 39.6% of the excess over $240,026. (e) Estates and Trusts.--The table contained in subsection (e) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $2,550........................... 10% of taxable income. Over $2,550 but not over $9,150........... $255, plus 24% of the excess over $2,550. Over $9,150 but not over $12,700.......... $1,839, plus 35% of the excess over $9,150. Over $12,700.............................. $3,081.50, plus 39.6% of the excess over $12,700. (f) Inflation Adjustment.--Section 1(f)(2)(A), as amended by this Act, is amended by striking ``1992'' and inserting ``2017''. (g) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2025. SEC. 12002. CORPORATE TAX RATE. (a) In General.--Section 11(b), as amended by this Act, is amended by striking ``20 percent'' and inserting ``25 percent''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2018. The PRESIDING OFFICER. Who yields time? The Senator from Texas is recognized. Amendment No. 1852 Mr. CRUZ. Mr. President, tonight I ask your support for this commonsense amendment, which will expand the already immensely popular 529 college savings ***plan*** so that parents can also save for K-12 elementary and secondary school tuition, including educational expenses for homeschool students. This change will have real and significant effects. Your vote will expand options for parents and children spending their own money and will prioritize the education of the next generation of Americans. By expanding 529s, which Americans already value greatly, we will help ensure that each child can receive an education that meets his or her individualized needs, and this reasonable expansion will enable hard- working parents to better save for the educational future of their kids. This amendment was in the House bill, and it is fully paid for, and I urge your support. The PRESIDING OFFICER. The Senator from Oregon is recognized. Mr. WYDEN. Mr. President, Senator Cruz's amendment expands tax subsidies for upper income households to aid private or parochial schools by allowing 529 account balances to spend up to $10,000 a year on private or parochial school tuition and supplies. Colleagues, this is nothing less than a backdoor assault on the public K-12 education system. The real goal seems to be to take more and more children from the public schools and put them into private schools and shrink the funds that would be available to the public schools that give all of America's children the chance to get ahead. Members should oppose the amendment because it undermines America's public education system. I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The question is on agreeing to the amendment. The clerk will call the roll. The bill clerk called the roll. The yeas and nays resulted--yeas 50, nays 50, as follows: [Rollcall Vote No. 298 Leg.] YEAS--50 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McCain McConnell Moran Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young NAYS--50 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Collins Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murkowski Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden The VICE PRESIDENT. On this vote, the yeas are 50, the nays are 50. The Senate being equally divided, the Vice President votes in the affirmative, and the amendment, No. 1852, is agreed to. Amendment No. 1846 The PRESIDING OFFICER (Mr. Lankford). There will now be 2 minutes of debate, equally divided, prior to a vote on Kaine amendment No. 1846. The Senator from Virginia. Mr. KAINE. Mr. President, may I ask that amendment No. 1846 be called up? The PRESIDING OFFICER. It is already called up. Mr. KAINE. Thank you, Mr. President. It is impossible to fix all the problems with this bill in a 1-minute amendment, but my amendment fixes two problems. It makes the middle- class tax cuts permanent, and it takes nearly $1 trillion away from the massive deficit caused by this big giveaway. How does the amendment do these two things? First, it leaves the AMT where it is under current law instead of scaling it back. Second, while making middle-income tax cuts permanent, it provides no individual tax relief to those Americans currently in the top bracket. Third, it cuts the corporate tax rate from 35 to 25, rather than 20. If you care about deficit reduction, support this amendment. If you care about permanent middle-class tax cuts, support this amendment. If you believe a reasonable corporate tax cut could help grow the economy, support the amendment. Finally, if you believe tax reform should be bipartisan, support this amendment. Thank you, Mr. President. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. TOOMEY. Mr. President, taking the time in opposition, first, I want to acknowledge that we share the goal of making the individual tax rates permanent, and I hope we will have an opportunity to do that, but, more importantly, I want to thank the Senator from Virginia for acknowledging and complimenting our work, acknowledging that we have cut taxes for working-class and middle-income families. There are people who came down here during the course of the last couple of days suggesting that somehow wasn't true. I appreciate your honesty in acknowledging that we did, in fact, cut taxes for middle- income families, for working-class families, so much so, in fact, that you want to make our policy permanent, and I commend you for that. Unfortunately, you also added a huge tax increase on the very businesses that are going to help drive our growth. By lowering our rate to 20 percent, which is what we do in our bill and which you would undermine, we would lose the opportunity to create new businesses, existing business growth, and the wage and job growth we want to drive. I would suggest we work together on making our individual tax cuts permanent in the future, but I would urge my colleague to oppose this amendment in the current form. Mr. KAINE. Mr. President, do I have any remaining time? Mr. SCHUMER. Mr. President, I ask unanimous consent that he be given a minute. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. Mr. KAINE. Mr. President, I don't need a full minute. I am just here to say that permanent middle-class tax cuts is more important than 25 to 20 percent for corporations. The problem with the Republican bill is the priority. It prioritizes the corporate tax cuts over individual tax cuts for middle-class people and that is why we oppose it and that is why everyone should support this amendment. People come first. The PRESIDING OFFICER. The Senator from Pennsylvania. [[Page S7706]] Mr. TOOMEY. Mr. President, the pending amendment No. 1846 offered by Senator Kaine has unknown budgetary effects. Therefore, I raise a point of order against this measure pursuant to section 4105 of H. Con. Res. 71, the concurrent resolution on the budget for fiscal year 2018. The PRESIDING OFFICER. The Senator from Virginia. Mr. KAINE. Mr. President, I am shocked to learn that at 10 after 12 we are actually following a procedure that is a normal budget procedure, but since that has been raised, pursuant to section 904 of the Congressional Budget Act of 1974 and the waiver provisions of applicable budget resolutions, I move to waive all applicable sections of that act and applicable budget resolutions for purposes of the pending amendment, and I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The question is on agreeing to the motion. The clerk will call the roll. The legislative clerk called the roll. Mr. DURBIN. I announce that the Senator from North Dakota (Ms. Heitkamp) is necessarily absent. The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote? The yeas and nays resulted--yeas 34, nays 65, as follows: [Rollcall Vote No. 299 Leg.] YEAS--34 Baldwin Bennet Blumenthal Brown Cantwell Cardin Carper Casey Coons Donnelly Duckworth Feinstein Franken Hassan Heinrich Kaine King Klobuchar Leahy Manchin McCaskill Menendez Merkley Murray Nelson Peters Schatz Shaheen Stabenow Udall Van Hollen Warner Whitehouse Wyden NAYS--65 Alexander Barrasso Blunt Booker Boozman Burr Capito Cassidy Cochran Collins Corker Cornyn Cortez Masto Cotton Crapo Cruz Daines Durbin Enzi Ernst Fischer Flake Gardner Gillibrand Graham Grassley Harris Hatch Heller Hirono Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee Markey McCain McConnell Moran Murkowski Murphy Paul Perdue Portman Reed Risch Roberts Rounds Rubio Sanders Sasse Schumer Scott Shelby Strange Sullivan Tester Thune Tillis Toomey Warren Wicker Young NOT VOTING--1 Heitkamp The PRESIDING OFFICER. On this vote, the yeas are 34, the nays 65. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls. The majority leader. Mr. McCONNELL. Mr. President, I ask unanimous consent that following the disposition of the motion to commit, the Cantwell amendment No. 1717 be called up and reported by number. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. Motion to Commit Mr. MANCHIN. Mr. President, I have a motion to commit at the desk. The PRESIDING OFFICER. The clerk will report the motion. The senior assistant legislative clerk read as follows: The Senator from West Virginia [Mr. MANCHIN] moves to commit the bill H.R 1 to the Committee on Finance with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that-- (1) are within the jurisdiction of such committee; (2) make the reductions to individual tax rates for middle class and working people permanent; (3) would maintain at existing levels-- (A) the medical expense deduction; (B) the student loan interest deduction; (C) retirement savings incentives; (D) homeownership incentives; and (E) the historic tax credit; (4) provide small businesses with permanent maximum tax relief; and (5) fully offset the changes described in paragraphs (2) through (4) by setting the corporate tax rate at 25 percent. Mr. MANCHIN. Mr. President, I want to thank Senator Heitkamp for her support of this motion. Our motion would simply send this legislation back to the Senate Finance Committee with instructions to change provisions important to West Virginians. First, it would call for the reductions on individual tax rates for middle-class and working people to be made permanent. Currently, individuals receive temporary relief, while corporate changes are made permanent--a gimmick that provides uncertainty for West Virginia taxpayers and North Dakotans. Next, it directs the committee to maintain important priorities, such as the medical expense deduction, student loan interest deduction, retirement savings incentives, homeownership incentives, and the historic tax credit. It is important that we provide this permanent relief to American taxpayers who are slated to see higher taxes as rates go up in the later years of this bill. In my State alone, 79 percent of West Virginians make under $75,000 and will see their taxes spike as their tax relief expires. Finally, the amendment calls for small businesses to receive much needed relief and for the corporate tax rate to be set at 25 percent. In my State, 95.6 percent of businesses are small businesses and employ over 50 percent of West Virginians. I urge my colleagues to support sending this bill back to committee and to work in a bipartisan way to pass a fiscally responsible tax reform bill that positions this country to thrive for future generations. The PRESIDING OFFICER. The Senator from Texas. Mr. CORNYN. Mr. President, what our friend from West Virginia is proposing is to make the United States uncompetitive in a global economy. Right now, we have the highest tax rate in the industrialized world, and what we are doing is lowering that tax rate to make us competitive and in so doing, taking the advice of Barack Obama in his 2011 State of the Union message; advice from the Democratic leader, Senator Schumer; and Senator Wyden, the ranking member of the Finance Committee, who has recommended a lower rate than that contained in this motion to recommit. We think we should take the advice of President Obama, President Clinton, Senator Wyden, Minority Leader Schumer, and other prominent Democrats--the advice they have given us over the last few years to lower these corporate rates and make us more competitive so we can bring jobs back home, improve wages, and get the economy growing again so people can pursue their American dreams. I would encourage our colleagues to defeat this motion to commit. The PRESIDING OFFICER. The Senator from West Virginia. Mr. MANCHIN. If I could just say-- The PRESIDING OFFICER. There is no time remaining. Mr. MANCHIN. I ask unanimous consent for an additional 30 seconds. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. Mr. MANCHIN. Mr. President, a 33-percent decrease from 35 percent to 25 percent is quite substantial. I have not had a corporation yet, if you have spoken to any of them, that wouldn't be tickled to death with 25 percent. That basically sustains that we can help more people. I think it would be great for the economy of the United States of America, and I ask everyone to consider that. It is a most reasonable request. The PRESIDING OFFICER. The question is on agreeing to the Manchin motion to commit. Mr. LEAHY. I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The clerk will call the roll. The senior assistant legislative clerk called the roll. Mr. DURBIN. I announce that the Senator from Rhode Island (Mr. Whitehouse) is necessarily absent. The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote? The result was announced--yeas 38, nays 61, as follows: [[Page S7707]] [Rollcall Vote No. 300 Leg.] YEAS--38 Baldwin Bennet Blumenthal Brown Cantwell Cardin Carper Casey Coons Donnelly Duckworth Feinstein Franken Hassan Heinrich Heitkamp Kaine King Klobuchar Leahy Manchin McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Wyden NAYS--61 Alexander Barrasso Blunt Booker Boozman Burr Capito Cassidy Cochran Collins Corker Cornyn Cortez Masto Cotton Crapo Cruz Daines Durbin Enzi Ernst Fischer Flake Gardner Gillibrand Graham Grassley Harris Hatch Heller Hirono Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee Markey McCain McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sanders Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Warren Wicker Young NOT VOTING--1 Whitehouse The motion was rejected. Amendment No. 1717 to Amendment No. 1618 The PRESIDING OFFICER. The clerk will report the Cantwell amendment by number. The legislative clerk read as follows: The Senator from Washington [Ms. Cantwell] proposes an amendment numbered 1717 to amendment No. 1618. The amendment is as follows: (Purpose: To strike title II) Strike title II. The PRESIDING OFFICER. There will be 2 minutes of debate, equally divided. The Senator from Washington. Ms. CANTWELL. Mr. President, my amendment strikes the title requiring oil development in the Arctic National Wildlife Refuge. This refuge is the largest refuge in our Nation and the last pristine ecosystem for the Arctic in North America. Requiring oil development in the heart of the Arctic National Wildlife Refuge should not be in this bill. Although the bill text has been changed to address Byrd Rule violations, the Congressional Budget Office continues to estimate that it will raise less than $1 billion over 10 years. Opening the Arctic National Wildlife Refuge to oil drilling doesn't even meet the $1 billion reconciliation instruction. It certainly doesn't represent a serious offset to huge deficits in the Republican bill. To put this in perspective, this represents less than seven one- hundredths of 1 percent of the $1.5-trillion-dollar increase in the national debt that the Republican tax policies will cause. Drilling in the Arctic has nothing to do with serious budgetary policy, but it has everything to do with evading regular order to pass something that could never be enacted on its own. In addition to drilling in the Arctic refuge, this bill would sell 7 million barrels of oil from our Nation's ***strategic*** petroleum reserve. A portion of that sale is necessary simply to meet the committee's reconciliation instructions. The sale of oil from the reserve would also provide for a $300 million windfall to four States: Texas, Louisiana, Mississippi, and Alabama. So this bill is selling off oil from our ***strategic*** petroleum reserve in order to pay for oil drilling in the Arctic National Wildlife Refuge. It doesn't make any sense. The Arctic National Wildlife Refuge is one of the crown jewels of the national wildlife refuge system. The U.S Fish and Wildlife Service, which manages the refuge, describes it as ``the only conservation system unit that protects, in an undisturbed condition, a complete spectrum of the arctic ecosystems in North America.'' It is home to an incredible diversity of wildlife: 47 different species of mammals, including polar bears, grizzly bears, wolves, Dall's sheep, moose, musk-ox, and the Porcupine caribou herd. The refuge provides important habitat for over 40 species of fish and more than 200 species of migratory birds whose lives depend on the Arctic refuge. The refuge was first established by the Eisenhower administration. Congress later protected this amazing Arctic ecosystem in 1980. It did so specifically to protect wildlife and wildlife habitat in its natural diversity. The Arctic National Wildlife Refuge is known as the Last Great Wilderness and is truly one of our last great wild places. But the provisions of this bill turn the purpose of the Arctic refuge on its head. It would make oil and gas development on the refuge's coastal plain one of the statutory purposes of the wildlife refuge. Under this bill, our Nation's most pristine national wildlife refuge will become the only refuge where oil and gas development is required by law. It opens up the entire 1.5-million-acre coastal plain for oil and gas exploration and requires leasing of at least 800,000 acres. It requires leasing of areas with the highest oil and gas potential, no matter the consequences for wildlife or the environment. The bill requires that the Arctic National Wildlife Refuge be managed as a petroleum reserve, which is unprecedented and undercuts managing the refuge for wildlife. The bill includes no clear requirements to comply with environmental laws or to protect wildlife. Its sponsors, however, say they are not preempting environmental laws, and that, in fact, laws like the National Environmental Policy Act will ``fully apply.'' Given the assurances that environmental and wildlife refuge laws will continue to apply, I do not understand why their bill adds oil development as a purpose of the Arctic National Wildlife Refuge. Adding oil development as a purpose of the refuge seems contrary to its primary purpose, which is to protect wildlife. What a no-brainer: The purpose of a wildlife refuge is to protect wildlife. Refuges must be managed that way. At every other national wildlife refuge in the country, development within the refuge is only permitted to the extent it is compatible with the primary purpose of the refuge: protecting wildlife. But because the bill makes oil and gas development a refuge purpose, oil drilling in the refuge will no longer be subject to a meaningful ``compatibility determination.'' This bill essentially waives one of the most important management protections that applies to every other national wildlife refuge. They have to do this because they know that oil and gas isn't compatible with protecting wildlife--it is just the opposite. This bill does not provide energy security. There is no prohibition in the bill against exporting oil from the Arctic refuge. In all likelihood, much of this oil will end up being exported. The Republican majority agreed to include only one amendment during the Energy Committee's consideration of this issue, and that amendment required the sale of 5 million barrels of oil from the ***strategic*** petroleum reserve to give $300 million to the States of Texas, Louisiana, Mississippi, and Alabama. The bill has now been amended to require the sale of 7 million barrels from our ***strategic*** petroleum reserve. So at the same time as we are being told we need to ruin a pristine national wildlife refuge to drill for more oil, the very same bill is selling off millions of barrels out of our ***strategic*** oil reserve, which was used most recently during this hurricane season to protect Americans from gas price spikes. The impact of oil and gas exploration in the Arctic National Wildlife Refuge and the danger to its wildlife cannot be overstated. The importance of the refuge for wildlife such as polar bears and caribou have been documented in letters I have received from biologists and other scientists who have worked in the Arctic. I ask unanimous consent that the letters be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows: The Jane Goodall Institute, November 14, 2017. Dear United States Senator: It seems that each day brings ever more dire news about what we humans are doing to harm [[Page S7708]] our planet, the animals that share it with us and, by doing so, harming ourselves also. You have an important opportunity to make a difference both now, and for future generations, by voting to oppose oil development in one of the world's most spectacular wilderness areas--the Arctic National Wildlife Refuge. This Refuge is a truly wonderful place--nearly 20 million acres of pristine and ecologically significant habitat. There is compelling scientific evidence as to why it is truly important to protect this place. For one thing, it provides key breeding habitat for the millions-upon-millions of birds that migrate there from six of our planet's seven continents. It is also a calving ground for the 200,000-strong Porcupine caribou herd. And it is one of the most important denning habitats on earth for polar bears. Moreover it plays a significant role in helping to protect us from the onslaught of climate change. But the Arctic National Wildlife Refuge is more than that. Its very wildness speaks to our deeply rooted spiritual connection to nature, a necessary element of the human psyche. The Gwich'in people understand this and call the area ``The Sacred Place Where Life Begins''. If we violate the Arctic Refuge by extracting the oil beneath the land, this will have devastating impact for the Gwich'in people for they depend upon the caribou herds to sustain their traditional way of life. Around the globe so many indigenous people have been harmed in the name of `progress'--let us not add one more tragedy to the list. We have other sources of energy. And so I beg you: Please use your voice and your vote as a U.S Senator to protect the Gwich'in people and the American treasure that is the Arctic National Wildlife Refuge. America has helped lead the world in the conservation of wildlife and your voice has been so meaningful in this regard, your example so powerful. Please take this opportunity to demonstrate your commitment to the natural world and to future generations and stand with me to protect the Arctic National Wildlife Refuge. Please vote against oil development in the Arctic National Wildlife Refuge. Sincerely, Jane Goodall, DBE, Ph.D , Founder--the Jane Goodall Institute, & UN Messenger of Peace. \_\_\_\_ November 26, 2017. Hon. Maria Cantwell, Ranking Member, Committee on Energy and Natural Resources, U.S Senate, Washington, DC. Dear Senator Cantwell: Research across North America including Alaska has revealed much about how we can monitor and mitigate the effects of industrial activities on migratory tundra caribou. We have learnt that, although the Prudhoe Bay oilfield displaced calving and post-calving caribou of the Central Arctic herd, the effects were offset by reduced hunting. Consequently the herd increased but between 2010 and 2016 the herd is declining at the rate of halving every 4 years. We have also learnt that industrial activities including roads can displace caribou by larger distances than previously realized. Caribou across North America are part of a global decline. The Porcupine herd is the only herd of migratory tundra caribou in North America that is not currently declining. It has the diversity of ranges and habitats that allow the caribou to respond to the changing climate by choosing the best habitats for their survival. This is true for calving as the PCH calves in the 1002 area and the western Canadian coastal plain depending on weather. The coastal plains are so narrow that even a small footprint for oil and gas activities may be too much for the caribou already trying to adapt to a changing climate. The Porcupine herd is jointly managed between the Alaska Department of Fish and Game (ADFG), the US Fish and Wildlife Service (USFWS), and the Yukon, NWT and Canadian governments. Collaboration on monitoring and research has been coordinated by the Porcupine Caribou Technical Committee, a group recognized in the International Porcupine Caribou Agreement signed by Canada and the US in 1987. The question is not just what would development in 1002 lands mean to caribou but it is what it means to the people in USA and Canada who depend on the caribou. Faced with uncertainty about the caribou, the cautionary approach is to do no harm until we have a better understanding. The oil and gas is secure in the ground; the caribou and the people are not. Anne Gunn, Retired GNWT biologist, CircumArctic Rangifer Monitoring and Assessment (CARMA) Network. Don Russell, Retired Canadian Wildlife Service Biologist, Past Co-Chair International Porcupine Caribou Board, CircumArctic Rangifer Monitoring and Assessment (CARMA) Network. \_\_\_\_ Polar Bears International, November 28, 2017. Hon. Maria Cantwell, Ranking Member, Committee on Energy and Natural Resources, U.S Senate, Washington, DC. Dear Senator Cantwell: I've studied polar bears for 37 years--solving many of the mysteries about their life cycle. I led polar bear research in Alaska for 30 years, and my research team at the USGS provided the information that led Interior Secretary Kempthorne to list polar bears as a threatened species. I am currently the chief scientist at Polar Bears International. I am reaching out today because I'm concerned about the likely impacts on Alaska's polar bears should the Arctic National Wildlife Refuge be opened to oil and gas development. The ANWR coastal plain is vitally important to polar bears. Pregnant female polar bears head to this area every fall to create snow dens where they give birth to their young. In fact, the region has higher concentrations of polar bear maternal denning habitat than other coastal areas on Alaska's North Slope. In recent years, the ANWR has become even more important as a polar bear denning site because the deterioration of historically stable sea ice in the Beaufort Sea has forced more polar bears to den onshore, rather than risk giving birth on unstable ice. In addition to the ANWR's importance as a critical denning area for polar bears, the region faces profound impacts from climate change unless we transition away from fossil fuels. Warmer temperatures mean less sea ice habitat, which polar bears rely on to catch their seal prey. In addition, encouraging more fossil fuel usage, as opening the ANWR would do, will only add to ongoing global warming. If we continue to follow a ``business as usual'' reliance on fossil fuels, average annual temperatures in Alaska's Arctic are projected to be more than 10 degrees Celsius (18 degrees Fahrenheit) higher, at century's end, than they are now. Such high temperatures would assure ice-free summers in the Arctic, with devastating impacts on polar bears and other Arctic wildlife. And, of course, ramifications reach the rest of life on Earth--including humans. With ``on the ground'' drilling activities posing a threat to polar bear denning sites, and prolonged reliance on fossil fuels continuing to melt the sea ice polar bears need to catch their prey, oil and gas development in the ANWR would serve a double whammy. Opening the ANWR to drilling, therefore, is a path we should avoid--for the sake of polar bears, our children, and our grandchildren. Respectfully, Steven C. Amstrup, Chief Scientist, Polar Bears International. \_\_\_\_ November 9, 2017. Hon. Lisa Murkowski, Chair. Hon. Maria Cantwell, Ranking Member Committee on Energy and Natural Resources, U.S Senate, Washington, DC. Dear Senators Murkowski and Cantwell: As scientists who have either conducted research in Arctic Alaska or traveled in the Arctic National Wildlife Refuge, we are writing to highlight for you the fundamental importance of fully protecting its 1.5-million acre coastal plain. Based on our experience in the Arctic, we oppose oil exploration, development and production in the Arctic Refuge. Such activity would be incompatible with the purposes for which the refuge was established, including ``to conserve fish and wildlife populations and habitats in their natural diversity.'' When the original Arctic National Wildlife Range was established in 1960 by the Eisenhower Administration, it was done with the foresight and wisdom to protect an entire ecosystem, both south and north of the Brooks Range, including the rich coastal plain. Decades of biological study and scientific research within the Arctic Refuge have confirmed that the coastal plain specifically is vital to the biological diversity of the entire refuge. Within the narrow (15-40 miles) coastal plain, there is a unique compression of habitats which concentrates a wide array of wildlife native to the Arctic, including polar bears, grizzly bears, wolves, wolverines, caribou, musk oxen, Dolly Varden char, Arctic grayling, and many species of migratory birds. In fact, according to the U.S Fish and Wildlife Service, the Arctic Refuge coastal plain contains the greatest wildlife diversity of any protected area above the Arctic Circle. In 2003, the National Research Council (NRC) published a report on the ``Cumulative Environmental Effects of Oil and Gas Activities on Alaska's North Slope.'' Led by Dr. Gordon Orians, University of Washington, this report was prepared by a panel of prominent scientists following an extensive review of the literature and consultations with experts. It remains the best, most comprehensive synthesis of the effects of oil development on wildlife and the landscape of Arctic Alaska. Among the report's ``major findings'' (Chapter 11) are the following: Three-dimensional seismic surveys require a high spatial density of trails. ``Seismic exploration can damage vegetation and cause erosion, especially along stream banks.'' The effects of roads, pads, pipelines, and other infrastructure extend far beyond the physical footprint itself, and the distances at which impacts occur vary with the environmental component affected. ``Effects on hydrology, vegetation, and animal populations occur at distances up to several kilometers . . .'' ``Roads have had effects as far-reaching and complex as any physical component of the North Slope oil fields.'' [[Page S7709]] Denning polar bears are among the animals that ``have been affected by industrial activities on the North Slope.'' Readily available food supplies in the oil fields attract higher-than-normal densities of predators, which then prey on birds and their eggs and young. The reproductive success rate of some bird species in the developed parts of oil fields ``has been reduced to the extent that it is insufficient to balance mortality.'' The spread of industrial activity, especially to the east where the coastal plain is narrower than elsewhere [i.e , the Arctic Refuge], ``would likely result in reductions in reproductive success'' for caribou. Although oilfield technologies continue to improve, the NRC's findings are still of concern today. Indeed, proposals that would limit the ``footprint'' of oil development to 2,000 acres on the coastal plain within the Arctic Refuge are of little value, since those acres may be spread over much of the coastal plain. This would be especially true if oil reserves are scattered in multiple pockets across the refuge, as is suggested by the U.S Geological Survey (Fact Sheet 0028-01). Since the effects of industrial activities, starting with seismic surveys, are not limited to the footprint of a structure or to its immediate vicinity, it is highly likely that such activities would result in significant impacts on a variety of wildlife in the refuge's narrow coastal plain. Development of yet another oilfield would further set back efforts to limit the carbon emissions that are fueling the dramatic changes in climate now affecting Alaska. Polar bears--listed as ``threatened'' under the Endangered Species Act--are already struggling with deteriorating sea ice and increasingly are forced to den on land on the eastern Beaufort Sea coast, including the coastal plain of the Arctic Refuge. In fact, three-fourths of the refuge coastal plain is designated as critical habitat for polar bears, which are highly vulnerable to disturbance due to oil and gas activities. The NRC report and subsequent work done in Arctic Alaska strongly indicate that the cumulative impact of many seemingly small changes is significant. New development on the coastal plain of the Arctic Refuge, one of the nation's and planet's premier protected areas, will only contribute to these harmful impacts on wildlife. For all these reasons, we oppose oil and gas exploration, development and production on the coastal plain of the Arctic Refuge. Thank you for your consideration. Sincerely, R. Terry Bowyer, Ph.D , Professor Emeritus, Wildlife Ecology University of Alaska Fairbanks, Fairbanks, Alaska; Jim Dau, M.Sc , Alaska Dept. of Fish & Game (retired), Kotzebue, Alaska; Mike Boylan, M.Sc , National Wildlife Refuges Association, Anchorage, Alaska; Anthony R. DeGange, M.Sc , U.S Geological Survey (retired), Anchorage, Alaska; Jedediah Brodie, Ph.D , Craighead Chair, Wildlife Conservation, University of Montana, Missoula, Montana; Jeff Fair, M.Sc , Fairwinds Wildlife Services, Palmer, Alaska. Stephen Brown, Ph.D , Shorebird Biologist, Saxtons River, Vermont; Kathy Frost, M.Sc , Alaska Dept. of Fish & Game (retired), Kailua Kona, Hawaii; F. Stuart Chapin III, Ph.D , Professor Emeritus, Ecology, University of Alaska Fairbanks, Fairbanks, Alaska; H. River Gates, M.Sc , Shorebird Biologist, Anchorage, Alaska; Dave Cline, M.Sc , National Audubon Society (retired), U.S Fish & Wildlife Service (retired), North Bend, Washington; Mary E. Hogan, M.Sc , U.S Fish & Wildlife Service (retired), Anchorage, Alaska; David R. Klein, Ph.D , Professor Emeritus, Wildlife Management, University of Alaska Fairbanks, Fairbanks, Alaska. John Coady, Ph.D , Alaska Dept. of Fish & Game (retired), Fairbanks, Alaska; Jack Lentfer, M.Sc , U.S Marine Mammal Commission (retired), Alaska Dept. of Fish & Game (retired), Gustavus, Alaska; Peter G. Connors, Ph.D , Bodega Marine Lab (retired), University of California--Davis, Bodega Bay, California; Joe Liebezeit, M.Sc , Audubon Society of Portland, Portland, Oregon; Joseph Cook, Ph.D , Professor of Biology, University of New Mexico, Albuquerque, New Mexico; Lloyd Lowery, M.Sc , Alaska Dept. of Fish & Game (retired), Kailua Kona, Hawaii. Rosa H. Meehan, Ph.D , U.S Fish & Wildlife Service (retired), Anchorage, Alaska; Stanley Senner, M.Sc , National Audubon Society, Missoula, Montana; Sterling Miller, Ph.D , Alaska Dept. of Fish & Game (retired), National Wildlife Federation (retired), Missoula, Montana; David W. Shaw, M.Sc , Biologist-guide, Fairbanks, Alaska; Russell M. Oates, M.Sc , Former Refuge Biologist, Arctic NWR, U.S Fish & Wildlife Service (retired), Burnsville, North Carolina; E. LaVerne Smith, M.Sc , U.S Fish & Wildlife Service (retired), Anchorage, Alaska. Gordon Orians, Ph.D , Professor Emeritus, Biology, University of Washington, Seattle, Washington; Dan Taylor, M.Sc , Audubon California (retired), Sacramento, California; Martha Raynolds, Ph.D , Arctic Plant Ecologist, Fairbanks, Alaska; Nils Warnock, Ph.D , Audubon Alaska, Anchorage, Alaska. Martin Robards, Ph.D , Arctic Beringia ***Program***, Wildlife Conservation Society, Fairbanks, Alaska; Robert G. White, Ph.D , Professor Emeritus, Zoophysiology, University of Alaska Fairbanks, Fairbanks, Alaska; George Schaller, Ph.D , Wildlife Conservation Society, West Lebanon, New Hampshire; Kenneth R. Whitten, M.Sc , Alaska Dept. of Fish & Game (retired), Fairbanks, Alaska. Scott Schliebe, Ph.D , U.S Fish & Wildlife Service (retired), Anchorage, Alaska; John W. Schoen, Ph.D , Alaska Dept. of Fish & Game (retired), Audubon Alaska (retired), Anchorage, Alaska; Nathan Senner, Ph.D , University of Montana, Missoula, Montana; Steve Zack, Ph.D , Wildlife Conservation Society (retired) Portland, Oregon. Ms. CANTWELL. The Arctic Refuge's coastal plain and nearby waters are designated as critical habitat for polar bears, which were designated as a threatened species under the Endangered Species Act in 2008. Female polar bears head to this area every fall to create snow dens where they give birth to their young. The Arctic National Wildlife Refuge is also famously known as the summer calving grounds for the Porcupine caribou herd. The herd's range extends into Canada. A treaty between our countries protects the herd and its habitat. The almost 200,000-member herd has an annual migration of hundreds of miles--and in some cases thousands of miles--wintering south of the refuge. These caribou are an important food source for many Alaska Natives, but in particular the Gwich'in people, who live south of the refuge. Wildlife biologists argue that the risk to the caribou herd--and those who rely on this herd--could be quite significant. Do you know what Webster's definition of stewardship is? The careful and responsible management of something entrusted to one's care. Since 1960, under President Eisenhower, this iconic refuge has been protected. Tonight, unless you help strike this, you will be joining the ranks of those that believe in polluting a wildlife refuge, and you will be joining an administration that I guarantee you is going to go down in history as getting an F in stewardship. The Arctic National Wildlife Refuge is too special and important; it is one of the crown jewels of the National Wildlife Refuge System. We should not destroy this pristine landscape and allow it to be turned into an oil field. I want to remind my colleagues of the words of the great environmental steward Olaus Murie. After decades of scientific exploration in Alaska, Olaus testified in the Senate in 1959 in support of creating the Arctic refuge. He said, ``We long for something more, something that has a mental, a spiritual impact on us. This idealism, more than anything else, will set us apart as a nation striving for something worthwhile in the universe.'' What is setting us apart today, colleagues, is just the opposite. We are striving for short-term gains. In a hundred years, when the economic effects of this tax bill are long forgotten, we will still bear the blame for letting go of ``something worthwhile in the universe.'' We didn't create the Arctic coastal plain, and we cannot recreate, but we can surely destroy it. I urge my colleagues to oppose sacrificing the Arctic National Wildlife Refuge, and to support removing this provision from the bill. I yield the floor. Mr. SANDERS. Mr. President, I would like to enter into the Congressional Record the scores ***produced*** by the Congressional Budget Office for section 20001 as it appears in Senate amendment 1618; and the score of section 20001 as it appears in Senate amendment 1855. In Senate amendment 1618, CBO estimates that opening the coastal plain for oil and gas leasing and managing ``it in accordance with requirements of the Naval Petroleum Reserves Production Act of 1976 (including regulations)'' will result in net Federal receipts of $1092 million from 2018 through 2027. In Senate amendment 1855, CBO estimates that managing lease sales ``in a manner similar to the administration of leases under the Naval Petroleum Reserves Production Act of 1976 (including regulations)'' will result in net [[Page S7710]] Federal receipts of $910 million from 2018 through 2027, a decrease of $182 million compared to the language in Senate amendment 1618. I ask unanimous consent that the following CBO tables be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows: Congressional Budget Office, U.S Congress, Washington, DC, November 8, 2017. Hon. Lisa Murkowski, Chairman, Committee on Energy, U.S Senate, Washington, DC. Dear Madam Chairman: The Congressional Budget Office has prepared the enclosed cost estimate for a Legislative Proposal Related to the Arctic National Wildlife Refuge. If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jeff LaFave. Sincerely, Keith Hall, Director. Enclosure. A Legislative Proposal Related to the Arctic National Wildlife Refuge As posted on the website of the Senate Committee on Energy and Natural Resources (FLO17783) on November 8, 2017 SUMMARY The legislation would direct the Secretary of the Interior to implement an oil and gas leasing ***program*** for the coastal plain of the Arctic National Wildlife Refuge (ANWR). Based on information provided by the Department of the Interior (DOI), the Energy Information Administration (EIA), and individuals working in the oil and gas industry, CBO estimates that implementing the legislation would increase net offsetting receipts, which are treated as reductions in direct spending, by about $1.1 billion over the 2018-2027 period. Because enacting the legislation would affect direct spending pay-as-you-go procedures apply. Enacting the legislation would not affect revenues. CBO estimates that enacting legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028. The legislation contains no intergovernmental or private- sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). ESTIMATED COST TO THE FEDERAL GOVERNMENT The estimated budgetary impact of the legislation is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 800 (general government). -------------------------------------------------------------------------------------------------------------------------------------------------------- By fiscal year, in millions of dollars-- ----------------------------------------------------------------------------------------------------------------- 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2018-2022 2018-2027 -------------------------------------------------------------------------------------------------------------------------------------------------------- DECREASES IN DIRECT SPENDING a Estimated Budget Authority............ 0 0 0 0 -725 \* \* -366 -1 -1 -725 -1,092 Estimated Outlays..................... 0 0 0 0 -725 \* \* -366 -1 -1 -725 -1,092 -------------------------------------------------------------------------------------------------------------------------------------------------------- Components may not sum to totals because of rounding; \* = between -$500,000 and zero. a CBO estimates that implementing the legislation also would cost about $10 million over the 2018-2022 period, assuming the availability of appropriated funds, for environmental reviews and the administrative costs of conducting the lease sales. BASIS OF ESTIMATE For this estimate, CBO assumes that the legislation will be enacted near the end of 2017 and that the funds necessary to implement the legislation would be available. Description of the Legislation The legislation would direct the Secretary of the Interior to implement an oil and gas leasing ***program*** for lands located within the coastal plain of ANWR, which includes about 1.5 million acres of federal land on the northeast coast of Alaska. Under current law, activities related to oil and gas leasing in ANWR are prohibited. The legislation would require the Secretary to hold two lease sales over a seven-year period following enactment and to offer at least 400,000 acres of land in ANWR for lease at each sale. Any lease sales in ANWR would be carried out in accordance with procedures used to conduct oil and gas leasing within the National Petroleum Reserve in Alaska. For each lease awarded, lessees would pay the federal government bonus bids to acquire the leases, annual rent to retain the leases, and royalties based on the value of any oil or gas production from the leases. The legislation would establish a 16.67 percent royalty on oil and gas ***produced*** in ANWR. (Under current law, the federal government charges royalties of 12.5 percent for oil and gas ***produced*** onshore and 18.75 percent for oil and gas ***produced*** in the Outer Continental Shelf.) Finally, under the legislation, Alaska would receive one-half of the gross proceeds generated from the leasing ***program***. Spending Subject to Appropriation CBO estimates that implementing the legislation would cost $10 million over the 2018.2022 period for environmental reviews and administrative costs associated with the leasing ***program*** subject to the availability of appropriated funds. Based on information provided by the Government Accountability Office, we estimate that completing the environmental reviews required under the National Environmental Policy Act would cost $2 million. In addition, CBO estimates that other implementation costs would total between $1 million and $2 million per year over that period. Direct Spending CBO estimates that implementing the legislation would increase net offsetting receipts by about $1.1 billion over the 2018-2027 period. Bonus Bids. CBO estimates that gross proceeds from bonus bids paid for the right to develop leases in ANWR would total $2.2 billion over the 2018-2027 period. That estimate is based on historical information about oil and gas leasing in the United States and on information from DOI, EIA, and individuals working in the oil and gas industry about factors that affect the amounts that companies are willing to pay to acquire oil and gas leases. In addition, CBO relied on estimates prepared by the United States Geological Survey of the amount of oil that might be ***produced*** from the coastal plain of ANWR. As specified in the legislation, one-half of all receipts from leases in ANWR would be paid to Alaska, leaving net federal receipts totaling $1.1 billion over the 2018-2027 period. Estimates of bonus bids for leases in ANWR are uncertain. Potential bidders might make assumptions that are different from CBO's, including assumptions about long-term oil prices, production costs, the amount of oil and gas resources in ANWR, and alternative investment opportunities. In particular, oil companies have other domestic and overseas investment options that they would evaluate and compare with potential investments in ANWR. The potential profitability for a wide range of such global investment options would probably be a significant factor in prospective bidders' ultimate choices of how much to bid for ANWR leases. The number of factors that affect companies' investment decisions result in a wide range of estimates for bonus bids. CBO's estimate reflects our best estimate of the midpoint of that range. Other Receipts. In addition to receipts from bonus bids, CBO estimates that the federal government would collect net receipts from rental payments totaling about $2 million over the 2022-2027 period. (Lease holders make an annual rental payment until production begins.) CBO also estimates that the federal government would receive royalty payments on oil ***produced*** from ANWR leases; however, based on information from EIA regarding the typical amount of time necessary to drill exploratory wells, complete production ***plans***, and build the necessary infrastructure to ***produce*** and transport any oil ***produced*** in ANWR, CBO expects that no significant royalty payments would be made until after 2027. PAY-AS-YOU-GO CONSIDERATIONS The Statutory Pay-As-You-Go Act of 2010 establishes budget- reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table. CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR THE LEGISLATIVE PROPOSAL RELATED TO THE ARCTIC NATIONAL WILDLIFE REFUGE -------------------------------------------------------------------------------------------------------------------------------------------------------- By fiscal year, in millions of dollars-- ----------------------------------------------------------------------------------------------------------- 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2018-2022 2018-2027 -------------------------------------------------------------------------------------------------------------------------------------------------------- Statutory Pay-As-You-Go Impact.............. 0 0 0 0 -725 0 0 -366 -1 -1 -725 -1,092 -------------------------------------------------------------------------------------------------------------------------------------------------------- [[Page S7711]] MANDATES The legislation contains no intergovernmental or private- sector mandates as defined in UMRA, The legislation would benefit the State of Alaska by increasing the generation of royalties from oil and gas production on public lands in ANWR. Portions of the royalties would be shared with the state under formulas specified by the legislation and under federal laws governing oil and gas production. Over the 2018-2027 period, CBO estimates that Alaska would receive a total of about $1.1 billion in royalties. INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028. ESTIMATE PREPARED BY Federal Costs: Jeff LaFave; Mandates: Zachary Bynum. ESTIMATE APPROVED BY H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis. PRELIMINARY ESTIMATE OF DIRECT SPENDING EFFECTS OF TITLE II OF RECONCILIATION RECOMMENDATIONS AS PROVIDED BY THE SENATE COMMITTEE ON THE BUDGET ON NOVEMBER 30, 2017 (MCG17C35) -------------------------------------------------------------------------------------------------------------------------------------------------------- By fiscal year, in millions of dollars-- ----------------------------------------------------------------------------------------------------------------- 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2018-2022 2018-2027 -------------------------------------------------------------------------------------------------------------------------------------------------------- ESTIMATED INCREASES FOR DECREASES (-) IN DIRECT SPENDING Sec. 20001--Oil and Gas ***Program*** Estimated Budget Authority........ 0 0 0 0 -605 \* \* -304 \* \* -605 -910 Estimated Outlays................. 0 0 0 0 -605 \* \* -304 \* \* -605 -910 Sec. 20002--Limitation on Amount Distributed Qualified Outer Continental Shelf Revenue Estimated Budget Authority........ 0 0 0 150 150 0 0 0 0 0 300 300 Estimated Outlays................. 0 0 0 150 150 0 0 0 0 0 300 300 Sec. 20003--***Strategic*** Petroleum Reserve Drawdown & Sale Estimated Budget Authority........ 0 0 0 0 0 0 0 0 -235 -240 0 -475 Estimated Budget Authority........ 0 0 0 0 0 0 0 0 -235 -240 0 -475 Total Estimated Budget 0 0 0 150 -455 \* \* -304 -235 -240 -305 -1085 Authority.................... Total Estimated Outlays....... 0 0 0 150 -455 \* \* -304 -235 -240 -305 -1085 -------------------------------------------------------------------------------------------------------------------------------------------------------- Notes: Components may not sum to totals because of rounding: \* = between -$500,000 and zero. The PRESIDING OFFICER (Mr. Perdue). The Senator from Alaska. Ms. MURKOWSKI. Mr. President, I strongly oppose this motion to strike. This is our opportunity to provide jobs, to create revenues and resources, and to protect an environment that as Alaskans we know how to protect. We are seeking with this energy title to develop 2,000 acres out of 19.3 million acres, one ten-thousandths of all of ANWR, and we are seeking to do it with a smaller, limited footprint, using the technologies that have become available over the decades that we have been seeking to advance these opportunities--opportunities for Alaska, opportunities for the Nation. I would implore colleagues. For 40 years now we have been looking for the opportunity to best protect our long-term energy and national security. This is our chance. The pending amendment No. 1717 would cause the underlying legislation to exceed the Energy and Natural Resources Committee's section 302(a) allocation of new budget authority or outlays. Therefore, I raise a point of order against this measure pursuant to section 302(f) of the Congressional Budget Act of 1974. Ms. CANTWELL. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974 and the waiver provisions of applicable budget resolutions, I move to waive all applicable sections of that act and applicable budget resolutions for purposes of the pending amendment, and I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The question is on agreeing to the motion. The clerk will call the roll. The legislative clerk called the roll. The yeas and nays resulted--yeas 48, nays 52, as follows: [Rollcall Vote No. 301 Leg.] YEAS--48 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Collins Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Markey McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden NAYS--52 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee Manchin McCain McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young The PRESIDING OFFICER. On this vote, the yeas are 48, the nays are 52. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls. The PRESIDING OFFICER. The Senator from Oregon. Amendment No. 1856 to Amendment No. 1618 Mr. MERKLEY. Mr. President, I call up amendment No. 1856. The PRESIDING OFFICER. The clerk will report. The senior assistant legislative clerk read as follows: The Senator from Oregon [Mr. Merkley] proposes an amendment numbered 1856 to amendment No. 1618. On page 289, strike lines 17 through 19 Mr. MERKLEY. Mr. President, this amendment strikes a tax earmark that singles out one college in America from the university endowment tax set forth in the underlying bill. To be sure, I don't like the endowment tax in this bill. It diminishes the ability of colleges to provide scholarships to financially challenged students. But if the majority is intent on having an endowment tax, then no college should be exempted. The argument for the exemption is that this college doesn't take Federal funds. But remember why: They were sued in the 1980s for discriminatory practices, and they wanted to continue those practices. This school, Hillsdale College, does have powerful friends, including our Secretary of Education, but isn't that just the type of insider deal for the wealthy and well connected that we should oppose? A vote against this amendment is a vote for an earmark for a school with powerful friends and for subsidizing discrimination. A vote for my amendment is a vote to strike down such an earmark, a vote for fair treatment of schools, and a vote against discrimination, and I urge you to vote aye. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. TOOMEY. Mr. President, Hillsdale College has been unfairly maligned on the Senate floor. The fact is, Hillsdale College was the first college in America to prohibit in its charter any discrimination based on race, religion, or sex and was an early force in the abolition of slavery. But it is not really about Hillsdale college, exclusively. This is a broader idea. The idea here, and it is in this amendment, is that for any college that chooses to forgo Federal funding for its students-- chooses not to be a burden on the taxpayers that way--it is reasonable for us to respond by sparing that college a tax on the endowment fund. That is all. Now there are colleges, a number of colleges, including one in Pennsylvania, that choose this mode. They [[Page S7712]] would prefer to have the freedom to operate as they see fit rather than have to deal with Federal regulations, and I suspect that is a big part of what the real problem is on the other side of the aisle. But, folks, I think it is a perfectly reasonable proposition that if a college chooses to forgo the very substantial funds available to it from Federal taxpayers, it is OK to say that it will be exempt from this endowment. So I urge my colleagues to vote no on the amendment. The PRESIDING OFFICER. The question is on agreeing to the amendment. Mr. MERKLEY. I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The clerk will call the roll. The senior assistant legislative clerk called the roll. The result was announced--yeas 52, nays 48, as follows: [Rollcall Vote No. 302 Leg.] YEAS--52 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Collins Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Fischer Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine Kennedy King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murkowski Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden NAYS--48 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Lankford Lee McCain McConnell Moran Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young The amendment (No. 1856) was agreed to The PRESIDING OFFICER. The majority leader. Mr. McCONNELL. Colleagues, we are moving now to final passage. I know of no further amendments to the bill. Amendment No. 1618, as Amended The PRESIDING OFFICER. There will be 2 minutes of debate on amendment No. 1618, as amended. Mr. McCONNELL. Mr. President, I yield back our time. The PRESIDING OFFICER. All time is yielded back for the majority. Mr. SCHUMER. Mr. President, I yield back. The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment. The amendment (No. 1618), as amended, was agreed to. The amendment was ordered to be engrossed and the bill to be read a third time. The bill was read the third time. The PRESIDING OFFICER. There will now be 2 minutes of debate prior to the vote on H.R 1. The Senator from Oregon. Mr. WYDEN. Mr. President, millions of Americans must be watching in stunned disbelief tonight as the Republican Senate betrays the middle class for the benefit of faceless, multinational corporations. Colleagues, how many middle-class families need to see their hard- earned pay snatched away in tax hikes before these corporate handouts are no longer worth it? How many more Americans need to see their jobs shipped overseas before corporate paymasters no longer call the shots? How many Americans need to lose their healthcare or see their premiums shoot sky-high before this is stopped? What is happening tonight is the worst of the U.S Senate. There is a trail of broken promises--broken promises to working families in the mad dash to pass this bill. The American people understand this is the first step of continuing attacks on Medicare, on Medicaid, and on Social Security. This vote will not be forgotten. I yield the floor. The PRESIDING OFFICER. The majority leader. Mr. McCONNELL. Mr. President, I yield back the time on this side. The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? Mr. McCONNELL. Mr. President, I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The clerk will call the roll. The legislative clerk called the roll. The result was announced--yeas 51, nays 49, as follows: [Rollcall Vote No. 303 Leg.] YEAS--51 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Collins Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McCain McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young NAYS--49 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Coons Corker Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden The bill (H.R 1), as amended, was passed. The VICE PRESIDENT. The Tax Cuts and Jobs Act, as amended, is passed. (Applause, Senators rising.) The PRESIDING OFFICER (Mr. Perdue). The majority leader.

**Load-Date:** December 4, 2017

**End of Document**



[***DEALS OF THE YEAR 2 0 1 8***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S7T-YHR1-DY9P-N2VR-00000-00&context=1516831)

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**Body**

For dealmakers worldwide, it has been a year of turnarounds and market splashes.

They helped scandal-hit sovereigns and corporates end their bond market hiatus, and struggling banks bolster their balance sheets. All the while, blockbuster, interregional mergers and acquisitions required delicate regulatory discussions and ambitious financing packages. Many of The Banker's 2018 Deals of the Year are bold, but with the right steer - and an appropriate measure of discipline - they proved a success.

AFRICA BONDS: CORPORATE WINNER: SIBANYE GOLD'S $1.05BN BOND Global coordinators: Barclays, Citi, HSBC Bookrunners: Credit Suisse, Standard Bank Sibanye Gold's $1.05bn bond was the largest private sector corporate bond debut ever out of both South Africa and Africa. It was notable not only for its size but also that it was achieved against such a difficult backdrop.

Sibanye is South Africa's largest gold ***producer*** but, as a relatively recent spinout, had never issued bonds before. Political and labour uncertainties at home made it keen to diversify abroad, and in 2017 it completed a $2.7bn takeover of US platinum ***producer*** Stillwater. The deal was funded by a $2.7bn bridge facility, and the bond proceeds were needed to part-refinance this.

The timing was awkward, however. The gold price had been falling and the South African government had just announced the introduction of a new mining charter, which decreed that black shareholders should own at least 30% of local mining companies.

A successful $1bn rights issue took place in May 2017, immediately after the acquisition had closed. A UK and US roadshow for the bond issue followed in early June, at the end of which the mining charter was unveiled. After a global investor call for investors to discuss the implications of the charter, Sibanye launched a dual-tranche offering with two-day execution.

Initial price thoughts on a $500m fiveyear non-call two tranche were in the 6.5% area, with 7.5% for a $500m eight-year noncall four piece. Following a positive response, guidance was tightened to 6.375% to 6.5% and 7.375% to 7.5%, respectively.

With books two times oversubscribed, the deal was priced at the tight end of guidance, at 6.375% and 7.375%, and the eightyear tranche was upsized to $550m. The notes were sold primarily to asset managers in what was the first South African bond debut for more than two-and-a-half years.

BONDS: SSA WINNER: CÔTE D'IVOIRE'S $2BNEQUIVALENT DUAL-TRANCHE EUROBOND Financial adviser: Rothschild Bookrunners: BNP Paribas, Deutsche Bank, JPMorgan, Natixis, Standard Chartered Bank Côte d'Ivoire successfully issued the first euro-denominated bond out of sub-Saharan Africa (excluding South Africa), alongside the region's longest dated US dollar deal, which was nonetheless keenly priced.

Because Côte d'Ivoire's currency, the West African CFA franc, is pegged to the euro, the sovereign can issue in euro without foreign exchange risk. As the leading economy of the West African Economic and Monetary Union (and the third fastest growing economy in the world), it was fitting that it became the first regional sovereign to take advantage of this helpful feature.

The government was seeking to raise funds for National Development ***Plan*** infrastructure, transport, energy and sanitation projects. At the same time, it wished to conduct a liability management exercise, buying back existing 2024 and 2032 notes.

It began by offering to buy up to $750m of these notes, while announcing its intention to issue new notes denominated in both dollars and euros. Rothschild Global Advisory was sole financial adviser, with BNP Paribas, Deutsche Bank, JPMorgan, Natixis and Standard Chartered as joint bookrunners.

After a roadshow visited France, Germany, the UK and the US, existing notes worth $1.275bn, or 40% of the outstanding amount, were tendered.

The issuer had been looking to raise separate amounts of $1bn and (EURO)500m. Demand was exceptional, however, with order books totalling $4.8bn and (EURO)4.5bn, respectively. The transaction sizes were increased to $1.25bn for a 15-year bond with a 6.125% coupon and (EURO)625m of eight-year notes paying 5.125%. It is understood that the dollar deal represented the lowest ever maturityadjusted cost for a long-dated hard currency bond from a non-investment-grade sub-Saharan sovereign.

BONDS: FIG WINNER: ZENITH BANK'S $500M EUROBOND Joint bookrunners: Citi, Goldman Sachs After a two-year hiatus, when access to international debt capital markets was all but impossible for them, Nigerian issuers are back. Banks have led the way, Zenith Bank being a notable case in point.

Economic crisis, compounded by low oil prices and currency controls, caused a two-year suspension of issuance from Nigeria between 2014 and 2016. Access Bank, the country's fourth biggest lender, ended the drought with a $300m bond in October 2016.

The sovereign returned in February 2017 with a $1bn issue, to be followed by several other Nigerian banks. Perhaps the most eyecatching was Zenith, the country's largest bank by Tier 1 capital, which came back to market in May 2017 after a three-year absence.

This was the first private sector financial institutions group deal out of Nigeria and sub-Saharan Africa in 2017, and went ahead despite some emerging markets volatility.

After a benchmark deal was announced, the bank's CEO and chief financial officer led a roadshow to London, Boston, New York and Los Angeles. Initial price thoughts were set at 'high 7%s'. A steady inflow of orders allowed bookrunners Citi and Goldman Sachs to revise pricing levels to the 7.625% area, which did not deter investors, who finally placed orders worth $1.97bn. This included several large US accounts, and was the largest order book for any Nigerian private sector FIG issuer.

Pricing levels on a $500m transaction were tightened by another 25 basis points (bps), making about 50bps in all, to set the coupon at 7.375%. UK investors took 47% of the deal, followed by the US with 31% and the rest of Europe with 11%. A full 75% of investors were asset managers, with banks and private banks accounting for 11% and hedge funds for another 11%.

EQUITIES WINNER: BARCLAYS AFRICA'S R37.7BN ACCELERATED BOOKBUILD Global coordinators: Barclays, Citi Bookrunners: BNP Paribas, Deutsche Bank, JPMorgan, Morgan Stanley, Société Générale, UBS In South Africa's largest ever equity deal in local currency, Barclays sold down the bulk of its remaining stake in Barclays Africa. Appetite for the stock was such that it could complete its disposal ***programme*** in one go, rather than in multiple transactions as originally ***planned***.

In March 2016, Barclays had said it would sell down its 62.3% stake over the next two or three years to a level that permitted deconsolidation. Two months later, it reduced the stake to 50.1%, raising $879m.

At the end of May 2017, Barclays launched a transaction to sell about 187 million Barclays Africa shares, 22% of the total. It had already confirmed the South African government-owned Public Investment Corporation as an anchor investor, taking 7%. The book was covered within 30 minutes of launch, and continued to grow rapidly.

The final order book was multiple times oversubscribed, allowing the deal to be upsized by more than 50%, to 285.7 million or 33.7% of Barclays Africa's shares. The price of R132 ($11) a share represented a 5% discount on the previous close, and raised R37.7bn. The discount in the 2016 disposal had been 6.5%.

There was strong demand from existing shareholders and long-only funds. The top 20 investors took two-thirds of the transaction, which was skewed toward South African investors (44%), with strong demand from the UK (30%) and the US (21%).

Barclays says it ***plans*** to give 12.7 million shares to a black empowerment scheme, leaving it with a residual holding of about 15%. It estimates that when the stake is deconsolidated, it will result in a 73 basis points accretion to its common equity Tier 1 ratio, including the placing proceeds.

GREEN FINANCE WINNER: CAPE TOWN'S R1BN GREEN BOND Lead arranger: Rand Merchant Bank Africa's first accredited green bond was issued by the City of Cape Town, which is suffering the worst drought in its recorded history. The city promised to use the proceeds to fund water, sanitation and transport projects.

Ironically, given that it is due to run out of water this year, Cape Town has a solid environmental track record. In 2001, it became the first city in Africa to approve and adopt a comprehensive citywide environmental policy.

In July 2017, the city came to market with the first African green bond to be accredited by the Climate Bonds Initiative (CBI). A 10-year amortising instrument, this was also the first South African green bond certified by Moody's as 'GB1', or 'excellent'.

The auction raised its target of R1bn ($83.4m) from eight allocated bidders, having received almost R4.9bn from 31 different bidders. The bond was priced at 133 basis points (bps) over the benchmark government bond, compared with guidance of 140bps to 160bps. Rand Merchant Bank (RMB) was lead arranger.

Among the water-related projects to be funded by the bond proceeds are a temporary offshore desalination plant, water pressure management, reservoir upgrades and a scheme for potable water from sewage.

The formal accreditation of green bonds is not a listing requirement in the South African bond market. However, in the wake of the Cape Town issue the Johannesburg Stock Exchange has launched a green bond segment, to provide a platform for companies to raise funds ring-fenced for low-carbon initiatives and for investors to invest in securities "that are truly green".

RMB expressed the belief that, as the first accredited green bond in Africa, the Cape Town deal would set an example for others. In December 2017, the Nigerian sovereign duly issued a N10.7bn ($29.7m) fiveyear CBI-certified green bond.

LEVERAGED FINANCE WINNER: J&J AFRICA TRANSPORT'S $105M LOAN Arranger: Standard Bank Standard Bank is proud of the way in which it supports Africa's private equity sector, as it invests to drive growth in the continent's key sectors. A $105m leveraged loan made from Mauritius and South Africa to logistics group J&J Africa Transport showed what it could do.

J&J was founded in Zimbabwe in 1996, and has grown to become a leading integrated logistics services provider in the southern and central African regions. With 1250 trucks, it engages in cross-border transport of ***agricultural*** and general merchandise, as well as warehousing and customs clearing. Its network covers eastern Democratic Republic of Congo, Malawi, Mozambique, South Africa, Zambia and Zimbabwe.

Private equity house Carlyle and Investec Asset Management became majority shareholders in J&J in 2014, acquiring a 54.3% stake. Carlyle's interest is held by the $700m Carlyle Sub-Saharan Africa fund, which has a particular focus on Botswana, Ghana, Kenya, Mozambique, Nigeria, South Africa, Tanzania, Uganda and Zambia. The Investec holding is via its Africa Frontier Private Equity fund.

In 2017, Standard Bank provided a leveraged finance solution to J&J through its treasury company in Mauritius in the form of $105m in term facilities. These comprised a $52.5m five-year amortising term facility, and a $52.5m five-year bullet facility. They were used to refinance the balance of an existing facility, fund a dividend recapitalisation to provide pre-sale liquidity to the existing private equity shareholders, and finance capital expenditure. Standard Bank entities in Mozambique, South Africa and Mauritius collaborated to execute the transaction.

INFRASTRUCTURE AND PROJECT FINANCE WINNER: NACALA RAILWAY AND PORT CORRIDOR Financial adviser to Vale and Mitsui: HSBC Commercial lenders: ABSA, African Development Bank, Investec, Mizuho Bank, MUFG, Rand Merchant Bank, Standard Bank, Standard Chartered Bank, Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank It took sub-Saharan Africa's largest and most complex infrastructure financing to enable the $5bn Nacala Railway and Port Corridor project to go ahead. Ten banks, three export credit agencies and one development finance institution came on board to provide $2.73bn of debt.

The project involved the construction and rehabilitation of a 912-kilometre single railway line, linking Mozambique's Moatize coal mine (owned by Vale of Brazil and Japan's Mitsui & Co) with a new deep-sea export terminal at Nacala. While Nacala is on the Mozambique coast, the line passes through part of Malawi.

Project benefits included the creation of a new freight and passenger corridor in Mozambique and Malawi, and reduced coal transport costs from mine to port. The railway will support other, mainly ***agricultural*** business along the corridor and create significant employment opportunities in an underdeveloped region.

The line will have the capacity to support 6.6 pairs of trains per day and transport up to 22 million tonnes of coal a year. The concessionaires will also operate two pairs of trains a day for general cargo and one for passenger services. Construction began in December 2012 and was completed in 2017.

Total 13.5-year debt funding of $2.73bn included $400m lent by South African banks and insured by Export Credit Insurance Corporation of South Africa; $1.03bn from Japan Bank for International Cooperation; $1bn lent by Japanese banks and insured by Nippon Export and Investment Insurance; and $300m from African Development Bank.

Bankers acknowledged the extreme complexity of the financing and paid tribute to the 'huge effort' across various parties to ensure that the funding was achieved. "It showcases global sponsors successfully delivering a project in sub-Saharan Africa," said one, "further confirmation that Africa is open for business and investment."

ISLAMIC FINANCE WINNER: NIGERIA GOVERNMENT'S N100BN SUKUK Joint lead managers, financial advisers and bookrunners: FBNQuest Merchant Bank, Lotus Financial Services In 2017, the Nigerian government successfully issued its first sukuk, opening another window for raising funds to close the country's infrastructure gap.

About half of Nigeria's 180 million population are Muslim, so Islamic finance is a natural progression for the increasingly creative funding activities of the national Debt Management Office (DMO). In 2013, Nigeria's Osun State was the first to test the Islamic market, issuing sukuk worth N10bn ($27.8m). The deal was oversubscribed, but there was no follow-up Islamic transaction at either national or state level - until 2017.

The DMO announced ***plans*** to issue a debut N100bn sukuk in the local market last June. It said this was part of the government's ***plans*** to develop alternative funding sources and to establish a benchmark curve for corporates to follow. It would help the government to fast-track infrastructure development by engaging in 'project-tied' capital raising. In this instance, the funds would be used for the reconstruction or building of 25 roads across the country.

The seven-year instrument is structured as a lease and guaranteed by the government. The transaction was not launched until September, when it received N105.87bn in bids from retail and institutional investors, suggesting that the DMO may take this funding route again.

The national budget deficit has been aggravated by lower oil prices, which have reduced government revenues and weakened the naira. That has prompted the DMO to be more inventive in its funding tools. In June 2017, it raised $300m from its first diaspora bond, aimed at Nigerian expatriate retail investors. In November, the sovereign sold a N10.7bn certified green bond, the first African country (and only the fourth in the world) to do so.

LOANS WINNER: M-KOPA'S $55M LOAN Lead arranger and bookrunner: Standard Bank Kenya's M-Kopa, headquartered in Nairobi, provides solar home systems to off-grid customers on an affordable payment ***plan***, and claims to be the global leader in 'pay as you go' energy. With the help of various Standard Bank units, it was able to raise the local currency equivalent of $55m in receivablesbased financing.

Founded in 2010, M-Kopa combines mobile money payments with global system for mobile, or GSM, communication sensor technology to enable affordable consumer financing for solar-powered systems. So far, it has connected more than 500,000 east Africans to safe, clean energy. As a result, its customers can enjoy lighting, phone charging, radio and TV on daily mobile money payment ***plans*** that are lower than the typical cost of kerosene.

M-Kopa's Kenyan and Ugandan subsidiaries have borrowed the local currency equivalent of $40m and $15m, respectively, for four years, to fund the group's expansion in its chosen markets. There is no risk mitigation, such as insurance or thirdparty guarantees.

Stanbic Bank Kenya structured the receivables-based financing deal, arranging the local currency loan from a consortium of lenders, including development finance institutions. Other Standard Bank units in South Africa, the Isle of Man and Uganda were instrumental in completing the transaction.

It was the largest commercial debt facility to date in the pay-as-you-go off-grid energy sector. Stanbic could bring together three development finance institutions to fund local currency facilities, when they typically only lend in major currencies. The Kenyan facility was arranged under the local interest rate cap regime on local currency facilities, which favours more established businesses. This funding will help M-Kopa to provide power to its target of 1 million customers in east Africa by 2020.

M&A WINNER: CARLYLE GROUP'S $872M ACQUISITION OF SHELL GABON Adviser to Shell: Citi Private equity house Carlyle made one of its largest ever investments in Africa by buying Shell Gabon for a possible total of $872m. Citi was the sole mergers and acquisitions adviser to Shell on the deal.

The acquisition continues the current trend of private equity buying mature assets from big oil companies, knowing that they can squeeze just that little bit more out of them. After its £35bn ($49.7bn) takeover of BG Group, Shell promised to unload $30bn of assets by the end of 2018. The Shell Gabon divestment took its running total to about $20bn.

Shell Gabon ***produces*** about 41,000 net barrels of oil a day. The sale includes all of Shell's onshore oil and gas operations and related infrastructure in Gabon, with five operated fields and participation interest in four non-operated fields. Carlyle saw off competition from Perenco, an independent European oil and gas company, to secure the deal.

The actual purchaser is Assala Energy, a Carlyle portfolio company. Capital for the investment will come from two Carlyle funds, one of which is the $2.5bn Carlyle International Energy Partners in its first significant investment. The other is the $698m Carlyle Sub-Saharan Africa fund, which invests in buyout and growth opportunities across Africa.

Assala paid an initial equity consideration of $587m, and assumed a further $285m in debt. Another $150m payment will be contingent on the oil price and oil production. All 430 local Shell employees became part of Assala.

In one of the largest foreign direct investments into Gabon, Assala will focus on increasing margins by cutting costs, and boosting production and reserves with infill wells around existing operations, while Shell will concentrate on its upstream footprint, where it says it can be most competitive.

RESTRUCTURING WINNER: AVESORO RESOURCES' DEBT RESTRUCTURING Lead arrangers: Nedbank, Rand Merchant Bank When Aureus Mining ran into trouble with its New Liberty gold mine in Liberia, it lacked the liquidity to continue operations or to service its debt. Now, it is back in business, with a new shareholder, a restructure of its senior debt and a new name: Avesoro Resources.

The mine was opened in 2015, after its promoters had struggled with a civil war and an outbreak of Ebola. But it quickly ran into teething problems.

Rand Merchant Bank (RMB) had $61m equivalent of exposure to Aureus, split between $49m of senior debt which benefited from credit and political risk insurance from South Africa's Export Credit Insurance Corporation (ECIC), and $12m subordinated debt benefiting from Lloyd's political risk insurance only.

RMB believed there was a probability of accelerating the facilities, claiming against the ECIC policy and a potential loss under the subordinated debt. A search for new equity investment ended with MNG Gold becoming a 55% shareholder.

MNG Gold - owned by Turkish billionaire property developer Mehmet Nazif Günal - has mining operations in Turkey, Burkina Faso and Liberia. Mr Günal, who has wide-ranging interests in construction, tourism and finance, has since injected some $100m of fresh equity into the New Liberty mine.

The debt repayment profile has been restructured, providing more flexibility and time for the issues at the mine to be rectified and for cash flow to be generated. Under the new structure, all previously accrued interest and capital payments are repaid, and the repayment profile and covenant package are better suited to future cash flows.

Importantly for the lender, the debt facilities, including the subordinated debt, now benefit from the personal guarantee of the majority shareholder as well as various corporate guarantees.

SECURITISATION AND STRUCTURED FINANCE WINNER: TRANSSEC 3 (RF)'S R2.5BN SECURITISATION ***PROGRAMME*** Co-arranger and sole bookrunner: Standard Bank Minibus taxis are a way of life in South Africa and SA Taxi Finance Holdings has worked out how to assess credit risk accurately when lending to owners/drivers. Its Transsec vehicles have securitised the resulting auto loans, and the third in this series had a size of R2.5bn ($208.7m).

The minibus taxi industry accounts for 68% of all public transport trips to work in South Africa, and 70% of trips to school, university or other educational institutions, according to official figures. SA Taxi was founded in 1998 for the sole purpose of financing what it saw as the under-served small business market of minibus taxi operators. It sees itself playing a pivotal role in empowering black small, medium and micro-sized enterprises, and by 2017 had provided credit, insurance and allied products to more than 22,000 taxi operators. Transsec, the first in the current series of ring-fenced securitisation vehicles, was a R4bn asset-backed note ***programme*** launched in 2014. The notes were rated by Standard & Poor's and listed on the Johannesburg Stock Exchange. Transsec 2, another R4bn ***programme***, was launched the following year.

Transsec 3's smaller issuance amount was limited by the volume of available SA Taxi assets. This did, however, allow it to tighten spreads, all of which were tighter than guidance and within levels achieved in previous Transsec deals.

SA Taxi insists that each taxi it finances is fitted with a vehicle-tracking device. That, and its relationships with taxi associations, operators and commuters, gives it a unique insight into credit underwriting, it says. Key features of Transsec 3 include a more efficient capital structure, and a broader note offering that includes both term instruments (three-and five-year maturities) and money market instruments (less than one year).

AMERICAS BONDS: CORPORATE WINNER: BRASKEM'S $1.75BN BOND Bookrunners: BNP Paribas, Crédit Agricole CIB, Itaú BBA, Morgan Stanley, Santander, SMBC Nikko, UBS After a long absence, Braskem pulled off one of the biggest private sector bond deals ever from Brazil. And it was able to price its dualtranche new issue inside its existing curve. Braskem ***produces*** a diversified portfolio of petrochemical and thermoplastic products, with a ***strategic*** focus on thermoplastic resins. It is, in fact, the largest ***producer*** of thermoplastic resins in the Americas, as well as being Brazil's only domestic ***producer*** of ethylene, polyethylene and polypropylene.

While the company has 29 plants in Brazil, it has another six in the US, two in Germany and four in Mexico.

As an issuer, Braskem had not visited the international bond markets for nearly four years. So it decided to conduct a roadshow in order to reprofile the credit, pave the way for a new issue, and rally the secondary market as more investors were reminded of the good story it had to tell.

With a focus on investment-grade accounts in particular, teams visited New York, London, Boston and Los Angeles over two days. During the roadshow, Braskem compared the credit to global peers such as LyondellBasell, highlighting the attractive relative value of the company.

After positive feedback, the company announced a dual-tranche deal with initial price thoughts around the 4% area for a new long five-year, no-grow $500m bond and 5% area for a long dollar benchmark 10-year tranche. The demand from real money accounts was impressive, and the order books reached $8bn.

Guidance was tightened to the 3.75% area plus or minus 5 basis points (bps) for the five-year tranche and 4.75% plus or minus 12.5bps for the 10-year tranche, and the deal was eventually priced to yield a respective 3.7% and 4.625%. That represented new issue premia of -5bps and -10bps, respectively.

BONDS: SSA WINNER: ARGENTINA'S $2.75BN CENTURY BOND Joint bookrunners: Citi, HSBC Co-managers: Nomura, Santander Argentina has defaulted on its debt eight times since 1828, yet it keeps coming back to market and investors keep buying the paper. Now it has managed to sell its first 100-year bond - sub-investment grade - for which demand outstripped supply more than three times over.

Argentina's last default was as recently as 2014. But after a reforming pro-business government came to power, it came back in spectacular style in April 2016 with a fourtranche $16.5bn deal, attracting orders of $69bn. The century bond must be viewed in the context of this new confidence in the government's economic policies.

This was the second emerging market sovereign to issue a 100-year bond. The first was also from Latin America - Mexico, which issued in 2010, and tapped in 2011. According to HSBC, the transaction was first mooted after investors expressed interest. In April, Standard & Poor's upgraded Argentina from B-to B. It was decided to execute an intra-day transaction, to minimise exposure to potential market volatility. On a June day, early morning New York time, Argentina announced a 144A/Reg S US dollar century bond with initial price thoughts in the 8.25% area for a benchmark size transaction. The deal was very well received by the market, with the order book reaching more than $10bn from nearly 400 accounts.

Unusually, given the strong appetite and the duration offered, Argentina was able to bypass a revised guidance stage. Instead, it moved directly to announce a $2.75bn deal, with a coupon of 7.125%, priced to yield 7.917%. This was the largest 100-year transaction on record, and the first to be sold by a sub-investment-grade issuer.

BONDS: FIG WINNER: PACIFIC LIFE'S $750M SURPLUS NOTES AND TENDER OFFER Dealer managers on tender offer: Citi, Credit Suisse, Goldman Sachs.

Bookrunners on bond: Barclays, Citi, Credit Suisse, Wells Fargo Pacific Life set a new benchmark for surplus notes, with a new structure that optimises its capital profile while avoiding the significant carry costs associated with bullet instruments.

Surplus notes are hybrid instruments issued by insurance companies, deeply subordinated but, from Standard & Poor's, receiving 100% capital credit until 20 years before maturity. Historically, they have been issued in bullet format - say, 30-year or 60-year. But this format is inferior as the issuer loses capital credit while still having to pay 20 years of fixed-rate coupons at the back end.

Earlier callable structures have tried adding a call date at year 10 or 20, but these generated little demand. Credit Suisse says it devised the 50-year non-call 30-year structure with a 100 basis points (bps) step-up to avoid these carry costs at the back end. The structure generates a superior S&P capital profile to a 30-year bullet at no additional cost, it says. The step-up gives Pacific Life an additional incentive to call after year 30.

The financing was carried out at the same time as a tender offer, targeting all outstanding senior and surplus notes for both Pacific LifeCorp and Pacific Life Insurance Company. The tender enjoyed a 'high' participation rate, in spite of being a repeat offer for the 2039 security, the highest coupon security in the pool. It was upsized from $500m to $573m.

The surplus note issue was also upsized, from $500m to $750m, and priced at 4.3% or T+150 basis points (bps), in from initial price talk of T+170bps. This was the tightest coupon in the company's history for a senior unsecured or surplus note offering.

EQUITIES WINNER: CFE'S IPO Financial adviser to CFE: Evercore Joint global coordinators: Evercore, Goldman Sachs Bookrunners: Barclays, BBVA Bancomer, Morgan Stanley, Santander The initial public offering (IPO) of CFE's Fibra-E opened Mexico's public energy sector to a new form of financing. It was also the first time that this new asset class could be bought and traded by international investors.

A Fibra is Mexico's version of a real estate investment trust. The Fibra-E is a refinement of this, designed to encourage investment in energy assets. Like a master limited partnership in the US, it allows outside investment in assets with tax breaks for investors. While some Mexicans see this as privatisation by the back door, the companies retain control of the assets in the Fibra-E. The Fibra-E was officially introduced in 2015, but has taken some time to get going. Comisión Federal de Electricidad (CFE) is Mexico's state-owned electricity utility and, together with oil company Pemex, an obvious candidate for a Fibra-E. It acknowledges the time-consuming difficulties of preparation, which included various legal and regulatory changes, as well as the painstaking process of separating assets and revenues prior to placement in a trust. By February 2018, CFE was finally ready to come to market.

The IPO was an all-primary offering of 750 million shares plus an over-allotment option of 112.5 million shares. As the first Fibra-E to be publicly traded in international markets, it attracted interest from investors in the US, Canada, UK, Chile and Australia, among others.

Market volatility towards the end of the roadshow did not help, but the transaction was ultimately oversubscribed. Initial demand was said to have been above 25bn pesos ($1.31bn). Proceeds ultimately totalled 16.38bn pesos, with the exercise of the overallotment option. Local investors took 67% of the deal, with Mexican pension funds to the fore, while international investors bought 33%.

GREEN FINANCE WINNER: TERNA'S $81M GREEN LOAN Financiers: BBVA, Inter-American Development Bank The world's first green loan with a project finance structure was signed by Italian transmission system specialist Terna with Inter-American Development Bank (IDB) and BBVA. It will be used to build a renewable energy transmission line in Uruguay. Terna is the largest independent transmission system operator in Europe. It manages Italy's high-voltage transmission grid, and operates more than 72,000 kilometres of transmission lines. Among electricity sector companies, it has a solid reputation for environmental, social and corporate governance (ESG) and is included in international sustainability indices such as the Dow Jones Sustainability and FTSE4Good families.

The funding has two tranches. Loan A is for $56m, from the IDB with a 17-year tenor, while the $25m loan B was entirely subscribed by BBVA. This will allow Terna to build a 213-kilometres transmission line between a substation in the city of Melo and a future substation in Tacuarembó in northeast Uruguay. The line will connect projects for the generation of renewable energy to the country's electrical grid, and is key to ensuring the current and future reliability of the national electricity system in Uruguay.

Once constructed, the line will be leased to UTE, Uruguay's state-owned utility, for a period of 30 years, in return for a monthly tariff. UTE will be responsible for operation and management of the line, and will have the right to acquire it at the end of the operating lease agreement.

The entire financing has been defined as a 'green loan' by Vigeo Eiris - an agency that provides independent ESG ratings. Vigeo Eiris considers the loan to be in accordance with the Green Bond Principles.

LEVERAGED FINANCE WINNER: GOLDEN NUGGET'S $4.6BN FINANCING PACKAGE Bookrunners: Capital One, Citi, Citizens Bank, Deutsche Bank, Jefferies, Keybank, Rabobank Texas billionaire businessman Tilman Fertitta wanted to buy the Houston Rockets basketball team - price $2.2bn. What followed was a mammoth and complex $4.6bn financing to fund one of the largest dividend recapitalisations ever. Jefferies was left lead arranger (and financial adviser on the subsequent Rockets purchase).

Mr Fertitta owns restaurant and gaming businesses that were previously financed separately - principally Landry's, a 623-unit restaurant chain, and Golden Nugget, which owns and operates casinos. Jefferies recommended merging these into a single combined company, Golden Nugget Inc (GNI), and then refinancing GNI to generate a $1.6bn distribution. Meanwhile, restrictions governed by existing notes had to be adhered to.

The eventual financing package had four main elements: a $35m incremental revolving credit facility added to an existing $200m revolver; a $1.05bn add-on to an existing $1.28bn senior secured covenantlite first lien term loan; a $745m tap of an existing $600m 6.75% senior note issue due 2024; and $670m of 8.75% senior subordinated notes due 2025.

To facilitate the deal, an existing $1.48bn secured credit facility had to be amended, requiring a 100% vote.

The tap and the subordinated issue were well received by the debt capital markets and oversubscribed. The spread on the term loan, which priced at par, was tightened by 25 basis points.

Constraints included an accelerated timeline, given the client's desire to complete before the start of the basketball season. Hurricane Harvey struck Houston just before transaction launch, and Hurricane Irma hit Florida during syndication. GNI had significant restaurant exposure in both places. Success was supported by the company's record of strong free cash flow generation, and by significant asset protection. Eschewing sale and leaseback, the company owns most of its sites outright.

INFRASTRUCTURE AND PROJECT FINANCE WINNER: RUTA AL MAR TOLL ROAD Financial adviser to Construcciones El Cóndor: BTG Pactual Bookrunner and structurer of global-peso bond: Goldman Sachs Funding banks: Bancolombia, CAFAshmore, National Development Bank The $491m-equivalent financing of the Ruta al Mar toll road was the first private initiative project in Colombia to be financed internationally. It included a Colombian peso bond with an investment-grade global rating.

In 2015, Construcciones El Cóndor was awarded a 34-year 'private initiative' concession to build or improve and operate 491 kilometres of road connecting the Colombian departments of Antioquia, Cordoba, Sucre and Bolivar. The roads link the Caribbean region, the Pacific coast and the country's centre.

As a private initiative under Colombia's fourth-generation toll road ***programme***, the project does not receive government contributions or traffic top-up payments. The project is full traffic risk, backed only by the cash flow from toll collection.

BTG Pactual designed a special mechanism, the autonomous support sub-account (ASA), to fund an account that will compensate the concessionaire for certain risks. Created as an independent account in a concession trust, the ASA was key to the granting of investment-grade Baa3/BBBbond ratings by Moody's and Fitch.

New toll stations were installed prematurely to mitigate non-instalment risk, and their collections will fund the ASA until all of the road's eight functional units are completed.

The financing package included a Reg S/144A bond and three credit facilities by local banks. The 26.2-year Colombian peso bond raised 552bn pesos ($174m) at the inflation index plus 6.75%. The 1472bn pesos credit facilities were in three tranches: a 14.2-year Bancolombia loan of 280bn pesos; a 9.7-year National Development Bank loan of 400bn pesos; and infrastructure debt fund CAF-Ashmore's inflation indexdenominated 270bn pesos-equivalent tranche with a 20.2-year tenor.

Thanks to an atmosphere soured by Latin America corruption scandals, Ruta al Mar was the only project to achieve financial closure and disbursement in Colombia in 2017.

LOANS WINNER: CERRO VERDE'S $1.5BN LOAN Joint lead arrangers and bookrunners: BNP Paribas, Citi, HSBC, MUFG A $1.5bn syndicated loan to the Cerro Verde copper mine in Peru was one of the largest clean, unsecured financings to date for a single asset mining company in Latin America. It was designed to refinance an existing term loan of 2014.

Cerro Verde is Peru's largest copper mine, some 30 kilometres south-east of Arequipa. Copper was first discovered there in the 19th century, and the present mine has been operating since 1972.

The borrower, Sociedad Minera Cerro Verde, is owned jointly by US miner Freeport-McMoRan (53.6%), Japan's Sumitomo Metals & Mining (21%) and Peruvian miner Buenaventura (19.6%). The free float balance of 5.8% is traded on the Lima Stock Exchange.

The mine, which boasts the industry's largest copper concentrator, ***produces*** 450,000 tonnes of copper annually, with molybdenum as its main by-product. Its last major expansion was completed in 2015, funded by a $1.8bn five-year term loan.

That too was a milestone deal, both in Peru, where it was the largest syndicated loan by any borrower for some years, and in Latin America, where it was among the biggest ever by a miner. Bankers liked the asset and the diversity factor and lined up to participate.

When this needed refinancing, the borrower turned to many of the same leads. The result was a $1.5bn five-year senior unsecured loan with 19 banks from the US, Canada, Europe, Australia and Asia. The transaction was oversubscribed, with more than $1.9bn commitments, even though copper prices had been having a volatile few months.

Bankers say that a seamless execution, under a corporate structure, allowed an efficient closing, securing funds to refinance the existing debt of the project, extending the maturity profile. Once again, it was the largest syndication for a Peruvian borrower for some years.

M&A WINNER: POTASHCORP AND AGRIUM'S MERGER OF EQUALS Advisers to Potashcorp: Bank of America Merrill Lynch, RBC Capital Markets Advisers to Agrium: Barclays, CIBC Capital Markets There are many so-called 'mergers of equals' but nearly always, in reality, one party acquires and the other is acquired. When the Potash Corporation of Saskatchewan (PotashCorp) wed Calgary's Agrium, they worked hard to achieve real equality. But it did not come quick.

Canada's two biggest fertiliser businesses merged to form Nutrien, the largest integrated global crop nutrient company in the world. The all-stock agreed deal was announced in September 2016, but it would be another 16 months before it closed in January 2018.

The merger offered various synergies and was strategically complementary. PotashCorp was a major supplier of potash and other fertilising minerals, while Agrium was a leader in nitrogen products with a strong retail network. The deal promised up to $5bn in value creation from synergies, implying perhaps a 20% upside to equity value. Both management teams promised their shareholders proportionate participation in any synergies and value creation. Accepting it would be difficult to structure and execute, the companies negotiated in the spirit of a true merger of equals. PotashCorp shareholders ended up with 52% of the new company and Agrium shareholders 48%, but the share exchange ratio was structured so that neither company was the structural acquirer.

Governance and management was equitably split. Agrium's CEO became CEO of Nutrien, but its registered office is in Saskatoon, PotashCorp's home town.

The deal had to work its way through what one observer called "a Byzantine series of shareholder and regulatory approvals". One hold-up came from the Competition Commission of India, which ordered the divestment of certain minority shareholdings.

Other regulatory approvals came from the likes of China, Brazil and Russia before the merger, and the Nutrien name, finally became official at the start of 2018.

RESTRUCTURING WINNER: OI'S $20BN RESTRUCTURE Adviser to bondholders: Moelis & Co In what was claimed to be the biggest ever restructuring in Latin America, a $20bn restructuring ***plan*** for Oi, the troubled Brazilian telecoms operator, was approved by almost 100% of creditors.

Failure to keep up with an evolving market, a disruptive merger and senior management changes had created a spiralling debt issue at Oi. In the second quarter of 2016, the company began talks with creditors in an attempt to restructure its $20bn debt. Moelis was instrumental in putting together the initial ad hoc group (AHG) of bondholders. The AHG quickly agreed a ***plan*** with Oi's management, but the board refused to accept it, because it would have cut shareholders' stakes dramatically.

Oi's CEO resigned and was replaced, and Oi filed for bankruptcy. Apart from management and the bondholders, stakeholders now included state-owned banks, telecoms regulator Anatel (also a significant creditor and the only hold-out in approving the eventual restructuring), the Brazilian government (keen on a rapid solution) and, finally, the Oi board and shareholders. Importantly, a Brazilian activist investor had acquired an equity stake, increasing his influence over the board.

In Brazil, only the company can present its restructuring ***plan*** in court. Oi's first ***plan*** of reorganisation was filed in September 2016. It preserved equity interests at the expense of creditors, who rejected it. This equity/debt and board/management standoff continued until November 2017, when the new CEO resigned, citing death threats from unidentified third parties.

The judge finally broke the logjam by empowering Oi's general counsel to take charge of the process and present a ***plan*** to the court regardless of the board's approval. Creditors will receive up to 75% of Oi's equity, in return for a capital injection of $1.2bn. Brazil now ***plans*** changes to its bankruptcy laws.

SECURITISATION AND STRUCTURED FINANCE WINNER: PACIFIC ALLIANCE'S $1.36BN CATASTROPHE BOND Bookrunner: Citi The International Bank for Reconstruction and Development (IBRD) has pushed the boundaries of the catastrophe (cat) bond market by issuing the largest sovereign risk transaction ever seen. Its $1.36bn capital at risk (CaR) notes will provide earthquake protection for Chile, Colombia, Mexico and Peru, all members of the Pacific Alliance.

This was the first cat bond transaction for three of the parties - Chile, Colombia and Peru. Investors were keen to take on the risk. The transaction attracted $2.5bn of demand from more than 45 investors, allowing the deal to be increased from an original size of $1bn to $1.36bn. That is all the more impressive given that 2017 was a terrible year for catastrophe loss, not least in Mexico. The country's most recent catastrophe bond was triggered by an earthquake off the southern state of Chiapas, and paid out $150m.

Nonetheless, each of the five tranches, including a class A and class B for Mexico, was upsized and priced under the low end of initial guidance. The pricing was threemonth US dollar Libor, minus a 0.2% funding margin, plus an individual risk margin or premium for each tranche. The Chile tranche, which started at $300m, grew to $500m, paying a 2.5% premium. For Colombia, $300m grew to $400m with a 3% premium. Mexico A grew from $140m to $160m, priced at a 2.5% premium. Mexico B went from $85m to $100m, with a 8.25% premium. And Peru's tranche grew from $175m to $200m, paying a premium of 6%.

The notes for Chile, Colombia and Peru have a three-year term, with two years for Mexico. The triggers are parametric and depend on data provided by the US Geological Survey. The deal is the biggest ever IBRD CaR notes transaction, the biggest earthquake cat bond and the biggest parametric cat bond.

ASIA-PACIFIC BONDS: CORPORATE WINNER: TENCENT'S $5BN FOUR-TRANCHE BOND Joint global coordinators and joint bookrunners: Bank of America Merrill Lynch, Deutsche Bank, HSBC Joint bookrunners: ANZ, Bank of China, BNP Paribas, China Merchants Securities (HK), Credit Suisse, Goldman Sachs, JPMorgan, Mizuho, Morgan Stanley, MUFG When it comes to retail finance in China, traditional lenders have been sidelined by two technology companies: Ant Financial, an affiliate of e-commerce giant Alibaba, and internet conglomerate TenCent. Together they dominate the country's $5500bn payments industry and are the world's best examples of tech firms getting an edge over banks.

In truth, TenCent's market share has always trailed that of Ant Financial, which launched around a decade earlier. But over the past 12 months, TenCent has closed in on its more-established rival. It recently convinced Wal-Mart to switch to its e-payments services, it has a faster growing customer base, and its landmark bond issuance earlier in 2018 shows it holds just as much sway with debt investors.

On January 11, TenCent raised $5bn in the international bond markets via a hugely successful four-tranche deal. The multi-part issuance consisted of $1bn of five-year fixed tranche, $500m of five-year floating rate notes, $2.5bn of 10-year fixed notes and $1bn of fixed-rate 20-year notes. The order book reached more than $40bn, which allowed pricing of each tranche to tighten by 25 to 30 basis points from initial price guidance. Alibaba had to pay more for the 10-and 20-year notes it sold in November 2017.

The deal marked TenCent's return to international bond markets after a threeyear absence, its debut sale of 20-year notes and its largest international bond sale to date. Furthermore, the deal was timed to perfection, launching less than two weeks after the implementation of US tax changes that make it easier for US tech companies to repatriate cash they have hoarded overseas. The reforms mean they should have less need to tap the bond markets, which arguably increased US demand for TenCent's deal. Indeed, more than half the notes were sold to US investors.

BONDS: SSA WINNER: CHINA'S $2BN SOVEREIGN BOND Lead managers and bookrunners: ***Agricultural*** Bank of China (Hong Kong), Bank of China, Bank of Communications (Hong Kong), China Construction Bank (Asia), CICC, Citi, Deutsche Bank, HSBC, ICBC International, Standard Chartered The Chinese Ministry of Finance has little need to tap the international debt markets. Its $9300bn local bond market is the third biggest in the world and it has more than $3000bn in foreign exchange reserves. Nonetheless, it made the ***strategic*** decision to sell $2bn-worth of Eurobonds in October 2017.

The Reg S senior unsecured deal was split between a $1bn five-year tranche and $1bn 10-year tranche. It was China's first foreign currency bond since 2004 and was more than 10 times oversubscribed. This allowed pricing to tighten 15 to 25 basis points (bps) from initial price guidance to finish 15bps over the five-year Treasury rate and 25bps over the 10-year Treasury rate, respectively.

It was an opportunistic move, designed to take advantage of low US interest rates to lessen borrowing costs for Chinese firms - particularly the country's state-owned enterprises, which in recent years have raised substantial volumes in the international bond markets. In this sense, the deal was a success. It achieved one of the tightest reoffer spreads globally for dollar-denominated five-year and 10-year unrated bonds, and the tightest re-offer spread for an Asian (excluding Japan) sovereign issuer at these tenors. It sets an enviable sovereign curve for Chinese borrowers.

The allocation was geographically diverse. Some 52% of the five-year tranche was taken up by Asian accounts, while 28% and 20% were placed with Europeans and offshore US buyers, respectively. Forty-seven percent of the 10-year notes were placed in Asia, 34% in Europe and the remaining 19% with offshore US buyers.

In terms of investor type, fund managers accounted for more than half of both tranches, while public sector investors bought 11% of the five-year notes and 16% of the longer tenor.

BONDS: FIG WINNER: POSTAL SAVINGS BANK OF CHINA'S $7.25BN ADDITIONAL TIER 1 CAPITAL Bookrunners: Bank of America Merrill Lynch, CICC, Crédit Agricole CIB, China Merchants Securities (Hong Kong), DBS, Goldman Sachs, HSBC, Haitong International, Huarong Financial, ICBC Asia, JPMorgan, Morgan Stanley, Ping An of China Securities (Hong Kong), UBS The sale by Postal Savings Bank of China (PSBC) of $7.25bn-worth of additional Tier 1 capital (AT1) in September 2017 was a landmark event for the issuer and the market at large. For PSBC, not only was this its first dollar-denominated AT1 - a type of lossabsorbing capital required under Basel III - it was also the bank's debut in the international bond markets. Having opened its doors just 11 years ago, this regulatory capital issuance is a leg-up for one of the world's youngest, large commercial banks, which has significant growth potential.

The deal broke a string of bank capital and bond market records. It was the world's largest international debut bond, the biggest ever international capital issuance by a Chinese bank, and the biggest Reg S sale to date. The perpetual non-call five-year notes represent Asia's biggest single tranche international bond and the world's biggest single-tranche AT1.

The timing was advantageous in that it capitalised on a global AT1 rally which saw spreads tighten to record lows. On the flip side, the bookbuilding coincided with Standard & Poor's downgrading China's sovereign rating (for the first time in eight years) from AA-to A+ due to its debt burden. Bookrunners also had to deal with slightly softer market sentiment following a US Federal Open Market Committee meeting.

Nonetheless, the issuance was nearly two times oversubscribed - impressive given this was a debut and the large deal size. The coupon was set at 4.5%, which represented a tightening of 35 basis points from initial guidance. That made it the lowest coupon and tightest spread for a Chinese AT1. Such an achievement in a debut deal reflected the seamless execution and investor confidence in the bank's capital profile.

EQUITIES WINNER: AVENUE SUPERMARTS' RS18.7BN IPO Sole global coordinator and bookrunning lead manager: Kotak Mahindra Bank Bookrunners: Axis Capital, Edelweiss, HDFC Bank, ICICI Securities, Inga Capital, JM Financial, Motilal Oswal, SBI Capital India is now the world's fastest growing large economy. Even more encouraging for its financial development is the fact its capital markets are keeping pace. Analysts expect the country's stock market capitalisation to treble over the next decade to reach $6000bn. Foreign investors looking to bet on Indian growth and development saw the country's benchmark indices hit record highs in early 2018.

It stands to reason that 2017 was a blockbuster year for Indian initial public offerings (IPOs). T he highlight was Avenue Supermarts' listing on the Bombay Stock Exchange and National Stock Exchange. The owner of D-Mart, one of the country's biggest hypermarket chains, raised Rs18.7bn ($288m) from its March 2017 flotation, which was more than 100 times oversubscribed. It attracted the second highest volume of orders in the history of Indian IPOs. Shares were priced at the top of the initial price range and since then have continued to soar, defying the market correction seen in recent months.

The IPO's success is testament to the bookrunners and the issuer's impeccable credentials. The banks leading the deal secured a suite of top-tier local and international anchor investors, some of which were participating in the same deal for the first time. The banks achieved a 99% strike rate from one-on-one meetings conducted on a roadshow throughout Asia, the US and Europe.

The issuer's financial profile was also a drawcard. It had grown profits over the preceding five years, decided to expand its footprint selectively throughout the country's south and central region, and focused on a well-defined target customer base. This provides a model for the country's other retailers, many of which have suffered from growing too fast and offering too many produc ts. Funds raised by Avenue Supermarts have repaid, or pre-paid, borrowings, allowing it to reduce its debt costs. The remainder has been earmarked for the construction of new stores.

GREEN FINANCE WINNER: NEERG ENERGY'S $475M GREEN BOND Joint global coordinators and bookrunners: Bank of America Merrill Lynch, Goldman Sachs, HSBC, JPMorgan, UBS Co-manager: Kotak Mahindra Bank Asia's green bond continues to mature, with landmark deals out of Singapore and China. But in choosing the winner of this category, it was impossible to look past a $475m issuance by a subsidiary of India's ReNew Power. India almost doubled its green issuance volumes in 2017 to reach $4.3bn, yet ReNew Power is one of only a handful of corporates to tap the international market. The renewable energy group did this via a five-year non-call three bond sold by its offshore subsidiary Nerg Energy.

The deal relied on an innovative structure. Nerg Energy was set up as a Mauritian special purpose vehicle to sell the dollardenominated notes. The proceeds were then used to subscribe to masala bonds (rupeedenominated notes issued outside of India) issued by ReNew Power's operating subsidiaries in India. This unprecedented structure allowed the group to access the very large dollar-focused investor base while protecting its subsidiaries from foreign exchange risk. The dollar-denominated bonds are secured by the underlying masala bonds, which means end investors are exposed to the ReNew group's underlying credit.

Its novelty did not get in the way of a strong market reception. The February 2017 deal was upsized $25m from an original target of $450m and the coupon set at 6%, down from initial guidance of 6.375%.

Proceeds from the notes, which were certified by global standard-setter the Climate Bonds Initiative, will be used by ReNew Power's various subsidiaries in line with the group's newly established green bonds framework. The deal creates another avenue via which corporates can raise green finance. Given India is one of the world's most polluted countries, and the fact green investment from foreign investors is critical to meeting the government's ambitious clean energy targets, the private sector should look to follow ReNew Power's precedent.

INFRASTRUCTURE AND PROJECT FINANCE WINNER: PT PAITON ENERGY'S $2BN PROJECT BOND Joint global coordinators and bookrunners: Barclays, HSBC Joint bookrunners: Citi, DBS, Deutsche Bank Project sponsors must lament Basel III. The capital accord made long-dated financing prohibitively expensive for many banks, making it harder to source funding for public utilities, energy projects and the full array of infrastructure. The silver lining has been the project bond market, which has flourished as institutional investors become accustomed to the unique risks associated with project finance.

Not all regions, however, have benefited. Up until 2017, Asia had not seen a publicly sold project bond for two decades. The drought was ended by PT Paiton Energy, one of Indonesia's biggest independent power ***producers***, in August when it sold $2bnworth of notes split across a $1.2bn 13-year tranche and a $800m 20-year tranche.

Both tranches are amortising, meaning the principal is gradually repaid over the life of the bond. This eliminates refinancing risk and means the project company's debt obligations match its underlying cashflows. The bonds were rated Baa3 by Moody's and BBBby Fitch, making it the first investmentgrade issuance from Indonesia's private sector. This was thanks to the amortising feature, the tranches being sized to manage the project's debt service coverage ratio throughout its life cycle, and a long-term offtake agreement with state-owned electricity firm PLN.

The deal drew more than $9bn of orders and priced at 4.625% (for the 13-year tranche) and 5.625% (20-year tranche) after tightening substantially. The bonds were accompanied by a $750m dual-currency six-year term loan, which was Indonesia's longest dated corporate loan since the financial crisis.

Via this deal, PT Paiton Energy has set an important precedent for other sponsors seeking to diversify their funding base. Not only does it set a benchmark for project bond pricing and documentation, it also confirms that investors are willing to accept amortising structures and project bond risk in Asia.

LEVERAGED FINANCE WINNER: BELLE INTERNATIONAL'S HK$28BN SENIOR SECURED FACILITIES Sole initial underwriter and mandated lead arranger: Bank of America Merrill Lynch Mandated lead arrangers: ANZ, Bank of China (Hong Kong), China Citic Bank (Shenzhen), China Minsheng Banking Corp (Hong Kong), China Merchants Bank, DBS, ICBC Asia, MUFG Asia's leveraged finance market trails far behind that of the US and Europe in size and sophistication. It is fragmented along national borders (much like Europe was 25 years ago) and banks still provide most of the liquidity. As a market in its early stages of institutionalisation, it often lacks the excitement of US and European-leveraged finance. Yet in 2017 it generated a handful of standout and sizeable deals that show the asset class is developing. The highlight was the financing for the take-private of Belle International, China's biggest shoe retailer. In April 2017, a consortium led by Chinese private equity firms Hillhouse Capital Group and CDH Investments announced its intention to acquire the company, which was listed on the Hong Kong Stock Exchange for HK$53.1bn ($6.8bn).

The biggest sponsor-led acquisition of 2017, and Asia-Pacific's biggest ever sponsorled take-private, closed in August 2017. Such an ambitious deal would not have been possible without an equally impressive financing package, the lynchpin of which was Bank of America Merrill Lynch (BAML).

BAML solely underwrote HK$28bnworth of senior secured credit facilities needed to back the deal. It consisted of a HK$21.5bn five-year amortising term loan and a HK$6.5bn bridge loan. BAML deserves much credit for the deal's success. The financing was in place when the consortium announced its offer, notwithstanding the fact that Belle's physical shoe-shops are facing stiff competition from e-commerce. It is Asia-Pacific's biggest sponsor-led acquisition financing to be solely underwritten, and was followed by a slick syndication, which completed well ahead of the deal's funding and was oversubscribed. Ten other lenders bought into the deal, including several international banks that were new to the buyer consortium and relatively infrequent participants in leveraged financings.

ISLAMIC FINANCE WINNER: IHSAN'S RM100M SUSTAINABLE AND RESPONSIBLE INVESTMENT SUKUK Sole lead arranger: CIMB Lead manager: Maybank Investment, RHB Investment Over the years, Khazanah Nasional has made a name for itself as a leader in Islamic finance. The Malaysian sovereign wealth fund is in the vanguard of innovation when it comes to sukuk, a good example being its sale of the country's first sustainable and responsible investment (SRI) sukuk back in 2015 via special purpose vehicle Sukuk Ihsan.

In August 2017, Khazanah built on this via Sukuk Ihsan's second SRI issuance, the proceeds from which went to Trust Schools ***Programme*** (a not-for-profit foundation that improves children's access to education across the country). While Ihsan's first sukuk was sold exclusively to institutional investors, this latest deal included a retail tranche. The RM100m ($25.8m) transaction consisted of a RM95m institutional tranche as well as a RM5m exchange-traded tranche. It is the first time retail investors have been able to buy SRI sukuk, and gave Malaysian citizens the opportunity to make a social impact via their investments.

In another first, individuals could buy into the deal via a crowdfunding platform, and it allowed people to invest as little as RM10. Both tranches of the seven-year notes were oversubscribed. The coupon and principal repayment changes depending on whether key performance indicators (KPI) regarding the Trust Schools ***Programme*** - including student outcomes and teachers' performance - are met. If the KPIs are fulfilled, the coupon is 4.2% and small portion of the principal is repaid in tax vouchers. If the KPIs are not met, the coupon is 4.6% and investors are entitled to full repayment at maturity.

Though small, this transaction sets a new benchmark for connecting retail money with social impact ***programmes*** and giving individuals access to local capital markets.

LOANS WINNER: JD.COM'S $1BN SYNDICATED LOAN Mandated lead arrangers and bookrunners: Bank of America Merrill Lynch, Bank of China (Hong Kong), Deutsche Bank, Standard Chartered For many years, Alibaba has dominated China's massive e-commerce market, which is the world's biggest. But lately its main competitor, [*www.JD.com*](http://www.JD.com), has upped the ante. It is nibbling away at Alibaba's market share, investing in a cloud-based platform and eyeing expansion into Europe.

With such ambitions, JD decided it was time to turn to the international loan market. In September 2017, it hired banks to arrange its debut syndicated loan facility, with a target of $500m. Observers noted that JD had not posted an annual profit since becoming a public company in 2014, but this did not impede the deal's success.

The mandated lead arrangers (MLAs) targeted banks that were active in the telecommunications, media and technology sectors. Plus, an early bird fee was offered with the hope some lenders would commit soon after launch. These tactics worked. The deal received significant interest in its first week of syndication. By the time the deal closed in December, the MLAs received commitments from 18 lenders, including international names with no prior history with JD.

It was well oversubscribed, which allowed the MLAs to exercise their greenshoe option and double the size of the deal. The $1bn senior credit facilities consisted of a $450m term loan and $550m revolving credit facility. The lenders were right to look past JD's profitability woes as three months after the deal closed, JD announced it had posted a profit in 2017. The loan was a vote of confidence in JD, and in turn, helped boost competition in the global e-commerce market.

M&A WINNER: ROSNEFT'S $12.9BN ACQUISITION OF ESSAR OIL Financial adviser to EGFL: VTB Capital August 17, 2017, marked the completion of a historic transaction for Russia, India and two of their biggest resource companies. The $12.9bn takeover of Mumbai-based Essar Oil by a consortium led by Rosneft was Russia's largest ever foreign investment as well as India's biggest inbound investment. For Russo-Indian business relations, it was nothing short of a landmark event.

For the parties themselves, the deal made clear business sense. The seller, Essar Group, was heavily indebted and the sales proceeds allowed it to substantially delever its subsidiaries balance sheets. The sale of Essar Oil led to a $11bn reduction in groupwide debt, a win for the company as well as its lenders.

For Rosneft and its fellow consortium members, European commodities trader Trafigura and Russian fund UCP, the acquisition gave them access to India's energy market (the fastest growing in the world) and a platform from which they can expand throughout the region. It saw Rosneft, one of the world's biggest oil companies, take ownership of its first refinery in Asia.

Every stage of the transaction had its challenges. To secure the deal, it is rumoured that Rosneft had to fight off competition from the likes of Saudi Aramco. Since Rosneft is state-owned, once the deal was agreed it had to be financed and structured in a way that did not fall foul of EU sanctions. Completion took 10 months from signing and two years from the parties agreeing a nonbinding term sheet. As a condition precedent, the target's creditors needed to approve the deal. It was widely reported that a handful of lenders were reluctant to give their sign-off, which delayed completion. The acquisition was a test of endurance, and a credit to those who made it happen.

RESTRUCTURING WINNER: MONGOLIA MINING CORPORATION'S $900M RESTRUCTURE Financial adviser to ad hoc committee of bondholders: Moelis Financial adviser to Mongolia Mining Corp: JPMorgan, SC Lowy The Mongolia Mining Corporation (MMC) has been a pioneer in the development of the country's financial sector. In 2010 it became Mongolia's first corporate to list on the Hong Kong Stock Exchange, and two years later the first to issue dollar-denominated bonds. In 2017, it posted another notable (though perhaps less desirable) achievement - being the first company to restructure an offshore bond.

MMC's financials started to suffer in 2015 when coking prices plunged, its bonds started trading around 16 cents on the dollar and it missed a coupon payment. At the same time, it was trying to win the concession to develop the country's biggest coal deposit. MMC would only be awarded the concession if it were financially sound, which made a successful bond restructure critical.

There was disagreement between bank creditors and noteholders about their respective rankings, and during negotiations one of the creditors decided to enforce. This led to PwC being appointed as a light-touch provisional liquidator to oversee the process. The restructure of about $900m-worth of debt consisted of a debt-for-debt exchange, the issuance of new debt and equity and the consensual restructure of a senior secured loan facility and promissory notes.

The most innovative part of the new capital structure was a bond structured to be part payment-in-kind and part-cash coupon. The cash coupon was linked to the price of coal, to allow MMC to conserve cash if prices were low and allow investors to share in the upside if prices are high.

Some 97% of creditors voted in favour of the restructure, which was implemented by way of parallel schemes of arrangement in the Cayman Islands and Hong Kong, followed by recognition in the US via Chapter 15 proceedings. It reduced MMC's debt stack by $370m, and saw its bonds recover to trade at about 90 cents on the dollar.

SECURITISATION AND STRUCTURED FINANCE WINNER: SKYWORLD'S SUKUK MUSHARAKAH ***PROGRAMME*** Financial adviser and structurer: NewParadigm Capital Markets Lead arranger: United Overseas Bank In late 2017, Malaysian property developer SkyWorld Development Group raised RM50m ($12.85m) via a debut issuance from its newly established RM600m sukuk musharakah medium term note ***programme***. The notes are backed by payments that SkyWorld will receive from the sale of units in a residential development project in Kuala Lumpur.

Via this transaction, SkyWorld has essentially sold the beneficial rights of owning these properties to sukuk investors. In the process, it has devised a novel new way of financing real-estate construction.

For SkyWorld, it is a clean funding solution. It uses the sukuk proceeds to refinance borrowings and fund working capital, and retains the option to use the funds to acquire new land on which it can develop. It represents an innovative way for property developers in sharia markets to manage their cash flows more efficiently.

To qualify under the musharakah ***programme***, the Kuala Lumpur property needed to have committed buyers for its units. The building was not finished, which meant the securitisation had to be carefully designed to mitigate construction, revenue and liquidity risk. The property itself, which acts as the security, had to be rated and undergo rigorous assessment to ensure the issuer could meet its obligations to sukuk holders.

This was Malaysia's first securitisation of progress billings and the world's first sharia-compliant securitisation of progress billings. It has great potential for SkyWorld, which ***plans*** to fund the construction of its other eligible properties via the securitisation ***programme***. The deal also has a social impact element; the building is SkyWorld's first corporate social responsibility initiative under the government's affordable housing scheme.

EUROPE BONDS: CORPORATE WINNER: VOLKSWAGEN'S (EURO)8BN MULTITRANCHE BOND Lead managers: Barclays, BNP Paribas, Citi, Mizuho, Société Générale, UniCredit In late 2015, Volkswagen's future seemed to hang in the balance. Revelations that it had gamed emissions testing sparked a scandal that forced its chief executive to step down, tarnished its reputation as a green leader in the auto industry, and cost it (EURO)25bn in fines, remediation, compensation to customers and recall expenses.

Yet the German carmaker has bounced back in a way few other companies could. It has completed a swift and successful restructure, profits for 2017 were double those of 2016, and it has staged a successful return to the senior bond markets.

In March 2017, Volkswagen ended its 19-month hiatus from the international debt markets in style by selling its - and the German corporate world's - biggest ever eurodenominated bond. The (EURO)8bn deal consisted of four tranches: (EURO)2.5bn in two-year floating rate notes, (EURO)2.5bn in 10-year fixed rate notes, and (EURO)1.5bn of four-year and 6.5-year notes. The order book peaked at some (EURO)25bn, allowing the deal to be upsized and final price guidance to be set 15 basis points inside of initial price thoughts. Each tranche was between 2.4 and four times oversubscribed and Europeans dominated the buyer base - demonstrating Volkswagen's recovery on its home turf.

The fundraising's success is testament to the return of investor confidence in the issuer, and the efforts of the banks that brought the deal to market.

The deal paved the way for Volkswagen to become a regular, once again, in the international bond markets. Four months later it sold a (EURO)3.5bn hybrid bond and in December Volkswagen Bank, newly separated from the firm's financial division, made its first foray into the bond markets with a (EURO)2bn deal. Pricing was tightened in these follow-on deals, confirming that investors are not punishing Volkswagen for the emissions scandal.

BONDS: SSA WINNER: GREECE'S (EURO)3BN BOND AND SWITCH OFFER Bookrunners: Bank of America Merrill Lynch, BNP Paribas, Citi, Deutsche Bank, Goldman Sachs, HSBC The Greek government's (EURO)3bn return to international bond markets back in April 2014 proved a false dawn. It ended the sovereign's four-year expulsion from the debt markets following a sovereign debt restructure that imposed hefty losses on investors. But little over a year later, the country entered yet another eurozone bailout ***programme*** and in mid-2015 found itself on the brink of a eurozone exit.

In mid-2017, Greece staged yet another comeback, which is proving to be longer lived. Athens' sale of (EURO)3bn in five-year paper in July 2017 was a resounding success. It was accompanied by an accelerated switch offer, which saw nearly 40% of outstanding paper maturing in April 2019 tendered for the new notes. Running the switch tender and new issue simultaneously meant new investors were competing with legacy investors. This, combined with a recent rating uplift from Moody's and an improved outlook from Standard & Poor's, led to tighter pricing. Initial price thoughts were set at 4.875% but the notes printed with a 4.375% coupon - 32.5 basis points tighter than the 2014 deal, representing a sizeable reduction in the government's debt costs.

It was a swift execution. HSBC, as billing and delivery agent, achieved same-day settlement of the tender and newly issued notes; normally these would settle a few days before the final completion date. This optimised certainty for the issuer.

The transaction is a vote of confidence in Greece's recovery and a barometer of its ability to exit its (EURO)86bn bailout ***programme*** in August 2018. Not only did the deal attract (EURO)6.5bn-worth of orders, but 86% of the paper was sold outside of Greece. It helped rebuild the government's yield curve, which three of the country's biggest banks capitalised on by staging their own return to the international covered bond markets over the following six months.

BONDS: FIG WINNER: BANK OF IRELAND'S DUALTRANCHE TIER 2 Joint lead managers: BNP Paribas, Citi, Davy, Morgan Stanley, UBS Bank of Ireland's (BoI's) $925m-equivalent capital issuance in September 2017 was a success on multiple fronts for the country's biggest lender by assets.

First, the dual-tranche deal's pricing exceeded expectations. Following initial price thoughts, the $500m 10-year non-call five tranche tightened by 30 basis points (bps) to finish at Treasuries plus 250bps. Meanwhile, the £300m ($421m) 10-year non-call five tightened by 15bps to Gilts plus 270bps. With the sterling paper carrying a yield of 3.235% and dollar notes a yield of 4.24%, BoI's deal priced in line with investment grade credits, belying its sub-investment grade rating (Ba1 from Moody's and BB from Standard & Poor's). The sterling order book was oversubscribed more than 4.5 times and the dollar book 9.5 times.

Second, it marks the first step by BoI - and the Irish banking sector - towards a capital structure favoured by the Eurozone Single Resolution Board. Two months before the deal, BoI had become the country's first bank to reorganise itself into a holding company (holdco) structure, from which it would issue all capital and other instruments to satisfy its obligations under the EU's minimum requirement for own funds and eligible liabilities regime, better known as MREL. The holdco structure is favoured by regulators because it allows for a so-called single point of entry in any resolution scenario. The Tier 2 deal marked the BoI's inaugural capital markets sale from its holdco.

The third point of note is BoI's currency strategy. The bank has a multi-currency balance sheet, and it makes sense to currency match its borrowings with its assets. The joint lead managers announced the deal as a dollar and/or sterling trade, maintaining optionality for BoI depending on investor appetite. The multi-currency outcome was ideal for BoI, and was reportedly the first dual-tranche Tier 2 denominated in dollars and sterling.

EQUITIES WINNER: UNICREDIT'S (EURO)13BN RIGHTS ISSUE Joint global coordinators and bookrunners: JPMorgan, Mediobanca, Morgan Stanley, UBS, UniCredit Co-joint global coordinators: Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC UniCredit faced one of its toughest ever years in 2016. Its circa (EURO)11bn loss was more than double that of any other bank in The Banker's 2017 Top 1000 ranking. Much of this was due to (EURO)12.2bn in one-off charges to clean up its balance sheet as part of a groupwide restructure, but it sent the bank's allimportant common equity Tier 1 capital (CET1) ratio below the 10% required by the European Central Bank.

This did not last for long. In March 2017, UniCredit finalised Italy's biggest ever rights issue - and Europe's biggest in eight years - to bring its capital ratios in line with the world's most resilient systemically important banks. It was an ambitious move. The (EURO)13bn deal equalled 80% of UniCredit's market capitalisation, and was launched shortly after Italy's failed constitutional referendum and as the country's fifth largest bank, Monte dei Paschi di Siena, was embarking on a state-backed recapitalisation.

Yet it was a transaction to which all participants were 100% committed. It was fully underwritten by a syndicate of 10 banks, and the issuer's CEO and chief financial officer travelled some 100,000 kilometres in little over a month to muster support for the deal. It worked; investors took up 99.8% of the rights on the first day.

Its success laid the groundwork for a much stronger balance sheet by the end of 2017. UniCredit finished the year with a fully loaded CET1 ratio of 13.6% and adjusted net profit of (EURO)3.7bn. It kicked off 2018 by becoming the first Italian bank to issue a senior non-preferred bond - a (EURO)1.5bn deal that was nearly three times oversubscribed. The bank's turnaround is far from complete, but its rights issue has certainly steered it in the right direction.

GREEN FINANCE WINNER: COVANTA AND GIG PARTNERSHIP AND REFINANCING Financial adviser: Macquarie In 2017, Europe's green bond universe continued to expand via new-style instruments and increasingly sophisticated reporting and assessment criteria. But in choosing the region's green finance deal of the year, it was hard to look past the tie-up between energyfrom-waste (EfW) projects operator Covanta and the Green Investment Group (GIG).

GIG, the new name of the UK Green Investment Bank following its acquisition by Macquarie, entered a joint venture with Covanta to develop, fund and own EfW projects in the UK and Ireland. They are quickly progressing towards their goal of becoming one of the UK's biggest EfW platforms. The pair have identified six projects for the platform which have the combined potential to treat 2 million tonnes of residual waste per year, and in late 2017 GIG took a 50% stake in Covanta's new Dublin EfW plant.

The (EURO)136m investment enables Covanta to take out most of its capital in the Dublin plant and reinvest it in the platform's pipeline. Macquarie led an impressive (EURO)272m refinancing, which de-levered the project by replacing its expensive senior and junior debt, plus a 13.5% convertible preferred instrument held by BlackRock. The Dublin EfW's new debt stack consists of a (EURO)396m senior loan and (EURO)50m second lien junior loan. With interest rates of 3.1% and 5.2%, respectively, and 15-year tenors, the refinancing has drastically reduced the plant's finance costs and extended its debt maturity.

The refinancing saw Macquarie coordinate a group of nine lenders from around the world, some of which had limited experience with EfW assets in the region. The deal was further complicated by the plant's limited operational history (it officially started in late 2017) and it being a public-private partnership with Dublin City Council.

INFRASTRUCTURE AND PROJECT FINANCE WINNER: MARKBYGDEN ETT WIND FARM'S (EURO)800M FINANCING Financial adviser: Macquarie Financiers: Nordbank, NordLB The Markbygden ETT wind farm in northern Sweden comprises 179 wind turbines, and once operational will be Europe's biggest single onshore wind farm. Dubbed the North Pole Project, it is of huge importance to Sweden, which has committed to becoming fossil fuel free.

In 2017, project sponsors GE Energy Financial Services and the Green Investment Group injected (EURO)800m of capital into the project, including close to (EURO)500m in nonrecourse debt supported by the European Investment Bank (EIB), commercial lenders NordLB and Nordbank, KfW IPEX-Bank and German export credit guarantees (otherwise known as Hermes cover).

The 13-tranche financing was attractively priced, despite only minimal support from the Swedish renewable subsidies scheme, and included the first Hermes-covered loans to be extended by the EIB. Yet perhaps the most impressive part of the deal is the offtake agreement. The deal is backed by a 19-year fixed price and fixed volume power purchase agreement (PPA) with a unit of Norsk Hydro, one of the world's biggest aluminium ***producers***. It is thought to be the biggest renewable PPA involving a corporate offtaker, and will account for a large portion of the 650 megawatts ***produced*** by the wind farm. The PPA is so robust that financiers were not swayed by the fact the offtaker is unrated.

Its sheer size - plus first-of-its-kind hedging commitments that guarantee supply to the offtaker - helped de-risk the project, which gave it access to long-term financing at a lower cost. At a time when European government subsidies are being rolled back, the Markbygden ETT financing proves it is possible to secure private funding for greenfield windfarms despite the fact that feed-in tariff schemes are disappearing. The financing is a strong benchmark for financing renewables projects in a world beyond government support.

ISLAMIC FINANCE WINNER: WINNER: GAP INSAAT'S $118M SUKUK Sole arranger: Aktif Bank Despite having a predominantly Muslim population, Turkey has been relatively slow to enter the international sukuk markets. The first transaction from its financial sector came in 2010 and the sovereign followed suit two years later. The market has continued to evolve, thanks to regulatory reforms and the government's desire to see Istanbul become a hub for Islamic finance.

The market's most notable development in 2017 was the first international sale of a mudarabah sukuk from a local corporate. The $118m mudarabah - a partnership arrangement whereby capital is provided by one party and labour by the other - was issued by real estate developer Gap Insaat on May 10.

International sukuk sales by the country's corporates are still a rarity, particularly dollar-denominated transactions. It was the firm's debut international sukuk and the first sukuk ever to be listed on the Irish Stock Exchange's Global Exchange Market (better known as GEM). The deal is also notable in that there is no guarantee. Coupons and principal repayment rely solely on the ability of the underlying asset - a class A office building in Istanbul - to generate adequate revenues. The proceeds are being used to refinance and pay outstanding construction costs for this building.

In accordance with local law, the sevenyear sukuk was issued via an asset lease company established by arranger Aktif Bank, which in turn transferred the proceeds to Gap Insaat to be used to repay loans relating to one of its buildings in Istanbul.

The deal sees Aktif Bank, which led the issuance of the first Islamic debt instrument on the Istanbul Stock Exchange six years ago, continue its pioneering role in the local sukuk market by acting as transaction administrator and sole arranger.

LEVERAGED FINANCE WINNER: STADA'S (EURO)3.175BN FINANCING PACKAGE Bookrunners: Barclays, Citi, Commerzbank, Jefferies, JPMorgan, Nomura, Société Générale, UBS Bain and Cinven's takeover of Frankfurtlisted pharmaceutical group Stada was a saga. The target's board backed the private equity firms' offer in May 2017, but the deal failed to get the necessary 75% shareholder participation. The terms were renegotiated to reduce the shareholder threshold to 67.5%, but shareholder support still fell short.

In July, the buyers upped their offer, and managed to have the threshold reduced even further. The third time was a charm. The deal completed within months, and, at a total value of (EURO)5.3bn (including debt), it was Europe's biggest take-private in four years and Germany's biggest ever.

There was speculation whether the onagain, off-again nature of the deal would jeopardise any financing put in place for the original offer. If it was conditional on that deal going forward, it could - in theory - have fallen away after the bid failed. But in September these fears were put to rest when a knock-out (EURO)3.175bn financing package came to market to back the deal. It consisted of a (EURO)400m revolving credit facility, a (EURO)1.7bn equivalent term loan B, (EURO)735m in senior secured notes and (EURO)340m in senior notes.

It was one of the European leveraged finance market's most anticipated deals of the year. Both bond tranches were oversubscribed multiple times, prompting the senior secured portion to be upsized. The Banker understands they were among the tightest secured and unsecured bond prints for a leveraged buyout financing. In terms of complexity, the term loan tranche was the most notable part of the package thanks to a delayed draw element that was put in place to accommodate the public-to-private nature of the transaction.

LOANS WINNER: BRITISH AMERICAN TOBACCO'S $25BN ACQUISITION FACILITIES Underwriters: Bank of America Merrill Lynch, Citi, Deutsche Bank, HSBC, Royal Bank of Scotland In the first weeks of 2017, British American Tobacco (BAT) agreed to pay $49.4bn to acquire the 58% of shares in US rival Reynolds that it did not already own. When the deal closed in July 2017, it created the world's biggest public tobacco company. A megamerger such as this is only possible, however, with strong financial backing. Luckily for BAT, five of its core relationship banks - Bank of America Merrill Lynch, Citi, Deutsche Bank, HSBC, Royal Bank of Scotland - stepped up to the plate and fully underwrote $25bn-worth of acquisition financing to support BAT's purchase.

The package consisted of four facilities: a $15bn one-year bridge loan at 40 basis points (bps) over Libor; a $5bn two-year bridge paying 45bps over Libor; a $2.5bn three-year term loan at Libor plus 75bps; and another $2.5bn five-year term loan paying Libor plus 85bps. It is notable that the debt package - which amounted to the biggest syndicated loan of 2017 - was fully underwritten by just a handful of lenders. At a time when the amount of balance sheet being allocated to investment banking is shrinking, deals like this demonstrate that in certain situations the ability to make large loan commitments cannot easily be replicated.

Both bridge loans could be extended by BAT for six months, but this was not needed. The firm refinanced both facilities within 10 days of the acquisition closing, via an impressive $21.5bn bond take-out in which the same five underwriters were instrumental once again. Over two days in early August, BAT raised $17.25bn via an eight-part deal, and £450m ($631.3m) and (EURO)1.1bn via a dual-currency deal. The end-toend service by these banks for such a large deal shows there will always be a place for relationship banking.

M&A WINNER: CHEMCHINA'S $43BN ACQUISITION OF SYNGENTA Lead financial adviser to ChemChina: HSBC Financial adviser to Syngenta: UBS Over the past few years, the mergers and acquisitions (M&A) universe has seen its fair share of bold combinations. But few have been as audacious as ChemChina's $43bn takeover of publicly listed Swiss agribusiness Syngenta.

When announced back in February 2016, the deal had its doubters. It required sign-off by 20-odd antitrust regulators (including the notoriously strict European Commission), the navigation of Swiss and US takeover rules due to the target's dual listing, a huge amount of debt finance as it was an all-cash deal, and approval on national security grounds.

Some feared the prospect of a Chinese state-owned enterprise controlling crop protection products in North America - where Syngenta generates a substantial portion of its revenues - would hit opposition from the opaque yet powerful Committee on Foreign Investment in the US, better known as CFIUS.

This did not materialise, however, and the deal completed in May 2017 thanks to the army of bankers and other advisers that got it across the line. Officially the deal took 18 months, starting with Syngenta's rejection of ChemChina's first offer back in November 2015. But in reality the megamerger was much longer in the making. UBS helped Syngenta fend off an unsolicited takeover approach from the US's Monsanto earlier that year, before steering its client towards a strategically and financially superior deal. Meanwhile, ChemChina is rumoured to have courted Syngenta - at least from afar - for a number of years.

The deal was a win for Syngenta shareholders. They received a 25% premium on the closing share price, and ChemChina committed to continue the Swiss business's stringent corporate governance standards. It is the biggest Chinese outbound M&A deal ever, and it may hold on to this title for some time given the government's crackdown on capital outflows.

RESTRUCTURING WINNER: ABENGOA'S $9.9BN RESTRUCTURE Financial adviser to ad hoc group of noteholders: Houlihan Lokey Financial adviser to Abengoa: Lazard Corporate restructures are inevitably messy affairs, but the hurdles that were overcome to recapitalise and reorganise Spanish conglomerate Abengoa were particularly challenging. Deteriorating liquidity, regulatory changes and shifting market conditions in its key countries forced the group to file for pre-insolvency in late 2015 under local Spanish law. This kicked off a two-and-ahalf year-long restructuring, which many believe set a template for future cross-border reorganisations of similar scale.

With operations and subsidiaries in more than 80 countries, the restructure had to be implemented through various carefully coordinated court processes around the world. In addition to the Spanish Homologación process, it required US Chapter 11 proceedings (a condition precedent for the overall transaction to complete), a UK company voluntary arrangement, Dutch proceedings and various local bankruptcy processes in Latin America.

Financial advisers were faced with a hugely complex capital structure consisting of (EURO)15bn of different types of loans, bonds and guarantees, (EURO)5bn of debt related to trade creditors, and a divergent lender-base of local and international banks, insurers, hedge funds and pension funds. Furthermore, the group was intertwined by intercompany loans between its many subsidiaries.

The company needed a huge cash injection and to write off a significant chunk of its debt. In the end, 70% of the face value of the debt was equitised and exchanged into 40% of Abengoa's equity. More than (EURO)1bn of new money was made available to the company, on top of a circa (EURO)307m bond line facility from its relationship banks. After the restructure, its capital structure was streamlined into eight tranches of debt (much of which is dual currency and in loan and note format) across six different collateral pools.

The restructure wiped some (EURO)9bn from Abengoa's debt stack, and left it with a much simpler corporate structure and a reconstituted board.

SECURITISATION AND STRUCTURED FINANCE WINNER: NATIONAL BANK OF GREECE'S (EURO)750M COVERED BOND Joint lead managers: Bank of America Merrill Lynch, Deutsche Bank, Goldman Sachs, HSBC, NatWest Markets, UBS Co-lead managers: Commerzbank, National Bank of Greece A major benefit of Greece's July 2017 return to international bond markets was the fact other Greek institutions could follow in its footsteps. None seized this opportunity like the National Bank of Greece (NBG).

The same month as the sovereign's deal, the national champion bank met with more than 100 investors on a non-deal roadshow - an important exercise for borrowers that have lost market access - to pave the way for a transaction of its own. NBG used the meetings to draw attention to its two-year ***strategic*** funding ***plan***, aimed at building a healthy liability structure and regaining public markets access in a sustainable way.

A secured format, and with a short tenor, was deemed the most appropriate way to kick off the new funding strategy and keep costs within reason. Sentiment at the 2017 ECBC Global Covered Bond Congress in Barcelona during September confirmed that the market was indeed ready for such a transaction.

Following the positive investor reception during a four-day deal-specific roadshow, NBG announced its - and Greece's - first ever conditional pass through (CPT) covered bond. Initial price thoughts for the threeyear notes were around the 3.25% area, 50 basis points (bps) inside the Greek sovereign curve. As orders came in, guidance was tightened to 3% plus or minus 10bps. With a final order book of more than (EURO)1.9bn from 110 accounts, the size was set at (EURO)750m and the price at 2.9%, 85bps inside the sovereign.

Observers were impressed by the pricing, and the significant support from UK real money investors. Bankers on the deal believe it gave comfort to the buy-side and suggested that Greek banks were worth looking at. Indeed, shortly thereafter two of the country's other big lenders, Eurobank and Alpha Bank, issued CPT covered bonds of their own.

MIDDLE EAST BONDS: CORPORATE WINNER: ABU DHABI CRUDE OIL PIPELINE'S $3.04BN BOND Joint global coordinators: First Abu Dhabi Bank, HSBC, JPMorgan, MUFG Lead managers: BNP Paribas, Citi, Mizuho Securities, Société Générale, Standard Chartered Bank Financial adviser to Adnoc: Moelis & Co One of the largest non-sovereign bonds in the history of the Middle East was issued by Abu Dhabi National Oil Company (Adnoc), and it received an enthusiastic reception. The issue was more than three times oversubscribed and priced accordingly. State-owned Adnoc is one of the largest oil ***producers*** in the world and this was its bond market debut. It follows a succession of Middle East issuers, both corporate and sovereign, that have been propelled into the capital markets by an extended period of low oil prices.

Abu Dhabi Crude Oil Pipeline (Adcop), an Adnoc subsidiary, was chosen as the issuing vehicle. It manages a 406-kilometre pipeline carrying crude from Abu Dhabi to the Fujairah oil export terminal on the Gulf of Oman. Investors took the reasonable view that Adcop risk was a proxy for Adnoc risk, which in turn equalled Abu Dhabi government risk. Rating agencies were of the same mind and rated the bonds AA, in line with the sovereign's bonds.

After a two-team roadshow in Asia, Europe, the US and Middle East, Adcop announced initial price guidance for a dualtranche issue - in the 3.9% area and the 4.8% area for a 12-year and a 30-year, respectively. Bankers said the dual structure allowed debt optimisation within the contractual cash flow tenor, while creating a visible liquid benchmark for future issuance. Orders peaked at $11bn. An $837m 12-year bullet, with a sinking fund, was priced at 3.65%, while a $2.2bn fully amortising 30-year tranche was priced at 4.6%. This was the largest single currency corporate issuance out of any Gulf Co-operation Council state, and the largest ever amortising bond from the Middle East.

BONDS: SSA WINNER: STATE OF KUWAIT'S $8BN BOND Joint global coordinators: Citi, HSBC, JPMorgan Joint lead managers: Citi, Deutsche Bank, HSBC, JPMorgan, National Bank of Kuwait, Standard Chartered They do not come much bigger than this - at least not in emerging markets. Kuwait's debut sovereign transaction was the largest ever dual-tranche issue from an emerging market, and it attracted an order book to match.

A deal was announced at the beginning of March 2017, with the intention of completing the offering ahead of an anticipated rate hike by the Federal Open Market Committee (FOMC), which duly obliged on March 15. A roadshow then took in London, New York, Boston and Los Angeles.

Solid investor feedback allowed the State of Kuwait to release initial price thoughts on a benchmark five-and 10-year transaction at T plus 100 basis points (bps) and T plus 120 bps, respectively. It was March 13, with two days to spare before the FOMC announcement and the ***plan*** was to execute intra-day. The deal was finally priced at 8pm London time. By then orders worth $29bn had been logged from an extraordinary 778 accounts around the world. Not everyone stayed in the order book as prices were ultimately tightened to T plus 75bps on the $3.5bn five-year tranche and T plus 100bps on the $4bn 10-year piece.

These were the tightest initial pricing spreads of all the recently preceding Gulf Cooperation Council sovereign issuances, including Abu Dhabi, Qatar and Saudi Arabia. This was a testament to the quality of Kuwait's credit and the investor appetite for its name, bankers said. Nearly 75% of the bonds went to investors outside the Middle East and north Africa.

Bankers added that this new pricing benchmark would help corporates to price their transactions more efficiently. Even during the sovereign pricing process itself, spreads tightened on the bonds of Kuwaiti corporates such as petrochemicals ***producer*** Equate.

BONDS: FIG WINNER: QATAR REINSURANCE COMPANY'S $450M TIER 2 NOTES Structuring advisor: BNP Paribas Joint global coordinators and bookrunners: BNP Paribas, HSBC Joint bookrunners: Emirates NBD, National Bank of Abu Dhabi (now First Abu Dhabi Bank) Qatar Insurance Company (QIC) is regarded as one of the more sophisticated industry operators in the Middle East. So when its reinsurance arm, Qatar Reinsurance Company, came to market with a debut hybrid issue, investors lapped it up.

This was, in fact, the first insurance hybrid from the entire central and eastern Europe, Middle East and Africa region, so it had considerable rarity value in addition to its other attractions.

Qatar Re is a global multiline reinsurer writing all major property, casualty and specialty lines of business from its headquarters in Bermuda and branch offices in Zurich, Dubai and Singapore. It is backed by a 100% parental guarantee of senior obligations from QIC, and benefits from QIC's substantial and growing capital base.

Qatar Re proposed to issue a capped size of $450m perpetual non-call 5.5 subordinated Tier 2 notes, with a coupon that resets if the notes are not called. There were other investor-friendly features. While payment of the coupon is subject to mandatory deferral under certain circumstances, there is a dividend pusher at the parent level. The notes, rated BBB+ by Standard & Poor's, also carry a specific and irrevocable guarantee from QIC.

Initial price thoughts were released in the 5.5% area and the books grew quickly. Guidance was tightened to the 5.125% area, and final guidance was at 5% plus or minus 5 basis points. When the books closed they bulged with orders of $6.25bn, nearly 14 times what was available. The deal was set at 4.95%.

Bankers said that the deal brought a new flavour to the region, as the pricing was guided by international comparables from Asia and Europe. Distribution was concentrated in Asia (30%), the UK (29%), the Middle East and north Africa (20%) and Europe (19%).

EQUITIES WINNER: ADNOC DISTRIBUTION'S DH3.1BN IPO Financial adviser to Adnoc: Rothschild Joint global coordinators and bookrunners: Bank of America Merrill Lynch, Citi, First Abu Dhabi Bank, HSBC The initial public offering (IPO) of Adnoc Distribution was the largest on the Abu Dhabi Securities Exchange (ADX) for a decade, the first for six years and its first international offering. It was also the first to use a bookbuilding process.

Adnoc Distribution was wholly owned by the Abu Dhabi National Oil Company (Adnoc), which is itself state owned. Measured by the number of sites, it is the leading fuel and consumer retailer in the United Arab Emirates, where it has more than 360 retail service stations. In 2016 it had revenues of about $4.8bn and earnings before interest, taxes, depreciation and amortisation of more than $570m.

The IPO is a first step in Adnoc 's 2030 transformation strategy to unlock value and drive growth by engaging with new partners and investors. The objectives include attracting international investment to the UAE, deepening UAE capital markets, and providing a retail investment platform to non-oil and gas investors.

On offer was 10% of the company, with no greenshoe. But shortly before subscription opened towards the end of November, the Saudi Crown Prince had mounted his anti-corruption action, rocking local markets in general and recent IPOs in particular. As a result, Saudi investors could now not be relied upon to support the deal. Moreover, a directly competing offering by Brazil's Petrobras Distribuidora threatened to siphon off demand.

As it turned out, the deal was about four times oversubscribed, and the retail tranche was doubled from 5% to 10%. Another 30% of the shares went to international investors. They were priced at Dh2.50 ($0.68), towards the lower end of the initial Dh2.35 to Dh2.95 price range, and closed their first day at Dh2.65. At listing, Adnoc Distribution was the third largest stock on the ADX and the only large retail company, helping to diversify the exchange.

GREEN FINANCE WINNER: NATIONAL BANK OF ABU DHABI'S $587M GREEN BOND Joint green structuring advisers: HSBC, NBAD (now First Abu Dhabi Bank) Joint lead managers and bookrunners: Bank of America Merrill Lynch, Citi, Crédit Agricole CIB, MUFG National Bank of Abu Dhabi (NBAD) burnished its already solid eco-credentials by issuing the Middle East's first green bond. One of its rewards was to attract a level of European investor participation that was well above average.

NBAD, which has since merged with First Gulf Bank to become First Abu Dhabi Bank, was an original signatory to the Dubai Declaration, calling on the financial sector to think and act greener. It was also the only United Arab Emirates bank to sign up to the Equator Principles, a framework for managing environmental risk.

The bank created its own Green Bond Framework in line with the Green Bond Principles before issuing its pioneering instrument. The proceeds would be used to finance eligible green projects in categories including energy, transport, decarbonising technologies and sustainable water and waste management. Two local beneficiaries named by national media were Abu Dhabi's Shams solar power project and Etihad Rail.

The intraday execution began with initial price thoughts of mid-swaps plus 105 basis points (bps) for a five-year Reg S senior unsecured deal. Revised guidance was released at mid-swaps plus 100bps plus or minus 2bps. At the same time, a size of $500m was indicated to the market.

As the order book continued to grow, however, the decision was taken to issue up to the maximum green assets available to NBAD, which totalled $587m. The price was finalised at mid-swaps plus 98bps. The book was more than two times oversubscribed.

European investors took 50% of the deal, an abnormally high proportion, ascribed to the green appeal of the bond. An HSBC analysis claimed that 50% of the investor base could be described as "green" investors.

INFRASTRUCTURE AND PROJECT FINANCE WINNER: DUBAI AIRPORT'S $3BN FINANCING Mandated lead arrangers: Citi, HSBC, First Abu Dhabi Bank Joint bookrunners: Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Bank of China, Dubai Islamic Bank, First Abu Dhabi Bank, Citi, HSBC, ICBC, Intesa Sanpaolo, JPMorgan, Noor Bank, Standard Chartered Bank Creating the world's largest airport is going to require some major financing, and Dubai has established a special platform for this purpose. It raised its first debt tranche of $3bn from 12 international and regional banks.

While Dubai International Airport is already the world's busiest, its capacity will be increased from 90 million to 118 million passengers each year by 2020 to accommodate expected traffic growth. That's as much as its urban location will allow. So capacity at the much smaller Al Maktoum International Airport will also be increased, from the current 7 million passengers a year to 152 million by 2025.

The total cost will be an estimated $35bn over 12 years, to be financed by a dedicated financing vehicle - Airport Financing Company or Finco, set up by the Department of Finance (DoF), Dubai Investment Corporation and Dubai Aviation City Corporation. Finco provides the flexibility to raise debt in stages and from multiple sources, such as conventional and Islamic lenders, export credit agencies and debt capital markets.

Initial facilities of $3bn were raised from seven international and five regional banks, split between $1.625bn in conventional facilities and Dh5.05bn ($1.375bn equivalent) in Islamic finance. The tenor was seven years with amortisation from year four, priced at Libor plus 200 basis points.

The transaction was made bankable based on DoF counterparty risk while eliminating the need for a direct guarantee. The DoF's liability is limited to a per passenger tariff based on traffic during the previous year. Finco can amend the tariff in case of variations in the capital expenditure ***programme***. Finco had little trouble attracting lenders, who included US, European and Chinese banks. The deal actually raised $6bn, leading to an oversubscription of $3bn and a substantial scale-back for the banks.

ISLAMIC FINANCE WINNER: KINGDOM OF SAUDI ARABIA'S $9BN SUKUK Joint global coordinators and bookrunners: Citi, HSBC, JPMorgan Joint bookrunners: BNP Paribas, Deutsche Bank, NCB Capital It was superlatives all round when the kingdom of Saudi Arabia launched its debut sukuk. It had broken all emerging market records with its mammoth $17.5bn conventional bond back in October 2016, and did the same in the Islamic segment the following April.

The earlier deal showed the allure of the Saudi name in general. This was an Islamic instrument issued by the most important nation in the Muslim world and, within it, its pulling power was immense. But it also attracted investors who did not normally buy Islamic paper.

The transaction began with a three-day roadshow in Abu Dhabi, Dubai and London. On day three, terms were announced for a dual-tranche US dollar benchmark five-and 10-year sukuk, with two-day execution to capture demand around the globe.

Saudi Arabia came up with a structure that had not been used by any other sovereign to date, making use of both mudaraba and murabaha frameworks. The innovative assetlight structure does not require the identification and sale of tangible assets, allowing a swift execution process. It was accepted by the highest ever number of scholars.

The books were opened with initial price thoughts of mid-swaps plus 115 basis points (bps) area and plus 155bps area for the fiveand 10-year tranches, respectively. The deal was finally launched as equal tranches of $4.5bn with spreads of 100bps (five years) and 140bps (10 years).

This had been the largest order book for any sukuk, at over $33bn from more than 520 'high quality' accounts globally, bankers said. Bankers away from the deal acknowledged that it elevated sukuk out of the 'niche' category, and that the size of the book meant it contained more than just emerging market investors.

LEVERAGED FINANCE WINNER: ADEPTIO'S $1.43BN LOAN Sole bookrunner, mandated lead arranger, facility agent and security agent: First Abu Dhabi Bank Mandated lead arrangers: Ahli United Bank, Credit Suisse, First Abu Dhabi Bank, Standard Chartered Bank The largest acquisition financing to have been completed in the Middle East region was a dual-tranche $1.43bn term loan for Adeptio AD Investments. The funds were used to take out a bridge facility put in place for the purchase of Kuwait Food Company in 2016.

That takeover was itself the biggest ever merger and acquisition deal in the Gulf Cooperation Council region's consumer sector. The seller was Kuwait's Al Kharafifamily, in the shape of its Al Khair National for Stocks & Real Estate investment vehicle. It owned 69% of Kuwait Food Company, better known as Americana, which runs food chains including KFC, Pizza Hut and Costa Coffee across the Middle East and north Africa region.

Kuwait Food Company was listed on the Kuwait Stock Exchange. Adeptio paid Kd2.65 ($8.69) per share for the Al Kharafistake and then, as exchange rules required, launched a mandatory tender offer for the remaining shares. The share price paid by Adeptio valued the business at $3.4bn.

Adeptio was able to secure a short-term bridging facility, reported to be $1.65bn, to part-finance the transaction. The lenders were said to include First National Bank of Abu Dhabi and First Gulf Bank (since merged to create First Abu Dhabi Bank), Emirates NBD, Standard Chartered Bank and Credit Suisse.

It was the refinancing of this facility that necessitated the new dual-tranche loans. The first is a seven-year $592m term facility for operating company Kuwait Food Company, used to pay a dividend to the parent. The second is a four-year $833m facility for holding company Adeptio, used to refinance the acquisition bridge. The operating company loan is structured to be sharia compliant.

LOANS WINNER: MA'ADEN ALUMINIUM CO'S $2.9BNEQUIVALENT REFINANCING Financial advisers and mandated lead arrangers: BNP Paribas, National Commercial Bank In the largest corporate loan out of Saudi Arabia since 2015, Ma'aden Aluminium Company (MAC) refinanced its original secured project finance facility with $2.9bnequivalent of unsecured debt. The refinancing terms were sculpted to meet the aluminium smelter's needs.

Saudi-based MAC is one of the world's largest aluminium complexes, owned 75:25 by major metals and mining players Ma'aden and Alcoa. It plays a key role in Saudi Arabia's efforts to diversify its economy away from hydrocarbons. Its construction was initially funded by a $3.3bn project finance facility closed in 2010 and provided by 16 banks and the Saudi government's Public Investment Fund.

The company has since reached full production and is considered to be a world-class primary aluminium ***producing*** asset in terms of efficiency, scale and modernity, delivering strong operational and financial results.

The $2.9bn non-recourse unsecured transaction fully refinanced the original facility. Its terms were bespoke, designed to fit MAC's financial performance and future needs, including balloon repayment features and cash sweep repayment features tailored for each tranche.

The refinancing was split into three amortising tranches, allowing MAC to access local, regional and international liquidity. A seven-year $400m facility was provided by four regional and international commercial banks, including BNP Paribas. A 10-year $1.4bn-equivalent murabaha facility was provided by 10 Saudi commercial banks. And a 14-year $1.1bn-equivalent facility was provided by the Public Investment Fund, a Saudi sovereign fund which is a Ma'aden shareholder.

The commercial bank facilities were oversubscribed, confirming the attractiveness of the asset and the suitability of the structure. This strong market reception has allowed the company to reduce its financing costs while extending its debt maturity.

M&A WINNER: HAPAG-LLOYD AND UNITED ARAB SHIPPING COMPANY Financial adviser to UASC: Lazard Financial adviser to Hapag-Lloyd: Citi The merger of United Arab Shipping Company (UASC) with Hapag-Lloyd had more than its fair share of challenges. It took place in a depressed market, was a cross-border deal, and involved a Gulf state-owned and a German-listed company. But it succeeded and the result is a healthier business.

The cyclical international container shipping industry has been suffering a downswing, leaving an oversupply of vessels. More competitive than ever, it is rationalising and consolidating and lone operators risk getting left behind. It was in that context that UASC, owned by Qatar, Saudi Arabia and other Gulf states, and Hamburg's Hapag-Lloyd chose to merge.

UASC in particular was lagging behind the industry leaders in terms of size. That meant weak bargaining power in the world of shifting alliances that has become so important to container shipping.

A combined entity would be one of the largest global companies, with enough scale to ride out downturns, and more clout in alliance politics. More than $400m in synergies from a merger were envisaged from 2019 onwards. And there was a good fit - the German line had a strong network but lacked big ships, while the Gulf entity had large ships but lacked the network to fill them.

The UASC shareholders contributed 100% of their shares in return for a 28% stake in an enlarged Hapag-Lloyd, with the consideration being paid in newly issued Hapag-Lloyd shares. The combined business had 237 ships with a combined capacity of 1.6 million 20-foot equivalent units, making it a top five player with strong ***strategic*** positioning in a market environment that remains tough.

By early 2018, Hapag-Lloyd shareholders had benefited from a share price that has increased by 113.5% since news of the transaction leaked to the market, compared with 26.5% for the DAX and 23.2% for the shipping index.

RESTRUCTURING WINNER: ORBIT SHOWTIME NETWORK Financial adviser to Orbit Showtime Network: Houlihan Lokey Pay-TV has become an incredibly tough business in recent years, and the Middle East and north Africa (MENA) region is no exception. The arrival of Netflix and Amazon in MENA has created a new source of competition for the region's operators, including its biggest - Orbit Showtime Network (OSN).

The Dubai-based joint venture between Kuwait's Kipco and Saudi Arabia's Mawarid responded to the new market dynamics by introducing more flexible subscription options and targeting a bigger customer base. OSN also turned to Houlihan Lokey to think through its various options for raising fresh funds to implement its long-term strategy, and re-work its capital structure to support its new business ***plan***.

After advising on various alternatives, OSN ultimately raised a $150m three-year secured term loan facility, amended covenants and other terms of an existing $255m facility, and cancelled its $145m revolving credit facility. It is notable that OSN was able to raise new subordinated capital - the $150m facility - without the usual, simultaneous equity injection. Instead, the lender and equity-holders agreed that the latter would implement a phased equity injection.

It was an optimal outcome for OSN. The November financing package created a sustainable capital structure, brought covenant flexibility for the business to grow, and allows management to navigate MENA's changing and increasingly competitive pay-TV market.

It also kept its shareholders happy, by not diluting their stakes, as well as its lenders which received security and the comfort of a phased equity injection. While OSN's capital structure, and the deal itself, lacks the complexity of some restructurings seen in other regions throughout 2017, what's important is that all participants walked away happy. Multi-stakeholder management, which was largely in the hands of Houlihan Lokey, provides the lynchpin of the deal's success.

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**End of Document**



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Cuba Pharmaceuticals & Healthcare Report

October 1, 2017 Sunday

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**Highlight:** As of September 2016, according to Rafael Pérez Cristiá, director of CECMED, more than 60% of the Cuban pharmaceutical market is supplied by medicines that are ***produced*** locally by 31 different companies at 64 manufacturing sites, with a combined workforce of more than 20,000. The remainder of the market comprised of pharmaceuticals from multinational firms that are not headquartered in the US, such as AstraZeneca (UK-Sweden), Roche (Switzerland) and Merck (Germany), as well as other companies from Latin America. With a robust pharmaceutical and biotechnology industry base, Cuba is set to drive increasing interest from foreign investors as the country gradually integrates into the global economy.

**Body**

Research-Based Industry

As of September 2016, according to Rafael Perez Cristia, director of the Control Estatal de la Calidad de los Medicamentos (CECMED), more than 60% of the Cuban pharmaceutical market is supplied by medicines that are ***produced*** locally by 31 different companies at 64 manufacturing sites, with a combined workforce of more than 20,000. The remainder of the market is comprised of pharmaceuticals from multinational firms that are not headquartered in the US, such as AstraZeneca (UK-Sweden), Roche (Switzerland) and Merck (Germany), as well as companies from Latin America. With a robust pharmaceutical and biotechnology industry base, Cuba is set to drive increasing interest from foreign investors as the country gradually integrates into the global economy.The Cuban government has been very proactive in strengthening its domestic pharmaceutical industry. State-initiated sector integration will further improve Cuba's pharmaceutical product standards and the industry's operational efficiency. The country's years of isolation have left the island relatively self-sufficient in its medical needs.

However, Cuba's increasing global integration and openness will accelerate the pharmaceutical industry's development and create significant commercial and investment opportunities over the next ten years. Generic drugs and biological products made in Cuba are set to become increasingly competitive in the global market, as the government has also adopted a more commercially oriented approach to develop the sector. Its main objectives include improving the quality of health for Cubans and maintaining itself as a source of pharmaceutical exports. **Domestic Industry** Over the past 40 years, Cuba has developed a well-established pharmaceutical industry. In 2012, Cuba created 'BioCubaFarma', the Group of Biotechnology and Pharmaceutical industries, in order to integrate the biotechnology and pharmaceutical sectors in the country. The new organisation directs and coordinates research entities, pharmaceutical companies and other medical service entities that used to be governed by the Scientific Pole and the Chemical Pharmaceutical Business Group (QUIMEFA - Grupo Empresarial Quimico Farmaceutico).The group will operate entirely on business principles. The reorganisation, regulated by Decree No. 307/2012 of the Council of Ministers, and Resolution No.590/2012 of the Ministry of Economy and ***Planning*** (MEP), is expected to raise Cuba's pharmaceutical product quality standards and its export level, as well as improve its efficiency in the use of facilities and human capital. The initial main focus will be on the promotion of generic drug production and research and development productivity in Cuba's pharmaceutical companies.As of October 2016, BioCubaFarma owns 32 Cuban companies and employs 21,768 workers. Out of these, 6,325 employees hold higher education degrees, 1,170 masters in science degrees and 262 have PhDs. The company has more than 100 research and development projects. BioCubaFarma currently has 78 manufacturing facilities across the country, manufacturing 1,099 products. The company has 91 biological medicines: 33 are used to treat cancers, 18 for cardiovascular diseases, 33 for vaccinations against infectious diseases and seven to combat diabetes. The company also operates health service ***programs*** both in Cuba and in foreign destinations such as Venezuela and Brazil.BioCubaFarma has a partnership with Japanese firm Daiichi Sankyo, in a clinical trial currently in Phase III and scheduled to be completed by end 2017, for the use of nimotuzumab, a recombinant humanized monoclonal antibody for head, neck and esophagus cancer.The company is also partnering with US-based Roswell Park Center to jointly develop Cimavax-EGF, a vaccine against lung cancer that has shown positive results in Cuba. In October 2016 the FDA approved the recruitment of volunteers for the clinical trial. This is the first center to get permission to sponsor the US testing of a Cuban medical therapy after the relaxation of US restrictions on Cuba by the former US administration.According to Yodira Perez, legal and commercial advisor from BioCubaFarma's commercial policy directorate of business and international cooperation, the country is working to offer the international community a strong legal framework to guarantee and capture foreign investment.Cuba is well known for its autonomy in the production of vaccines. As of February 2015, BioCubaFarma announced that they have recently finished Phase II trials for cholera and pneumococcal vaccines. BioCubaFarma has already introduced 14 new medicines during the last few years and it has a pipeline of 15 more for the coming years.In July 2016, Carlos Gutierrez, director of BioCubaFarma stated that the company is currently working on 450 research projects, with emphasis on addressing health conditions associated with leading causes of death in Cuba, including myocardial infarction and different types of cancer. In line with Cuba's increasing commercial interests, the company will continue to be focused on developing high value goods, strengthening drug production and expanding exports.QUIMEFA (integrated under BioCubaFarma since 2012), founded in 2001 by the Ministry of Basic Industry (MINBAS - Ministerio de la Industria Basica) comprises: 14 pharmaceutical ***producers***; 8 de Marzo, Combinado Dental, Combinado Optico, Finlay, Hemoderivados, Juan R. Franco, Julio Trigo, Lab. Oriente, MATHISA, MEDILIP, Medsol, Reinaldo Gutierrez, Roberto Escudero and Saul Delgado. The Pharmaceutical Commercialisation Company (ENCOMED - Empresa Comercializadora de Medicamentos). The Imports, Exports & Commercialisation Company (FARMACUBA - Empresa Importadora, Exportadora y Comercializadora FARMACUBA), which deals with imports and exports and commercialisation of pharmaceutical products. Pharmaceutical ***producers*** meet Good Manufacturing Practice (GMP) guidelines, approved under Regulation No. 16/2000. Drug quality is ISO-9000 certified. Before ***producing*** a medicine, its therapeutic value and economic feasibility is tested - ie, whether it is more expensive to ***produce*** or import it.Founded in 1963, the Chamber of Commerce of Cuba (CAMARACUBA - Camara de Comercio de la Republica de Cuba) is an association which represents companies involved in commerce, industry and services.

**Biotechnology, Pharmaceutical & Healthcare's Members of CAMARACUBA, 2015-2017**

| **Biotechnology** | **Centro Nacional de Sanidad Agropecuaria** |
| --- | --- |
|  | CIMAB Comercializadora de Productos Biofarmaceuticos |
|  | Empresa Especializada Importadora, Exportadora y Distribuidora para la Ciencia y la Tecnica |
|  | HEBER BIOTEC |
|  | Laboratorios Dalmer |
|  | Vacunas Finlay |
| Pharmaceuticals | Centro Nacional de Sanidad Agropecuaria |
|  | Empresa Importadora Exportadora FARMACUBA |
|  | Empresa Laboratorio Farmaceutico Oriente |
|  | Laboratorios Dalmer |
| Healthcare | Centro Internacional de Restauracion Neurologica |
|  | Centro Nacional de Sanidad Agropecuaria |
|  | Centro para el Desarrollo Informatico de la Salud Publica |
|  | Comercializadora de Servicios Medicos Cubanos |
|  | Complejo Cientifico Ortopedico Internacional Frank Pais |
|  | Importadora y Exportadora de Productos Medicos |
|  | Laboratorios Dalmer |

Source: CAMARACUBA

**Licensed Local Pharmaceutical *Producers*, April 2011**

| **Centre** | **Activity** |
| --- | --- |
|  |  |
| Centro de Isotopos (CENTIS) | Injectable medicaments, liquid and lyophilised |
| Centro de Isotopos (CENTIS) | 99mTc sodium pertechnetate, injectable solution |
| Centro de Isotopos (CENTIS) | Iodobenzylguanidine [131 I] and sodium phosphate P 32 |
| Centro de Isotopos (CENTIS) | Sodium iodide, oral solution |
| Centro de Investigacion y Desarrollo Medicamentos (CIDEM) | Cytostatics, liquid and lyophilised |
| Centro de Investigacion y Desarrollo Medicamentos (CIDEM) | Praziquantel, in tablet form |
| Centro Nacional Investigaciones Cientificas (CNIC) | Polycosanol |
| Centro Nacional Investigaciones Cientificas (CNIC) | Oleozon, all oral forms |
| Centro Nacional Investigaciones Cientificas (CNIC) | Oleozon, topic |
| EL AICA | Liquid injectables in 1, 2, 3, 5, 10 and 20 mL ampoules |
| EL MedSol | Tablets and coated tablets |
| EL MedSol | Tablets and coated tablets |
| ELF Oriente | Oral rehydration salts |
| ELF Oriente | Tablets |
| ELF Oriente | Large volume parenteral solutions, in plastic bags |
| ELF Reinaldo Gutierrez | Contraceptive tablets |
| ELF Reinaldo Gutierrez | Pressurised aerosols |
| ELF Roberto Escudero Diaz | Creams and ointments |
| ELF Roberto Escudero Diaz | Suppositories |
| ELF Roberto Escudero Diaz | Powder, oral suspension |
| ELF Liquidos Orales de Bayamo (MEDILIP) | Liquid products, oral administration |
| ELF Liquidos Orales de Bayamo (MEDILIP) | Liquid products, topic use |
| EPB Carlos J. Finlay | Injectables, liquid and lyophilised |
| Empresa de Productos Dentales (ACRILEST) | Semisolid medicaments for dental use |
| Empresa de Productos Dentales (ACRILEST) | Liquid medicaments for dental use |
| Empresa Farmaceutica 8 de Marzo | Cephalosporins and penicillins |
| Empresa Farmaceutica 8 de Marzo | Sterile cephalosporanic powder |
| Empresa Productora Insulina y Carpules Laboratorios (LIORAD) | Dental anaesthetic products |
| Empresa Productora Insulina y Carpules Laboratorios (LIORAD) | Liquid injectables |
| Empresa de Gases Industriales | Anaesthetic nitrous gas |

Source: CECMED Centro de Isotopos (CENTIS) claims to be the most complex radioactive facility in Cuba. The centre forms part of the Nuclear Agency, from the Ministry of Science, Technology & Environment. CENTIS was created in 1988 but its current facilities were inaugurated in 1995. CENTIS specialises in labelled compounds, radiopharmaceuticals, radioisotopic generators and conventional & radioisotopic diagnostic reagents, which are used for medical, genetic engineering, biotechnology, ***agricultural*** and industrial purposes. Its oncology portfolio includes 12 main products. In 2011, CENTIS has four operational licences for the production of injectable medicaments, 99mTc sodium pertechnetate, injectable solution Iodobenzylguanidine [131 I] & sodium phosphate P 32, and sodium iodide, respectively. The company employs about 150 people.Centro de Investigacion y Desarrollo de Medicamentos (CIDEM) develops finished medicaments, advanced technologies, diagnostic agents and natural products. CIDEM ***produces*** its own products and also undertakes third-party manufacturing. Products include medicines, cosmetics and nutritional supplements. In 2011, CIDEM has two operational licences for the production of cytostatics and Praziquantel, respectively. The plant for the production of cystostatics was inaugurated in 2002 and is located in Lisa, Havana City.Centro Nacional Investigaciones Cientificas (CNIC) has six research divisions: natural products, ozone, clinical trials, biotechnology, chemistry and microbiologic diagnostics. The centre operates three subcentres: Centre of Natural Products (CPN - Centro de Productos Naturales), Centre of Clinical Trials (CIC - Centro de Investigaciones Clinicas) and Centre of Ozone (OZONO - Centro de Ozono en Cuba). CPN has developed two medicaments and two nutritional complements. In 2011, CNIC has three operational licences for the production of polycosanol, *Oleozon* in oral form and *Oleozon* in topical form, respectively.Empresa Laboratorios (EL) AICA is located in Western Havana's Scientific Cluster (Polo Cientifico del Oester de la Habana). In 2011, EL AICA has an operational licence for the production of injectables.Empresa Laboratorio MedSol, founded in 1993, specialises in the production of solid forms. In 2011, the company had two operational licences for the production of finished products. Production meets ISO-9000 and follows the GB or US Pharmacopoeia. Around 90.0% of total production serves the domestic market, while the remainder is exported mainly to Latin America.Empresa Laboratorio Farmaceutico (ELF) Reinaldo Gutierrez researches, ***produces*** and distributes pharmaceuticals. In 2011, the company has two operational licences for the production of oral contraceptives and pressurised aerosols, which are ***produced*** by Laboratorio HANCO and Laboratorio Julio Trigo 102, respectively; ELF Reinaldo Gutierrez operates these two ***producers***.ELF Roberto Escudero Diaz manufactures pharmaceutical semisolid products. Its product lines include antibiotics, antifungals, antivirals, local anaesthetic products and non-irritable lubricants. It also ***produces*** natural products, such as *VimangCrema*, an antioxidant in cream form. In 2011, ELF Roberto Escudero Diaz has three operational licences for the production of creams & ointments, suppositories and powders.ELF Liquidos Orales de Bayamo (MEDILIP), founded in Bayamo City in 2000, ***produces*** 53 medicines, including syrups, suspensions, solutions and drops. Annual production is valued at 30.0 million units. In 2011, the company has two operational licences for the production of liquid products for oral administration and topical use.Empresa de Productos Biologicos (EPB) Carlos J. Finlay is located in Havana centre. In 2011, the company had an operational licence for the production of liquid and lyophilised injectables. In 2009, EPB Carlos J. Finlay extended its production capabilities; the value of these investments was not disclosed. The company ***produced*** 14 injectables and 70 clinical reactives in 2009.Empresa de Productos Dentales (ACRILEST), founded in 1989, is the only local ***producer*** of dental medicines. As of 2011, the company had two operational licences for the production of semisolid and liquid medicaments for dental use, respectively. In 2009, the company ***produced*** 52 dental products, and packaged an additional 18 prescription medicines. Leading dental products included *Analden*, *Halitol*, *Dentifix*, *Boraden* and *Perborasep* in 2009. The company employed 186 people in 2009.Empresa Farmaceutica 8 de Marzo has been in the market for over two decades. It specialises in the production of betalactamic antibiotics, including cephalosporins and penicillins, in different presentations. As of 2011, Empresa Farmaceutica 8 de Marzo has two operational licences for the production of cephalosporins & penicillins and sterile cephalosporanic powder, respectively.Empresa Productora de Insulina y Carpules (LIORAD) has two operational licences for the production of dental anaesthetic products and liquid injectables, respectively.Laboratorios NOVATEC ***produces*** oral solid products in tablet and capsule presentations. The company supplied about 38 products to the CBN in 2011, including enalapril, omeprazole, meprobamate and azithromycin. In 2011, NOVATEC processed its operational licence for the production of tablets, coated tablets and capsules. **Foreign Industry** Former US President Barack Obama's decision to engage in talks with Raul Castro established a path towards normalising relations between the Cuban and the US economy. Current regulatory standards for US business in Cuba are severely complex and limiting. However, easing of such regulatory restrictions will significantly increase the ability for US pharmaceutical companies to engage in further business with Cuba's pharmaceutical market. That said, the Castro regime is set to remain in power until 2018, when Raul Castro ***plans*** to retire. While this is positive news, we believe that the significant changes necessary for genuine multinational interest will occur slowly, meaning that Cuba's attractiveness to US multinationals will remain limited in the short to medium term. Moreover, President Donald Trump's administration poses downside risks to the normalization process between both countries, although our core view remains that US commercial interests will prevail in the administration stance towards normalizing relations with Cuba.US manufacturers are currently allowed to supply finished drugs to Cuba, but not raw materials or pharmaceutical manufacturing equipment. The US government requires a level of paperwork which makes even this very difficult in practice. Companies with the best prospects are in Canada, Europe, Japan and larger companies in developing countries in Latin America, Asia and Africa. In April 2011, CECMED granted GMP certificates to 13 foreign ***producers***. Three of them were biologic companies: Biotech Pharmaceutical Company; Changchun Heber Biological Technology, which had two certificates; and the Serum Institute of India.In October 2013, the Chemo Group, an Austria-based pharmaceutical company with deep connections in Spain and the US, hired a few powerful players to pave its way to sell a Cuba-developed diabetic foot ulcer (DFU) treatment in the US. *Heberprot-P* was developed by the Centre for Biological and Genetic Engineering (CIGB) in Cuba and is marketed by Havana-based Heber Biotec. The drug is currently undergoing clinical trials in China, Russia, Canada and the EU. It has been approved by Cuba, Ecuador, Dominican Republic, Vietnam, Philippines and Algeria. In 2011, Cuba signed an agreement with Brazil to sell *Heberprot-P* in Brazil as well as a number of other markets.In 2016, the US administration Treasury Department gave special permission to Roswell Park Cancer Institute in Buffalo, to import a lung cancer drug, *CimaVax*, and to Mercurio Biotec, a Texas-based startup, to import supplies of *Heberprot-P*. Both drugs are to be used in clinical trials.However, this is not the first time a Cuban drug has been tested in the US: in 2004, CancerVax Corp, a California-based drug research company, obtained an OFAC license to test and sell three Cuban-made lung cancer vaccines, after obtaining an agreement with Cuba's CIMAB through two years of complex negotiations. At the time OFAC emphasised that the approval of the licenses was 'strictly for humanitarian reasons'. CancerVax had to arrange a complex three-way deal to pay the USD6mn licensing fee to Cuba in terms of soybeans, medicines and other medical goods through third party companies. If the drug were granted with the market approval, the company would have to make additional payments of up to USD35mn. Eventually, CancerVax transferred the license to CIMAB and YM BioSciences, a Canadian company; in 1999, OFAC approved the co-development of a vaccine against meningitis B for the European market between SmithKline Beecham and Cuba's Finlay Institute at SmithKline's US laboratory.We note that the Cuban government continues to seek greater foreign investment to help it achieve strong economic growth, and is working hard to win the confidence of investors. Cuba's desire for greater inclusion in the global economy has been welcomed by most nations: In February 2014, Truffle Capital, an independent European private equity firm, created Paris-based ABIVAX by merging three French biotech companies (Wittycell, Splicos and Zophis) in collaboration with the Cuban Center for Genetic Engineering and Biotechnology (Centro de Ingenieria Genetica y Biotecnologia [IGBC]). Philippe Pouletty MD, founder and Chairman of ABIVAX, noted that this international project is intended to place France and Cuba at the forefront of progress in the field of therapeutic vaccines. In January 2014, Brazilian Health Minister Alexandre Padilha and Cuban Health Minister Roberto Morales Ojeda signed an agreement establishing a bilateral partnership between Brazil and Cuba for the development of medicines to treat cancer and autoimmune diseases. In December 2013, China Meheco entered a ***strategic*** alliance with BioCubaFarma. The alliance aims to strengthen bilateral trade between the two countries and establish a pharmaceutical production base in Cuba. Cuba's medical service exports have become an important source to support local healthcare expansion in Venezuela, Brazil and Ecuador as well as Angola, Algeria, South Africa, Qatar and Saudi Arabia.

**Foreign *Producers* with GMP Certificates, April 2011**

| **Centre** | **Activity** |
| --- | --- |
|  |  |
| Laboratorios Lopez | Formulation, filling and packaging |
| Laboratorio Farmaco Uruguayo | Small volume parenteral products, for oncology use |
| Planta Tecnofar TQ | Manufacture and packaging of Hebermin cream |
| Changchun Heber Biological Technology | Manufacture of recombinant Human Interferon Alpha 2b (rHulFN-alpha-2b) API |
| NAFAR Laboratorios | Formulation, filling and packaging |
| Farma Mediterrania | Formulation and packaging of Heberprot-P 75 and Heberprot-P 25 |
| Vaccine Company of Dalat Pasteur (DAVAC) | Labelling and packaging of Heberbiovac HB and Quimi-Hib vaccines, and anti-haemophilus Influenza type B conjugated vaccine |
| Medipharco - Tenamyd Central Pharmaceutical Joint Stock Company | Formulatin, filling and packaging of Hebermin cream |
| Saokim Pharmaceutical Joint Stock Company (Saokim Pharma) | Manufacture of suppositories |
| Vitrofarma | Filling and packaging of sterile penicillin powder (plant 1); filling and packaging of cephalosporin powder and other betalactamics (plant 6); manufacturing, filling and packaging of injectables (plant 8); and filling, packaging and storage of injectables (plant 4) |
| Changchun Heber Biological Technology | Formulation, filling and packaging of recombinant Human Interferon Alpha 2b (rHulFN-alpha-2b) |
| Biotech Pharmaceutical Co. | Manufacture of API and finished dosage form nimotuzumab |
| Serum Institute of India | Manufacture of APIs of mumps, measles and rubella vaccines (Building SEZ 1B First Floor); formulation, filling and packaging of mumps, measles and rubella vaccines (Building SEZ 1B Ground Floor and Building SEZ 3 Ground Floor); bulk manufacturing, filling and liophylisation of BCG Vaccine (Building 4, Second Floor); packaging of BCG vaccine (Buildings 1 & 5, Ground Floor); bulk manufacture of rabies vaccine (Building 5, Ground Floor); processing of final products of rabies vaccine (Building 6, Ground Floor); packaging of rabies vaccine (Buildings 5 & 6, Ground Floor); formulation and processing of final products of immunosera tetanus antitoxin and anti-rabies serum (Building Main Block, Ground floor); packaging of immunosera (Building 1, Ground Floor) |

Source: CECMED **Biotechnology** Cuba claims to have one of the most advanced biotechnology industries in the world. In the 2010 Biotecnologia Habana (Biotechnology Havana) congress, CIGB, reported that Cuba sells 34 biologic products in 40 countries. In fact, the biopharmaceutical industry has the second highest level of exports in the country, behind exports of nickel. In September 2016 Cuba and China signed a number of Memorandums of Understanding for the establishment of joint ventures (JV) in the biotechnology and biopharmaceuticals sector. This included, but was not limited to, a diagnostics JV in the Mariel Special Development Zone and a joint unit between the Cuban Center of Molecular Immunology and the Chinese company Beijing Dongsan Biotech to conduct research, development and production of monoclonal antibodies and recombinant proteins in order to export to Latin America. In April 2011, CECMED reported six local biologic ***producers*** with 22 operational licences. Additionally, there were three local ***producers*** processing five licences: Centro de Ingenieria Genetica y Biotecnologia (Plants 5 and 6), Centro Nacional de Biopreparados (Parenteral product plant 2), Centro de Inmunologia Molecular (Plant 1), Centro de Inmunologia Molecular (Plant 3) and Centro de Inmunologia Molecular (Plant 2).Centro de Ingenieria Genetica y Biotecnologia (CIGB), founded in 1986, claims to be one of the most modern complexes for biomedical and ***agricultural*** technology research in the developing world, occupying a 60,000 sq mt area. The company has three main headquarters located in Havana, Sancti Spiritus and Camaguey. CIGB employs over 1,600 people.In July 2011, the Provincial Court of Havana convicted ten former executives of the Cuban Institute of Civil Aeronautics and Heber Biotec on bribery. They were found guilty of favouring foreign companies in negotiations. CIGB's Biomedical Research Unit (IBM - Direccion de Investigaciones Biomedicas) works in more than 20 research projects and employs about 200 people. The unit is organised in five departments: vaccines; pharmaceuticals; immunodiagnostics and genomics; chemistry and physics; and the department of scientific, technical and administrative activities.Centro de Inmunologia Molecular (CIM), founded in December 1994, researches and ***produces*** biopharmaceuticals for the treatment of cancer and other chronic diseases. Administratively, the centre is divided into three main areas: R&D, production and quality assurance. Founded in 1992, CIMAB sells CIM's products; CIMAB has commercial associations with more than 25 pharmaceutical companies. CIM employs nearly 830 people, most of whom are scientists and engineers.CIM's product portfolio includes an anti-CD3 monoclonal antibody for the treatment of patients with organ transplant rejection; human recombinant erythropoietin for the treatment of anaemia; granulocyte Colony Stimulating Factor for the treatment of neutropenia; a humanised monoclonal antibody that recognises the epidermal growth factor receptor for cancer treatment as well as other monoclonal antibodies for tumour imaging.Centro Nacional de Biopreparados (BIOCEN) develops and ***produces*** low-volume parenteral products, active pharmaceutical ingredients (APIs) for vaccines and other biologic products. In 2011, BIOCEN has eight operational licences, of which three are for the production of APIs and three for the production of parenteral products. The company employs about 800 people.Empresa de Sueros y Productos Hemoderivados Adalberto Pesant has a plant for the production of seven biologics. The company employs about 171 people.Instituto Finlay, founded in 1991, develops and ***produces*** vaccines, in many cases in cooperation with CIGB and CIM. Since 1999, Vacunas Finlay has exclusively promoted, marketed, sold and distributed products and services for Instituto Finlay. The company employs about 1,000 people.Instituto Finlay ***produces*** vaccines included in the national immunisation ***programme***. One of the first, and most successful, of the company's vaccines is the meningococcal BC vaccine, Va-Mengoc-BC; the former SmithKline Beecham entered an agreement to license this vaccine outside Cuba in 1999.The company occupies an area of 23,000 square metres, with three main areas: fermentation, purification and clean rooms. In terms of manufacturing capabilities, Instituto Finlay had three operational licences for plant I, II and III in 2011. In terms of R&D, the company specialises in vaccines, diagnosis, immunoprophylaxis, design of new adjuvants, and preventive and therapeutic antivirals. Generic Drugmakers

Empresa Laboratorio Farmaceutico (ELF) Oriente is the 14th licensed local pharmaceutical ***producer***, developing and ***producing*** generic, natural and homeopathic products. In 2011, the company had three operational licences for the production of oral rehydration salts, tablets and large volume parenteral (LVP) solutions, respectively. The plant for the production of LVP solutions was built in 2003, in cooperation with China.In March 2012, Cuba's Health Minister, Roberto Morales, and the World Health Organisation's Director General, Margaret Chan, signed an agreement for technology transfer and production of generic drugs, increasing the country's global reach. Pharmaceutical Distribution

Intermediaries and agents are allowed to handle goods on consignment for licensed importers in Cuba. However, only licensed importers are permitted to conduct distribution within the country, requiring the government to import finished medicines and distribute drugs directly to pharmacies throughout the island, with no secondary involvement. Therefore, distribution channels may only be conducted via a physical presence in Cuba as well as an importers license. Pharmaceutical Retail Sector

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[***PWM/The Banker Private Banking Awards 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RG4-BBV1-DY9P-N4BF-00000-00&context=1516831)

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**Body**

During a time of Disruption from new technology, regulation anD the changing 'next-generation' minDset, there is much internal discussion going on within private banks about how much they need to change to keep up with client needs and what the private bank of the future will look like. Many, even the biggest, are worried that if they do not make the transformation quickly enough, they will be replaced by rising institutions who are innovating faster and may even leave a gap for new-style, digitised entrants to the market.

These appear to be the main themes of pre-occupation in the private banking community, as PWM and The Banker magazines present their ninth annual Global Private Banking Awards. While UBS is still reaping the rewards of many years of investment in scale and technology, this year winning awards for philanthropy, client-facing technology and servicing the increasingly important ultra-high-net-worth (UHNW) segment, as well as maintaining the crown for the best global private bank, it is clear that other banks are catching up.

UBS is still setting the pace, coming up with new far-reaching goals, leading in digitisation and increasingly investing in the 'softer' side of the business, working with family offices, drawing up succession ***plans*** and encouraging women entrepreneurs. But key competitor Credit Suisse is running UBS close in several markets, especially Asia, which is no longer being given so much emphasis among UBS bosses now that growth has slowed down.

Several members of our 16-strong judging panel believe the Swiss leader is under more pressure than ever, even though they still see it as the best all-round private bank. And regular conversations with top management at UBS show the vast amount of new ideas and innovations constantly being dreamt up by the bank reflect a mounting sense of insecurity about holding on to the top berth in the future. "While UBS has become a benchmark for others to emulate, unless it continues to raise the bar, it will not be able to retain its pole position," says Amin Rajan, founder of the Create-Research consultancy. "No bank has ever managed to remain at the top for more than a decade, thanks to the curse of success: success invites hubris and hubris creates nemesis."

Fellow judge Christina Baltz, a wealth ***planning*** and tax partner at WithersWorldwide in New York, agrees that the heat is now firmly on UBS. "UBS has a great global brand and does offer the pre-eminent global platform for the client who needs or wants that," she says. "But it's impossible for any institution to be all things to all people, so there is plenty of room for others to succeed at being the firm of choice for niche or bespoke offerings that 'global citizen' UHNW clients want, or to be the firm of choice in a client's local market."

Moreover, the 'one-bank' model, which has dominated the thinking of the largest banks for more than a decade, using private banking often as a distribution channel for asset management and investment banking products, while still going strong, may have a limited future shelf-life.

"The two Swiss banks, as well as other competitors, are increasingly selling in-house products with inherent conflicts," says Ray Soudah, founder of mergers and acquisitions and strategy consultantsMillenniumAssociates. "Furthermore, their investment banks are not always interested in the projects that the private banking division bring." Private clients, believe Mr Soudah and other commentators, still want and will increasingly demand fully independent advice,which they are not currently receiving from some of the leading private banking players.

Any such doubts among leading Swiss banks will be further stirred given that Citi has secured the awards both for global brand and global customer service. There appears to be a recognition, among both consultants and clients, that simply spending millions on billboard posters, fancy TV advertisements accompanied by tunes which tug at the family heartstrings and on sponsorship of international sporting events, to which the wealthiest clients are invited, is simply not enough. Clients are also increasingly asking: "What does that brand mean for me?" If it really is just a Kitemark on a leather portfolio folder which is given to the client, or a badge on another accessory, that is no longer enough. Clients are increasingly expecting the bank to deliver on its brand, for the bank to improve their life, either financially or in terms of allowing them to play a role in the development of society through impact investing, private equity and philanthropy. The ideal bank will be able to fulfil all of these needs.

The rise of some of the boutique banks to become much larger institutions - UBP, Vontobel and two of our award winners, Geneva's Banque Syz and Liechtenstein's LGT, spring to mind - shows customers are willing to look away from the leaders for their private banking needs, especially when it comes to more niche services such as private equity, hedge funds and impact investments. Some boutiques, according to Mr Soudah, are already starting to shake off their artisan roots and succumbing to the temptation of emulating the larger "utilities".

"By focusing on a limited number of specifically targeted countries or markets," says Ms Baltz, this cohort over time "can compete with the big players in those countries." She cites Vontobel's increasing US penetration of high-net-worth clients, using investment strategy as a key differentiator, as an example of this trend.

Regional champions are also fast emerging to tackle the global players, with DBS in particular, a very innovative forward-looking bank in Singapore, now taking its place as one of Asia's leading institutions. This trend is expected to continue and accelerate. "Local and regional players will eventually dominate the private banking landscape in Asia, as they have the cheaper cost bases," says Mr Soudah, expecting the Chinese banks to eventually enter the broader pan-Asian space through large acquisitions in the next few years.

"As the local players develop their brands, they will challenge the supremacy of the Swiss banks," adds Mr Rajan. "UBS and Credit Suisse will have to work exceptionally hard to remain at the top in Asia."

Similarly, the economics are likely to lead Latin American banks such as Itaú and LarrainVial to leverage their brands and low-cost bases to become the most prominent players on their own continent, exploiting the market gaps left by traditional players such as HSBC and RBC, believes Mr Soudah.

This theme of the market becoming more open to the rise of other big, medium and small banks to compete with the "behemoths" is a long-term and persuasive one, believes independent family office adviser and former private banking boss Gerard Aquilina, who cites the emergence of DBS, Itaú and BTG Pactual and the growth of Swiss player Julius Baer as evidence of this trend. He expects the growth in breadth and depth of Latin American capital markets - which also help stabilise economies and encourage wealthy private clients to reinvest their wealth locally - to boost product offerings for regional banks and help them compete with international players. He believes there is "too much hype" regarding the ability of universal banks to truly wed their investment banking and private banking offerings, saying the likes of Julius Baer are competing very effectively, despite not having investment banking capability.

With the growth of local banks has come the withdrawal of many international banks from regions including Latin America, according to Mr Aquilina - their hands being forced by pressures on tax compliance and their re-focusing on key markets in the post-2008 clean-up. "There are now some truly excellent local players in Latin America, from Banorte to LarrainVial to Itaú and Pactual," he says. "These banks can easily rival the international banks in terms of product choice and the high calibre of their wealth advisers."

KEY FACTS ¦ The addition of 17 new award categories this year brings the total number to a record 90.

¦ To recognise excellence of regional players, we have split the global categories for best service offerings into regional ones. These include customer service - the most popular since the awards ***programme*** was launched in 2009 - succession ***planning***, philanthropy services and relationship management technology.

¦ Bulgaria, Ghana, Kuwait and Oman all received country awards for the first time.

¦ The number of applicants continues to be high at 125, compared with 103 just three years ago.

¦ New entrants represent 10% of all applicants, while a 102-strong cohort of institutions re-entered this year's awards having applied last year. Eleven banks have re-applied after a break in 2016.

¦ Of the 60 institutions reaching the top spot in any specific category, eight have won an award for the first time this year. The rotation of winners across categories is significant, as 25 winners in any specific category are different from last year's awards.

¦ Each institution has applied for an average of four categories, among a total of 500 categoryspecific entries.

THE JUDGES Gerard Aquilina, independent family officer adviser.

Ger penden Christina Baltz, wealth ***planning*** and tax partner, WithersWorldwide.

anning sWorldwide.

Yuri Bender, editor-inchief, Professional Wealth Management magazine.

Kim C r Cornwall, founder and CEO, Cornwall and Co Consulting.

Seb Dovey, partner, Scorpio Partnership.

uier, nking Shelby R du Pasquier, partner, head of banking and finance group, Lenz & Staehelin.

delma l he , corp Christian A Edelmann, partner, global head corporate banki nd m Olive and institutional banking and wealth and asset management practices, Oliver Wyman.

Simeon Fowler, CEO, Fowler Fox & Co group of companies.

Julia Leong, partner, PricewaterhouseCoopers, Singapore.

Silvia Pavoni, economics editor, The Banker.

Alois Pirker, research director wealth management, Aite Group.

Amin Rajan, CEO, Create-Research.

Ray Soudah, founder, MilleniumAssociates.

William Sullivan, global head of market intelligence, Capgemini Financial Services.

Stephen Wall, co-founder, The Wealth Mosaic.

Cara Williams, global head of wealth management, Mercer.

¦ BEST GLOBAL PRIVATE BANK ¦ BEST PRIVATE BANK FOR PHILANTHROPY SERVICES GLOBALLY ¦ BEST PRIVATE BANK FOR UHNW CLIENTS ¦ BEST INITIATIVE OF THE YEAR IN CLIENT-FACING TECHNOLOGY WINNER: UBS WEALTH MANAGEMENT uBs wealth management is a player that continues to Be reckoneD with, overseeing more than $1000bn in client assets for non-US clients, and slightly more in the US. But unlike global brands such as Coca-Cola and Pepsi, the Swiss bank keeps re-inventing itself in order to maintain its global leadership ranking.

The bank is no stranger to chassis-shaking transitions. It was the first wealth manager to state, more than 10 years ago, that the old ways of using Switzerland for tax and secrecy purposes and as a base from which to sell structured products were past their sellby date. It was the first private bank to settle with US authorities for irregular practices, the first to embrace asset management as its raison d'etre and the first to champion both hedge funds and exchange-traded funds as core products within discretionary portfolios.

Today, that transformation continues apace, with investment management and portfolio construction becoming increasingly formalised and leveraged globally, coupled with asset allocation advice from chief investment officers, backed by technology from Swiss-based platforms.

Activity has been particularly pronounced in the global family office and ultrahigh-net-worth divisions, now built up to being potentially the highest earners of the bank, eclipsing attention previously lavished on the Asia-Pacific operations, based out of Hong Kong and Singapore. The Far Eastern jewel, once so far ahead of competitors, while still important, is no longer the major growth engine of business, with a much broader spread of clients targeted geographically, tempted by a wider mix of strategies, including impact investing, philanthropy and private equity.

Joe Stadler, head of the bank's ultrahigh-net-worth business, points to "significant progress in Europe" now starting to rival the bank's undoubted Asian expertise, with what he calls "big money" consolidating into the hands of a smaller number of specialist firms. "We are the main beneficiary of this in Europe, as many of our previous competitors have wound down or exited the business," he says.

Where once the bank prided itself in the hard push of structured products to its richest clients, with all advisers required to sell certain quotas, today it is more likely to seek praise for its social conscience and warmer approach to clients, although the ruthless financial streak has not disappeared.

"UBS is unique in its approach to the softer side of the business," says Sara Ferrari, head of the global family office group at UBS. "We are more attuned to both impact investing and female clients. These are among the key challenges and opportunities we have to embrace to better align ourselves with our client base."

¦ BEST PRIVATE BANK IN EUROPE ¦ BEST PRIVATE BANK IN SWITZERLAND WINNER: PICTET WEALTH MANAGEMENT with Both heaDcounts anD assets rising, Pictet has launched a major initiative to boost its EU presence, by siting a key operations office in Luxembourg. A new booking centre in London also complements expansion in Germany and Italy. The bank also launched its Pictet Technologies IT company in 2016, employing 48 specialists.

"For Pictet, Europe has always been, for obvious geographical and cultural reasons, a key ***strategic*** region," says Remy Best, managing partner at the Pictet Group. He is particularly proud that this European growth, which has also included adding offices in Paris, Madrid and Barcelona, has been achieved by "organic means only, without recourse to mergers or acquisitions", which Swiss competitors have been keener to take advantage of.

To accommodate continuing growth, particularly the hiring of senior bankers, Pictet's London operation has recently relo-cated to offices twice the size of previous premises in Mayfair, from where it serves clients from Asia, the Middle East, Europe, Russia and Latin America. That said, the home Swiss market remains hugely important for Pictet, with Mr Best believing the country's strengths, including "a culture of discretion", are coming into their own "in the unpredictable and unstable environment we live in".

Ultra-high-net-worth clients are making up an increasingly important part of this focus, with the skills of Pictet Asset Management in servicing central banks, pension schemes and sovereign wealth funds now being used to help families and wealthy private individuals.

¦ BEST PRIVATE BANK IN CENTRAL AND EASTERN EUROPE ¦ BEST PRIVATE BANK IN AUSTRIA ¦ BEST PRIVATE BANK IN CROATIA WINNER: ERSTE PRIVATE BANKING erste private Banking (erste pB) is one of the leaDing wealth managers in central anD eastern europe (cee) and the largest wealth manager in Austria. The bank has more than 16,000 private clients with a combined wealth of (EURO)17bn, and services them from its headquarters in Vienna and its local private banking units in the Czech Republic, Croatia, Hungary, Romania and Slovakia.

Erste PB has secured three awards this year, as Best Private Bank in CEE, Austria and Croatia. The bank offers a comprehensive range of services covering all aspects of private banking, wealth management, financial ***planning*** and execution services, as well as cross-border and cross-jurisdictional services across the CEE region. In 2016, the private bank was able to acquire more than 400 clients from Erste's retail network in Austria. Wolfgang Traindl, head of private banking and institutional clients at Erste Bank Österreich, says: "As a private bank within a universal bank, we can offer our clients, besides wealth management and advisory services, a full range of private banking, real estate and corporate products, and services such as transaction banking or short-and long-term financing. On the advisory side, we strongly emphasise guiding our clients into sustainable investment and philanthropy."

Erste has been providing private banking services in Croatia since 2011, and has offices in Zagreb, Rijeka and Split, servicing more than 800 high-net-worth clients. "In a highly competitive environment of evershrinking yield universe, we have managed to create products that offer value to our clients, while taking into account their desired risk exposures," says Kristina Buconjic, head of private banking at Erste Bank in Croatia. "We assume that next year, with changing yield trends, will be especially challenging but we stand ready to take it up."

¦ BEST PRIVATE BANK IN THE MIDDLE EAST ¦ BEST PRIVATE BANK IN RUSSIA WINNER: CREDIT SUISSE Credit SuiSSe enjoyed a huge Surge in itS private banking aSSetS during 2016, with $30bn in net new money, up from $19bn the year before, and commentators agree that it is catching up with key Swiss rival UBS, particularly in the penetration of key markets such as Asia-Pacific, where the management believe there is space for a much greater range of competitors.

Yet the bank still receives much criticism for its business model, which aims to entwine private banking and investment banking to make them more inter-dependent. The whole strategy is based on encouraging private banking clients to do deals requiring mergers and acquisitions specialisation or other capital markets skills. Credit Suisse bankers claim twothirds of private clients use these services, although outsiders are more sceptical, suggesting a lower level of penetration. "There are very few entrepreneurial clients on the private banking side who don't do investment banking business with us and very few investment banking clients who don't do private banking business with us," says Franceso de Ferrari, head of Credit Suisse Private Banking for the Asia-Pacific region.

Indeed, the bank has set up a working group to help further integrate the two divisions in order to boost profits, although some critics believe the amount of business generated by the wealth management division is not enough to keep a specialist investment banking unit well fed and watered.

The bank is also once again building up its asset management subsidiary, most of which was previously sold off, but this time specialising in alternative assets, rather than the traditional funds of old, which are being made available to private clients. The Middle East remains a major priority as do the emerging markets of eastern Europe. Although Credit Suisse has recently downsized in Russia, it remains a prominent player there and is happy to work with clients who are at a much earlier stage in the business cycle, providing the bank can lend money to them.

"Most of the wealth is new wealth, generated by first-generation entrepreneurs," says Robert Cielen, head of emerging Europe at Credit Suisse, discussing his experiences of serving clients across the region. "One of the first priorities is not just to help the clients manage their wealth but to grow their business. We try to position ourselves also as a bank to lend to these clients. Our discussion always starts with: 'How is your business doing and how can we help you grow?'."

¦ BEST PRIVATE BANK IN ASIA ¦ BEST PRIVATE BANK FOR INNOVATION WINNER: DBS BANK Singapore'S dbS haS finally Started looking outwardS, opening new offices in both London and Dubai, rather than just contentedly existing as a leading bank in Singapore and south-east Asian economies.

This strategy is no doubt helped by excellent financial performance, with client assets now exceeding $80bn, following recent acquisitions of wealth management units at ANZ and Société Générale, and nearly $12bn of net new money during 2016. DBS says it has grown wealth management by 20% annually over the past six years.

Management says recent success is down to "doubling down" on the basics of integrating banking and wealth management solutions, helping clients build regional relationships and generating much pan-Asian economic research. This effort has been further amplified by strengthening leadership, accelerating the digital agenda and fully realising revenue from the recent integration of the SocGen private banking franchise, according to bank bosses. In addition to improving the DBS iWealth platform in Singapore, technology allowing relationship managers to onboard, service and transact for clients via iPads is being rolled out across south-east Asia. They have high hopes for the digital footprint in Indonesia and Taiwan in particular. DBS has always been strong in digital innovation. But it feels it has now learned from its mistakes, having been one of the vanguard of the private banking field to explore artificial intelligence (AI) and the manipulation of big data.

"Having experimented with AI and learnt from various partnerships with fintech companies, our teams are now trained in agile processes, familiar with running customer-centric journeys," says Su Shan Tan, group head of consumer banking and wealth management at DBS Bank. Relationship managers, she adds, are now focusing on "data as the new currency on which to provide relevant and timely wealth advice and solutions to our customers".

This focus on data appears key to the DBS strategy, especially where portfolio management is concerned, combining algorithms with details about clients' goals, risk appetite and available assets to both recommend specific products and rebalance allocations in response to changing market conditions.

¦ BEST PRIVATE BANK IN LATIN AMERICA ¦ BEST PRIVATE BANK IN SPAIN WINNER: SANTANDER PRIVATE BANKING santanDer private Banking (spB) has secureD two of this year's awarDs - Best Private Bank in Spain and Best Private Bank in Latin America.

SPB, part of the Santander Group, has a presence in Europe, Latin America and the US, and provides private banking and wealth management services across a network of 100 dedicated branches.

According to Victor Matarranz, head of the wealth management division, SPB is responding to the challenges faced by the private banking sector at a global level, driven mainly by the changing habits of clients who now have greater access to information and demand different approaches to advisory services. "We have to create a new way of understanding private banking, to be at the service of our customers, becoming much more digital but relying on the knowledge and experience of our bankers, whom our customers value the most," he explains.

The bank has implemented a number of initiatives to increase digitalisation in their communications with clients, with the launch of new apps, digital signature facilities and the digitalisation of some administrative tasks, among others. This is in line with the general direction of Banco Santander, which has recently launched a new strategy called Digifilosofía, aimed at changing customer habits and promoting the use of digital channels.

"At the same time, we are starting to enter the digital advice space and its application to private banking needs and clients. We are working on an automised advisory engine that will provide our customers with monthly investment proposals, replicating the banker's advice and taking the client's total portfolio and preferences into account, covering the complete product catalogue," says Mr Matarranz.

SBP has also dedicated time and resources to expand the range of investment solutions available to its private banking clients, including the launch of an alternative investments department. Using its wellestablished open architecture model, clients will be able to access the best private equity funds and hedge funds. The bank has also developed a new procedure to easily identify the best exchange-traded funds.

¦ BEST PRIVATE BANK IN THE NORDICS ¦ BEST PRIVATE BANK IN FINLAND ¦ BEST PRIVATE BANK IN NORWAY WINNER: NORDEA PRIVATE BANKING at norDea, the largest private Bank in the norDics, assets under management rose by 8% to (EURO)86bn in 2016, while income growth was also solid, as efforts to become a more 'agile' organisation seemingly paid off.

The private bank established a new platform, called the Ocean, aimed at developing and implementing business development initiatives by introducing "agile teams", while leveraging the Nordea Group's competences, according to Thorben Sander, head of Nordea Private Banking. These teams operate as "speedboats" organised in "fleets" on ***strategic*** themes and all of them must contribute to building and sustaining client satisfaction as well as employee engagement, he says.

The bank rolled out its Next Generation ***programme*** in 2016 in all its markets, and has also transformed its wealth advisory approach to provide a one-stop shop, including legal advice and inheritance ***planning***, as well as specialised support to entrepreneurs.

"We are confident that this approach helps us unlock the full potential of our client's wealth," says Mr Sander.

In 2016, the bank launched the Nordea Start-up Accelerator, with the objective to create business development hubs and enhance collaboration between the group and start-ups. This is achieved by matching fintechs with dedicated mentors at Nordea.

"One of our success stories, Feelingstream, uses artificial intelligence to automatically analyse text, and opens up new opportunities to improve our customer service," says Mr Sander.

When it comes to technological innovation, the introduction of digital documents and digital signatures, launched to speed up client processes, has been particularly welcome. Also, advisers have been equipped with a new interactive digital presentation tool to enhance their meetings. In addition, the bank expanded its digital communication through webinars and podcasts. These solutions followed the launch of e-branches, offering the same services as physical branches, including video chats with advisers, but with more flexible opening hours, including evenings and weekends.

Going forward, the bank sees 'considerable potential' in robotic process automation and is in the process of developing and implementing new solutions, while the Robotics Centre of Excellence, established in February this year, supports business units.

"The private banking industry is undergoing significant changes and challenges, ranging from increasing regulatory pressures and digitalisation to changing client preferences," says Mr Sander.

"In this environment, modern customised solutions and the ability to cater to vastly different client preferences will play a fundamental role."

¦ BEST PRIVATE BANK IN THE US ¦ BEST PRIVATE BANK IN THE US FOR SUCCESSION ***PLANNING*** ¦ BEST PRIVATE BANK FOR FAMILY OFFICES WINNER: NORTHERN TRUST PosTing a resPecTaBle seT of meTrics with assets managed for private clients rising from $227bn to $248bn in 2016, alongside a hugely impressive ratio of each adviser working with less than 30 clients, Northern Trust is also revising its compensation structure to remove product sales-based incentives and align bonuses to client retention and growth.

The Chicago-based wealth managers' hierarchy puts the success down to "breadth of capability, depth and experience and integrated delivery", but beyond this corporate speak is a more fundamental reason for the bank's ability to stay at the top of rankings. Northern Trust has hit on the formula of how to marry old-fashioned wealth management with technology and goals-based asset allocation techniques in a way that not only helps clients, but keeps the bank very profitable, with the help of a significant infrastructure built for custody customers, leveraged for wealth management.

"The custody infrastructure we have developed is a foundational contributor to Northern Trust's wealth management success," says Stephen Fradkin, president of Northern Trust Wealth Management, who believes having $9300bn in assets under custody and administration offers the bank an "extraordinary competitive advantage" in addition to economies of scale.

Deep conversations with customers are, where routinely possible, backed by empirical data with technology helping visualise outcomes. "Our goals-driven wealth management is a fusion of adviser-driven experience supported by robust digital technology," says Mr Fradkin, typical of Northern's crop of veteran leaders who appear traditional in outlook but are happy to entertain and encourage constant innovation ***programmes***, influenced by other industries, especially those based in Silicon Valley.

But the more time-consuming and onerous disciplines of succession ***planning*** are not ignored by any means, with this service seen as providing a "window to the entire family, business and wealth structure of a client," according to Mr Fradkin. "As we work with clients on succession, we are privy to the core intentions, business and family dynamics of our clients, which informs how we can best help clients ***plan*** and manage their wealth."

¦ BEST PRIVATE BANK IN AUSTRALIA WINNER: BT PRIVATE WEALTH BT PrivaTe WealTh has conTinued To sTrengThen iTs direcT WealTh Business, to cater to self-directed investors, recently offering them the possibility to directly transact in international equities.

The bank's investment and private wealth markets services are "ahead of its competitors in terms of insights and innovation", claims Jane Watts, general manager at BT Private Wealth.

"Our 'advice on your terms' engagement model is key to our value proposition as it truly suits our clients' preferences," says Ms Watts. Clients can access everything from execution-only services to the provision of comprehensive personal advice via the bank's ***strategic*** wealth advisers. Analysing and reshaping the bank's services based on clients' feedback is also crucial to generating high levels of satisfaction, she adds.

Customers can gain access to "unlisted, wholesale and sophisticated solutions" through the bank's Global Investment Service, according to Ms Watts. These solutions are sourced and selected based on the bank's thematic views on global and domestic markets, as well as clients' direction. "The thematic approach is outside of a traditional asset allocation approach and allows our clients to invest within thematic areas that resonate with them," adds Ms Watts.

The platform facilitates the pooling of assets, allowing access to investment solutions that are generally out of reach, due to high minimum investment amounts, being institutional in nature or bespoke opportunities, explains Ms Watts.

The Australian bank, which last year attracted A$6.4bn ($5bn) in net new money, bringing total client assets to more than A$37bn, launched several alternative solutions, recognising these are "increasingly important options for clients given that the universe of yield solutions is shrinking", says Ms Watts.

Recently it introduced venture capital funds for the first time, allowing access at a lower minimum entry. It also offered access to a private equity fund as it was being raised.

With the great majority of high-networth clients looking for more ability to direct their own investments, the bank continues to invest in technology and digital capabilities to enhance its client experience and is cautiously considering launching a 'genuine, robo-advice solution' in the future.

¦ BEST PRIVATE BANK IN NEW ZEALAND WINNER: BNZ PRIVATE BANK Winner of The BesT PrivaTe Bank in neW Zealand aWard for The Third year running, BNZ Private Bank has undertaken key initiatives to enhance its value proposition to clients, with a focus on delivering a more robust investment ***programme*** offering a 'truly global reach'.

The appointment of Australasian asset consultant Jana enabled the bank to expand its investment research and manager selection capabilities, offer a better quality portfolios to clients and provide access to specialist investment managers not available to other investors in the country, explains Donna Nicolof, head of BNZ Wealth and Private Bank.

A review of ***strategic*** asset allocation brought greater diversification and exposure to international assets, which have now increased to represent 64% of assets in client model portfolios, from less than 40% two years ago.

"This initiative was driven in part by our desire to manage investment risk, particularly in an environment of increased uncertainty," says Ms Nicolof.

Finally, under its own brand, the bank launched a new range of funds, the Private Wealth Series, managed by sub-advisers on a segregated basis. "These funds offer a cleaner, simpler investment proposition to our clients, while delivering scale and efficiency into our business," says Ms Nicolof.

These investment solutions also enable better control and oversight of client money and are "unique to the bank, better representing its values", she says, referring to the newly launched multi-manager, multi-style international equity fund which incorporates a responsible investment overlay.

Gradually shifting client assets into its own products, away from off the shelf, thirdparty retail funds are also more remunerative for the bank, which has enjoyed a 160% revenue growth since the fund series launch. During the past three years, BNZ's Wealth and Private Bank team almost tripled the size of funds under management, from NZ$1.5bn ($1.07bn) to NZ$4.3bn. The growth was boosted by surging demand for private banking and family office services, as people's wealth expanded, mainly driven by business sales, New Zealanders returning home and new migrants.

"We see these factors continuing to increase the demand for private banking in years to come," says Ms Nicolof.

¦ BEST PRIVATE BANK IN BRAZIL ¦ BEST PRIVATE BANK IN LATIN AMERICA FOR CUSTOMER SERVICE WINNER: ITAÚ PRIVATE BANK Despite the economic turBulence anD political instaBility in latin america, Itaú Private Bank, which manages more than 300bn reais ($94bn) in client assets, enjoyed 11bn reais in net new money, while net income and revenue increased 71% and 21%, respectively. These results, combined with consistent cost management, enabled the bank to reduce its cost-to-income ratio by 12 basis points.

In Brazil, what paid off was the bank's ability to "understand client needs, propose a complete offering aligned to those needs, and being transparent, especially in regard to pricing and risks", explains Luiz Severiano, head of Itaú Private Bank Brazil. "This strengthens our relationship with clients, which is built on trust."

The bank's efforts in developing a sophisticated product offering and an international platform over the past few years - with further enhancements made in 2016 in Switzerland, the US and the Caribbean - make the bank well positioned to work in the new scenario of lower interest rates, which are likely to be a challenge, as investors are used to double-digit annual returns. "We expect clients to be more willing to invest in higher risk products, with an international exposure, in order to maintain their returns," says Mr Severiano. "This is a good opportunity for us to further increase our market share in Brazil and enhance our positioning offshore."

The private bank has a market share of 28% in the Brazilian wealth management market. Among ultra-high-net-worth clients it is even higher, 30%, and is expected to increase following the implementation of Brazil's tax amnesty ***programme***.

Over the past year, the bank raised the asset management threshold for Itaú Family Office to 400m reais and tailored its marketing approach to focus on potential clients with assets exceeding 10m reais. "Both changes were made to enable us to provide more tailored, specific services," says Mr Severiano.

During 2016, improvements were made to the technology platform, affecting both clients and advisers. "Clients have been reacting surprisingly well and want to try new features, such as video conferencing, investments and authorisations through digital channels," says Mr Severiano.

¦ BEST PRIVATE BANK IN CHINA WINNER: CHINA MERCHANTS BANK the opportunities for private Banks in china are consiDeraBle. According to the 2017 China Private Wealth Report, published by CMB and Bain & Company, the number of high-net-worth individuals (HN Is) in the country has been continuously increasing since 2009, reaching 1.58 million by 2016.

This progress is projected to continue. "The China private wealth market is enjoying rapid growth with huge potential for further development," says a spokesman from China Merchants Bank (CMB).

The bank was one of the first commercial banks in the country to enter the private banking space, launching its first services back in 2007. By the end of 2016, CMB had 53 private banking centres across the country, serving more than 58,000 clients with total assets under management of about Rmb1500bn ($225bn).

The ability of wealth managers to offer a professional service to their clients "is the only core competitive advantage" rival firms can use to attract and retain clients, says the spokesperson.

"Over 10 years, our private bank has built a professional investment system of advisory services, comprehensive asset management and product service capabilities to meet high-end customer investment needs, and to continuously achieve the value of customer wealth preservation," adds the spokesperson.

To help clients allocate assets, CMB private banking has developed an open product platform that it claims is the market leader in China due to its diversity of products and functions. The financial products offered include cash management/currency market, fixed income, equity, alternative and overseas investment products to provide comprehensive investment opportunities for clients. The global asset allocation demands of Chinese clients have increased sharply, with the percentage of HNWIs who have already invested in overseas markets increasing from 19% in 2011 to 56% in 2017, according to the China Wealth Report. This figure is expected to rise in the future, making access to overseas markets a key battleground for private banks.

"We are accelerating the development of global investment and financial services, such as cross-border asset allocation, wealth inheritance, tax ***planning***, legal advisory and other services, to manage their assets in both domestic and international markets," says the spokesman.

¦ BEST PRIVATE BANK IN INDIA WINNER: KOTAK WEALTH MANAGEMENT kotak wealth management, the private Banking arm of kotak mahinDra Bank, provides financial advice to some 40% of India's 100 wealthiest families, as defined by the Forbes India Rich List 2016. With more than 16 years of experience, it is one of the oldest wealth managers in the country.

The Kotak Family Office service has more than 100 clients, focusing on areas such as succession ***planning***, tax optimisation and philanthropy.

Digital communication is important at Kotak and the bank has introduced its own online reporting platform providing live access to investment portfolios, while private banking clients are also catered to via its wealth app.

The bank is also extending its reach deeper into its clients' families. Its annual Next-Gen Connect ***programme*** is aimed at the children, offering a three-week annual experience ***programme*** to teach them about markets, asset classes and investments. Meanwhile the Leading Ladies ***programme*** is a scheme organised for the spouses of existing clients covering similar themes.

"There was a latent need among ultrahigh-net-worth individuals to enhance financial understanding among family members," says a spokesman at the bank. "So far we have reached more than 100 families across India with this ***programme***."

Indian investors have traditionally favoured domestic investments into traditional asset classes; however, Kotak reports that this is gradually changing. The new generation of business professionals is much more likely to take on more risk in their investments and look at allocations to startups and early-stage companies, as well as looking at overseas investments. While Kotak may not necessarily have the in-house expertise to cater to these demands directly, the bank's open architecture approach ensures it has a number of tie-ups to ensure it can meet its clients' needs.

¦ BEST PRIVATE BANK IN HONG KONG WINNER: HSBC PRIVATE BANKING few people rememBer that hsBc stanDs for the hongkong anD shanghai Banking corporation - the bank was founded in Hong Kong in 1865.

It is also tempting to say that the clue to HSBC's accolade as Best Private Bank in Hong Kong lies in the name. Certainly many of this year's victors around the world are extremely long established in their particular national market.

"For many years, HSBC Private Banking has helped clients build, manage and preserve their wealth, and supported the growth of their businesses into international powerhouses through HSBC's universal banking capabilities," says Kevin Herbert, co-head, north Asia, at HSBC Private Banking. "The bank's history, connections and understanding of the market and the region certainly differentiate us from our competitors." However, many private banks once dominant in a particular location have, through resting on their laurels, lost this dominance. Far from resting, HSBC has been busy.

In particular, it has given a lot of thought to the needs of Hong Kong clients, which often require other services in addition to straightforward wealth management. In this respect, the private bank's inclusion within a huge banking group is an advantage.

"Within the private bank, we offer clients a wide range of capabilities to cater to their interests, including corporate finance solutions, credit advisory solutions, real estate club deals and other services," says Mr Herbert. "Our private wealth solutions department has also supported families with their succession ***planning*** needs for more than 70 years, from family governance advisory to philanthropy advisory services. As HSBC Private Banking clients, they also have access to the origination of capital financing and mergers and acquisitions advisory mandates, and HSBC-led capital market transactions."

HSBC has also been good at addressing the particular needs of different national markets - this year it was highly commended in the Best Private Bank in the UK category.

¦ BEST PRIVATE BANK IN SINGAPORE ¦ BEST PRIVATE BANK IN INDONESIA WINNER: BANK OF SINGAPORE Bank of singapore is experiencing some serious growth. By 2016, assets under management grew by almost 45% from the previous year to reach $79bn.

Some 20% of this was down to organic growth, but the bank completed the acquisition of Barclays' wealth business in Singapore and Hong Kong in November 2016, which saw the transfer of $13bn in client assets. Revenue was up by 15%, with net profit increasing by 13%.

Bank of Singapore prides itself on having a prudent and disciplined cost management approach. It claims to focus resources only in markets where it believes it can succeed - for example in south-east Asia, Greater China and the Middle East, specifically the Gulf Co-operation Council countries - instead of trying to grow in markets where it does not possess key advantages.

Although the bank is very much rooted in Asia, it claims to be a truly global firm, with its open architecture platform seeing it partner with ***strategic*** providers across the globe. Headquartered in Singapore, the bank also has offices in Hong Kong, Manila and Dubai.

With the majority of private wealth in Asia being generated by entrepreneurs, meeting the needs of this customer base is vital for any wealth manager searching for success. Bank of Singapore believes these clients are looking for help with both their personal finances and business needs, and claims its relationship with its parent company, OCBC Bank, allows it to offer entrepreneurs a wide range of services in both areas. "Winning the Best Private Bank in Singapore award is a testament of the strengths of our products, our people and our brand," says Oliver Denis, global market head, Singapore, international, Thailand and Indo-China at Bank of Singapore. "To be picked as the winner among so many established global and Asian private banks located in one of the leading financial hubs in the world and in our own turf - Singapore - is truly an honour."

¦ BEST PRIVATE BANK IN MALAYSIA WINNER: CIMB PRIVATE BANKING Despite Being highly competitive, Malaysia's private banking sector struggles with lack of scale, high costs of operations, stringent regulations and a 'semi-closed' market. What differentiates CIMB is its universal banking proposition, according to Carolyn Leng, head of CIMB Private Banking, Malaysia. "This gives us a competitive advantage over independent private banks due to our vast and highly specialised resources and capabilities for high-net-worth clients," she says. Its integrated banking model allows catering to both personal and business client needs, while the bank's Association of Southeast Asian Nations footprint facilitates clients' regional expansion.

Over the past couple of years, the Malaysian private bank, which manages more than RM30bn ($7.1bn) in client assets, has improved collaboration with its investment banking and corporate banking, setting up a dedicated team driving group-wide crossdivisional initiatives, and introducing investment consultants, who work alongside private bankers.

Cross-divisional capabilities have strengthened the relationship with clients, particularly with large corporations, and contributed to 21% of the private bank's overall revenue in 2016.

The private bank, which targets clients with minimum assets of RM20m, provides "a holistic approach to servicing entrepreneurs on aspects such as exiting a business, building capital and business succession ***planning***," says Ms Leng.

The 2015 merger between the private bank and CIMB's private trustee arm - specialising in estate and succession ***planning*** - gave clients access to a wider range of wealth management solutions and services.

The bank's strong presence in Malaysia, Singapore, Thailand and Indonesia brings opportunities such as cross-border credit facilities, allowing clients to pledge Malaysian assets as collateral and draw down from the different countries.

To overcome regulation restrictions and limitations in offering products that are not licensed onshore, the private bank has partnered with key local fund management companies with foreign investment capabilities. "Our partnerships with foreign solution providers have expanded our offerings to cater to multi-assets and multi-currencies which span across the global market," says Ms Leng.

¦ BEST PRIVATE BANK IN KOREA WINNER: KEB HANA BANK hana Bank alreaDy possesseD the most high-net-worth inDiviDual (HNWI) clients of any South Korean bank prior to its 2015 merger with Korea Exchange Bank, but that tie-up saw the new entity consolidate its domestic lead while expanding its global network to 151 locations in 24 countries.

Further "***strategic***" growth ***plans*** are in the pipeline, according to senior manager Edward-Kwonseok Son, with three Gold Club Private Banking Centres in Daejeon, Daegu and Kwangju to expand to cater to local HNWI demand. "We are also constructing two International Private Banking Centres within Korea, in Jeju and Busan, and ***plan*** to launch more centres abroad in Hong Kong, China, Indonesia, Canada and the US."

Private banking services have been extended to cater to affluent clients, with more than 1500 VIP advisers assigned to retail branches to meet growing demand for wealth management services.

Another area of development has been in the robo-advice arena, with the launch of its HAI Robo platform, following an 18-month development period. Mr Son says the bank sees the undoubted potential that technology brings to the wealth management sector, but admits to being surprised by the momentum gathered by its own service, with assets under management reaching $15m by the end of August.

When it comes to technology, KEB Hana firmly believes in a hybrid model which allows clients to access the digital tools that facilitate self-investing, but also human advice on a periodic basis, or as much as they deem necessary.

"We believe in combining the best of both worlds - the low cost and ease of access of digital platforms along with real-life human advisers' expertise in handling more complex scenarios," says Mr Son.

With the average age of KEB Hana's private banking clients a relatively advanced 65, the adoption of technology certainly appears to be one way to bring a younger generation into the fold.

¦ BEST PRIVATE BANK IN TAIWAN WINNER: TAIPEI FUBON BANK Clients of the wealth management arm of Taipei Fubon Bank can relax; a team of 'kung-fu pandas' ensures that the bank, including its wealth management arm, remains innovative. Such is the nickname of the team formed by employees from different departments, which looks at encouraging innovation.

Outside this team, everyone is rewarded for good ideas, through an innovation reward ***programme*** which encourages employees to make proposals about initiating new business, improving operational efficiency or creating a better customer experience. "In the banking industry, innovation is not the work of lone geniuses but the highvalue work done in teams," says Morris Huang, senior executive vice-president for retail banking, including the private bank, at Taipei Fubon Bank. "With better collaboration among departments, information and resources can flow freely to facilitate improvement and innovation."

As an example of this innovation, Mr Huang notes that the bank was the first in Taiwan to set up a real-time digital platform for trading overseas stocks and exchangetraded funds.

As the winner of the Best Private Bank in Taiwan category, Taipei Fubon Bank is in a position to gain further advantage in a growing market. The number of people with assets of $1m or more grew 11.9% in the country in 2016 - the third fastest growth in the Asia-Pacific region, according to French management consulting firm Capgemini's Wealth Report 2017.

Mr Huang thinks the amount of wealth in Taiwan will grow further as major economies around the world adopt the Common Reporting Standard in 2018. Experts expect this crackdown on tax evasion to prompt wealthy people to repatriate their assets back onshore. "There are expectations that under this new standard, the overseas assets of many wealthy Taiwanese families and business owners will return to Taiwan, boosting demand for highwealth management services," he says.

But even if this money is repatriated, most of it is unlikely to be invested on the island. "For the majority of clients, their holdings of Taiwan dollar-denominated assets constitute a relatively low share of their portfolios," adds Mr Huang. "Though Taipei Fubon Bank is based in Taiwan, we have an international vision and professional experience developed over years of operating in global markets."

¦ BEST PRIVATE BANK IN THAILAND WINNER: SIAM COMMERCIAL BANK siam commercial Bank (scB) is on an amBitious and thus far successful drive to increase the number of clients in its private bank, building on its large client base as a commercial bank.

"The growth in the number of clients comes from synergy across the bank," the bank says in its submission to the awards. It has a "***strategic*** play" to "leverage existing relationships with SCB Group to grow our private banking business".

An important part of the bank's mentality is its consciousness that it is serving entrepreneurs. "As the majority of our clients are entrepreneurs, integration between business and personal needs is inevitably essential," says the bank. In line with this, in 2016 it began a referral ***programme*** between the wholesale and private banks, pairing up team managers "to provide a seamless banking experience".

SCB also notes that its private bankers are trained in corporate finance and investment banking "in order to understand and serve entrepreneur clients according to their needs".

The private bank has given a lot of thought to the prevailing international lower yield environment. This leaves clients on the horns of a dilemma. "Traditional sources of return, such as deposits or government bonds, are no longer sufficient to meet highnet-worth-individuals' expectations," notes the bank. "At the same time, a singular focus on highest yield instruments could expose investors to downside risks, as the global economy remains fragile."

To help its clients navigate such markets, it advises dynamic asset allocation. The bank explains: "Customising mixed-asset portfolios of fixed income, equities and other income-generating securities increases the likeliness of achieving a specific level of sustainable income in changing market environments, while tailoring for their specific tolerance of investment risks or volatility."

¦ BEST PRIVATE BANK IN TURKEY WINNER: AKBANK PRIVATE BANKING last year saw Big changes at akBank, with the bank deciding to reduce the number of clients, branches and staff. Assets under management also fell, partially due to this reorganisation, but also due to the Turkish lira depreciating against the dollar.

The hope is to attract a more niche clientele by offering a more sophisticated service, generating a higher profit per client ratio in the process. The launch of a new ultra-highnet-worth (UHNW) segment, with a minimum account size of Tl3m ($840,000), was a key part of this reorganisation.

"By focusing on the service model and products for UHNW clients, we aim to upgrade the private banking service quality and target audience," says Levent Celebioglu, executive vice president of corporate and private banking at Akbank. "By upgrading our minimum account opening limits we will be able to provide more qualified services to a smaller number of clients but with more wealth, through an efficient and profitable client wealth management model." Clients with wealth below the Tl3m limit will be classed as affluent clients. Private banking services are offered through seven dedicated private banking branches across Turkey, with five in Istanbul and one each in Ankara and Izmir. Private banking corners are also located in the Zorlu and Bursa branches.

Akbank's clients are drawn from Turkey's leading communities and families and mostly reside in Istanbul. The needs and demands of these individuals have evolved to a point where family wealth has became more important, explains Mr Celebioglu.

"Turkey has been through a great deal in the past few years, and wealthy communities now want to protect and preserve their wealth and transfer it through the generations," he says. The bank's UHNW segment and its Next Generation ***Programme***, which aims to educate the next generation on subjects such as investment diversification, the responsibility of wealth and philanthropy, both developed from this idea.

¦ BEST PRIVATE BANK IN THE UNITED ARAB EMIRATES ¦ BEST PRIVATE BANK FOR ISLAMIC SERVICES WINNER: ABU DHABI ISLAMIC BANK aBu DhaBi islamic Bank (aDiB) has manageD to attract new clients and increase market share, even in a tough operating environment. The bank now has a balanced customer base across Abu Dhabi, Dubai and the northern Emirates.

ADIB, winner of two awards in the categories of Best Private Bank in the UAE and Best Private Bank for Islamic Services, has continued to invest significantly in customer experience, introducing new ways to enhance its offering to existing clients, as well as targeting new ones in both the expatriate and UAE national segments, through a strong emphasis on digital delivery.

ADIB has invested heavily in its digital infrastructure. "To that end our biggest transformation yet has been partnering with Fidor Bank to launch the region's first community-based digital bank," says Mohammed Azab, head of private banking at ADIB. "The new online platform is designed to fit the lifestyle of millennial consumers, as well as those looking for a digital offering that matches their banking needs."

When it comes to portfolio management, ADIB Private Banking is committed to open architecture and it does not offer discretionary asset management. It has developed a series of locally oriented advisory portfolios that focus on sukuk and domestic equities. Being an Islamic bank, it carefully evaluates all the products and services offered to clients to make sure they are in line with their shared values.

Mr Azab admits Islamic banking still presents some challenges, highlighting the need for changing perceptions in order to become truly mainstream. "We are confident that we are on track to achieve this, as we did following our acquisition of Barclays Bank's UAE retail operation [in 2014]. This was proof that customers of conventional banks can easily be integrated into an Islamic bank if we offer attractive products and an excellent customer experience," he says.

"Our research shows that Islamic banks strike a chord with people, not because of religion, but because of ethics. People are even more willing to use Islamic financial services when banks demonstrate their ideals of partnership, respect for the interests of the customer, and simple, transparent and honest business practices."

¦ BEST PRIVATE BANK IN KUWAIT ¦ BEST PRIVATE BANK IN BAHRAIN WINNER: AHLI UNITED BANK ahli uniteD Bank (auB) has 140 Branches across Bahrain, the UK, Kuwait, Egypt, Oman, Iraq, Libya and the United Arab Emirates. In March 2016, the bank launched its operations in the Dubai International Financial Centre to offer private banking, wealth management, corporate banking treasury, trade finance and crossborder products and services to clients based in the UAE and the Middle East.

As of December 2016, assets under management reached $3.4bn, lower than the previous year, mainly due to the depreciation of sterling and the euro versus the dollar. The number of private banking and wealth management clients remained stable at just under 7000.

One of the bank's main areas of focus in 2016 was to continue the implementation of its strategy of 'creating value through segmentation'. AUB has a special focus on the ultrahigh-net-worth segment and it is specifically targeting younger investors by providing best-in-class investment opportunities.

"We have introduced new products to our clients, keeping in mind their specific investment needs and risk appetite. One of our key initiatives [in 2016] was to develop a US real estate private equity product, and we launched our first product investing in US senior housing," says Mark Hirst, the newly appointed deputy group CEO of the bank's private banking and wealth management business. AUB won two separate awards for Best Private Bank in Bahrain and Kuwait. "While we are very strong in both markets, one significant difference is that in Kuwait we are exclusively an Islamic bank, offering shariacompliant products and services to our private banking clients. In Bahrain we offer both conventional and Islamic products and services," says Mr Hirst.

AUB's long-term ***plans*** include entering Saudi Arabia, Turkey and Switzerland, the aim being to become a stronger regional private banking player with global reach.

¦ BEST PRIVATE BANK IN OMAN WINNER: BANK MUSCAT Bank muscat private Banking has maintaineD a leaDing position in Oman for more than 15 years. According to the company, it is the only local bank offering the complete suite of private banking products and services, ranging from investment across asset classes, to offshore banking solutions and real estate investments.

Bank Muscat has benefited from the rapid growth in private wealth across the Gulf Co-operation Council and Oman region over the past decade, attracting more than $850m in client assets. Despite the challenging economic environment, the business performed well in 2016, with significant growth both in terms of assets under management and fee income.

Targeting clients with a minimum of $1m in assets, the bank offers a diversified suite of products and services across geographies and asset classes, including equity, fixed income, mutual funds and alternative investments. It also offers offshore banking and investment in real estate across various geographies through ***strategic*** global tie-ups.

Although the bank's attention is currently on its Oman operations, its relationship managers service a diverse group of Omani and expatriate clients, from different regions and nationalities. The bank takes pride in the quality of its customer service and invests time and resources on the continuous development and training of team members.

¦ BEST PRIVATE BANK IN LEBANON ¦ BEST PRIVATE BANK IN THE MIDDLE EAST FOR CUSTOMER SERVICE WINNER: AUDI PRIVATE BANK all private Banks try to proviDe gooD customer service - it is a key priority within the industry in general. In winning Best Private Bank in the Middle East for Customer Service, therefore, Audi Private Bank has exceeded a bar that is already set very high.

Audi Private Bank is the largest wealth manager in the relatively fragmented Lebanese market, which is characterised by standalone players. International banks have a relatively small market share, with some deciding in recent years that the Lebanese market is too small to be covered locally, according to an assessment by Audi Private Bank of the market that echoes the views of other observers. It is also, once again, judged Best Private Bank in Lebanon.

The bank credits its strong customer service partly to its proximity to the client. The relationship manager meets their client on a regular basis, but in addition, the investment adviser who prepares the portfolio review is most often in Lebanon too.

Another important part of its customer service is to inject a note of caution into the approach of its clients. "We tend to be cautious in our asset allocation and while advising clients on managing their money," says a spokesperson at the bank. "We prefer to have a longer term vision and sometimes even to temper our clients' willingness to take risks in view of upcoming market turbulence. We also practise diversification and limit the use of leverage when the portfolio doesn't have the appropriate hedges or ability to take risks."

The bank makes much of its close monitoring of relationship managers through a new business intelligence tool. However, it is keen to emphasise that rather than using this as an engine for hiring and firing, "we are little inclined to increase staff volatility as one of our key strengths is the strong and durable relationship our bankers build with their clients", says the spokesperson. Instead, "we prefer to look for solutions to boost relationship manager performance with the use of training and coaching, and of increased assistance from the investment office".

¦ BEST PRIVATE BANK IN BELGIUM WINNER: BNP PARIBAS FORTIS ¦ BEST PRIVATE BANK IN FRANCE ¦ BEST PRIVATE BANK FOR USE OF TECHNOLOGY WINNER: BNP PARIBAS WEALTH MANAGEMENT client assets at Bnp pariBas wealth management are steaDily creeping up, with another $15bn of net new money added during 2016, reaching a total of $390bn, 75% of which is sourced from European families.

Unlike most competitors, the French bank is now creating a truly pan-European wealth management footprint, with ambitions in at least 10 countries, and centres for high-networth individuals having been opened in France, Italy, Belgium and Luxembourg. The bank has also trained 120 specialist relationship managers to service the top tier of its clientele, providing expertise in corporate advisory, structuring and jet finance. They are also providing advice in key areas which the most wealthy private clients now typically demand of their banks, including private equity, real estate (BNP Paribas prides itself in expertise on French rural properties), socially responsible investing and philanthropy.

BNP Paribas has also been involved in a major push on attracting and servicing entrepreneurs, particularly working on solutions for family offices, next-generation members and female clients, in conjunction with the improvement and re-invention of the client experience through digitisation and partnership with fintechs.

During the past two years, the bank has been busy hosting innovation groups, working with 100 key clients in locations including Brussels, Luxembourg, Paris and Geneva, creating digital solutions built in dedicated spaces described as 'factories'. These have included: digital applications which can connect 'Mega Wealth' clients with assets exceeding (EURO)100m, allowing them to share investment ideas and swap details of projects and assets; a biometric pass allowing access to all bank services through voice, digital signature and facial recognition; and an advisory app giving clients direct details about the bank's 'buy' recommendations.

This latter strategy, which has moved into the realm of 'predictive behaviours', has involved hiring close to 20 data scientists and analysts in Hong Kong. "We are now making better use of data," says Vincent Lecomte, cohead of BNP Paribas Wealth Management.

¦ BEST PRIVATE BANK IN GERMANY WINNER: BERENBERG one might expect a Bank that has surviveD for 427 years to know something about the preservation of wealth. Judged by its strong reputation in the market, Berenberg, the second oldest bank in the world, has indeed learned a great deal about how to help wealthy families to survive and prosper. Berenberg's wealth management division has been judged Best Private Bank in Germany for the seventh year in a row.

However, Hans-Walter Peters, spokesman of the managing partners, is keen not to overemphasise the bank's history. "Four hundred and twenty-seven years of existence is a unique position, but you also have to serve your clients in the best way," he says. "Our clients know Berenberg as a reliable and stable partner that does not only mention its long history, but also has a strong view into the future."

The man at the helm as the private banking arm sails into the future is Henning Gebhardt, who joined Berenberg as head of wealth and asset management in January 2017. Mr Gebhardt, a former investment strategist at Deutsche Asset & Wealth Management, is a high-profile figure in Germany, where he is nicknamed Mr Stock.

Under Mr Gebhardt, Berenberg's wealth management division is simplifying some investment strategies. "Within wealth and asset management some changes are currently discussed to reduce the complexity of the product offering and to enhance the investment processes," says Berenberg in its submission. "Through these measures we will strengthen our expertise to the benefit of our clients. In this context, we will close our standardised foreign currency strategies denominated in US dollars and pounds and focus on individual portfolios in this field."

Private banks talk often of their focus on keeping the number of clients-based staff high, but Berenberg, which managed $46bn of high-net-worth individual assets at the end of 2016, makes the case for the importance of keeping up the numbers elsewhere too. Although the total number of staff in private banking rose in 2016, the number of client-facing staff fell slightly. "We are investing in equity analysts, fund managers, etc," explains the bank. "These are all not client-facing professionals, but our clients benefit from their work and from our expertise."

¦ BEST PRIVATE BANK IN ITALY WINNER: BANCA GENERALI majority owneD By assicuraZioni generali, one of the biggest insurers in the world, Banca Generali has won the Italian award for the second year in a row, in addition to picking up the trophy in 2012. It manages more than (EURO)52bn in client assets, of which the majority is sourced from wealthy individuals owning at least (EURO)500,000 in financial assets. This client segment is the key target for the bank, which also serves a more retail-oriented client base.

Over the past four years, assets sourced from high-net-worth individuals almost doubled, and today represent 63% of total client assets at the bank. "We expect this trend to continue, so we are aiming at further developing our added-value services and bespoke offering to wealthy clients," says Gian Maria Mossa, CEO and general manager at Banca Generali.

The bank is reaping the benefits of its new business model, providing "holistic advice" to the wealthy, including corporate finance, real estate and generational transfer. It also continues to expand its army of financial advisers, totalling 1900 today, recruiting private bankers from struggling Italian and international competitors in the country, while innovating on the product side.

In 2016, Banca Generali ranked first in the Italian private banking market in terms of net new money, which totalled (EURO)5.7bn, representing a growth rate of 22% on 2015. The positive trend is set to continue this year, supported by the strong popularity of the bank's broadly diversified managed solutions, or 'wrappers', which include both mutual funds, spanning across several fund managers and asset classes, as well as insurance products.

Clients' trust in traditional banking has been eroded, while the tax burden on real estate and low returns from government bonds have left investors with few alternatives for protecting their wealth, says Mr Motta.

Digitisation, which simplifies and makes the advisory process more efficient, is a key pillar for the bank. Last year, it launched a new digital collaboration service, allowing clients to place orders for transactions remotely, through their financial advisers. Also, taking inspiration from the iTunes business model, the bank introduced a new solution, 'store', which gives clients access to various apps and services for market and portfolio analysis. It recently announced an agreement with Saxo Bank to establish an "exclusive partnership" to offer online trading and digital services.

¦ BEST PRIVATE BANK IN LUXEMBOURG WINNER: KBL EUROPEAN PRIVATE BANKERS while the european private Banking market continues to consoliDate, KBL European Private Bankers (EPB) is expanding its reach through a growth strategy that combines organic, semi-organic and external initiatives. In the past two years, the bank, which is headquartered in Luxembourg and operates in 50 cities across Europe, has made four acquisitions in its existing markets, providing greater scale and resources.

In 2016 it acquired private bank Insinger de Beaufort in the Netherlands - with the intention of merging it with Theodoor Gilissen, a Dutch member of KBL EPB, subject to regulatory approval.

The merged entity will have a combined assets under management (AuM) of more than (EURO)20bn, and will become "one of the strongest pure-play private banks in the Netherlands", predicts Quentin Vercauteren Drubbel, head of wealth management at KBL EPB.

More recently, KBL EPB acquired the Roberts Partnership, a UK-based financial ***planning*** and wealth management firm, which added 20 staff and more than (EURO)500m in AuM to Brown Shipley, KBL EPB's UK affiliate.

The group also moved forward on the integration of a long-term, large-scale project in partnership with Lombard Odier. Both Banque Puilaetco Dewaay Luxembourg, a boutique private bank, and KBL Richelieu in France, migrated to the new IT platform, while KBL EPB introduced it at its headquarters in mid-2017.

The bank also expanded its portfolio management service offering, launching the Richelieu Investme nt Fund range.

"Whether managing today's wealth or structuring tomorrow's inheritance, KBL EPB clients benefit from a suite of open, independent solutions, tailored to their specific needs - backed by a client-centric approach, founded upon offering proximity, agility and personalised service," says Mr Drubbel.

During 2016, private banking AuM rose by (EURO)2.1bn to (EURO)50.8bn, and was boosted to (EURO)60.5bn by the acquisition of Insinger de Beaufort, which was finalised in January this year.

¦ BEST PRIVATE BANK IN SWEDEN WINNER: SEB PRIVATE BANKING the aDvent of mifiD ii has been a particular focus of attention for private banks across Europe. For SEB Private Banking (SEB PB), preparations for the new regulatory environment have resulted in a review of its pricing models and offerings.

"Transparency and trust are important cornerstones of our business. We are using the opportunity brought by MiFID II to clarify our offering to our clients, so they know what they get and how much they pay for it," says Martin Gärtner, head of SEB PB.

Being large in the Nordics but small globally can be a challenge when it comes to digitisation. "In a sense, new regulation such as MiFID II has forced us to focus more on our core, and to brutally prioritise among focus areas and activities," adds Mr Gärtner.

The bank prides itself on its close relationship with clients. "Last year was filled with abnormal market conditions and unexpected events," explains Mr Gärtner. "Sub-zero interest rates in core private banking markets, Brexit, Donald Trump winning the US presidential election, collapsing oil prices at the start of the year, and equity markets hovering in negative territory for 10 out of 12 months, to name a few. For us this meant one thing more than anything else: staying close to our customers." Being prepared and staffed to respond to any queries and provide timely information during these uncertain times was key.

Also, responding to client demands the firm has increased its focus on sustainability. SEB PB offers a range of sustainable funds within both equities and fixed income, including specific strategies for green bonds and microfinance. "In 2016, we continued our journey with the integration of environmental and social governance in all our portfolio management teams and started to co-operate with Hermes EOS, who will engage with companies outside Scandinavia on our behalf," says Mr Gärtner.

In terms of automated advice, one of the most important steps for the bank was the investment in the private finance app Tink. The app enables customers to keep track of their money by automatic categorisation of transaction data, allowing for the analysis of spending patterns.

"The core of our strategy is the same as it has been for quite some time: to serve Nordic and Baltic clients domestically or follow them abroad. We still believe we have unparalleled strength in doing so in our chosen target markets," says Mr Gärtner.

¦ BEST PRIVATE BANK IN THE NETHERLANDS WINNER: ING PRIVATE BANKING ING, which in 2016 experienced healthy net new money and rising profits, has put a lot of effort into differentiating the customer experience and has made good progress towards becoming 'a true omnichannel private bank'. It has also introduced a new flexible approach to work, both at the level of head office and sales network.

"This has allowed us to respond much faster to changes and deliver new propositions faster, empowering our clients to stay a step ahead in life and in business," says Ruud van Dusschoten, head of ING Private Banking. Along with the "strong human touch" in the private banking offering, there is an increasing focus on developing digital capabilities, he adds.

"In the Netherlands, the goal goes as far as to reinvent private banking and set new standards, by creating a truly seamless omnichannel private banking experience. Digital delivery of our services is done whenever it is possible and desired by the client," says Mr van Dusschoten.

Looking forward, the ***plan*** is to deliver one digital banking platform across Belgium and the Netherlands, with one integrated banking platform and a harmonised business model. "To continue to lead in digital banking, we need to offer a better customer experience, which is instant, personal, frictionless and relevant."

The bank also uses data intelligence to map and model customer behaviour, for example by introducing 'a disciplined lead approach'. "Big data modelling helps us to predict the movement of banking prospects while the smart use of our client-related data drives decision making and generates analytical insights, which allows for personalised customer interactions," explains Mr van Dusschoten.

Last year, the private bank introduced an exclusive, invitation-only private banking club for its top clients, offering a 24/7 personal assistant, helping clients achieve their banking and non-banking goals. A new, limited credit card service has given clients access to concierge services and airport lounges worldwide.

¦ BEST PRIVATE BANK IN DENMARK WINNER: NYKREDIT PRIVATE BANKING maintaining quality at a time of high growth can often be a difficult trick to pull off, but Nykredit is clearly managing this in its home market of Denmark.

In late 2015, Nykredit, the country's biggest lender, decided to expand its private banking ***programme***, which was hitherto restricted to a single office in Copenhagen that targeted clients with assets of more than DKr10m ($1.6m).

It created two segments. 'Private Banking' is for clients with assets under management of DKr2m to DKr7m, while the 'Private Banking Elite' division is for people with investable assets of more than DKr7m. Private Banking is now run out of 10 cities across Denmark. This is, as the bank puts it in its submission, part of its strategy of "getting closer to the customers". Private Banking Elite operates in Copenhagen and Aarhus.

Clients in Private Banking have their own wealth planner, and also offer direct access to investment advisory services and other areas of specialism. Those in Private Banking Elite may be assigned a personal Nykredit Markets adviser, and clients with significant investable funds may be assigned a personal asset management adviser.

Assets under management for the Private Banking Elite division have grown more rapidly than for the private bank as a whole, but Nykredit is looking in particular for the very biggest fish to fry: it has hired new relationship managers for its Private Banking Elite Ultima + ***programme***, designed for ultra-high-net-worth individuals.

Asked how Nykredit Private Banking has beaten off more famous international rivals to win the award of Best Private Bank in Denmark, the bank says: "We have been in the Danish market for many years, building a growing footprint in the Danish private banking market."

¦ BEST PRIVATE BANK IN PORTUGAL WINNER: BPI the Difficult economic environment in europe over the past few years has provided BPI with an opportunity to differentiate itself from its competitors.

The winner of this year's Best Private Bank in Portugal award has directed its attention to the development of a clear value proposition, by reducing portfolio and product complexity, offering diversification in terms of booking centres, and investing in technology to comply with growing technical and regulatory challenges.

One such challenge is the arrival of MiFID II in January 2018. According to António Luna Vaz, head of BPI Private Banking, the business is in good shape to embrace the new regulatory framework. The bank already provides advice following the transparency and clarity requirements imposed by MiFID II, and both the bank's IT systems and team members are ready for the new rules.

"What I think is going to be a challenge for the Portuguese industry is that we don't have many clients who are willing to pay for sophisticated advisory services," says Mr Luna Vaz. "They pay for discretionary but, in terms of mindset, they don't pay for advisory."

He highlights the need for other players in the market to work together to try and change this perception, so the concept of paying for first-class, sophisticated advice becomes the norm.

Creating strong and efficient support teams remains a key factor for achieving front-office excellence and high levels of service. BPI has adapted its business model to allow for relationship managers to spend more than half their time with clients.

BPI has been investing heavily in IT and will continue to do so in the future. During the course of 2016, it developed a tool which fully integrates wealth management activities, covering administration, customer relationship management and portfolio management. The bank also developed an IT platform called 'GoBanking', which allows relationship managers to be available anytime and anywhere, through a mobile workstation.

"We are ***planning*** to launch a website for advisory, where clients will have access to all our information, in terms of updates on financial markets, economic views, news, and our recommendations for asset allocation," says Mr Luna Vaz.

¦ BEST PRIVATE BANK IN GREECE WINNER: EUROBANK the graDual Digitisation of key frontoffice client services, the broadening of its product and service offering, as well as the introduction of 'high-end' solutions through its Luxembourg subsidiary, have enabled Eurobank to better meet client needs, and achieve higher customer satisfaction rates over the past year.

Such initiatives have also enhanced the bank's financial robustness, and improved its return on assets performance, which now stands at 0.85% for the entire business, spread evenly across assets classes and instrument types. This ensures "a proper asset allocation in client portfolios, with specific emphasis placed on annuity-type income, which creates streams of revenues that last for multiple cycles", says Alexandros Tsourinakis, head of private banking, Greece, at Eurobank.

Since the Greek fiscal crisis erupted in 2010, Eurobank has "systematically" provided clients with "a web of information tools" aimed at keeping them abreast of developments, according to the bank. While appetite for risk has gradually returned, clients are still wary about the ability of the local economy to achieve a sustainable growth pattern.

"Where we see a growth opportunity in private banking is in Greek clients' funds that reside in competing institutions outside of Greece," says Mr Tsourinakis. For this reason, the bank has reproduced its local offering at its subsidiary ERB Private Bank Luxembourg. Here it can accommodate new client assets that originate from other European or overseas destinations.

Eurobank is the only institution among local peers with such a ***strategic*** advantage, according to Mr Tsourinakis, and thus is an "enviable position for growth". The bank, which also has a subsidiary in Cyprus, started offering private banking services in London through a branch of the Luxembourg bank in 2016.

Also during 2016, Eurobank expanded its offering of lifestyle services, which included exclusive access to airport lounges, tickets to 'highly prized events', closed-circle events on selective topics, and access to Greek personalities in various fields.

"These lifestyle ser vices help us strengthen our ties with the top tier of our most loyal and profitable client segments, while at the same time offering truly unique non-financial rewards, which are usually hard to put together on an individual basis," says Mr Tsourinakis.

¦ BEST PRIVATE BANK IN ANDORRA WINNER: CRÈDIT ANDORRÀ the tiny pyrrenean state of anDorra has haD a turBulent time in some respects recently. The country has agreed to end banking secrecy, approving the automatic sharing of information on accounts held by non-residents.

CrÈdit Andorrà, the country's leading bank and winner in the Best Private Bank in Andorra category, has navigated these issues well, achieving an overall rate of satisfaction among private banking clients of 8.75 out of 10.

"Our key pillars are good governance and responsibility, focusing our management on continuously improving the quality of our services and, through our activity, contributing to the dynamism of Andorra's economy," says a spokesperson at the bank. "Andorra is a competitive country that is developing and growing constantly. It has modernised and consolidated its tax system in order to adapt to the European context, and has sound public finances."

Driven partly by tax and regulatory changes, CrÈdit Andorrà has also started an innovation ***plan*** that will change its business model. This is partly to fit with all the relevant regulations, including the International Financial Reporting Standards and Basel III. However, it also hopes to bring added value through the creation of digital services, and to "transform the traditional advisory model" to incorporate the new legal and other requirements.

¦ BEST PRIVATE BANK IN LIECHTENSTEIN ¦ BEST PRIVATE BANK FOR GROWTH STRATEGY WINNER: LGT many private Banks like to cultivate an impression of grandeur, but few can boast that they are owned by a royal family. LGT, a private banker and asset manager, is an exception: it began as a family office for the Liechtenstein princely family, which remains its sole shareholder.

HSH Prince Max von und zu Liechtenstein, a member of the royal family, is LGT's overall CEO, with Thomas Piske the CEO of the private banking unit. Mr Piske regards the ownership structure of LGT, winner of Best Private Bank in Liechtenstein and the award for Growth Strategy, and highly commended in the SRI/Impact Investing category, as "a very important success factor". "The combination of LGT's governance structure, our clear business focus on investment management and our culture provide us with a very special edge," says Mr Piske. "To have just one shareholder in the form of a foundation which is linked to the Liechtenstein princely family creates a highly stable and efficient governance structure."

The bank's successful growth strategy is all the more striking because of the temptation among banks that are market leaders in their own particular home market to opt for an easy life based on domestic success.

In particular, many private banks have found it difficult to break into Asia, but LGT's Asian private banking assets increased by an annualised rate of 17% between 2009 and 2016. Its Asian private banking assets have reached $50bn, based partly on this organic growth and partly on its acquisition of ABN Amro's private banking business in Hong Kong, Singapore and Dubai in 2016. Mr Piske credits this to having a long-term focus.

"We have been operating in Asia without interruption for more than 30 years and have a very stable management team there. During that time, we have continuously expanded the business, which gives us credibility," he says.

Mr Piske also thinks the firm's royal pedigree goes down well in Asia. As he puts it: "We have an interesting story to tell: our owner, the princely house of Liechtenstein, has built, preserved and developed its wealth over a period of 900 years. That is an impressive track record."

Some acquisitions by other private banks have gone badly over the years, but LGT's in Asia and other markets have generally gone well, so far. It has also acquired Vestra in London. "Cultural fit is a very important factor for us when it comes to acquisitions," says Mr Piske. "During the due diligence process, we very carefully consider whether management and the employees are a good fit for us. That isn't something that can be quantified or determined precisely. Instead, it often depends on the various impressions we get during the various discussions and interactions."

In the socially responsible investing field, the private bank has developed the LGT Sustainability Rating, which provides transparency in terms of the sustainability characteristics of equities, bonds, funds and exchange-traded funds using clearly defined criteria and a broad pool of data.

¦ BEST PRIVATE BANK IN THE UK ¦ BEST PRIVATE BANK IN EUROPE FOR SUCCESSION ***PLANNING*** WINNER: COUTTS coutts, which manages £18Bn ($23.7Bn) for more than 60,000 clients, is targeting clearly defined groups in both its marketing push and when structuring its servicing proposition for different niches. This means the UK bank is looking increasingly at how it works with professional practitioners, company executives, international business people, la ndowners, spor ts s tars and entertainers. The idea is to be able to service clients with more tailored advice across their full family balance sheets.

Bank bosses believe a key weapon is expertise in succession ***planning***, which helps empower clients to develop a vision and strategy for their family's future, also enabling the preparation of future generations to run businesses and philanthropic interests.

Indeed, Coutts insiders like to talk about two sides of the wealth succession coin - one focusing on technical solutions such as wills and trusts, the other on both ***strategic*** and emotional questions such as developing a family strategy and defining the purpose of their wealth.

"Aside from ensuring they have enough to support their lifestyle for the rest of their life, many clients look to use 'surplus' wealth to support the next generation, invest in business start-ups or support the charitable causes or communities that they care about," says Lenka Setkova, executive director of the Coutts Institute.

The bank also warns that sound structures and ***planning*** must be in place in order to avoid mistakes or "unintended consequences" of passing on wealth to the next generation, family, friends or charities.

¦ BEST PRIVATE BANK IN BULGARIA ¦ BEST PRIVATE BANK IN SLOVAKIA WINNER: UNICREDIT CEE PRIVATE BANKING unicreDit cee private Banking serves nine countries across central and eastern Europe. Its approach to private banking benefits from following the UniCredit Global Private Banking Strategy, combined with a local presence and deep understanding of the different markets and client segments in the region. The bank defines its business model as one that combines a 'need-based' advisory approach with a global investment strategy.

"Through our need-based advisory we aim not only to identify the current needs of our clients, but also the ones they would have from a broader life perspective," says Nadejda Pavlova-Nincheva, head of private banking at UniCredit Bulbank. "We want to create tailor-made solutions and, supported by a thorough understanding of clients' needs, to foresee and develop new services that they might require in the future."

Ms Pavlova-Nincheva attributes the growth of the bank's business in Bulgaria to its focus on building trust and sustainable relationships with customers. Key growth strategies in the past years have been based on strengthening its existing competitive advantage by introducing new products, focusing on the best implementation of new regulations such as MiFID II.

In Slovakia, and under the current low interest rate environment, one of the main challenges faced by the bank is to provide attractive investment solutions to a clientele that is still very conservative. "We do this by offering open architecture funds and innovative structured products. Additionally, we support [our clients] in the field of wealth transfer to next generation," says Roman Hajduk, head of private banking sales in Slovakia.

Targeting the next generation of clients, UniCredit has developed a number of educational initiatives, such as its 'Youngsters Academy', which provides knowledge about business management, innovation and personal investment. Thanks to these initiatives, the bank can contribute positively to the development of family businesses, while establishing a long-term, sustainable co-operation between clients' families and the bank. "In addition to that, we are very committed to innovation and see a lot of space in the field of the development of applications that can be customised according to client needs, and are able to monitor market situations and provide advice," says Mr Hajduk.

¦ BEST PRIVATE BANK IN ROMANIA ¦ BEST PRIVATE BANK IN POLAND WINNER: RAIFFEISEN BANK INTERNATIONAL austria's raiffeisen Bank international (rBi) has a highly nuanceD unDerstanDing of the different needs of different customers in different countries. This helps to explain its range of successes in this year's awards.

In Romania, for example, where it has won the Best Private Bank award, "customers have a strong preference for basic investment instruments", according to Fabian Stenzel, head of RBI's international affluent and private banking division.

In Poland, on the other hand, where it has also won the award, "customers prefer more complex financial solutions such as unit-linked products".

However, Mr Stenzel also understands what the two countries have in common. "Generally speaking, both markets are still quite young compared to western European markets regarding the private banking and wealth management business," he says.

But then again, he is anxious not to generalise about the customers of any one country. "The product we sell is holistic advice," says Mr Stenzel. "The outcome for the customers: tailor-made financial solutions." RBI has a strong brand in central and eastern Europe, and is continuing its expansion into new markets. Back in 2013 it successfully set up private banking in Croatia, and in 2018 it ***plans*** to offer wealth management in Serbia.

Mr Stenzel regards the private bank's inclusion within a large universal bank, Raiffeisen Banking Group Austria, as an important part of its success. This status allows the banking group to match the service to the client. "As customer wealth grows and financial needs develop further, a customer enters the next segment to optimise and receive tailor-made banking services according to his or her growing financial demands," says Mr Stenzel.

"This way we cover the needs of basically all the customers, irrespective of their level of accumulated wealth. In this scheme, private banking naturally represents the highest and most granular level of customer service."

¦ BEST PRIVATE BANK IN HUNGARY WINNER: OTP PRIVATE BANKING otp private Banking, part of otp Bank, is present in nine countries across the central and eastern European (CEE) region, managing (EURO)5.3bn in client assets. Hungary is by far its largest market, making up 78% of assets under management (AuM). In Hungary, the bank enjoyed an above-the-market AuM growth of 15.2% in 2016, maintaining its dominant market share of 34%.

"Our biggest success last year was that we were able to keep up the growth dynamics and preserve profitability at the same time," says András Takács, managing director and head of wealth and investment management at OTP Private Banking. "It is a great achievement considering that wealth market trends and shrinking interest margins in the CEE region are putting big pressure on the profitability of private banking businesses." In 2016, OTP Private Banking shifted from a client number-based approach to an AuM-focused growth strategy, allowing relationship managers to spend more time on investment advisory and on acquiring new clients with higher AuM.

OTP Bank has started a comprehensive digitalisation strategy with the view to service clients efficiently without the need to meet at a branch. Within that framework, the private bank is focusing on providing its clientele with new, innovative digital solutions. "In the recent past we have focused on the digitalisation of transaction management, while now our focus is on the digitalisation of the investment advisory process," says Mr Takács. "We have to face further challenges in the coming years, such as the increasing regulatory pressure and continuing decrease of profit margins," he adds. "As an answer to these challenges, we have developed a fiveyear business strategy which targets both efficiency enhancement and growth preservation." Among the many projects in progress is the implementation of a centralised virtual private banking hub.

OTP Bank's small and medium-sized enterprise (SME) segment is also a source for the acquisition of new clients for the private bank. "Entrepreneurs and small business owners have both business and retail banking needs and they value a single point of contact. Recognising these needs, and uniquely on the Hungarian market, we set up a joint SME-private banking value proposition called 'SME Gold' package, offering a one-stop shop for this entrepreneurial segment," says Mr Takács.

¦ BEST PRIVATE BANK IN THE CZECH REPUBLIC WINNER: KB PRIVATE BANKING (KOMERCNÍ BANKA) komercní Banka is a local Bank, and it regards this characteristic as key to its success. "Deep focus, specialisation and knowledge of the local market are our significant advantages," says Petr Slabý, director of private banking at Komercní, though he also notes that clients with "international investment needs" can use the worldwide network provided by Société Générale Private Banking, a sister company. Société Générale is the majority shareholder of Komercní Banka.

Komercní Banka Private Banking, 95% of whose clients are Czech citizens, has grown rapidly in recent years - outperforming the Czech market as a whole, according to Mr Slabý.

Between 2013 and 2016 it recorded a compound annual growth rate of 13% assets under management, 22% for net banking income, and 9% for number of clients.

"There is a story behind the rise in client numbers and assets," says Mr Slabý. "In mid-2014, we were the first in the Czech market to set up a dedicated wealth ***planning*** and financing team focused on servicing successful business owners who seek either to transfer ownership from the first to the second generation or to sell their businesses. Three years later, new assets from company sales and dividend payouts became the main engine of our new assets.

"Another part of the story is our capability to offer innovative investment solutions, such as private equity club deals, and real estate club deals that invest in large multiuse buildings in Prague. In order to continue being the best partner for our clients, we are further developing our next-generation strategies."

Komercní Banka Private Banking also achieves a high staff retention rate - something appreciated by all clients and all private banks. Asked how it has managed this, Mr Slabý cites a concentration on internal recruitment. Most private bankers have worked there for 10 years plus. "Our teams are primarily composed of motivated internal top talents with a strong career record in the KB Group," he says.

¦ BEST PRIVATE BANK IN CANADA ¦ BEST INITIATIVE OF THE YEAR IN RELATIONSHIP MANAGEMENT TECHNOLOGY IN NORTH AMERICA ¦ BEST PERFORMING PRIVATE BANK WINNER: RBC WEALTH MANAGEMENT the strong financial performance reporteD By rBc in 2016, showing an increase in net income and assets under management of 35% and 14%, respectively, is testament to significant improvements made to its value proposition and client service.

In Canada, the collaboration of the wealth business with the commercial banks aims to deepen relationships with business owners by discussing succession ***planning*** and financial goals and helping them ***plan*** for personal and business milestones. This has generated "strong traction and a significant uptick in the number of franchise clients, those having both a personal and business financial relationship with the bank", says Doug Guzman, group head, RBC Wealth Management & RBC Insurance.

To address the substantial inter-generational wealth transfer expected to occur in the country over the next few years, the institution also launched a ***programme*** to help advisers support the needs of multi-generational families.

Drawing on results from its recent study - which found that 84% of women have full or joint responsibility for overseeing the family investment portfolio - a key focus for the bank has also been to train advisers to better understand nuances in preferences, attitudes and behaviours between female and male investors, while finding ways to better attract, retain and develop female advisers.

A focus on client service, greater crossbusiness and cross-function collaboration, and continued investments in people and innovation were the key factors that helped the bank achieve the top spot in the Best Performing Private Bank category, according to Mr Guzman. The result emerged from key performance indicator quantitative analysis on private banks globally by Scorpio Partnership, the wealth management consultancy. The acquisition of City National, a US private and commercial bank, effective from the first quarter of 2016, enhances and complements RBC's presence in the US, its "second home market".

The combination of the US wealth business, City National and its US capital markets business provides "a powerful and scalable engine for accelerated growth in the US", says Mr Guzman.

The bank's Advisor's Virtual Assistant (AVA) application for iOS and Android devices launched in Canada and the US last year impressed our panel of judges as the Best Initiative of the Year in Relationship Management Technology in North America.

AVA provides advisers with real-time access to client insights and the information they need to be more productive, while meeting clients' evolving needs.

"Going forward, we ***plan*** to continue to release new improvements and functionality for AVA, as we continue to invest in digital innovation to strengthen the client-advisor relationship," says Mr Guzman.

¦ BEST PRIVATE BANK IN MEXICO WINNER: BBVA BANCOMER BANCA PRIVADA for BBva Bancomer Banca privaDa, part of the BBVA Group, 2016 was a year of growth, and one that saw many of the projects initiated in previous years coming to fruition. The bank, winner of the Best Private Bank in Mexico award, focused its strategy on improving service levels, developing its loans portfolio, and maximising returns for its clients.

During the course of the year, BBVA Bancomer revamped its 'Experience Unica' service model, in response to market changes and feedback from clients. The model aims to strengthen the customer experience by standardising the way private banking advisers interact with clients, thus ensuring they all receive the same quality of service, regardless of their location.

The bank also took a further step in servicing the ultra-high-net-worth segment by opening a dedicated office in Guadalajara in 2016, adding to the already established branches in Mexico City and Monterey.

"The private banking sector in Mexico is growing fast and we are seeing more and more competition, both from local and global players. We are trying to remain competitive by expanding our product offering, improving our service levels and retaining talent," says Salvador Sandoval, head of private banking at BBVA Bancomer.

In terms of expanding its product offering, the bank's mutual fund strategy has improved significantly thanks to the 'Fondos de Estrategias' platform, which comprises three categories of funds: capital preservation, income, and capital growth. These include both proprietary and advised funds.

The bank launched the first private banking app in Mexico, which allows clients to access their portfolios, make wire transfers and reach their relationship managers through video conference or chat. "Many of our clients are 60-plus and some are reluctant to use new technologies, but others are already asking for it. We also know we need to cater for the younger generations, who might not be our clients right now but could be in the future," says Mr Sandoval.

¦ BEST PRIVATE BANK IN CHILE WINNER: LARRAINVIAL larrainvial's main focus in 2016 continued to be aggressive growth in terms of assets under management and to increase recurring income in the medium to long term.

The bank, winner of the Best Private Bank in Chile award, services clients with a net worth of more than $1m. Recently, it has placed a renewed focus on expanding its investment product offering, adding a greater variety of products, including alternative investments.

"This has allowed us to grow, as well as bring better returns to our clients through an expanded product line," says Gonzalo Córdova, head of wealth management at LarrainVial. Over recent years, the private bank has worked closely with other areas of the business, such as its corporate finance division and private equity subsidiary Activa. "This has enabled our higher net-worth clients access to special investments, such as controlling stakes in important local and foreign companies in industries such as healthcare and energy," says Mr Córdova.

Through Activa, the private bank has been able to offer a large number of private equity funds in sectors such as mining, energy, ***agriculture***, forestry and housing, with investments in Chile, Peru, Colombia and other Latin American countries.

LarrainVial's portfolio management offering includes both advised and discretional portfolios, managed by separate teams which are independent from the commercial area. In 2016, the private bank deepened its relationship with the third-party product distribution team, meaning private clients were offered investment products that had traditionally been reserved for institutional investors.

"These are mainly alternative investments, including funds managed by many renowned global asset managers, such as Apollo, Landmark or Marathon. Thanks to these efforts, allocation to alternatives now represent 15% to 20% of our high-net-worth clients' portfolios," says Mr Córdova.

With the aim being to build a stronger, closer relationship with its clients, the bank frequently holds meetings and events where its wealth managers can provide any information they might need. "This year we took it a step further with the creation of LV Lab, a special course in which our Larrain-Vial Estrategia team provides financial tools and knowledge for our clients, so they can make the best investment decisions," says Mr Córdova.

¦ BEST PRIVATE BANK IN COLOMBIA WINNER: BTG PACTUAL the economic environment in 2016 in Colombia was marked by a steep rise in interest rates, the highest inflation level in two decades, and a devalued currency, a consequence of the transition towards an economy less dependent on oil, coal and gold. Political uncertainty has also dominated, with president Juan Manuel Santos' popularity reaching an all-time low, a controversial peace process stuttering along and a tax reform being undertaken. The political crisis in Brazil also affected BTG Pactual's corporate stability, causing strong headline risks to the franchise in Colombia, where confidence in the private banking industry was still recovering from a number of recent scandals.

Nonetheless, BTG Pactual Colombia remained confident in its long-term strategy and fundamental core values, and managed to weather the storm. The bank, winner of this year's Best Private Bank in Colombia award, operates as a fully fledged investment bank, providing support to clients in areas such as wealth management, asset management, investment banking and sales and trading, with strong local teams and a presence in all the most important regional markets.

"We are focused on alpha-generating ideas, aiming at providing our clients with strategies that allow them to have investments with above par results," says Juan Rafael Pérez, CEO of BTG Pactual Colombia. "Our global networks, with strong local teams, provide unique alternatives such as our Brazil Equity Funds or credit products, which are not available to pure local or nonregional banks."

Good recent results and positive feedback from clients validate BTG Pactual's current approach to private banking in Colombia. "We promote a partnership and meritocratic structure that fully aligns the interest of the bank with our clients, and that creates a culture and philosophy that is unique to BTG Pactual," says Mr Pérez.

¦ BEST PRIVATE BANK IN BERMUDA WINNER: THE BANK OF NT BUTTERFIELD & SON ButterfielD was estaBlisheD in BermuDa as a private bank in 1858 and today the group's operations span several jurisdictions encompassing community banking, wealth management and trust services.

The group currently provides private banking services in Bermuda, the Cayman Islands and Guernsey, favouring a 'high touch' model with regular interactions between relationship managers and clients.

Crafting bespoke financial solutions for clients requires a thorough understanding of their sources of wealth along with their needs and priorities, according to Curtis Dickinson, group head of private banking at Butterfield. "We've found that the best way to achieve that is with face-to-face meetings, both at the outset of the relationship and at checkpoint intervals. This creates a familiarity that fosters trust and enables us to keep on top of changes in our clients' family and financial circumstances so that we can be sure we're always providing the best products and services for their needs," he says. In September 2016, Butterfield completed a successful initial public offering (IPO) of shares on the New York Stock Exchange, along with a follow-on offering in 2017.

"Being listed on the world's largest, most active stock exchange provides the bank with long-term access to international capital, and with a portion of the proceeds of the IPO having been used to retire a relatively expensive tranche of preferred shares, the bank now has greater flexibility in its ability to deploy capital in pursuit of growth opportunities," he says.

In 2016, Butterfield acquired the private banking and investment management operations of HSBC Bermuda, as well as its trust subsidiary, Bermuda Trust Company Ltd. The transaction doubled the size of Butterfield's private wealth business in Bermuda, making the bank the largest provider of wealth management services on the island.

And further growth is very much a possibility, according to Mr Dickinson. "We have made significant acquisitions over the past few years in the areas of trust, banking and private client wealth management, in jurisdictions we know well and in which we are able to realise economies of scale. We will continue to explore similar opportunities," he says.

¦ BEST PRIVATE BANK IN SOUTH AFRICA WINNER: INVESTEC in many national private Banking markets, the leading player - and the winner in Global Private Banking Awards - is a local bank rather than an international one. In the case of South Africa, the winner is neither - or, perhaps, both.

Investec has offices around the world, including London, Zurich, Dublin and Hong Kong, as well as local branches.

"Many local investment houses have access to foreign asset management capabilities," says a spokesman for the wealth manager. "What we believe sets us apart is that our teams in our different offices - London, Johannesburg, Cape Town, Zurich, Dublin, Hong Kong and elsewhere - collectively pool their international investment expertise to set a global investment strategy. This gives a broad range of perspectives on global risk and opportunities, which guides all of our portfolios."

This international dimension is all the more important because of recent events affecting the wealth manager's South African clients. "The relaxation of exchange controls in recent years has made it far easier for South Africans to invest offshore, gain exposure to global investment opportunities and markets, and allow them to diversify their portfolios," says the bank.

Despite these opportunities, now is not the easiest time to be a high-net-worth individual in South Africa, given lower economic growth and political turmoil - even if South Africans now find it easier, because of the liberalisation of exchange controls, to counteract rand weakness through overseas investment. If it is not the easiest time to be a wealthy person in the country, by extension it is probably not the easiest time to be a wealth manager.

Asked how it helps its clients navigate the country's current economic and political problems, the private bank is diplomatic, although its comments could be taken as a criticism of the government's recent attempts to rein in monetary independence and do the opposite with its fiscal policy. The bank says: "As a member of the South African Banking Association and of Business Leadership South Africa, it is Investec's corporate responsibility to continue our engagement with government on monetary independence, financial discipline and inclusive growth."

¦ BEST PRIVATE BANK IN NIGERIA ¦ BEST PRIVATE BANK IN GHANA ¦ BEST PRIVATE BANK IN KENYA ¦ BEST PRIVATE BANK IN AFRICA FOR CUSTOMER SERVICE WINNER: STANDARD BANK WEALTH AND INVESTMENT stanDarD Bank's value proposition is based on defining clients' 'wealth quotient', which involves assessing each aspect of their total wealth needs to be able to offer personalised services throughout various life stages. "This approach helps position our solutions and offerings in a way that is astute, pragmatic and empowering, rather than in a way that is standardised, irrelevant and impersonal," says Chris Browne, global head, wealth and investment, at the South African bank. But managing money is far from becoming commoditised. "It is not an easy task matching assets to liabilities to ensure financial goals are met and then being flexible enough to update and reassess regularly, as circumstances changes," says Mr Browne.

One of the private bank's core pillars is to provide a 'universal financial proposition' to clients, working closely with other units, while technology innovation, such as the foreign exchange app introduced in 2016, aims to give clients "more direct power over and access to their financial affairs".

The wealth and investment unit - which has a presence throughout South Africa, as well as in Kenya, Nigeria, Ghana, Mauritius, Jersey and London - offers local and international cross-border lending, corporate and business banking and business assurance, as well as foreign exchange trading and investment opportunities in Africa and abroad, and also benefits from Standard Bank Group's operations in 21 countries.

The bank's focus on inter-generation wealth transfer led to the creation of its Leadership Academies, aimed at providing financial education to customers' children. Last year, the Women's Wealth Academy launched in London, having held several academies in Africa. The aim is to educate women on "investing, raising a financially fit family, and philanthropy", says the bank.

The wealth and investment unit, which manages about R160bn ($11.8bn) in private client assets globally, runs 'exclusive' events throughout Africa, giving private bankers the possibility to interact with clients, the goal being to "support and care for their lifestyle aspirations and dreams", according to the bank.

The institution pays much attention to growing wealth managers from within, through training, which helps face the challenge of finding "the right quality" of wealth managers to service clients, particularly in Kenya. In this country, the political crisis has led to "subdued business activities and flows" and the bank has started offering insurance solutions and structured lending solutions. In Ghana, the bank has introduced new services, including offshore mortgages in London, and launched new apps for financial management and mobile payment. In both countries, one of the key issues remains the dynamic regulatory landscape.

In Nigeria, where high local currency interest rates have made borrowing solutions expensive, the bank has shifted its focus from leverage to goals-based saving and investing, while ensuring it gives clients appropriate advice given the recent change of foreign exchange rules.

¦ BEST PRIVATE BANK IN MAURITIUS WINNER: MCB PRIVATE BANKING AND WEALTH MANAGEMENT the islanD state of mauritius has become an increasingly important offshore financial centre for African business. It has capitalised on this status by expanding its role as a place for international wealth management, with an Overseas Family Office Scheme targeting families with investable wealth of at least $5m.

This creates strong opportunities for MCB Private Banking, part of Mauritius' MCB Group, a financial services conglomerate headquartered in the country.

The private bank has made the most of these, with a particular concentration on expanding the number of premium customers - those who, as a spokeswoman puts it, "are still in the phase of building their wealth or those who have not yet assessed the full potential of being in private banking". They must have a minimum investable wealth of about $150,000. The number of premium client accounts rose by more than 15% during fiscal year 2015-16 alone.

The financial sophistication of many of the wealthy individuals living in the country is reflected in the private bank's relatively sophisticated customer base, although their backgrounds are also diverse.

"Our local customers can be tiered as follows: directors and CEOs, family businesses, entrepreneurs and rentiers," says Didier Merle, head of private banking and wealth management at MCB. "A large proportion of our local customer base has an understanding of key investment principles and at MCB Private Banking and Wealth Management, we are dedicated to further increasing our customers' understanding of their investment needs through adapted client forums."

This is far from all being new money, however. "Wealth has, in some cases, been passed down across several generations, and the implications reside very often in succession ***planning*** and ensuring that the wealth in question is preserved during transmission," says Mr Merle. "We have a financial ***planning*** team and experienced private bankers who can guide our clients on how best to manage, transmit and preserve their wealth."

¦ BEST PRIVATE BANK IN THE US FOR CUSTOMER SERVICE WINNER: BNY MELLON WEALTH MANAGEMENT new york-BaseD Bny mellon takes the customer satisfaction scores assigned by clients of its private banking division answering its annual survey very seriously indeed. The bank believes the best way to keep private clients happy is through a teambased approach, giving every relationship manager access to a group of experts able to assist each client in meeting goals and objectives. With about 30 clients to each adviser, its ratios are among the best in the business. The roll-out of new technology is seen as a key part of this formula.

"The use of technology is intended to complement the relationship that our clients have with their wealth advisers, not to replace it," says Don Heberle, CEO of BNY Mellon Wealth Management. "It allows clients to interact with us in the way that is most preferable to them at any given time."

But it is not just these softer criteria that are key to satisfaction levels, believe the bank's hierarchy, with investment ideas and returns generated by chief investment officer Leo Grohowski crucial to the offer. Mr Gro-howski's team also delivers asset allocation models, formulates long-term views of asset classes and attempts to assemble portfolios to perform in any type of market. Communicating the reasons for holding particular investments is also seen as vital in this hightouch environment. This dialogue, believes Mr Heberle, provides "confidence in their asset to reach their long-term goals".

The bank has also made progress in instituting more formalised training for its advisers through the Premier training ***programme***, which kicks in every six to eight weeks in a wealth manager's career, after their initial 'on-boarding' extensive initiation and training ***programme***.

¦ BEST PRIVATE BANK IN EUROPE FOR CUSTOMER SERVICE WINNER: CAIXABANK along with arch rival BBva, CaixaBank has been not just one of Spain's fastest adopters for client-facing technology in private banking, but also one of Europe's leading players, forced to act by its home market's fast-consolidating financial services industry.

But while the bank sees technology as essential to providing quality service and support in order to improve efficiency of customer service, there are other factors perceived as being almost equally important. "Technology alone is not enough," says Victor Allende, CaixaBank executive director of private and premier banking. "Strong trusted relationships between our customers and our advisers represent a key aspect of our value proposition."

But the bank admits there is always a balancing act to play between client service and profitability, with mutual fund sales always a key objective among private banking players in Spain. "Each and every innovation is designed to deliver on three objectives," says Mr Allende. "We must support the business model, enhance customer experience and, of course, make our private banking model more efficient by adapting to change."

The country's fast-paced consolidation, he says, has been positive through creating larger and stronger institutions capable of driving innovation and enhancing customer service. The mergers have helped expand numbers of specialised branches and consultants offering private banking services. While CaixaBank's private banking business originated with the acquisition of Morgan Stanley's Spanish wealth management franchise - from where Mr Allende originated - and was further bolstered in 2015 with the acquisition of Barclays' Spanish business, the challenge now is for the bank to maintain the momentum of innovation after having been a first mover for so long. Mr Allende vows to be able to drive innovation to sustain the leading position, but an onerous, shifting regulatory and business environment could make such promises tougher to keep in future. Uncertainty of where the Barcelona-based bank's headquarters will end up during a time of turmoil in Spain, and calls from many for Catalonian independence, could throw a further spanner into the works.

¦ BEST PRIVATE BANK IN ASIA FOR CUSTOMER SERVICE WINNER: KASIKORNBANK PCL there was one worD that kept cropping up in Kasikornbank Private Banking's submission to the Global Private Banking Awards for 2017. It was not one of the usual and sometimes rather excessively used phrases such as 'personalised service' or 'customer-focused approach'. Instead it was a single word: 'happiness'.

Other private banks should take note, as Kasikornbank, Thailand's biggest wealth manager, has won the award for Best Private Bank for Customer Service in Asia.

"The happiness of high-net-worth individuals is the major reason behind every action of Kasikornbank Private Banking," says the bank. "Kasikornbank Private Banking has always been the first market mover in Thailand and has never stopped improving our service if it could create happiness for our clients." This does not, for the most part, consist of offering radically different products and services, but it is good, when offering these services, to keep the end goal of happiness in mind.

One example is Kasikornbank Private Banking's initiation of a family wealth ***planning*** service. This assists clients in the financial management of their family as a whole and in their succession ***planning*** - the latter being a particular source of strife among wealthy families around the world. Kasikornbank Private Banking was the first wealth manager in Thailand to offer this service.

Another example of such services, says Kasikornbank Private Banking, is its cooperation with Switzerland's Lombard Odier to make its mutual funds, K-SGM and K-Great, more "risk-resistant".

Offering family ***planning*** and reducing risk could, as the bank puts it, "creates financial worry-free lives for clients and allows them to pursue their own happiness".

In line with a 2014 agreement, Lombard Odier manages global investment funds on behalf of Kasikornbank's private clients in return for a management fee. Moreover, Kasikornbank refers high-net-worth private clients to Lombard Odier, where appropriate, while the Swiss firm provides advisory training for the Thai bank's relationship managers and financial advisers.

The bank says: "We regard giving worry-free time back to our clients as our highest achievement. Kasikornbank Private Banking believes that clients could feel this aspiration."

¦ BEST PRIVATE BANK IN AUSTRALASIA FOR CUSTOMER SERVICE WINNER: WESTPAC PRIVATE WEALTH every private Bank claims to put the client at the heart of what they Do, but what really matters is their approach in practice. "We are different from our competitors in how we think and act," says Katie Christoffersen, head of private wealth management at Westpac New Zealand. The private wealth division, managing about $14bn in client assets, is part of the international Westpac Group, with more than $670bn in global assets.

"Across the Westpac Group, we like to think of ourselves as a 200-year-old startup, creating agility into our organisation, always being ready to change and adapting to customer feedback and acting quickly on that," says Ms Christoffersen.

On the ground, it is important to empower teams who are closest to the customer to make on the spot decisions, she adds, saying: "We are hungry for feedback, and we have daily catch ups with the team that are focused on taking customer feedback, industry trends, sharing, discussing and debating these, so we can adjust quickly."

With an average client tenure of more than 22 years, the bank's external engagement surveys, Voice of Customer, show consistently high levels of client engagement. "Digital is a way of creating great customer experiences," says Ms Christoffersen. Digital innovation is especially powerful in automating or streamlining tasks, freeing up staff to bring added value to clients. "The best piece of technology is one that really helps people in their day-to-day lives, solving real customer pain points," adds Ms Christof ersen.

One example of the bank's pledge to making its customers' lives easier is demonstrated though its new CashNav solution, developed in collaboration with a New Yorkbased fintech company, Moven.

CashNav helps create 'good financial habits' by making clients' behaviour patterns visible. Clients receive real-time notifications when money leaves their account, and graphs show spending behaviour comparisons against several categories that are divided into needs and wants, and highlights spikes in spending behaviour.

When it comes to portfolio management, the most rewarding initiatives for clients have been the broadening of the exposures available within the alternatives sector, and the restructuring of several 'related-party funds' to more efficient structures.

In a drive towards greater transparency and control over investment managers, the bank moved to sub-advisory mandates across alternatives, fixed income and equities, employing between three to five underlying managers in each asset class. This delegated approach to investments generated nimbleness, as well as cost and process efficiencies, says Ms Christoffersen.

¦ BEST INITIATIVE OF THE YEAR IN RELATIONSHIP MANAGEMENT TECHNOLOGY IN ASIA WINNER: STANDARD CHARTERED PRIVATE BANK stanDarD chartereD's innovative technology solution, introduced in January 2017, was developed to create a one-stop shop for the bank's investment ideas, conviction product solutions and advisory models, which its relationship managers across Asia, Africa and the Middle East can easily access.

"We created 'Advice' to equip our frontline teams with a one-stop access to the bank's advisory views and enable them to recommend asset class ideas and related solutions quickly," says Didier von Daeniken, global head of private banking and wealth management at Standard Chartered. "With the implementation of Advice, relationship managers can now offer our clients immediate access to actionable insights, and respond more nimbly to market events - which is especially critical in today's increasingly volatile environment."

Before Advice, it could sometimes take up to three hours to thoroughly prepare each client's investment portfolio, involving referencing several dif erent sources.

The solution is powered by the Thomson Reuters Eikon platform - a tool that advisers already had access to on their work stations and were therefore comfortable using. And it reduces the amount of time needed for an adviser to look for information and prepare client proposal updates by up to 50%.

Standard Chartered has also initiated a 'proof of concept' (PoC) with Bambu, a roboadvisory company which participated in the bank's Supercharger FinTech Accelerator. This PoC uses a digital advisory tool that complements Advice, as it uses several factors, such as the stock's value and the company's earnings and credit quality, to ***produce*** a ranking and assess the suitability of individual equities for clients.

The bank is also making progress in digitising its price discovery and order management process, aimed at improving its trading capabilities. The bank's equity derivatives order management platform, EQConnect, which was rolled out this year, allows bankers to perform price discovery and order placement directly with issuers and counterparties for popular products.

"This market-leading capability allows our frontline colleagues to price structures almost in real time, which means that our clients also enjoy an enhanced and more efficient investment experience," says Mr Daeniken.

¦ BEST PRIVATE BANK IN THE US FOR PHILANTHROPY SERVICES WINNER: BROWN BROTHERS HARRIMAN when it comes to offering philanthropic services, one of the key challenges for a private bank is training relationship managers to skilfully introduce the topic when speaking to clients.

B r o wn Br o t h e r s Ha r r i m a n h a s addressed this issue by adding a wealth planner to each of its client teams, each of whom is experienced at practising trusts and estates and is knowledgeable about philanthropic issues. "So we are able to help our clients think through these types of questions and concerns, and others related to their charitable goals," says Kathryn George, partner at Brown Brothers Harriman, which is the oldest and largest privately held bank in the US. "This is a key differentiator for our firm," she adds.

The three facets of philanthropy on which the bank spends the most time with clients are assessing purpose and impact, tax-efficient ***planning*** and philanthropic vehicles (whether, for example, it makes more sense to create a family foundation or a donor-advised fund, or both).

Values, not news headlines, are what mostly concerns the wealthy, says Ms George. "Intergenerational issues are at the forefront of our clients' minds. They are focused on how their wealth will support their children in achieving their goals and on instilling their own values around wealth in the next generation," she says. Clients want to make sure their wealth helps rising generations achieve their long-term objectives, as opposed to being a hindrance.

To meet these needs, Brown Brothers Harriman is adding tools and resources to its long-standing next-generation education services. It is also rolling out a new valuesbased ***planning*** framework, aimed at helping clients facilitate family conversations around money and values.

The recently launched Centre for Women & Wealth seeks to help women deal with transitions in their families, confront questions about how to help the next generation succeed and embrace their financial independence.

The bank uses a value-driven investment approach with a quality bias, where partners have their 'skin in the game', as they invest alongside clients. "In a period like today, in which valuations are stretched, we tell our clients not to worry about missing opportunities to invest in overvalued companies, whose prices may continue to rise," says Ms George. Thinking long term and seeking to invest with a margin of safety continues to be the bank's stance. "We believe that preserving wealth is the best way to grow it over time," says Ms George.

¦ BEST PRIVATE BANK IN EUROPE FOR PHILANTHROPY SERVICES ¦ BEST PRIVATE BANK FOR SOCIALLY RESPONSIBLE AND IMPACT INVESTING WINNER: LOMBARD ODIER while those in the tight-knit swiss private Banking community have always had a high opinion of Lombard Odier and its partners as something of a 'white-gloved' traditional private banking institution, its partners have also had an air of maverick flare about them, especially when it comes to philanthropy and investing with a social as well as economic purpose.

There are few banks which really take impact investing and socially responsible investing (SRI) seriously, but most have realised that they have to as it is something clients are increasingly demanding.

"Impact investing is already a differentiator, particularly as clients see that it can deliver investment returns that help them meet their many and varied financial objectives," says Patrick Odier, senior managing partner of the Lombard Odier Group in Geneva. Most private clients, he believes, want to have a more direct impact on societal issues without compromising on financial returns and they can see that investment in these new strategies "stacks up" compared to traditional equity or bond funds, he adds.

Lombard Odier pioneered SRI strategies in the mid-1990s, developing a proprietary approach to investment and issuer analysis which went beyond just looking at companies' own environmental and social governance criteria. The bank analyses 5000 companies, scoring them for 'consciousness', 'actions' and 'results', screening out a much larger number of companies than its competitors. Lombard Odier's 'controversy radar' also analyses huge losses incurred by companies involved in controversial practices and avoids investing in them. "Returns and impact go hand in hand," says Mr Odier.

When developing relationships, the bank has become conscious that philanthropy now has become more important, sometimes eclipsing a client's business and investment needs. Among clients, says Mr Odier, philanthropy is now "top of mind, because it is about a deeply personal dimension of significance, what one will leave behind, and which family ethos to pass on to the generations that follow".

¦ BEST PRIVATE BANK FOR CUSTOMER SERVICE GLOBALLY ¦ BEST GLOBAL BRAND IN PRIVATE BANKING WINNER: CITI PRIVATE BANK it has Been tough for citi to keep up with its previous successes in private banking. And, indeed, the bank has been ruthless in cutting back certain branches, particularly in high-cost central London locations, as it has struggled to hit the old highs of net new money, experiencing outflows of $800m during 2016 after the bumper harvest of 2015. Yet it has stuck to its guns within a narrowly defined remit of servicing ultra-highnet-worth individuals on a global basis, managing $226bn on their behalf by offering them a 'family office-style' service. Citi has been one of the leading banks in utilising customer feedback, mainly through its 'voice of the client' survey, but also through its high-speed digitisation project, where complaints from clients were sought and acted on at every stage of digital development. The bank has also made big strides in improving the networking opportunities between clients, something for which there is now huge demand among wealthy private investors, designing a family office leadership ***programme*** and setting up post-Brexit briefings with senior figures of political and economic influence, including former Bank of England governor Mervyn King and Conservative politician William Hague.

Citi still sees itself in the top global five private banking players in terms of the breadth of services it can offer to its clients, but admits that that base is a very narrow one. Like many competitors, it is moving away from the hedge funds space it once prided itself on and staking a stronger claim to the private equity and real estate spheres, claiming to have made good gains for the clients it guided into London purchases after sterling slumped following the Brexit referendum.

For the moment, at least, Luigi Pigorini, regional boss for Europe, the Middle East and Africa, remains upbeat. And key private banking consultants say he is right to be so. Whereas rivals spend vast sums promoting their brands, their belief is that Citi is one of the few to deliver on the brand's promise.

¦ BEST PRIVATE BANK FOR ENTREPRENEURS WINNER: BANK OF THE WEST WEALTH MANAGEMENT Bank of the west, owneD By french giant Bnp pariBas, claims to have benefited from substantial investments in technology to both increase efficiency and match customer demand for services.

With a surge from $10bn to $12bn in assets managed for clients during 2016, the entrepreneur-focused bank appears to feed off Silicon Valley, which lies close to its San Francisco base. Wealth advisers are also located in both Palo Alto and San José, with its presence in other US tech hubs including Seattle, Denver and Los Angeles. Southern California and other regions are targeted due to their high concentration of people who have created wealth through business ownership in a variety of industries, including food distribution, healthcare innovation and recycling, not just technology.

Specialist staff devote time to providing support for private businesses, working with entrepreneurs, especially women, and investing for social impact through socially responsible investing parameters.

Although there is some independent branding and focus on regional clients in the US, the French parent bank very much sees this west coast US firm as one of its "global wealth management hubs". While the bank claims to be nimble, agile and innovative, it benefits hugely from the global infrastructure and central budget for technology and expertise dispensed by BNP Paribas from Paris.

What the bank has done, however, is to recognise that needs on the west coast of the US can be very different from those elsewhere, as business creation and ownership represent a greater and increasing part of wealth being accumulated and that services need to be designed specifically to cater for this. This becomes particularly important, believe Bank of the West leaders, where businesses are being passed along to the next generation or to employees. The bank wants to further reach out using this mindset to family members and their key employees - who play an important role in both sustaining and growing the business over time - not just concentrating on the family leaders and business owners.

¦ BEST PRIVATE BANK FOR DIGITAL COMMUNICATION WINNER: BBVA BANCA PRIVADA BBva Banca privaDa (BBva pB) won the award for Best Private Bank for Digital Communication, and was highly commended in the categories of Best Private Bank in Spain, Best Private Bank for Innovation and Best Initiative for Client-facing Technology.

The bank is a key player in Spain's private banking sector, with one of the largest numbers of both ultra-high-net-worth and highnet-worth clients. Jorge Gordo Naveso, head of private banking at BBVA PB, explains that the key to its success lies in its business model, based on a "customer-centric approach" which combines technology and innovation with first-class personal service.

"Continuous improvement of the customer experience is our primary concern, and we want to turn this into our main competitive advantage over the next few years," says Mr Gordo. "The large digital transformation that the BBVA group is undergoing, combined with changes to our organisational structure, is contributing to reinforce our customer-centric approach."

As part of its 'Digital Transformation Project for Private Banking' strategy, BBVA PB has developed a new set of digital solutions to enhance the user experience, add new functionality and transparency for its customers, and comply with new regulatory demands.

"BBVA BP is evolving quickly as new and disruptive players emerge. As a result, we have improved our customer experience by promoting our digital communications model - for example, client onboarding, chat functionality, digital signature and so on - which have significantly improved relationships between private bankers and clients, as well as between private bankers and the bank," says Mr Gordo.

The introduction of remote technology allows clients to sign contracts, orders and all kinds of documents remotely. Customers can also engage in safe conversations with private bankers, exchange documents, execute orders and schedule meetings online. BBVA BP has also provided all its bankers with a tablet with several applications developed using client-facing technology, such as 'My Private Client', which provides the banker with all the information regarding the client, or 'Virtual Private Banking Desk', which enables onsite analysis, provides updated valuation, and allows customers to carry out transactions as if they were in a physical branch.

¦ BEST PRIVATE BANKING BOUTIQUE WINNER: BANQUE SYZ Despite experiencing significant outflows of nearly $3Bn During 2016, Banque Syz has managed to turn a major $40m loss into a small profit, having outsourced operational activities. A relatively youthful operation, having just celebrated its 20th anniversary, the bank has, to the delight of chief executive and majority owner Eric Syz, secured a berth in Switzerland's top 20 private banks, running client assets of nearly $48bn following the acquisition of Royal Bank of Canada's local franchise.

From its formation, Banque Syz was all about managing assets in a more innovative way than what the founders saw as Geneva's staid private banks. Co-founder Eric Syz says the rationale for seeking alternative sources of alpha is very much still there, although he has now switched emphasis significantly from hedge funds to private equity. He also has to contend with changing client appetites in a challenging operating environment. The allocation to alternatives among his client base is now down to less than 10%, compared with closer to 30% in the pre-Madoff heyday, when hedge funds were considered the must-have accessory for high-net-worth individuals banking through Switzerland.

But he feels renewed interest is coming. "There is a clear shift in demand in Europe towards real estate, private equity and venture capital. Clients have been able to take out some of the potential volatility spikes in this way," says Mr Syz, believing that the "free lunch" of living off "leveraged beta" returns is finally over for private clients.

Today, the bank prefers to shepherd clients into private equity, spreading portfolios over five to 10 key investments, and is busy promoting this asset class to potential clients through regular events.

But despite the perception of Syz as an investment-led firm, the private banking service Syz provides goes well beyond investments, according to the bank's co-founder, who has recently bought out his partners. "We set up Syz because asset management was not being taken seriously enough. But private wealth is complex and emotional. There are generational and diversification issues and there is always a question of how we meet expectations," says Mr Syz. "The first thing we have to ask ourselves is: 'What is the purpose of the client's wealth?' You need a holistic approach in private banking, as it is a multi-faceted business."

We are the main beneficiary of [big money consolidation] in europe, as many of our previous competitors have Wound doWn or exited the business Joe Stadler

for pictet, europe has alWays been, for obvious geographical and cultural reasons, a key ***strategic*** region Remy Best

We create products that offer value to our clients Kristina Buconjic

there Was a need among uhnWis to enhance financial understanding among family members

traditional sources of return, such as deposits or government bonds, are no longer sufficient to meet hnWis' expectations

turkey has been through a great deal, and the Wealthy Want to protect their Wealth Levent Celebioglu

in bahrain We offer both conventional and islamic products and services Mark Hirst

We prefer to have a longer term vision and even temper our clients' Willingness to take risks in vieW of upcoming turbulence. We also practise diversification and limit the use of leverage

andorra is a competitive country that is developing and groWing constantly

our biggest success last year Was that We Were able to keep up the groWth dynamics and preserve profitability at the same time András Takács

We are focused on alpha-generating ideas Juan Rafael Pérez

the use of technology is intended to complement the relationship that our clients have With their Wealth advisers, not to replace it Don Heberle

We must support the business model, enhance customer experience and, of course, make our private banking model more efficient by adapting to change Victor Allende

there is a clear shift in demand in europe toWards real estate, private equity and venture capital. clients have been able to take out some of the potential volatility spikes in this Way Eric Syz

**Graphic**

Nordea's headquarters in CopenhagenMartin Gregor Schuricht, managing director, Nykredit Private BankingXavier Cornella, deputy general manager, Credit Andorra GroupLuigi Pigorini, regional boss for Europe, the Middle East and Africa, Citi Private BankProfiles written by Yuri Bender, Paula Garrido, Elliot Smither, Elisa Trovato and David Turner.

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[***All set for the big reveal; Who will win the ICIS Innovation Awards this year- Seventeen entries across six categories are in the running, as revealed in the shortlist below. The winners will be announced in mid-October, but until then you are free to choose your own favourites!***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P74-MTD1-DYX4-71D3-00000-00&context=1516831)

ICIS Chemical Business

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ACHIEVING THAT individual “ALPHA” MOMENT

The panel of seven leading industry innovation experts has been busy since the end of June deadline for entries to this year’s ICIS Innovation Awards. They have assessed a near-record number of entries and drawn up a strong shortlist of contenders to go forward to the final judging session in early September.

They will select a winner in each category and an overall winner for 2017.

The quality and range of entries to the four categories for companies have as usual been impressive and have presented the judges with a difficult, but hopefully stimulating task. Many thanks to them for bringing all their expertise to bear to the process.

For the second year running, ICIS and the lead sponsor of the Awards, Elsevier’s R&D Solutions, have also sought to reward individual innovation excellence, through two categories introduced last year – the Alpha Innovator of the Year categories.

In addition to Elsevier’s R&D Solutions as the overall sponsor, the ICIS Innovation Awards continue to enjoy the support of distributor U.S. Chemicals and ExxonMobil Chemical as category sponsors. They are joined this year by global management consultancy Accenture.

ICIS is grateful to all four companies and their interest and support in the Awards, designed to recognise and celebrate the best of innovation in the chemical industry.

The range of innovations in the shortlist is as usual extensive, emphasising the depth and breadth of innovation of which the chemical industry is capable. The categories cover product and process innovation, as well as innovations by small and medium-sized enterprises (SME) and innovations that have benefit for the environment and sustainability.

You can read details of each of the shortlisted entries below. I am sure you will have your favourites, but will they match those selected by the judges? And which will emerge as the best innovation of the year?

All will be revealed on 13 October in the pages of this magazine and on our web site, [*http://www.icis.com/awards*](http://www.icis.com/awards).

All that remains for me to do is to wish the shortlisted candidates the very best of luck. May the best innovations win!

BEST PRODUCT INNOVATION

SPONSORED BY ACCENTURE

AkzoNobel

David Moore

Interline 9001

Interline 9001 is an advanced coating system for ship’s cargo tanks, which in 2016 enabled AkzoNobel to take a greater than half share of total global new-build volume. The coating is based on patented BiModal technology, formulated at lower stoichiometry than conventional epoxy amine systems. It undergoes initial conventional cure at room temperature before being subjected to a high temperature post-cure, which induces homopolymerisation of unreacted epoxy groups in the presence of a catalyst. This delivers very high conversion and results in a very highly cross-linked network which is the basis of the step change in chemical resistance performance of Interline 9001. The superior performance of Interline 9001 can be attributed to very low, often zero, cargo absorption, which is significantly lower than comparable products. It is also recognised as a sustainable coating solution due to the unique easy-clean properties and performance longevity. Interline 9001 is thus a significant advance in coatings technology for cargo tanks.

Dow Chemical and Total

Nadjet Khelidj and Carin Bove (Dow) and Nicolas Champagne (Total)

UCON oil-soluble polyalkylene glycols (OSPs)

To combat climate change, many countries have established mandates to reduce CO2 emissions and improve fuel efficiency in transportation. Through significant research and development (R&D) collaboration, Dow and Total have developed lubricants that provide significant efficiency gains in the drive train (engines, axles, and transmissions) through the use of Dow’s UCON OSP products. Engine testing has shown these improve fuel economy by as much as 4% over conventional materials and up to 1% over typical synthetic formulations. In addition to fuel efficiency performance, lubricants using UCON OSPs as performance additives also deliver improved engine cleanliness through the detergency provided by the unique OSP backbone. The collaboration has resulted in a contract to ***produce*** engine oils for a leading automobile manufacturer. This accomplishment represents a significant milestone and advancement of UCON OSP technology in engine oils.

Teijin

Professor Yoshiro Tajitsu, Faculty of Engineering Science, Kansai University; Tomoyoshi Yamamoto, manager, Solution Development Center, Teijin; Dr Tetsuo Yoshida, manager, Film Development Center, Teijin Film Solutions

PLA piezoelectric materials

Japan’s Kansai University and Teijin have developed piezoelectric materials based on polylactic acid (PLA). The bioplastic’s flexibility and lightness mean it can be used in large, light-weight applications that are difficult to achieve with conventional piezo-electric materials such as lead zirconate titanate and polyvinylidene fluoride. In 2012, they ***produced*** the world’s first binary-blended PLA multilayer film, which has been used in piezoelectric fabrics which monitor elaborate human actions. In 2016, the world’s first load-dependent and sustained-voltage piezoelectric roll was developed. The latest development was made in 2017 in the form of piezoelectric wearable sensors in the shape of braided cords known as kumihimo. Kansai University and Teijin are convinced PLA piezoelectric materials will contribute to the development of augmented-reality applications and expand the use of sensing and actuating devices in healthcare, apparel and other fields.

BEST PROCESS INNOVATION

Clariant Oil and Mining Services

Paul Gould

Veritrax

Chemical management in the oil and gas industry has long relied on human presence to monitor chemical inventory, pump control, analytics and more. Volatility of oil prices has many oil and gas companies changing their operating business model: updating production processes and leveraging automation to reduce costs are two very active areas. Veritrax is a true intelligent Chemical Management System, designed to streamline previously manual processes and promote adoption of cost-effective technology. The Veritrax system increases production efficiency, advances safety and improves transparency, through real-time data flow. All chemical management tasks, such as dispatch, dosing, monitoring, analysis, orders and invoicing, are controlled automatically with continuous real-time information delivered directly to a laptop or smart phone. Veritrax has been designed to provide many benefits through advanced functionality.

Dow Chemical

Mark Siddoway

Fluidised catalytic dehydrogenation (FCDh) process

Dow Chemical has developed fluid catalytic dehydrogenation (FCDh) technology to improve production of propylene from abundant US shale gas resources by increasing selectivity. The new technology is based on commercialised fluid catalytic cracking (FCC) technology and uses a proprietary catalyst and design to achieve 45% propane conversion at 93 mol% selectivity to propylene. The system’s simplicity enables >20% capital savings and reduces energy requirements. FCDh can also be easily integrated into existing or new ethylene crackers enabling increased production or tailoring the facility for the desired amount of ethylene and propylene production. Additionally, the technology can be used in new or retrofitted ethylbenzene-to-styrene dehydrogenation facilities, butane to butene, or isobutane to isobutene plants. C4 dehydrogenation units can be integrated into refineries to upgrade butane or isobutane for use in the alkylation section to ***produce*** alkylate.

Versalis

Francesco Pasquali

ABS ONE STEP

Versalis owns continuous mass technology for acrylonitrile-butadiene-styrene (ABS), high impact polystyrene (HIPS), general purpose polystyrene (GPPS) and styrene acrylonitrile (SAN) manufacturing, as well as many other elastomers technologies. Based on this, it has developed the ABS ONE STEP technology, a breakthrough technology that sets new rules for advanced styrenic polymers manufacturing. ABS manufacturing starts from elastomer bales, which – after reaction solvent removal, water drying and packaging – are sent to the ABS production site, ground and dissolved into ABS monomers. The ONE STEP technology links the elastomer synthesis section with the ABS production plant by means of a proprietary-design solvent exchange section capable of removing rubber reaction solvent and replacing it continuously with ABS reaction monomers. The new technology overcomes constraints on elastomer structure as well as applying Versalis’ living radical polymerisation (LRP) technology for rubber functionalisation. The innovative process design leads to significant reduction in costs due to the process integration of elastomer and ABS and to a reduction in the total investment cost for a new plant. The most relevant improvement, though, lies in a broad enlargement of the product portfolio.

BEST INNOVATION BY AN SME

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Avertana

James Obern

Refining steel industry waste into valuable raw materials for everyday products

Avertana has developed a proprietary process to refine valuable industrial minerals and chemicals from industrial waste streams. The technology offers significantly lower manufacturing cost and environmental impacts than existing routes. The company’s current focus is on slag from the steel industry. The process refines this solid waste into raw materials used to manufacture products like paint, paper, fertilizers and building materials. The company is working to develop its first commercial plant in New Zealand and then ***plans*** to deploy the technology globally through partnerships with existing ***producers***. Avertana’s process uses sulphuric acid to convert metal oxides in the slag into sulphates, which are then selectively crystallised and filtered, yielding four separate products: TiO2 pigment for paints and coatings; alum for water treatment and papermaking; Epsom salts for fertilizer and papermaking; and a gypsum and silica blend for building materials.

CelluComp

Dr David Hepworth, Dr Eric Whale and Christian Kemp-Griffin

Curran

Scotland’s CelluComp has developed and patented a biobased process and a novel multifunctional product called Curran, a form of microfibrillated cellulose (MFC) ***produced*** from waste (or co-product) streams from root vegetables, such as sugar beet pulp. It is renewable, biodegradable, nontoxic and does not compete for land with food or forest, which gives it environmental and economic advantages compared to MFC from wood. Curran has been developed to ***produce*** sustainable and green alternatives for a wide range of markets, such as paints and coatings, personal care, oil drilling, food, household products, concrete, composites and paper and packaging. As a multi-functional additive in paint formulations, for example, Curran acts as a film enhancer, imparting improved scrub resistance and eliminating macro- and micro-cracking in thick films at all temperatures. A 2% addition of Curran in paper increases its strength by 10%, allowing lightweighting or greater use of recycled paper. In personal and home care products, Curran improves suspension and rheology. In food, Curran helps reduce fat and sugar.

Genomatica

GENO BG

US-based Genomatica has taken a well-known chemical – 1,3-butylene glycol (BG) – and developed a better way to make it, biologically, via fermentation of common sugars. Its GENO BG process provides a high-quality, natural and sustainably-sourced solution that has the potential for high appeal in cosmetics and as a high-quality product for industrial uses. The GENO BG process contrasts with the conventional means of making BG starting with acetaldehyde, which is a toxin, an irritant and a carcinogen. Additionally, Genomatica uses the power and selectivity of biology to ***produce*** a distinctively pure product that is implemented with a simpler overall process than conventional petrochemical approaches. Together, this enables additional potential applications for the butylene glycol ***produced*** by their process, including in sports drinks and medical supplements as everyday wellness products. Genomatica’s innovations have the potential for significant industry impact.

INNOVATION WITH BEST BENEFIT FOR ENVIRONMENT AND SUSTAINABILITY

SPONSORED BY U.S. CHEMICALS

Dow Chemical and The Koehler Paper Group

Brian Einsla

Voided polymer imaging technology for thermal paper

BLUE 4EST thermal paper with Ropaque NT-2900 Opaque Polymer spheres is a new technology that eliminates chemical developers and dyes present in today’s thermal papers. These are widely used for receipts, tickets, tags and labels: the printed image is formed by heating the paper which contains a reactive combination of leuco dye and acidic developer, such as BPA (bisphenol-A) or BPS (bisphenol-S). Dow and Koehler’s new approach eliminates the chemical developer entirely. A layer of air-filled, reflecting spheres effectively masks or hides an underlying coloured layer. When heat is applied from the thermal print head, it causes localised collapse of the air voids so the opaque layer becomes transparent. Where the collapse occurs, the underlying coloured layer is visible, creating an irreversible image. Ropaque NT-2900 is a patented composition designed with a glass transition temperature and multi-staged composition to facilitate collapse during printing, resulting in high print contrast.

Enerkem

Vincent Chornet

Converting waste to everyday goods

Enerkem is setting a new standard in smart waste management. By using municipal solid waste as a feedstock instead of fossil- or crop-based products and recycling the carbon contained in trash to ***produce*** renewable chemicals and biofuels, Enerkem’s proprietary technology provides a cost-effective, sustainable alternative to the challenges associated with waste disposal for communities all around the world. Enerkem’s solution helps accelerate advances toward a circular economy where waste becomes a resource to make everyday products greener. It equally answers the question of how to dispose of rapidly accumulating non-recyclable and non-compostable garbage, while preventing greenhouse gas emissions from waste buried in landfills, and creating value-added products from otherwise useless trash.

Kemira

Jaakko Ekman, Matti Hietaniemi and

Marko Kolari

Recycling starch in packaging board making

Demand for packaging board is about 200m tonnes/year and growing. Cellulose fibres can be easily recycled, but packaging board also contains a significant amount of starch, up to 4% of board weight. With current technologies, recycling of this starch is not economically feasible and large amounts of new starch need to be added to achieve desired board properties. Kemira has developed a two-step concept called KemRevive for starch reuse. The core of the invention is to protect starch from degradation in the recycling process by utilising a specific inhibitor for amylase enzymes. Simultaneously, a novel system improving retention of protected starch into finished board, is used. FennoSpec 1200, the patented product for starch protection, contains enzyme inhibitor and a special polymer component. This product can block amylase and thus starch degradation can be prevented, even in typical process conditions with high amounts of bacteria in the water.

Recycling Technologies

Elena Parisi

Turning residual plastic waste into a resource

UK-based Recycling Technologies has tackled the problem of recycling mixed residual plastics waste (RPW) by developing a fluidised-bed reactor that converts shredded RPW into a range of useful products, including Plaxx, a trademarked family of hydrocarbon-based commodity products with multiple industrial applications. The RT7000 reactor is the company’s first generation of commercial processing plant, capable of chemically recycling up to 7,000 tonnes/year of plastic waste. It is designed specifically to process RPW, generally recognised as non-recyclable and therefore sent to landfill or to energy-from-waste facilities. RPW includes films, packaging, rigid food containers, pots and laminates. The modular design of the RT7000 reactor allows it to be installed on existing waste facilities, eliminating the need for transport of low-density plastic waste and significantly reducing the carbon footprint of the RT7000.

ALPHA INNOVATORS

PRACTISING SUSTAINABILITY and respect for the environment

The future of the chemical industry relies on those who overcome challenges and drive critical advancements in compounds, formulations, advanced materials, and production processes.

In the chemicals industry, continuous innovation and process improvement have been the key to creating considerable value for customers and investors.

And yet, many accomplishments from the industry are not as visible to the market as they could be.

Industrial chemists, for instance, improve product performance and achieve customer requirements by innovating at the molecular level and discovering the changes in substances and processes that may have important implications to manufacturing, the environment and safety.

The same is true for the engineers working in manufacturing, where process improvement and engineering design is the focus. Identifying changes to plant design, equipment and processes can meaningfully improve safety, reduce cycle times and minimise operational disruptions.

Reaching that “Alpha” moment – achieving an important milestone for the first time – may happen in an instant, but one does not get there without unrelenting perseverance, knowledge and skill.

It is therefore important to recognise those who are making these strides. With demands for high performance products; faster returns on innovation investments; lower costs of research and manufacturing; lower emissions; and safer manufacturing, the future of the chemical industry relies on those who overcome challenges and drive critical advancements in compounds, formulations, advanced materials and production processes.

For this reason, Elsevier’s R&D Solutions is honoured to again sponsor this year’s ICIS Innovation Awards, celebrating the companies and individual innovators who have created and commercialised notable product and process innovations in the industry.

Additionally we are delighted to co-sponsor with ICIS the second annual Alpha Innovator of the Year category, recognising two high-performing individuals who have played a critical role in improving product performance, solving customer problems and making progress towards environment and sustainability goals.

Let us celebrate those who are achieving commercial success through innovation while also paving the way for us to pass on a better Earth to future generations.

About Elsevier’s R&D Solutions

Elsevier’s R&D Solutions is a portfolio of tools that integrate data, analytics and technology capabilities to help chemical companies more efficiently achieve commercial success, safety, and compliant manufacturing for chemical products and processes.

Accenture is pleased to sponsor the Best Product Innovation category of the 2017 ICIS Innovation Awards.

In today’s business environment, companies need to continually reinvent themselves. At Accenture, we take an innovation-led approach to help clients “imagine and invent” their future. We are always looking ahead to anticipate what’s next.

We use an innovation-led approach to help our clients develop and deliver disruptive innovations, and to scale them faster. From research, ventures and labs to studios, innovation centres and delivery centres, we help companies imagine the future and bring it to life.

Accenture’s chemical industry group helps chemical companies apply innovation, transformational strategies and digital enablement for growth, differentiation and superior operations. We have over 30 years of experience working in all segments of the chemical industry – including basic and intermediate chemicals, polymers, fibres and elastomers, ***agricultural*** chemicals, paints and coatings, industrial gases, and other specialty chemicals – across the value chain.

ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialised skills across more than 40 industries and all business functions – underpinned by the world’s largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders.

With approximately 401,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives.

Go to: [*www.accenture.com*](http://www.accenture.com).

Two individuals in each of the Alpha Innovator of the Year categories have been shortlisted this year, the second year ICIS has sought to reward individual innovation excellence in association with the overall sponsor Elsevier’s R&D Solutions.

New Product Development/Process Optimisation

Muralidhar Ingale

of Adroit Pharmachem in Vadodara, India, for his development of a patented process for converting waste ammonia and carbon dioxide into phthalocyanine compounds

Thomas Colacot

of Johnson Matthey for leadership of the team developing an atom-economical synthesis of a highly active palladium coupling catalyst

Environment and Sustainability

Dr Anton Kaiser

of Clariant Oil & Mining Services for his work on building up the enhanced oil recovery technology ***programme*** at the company

Dr Mei Li

of Dow AgroSciences for her work in the design, implementation and commercialisation of three novel agrochemical products

MEET THE JUDGES

U.S. Chemicals, a Maroon Group company, is an organisation dedicated to enriching the lives of its employees and community by practising sustainability and respect for the environment. U.S. Chemicals is pleased to sponsor, for the ninth consecutive year, the Innovation with Best Benefit to Environment or Sustainability category of the ICIS Innovation Awards.

U.S. Chemicals is a diversified chemical distribution company that supplies quality chemicals at world-wide pricing. For customers and supply partners U.S. Chemicals is a trusted collaborator, whose nimble team is dedicated to leveraging decades of experience, relationships and a can-do attitude to assess risk, thus making decisions quickly and acting boldly and accurately.

U.S. Chemicals is set apart by the speed, flexibility and innovativeness of its employees. The team leads customers in identifying the best solutions for each opportunity and business challenge, grasping suppliers’ and customers’ needs and solving problems.

In addition to a variety of sustainability ***programmes*** – recycling, creation of green space/organic gardening, heating/lighting efficiency initiatives, paperless initiatives and wellness ***programmes*** at the headquarters in Darien, Connecticut – U.S. Chemicals seeks suppliers, principals and logistics providers that have sustainable ***programmes*** and processes in place. Our business partners are vetted to ensure that standards are met.

Social responsibility and giving back have long been part of U.S. Chemicals’ corporate culture and the company has an extensive history of supporting organisations in the environmental, educational and health arenas.

EXXONMOBIL CHEMICAL is one of the largest chemical companies in the world. Our unique portfolio of commodity and specialty businesses generates annual sales of more than 24m tonnes of prime products.

The commitment by ExxonMobil Chemical to maintain a leadership position in technology is fundamental to our continued success. We have a broad portfolio of proprietary process, product and product applications expertise.

Now, more than ever, chemicals are the building blocks of modern life. Chemicals play a key role in fields integral to human progress, including transportation, ***agriculture***, pharmaceuticals, medical equipment, as well as efficient manufacturing and packaging of a wide array of consumer goods.

As an organisation with technological achievements that have enriched the lives of people everywhere, ExxonMobil Chemical is pleased to sponsor the Best Innovation by a Small or Medium-sized Enterprise category of the 2017 ICIS Innovation Awards.

HELPING CHEMICAL COMPANIES TRANSFORM IN A DIGITAL WORLD

Christina Valimaki

is senior director, chemicals segment marketing, for Elsevier, a leading provider of information solutions to science, health and technology professionals. She has an MBA from Harvard Business School.

David Woods

is opportunity identification manager, new product platforms, at ExxonMobil Chemical, based in Baytown, Texas, US. He manages the pursuit of new product opportunities.

Just Jansz

is an independent board member and advisor, and founder and MD of business and technology management consultancy Expertise Beyond Borders. He has 30 years of experience with LyondellBasell and its precursors.

Mike McKenna

is chief operating officer for Maroon Group, a North American specialty chemical and ingredients distributor. He is responsible for operational excellence, global supply partnerships and marketing, and is a member of the company’s M&A team.

Peter Nieuwenhuizen

is global research, development and innovation director, specialty chemicals, at AkzoNobel, where he is focused on making chemistry both more profitable and sustainable. He joined the company in 2011 after five years at consultancy AD Little. He has a PhD from Leiden University.

Pierre Barthelemy

is executive director for research and innovation at Cefic, representing the priorities of the chemical industry towards the EU institutions for innovation-related aspects. He joined

Solvay in 1988 and was seconded to Cefic in 2014. He has a PhD from the University of Liege, Belgium.

PAUL BJACEK

is principal director and lead for Accenture’s chemicals and natural resources ***strategic*** research, with over 25 years’ experience in the process industries, including project activities in manufacturing, marketing and distribution. He has master’s degree from LSE in London and a BSc in chemistry and business.

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[***The role of leadership in place-based development and building institutional arrangements***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BNK-C111-DY41-749J-00000-00&context=1516831)

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W Wellbrock

**Body**

**ABSTRACT**

In various case studies across Europe the vital role of rural place leadership in enabling a place-based approach to local and regional development has been highlighted, although not always explicitly addressed as such. This paper aims to do so by reviewing the findings from a selection of earlier research projects within a framework of the role of rural leadership in place-based development. Building on the increasing body of literature on place leadership, the review reveals how place leadership in rural areas is performed by varied public, private and civic actors; is able to bridge vested stakes and make new connections; is supportive to joint learning and innovation and an increasing range of bottom-up grassroots initiatives. Effective rural place leadership initiates joint reflection and enforces a collaborative spirit resulting in an expanding spiral of new alliances and new (institutional) arrangements. This underpins the importance of rural place leadership in building collective agency and its capacity to better attune the institutional setting to the specificities of place and thus enhance place-based development.

**FULL TEXT**

**Introduction: A place-based approach to development**

This paper reviews the role of effective place leadership in sub-national rural regions in varied institutional contexts in Europe. Our point of departure is that rural place leadership can enable a place-based approach to development. In the context of EU policies, place-based approaches to development have become more important in the last decade, for example in the view of EU member states (EU, 2007), in European policies for social cohesion (EC, 2010a) and territorial cohesion (EU, 2011) and in the development strategies and practices for the EU ***programming*** period after 2013. After the challenges in meeting the goals of Lisbon and the strategy for the 2010s in Europe, Europe 2020 (EC, 2010b) puts more strain on places and regions to achieve smart, sustainable and inclusive growth based on their specific characteristics and dynamics.

Scholars have argued that place-based approaches to development will strengthen the resilience of rural areas against global transformative forces by decreasing state dependencies and increasing the economic competitiveness of rural areas (Bristow, 2010; Taylor, 2012). Place-based approaches, often guided by utilizing endogenous assets, including knowledge and the institutional base associated with a particular locality, ‘offer the scope for developing strategies that better represent tailor-made policy actions embedded in, and linked to the speciﬁc needs and available resources of a locality’ (Hildreth and Bailey, 2014, cited by Bentley and Pugalis (2014: 284)). The place-based mode of working in areas has been conceptualized as inclusive of embedded, multi-scalar and multi-annual strategies that are tailored to the complex geographies, capabilities, knowledge sets, assets and resources of particular places (and networks of places), through supportive institutional frameworks and collaborative means of governance (Bentley and Pugalis, 2014). Nevertheless, Bentley and Pugalis (2014) argue in this journal that as a persuasive notion and policy response, place-based modes of working lack conceptual clarity and operational precision.

Decentralization of public administration has profoundly influenced the current interest in place-based development. This rests on the claim that a region’s capacity to innovate is conditioned by the quality of regional institutions (Rodriques-Pose and Di Cataldo, 2015). Institutions tailored to the specific setting can make a significant contribution to the process of (competitive) economic growth in places (Rodriquez-Pose, 2013; Tomaney, 2014). Key argument of Rodriguez-Pose (2013) is that the right balanced mix of formal and informal institutions is needed. However, not clear is how to realize such a balance, how to rearrange both the formal and informal rules sets which make up an institutional setting in a place-specific way and who can take the lead in this. This is a rather unexplored field. Furthermore, comparative research at the sub-national scale is limited (Acemogly and Dell, 2010). And while the OECD (2015) has analysed the relevance of leadership in local economic development in cities, the role of rural place leadership needs more scholarly attention. This paper therefore reviews the role of effective place leadership in sub-national rural regions in varied institutional contexts in Europe. Place-based approaches acknowledge the transformative role of structuring processes such as globalization on places, but also the transformative agency (Westley et al., 2013) of human actors making a living in these places, shaping a place according to their values, ideas and needs. Human actors are not merely victims of globalization (Long, 2001), but capable actors shaping places by their meaningful conduct (Massey, 2004; Tsing, 2000). The agency of individuals and collectives helps to create particular evolutionary trajectories over time, leading to differentiated social and economic outcomes in places (Gertler, 2010: 11).

There has been something of a ‘spatial turn’ in leadership research, with a focus particularly upon sub-national levels, and this research has added to our understanding of the relationship between leadership, knowledge and spatial economic development (Horlings et al., 2017). Place leadership on the sub-national level can be seen as the ‘missing link’ in our understanding of how to enable place-based development and local economies (Beer, 2014). In addition to local authorities, the last decade has seen new groups drawn into the sphere of local economic leadership and development, such as city networks, business leadership groups, universities, and civic bodies; the institutional landscape of most local economies is expected to become increasingly dispersed in the future. Local economic development is a multi-sectoral form of public ***intervention***, and arena for substantial innovation, where leadership can set the agenda and builds the context for progress (OECD, 2015). In addition, scientific literature has recognized the formal and informal role of business leadership in enterprising places (Pugalis et al., 2014) and civic leadership (Hambleton, 2015). Civic leadership is an approach that values solidarity, community empowerment and democratic social purpose, as an alternative to both centralization and the outdated notion of New Public Management (Hambleton, 2015). Martiskainen (2017) focuses on specifically the role of community leadership in supporting grassroots innovation.

Place leadership is assumed to be key in (re)balancing formal and informal rules sets, or institutions, governing practices (Horlings and Padt, 2013; Sotarauta and Beer, 2017; Sotarauta et al., 2012).

Without repeating these claims, we build here on the increasing body of literature on place leadership, also in this journal (Hambleton, 2015; Horlings et al., 2017; Liddle et al., 2017; Potluka et al., 2017; Quinn, 2017; Rossiter and Smith, 2017) and aim to further unravel the role of place leadership in initiating and enabling the building of capacities to attune the institutional setting, transforming its embodied relations, as to make it more supportive to place-based development. This brings us to the main question addressed in this article: What role does rural place leadership have in effectuating place-based development and more specific, in raising the collective agency needed for building collective capacities and supporting institutional change or innovation? We will argue that formal and informal relations between stakeholders of different stakeholders in the different domains of (1) public administration; (2) everyday practices on the ground and (3) the knowledge support structure, can be supported by place leadership by establishing appropriate ‘well-working operational interfaces’ (Wellbrock, 2013) between these domains. Place leadership can initiate these interfaces and support an expanding, spiralling process of expanding collaboration, building alliances and collective capacities which can then result in new institutional arrangements. The contribution of the paper therefore lies in the unravelling of change on the sub-national level underpinning the relevance of the quality of institutions (see also Henry and Pinch, 2001; Rodriques-Pose and Di Cataldo, 2015) and the role of leadership therein. By reviewing specifically rural cases on the sub-national level, we show how institutional mechanisms support the embeddedness and intertwining of different domains.

These are issues that are yet not sufficiently addressed. Gertler (2010) has, for example, argued that institutional analysis should provide more analytical room for the agency of individuals and collectives; needs to incorporate processes of institutional evolution and change over time; must account for the interaction between institutional configurations at different scales; and finally, would profit from adopting comparative methodologies. Sotarauta and Beer (2017) argue that few accounts of place leadership have found an appropriate balance between structural determining processes versus the creative force of human actors. This has resulted, on the one hand, in an overemphasis on the actions of a limited number of charismatic leaders and, on the other, structural analyses blind to the decisions and actions of individuals and groups.

These issues are addressed in this article via: A review of literature regarding the conceptualization and framing place leadership in the context of a relational approach to place-based development (‘The role of leadership in place-based development’ section), underpinning the multi-scalarity of institutions and the relevance of place leadership in changing the quality of interrelations between institutional domains.A review of the findings from multiple EU research projects. We selected those EU projects and cases in rural areas across Europe where effective and thus successful place leadership could be witnessed, reflecting on how this leadership played a transformative role in supporting place-based development and under which conditions (‘Exploring the role of place leadership in enabling a place-based approach to development in European rural areas’ section). These reflections further underpin the relevance of creating new relations, new interfaces and new forms of collaboration between practitioners from different domains. Such relations are supportive to joint learning and innovation, build collective agency and potentially change the institutional setting.Providing an in-depth analysis of the *Westerkwartier* area in the Netherlands as a showcase for the transformative capacity of rural place leadership (‘Place leadership in the Westerkwartier’ section). How, in a ‘spiralling’ development, it has initiated and supported new links and operational interfaces between the domains of knowledge, everyday practices and public administration, effectively sustained by new institutional arrangements.

In the concluding section our findings and reflections regarding place leadership will be embedded in the theoretical debate on the importance of building transformative capacities and institutional innovation supportive to place-based development.

**The role of leadership in place-based development**

Place is an assemblage of relations reconfigured through processes of restructuring and continuously changing as a result of economic, institutional and cultural transformation (Woods, 2015). This relational notion of place (Amin, 2004; Cresswell, 2004; Massey, 1991, 1993, 2004) considers places as nodes in networks, as points of intersection, in which the global and the local are mutually constructed and seen in terms of connectivity. A relational perspective on place understands and emphasizes the importance of networks and connectivities (Horlings, 2018; Varro and Lagendijk, 2013). Such an approach analyses places as part of a wider set of relations, which are shaped by material and ideational ordering processes. This is even more relevant in the context of an increasingly knowledge-driven world economy. Economic actors are not isolated beings who carry out atomistic behavioural scripts, but individual norms, preferences, values, tastes, ethics, needs, styles and objectives emerge from and are co-constituted through the social embedding of economic action and interaction. This underpins the relevance of knowledge circulation across territories (Horlings et al., 2017), relational clusters of knowledge and geographies of practices (Bathelt and Glückler, 2011; Wall, 2013) and a relational approach towards place-based development (Horlings, 2018).

Places can be analysed, by investigating place-shaping practices and the way practitioners reflect on and give varied meanings to the places they co-shape (Horlings, 2018). The social and material specificities of places cannot be seen on its own, as being shaped by endogenous processes vis-à-vis exogenous processes affecting the place. Place is time and space specific, and therefore differentiated (see also Escobar, 2001, 2008), and the outcome of the interaction and co-evolution of human and non-human place-shaping processes, which connect a place to other places via a web of social–material relations. Places are framed and co-shaped by a set of in time and space unbound political-economic, socio-cultural and ecological structuring processes (Roep et al., 2015). A ‘politics of connectivity’ acknowledges place as dynamic outcome of these processes and how place has a threefold relational relevance as arena of negotiation, as a context where subjective processes of sense-making happen and as site of policy ***interventions*** and spatial ***planning*** (Horlings, 2016, 2018). A detailed understanding of how such processes work across different places and the factors that lead to differentiated outcomes is, however, still missing in policies (Woods, 2013: 100).

Similar institutional settings work out differently in places (Farole et al., 2011: 74; cited by Tomaney (2014)). Although the actual institutional setting, and more particular how it has evolved in a specific place, does matter, this is often not fully taken into account (Rodriquez-Pose, 2013). We refer here to institutions, inspired by Amin (1999) and Gertler (2010), as both explicit and formalized sets of rules, such as regulations, laws and organizations, as well informal or tacit rule sets or taken-for-granted ‘rules of the game’, e.g. habits, routines and social norms and values.

Institutions are an intangible factor that, appear to be durable and mouldable at the same time but difficult to intervene in, by an ‘outsider’. Key argument here is that the right balanced mix of formal and informal institutions is needed (Rodriquez-Pose, 2013). The OECD emphasizes that institutions are needed that foster linkages between different domains to support development: Formal and informal institutions that facilitate negotiation and dialogue among key actors in order to mobilize and integrate them into the development process are vital, as those that enhance policy continuity … the challenge is to create institutions that strengthen the region’s voice in dealing with other regions and countries and those that foster linkages among the private, public and education sectors. (OECD, 2012: 25 cited by Tomaney (2014))This taps into the debate on institutional thickness and thinness. The concept of institutional thickness highlights institutional conditions that are crucial to the articulation of localities and regions within wider scale processes of economic transformation (Henry and Pinch, 2001). Economic development is not a question of creating institutional thickness or thinness parse, but about ‘what works’. For example, institutional ‘thick’ places do not guarantee access to these institutions. An overload of overlapping or conflicting institutional arrangements can put up barriers. To avoid bureaucratization, fragmentation and high transaction costs some experimental collaborative space within the prevailing institutional setting has to be created in order to be able to reform the setting itself. Furthermore, we have to recognize the multi-scalar notion of thickness (see also Amin and Thrift, 1995) which underpins the relevance of a relational approach and acknowledge that historical developments such as institutional thickness can be an effect rather than a cause of economic growth, being a process of political mobilization as much as of economic mobilization (Henry and Pinch, 2011).

The agency of individuals and collectives helps to create specific evolutionary trajectories over time, leading to differentiated social and economic outcomes in places (Gertler, 2010: 11). Agency implies the ability to (re)negotiate the conditions of engagement in structuring processes (Wood, 2016). It is the capacity of practitioners to reassemble and thus transform the prevailing web of relations they are part of in a way that is more beneficial to them. Building human capacities, both individual and collective agency, is thus key to effectuate a place-based approach to development (Wellbrock et al., 2013).

Capacity-building and community empowerment do not take place in a spontaneous, self-regulating, inclusive and organic way (Skerratt and Steiner, 2013). Various authors have warned us not to have a romantic, naïve view of rural communities where civic harmony and inclusion triumph and there is little room for power struggles, exclusionary tactics or ideological conflicts (Gilchrist, 2009; Shortall, 2008; Shucksmith, 2010). Furthermore, experiences show that capacity building requires long-term ***interventions*** which are ‘sensitive to differences within communities; manage tensions and expectations; and include a variety of ways for people to contribute their ideas' (Gilchrist, 2009: 32).

Leadership is often referred to in literature as individuals ‘who make it happen’, using varied names in literature, e.g. champions, policy entrepreneurs, change agents, social innovators or transformative leaders to mention just a few (Westley et al., 2013). In these studies leadership is considered to be an individual capacity to order others what to do, based on strong hierarchical relations in decision making. However, such forms of top-down, command and control forms of management are often not effective (Greenleaf, 2002; Gunderson et al., 1995; Holling and Meffe, 1996; Wheatly, 1995). In contrast, place leadership is often referred to as shared, cooperative or collaborative, because of the challenge to deal with a variety of stakeholders and vested interests in places. It has been referred to as multi-agency, multi-level and multi-faceted and shaped differently according to various institutional and cultural contexts. It can support knowledge networking across thematic, organizational and administrative boundaries (Beer, 2014; Beer and Clower, 2013; Collinge and Gibney, 2010; Collinge et al., 2010; Gibney, 2011; Horlings et al., 2017; Liddle et al., 2017; Potluka et al., 2017; Pugalis et al., 2014; Rossiter and Smith, 2017; Sotarauta et al., 2012).

Place leadership can play a key role in guiding and facilitating transformation by stimulating imagination, the (re-)framing of issues and the development of new agendas and help to ‘think the unthinkable’ (Horlings, 2010). Leadership can even be transformative in contributing to more adaptive management and governance systems (Olsson et al., 2006). Davies (2013, cited by Ayres (2013)) reminds us that catalysts for change and innovation can have limited influence, but a large impact on place and society. ***Strategic*** collective agency is pivotal in moving a process of transformation forward: ‘within complex problem domains such ***strategic*** agency is typically not associated with just one individual, rather is ***produces*** through the strategies of a number of actors’ (Westley et al., 2013: 27).

Place leadership is not just recognized in terms of formally constituted hierarchical power, expressed by formal offices – mayors, members of government-appointed boards, etc. – but also is expressed informally, sensitive to the concrete setting, which makes it possible to create a shared development vision and work as ‘connector’ between different actors. This refers to the ability of leaders to influence the ways collective interpretations emerge and are shaped (Sotarauta, 2009), and to how they facilitate existing place development strategies; however, leadership may also (try to) alter the direction of development (Halkier, 2013). In other words: place leadership contributes to the (re-)framing of issues, the communication of a so-called sticky story (Van der Stoep, 2014), to have different actors aligned around a joint agenda. Leadership skills such as formal and informal communication, building trust, perseverance, flexibility in roles and the ability to connect different worlds and logics are key elements of place leadership. It can be considered as mobilizing, agenda setting and task oriented, paying attention to the socio-emotional side of group dynamics, engaging with various stakeholders and crossing thematic, geographic, disciplinary and institutional boundaries (Collinge and Gibney, 2010; Collinge et al., 2010; Horlings, 2012b; Horlings et al., 2017; Sotarauta et al., 2012; Sullincan et al., 2012). Place leadership may emerge in and between different organizations, such as bottom-up citizens’ initiatives, government departments, community groups, not-for profit organizations and the private sector (Collinge and Gibney, 2010). In situations where a diversity of actors aims to carry out a variety of development activities in the same place, they need to learn to work together which occurs through ‘joint learning-by-doing’. These processes cannot be understood as formal learning settings but as situational, and as part of everyday practices. Place leadership can build collective agency as a result of processes of joint ‘learning-by-doing’ and support institutional innovations to create a more favourable institutional setting for a place-based approach to development. In other words, effective institutional reform (Roep et al., 2003) depends on collective agency being built and this requires collaborative leadership (Collinge and Gibney, 2010). This can potentially lead to more resilient places through bottom-up development and decentralization of decision making (Roep et al., 2015).

These bodies of literature point to the relevance of creating new relations, arranging new interfaces and new forms of collaboration between practitioners or stakeholders from different institutionalized fields of practices or domains to overcome vested interests and generate new ideas and perspectives. A place-based approach to development is the outcome of a process of joint learning and innovation across practitioners from domains and effectuated by new institutional arrangements.

Adapting the ‘learning region’ framework (Morgan, 1997; Rutten and Boekema, 2007), Wellbrock (2013) has framed this as place-based learning and innovation (see Figure 1). This is a generalized version of the framework applied in a comparative study of joint learning in innovation processes across six diverse European rural areas carried out in the context of the European project DERREG (Wellbrock et al., 2013) and an in-depth study of the *Westerkwartier,* a peri-urban rural area near the city of Groningen in the north of the Netherlands (Wellbrock and Roep, 2015). The notion of rural is contested and subject to different interpretations and representations (Marsden et al., 2012), but this debate goes beyond the scope of this paper.

**Figure 1.**

Place-based joint learning and innovation (Wellbrock, 2013: 143).

The framework enables the mapping and profound analysis of the actual institutional setting and ongoing transformations (see the discussion in Wellbrock et al. (2013)). The framework identifies three mains: the domain of ‘everyday life practices’ in which grassroots development initiatives are rooted; the domain of ‘public administration’, formulating and implementing public policies that can support these grassroots or place-based initiatives; and the ‘knowledge support structure’ of public funded education and research institutes, NGOs and private experts or agencies in education, research and consultancy, that can facilitate joint learning and innovation. The framework stresses the vital importance of (a) joint learning and innovation across the domains, including the active involvement of policymakers and knowledge workers next to initiators, and (b) newly arranged operational interfaces interconnecting practitioners from the three domains to support development initiatives, joint capacity building and effective institutional reform.

Joint learning and innovation is especially relevant in the current knowledge economy which needs stewardship of group-based learning and innovation (Cooke and Morgan, 1998; Florida, 1995; Gibney, 2011) and leadership, dealing with a variety of actors and themes in situations and places where no single actor holds power alone. This brings us back to the question addressed in this article on how to frame the role of place leadership in enabling a place-based approach to development.

The literature suggests that leaders work as animateurs and provide linkages into ‘localized knowledge clusters’; they acquire and process (in)formal, local and global knowledge (Sotarauta et al., 2012). Stough et al. (2001: 177) argued that place leadership is ‘the tendency of the community to collaborate across sectors in a sustained, purposeful manner to enhance the economic performance or economic environment of its region’. And while this definition has been challenged by Sotarauta et al. (2012), it provides an important starting point for a better understanding of place leadership. In the next section, we will further explore the role of effective place leadership in place-based development by reviewing the findings from rural case studies in four European research projects.

**Exploring the role of place leadership in enabling a place-based approach to development in European rural areas**

By reviewing relevant research projects, we aim to underpin how rural place leadership is strongly intertwined with capacity building and the institutional setting. These projects were selected as they all focused on the agency and innovation of everyday practices in quite different rural regions, from more remote, disadvantaged areas subject to population decline to more thriving peri-urban areas with a growing population and commuters, and how these can be enabled via a favourable institutional setting in the context of unbounded processes of globalization, affecting these practices. In this article we thus focus on the contribution of place leadership in more or less successful cases of rural development. Wellbrock et al. (2013), however, made a comparative analysis of both more successful and less successful cases of rural development. In general, the latter lacked well-working operational interfaces, as an indication for an institutional setting that is more favourable to place-based rural development, and, this in turn could be explained by the lack of connective, collaborative place leadership. We present here chronologically the results of four research projects, including a variety of rural regional cases throughout Europe.

**Grassroots rural initiatives**

A study of area-based rural initiatives in the Netherlands analysed the role of two environmental cooperatives in place-based development and the conditions for effective institutional reform (Roep et al., 2003). The innovative cooperatives studied within this project contribute to a particular transformation path, re-grounding their ***agricultural*** practices collectively in place characteristics and agro-ecological processes. Innovation and transformation are complex and recursive processes in which visionaries and/or change agents play a crucial, leading role. The exploration of this transformation path was conceptualized, using a dynamic framework of technical–institutional change and ***Strategic*** Nice Management as a tool. The researchers found five conditions under which institutional changes can take place in rural regions initiated by the agency of rural initiatives (Roep et al., 2003): self-governance referred to as the capacity to manage relations within their organization and with the institutional environment;enrolling capacity to involve, engage, mobilize and use the support of ‘others’ to create, defend and expand the required room to manoeuvre;The production of heterogeneous knowledge from different sources;Integration, referring to the degree in which different projects, aspects and levels are tied together into a whole, gaining momentum for synergy effects;Effective reformism described as expanding capacity to develop new practices.

Their conclusion was that new effective connections are vital to the creation and maintenance of a learning environment, thus aligning varied actors in a self-governance context. This eventually results in institutional reform and a more enabling institutional setting. Place leadership, referred to as change agents, visionaries and local leaders, is needed to make these connections, using capacities to envision windows of opportunities, express expectations and enrol alliances.

**ETUDE: Enlarging the theoretical understanding of rural development**

The relevance of creating new connections in rural areas was also a key element in the European ETUDE research project, carried out by research institutions in six European countries (the United Kingdom, Germany, the Netherlands, Italy, Latvia and Finland) with the aim of acquiring a better understanding of the dynamics, scope and regional economic impact of rural development processes (Milone and Ventura, 2010). Diverse rural areas were studied from the lens of ‘the rural web’ (Milone and Ventura, 2010; Van der Ploeg and Marsden, 2008).

According to Van der Ploeg and Marsden (2008) regionalized rural development is grounded and driven by complex sets of externally generated interrelationships and interactions, which shape the relative attractiveness and competitiveness of rural spaces economically, socially, culturally and environmentally. The unfolding of the rural web refers to both the density and the quality of internal and external interactions of different rural spaces, affecting the pathways and velocity of rural development trajectories. An assumption is that the unfolding of the web leads to more ‘place-based’ development trajectories as endogeneity and place-based assets are important elements within the web.

Within the context of the ETUDE projects over 60 existing empirical studies from previous research projects were reanalysed and 12 newly conducted in-depth case studies across Europe. The case analyses were based on primary and secondary data concerning the actors and institutions involved in the activities and initiatives and their (direct or indirect) social and economic impacts. These activities and initiatives included rural projects in the areas of ***agricultural*** production, tourism, education, energy, nature and landscape care and regional branding, as well as research projects, partnerships and grassroots movements.

A review of the 12 in-depth cases studies from the perspective of leadership showed that place leadership can strengthen varied domains of rural development and can function as vehicle for linking, bonding and bridging forms of capacity building (Horlings, 2012a). Leadership plays a role in building capacities, for example, in the form of initiating change, in supporting multifunctionality or in starting up new businesses.

The ETUDE project showed that institutional arrangements can hamper capacity building but also function as a lubricant. A follow-up research in one of the case study areas, the Shetlands, showed that in a situation when the government expresses leadership, but there is an absence of capacity building in the private sectors, this can render the functioning of institutional arrangements uneven (Horlings and Kanemasu, 2015). Factors such as ‘localism’ and lack of ‘bridging’ and ‘bonding’ capacities can seriously undermine collaboration. However, an underlying shared ‘sticky story’ (Van der Stoep, 2014) can foster public–private collaboration.

**DERREG: ‘Developing Europe’s rural regions in the era of globalization’**

European rural regions have also been studied in the context of the research project DERREG from 2009 to 2011. Explorative research was carried out within six European, predominantly but quite diverse rural areas, ranging from more remote areas subject to population decline and a shrinking rural economy to more thriving peri-urban areas attracting commuters and tourism: County Roscommon in Ireland; Comarca de Verín in Spain; the Western part of Groningen Province in the Netherlands (the Westerkwartier); Saarland (est) and Upper Lusatia-Lower Silesia (east) in Germany and Alytus County in Lithuania, all covered by the European LEADER ***programme***. An applied version of the general framework presented in Figure 1 was used as a heuristic tool to guide the investigations along three lines (Wellbrock and Roep, 2015; Wellbrock et al., 2013). First, supporting policies and ***programmes*** were mapped and facilitating agents and agencies from the knowledge support structure via extensive literature review and semi-structured expert interviews. Second, policy arrangements were mapped supporting joint learning and innovation between grassroots development initiatives and facilitating agents and agencies. Third, policy arrangements were evaluated and compared between the case studies, in particularly their operational features. Up to eight arrangements were selected in each case study for an in-depth study, which involved face-to-face interviews as well as group discussions. The focus was on identifying factors contributing to or constraining the achievements of grassroots development initiatives.

In all DERREG cases data have been collected via participative observation, interviews, group meetings and by reviewing policy documents and other documents. The research started with mapping and analysing policy strategies and knowledge facilities. Subsequently, grassroots development initiatives were mapped and analysed. Grassroots development initiatives in the Westerkwartier included, for instance, nature and landscape protection activities and cultural and social activities. Key members of 13 initiatives were identified in this area and approached for an interview about their practices, their future goals and the support they received from public administration as well as from knowledge institutes. Finally, interfaces operating between the different domains of stakeholders were identified and analysed on how they worked. This enabled the identification of well-working operational interfaces and an analysis of why they were working well.

Overall, the six areas studied in the context of the DERREG project revealed that raising collective agency is key to successful approaches to place-based development (see Wellbrock et al., 2013 for the results of the comparative analysis). The institutional setting differs significantly across the study areas, reflecting varied historical dynamics and political cultures, thus creating different starting points for effectuating a place-based approach to development. The particularities of the institutional setting are indeed, as Rodriquez-Pose (2013) argues, key in enabling or hindering role therein. The findings also showed that collective agency requires a joint reconsideration and restructuring of the division of roles and tasks, including those of public administration (Wellbrock, 2013: 85). Shrinking rural economies and related outmigration can weaken social relations and vitality by creating ‘institutional voids’, posing severe obstacles for initiating a collaborative spirit and the uptake of joint development activities. As some cases showed, raising joint reflexivity among residents, and the facilitation of discussions about issues that really matter to people and their place, appeared to be a first step towards collaboration. Raising joint reflexivity can be a major incentive to inspire residents, create a collaborative spirit, develop a joint development vision and generate joint activities. In the DERREG case study areas visionary leaders made the difference.

**SOLINSA: ‘*Agricultural* knowledge systems in transition: towards a more effective and efficient support of learning and innovation networks for sustainable *agriculture*’**

The SOLINSA project – carried out from 2010 to 2013 – focused on joint learning and innovation in different European countries and areas, using a network approach on different scales, starting from the awareness that a new understanding of innovation for rural development is far from being consolidated in Europe, and less so at national and regional administrative levels. Learning and innovation in so-called Networks for Sustainable ***Agriculture*** (LINSA) takes place in heterogeneous multi-actor environments. Taking into account such diversity of actors and their dispositions, multi-actor interactions and co-construction of new shared meanings are central components in learning and innovation in these networks. Especially the role of boundary work and boundary objects in enhancing learning and innovation processes in hybrid multi-actor networks for sustainable ***agriculture*** (LINSA) was explored. This was analysed on the basis of six case studies under a common methodology. In developing typologies of boundary work and objects, a grounded approach was used (see Tisenkopfss et al., 2015 for an elaboration on the applied methods). The SOLINSA project discussed how joint learning and reflection in networks can be supported to further stimulate sustainable development. Three integral features were found. Processes of co-evolution are relevant as networks are not static structures, but evolve over time, changing according to variation in actors’ resources, and strategies, as well as reacting to outside pressure. Joint reflection of the actors involved in these networks was considered as crucial, and furthermore the facilitation of these interactions and processes (Moschitz et al., 2015; Tisenkopfss et al., 2015).

Managing learning and innovation in multi-stakeholder networks requires ‘boundary work’ that improves connectivity between different life worlds, facilitates learning across boundaries and transforms knowledge into innovation (Clark et al., 2011; Klerkx and Leeuwis, 2009; Klerkx et al., 2012; Mollinga, 2010). Boundary work fulfils multiple functions in networks; it generates new knowledge across communities, strengthens the network’s internal structures, brings in new supporters and stimulates the sharing of network ideas and the evolvement of innovation (Tisenkopfss et al., 2015: 27). Bridging leaders play a facilitating role in creating boundary interactions.

**On the role of place leaders: A synthesis**

The review of research projects shows the role of leaders in collaboration, joint reflexivity, capacity building and the creation of boundary interactions, supporting learning and innovation. The rural case studies across Europe sustain the assumption that successful place leadership can bridge different stakes and overcome vested interests, passing by obstructing or disenabling institutionalized routines, creating a collaborative spirit and an inspiring, learning environment. The ability of place leadership appears to be vital to an expanding ‘spiral’ of collaboration and the building of collective agency and institutional arrangements.

But how do leaders initiate such processes in practice? We need to open this black box, to get a more nuanced and deeper understanding of the role of personal and institutional factors in place-based development and to provide more insight in the possibilities for an adjustment of the precarious balance between formal and informal relations.

For this purpose, we will shed more light on the Westerkwartier area studied in the context of the DERREG project mentioned above, to showcase the role of place leadership in building institutional arrangements.

**Place leadership in the Westerkwartier**

**Collaborate place leadership**

The Westerkwartier area in the Netherlands is situated in the northwest of the Netherlands. The area is situated west of the provincial capital Groningen city and comprises the municipalities of Grootegast, Marum and Leek and part of the municipality of Zuidhorn (see Figures 2 and 3).

**Figure 2.**

Map of the Westerkwartier.

**Figure 3.**

Location of the Westerkwartier in the Netherlands.

**Figure 4.**

Re-enforcing, spiraling development of building collective agency and effective institutional reform.

The size of the Westerkwartier is 345 km2, and – from a European perspective – is relatively densely populated area where 80% of the area is used as ***agricultural*** land. The ***agricultural*** sector and the industry sector are still seen as the traditional economic pillars of the Westerkwartier, although the contribution of primary ***agricultural*** production to GVA and employment has decreased significantly. The socio-economic development of the Westerkwartier is predominantly shaped by its interactions with Groningen city and other nearby urban centres. There is, however, a strong sense of rurality of people in the area. Moreover, most local residents strongly foster its rural identity.

Development in the Westerkwartier is predominantly guided by rural development policies. Regional development policies influence the Westerkwartier mainly indirectly by creating extra-regional development circumstances. Regional policies only target small areas of the Westerkwartier, which are involved in development projects of the region North Netherland. Place-based development in the Westerkwartier is thus expected to be enhanced by rural development policies. The LEADER ***programme*** appeared to be most relevant in this respect. A wide range of public actors is involved in the formulation and implementation of policy objectives and support of public funding for the Westerkwartier. These include, for instance, the European Union, ministries such as the Ministry for Economy, ***Agriculture*** and Innovation and the Ministry for Education, Culture and Science, but also the province of Groningen, representatives of local municipalities and water boards. Likewise, a wide range of both public and private actors and agencies can facilitate rural regional learning and innovation in the Westerkwartier. These include public funded knowledge institutes, such as schools and Wageningen University but also numerous private agencies and consultancies.

Leadership started in this region in the beginning of this century in a rather informal way by a leading group of and collaboration between visionary persons, assembled around the five-year pilot project ‘Bridge to the Future’, engaging with place-based development in the area. This pilot project was initiated by establishing links between two domains (see Figure 1), the domain of ‘knowledge support structure’ of Wageningen University, the Van Hall-Larenstein University of Applied Sciences and the domain of everyday practices, where regional stakeholders took the initiative. Collaborative leadership appeared in the joint efforts between one of the stakeholders representing nature interests, the State Forestry manager, and representatives of two agro-environmental associations in the area, coordinating nature and landscape management. These actors were able to bridge conflicts of interest in this area around land use and rural development. One of the key issues was if in this area future development should be targeted towards nature, the increase of ***agricultural*** production or the support of non-***agricultural*** entrepreneurship.

The leaders of the associations created cooperation between farmers, bridging the different interests of nature and ***agricultural*** stakeholders. The State Forestry manager had the abilities to create a sense of common interest and a collaborative vision with regard to nature and landscape management in the Westerkwartier. In a rather informal way, he has built trust by promoting common interest and collaboration openly to his superiors and politicians and, more convincing, by initiating small-scale collaborations. He was able to do so because he was generally seen as a person to rely on and trustworthy. He was very familiar with the area, embedded in networks on different administrative levels and able to connect initiatives to policy networks.

The first step in the development process, started in the context of the pilot project, was the building of a joint spirit among stakeholders in the area. The project promoted links between grassroots initiatives and the knowledge infrastructure via joint research and education practices in cooperation with the Van Hall-Larenstein University of Applied Sciences. A lecturer of this institute and leading member of one of the agro-environmental associations in the area created possibilities for students to do assignments for the association. The results of these assignments were discussed during a regional event (*Streekdag*) in the area and this further enhanced dialogue, joint reflection and a collaborative spirit.

A second step was the building of fruitful collaboration. This resulted from the mutually reinforcing process of increased joint reflexivity on the qualities and strengths of the area and as a spin-off, collaborative activities. The people involved in the pilot project united themselves in the Westerkwartier Area Initiative (WAI) in 2004, promoting various activities in tourism and nature/landscape management. The founders of the WAI excelled as informal leaders, able to meditate between key persons of grassroots initiatives, public officers and politicians and lecturers, researchers and consultants. They were the spider in a web of relations. Through their visionary spirit, this initiative has since then taken the lead in promoting grassroots development activities, acting as an interface between the domains of public administration, knowledge support structure and the rural area. This gave an impetus to collaboration in the area. Place leadership thus supported a favourable, place-tailored institutional setting.

The third step encompassed the building of formal and informal institutional arrangements and collective agency such as the Westerkwartier Cooperative of entrepreneurs, a Local Action Group (LAG), and a Knowledge Atelier (*Kenniswerkplaats*). The Knowledge Atelier made an inventory of research questions of stakeholders, thus connecting the grassroots initiatives with the knowledge support structure. This refers to an innovative methodology in green education by means of which students and lecturers get engaged in investigating regional questions commissioned by stakeholders. The idea was to create a strong learning environment for students, generating practical and sometimes unconventional perspectives and stimulating contributions to regional development.

How did these arrangements emerge? The pilot project helped the WAI to maintain good relations with public administration. Municipalities, and with them the province, became willing to partially fund small-scale projects initiated by the WAI. The WAI gradually build fruitful collaborative relations with the four municipalities and the province and developed a Leader Action ***Plan***. The ***Plan*** was approved and later in 2007, a LAG of 10 members was installed by the Province of Groningen. By the end of 2010, the Westerkwartier was selected as experimental area by a national ***programme*** of the Ministry, supporting Knowledge Ateliers. Funds were available for the Knowledge Atelier and the development of a regional development ***programme***, which formed the basis for more institutionalized collaboration. This also resulted in the launch of the Westerkwartier Cooperative of entrepreneurs at the end of 2012.

The process over time showed that place leadership played an inspiring, mediating and intervening role in the institutional setting. Via the inclusion of and mediation between different actors from the domains of knowledge, policy and initiatives, a joint spirit and joint reflexivity of actors on the qualities of the area were supported. Leadership was grounded in the particularities of place, in order to enhance economic possibilities and maintain the quality of the landscape. Key actors played an intervening role in building new ‘operational interfaces’ and institutional arrangements.

**Newly arranged operational interfaces**

‘Operational interfaces’ were installed in the area to bridge the different domains of research, governance and initiatives on the ground. The interfaces included catalyst functions, specific infrastructures and development projects (see also Wellbrock and Roep, 2015). Concrete examples of operational interfaces were the instalment of innovation brokers, a Rural House and Rural Cafés. The Rural House started in 2008, was funded by LEADER with co-financing from the municipalities and province, and is a physical meeting place in the form of a building in the middle of the region. The main idea was to offer a low threshold entry for residents with rural development-related questions and grassroots initiatives. ‘They should see it as their place, not as an outpost of the public administration’, as one of the founding members remarked. The Rural House is an institutional arrangement which offers a physical and virtual window for the consultation of public officers of the municipalities and province and a team of experts from different organizations. One of the organizations participating in the Rural House is the Association Villages Groningen. This association offers professional support and funds livability projects of villages to initiatives such as a new born network of starting business women, called Wichterwest. Wichterwest developed into a support network for women entrepreneurs itself, organizing meetings and workshops to facilitate exchange and learning, and providing expertise for women who want to start a business career. Three so-called touristic catalysts funded by the province fostered networking and cooperation in rural tourism. These operational agents and agencies met formally and informally in the Rural House and worked as assigned innovation brokers with specific set of tasks. Next to their professional skills, the granted operational flexibility appeared to be key to their fruitful operations. Within the limits of the tasks assigned they could decide for themselves what could be done best to support innovation. Informal facilitators of joint learning and innovation such as The Rural Café created possibilities for low threshold gathering to enable entrepreneurs and residents to meet, initiate and discuss ideas. These Cafés were organized around a theme to ensure that people with a shared interest could meet and interact. The Rural Cafés were well attended, up to 100 people, and well appreciated. In effect it mobilized and inspired a lot of people, resulting in wider support and new initiatives.

**Reflection**

In approximately a decade the initial informal network of the WAI evolved in a step-by-step manner into a successive range of fruitful formal networks. The founders of this grassroots initiative functioned as informal leaders and actively promoted what Wellbrock et al. (2015) have framed as a ‘learning rural region’. Their ability to get things done, first little by little and then increasingly by acquiring additional funds, made their effort fruitful. The WAI, supported politically and financially by the LAG and thus the European Leader ***programme***, was important for generating wider engagement in the area, and has resulted in new institutional arrangements (Wellbrock and Roep, 2015). Leadership has been crucial to the ‘spiral’ process of expanding joint spirit, fruitful collaboration and public private alliances in the area.

The case of the rural area Westerkwartier in the Netherlands illustrates how place leadership can create the momentum for joint place-based reflexivity. The leading group of visionary persons raised new spirit, involving the engagement of residents and various activities, thereby gradually building joint capacities to make things work according to their shared values and vision. The Rural Café, the Rural house and touristic catalysts functioned as operational interfaces, connecting initiatives with local and regional governments and knowledge institutes. While these ‘well-working interfaces’ in the Westerkwartier created trust between actors and supported collective agency, the result of interaction and collective agency resulted in new informal networks and institutions such as the WAI. A balance between formal and informal institutions was created, which in turn enabled collective agency to flourish.

Our findings indicate that place leadership played a key role in initiating and enabling an expanding process in places via expanding fruitful collaboration, building collective capacities, public–private alliances and the building of complementary institutional arrangements. We have visualized this in Figure 4, using a spiralling tower as a metaphor. The figure shows how collective agency results from mutually reinforcing processes of reflexivity and joint capacities built in collaborative activities, involving more actors over time. Arranging operational interfaces that connect and mediate between the domains supports joint learning and innovation which is fundamental to raising collective agency and self-efficacy in places. We suggest that place leadership potentially can create the momentum to a joint spirit and place-based reflexivity, based on inspiration and mutual trust and support from interfaces between the domains, thus bridging differences between stakeholders and embedding fruitful collaboration in new arrangements, more informal than formal. More empirical research is, however, needed to analyse if and how such ‘spiral processes’ occur in different institutional contexts.

**Discussion and conclusions**

We have argued that rural place leadership is vital to enabling a place-based approach to rural development. This is all the more relevant in the face of generic economic, environmental and social challenges which work out spatially differently in places, creating inequalities, exclusion and dispersed, unevenly distributed problems. The OECD (2009) stresses the characteristics of regions and their place specificity and proposes to go beyond the ‘one-size-fits-all’ development approaches. It has been suggested that a place-based approach is the best way to tackle the persistent underutilization of potential and reducing persistent social exclusion (Barca, 2009), based on the exploration of the potential of each place and ensuring equal opportunities for individuals irrespective of where they live.

However, till now, little is known about the best way to implement a place-based approach (Jauhianen and Moilanen, 2011). We would argue that such an approach should not merely be understood as a means to enhance competitiveness between and within regions, but support decentralization and self-efficacy of people, to enhance the resilience of vulnerable regions, responding to the structuring and spatially dispersed forces of globalization.

We have argued here that a place-based approach requires capacity building, collaboration, collective agency and place-specific institutional arrangements to start and support joint learning and innovation. Our observations based on a multiple analysis of rural cases throughout Europe point to the crucial role of place leadership therein, creating a more favourable institutional setting as a starting point for development. The ability of rural place leadership to involve and align various stakeholders, citizens and activities; to bridge vested stakes and make new connections; to initiate joint reflection and create a collaborative spirit, seems to be vital here. We have argued that rural place leadership can initiate a gradually expanding ‘spiral’ process where joint reflexivity, fruitful collaboration, the building of capacities and alliances and embedding in new (institutional) arrangements mutually enforce each other. This supports joint learning and innovation which can further increase the range and impact of development initiatives and can even result in institutional reform. Our findings underpin the importance of place leadership in building collective agency to better attune the institutional setting to the specificities of place and enable a place-based approach to development.

Such place leadership is – as has been discussed before, also in this journal – task oriented; supports learning by doing; crosses thematic, geographic, disciplinary and institutional boundaries; and engages with a variety of stakeholders (Horlings et al., 2017). Place leadership initiates and enables connectivity via the creation of new linkages between domains; in their role as boundary spanner, by strengthening network interactions, contributing to bonding and bridging between people (Beer and Clower, 2013).

The findings of the discussed cases can inform the wider theoretical debate on the role of agency and institutions in local economies. Institutions are the ‘key enablers of innovation, mutual learning and productivity growth’ and thus pave the way for the design and implementation of efficient economic development strategies across territories (Putnam, 2000, cited by Rodriquez-Pose (2013: 325)). The less favourable the institutional setting is, the less fertile ground there is for a spiral development to flourish, the less likely it is that institutional ***intervention*** will be held. In such situations collaborative, visionary leaders are needed to initiate it. This underpins the relevance of the quality of institutions as discussed by, for example, Henry and Pinch (2001), Rodriquez-Pose (2013) and Rodriques-Pose and Di Cataldo (2015). In a dense institutional setting the appearance of initiatives and a collaborative spirit are more likely to occur; however, the institutional density may also complicate and hamper collaborations, and different agendas may compete for dominance.

This brings us back to the key question on *how* to create an institutional setting which allows place leadership to flourish, acknowledging that the right mix of formal and informal institutions is needed, targeted to every specific place (Rodriquez-Pose, 2013: 21). ‘Well-working operational interfaces’ turn out to be a relevant condition providing the experimental space and support for bottom-up networks, crucial for grassroots innovations to flourish (Leach et al., 2012). Especially in institutional ‘thin’ rural areas, joint reflexivity on place-based issues can create a collaborative spirit and form the starting point for a place-based approach to development. In order to react to the particularities of place, operational flexibility appears to be crucial here.

The available empirical findings provided in this article lead us to conclude that place leadership can initiate and support a favourable institutional setting in which collaborative agency can flourish, but also contributes itself to place-specific innovation. This is an evolutionary process; the collective agency of all stakeholders resulting in new institutional arrangements tailored and attuned to the characteristics of place, in turn can favour a place-based approach to development.

Places with effective, transformative place leadership are likely to be more resilient than those where leadership is not developed (Beer and Clower, 2013). Our findings confirm the findings of earlier case studies that effective place leadership needs to be based on collaboration, power sharing, a forward-looking approach and flexibility. Governments can promote the emergence of transformative leadership by delegating powers to communities wherever possible including the building of a well-balanced mix of formal and informal institutions (Beer and Clower, 2013). So, to have place leadership to flourish, we need place-based institutions and arrangements as well. They can only be developed and evolve in time.

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**Section:** EUROMONEY

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**Highlight:** As ever in this country, the numbers are extraordinary "" whether it's rate of growth or just the overall total. But Asiamoney has identified China's best banks in 2018 to help high net-worth individuals with ***planning***, diversification and wealth transfer

**Body**

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A Time Of Rapid Growth Chinese private banks have been growing at a breakneck pace for the last few years, managing a compound annual growth rate of more than 20% between 2014 and 2016, according to research by Bain and China Merchants Bank. One private banker tells Asiamoney a new billionaire is created in the country every few days.It is clear the opportunities are enormous.Wealth management can have a fuzzy meaning in China. Government announcements concerning "~offshore wealth management' services often refer to a much broader definition of the term, closer to what would be called asset management elsewhere.Those services have also come under fire, accused of being often little more than a way for Chinese investors to take risky short-term bets on the markets.This is not the sort of wealth management that Asiamoney is concerned with in these awards. Instead, we concentrate on the important role wealth managers and private banks can play in helping their clients ***plan*** for the long term, diversify their risk profiles and handle the often thorny question of the transfer of wealth to the next generation.Perhaps unsurprisingly, scale is a big challenge.There are now more than 100,000 high net-worth investors in Guangdong, Jiangsu and Zhejiang provinces, according to Bain. There are 22,000 more in 22 other provinces across China. Smaller banks hoping to concentrate their teams in Beijing or Shanghai are going to miss out on many of those opportunities.There is also the challenge of keeping up with a rapidly changing regulatory landscape.China has made slow and steady progress opening its financial system for years. Under president Xi Jinping, that progress has accelerated. The regulatory overhaul increases opportunities for high net-worth investors, but it also makes risk management a bigger priority.The stand-out wealth managers in the country overcame many hurdles during our awards period, marrying impressive reach with smart advice to make them an essential part of the firmament for the country's most wealthy individuals.China's private banking sector might only be at the start of its development. But it is a strong start. Award winnersOverall best state-owned private bank China construction bank private bankingChina Construction Bank is not the first Chinese bank to provide private banking services in China, nor is it the bank with the largest customer base for these services. But it stands out for its performance in expanding its client numbers and their assets under management "" both products of efforts to expand the bank's network and improve services.By the end of 2017, the number of private banking customers jumped nearly 17% year on year, to more than 110,000; assets under management also advanced 12.8%, to Rmb1.2 trillion ($189 billion).What is even more impressive is CCB's ability to win high net-worth private banking clients.By the end of last year, the number of private banking customers entrusting assets worth Rmb10 million and above to the bank was up 15.2% on the year, to approach 67,700.The total AuM brought by this group of customers was Rmb940 billion, a 20% increase on the year before.Also, by year end, the number of what CCB labels "***strategic*** private banking clients" "" long-term, ultra-high net-worth clients "" was up 28.6% from the year before, while the AuM the bank booked for these clients also advanced 25.1%.These results were achieved thanks to CCB's sustained efforts to expand its service network and strengthen servicing capability. The bank has established more than 330 private banking centres across China.It has also combined the strength of its multiple affiliates in fund management, financial leasing, trusts, insurance, investment banking and futures brokerage in product development, while deploying digital technologies to upgrade marketing and services for private banking customers.Overall best national private bank China Citic bank private bankingCitic Bank was one of the first Chinese banks to offer private banking services in China. It outperformed other domestic national commercial banks in growing its private banking customer base and assets under management in 2017 by upgrading its marketing and sales capability and developing new products.By the end of the year, its number of private banking clients was up more than 30% year on year, to 28,275, and the AuM of its private banking division increased 25.3% to Rmb402.5 billion ($63.5 billion).The rapid growth of its private banking business created a prime opportunity for the bank to generate more income from intermediary businesses. In 2017, its private banking customers paid more than Rmb1.6 billion in fees for product management and asset allocation services provided by its private banking division, a jump of 69% from a year earlier.Last year, Citic Bank redesigned the management system for its private banking operations with the help of external consultants. The division also deployed big-data analysis to achieve precision in marketing and to spot other opportunities. That enabled the bank's private bank team to boost income: they achieved more than Rmb2.2 trillion in product sales in 2017, up 68% from 2016.Citic Bank is also a market leader offering fully entrusted asset management services for ultra-high net-worth private banking clients, who have over Rmb100 million. It says it has booked more than 100 such clients for these services in the last year.Overall best regional private bank bank of Beijing private bankingBank of Beijing was incorporated in the Chinese capital of Beijing in 1996. Since then, it has opened branches in 12 large Chinese cities, most of which are in northern and coastal China regions. It leads regional banks in the country in the provision of private banking services and continues to outperform its peers in product development and customer base expansion.Bank of Beijing started offering private banking services in 2011 "" the first regional bank to do so in China. Unlike state-owned banks and national commercial banks, it lacks both an extensive business network and large talent pools to tap into. Because of its limited resources, the bank has taken a focused approach to developing its customer base and products in a bid to build its competitive strength.From the very beginning, the bank chose to target owners of successful startups and families whose businesses are still in the growth stage as clients.To better serve these customers, its private banking team has focused on developing family trusts. Bank of Beijing rolled out the first batch of family trust products in 2013, making it an early pioneer of such products on the domestic market.Bank of Beijing's focused development strategy for private banking has paid off nicely. By the end of 2017, the number of private banking clients was up 30% over the year, to top 40,000.Best private bank for inter-generational wealth transfer Ping an bank private banking

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| Bonnie Lam |

China didn't allow private businesses until the early 1980s. As a result, the majority of private businesses are still in the hands of their founders and the concept of transferring wealth to the next generation is still fairly new to business owners. Ping An Bank, led by Bonnie Lam, was one of the first domestic banks to provide private banking services in China. It has played an active role in advocating best practice in the transfer of inter-generational wealth to its private banking clients. That client roster has increased quickly: at the end of September 2017, it was up 29.4% from a year earlier, at around 21,900.In 2013, Ping An joined Deloitte and the business school of Tsinghua University to create an award ***programme*** for private Chinese businesses with outstanding performance in inter-generational wealth transfer. In the last two years, the bank has also published whitepapers and run TV ***programmes*** to promote best practice.Ping An is well positioned to help its clients with passing on their wealth by leveraging the resources and expertise of sister companies, including life insurance, trust companies and securities firms, within the wider group. It also has a capable staff, having hired many of the private banking team from global banks.Best private bank for international networking bank of China private bankingBank of China opened private banking service centres at its Shanghai and Beijing branches in 2007. Operating in more than 40 countries and overseas regions, BoC has also built an extensive business network outside mainland China, which has enabled its private banking division to quickly expand its global footprint.BoC's private bank achieved another milestone in November 2017 when it opened a service centre in London, which allows the bank to better serve its private banking clients in Europe.BoC has a longer history of operating overseas than most domestic banks; that has allowed it to form partnerships with a broad range of international banks, strengthening the bank's ability to serve as a financial bridge between China and the rest of the world for its high net-worth clients.Over the years, the bank has also collaborated with a slew of top-tier global professional service providers, including investment banks, insurance companies, trust firms, law firms, accountancies and advisory firms, to offer comprehensive as well as fully customized services for its private banking customers. Its general manager is Min Liu.Best private bank for global investment exposure bank of China private bankingWhile continuing to expand its international private banking service network, Bank of China has made remarkable progress recently in rolling out new products and maximizing opportunities for its high net-worth clients to allocate assets around the world.It is one of the first banks to launch products to allow its private banking customers to invest in preferred stocks, fund of funds (FOFs), high-yield bonds and real estate investment trusts that are traded on overseas markets.BoC is uniquely positioned to create more opportunities for ultra-high net-worth clients to invest in overseas bond products that are denominated in renminbi. Its Hong Kong subsidiary, BoC International, has long been the largest underwriter of renminbi-denominated bonds in Hong Kong.BoC is well placed to expand its product offerings to help high net-worth clients manage wealth on international markets by leveraging its extensive overseas business network and the expertise of its product teams in and outside China.Best private bank for product development ***Agricultural*** bank of China private bankingWith 215 private banking and wealth management centres operating across China and a team of nearly 2,000 professional managers, ***Agricultural*** Bank of China has developed a large wealth-management product portfolio for its high net-worth customers.Under Jinqiang Yin, the bank's private banking division made a timely adjustment in 2017 to its product development strategies to focus on equity products, products based on quantitative strategies, equity-bond hybrids and multi-strategy fund of funds.Last year, the division also sped up the development of family trust products, including one based on customers' insurance premiums. Earlier this year, it issued Green Diamond credit cards to offer more diversified as well as customized services to its high net-worth customers.These efforts have ***produced*** positive results: by January 2018, ABC's private banking division saw assets under management rise 16% year on year, to exceed Rmb1.1 trillion ($174 million), while customer numbers increased 15% from a year earlier, to roughly 106,000.Best private bank for family offices China minsheng bank private banking

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| Li Wen |

Family offices are a fairly new territory in China's private banking sector. China Minsheng Bank is one of the first to open family offices for ultra-high net-worth clients. Its deputy general manager is Li Wen.

While continuing to expand its range of services as well as the number of clients, the bank has stood out in the domestic private banking sector for its relentless efforts to standardize management and introduce best practices in family office services.

The creation of the China Minsheng Bank Family Charter symbolises that effort. The charter defines procedures for how the bank's wealth managers engage customers and discover their needs.

For example, it spells out seven steps on how the bank's managers should interact with potential clients to ensure a full understanding of their concerns and needs before creating family trusts.

The charter, which is also designed to install a fire wall between the assets of families and those of family-controlled businesses to prevent conflicts of interests, has also paved the way for the healthy growth of Minsheng's family investment funds, creating more than 20 of them for large family-controlled companies since 2014.

It also leads domestic banks in developing family trust products such as charity and insurance premium trusts.Best private bank for innovation in technology China construction bank private banking

In recent years, China Construction Bank has made a consistent effort to deploy digitization and data analysis in private banking and wealth management to upgrade internal management processes and attract customers, which partly explains how the bank's private banking division achieved such robust business growth last year.

In 2017, CCB installed an integrated online data management platform to enable its wealth managers to collect, share and analyze customer data and to allow its headquarters and branches to coordinate activities and track business performances.

The system also allows wealth managers to engage and interact with customers via mobile phones, computers and China's messenger app WeChat.

The system has proved to useful for customer profiling and marketing. CCB did a remarkable job in winning new customers in 2017 by analyzing data collected through 41 scenarios created online to mimic real-life business activities.

CCB has also developed a ***plan*** to further digitize its private banking and wealth management operations by 2020.

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HINA Digest

16 November 2017

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**Body**

Zagreb, 16 November 2017 (Hina) - President says not criticising gov't, we are all responsible for situation in the countryZAGREB, Nov15(Hina) - President Kolinda Grabar-Kitarovic said on Wednesday that it would be irresponsible of her, halfway into her term, to think about her next presidential term, and expressed dissatisfaction that her latest statements had been interpreted as an attempt to criticise the government and position herself on the political scene, since, she underlined, everyone was responsible for the situation in the country, including herself.Asked by reporters on the margins of a conference on fire prevention if she would seek the Croatian Democratic Union's (HDZ) support for the next term in office, Grabar-Kitarovic repeated that she was only halfway into her first term and that she was focused on her tasks."Statespeople work for the generations to come, politicians work for the next election. A lot of work lies ahead for me as the president and we will talk about the possibility of my second term in office when the time for that comes," she said.Prompted by a reporter's remark that as of lately she had been critical towards the government, the president also commented on media interpretations of her two speeches that have elicited numerous reactions - one given at a conference of Croatian economists in Opatija, where she said that Croatia was standing still, and one in Vukovar County, where she said that in terms of population trends, Croatia was in a state of emergency."I'm not happy aboutthe fact that this is being interpreted as an attempt at criticism or an attempt to position oneself onthe political scene.

That is not so. I simply want a constructive debate to start with the government, the Opposition and all of us giving constructive solutions to problems," she said.As for her speech at the conference of economists, she said that in her speech she had made it clear that she was giving "an overview of the situation in the last 25 years, for which a single government cannot be responsible, notably not the one that has been in power for only a year.""We all share the responsibility, including myself because I was foreign minister in one of the previous governments. We did not do enough. The problem is not so much that Croatia is regressing but that others are overtaking us. Evidently, stronger reforms and better practices are indeed useful.I think that we should copy that and move on," she said.With regard to her statement that Croatia was in a state of emergency regarding population trends, she said that over the past year she had made the same statement three times and presented data that no expert had brought into question."I have underlined that nobody is responsible for the situation they have inherited but that we are all responsible for the situation we leave behind at the end of our term. I think that we have no time to losebut simply must start working more on reforms that should be given real substance," she added.Reporters also wanted to know if she had spoken with Prime Minister Andrej Plenkovic after she recently said that she was considering proposing that the government should hold a session which she, too, would attend, to discuss population trends and that the National Security Council should meet to discuss the situation in the ailing Agrokor concern.Grabar-Kitarovic added that it was extremely important that both issues were discussed."I would not comment on any details, we should definitely talk, I don't want to impose anything on anyone, but I do think that it is very important that we discuss the two issues."She said that the changes to the Child Allowance Act and theincrease in the number of kindergartens presented by Family Minister Nada Murganic were "a good start", noting that there was a whole range of othermeasures as well."I congratulate the minister, I would like to commend her. Naturally, it is impossible to adopt measures overnight, it takesa long-term platform but we should definitely step up work on it. I believe that by expanding the debate,... to also include demographers, young people, entrepreneurs... is in everyone's interest and that we have to discuss the matter in greater detail and share our experience," she said.Asked to comment on the situation in the judiciary in the context of the arrest of a Zagreb Commercial Court judge suspected of favouritism in bankruptcy proceedings, Grabar-Kitarovic said that evidence of "corruption in the judiciary is discouraging.""Unfortunately, corruption is also present elsewhere in the state administration. I believe that one of the basic preconditions for doing away with corruption in the country is the introduction of an integral e-system that will make it possible to follow who did what andwhen, and for how long cases aredealt with by individual judges."Minister says EU fund contracting accelerates significantlyZAGREB, Nov15(Hina) - Media data onthe drawing of European funds areincorrect ascontracting and payments accelerated significantly in the first nine months of this year, Croatian Regional Development and EU Funds Minister Gabrijela Zalaca said on Wednesday.In said period, contracting went up 126% and absorption went up 117%, she told Croatian reporters in Brussels, where she attended a meeting onthecohesion policy for the period after 2020.She said indicators remained bad for certified expenditures but that Croatia would spend all that was intended for it for 2014.She said many problems were inherited but that recent results were excellent and that contracts worth HRK 17 billion would be signed by the end of the year, more than ever.She said 40% of the funds would be certified by the end of this year and over 50% in 2018.Zalac met with European Regional Policy Commissioner Corina Cretu. Before the meeting, she said they would discuss, among other things, the construction of Peljesac Bridge, Project Slavonia, and a bill on the development of the eastern town of Vukovar.Zalac said Croatia would ask the European Commission to recognise exemptions concerning state aid for war damage asthe direct war damage in Vukovar amounted to HRK 9.5 billion and the indirect damage was four times that. "We believe the Commission could grant Croatia's request."As for Peljesac Bridge, she said Bosniak politicians' complaints would not slow down the project and that Croatia submitted to the Commission all the relevant data requested.Parliamentary Finance Committee endorses 2018 draft budgetZAGREB, Nov 15 (Hina) - The Parliamentary Finance Committee on Wednesday upheld the 2018 draft budget and budget ***planning*** for 2019 and 2020, with one abstention by Social Democratic Party (SDP) MP Branko Grcic.Finance Ministry State Secretary, Zeljko Tufekcic underscored that the 2018 budget wasa continuation of fiscal consolidation and improving fiscal indicators."Following a revisionof the ***planned*** state deficit for this year of 0.6%, GDP and an expected decrease in the debt to GDP ratio of about 3% by the end of the year, the deficit ***planned*** for 2018 is about 0.5% of GDP. Thetrend of decreasing the debt to GDP ratio will continue by about an estimated 3.2% and at the end of 2018 should be at a level of about 76%," Tufekcic said.He recalled that the Finance Ministry was in the process of issuing state bonds to cover debts in the motorways sector and added that investors hadexpressed their satisfaction with the trend in fiscal indicators over the past two years. Tufekcic expects the refinancing of an additional 2.4 billion euro in loans for the motorway sector which means a significant decreasein the cost of intereston those loans.The 2018 draft budget foresees a total revenue of HRK 129 billion, which is 6.1% higher than the current budget while total expenditure is expected at HRK 133.3 billion, an increase of HRK 5 billion. The deficit will be about 0,5% or HRK 2 billion while aneconomic growth of 2.9% is forecast.Commending on the efforts that are visible in the 2018 budget, an external member of the committee, Zeljko Lovrincevic recommended that a register be set up of potential liabilities that could emerge as a consequence of court disputes, arbitration proceedings and the like.Tufekcic explained that a list of potential liabilities exists and will be released together with the report on the execution of the 2017 budget.Foreign reviewers praise Croatia's computer science curriculumZAGREB, Nov15(Hina) - As requested, Croatia's computer science curriculum has been reviewed by Austrian, Estonian and British experts and they say it is a positive example of curriculum development in Europe, clearly structured and written, the Science and Education Ministry said on Wednesday."These reviews have encouraged us. We are on the right path in building a modern school for the 21st century, a school for life and not just for grades," Minister Blazenka Divjak told Hina.The Austrian reviewer says Croatia'scomputer science curriculum is a positive example of curriculum development in Europe, given that it takes into account the social and economic development in Europe in recent years.According to the British reviewer, Croatia's curriculum is better than the English one because the learning outcomesand contents are broader, balancing knowledge and skills, and the outcomes are well related to other subjects.He notes, however, that it will be necessary to follow and evaluate its application in the first few years, notably regarding online security.The Estonian reviewer says the outcomes in the Croatian curriculum are written in a clearand structured way, facilitating application for teachers. He says the Estonian curriculum gives teachers more freedom in choosing contents and methods, and that itencourages connecting education and industries.Adriatic region has significant growth potential, conference hearsZAGREB, Nov15(Hina) - The Adriatic region, including Croatia, has significant investment potential and venturecapitalfunds are increasingly interested in that, a conference heard in Zagreb on Wednesday.It was organised by the American Chamber of Commerce in Croatia and Enterprise Investors, a leading private equity and venturecapital fundin central and eastern Europe which manages over EUR 2.5 billion in equity.Venture capital plays a key role in economic growth and job creation, and itis aimed at helping companies realise their growth ambitions, providing a financial basis and ***strategic*** advice in criticaldevelopment stages, it was said.A partner in Enterprise Investors, Michal Kedzia, told Hina this fund was currently looking for new projects, including in Croatia. In Croatia's tourism, the fund is currently interested in investing in services and retail, not in the hotel and real estate business, he said.Kedzia said it was too early to say anything about Croatia's indebted Agrokor food retail group as the next steps in its restructuring were still unknown.Once they are clear, we will be able to say more about our interest, he said, adding that the group hada number of great potentially interesting brands.In his keynote at the conference, Kedzia said Croatia was recording GDP and consumption growth, also thanks to another record tourism season, but warned that many companies, notably small and medium-sized ones, did not have enough capital, which was a risk forinvestment.The presence of venture capital funds in the region is still not significant but it will grow, Kedzia said.Atlantic Grupa's vice president for corporate activities, Neven Vrankovic, said partners like investment companies or development banks indeed changed a company for the better.He underlined the necessityof astableand predictablelegal and tax framework.Lena Habus of EY Croatia said Croatian entrepreneurs obtainedfinancing mostlyvia commercial banks. Thismight be the easiest way to get financing, but it does not provide the support necessary for further growth, she added.When they reach a certain level, aside from money, they need corporate management skillsand help in entering new markets, which is where investment funds come in, she said.Investigation into bankruptcy proceedings since December, says ministerZAGREB, Nov 15 (Hina) - Interior Minister Davor Bozinovic on Wednesday confirmed that the USKOK anti-corruption police had arrested five people in connection with alleged favouritism in bankruptcy proceedings and an investigation into the scam has been ongoing since December last year."Depending on the talks to be conducted by the State Prosecutor's Office (DORH), we will see what the next step will be," Bozinovic told reporters.He wouldn't say whether the arrests at the Commercial Court were spedup due to information leaking to the media, adding that in his capacity as minister, he could comment on investigations.Bozinovic added that the investigation has been going on since December last year and that the police, USKOK were working on the case in cooperation with the independent sector for financial investigations in the Ministry of Finance, Tax Administration and in coordination with DORH.Asked about an intelligence service (SOA) list of 20 judges presumably perceived asa threat to national security, Bozinovic said that he couldn't comment on SOA reports nor whether Judge Malenica was on that list, that was compiled in 2016.Damage caused by alleged wrongdoingassessed at EUR 6 millionThe five people arrested in an operation by the anti-corruption office USKOK and police, includeZagreb Commercial Court judge Vesna Malenica and trustee in bankruptcy, Pero Hrkac, on the suspicion of favouritism in bankruptcy proceedings, Hina learned from unofficial sources on Tuesday. The other arrestees are Hrkac's secretary Tatjana Kusec and Miroslav Mitak and Josip Debic.According to the latest information, businessman Milan Lucic is one of the suspects but he is currently in Austria.According to unofficial sources, murky dealings committed by the suspect, cost Croatia 45 million kuna (six million euros).Probe launched into judge, trustee in bankruptcy, associates suspected of taking HRK 45.7 mnZAGREB, Nov 16 (Hina) - The anti-corruption office USKOK said on Wednesday evening that it had launched an investigation against trustee in bankruptcy Pero Hrkac, Commercial Court judge Vesna Malenica and three of their associates, as well as one company on suspicion of having siphoned at least HRK 45.7 million from companies in bankruptcy proceedings and earned at least HRK 27.5 million while doing it.Apart from judge Malenica and trustee in bankruptcy Hrkac, other suspects in this case are Hrkac's secretary Tatjana Kusec, CEOs Miroslav Mitak and Josip Debic, while Milan Lucic, who is suspected of assisting them in illegal activities, is in currently in Austria, according to his lawyer.Apart from forming a criminal enterprise, they are also suspected of abusing their powers and trust in business activities, as well as of bribe taking.Hrkac allegedly connected the judge, his secretary and other suspects in 2008 in order to use companies in bankruptcy proceedings to finance his personal needs.The Chief State Prosecutor's Office did not say whether or not it would request detention for any of the suspects.Sources at the Zagreb County Court reported earlier that a hearing about their possible detention would be held on Thursday.Without revealing their full identity, the Interior Ministry issued a statement later on Thursday evening saying that criminal charges would be pressed against six persons for abuse of office and bribe taking.Bosnian court rejects to recognise Lex Agrokor, emergency administration to appealZAGREB, Nov 15 (Hina) - The Cantonal Court in Sarajevo rejected to recognise the law on the emergency administration in Agrokor to be implemented in Bosnia and Herzegovina, Agrokor's legal counsellor in that country, Branko Maric, told the Dnevni Avaz daily.Maric considers this to be legal nonsense since acourt in London has recognised Agkrokor's emergency administration.The Bosnian court noted that a positive decision would be in contradiction to public order and that would jeopardise the rights of every individual to litigation, Maric said.He explained that the decision as it stands now could lead to companies owned by Agrokor in the country, being carved up and added that Agrokor would appeal the decision to the Federation Supreme Court."There are 12,000 creditors with claims against Agrokor and pursuant to the final ruling, they could all demand the execution of their claims. Recognising (the emergency administration) was supposed to protect the rights of domestic companies. This paves the way to aworst-case scenario," Maric told the daily.According to Maric, the court has practically enabled Agrokor's Bosnian companies to answer for the conglomerate's debts in Croatia and believes that this could jeopardise business operationsand jobs in companies owned by Agrokor in that country."I would understand thatdecision if the issue related to debts incurred by the Sarajevo Kiseljak or Konzum in the country, but these are debts incurred exclusively by companies in Croatia. It is incomprehensible that the Cantonal Court in Sarajevo did not recognise this, as a positive ruling would be exclusively in the interest of the economy of Bosnia and Herzegovina," Maric concluded.Agrokor companies in Bosnia and Herzegovina include the Ledo frozen food manufacturer's branch, the Sarajevo Kiseljak mineral water bottler and the Konzum supermarket chain which together employ 4,000 workers.The emergency administration in Agrokor confirmed that they had received the Cantonal Court's ruling and said that it would lodge an appeal to the ruling and added that the ruling would not impact the conglomerate's business operations."Agrokor has received the Cantonal Court in Sarajevo ruling via its power of attorney, which rejects Agrokor's request that the emergency administration's insolvency procedureinstituted by the Commercial Court in Zagreb on 10 April, this year, be recognised in Bosnia and Herzegovina," Agrokor told HINA.Agrokor added that returning the Mercator supermarket chain to Bosnia and Herzegovina as well as the recapitalisation of the Konzum chain in that country weregoing on as ***planned***.Ex-PM says some wrongdoings occurred in privatisation but he's not to blameZAGREB, Nov 15 (Hina) - Answering questions by the inquiry commission into Agrorkor on Wednesday, former prime minister Franjo Greguric admitted that wrongdoings occurred during transition and privatisation adding, however, that blame could not be assigned to him."It is true that I am haunted by the original sin of privatisation, however, there is not one argument to prove that," Greguric said,in a session that went on for almost two hours,and added that questions about the transition and privatisation should be put to those institutions that were to have regulated financial trends.Greguric's testimony mostly referred to the period when he was prime minister during the 1991 and 1992 war years. Greguric said that he didn't deal with the transition and privatisation but wasfocused on efforts for Croatia to become independent and be internationally recognised, to obtain weapons for the army and to arrange refuge for displaced persons and refugees.Greguric says didn't participate in any privatisationGreguric reiterated several times that he did not participate at any meetings that discussed privatisation, including any meeting about companies within the Agrokor conglomerate and that he did not partake in any business acquisitions by Ivica Todoric nor in any form of privatisation, nor was he a member of any supervisory committee in any of the conglomerate's companies.Asked by MP Gordan Maras (SDP) whether hewas aware that crony capitalism was established in the 1990s which culminated with Agrokor's downfall, Greguric said that the aim was to transition to market capitalism and to go through that process with as few scars as possible. There were probably some mistakes, but none that would jeopardise the fundamental objective, he added.Tudjman never said anything about 200 rich familiesResponding to MP Ante Babic (HDZ), Greguric said thatFranjo Tudjman hadnever said that a particular company should be given to anyone specifically, nor was it ever said at HDZ political rallies that someone should be favouratised.He claimed that Tudjman never made a statement about 200 rich families in Croatia. He added that the privatisation of Agrokor companies was not the best concept during war time, however, later that process should have been better controlled and regulated.Asked by SDP MP Orsat Miljenic whether the Agrokor conglomerate could have been possible without being in collusion with politics, Greguric said that ministers were members of management boards that made final decisions but that he didn'tknow whether there was any collusion, however some "benevolence" may have existed, he said.Minister slams Djuro Djakovic, praises Petrokemija over recapitalisationZAGREB, Nov 15 (Hina) - The recapitalisation of the Djuro Djakovic company has failed because the management of that metal and mechanical engineering group conducted theprocedure in a bad manner, while the recapitalisation of Petrokemija, a leading artificial fertilisers ***producer***,will succeed and help inject at least HRKK 400 million of new capital inthat Kutina-based factory, State Assets Minister Goran Maric said in an interview with Croatian Radio on Wednesday morning.Asked by the anchorwoman about the failure of the recapitalisation of the Slavonski Brod-based Djuro Djakovic Group, Minister Maric said that the management had conducted the recapitalisationprocess "in a very weird manner"."The management did not coordinate its activities with the relevant ministry nor with the State Assets Ministry. It is behavingas if estranged from the government, although the state is its majority owner. I was aware that the Djuro Djakovic recapitalisation would fail. I was aware of the management's capabilities," Maric told the radio.On 27 October the Djuro Djakovic Group said thatit was suspending the process to increase its equity as during the period envisaged for the subscription of new shares, less than 12.5 million shares were subscribed for, rendering the issue unsuccessful. During the subscription period, which ended at 2 pm on 27 October, subscriptions were received for the amount of HRK 256.56 million, of which only HRK 6.56 million was paid, the reason for that, according to the investor, being of a technical nature, the company said in a notice. However, since deadlines for the payment of new shares based on a public invitation have expired, the company is bound to discontinue the process of recapitalisation, the notice said then.The Group will continue to look for new capital and will in the meantime focus on its business operations, further restructuring and improvement of current liquidity through various sources of financing, the group said at the time. The Djuro Djakovic Group issued a public invitation for the subscription of 12.5 million new ordinary shares on September 22, which was to have increased itsequity by 250 million kuna, from 203.06 million to 453.06 million.The group said in mid-September it had received a binding offer from the Zagreb-based company Crni Celik, which is backed by investors from Canada and Kuwait. The group had extended the deadline for the subscription of 12.5 million new ordinary shares on October 20 and on October 24.On the other hand, the State Assets Minister praised the management of the Petrokemija factory for how it was conductingpreparations for its recapitalisation.The Petrokemija management has convened an extraordinary general assembly for 11 December to discuss the proposal toincrease its equity by 450 million kunathrough the issuance of 45 million ordinary shares, with the minimum requiredamount to be paid by an investorstanding at HRK 780,000.In late September, Petrokemija said it had received binding bids from several potential investors which were submitted to the Restructuring and Sale Centre and the State Assets Ministry. According to some media, 11 investors are interested in injecting fresh capital in the company, including Austria's Borealis, Poland's Azoty, Croatia's PPD and INA, Pakistan's Fatima, the European Bank for Reconstruction and Development, and several funds.Maric said that the fact that there were a few institutional investors made him optimistic about the success of the process.The minister announcedthat legislation on state assets management would be passed by the end of this year or in January 2018 at the latest.Parliament holds heated debate on amendments to local government lawZAGREB, Nov15(Hina) - Amendments to the lawon local and regional self-government units caused a heated debatein Parliament on Wednesday and Public Administration Minister Lovro Kuscevic refuted Opposition criticism that with the proposed amendments the ruling parties were favouring Zagreb Mayor Milan Bandic, stressing that he had never even shared a cup of coffee with Bandic, let alone discussed this law with him.The Opposition continues to insist that by re-defining relations between the local legislativeand the executive authority, local officials will become untouchable if a local budget is not adopted."We dubbed this law "Lex Sheriff" although it seems to me we should have named it after the mayor of the biggest city in Croatia," said Anka Mrak Taritas of the GLAS party.Zeljko Jovanovic of the Social Democratic Party (SDP) agrees with Mrak Taritas, saying that "all masks are removed."Branko Bacic of the HDZ tried to assure MPs that this is a quality legal solution, expressing conviction that a majority of MPs havenot even read the law if they can claim that it can be dubbed "Lex Sheriff".Minister Kuscevic claims the new law would improve the existing system and help the work of local and regional self-government units.Occupational cancers cost Croatia 4 bn euro annually - SSSHZAGREB, Nov15(Hina) - The costs of work-related cancer in the European Union are between EUR 270 and EUR 610 billion each year, which is 1.8% to 4.1% of the Union's gross domestic product, whereas in Croatia occupational cancers generatecosts of four billion euro, as much as 9.1% of GDP, according to the findings of a study done by the European Trade Union Institute (ETUI)."The reason these amounts are so high is because they take all costs into account: direct costs for Member States’ health systems (related to medical treatment), indirect costs for workers and employers (associated with monetary losses due to the cessation of work) and human costs for the victims (impact on the quality of life of workers and their families)," the ETUI stated on its web site.With more than 100 000 deaths per year, occupational cancers are the leading cause of death in the EU."This study shows that the societal cost of work-related cancers is tremendous. It is the workers and their families who shoulder the largest share of the costs. This unjust situation is socially and economically unacceptable, and the EU must take action to put an end to these preventable cancers,"Tony Musu, an expert in chemical risks at the ETUI, was quoted as saying.In 2016, the SSSH trade union federation in Croatia joined in acampaign launched by the European Trade Union Confederation (ETUC) to establish the exposureto 50 types ofcancerous substances in theworkplace.According to a press release issued by the SSSH, in Croatia 742 people dieof occupational cancers annually.The most prevailing occupational cancers in Croatia arecancerous mesotheliomaand lung cancer. These two types of themalignant disease also cause the highest treatment costs.SSSH leader Mladen Horvat called for adopting measures to restrict the exposure to cancerous substances inthe workplace.Conference on firefighting activities attended by top state officialsZAGREB, Nov15(Hina) - This year's demanding fire-fighting season, notably the wildfire that reached the southern coastal city of Split, indicates the need for a better coordination of all participants in firefighting activities, a conference on fire prevention and defence heard on Wednesday.President Kolinda Grabar-Kitarovic said Croatia needed to draw a lesson from this year's fire season and already take measures toreduce possibilities of fire and facilitate firefighting activities.Grabar-Kitarovic said the emphasis had to beonprevention andefficient use of all resources, adding that all of this was part of homeland security.Defence Minister Damir Krsticevic, who attended the conference as envoy of Prime Minister Andrej Plenkovic, said this year's fire season was most definitely the worst one yetaccording to numerous parameters. The minister also mentioned the floods which hit Zadar County this summer, adding that wildfires and floods truly tested Croatia and all components of its security, namely whether it is capable of protecting its citizens and their property."Didwe succeed? I say that wemanaged to defend Dalmatia and other parts of our homeland from fires and floods with exceptional efforts, partnership, synergy, and we suffered no human losses, but with our timely effort wemanaged to prevent even bigger material damage, Krsticevic said.He stressed, however, that Croatia needed to build a more modern and a more cost-efficient firefighting system.The event was also attended by Interior Minister Davor Bozinovic and ***Agriculture*** Minister Tomislav Tolusic, who said that this year his ministry had allocated approximately nine million kuna for firefighting equipment and that next year it would allocateabout HRK 20 million.54 victims, including 2-year-old boy, remembered in MajurZAGREB, Nov15(Hina) - Wreath-laying ceremonies and other commemorative events were held on Wednesday in the municipality of Majur near thetown of Hrvatska Kostajnica, 80 kilometres southeast of Zagreb, in memory of54 victims killed during the attacks of Serb paramilitaries against Croatian villages in the Una valley villages in 1991.On15 November every year, local inhabitants observe the remembrance day in commemoration of 15 November 1991 when Serb paramilitaries raided the village of Kostrici and massacred 15 villages, with the youngest victim being a two-year-old boy, Tomislav Juric, and the oldest victim, Petra Basic (93). On the same day, five villagers in Stubalj were killed, too. Other massacres were committed in the subsequent days.After the war, some of the victims were exhumed from a mass grave.War VeteransMinistry and local authority officials attended the commemorations.Majority of accused contest Sapunar's testimony in Kalmeta trialZAGREB, Nov 15 (Hina) - Most of those accused in the trial against a former Croatian Democratic Union minister, Bozidar Kalmeta, for siphoning money from public road companies, on Wednesday contested the truthfulness of the testimony given by key witness Josip Sapunar.Sapunar, a former director of the HAC motorway operator, connected Kalmeta's associates to the siphoning of over HRK 15 million and 850,000 euros from the public road construction and maintenance company.The most extensive objection to Sapunar's testimony came from the defence counsel of one of Kalmeta's closest former associates, Zdravko Livakovic, who was pointed out by Sapunar during the investigation as one of the people to whom he brought money that HAC sub-contractors paid into the account of companies owned by Igor Premilovac who, like Sapunar, was convicted after a plea bargain with the USKOK anti-corruption office.Last week Sapunar testified that Livakovic, who at the time was a state secretary and chairman of the HAC supervisory board, told him that most of the siphoned money "is going to Kalmeta and (the town of) Zadar."Livakovic's counsel objected to Sapunar's claim that the siphoned money that Premilovac laundered and brought back to Croatia and handed over to Sapunar, who then passed it on to Livakovic, "went to Kalmeta, Livakovic and Zadar."However, Kalmeta's defence claimed that in the three days that Sapunar gave his testimony, he not once mentioned that he knew that the money was going to Kalmeta and Zadar, calling the objection by Livakovic's defence as groundless.In addition to Sapunar and Premilovac, a former director of the Viadukt road construction company, Ivan Berket, too agreed to a plea bargain prior to the trial. All three were ordered to return the embezzled money. Sapunar returned HRK 3.8 million in cash and an additional HRK 2 million in real estate and a car. Premilovac repaid HRK 4 million and 350,000 euros in cash, while Berket's foreign currency bank account containing 700,000 euros was blocked and the money was transferred to the state budget.Premilovic's Remorker company was also used to siphon money from the Croatian Chamber of Commerce which led to the arrest of the chamber's former president, Nadan Vidosevic, and his associates.Woman indicted for arson she committed while mentally incompetentZAGREB, Nov15(Hina) - The municipal office of the Chief State Prosecutor in Zadar has issued an indictment against a 25-year-old woman who is charged with starting a fire, while mentally incompetent, in the village of Brgud near Benkovac, being motivated to commit arson by the fact that the village is mainly populated by ethnic Serbs whom she holds responsible for arsonist attacks against her parents' house in the nearby village of Lisicicduring the Homeland Defence War.The indictee, who is declared as mentally incompetent of understanding the consequences of her acts, is charged with having started a fire on 20 August 2017, which subsequently engulfed 2,500 hectares of olive groves, orchardsand forests and caused the interruption of traffic along the nearby state motorway's section on 21 August 2017.The fire that spread to inhabited hamlets forced locals to evacuate their homes.The fire was put out on 24 Augustand the damage done to the Croatian state-run forests company has been assessed at HRK 1.8 million, while the state motorway operator (HAC) suffered a loss in the amount of HRK 485,000. Furthermore, the fire cost the Croatian power provider (HEP) HRK 350,000. Railway traffic was also interrupted causing a loss of HRK 154,000. Apart from that, individual farmers also suffered damage due toincinerated orchards,olive groves and vineyards.The prosecution has also requested the extension of the indictee's pre-trial detention in prison.Ombudswoman: Croatia lacks ***plan*** for prevention of discrimination, migration policyZAGREB, Nov15(Hina) - Croatia still lacks a national ***plan*** for the prevention of discrimination and a migration policy, Ombudswoman Lora Vidovic says in her annualreport for2016, when her office dealt with 5,433 complaints filed across the country, investigating several hundred stakeholders, public administration bodies, civil society organisations, trade unions, universities and religious organisations.Most cases (387) referred to various types of discrimination, conduct of the judiciary (320), labour relations (294), healthcare (218) and police conduct (203). Close to 90% of the complaints were filed by natural persons andthe office itself launched proceedings in 87 cases. Almost half of the complaints were filed in Zagreb, which wasclosely followed by Split-Dalmatia, Primorje-Gorski Kotar and Osijek-Baranja counties.The Ombudswoman says that 2016 was marked by a lack of dialogue in the public sphere, intolerance towards minorities, civil society organisations' exposure tofinancial pressures and the exposure of independent institutions to political pressures.Last year was also marked by stagnation in the development of public policies, which wasdue to modest legislative activity as well as lack of work on ***strategic*** documents, including those related to human rights. Croatia lacks a national ***plan*** for the prevention of discrimination and a migration policy while many policies remain yet to be devised, including one on social housing, says Vidovic.Unclear boundarybetween public and private healthcare sector "The boundarybetween public and private healthcare is unclear,and this has put destitute citizens in a less favourable position. In 2016, waiting times for examinations grew longer and timely ***interventions*** and examinations were often unavailable to those who could not pay for them. People living in rural areas and on islands, where problems with emergency medical assistance were also reported, did not have access to asignificant share of medical services and lacked access to many other public services or were provided with inadequate public services, including transport, electricity, water supply and welfare services, which additionally hampers economic progress and encourages emigration," Vidovic warns in her report.She goes on to say that more than half a million pensioners receive pension allowances of less than HRK 2,000 (approx. EUR 266) and that as many as 94,000 receive pensions of less than HRK 500 (approx. EUR 66).A large number of complaints to the Ombudswoman referred to labour relations and one in three complaints referred to discrimination in the field of work and employment."Many workers and unemployed persons do not have adequate information on their rights or donot want to report their problem due to high litigation costs or additional victimisation. Changes to measures of active employment policy have additionally aggravated the status of first-time job-seekers while the practice of not not paying workers for their work has still not been rooted out. The labour market considers as (too) old even people above 50 whoaccount for 40% of all redundant workers," says Vidovic.Serbs and Roma most exposed to ethnic discrimination "Ethnic discrimination remains the most frequent type of complaint, and members of the Serb and Roma minorities are the most exposed to it, as evidenced by court cases and research," says the ombudswoman.Members of the Serb minority are frequently collectively equated with the aggressors on Croatia, Vidovic says, adding that Serb returnees often live in poverty due to the underdevelopment of areas of return.Members of the Roma minority live in entirely inappropriate conditions, in isolated settlements which have almost no infrastructure, which prevents their integration and makes them encounter significant obstacles in education and inclusion onthe labour market, as well as their coexistence with the rest of the population, says Vidovic.As for the issue of migration, a systematic and efficient ***plan*** for the integration of refugees and migrants remains one of the biggest challenges, and the basic preconditions of their social integration - learning the language and education - have still not been adequately ensured, says Vidovic."The national preventive mechanism did not register systematic improvements even though in 2016 again there were no reports of conduct that could be described as torture. Still, there were reports of conduct that could constitute inhumane or humiliating treatment as well as violation of the rights of detainees andpeople in investigative custody, as well as those staying in mental institutions, hospitals and homes for the elderly and feeble and in transit and asylum centres. People in investigative custody, to whom presumption of innocence applies, are in a less favourable position than detainees whose guilt has been proven, which can be noticed, for example, in their exercise of the right of contact with the outside world," says the report.Prime minister talks with reps of Croat minority from SerbiaZAGREB, Nov15(Hina) -Prime Minister Andrej Plenkovic on Wednesday met with representatives of the Croat minorityin Serbia and discussed the position and status of Croats and projects being implemented with support from Croatia, for whichfunding in 2017 hasbeen increased by about 70%, a press release from the prime minister's office said.The Croat representatives included the leader of the Democratic Alliance of Croats in Vojvodina and member ofthe Serbian parliamentTomislav Zigmanov, as well as the leader of the Croatian National Council, Slaven Bacic. Croatian Foreign and European Affairs Minister Marija Pejcinovic Buric accompanied the prime minister at the meeting.The meeting focused on the position and status of Croats and projects implemented with the support of Croatia'sstate office for Croats abroad.Funding for ***programmes*** and projects for the Croat minority in Serbia was increased in 2017 and amounted to HRK 1.1 million, which is an increase of 70% compared to 2016, the press release said.It is extremely important to secure a quality educational ***programme*** and information in the Croatian language and script, the press release continued.Prime Minister Plenkovic once again underscored that the status of the Croat minority in Serbia was a priority for the Croatian government.He said that in all contacts, particularly through the activities of inter-governmental Croatian-Serbian committees and commissions, Croatian institutions expectSerbian institutions to respect previously accepted obligations.This in particular refers to securing Croat minority representation at all government levels.Austrian MEP calls for security cooperation among W. Balkan countriesZAGREB, Nov15 (Hina) - Reopening the Balkan migration route cannot be entirely ruled out and a new migration crisis could be prevented with a more active approach by the EU to countries in the region aspiringto join the EU or through their security cooperation, Austrian Social Democrat Hannes Swoboda said in an interview with the Slovenian daily Delo, suggesting that the issue of EU membership for countries in the region should be tied to the issue of migration, namely security and other types of cooperation in the region.Swoboda, a member of the European Parliament for nearly 20 years, is knowledgeable about the issue of migration and the situation in the Western Balkans which he describes as Europe's 'soft belly' that requires aclearer and more active policy on the EU's part, says the daily.Balkan countries are mostly left to fend for themselves and something should be done about that.They are getting conflicting signals from Europe, Swoboda said, adding that on the one hand the EU was urging them to respect European values and be open to refugees, while on the other hand in some EU countries, there were strong forces that were happy about those countries' putting up wire fences to prevent the arrival of migrants.Nationalism is spreading like a contagious disease and the weaker the states are, the more prone they are to establishing authoritarian regimes, an example of which can be seen in Hungary, said Swoboda.Swoboda believes that it is wrong to think that better migration control will be achieved through the faster integration of Balkan countries with the EU, noting that in terms of economy it has transpired that the opening of the EU to the Balkans might have been too soon as those countries have experienced difficulties due to a great increase in imports and because their economies are not competitive. He thus proposes other options to link EU membership with the issues of security and migration."Why wouldn't we create a security union of states in the Western Balkans that would unite all of their security mechanisms, except, of course, their armies," Swoboda said, adding that countries in the region would thus be able to fight more efficiently against people smuggling and the radicalisation of young people, as well as establish "joint, humane border control"."Thosecountries would be able to integrate step by step through security cooperation with the EU. Security integration would be followed by economic integration, legislative unification and regulation of human rights," said Swoboda.He said that the situation in the region was still unstable given the problems between Kosovo and Serbia, with Macedonia being in a stateof permanent political crisis, Bosnia and Herzegovina being a separate problemand relations between Croatia and Slovenia not being as they should be.In such a situation, the readiness of the public in those countries to accept migrants is very low even though it is better than it would have been without the work of non-governmental organisations, said Swoboda, not ruling out the possibility of the migrant crisis repeating and the Balkan migration route re-opening again.Bosnian political crisis escalating, state parliament session cancelledZAGREB, Nov15(Hina) - A session of Bosnia and Herzegovina'sHouse of Representatives, scheduled for Wednesday, had to be cancelled because representatives of Serb political parties failed to show up, a direct consequence of the latest flare-up of political tensions in the country.Deputies from a bloc gathered around the Serb Democratic Party (SDS), which is part of the ruling coalition on the national level, and those from the Alliance of Independent Social Democrats (SNSD), led by Milorad Dodik, who are in the Opposition on the state level, did not arrive for today's session of the parliament in Sarajevo.House of Representatives Speaker Borjana Kristo said the session was being cancelled for lack of quorum, addingthat SDS deputies had announced their non-attendance but did not give any reason for it.The Serb member of Bosnia and Herzegovina's three-member Presidency, Mladen Ivanic, issued a statement this morning saying that he would hold consultations during the day in Banja Luka with parliamentary deputies from Serb parties and Serb ministers in the Council of Ministers "on the current political situation in Republika Srpska (RS) and Bosnia and Herzegovina."The consultations come after a series of verbal conflicts over different interpretations of statements made by RS President Milorad Dodik and the Bosniak member of the Bosnia and Herzegovina Presidency, Bakir Izetbegovic.Inseveral separate interviews over the past few days, Dodik insisted that the RS would sooner or later secede from Bosnia and Herzegovina, which promptedIzetbegovic to indirectly warn him that that would not be tolerated and that Bosnia and Herzegovina's territorial integrity would be defended with all means available.In an interview with Deutsche Welle, Izetbegovic answered in the affirmative when asked if he was prepared for the worst-case scenario should the RS try to secede.More fuel was added to the fire by Izetbegovic's statement that Bosnia and Herzegovina should recognise Kosovo and that he hoped it would happen one day.This drew a storm of reactions from the RS whose officials accused Izetbegovic of war-mongering while Dodik called on Serb members of the national parliament and state-level institutions to leave their posts and thus blocktheirfunctioning.Members of the SDS have turned down Dodik's appeal but Ivanic, by scheduling consultations to coincide with a previously scheduled session of the House of Representatives, has nonetheless temporarily prevented the work of the national parliament.Bosnia and Herzegovina Foreign Minister Igor Crnadak confirmed that Serb ministers would attend the Banja Luka talks even though this means that the Council of Ministers, the country's government, will not be able to meet in Sarajevo during the day."Ivanic's move is good given the amount of inflammatory political statements in recent days. It is good to sit down and takepositions on certain issues," Crnadak told the local media but called for reason and for avoiding the fomenting of political tensions.Bosnian Serb officials won't take heed of Dodik, remain part of Bosnian authoritiesZAGREB, Nov 15 (Hina) -Serb political parties that are part of the ruling coalition in Bosnia and Herzegovina won't take heed of the Serb entity's leader Milorad Dodik and will continue to participate in state authorities, the Serb member of the Bosnian presidency Mladen Ivanic said in Banja Luka on Wednesday.After a meeting with Serb ministers in the government and lawmakers in the state parliament, Ivanic said that they agreed that it was vitally essential to stop war mongering rhetoric, to defuse emotions and continue working on stabilising the political, economic and social circumstances in the country."Rhetoric threatening war, takes us back to the 1990s and it deserves to be condemned," Ivanic said.Ivanic underscoresthat in no waydoes he intend to step down from the presidency just because Dodik is telling him to do so.Ivanic called on Serb officials in Bosnia to a meeting in the wake of accusations that have been flying around between Dodik and the Bosniak member of the Presidency, Bakir Izetbegovic, over announcements that the Republika Srpska would secede as well as disputing over whether Bosnia should recognise Kosovo.Minister of Trade and Economic Relations, Mirko Sarovic, also attended the meeting in Banja Luka and said that it was absolutely clear that Bosnia will not recognise Kosovo's independence and that there was no need to even discuss this."The question of Kosovo won't be on the agenda," Sarovic said, adding that the most important thing now was to defuse the tension in Bosnia and to rationally resolve accumulated problems.Islamic community in Bosnia calls for reasonThe head of the Islamic community in Bosnia and Herzegovina said in a press release that it is deeply concerned because ofinflammatory rhetoric and warned that it was a small step from heavy words to open conflict."The Islamic community condemns the war mongering rhetoric that is being created in some political centres in neighbouring countries and is undermining aweak process of rebuildingtrust in the region and calls on all political officials and the media to show a great level of responsibility," the press release said.Serb entity can secede from Bosnia only by war, which nobody supports - IvanicZAGREB, Nov 15(Hina) - The Serb representative in Bosnia and Herzegovina's three-member presidencyhas said that under the current circumstances the Serb entity of the Republika Srpskacan secede from Bosnia and Herzegovina only by war, which is not supported by anyone, not even Serbia.In an interview with Deutsche Welle on Wednesday Mladen Ivanic saidthat he would not support a referendum on the Serb entity's secession from Bosnia and Herzegovina."At this moment there is not any internationalpower that would back it. Serbia would noteitherdue to Kosovo," said Ivanic, who is the leader of the Party of Democratic Progress(PDP)."A third way to do it is by war. I don't want it and will not go to war," Ivanic said.He added that discussions about the independence of the Serb entity were off the point as it could nothappen soon.While the entity's president Milorad Dodik is perceived as a staunch advocate of secession, Ivanic is his main political rival.For Bosnia and Herzegovina to survive in its present-day format, it is necessary to build trust among people and political leaders should demonstratereadiness for compromise, which currently does not exist, said Ivanic.Vucic: Serbia can talk about Bosnia as guarantor of Dayton agreementZAGREB, Nov 15 (Hina) - Serbian President Aleksandar Vucic said on Wednesday he reacted to an interview by the Bosnian Presidency's Bosniak member Bakir Izetbegovic "with composure" and that Serbia, like Croatia, as a guarantor of the Dayton peace agreement could talk about Bosnia and Herzegovina, but that BiH could not talk about Serbia's internal matters.Answering reporters' questions in Brussels, Vucic said Izetbegovic's recent interview with Deutsche Welle contained a lot of significant elements, from his stance on Sandzak to what means he would use to protect BiH's territorial integrity, including military means. "On the other hand, he expressed a personal wish for a part of Serbia's territory to belong to someone else."In the interview, Izetbegovic said he expected BiH to recognise Kosovo's independence one day, which currently is not possible because of opposition from Bosnian Serbs. He also expressed his dissatisfaction with the status of Sandzak, a Bosniak-populated region of Serbia.Asked what was new in the interview, Vucic said Izetbegovic "never before spoke of his hope that Kosovo will be recognised, never before did he mention relations in Serbia.""There's no Dayton agreement for Serbia, it refers to BiH. Under that agreement, Serbia has certain rights and obligations, and Serbia, like Croatia, as a guarantor of the Dayton agreement, can talk about BiH. But on the basis of which agreement can you talk about Sandzak, about war as an option if someone embarks on undermining your territorial integrity, while talking with ease about undermining Serbia's territorial integrity?" Vucic said.The 1995 Dayton peace agreement ended the war in BiH which began in 1992.In other news:Insurance premiums in Oct up 3.2% year on yearZAGREB, November 16, 2017 (Hina) - Twenty-three Croatian insurance companies posted a total gross premium of HRK 7.6 billion at the end of October 2017, which was an increase of 3.2% compared with October 2016, according to data provided by the Croatian Insurance Bureau (HUO).In the non-life insurance segment, the gross premium charged grew by 3.9% to HRK 5.2 billion, while in the life insurance segment, the gross premium increased by 1.76% to HRK 2.14 billion, HUO said.The most prevailing type of insurance in the non-life insurance segment was motor-vehicle liability insurance, with a gross premium of HRK 1.73 billion, down 0.24% from October 2016.In the life insurance segment, the largest share was held by classic life insurance, with a gross premium of HRK 1.79 billion, a decrease of 2.2% over October 2016.The largest market share, of 27.73%, was held by the Croatia Osiguranje insurance company, with a total gross premium charged of HRK 2.1 billion. It was followed by Allianz, with a 12.8% market share and a premium of HRK 975.8 million, and Euroherc, with an 9.48% market share and a premium of HRK 723.2 million.Croatia Osiguranje also controlled the largest portion of the non-life insurance segment, of 31.91%, with a premium of HRK 1.66 billion, as well as the largest portion of the life insurance segment, with a market share of 18.75% and a premium of HRK 454 million.Allianz ranked second in the life insurance segment, with a market share of 18.06% and a premium of HRK 437.26 million. Euroherc ranked second in the non-life insurance segment, with a market share of 13.9% and a premium of HRK 723.2 million.Impol-TLM submits most favourable bid for TLMZAGREB, Nov15(Hina) - Slovenia's Impol, namely its company registered in Croatia Impol-TLM, has submitted the most favourable offer in the fourth bidding round for the purchase of the Sibenik-based TLM Aluminium which is in bankruptcy, amounting to HRK 73.3 million, the Zadar Commercial Court confirmed on Wednesday.The deadline for the appeal is eight days, after which the ruling becomes final.After paying taxes, Slovenia's Impol will become the new owner of the Sibenik-headquartered company.The TLM's assets are estimated at nearly HRK 754 million.TLM Aluminium went bankrupt in late 2015, while in March 2017, the Slovenska Bistrica-based company reprocessing aluminium in state-of-the-art semi-finished goods, took a lease of Croatia's TLM light metal factory and resumed production.In February, Impol executives said the company would take a lease of the TLM in March and that it ***planned*** to invest EUR 70 million in the Croatian factory over the next five years and initially hire 250 workers.Last year, Impol ***produced*** manufactured 186,000 tonnes of products.Saab ***plans*** to launch innovation ***programme*** in CroatiaZAGREB, Nov 15 (Hina) - Sweden's defence and security company Saab said on Wednesday it ***planned*** to set up an innovation ***programme*** in Croatia which will include a software centre, a science park and a university research ***programme***."Saab ***plans*** to set up an innovation ***programme*** in Croatia which will link three major initiatives aimed at creating, maintaining and accelerating the development of high technology skills and local employment," read a press release issued by Saab, the company that manufactures Gripen aircraft, one of the four options the Croatian Defence Ministry was considering for the procurement of the fighter jets.The press release also said that the innovation ***programme*** includes partnership between Saab and Ericsson Nikola Tesla in launching a software development centre, which will be located in a new science park in Croatia. The ***programme*** will support research and industrial cooperation between the University of Zagreb and the Royal Institute of Technology in Stockholm.President decorates athletes, scientists and cultural workersZAGREB, Nov15(Hina) - President Kolinda Grabar-Kitarovic on Wednesday bestowed decorations and awards on numerous athletes, scientists and cultural workers for their contribution to sports, science and culture.Speaking of the athletes she decorated today, Grabar-Kitarovic said they were the ambassadors of our country.The president bestowed state decorations on discus throwerSandra Perkovic, shot put athlete Stipe Zunic and members of the Croatian national water polo team who won the gold medal at the world championships in Budapest.Croatian MEPs commemorate victims of Vukovar and SkabrnjaCommemoration;EP;MEPs;Strasbourg;Vukovar | autori: Ivana Tomičić Šušak ZAGREB, Nov 16 (Hina) - Ahead of the marking of the Day of Remembrance of Vukovar and Skabrnja in the European Parliament, Croatian MEPs attended Holy Mass and prayer in the EP in Strasbourg on Wednesday.Mass, celebrated by priests from the Catholic mission in Freiburg, was also attended by members of the Croatian diplomatic corps in Strasbourg.ZSE indicesend mixedZAGREB, Nov 15 (Hina) - The main Zagreb Stock Exchange indices ended mixed on Wednesday, with the Crobex increasing by 0.28% to 1,847.71 points, while the specialised Crobex10 dropped by 0.17% to 1,082.67 points.Regular turnover amounted to HRK 6.52 million, which is about HRK 300,000 more than on Tuesday.Not one stock managed to turn over more than a million kuna, with the highest turnover of HRK 946,200 being generated by the Ledo frozen food manufacturer. The price of Ledo's shares dropped by 3.46% to HRK 753.(EUR 1 = HRK 7.5)THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 THURSDAY. (Hina) its Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

ZAGREB, Nov15(Hina) - Media data onthe drawing of European funds areincorrect ascontracting and payments accelerated significantly in the first nine months of this year, Croatian Regional Development and EU Funds Minister Gabrijela Zalaca said on Wednesday.

ZAGREB, Nov 15 (Hina) - The Parliamentary Finance Committee on Wednesday upheld the 2018 draft budget and budget ***planning*** for 2019 and 2020, with one abstention by Social Democratic Party (SDP) MP Branko Grcic.

ZAGREB, Nov15(Hina) - As requested, Croatia's computer science curriculum has been reviewed by Austrian, Estonian and British experts and they say it is a positive example of curriculum development in Europe, clearly structured and written, the Science and Education Ministry said on Wednesday.

ZAGREB, Nov15(Hina) - The Adriatic region, including Croatia, has significant investment potential and venturecapitalfunds are increasingly interested in that, a conference heard in Zagreb on Wednesday.

ZAGREB, Nov 15 (Hina) - Interior Minister Davor Bozinovic on Wednesday confirmed that the USKOK anti-corruption police had arrested five people in connection with alleged favouritism in bankruptcy proceedings and an investigation into the scam has been ongoing since December last year.

ZAGREB, Nov 15 (Hina) - The Cantonal Court in Sarajevo rejected to recognise the law on the emergency administration in Agrokor to be implemented in Bosnia and Herzegovina, Agrokor's legal counsellor in that country, Branko Maric, told the Dnevni Avaz daily.

ZAGREB, Nov 15 (Hina) - Answering questions by the inquiry commission into Agrorkor on Wednesday, former prime minister Franjo Greguric admitted that wrongdoings occurred during transition and privatisation adding, however, that blame could not be assigned to him.

ZAGREB, Nov 15 (Hina) - The recapitalisation of the Djuro Djakovic company has failed because the management of that metal and mechanical engineering group conducted theprocedure in a bad manner, while the recapitalisation of Petrokemija, a leading artificial fertilisers ***producer***,will succeed and help inject at least HRKK 400 million of new capital inthat Kutina-based factory, State Assets Minister Goran Maric said in an interview with Croatian Radio on Wednesday morning.

ZAGREB, Nov15(Hina) - Amendments to the lawon local and regional self-government units caused a heated debatein Parliament on Wednesday and Public Administration Minister Lovro Kuscevic refuted Opposition criticism that with the proposed amendments the ruling parties were favouring Zagreb Mayor Milan Bandic, stressing that he had never even shared a cup of coffee with Bandic, let alone discussed this law with him.

ZAGREB, Nov15(Hina) - The costs of work-related cancer in the European Union are between EUR 270 and EUR 610 billion each year, which is 1.8% to 4.1% of the Union's gross domestic product, whereas in Croatia occupational cancers generatecosts of four billion euro, as much as 9.1% of GDP, according to the findings of a study done by the European Trade Union Institute (ETUI).

ZAGREB, Nov15(Hina) - This year's demanding fire-fighting season, notably the wildfire that reached the southern coastal city of Split, indicates the need for a better coordination of all participants in firefighting activities, a conference on fire prevention and defence heard on Wednesday.

ZAGREB, Nov15(Hina) - Wreath-laying ceremonies and other commemorative events were held on Wednesday in the municipality of Majur near thetown of Hrvatska Kostajnica, 80 kilometres southeast of Zagreb, in memory of54 victims killed during the attacks of Serb paramilitaries against Croatian villages in the Una valley villages in 1991.

ZAGREB, Nov15(Hina) - The municipal office of the Chief State Prosecutor in Zadar has issued an indictment against a 25-year-old woman who is charged with starting a fire, while mentally incompetent, in the village of Brgud near Benkovac, being motivated to commit arson by the fact that the village is mainly populated by ethnic Serbs whom she holds responsible for arsonist attacks against her parents' house in the nearby village of Lisicicduring the Homeland Defence War.

ZAGREB, Nov15(Hina) - Croatia still lacks a national ***plan*** for the prevention of discrimination and a migration policy, Ombudswoman Lora Vidovic says in her annualreport for2016, when her office dealt with 5,433 complaints filed across the country, investigating several hundred stakeholders, public administration bodies, civil society organisations, trade unions, universities and religious organisations.

ZAGREB, Nov15(Hina) -Prime Minister Andrej Plenkovic on Wednesday met with representatives of the Croat minorityin Serbia and discussed the position and status of Croats and projects being implemented with support from Croatia, for whichfunding in 2017 hasbeen increased by about 70%, a press release from the prime minister's office said.

ZAGREB, Nov15 (Hina) - Reopening the Balkan migration route cannot be entirely ruled out and a new migration crisis could be prevented with a more active approach by the EU to countries in the region aspiringto join the EU or through their security cooperation, Austrian Social Democrat Hannes Swoboda said in an interview with the Slovenian daily Delo, suggesting that the issue of EU membership for countries in the region should be tied to the issue of migration, namely security and other types of cooperation in the region.

ZAGREB, Nov15(Hina) - A session of Bosnia and Herzegovina'sHouse of Representatives, scheduled for Wednesday, had to be cancelled because representatives of Serb political parties failed to show up, a direct consequence of the latest flare-up of political tensions in the country.

ZAGREB, Nov 15 (Hina) -Serb political parties that are part of the ruling coalition in Bosnia and Herzegovina won't take heed of the Serb entity's leader Milorad Dodik and will continue to participate in state authorities, the Serb member of the Bosnian presidency Mladen Ivanic said in Banja Luka on Wednesday.

ZAGREB, Nov 15(Hina) - The Serb representative in Bosnia and Herzegovina's three-member presidencyhas said that under the current circumstances the Serb entity of the Republika Srpskacan secede from Bosnia and Herzegovina only by war, which is not supported by anyone, not even Serbia.

ZAGREB, Nov 15 (Hina) - Serbian President Aleksandar Vucic said on Wednesday he reacted to an interview by the Bosnian Presidency's Bosniak member Bakir Izetbegovic "with composure" and that Serbia, like Croatia, as a guarantor of the Dayton peace agreement could talk about Bosnia and Herzegovina, but that BiH could not talk about Serbia's internal matters.

Answering reporters' questions in Brussels, Vucic said Izetbegovic's recent interview with Deutsche Welle contained a lot of significant elements, from his stance on Sandzak to what means he would use to protect BiH's territorial integrity, including military means. "On the other hand, he expressed a personal wish for a part of Serbia's territory to belong to someone else."

In the interview, Izetbegovic said he expected BiH to recognise Kosovo's independence one day, which currently is not possible because of opposition from Bosnian Serbs. He also expressed his dissatisfaction with the status of Sandzak, a Bosniak-populated region of Serbia.

Asked what was new in the interview, Vucic said Izetbegovic "never before spoke of his hope that Kosovo will be recognised, never before did he mention relations in Serbia."

"There's no Dayton agreement for Serbia, it refers to BiH. Under that agreement, Serbia has certain rights and obligations, and Serbia, like Croatia, as a guarantor of the Dayton agreement, can talk about BiH. But on the basis of which agreement can you talk about Sandzak, about war as an option if someone embarks on undermining your territorial integrity, while talking with ease about undermining Serbia's territorial integrity?" Vucic said.

The 1995 Dayton peace agreement ended the war in BiH which began in 1992.

ZAGREB, November 16, 2017 (Hina) - Twenty-three Croatian insurance companies posted a total gross premium of HRK 7.6 billion at the end of October 2017, which was an increase of 3.2% compared with October 2016, according to data provided by the Croatian Insurance Bureau (HUO).

In the non-life insurance segment, the gross premium charged grew by 3.9% to HRK 5.2 billion, while in the life insurance segment, the gross premium increased by 1.76% to HRK 2.14 billion, HUO said.

The most prevailing type of insurance in the non-life insurance segment was motor-vehicle liability insurance, with a gross premium of HRK 1.73 billion, down 0.24% from October 2016.

In the life insurance segment, the largest share was held by classic life insurance, with a gross premium of HRK 1.79 billion, a decrease of 2.2% over October 2016.

The largest market share, of 27.73%, was held by the Croatia Osiguranje insurance company, with a total gross premium charged of HRK 2.1 billion. It was followed by Allianz, with a 12.8% market share and a premium of HRK 975.8 million, and Euroherc, with an 9.48% market share and a premium of HRK 723.2 million.

Croatia Osiguranje also controlled the largest portion of the non-life insurance segment, of 31.91%, with a premium of HRK 1.66 billion, as well as the largest portion of the life insurance segment, with a market share of 18.75% and a premium of HRK 454 million.

Allianz ranked second in the life insurance segment, with a market share of 18.06% and a premium of HRK 437.26 million. Euroherc ranked second in the non-life insurance segment, with a market share of 13.9% and a premium of HRK 723.2 million.

ZAGREB, Nov15(Hina) - Slovenia's Impol, namely its company registered in Croatia Impol-TLM, has submitted the most favourable offer in the fourth bidding round for the purchase of the Sibenik-based TLM Aluminium which is in bankruptcy, amounting to HRK 73.3 million, the Zadar Commercial Court confirmed on Wednesday.

ZAGREB, Nov15(Hina) - President Kolinda Grabar-Kitarovic on Wednesday bestowed decorations and awards on numerous athletes, scientists and cultural workers for their contribution to sports, science and culture.

Speaking of the athletes she decorated today, Grabar-Kitarovic said they were the ambassadors of our country.

The president bestowed state decorations on discus throwerSandra Perkovic, shot put athlete Stipe Zunic and members of the Croatian national water polo team who won the gold medal at the world championships in Budapest.

Commemoration;EP;MEPs;Strasbourg;Vukovar | autori: Ivana Tomičić Šušak ZAGREB, Nov 16 (Hina) - Ahead of the marking of the Day of Remembrance of Vukovar and Skabrnja in the European Parliament, Croatian MEPs attended Holy Mass and prayer in the EP in Strasbourg on Wednesday.

Mass, celebrated by priests from the Catholic mission in Freiburg, was also attended by members of the Croatian diplomatic corps in Strasbourg.

ZAGREB, Nov 15 (Hina) - The main Zagreb Stock Exchange indices ended mixed on Wednesday, with the Crobex increasing by 0.28% to 1,847.71 points, while the specialised Crobex10 dropped by 0.17% to 1,082.67 points.

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[***Porto Alegre’s sociopolitical urbanism and neoliberal economic dynamics: Perspectives from a local community in the Afro-Brazilian periphery***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BNK-C111-DY41-73VS-00000-00&context=1516831)

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**Byline:** Maurício Polidoro

Daniel Canavese

**Body**

**ABSTRACT**

Over the last four centuries, the urbanization of Latin America has created inequalities that manifest themselves distinctly within the scales observed. From global to local and from local to global, the changes provoked by globalization and neoliberalism have imposed new forms and strategies of reproduction, life and capital on the agents that ***produce*** these spaces. This article looks at the urbanization process in Brazil and its southernmost metropolis (Porto Alegre) from this perspective. Rising from a colonial economy supported by the exploitation of slaves, there is a significant level of inequality in the city with respect to race and social class. The global and local contexts are studied in order to investigate the forms of spatial, economic and political organization in an area on the periphery of Porto Alegre—the Restinga neighborhood. The results show that although the state is only partially present in the region, the forms of governmentality reveal the important role played by public authorities and community self-organization, based on the intense use of information technology, solidarity, and female leadership.

**FULL TEXT**

**Introduction**

The last quarter of the 20th century was an important milestone in the history of Brazilian development. The end of the military dictatorship and the consolidation of civil rights led to the first truly inclusive Federal Constitution, known the “citizen constitution,” to the detriment of previous policies that recognized only the minority of the population in the formal labor market. Over the centuries, the historical roots of Brazil linked to the slave economy accumulated significant debts among the predominantly poor and black population, which in 1988 constituted the wide range of beneficiaries with legal guarantees. In the 1990s, this civilian advance was confronted with the backward implementation of the country’s first neoliberal policies, while many of the neighbors in Latin America—notably Chile—were already experiencing more neoliberalization processes. The deluge in the implementation of the Washington Consensus premises is related to the turbulent process of consolidation of democracy, traversed by the renounce of former president Fernando Collor de Mello (1992), and the precursor of draconian economic measures. Modernization of state bureaucracy, reduction of internal debt, privatization, and fiscal changes became more voluptuous under Fernando Henrique Cardoso’s government (1995–2002) and brought to a head in the first term of Luís Inácio Lula da Silva (2003–2011) with significant impacts on the most diverse spaces and scales, especially in the metropolises and their regions of influence.

Although Brazil had already been using positivist urbanism since the end of the 19th century in its larger cities, its consolidation as an ideology of development was elevated during the military dictatorship at the expense of civil rights. With the successive economic crises after the 1970s, it was only at the beginning of the 21st century that the master ***plans*** reemerged as an instrument of “order” in the “disorder” reality: by federal law, municipalities with over 20,000 inhabitants are forced to develop master ***plans***. The World Bank is an important actor in this process, and uses urban entrepreneurship to foster this especially in metropolises, which indicates the first symptoms of neoliberalism acting in the management of municipalities. It is a global phenomenon, observed from north to south (Addie, 2009; Cocks, 2016; Lewis and Murphy, 2014).

Parallel to the formal scenario, economic crises and austerity packages had adverse side effects in Brazilian cities: demographic explosion, significant increase in poverty and informal occupations (from small to large cities), and crises of urban violence. In recent years, the intense fragmentation of the metropolitan urban fabric has been observed with the consolidation of the center–periphery model, which starts to contemplate new contents, based on information technology in the control of security, regeneration of urban spaces, and the constant removal of the poorest population from central areas (or those estimated by real estate agents), making land occupations the norm within a prevailing informality. The dialog of the formal and informal, legal and illegal, imposes a complex analytical reality in the context of neoliberal globalization.

Aspects of globalization and urbanization articulate in different scales allowing the identification, understanding, and analysis from categories such as the center and the periphery. In lower- and middle-income countries such as Brazil, by adjusting the lenses of research it is possible to identify how these complex processes (globalization and urbanization) are unleashed and rearranged in intrametropolitan spaces. Researches that focus on comparative analyses of microspaces seem preemptive for the current challenges of a sensitive science. In addition to departing from a classical understanding that treats space as a homogeneous figure, it allows, from singularities, to perceive the emergence of concepts and to articulate them with other global ones.

**The urbanization of Brazil and Porto Alegre**

Since the end of the 19th century, Brazil has faced intense socioeconomic and cultural change. The abolition of the slave trade (1888) and the agro-export crisis (strongly linked to the coffee industry) led to a relative transference of the oligarchical elites to the New Republic, further provoked by the age of industrialization. Although Brazil’s urban network only began formal structuring since the 1950s, the roots of the main Brazilian metropolises (concentrated to the coasts in the south of the country) formed during the times of industrialization. Moreover, this began during a turbulent period of entry into the global hegemonic model of capitalism, no longer supported by slave labor.

To understand the socioeconomic dynamics of 21st-century urban Brazil we must look at its economic development in relation to more advanced capitalist countries. The original (or primitive) accumulation of capital, or the seed of capitalism (Marx, 1996), liked urbanization and industrialization (Lencioni, 2012). This model, used in developed countries, was primarily sustained by the enduring expropriation of slaves to the Americas. Between 1526 and 1867, Brazil received approximately 87% of the 5.5 million enslaved Africans forced to the Americas (Blight et al., 2010). The sociopolitical geography of Brazil’s urban areas (and wider hinterlands) was based on the slave economy.

In this sense, understanding the economic and spatial dynamics of Porto Alegre, the capital of the state of Rio Grande do Sul, and the southernmost metropolis in Brazil (see Figure 1), requires an analysis of the racial and spatial disparities that shape its territory and its communities. As the basis for the dissemination of positivism and the departure point of many important figures in Brazilian history (many of the military personnel that presided over the Brazilian government during the three dictatorships of the 20th century left from Rio Grande do Sul), the state capital is a living example of the inequality created by the development of peripheral capitalism. In the last decade of the 19th century, while the countries of the old continent faced the consolidation of an urban and industrial society, only 6.8% of the total population of Brazil was living in urban areas. According to Santos (1993), only Rio de Janeiro, Salvador, and Recife had more than 100,000 inhabitants. The populations of São Paulo and Porto Alegre peaked at 64,934 and 52,421, respectively (Santos, 1993). Figure 1.Location of Porto Alegre, capital of Rio Grande do Sul, in the context of South America.

Although the rupture between ***agricultural*** and urban Brazil was more aggressive since the 1950s, populations in urban areas have not grown harmoniously in the past. Prompted by the transitions observed in urbanization processes and urban ***planning*** in Europe, Brazil incorporated the ideology of urban sanitization. The difference, however, resides in the object to be sanitized: while on the old continent this “cleaning” involved factories and their workers, in Brazil it was applied to poor migrants and former slaves, grouped in spontaneous clusters in the largest cities of the time, in informal structures. It was during this period that urban ***planning*** took off in Brazil, to support the necessary modernization of cities. This modernization was based on adapting these clusters to the urban esthetic and design, which also subordinated the most disadvantaged social groups during the technocratic organization of the space. Villaça (2004) describes the period from 1875 to 1930 as that of a series of beautification projects, imported mainly from Great Britain and France. This period saw the transformation of the port of Rio de Janeiro and the central area of Porto Alegre, with extensive improvements to many roads as an incentive to increase local trade, as well as basic sanitation for the well-being of the urban community.

Strohaecker (2005) analyzed the performance of public and private authorities in the land market in Porto Alegre, and stated that the arrival of technological innovations such as the telegraph, horse-pulled carriages, railroads, gas lighting, water supply systems, and telephone services in the last quarter of the 19th century was essential to consolidating the modernization process. Much of this modernization was based on the reproduction of private capital and massive loans from Great Britain. Porto Alegre was the first city in Brazil to implement certain essential public services. The electricity supply (1908), garbage collection (1897), drinking water supply (1904), health care (1897), urban transport (1908), and sewage systems (1912) were pioneering services in the country. Moreover, the recovery of Rio Grande do Sul’s capital in response to the decadence of the salted beef industry in the south of Brazil enabled the formation of alliances in the *new* city between landowners, bankers, large traders, and politicians. The hazy line between the public and the private sector, supporting the development of the emerging industrial bourgeoisie during the urbanization process of the Old Republic, was primarily based on the need to eliminate a *visible* problem: the poorer urban communities. Given this, another perspective is needed when studying Brazilian cities, the urbanization of which did not occur as a consequence of industrialization. The industrial sector harks back to the Second Industrial Revolution, and the effects of the Third Industrial Revolution (molecular/digital or informational) are dispersed throughout the country. The service structure is highly diversified at one extreme, and highly primitive at the other, while the financialization process is one of the most intense in the world (Oliveira, 2013), including in the old continent.

The above discussions were supported by Santos (1979) who notes understanding the Brazilian urban economy is based on two circuits: the lower and the upper. Although complex and interdependent, these circuits coexist based on complementary and competitive relationships, either concomitantly, or dispersed and separated. In brief, the upper circuit is connected to international capital and the foreign market, while the lower circuit establishes relationships of production and distribution at the local level, although both are the result of selective modernization (Arroyo, 2008). They both interact with globalization at some level and suffer directly from the effects of economic neoliberalization (Anholt, 2010; Harvey, 2005; Peck, 2013; Wise and Clark, 2017).

Given this situation, the transition to the 20th century, the postslavery economy, and the beginning of the first wave of modernization became relevant once again. At that time, after a turbulent end to the previous century, with various rebellions, revolutions, and a strong sense of separatism and dependence on the participation of former slaves. In the first half of the 19th century, Rio Grande do Sul was home to about 30% of the African population in Brazil, who arrived in Rio de Janeiro. Later, Porto Alegre began following the ideals of European urbanism, since the ascending urban bourgeoisie was strongly influenced by the northern hemisphere (especially France) a fact that determined the spatial organization of urban central areas.

From the end of the 19th century, Porto Alegre’s dedicated engineers and sanitarians attempted to provide “urbanity” to the emerging metropolis, but it was only from the 1920s onward that the city began to pragmatically take advantage of the scientific urban ideology. The period is marked by architect Alfred Agache’s historical contribution to the revitalization of Farroupilha Park (popularly known as *Redemption* Park, a site that was used for both the torture and liberation of slaves) through esthetic landscaping and extensive urban ***planning*** (drainage of river water and sewage). Although technicians in the municipality of Porto Alegre did not at the time accept Agache’s contribution to the development of an improvements ***plan*** for the capital (in disagreement with the mayor, Alberto Bins), French urbanism had a strong influence urban ***planning*** across Brazil.

The implementation of these projects resulted in increased violence and police repression. This was a result of the authorities prohibiting the black and poorer populations from inhabiting the areas targeted for modernization. At the same time, the political and economic landscape in Brazil applied growing pressure on cities such as Porto Alegre. Porto Alegre’s poorer population began fleeing from an increasingly mechanized within a climate of racial whitening policies based on class issues and racism. In his book, Schwarcz (1993) clearly explains how local governments adopted racial whitening policies by granting privileges to immigrants from certain countries. Some municipalities introduced legislation specifically to determine countries of preferential origin, and those whose citizens were strictly forbidden from the policies (such as the Chinese). The spatial transformation of Brazil led to a significant demographic increase in urban areas, reaching its apogee in the 1970s, an era of economic internationalization and industrial drive (both fragmented and concentrated on the south-southeast of the country). Regional inequality intensified, in turn directly affecting intraurban and metropolitan inequality.

Brenner and Theodore (2002) analyzed globalization as a process resulting from the territorialization of the capitalist system, in a transition from mercantilism to industrial capitalism, at which time the accumulation of capital depends on a supranational scale. Globalization, in this sense, is not an erosion of the state, since it directly depends on it to territorialize the cycles of accumulation. Building on Lefebvre (2001a), Brenner and Theodore (2002) explains that since the 19th century, the global accumulation of capital has depended on (1) intensification of national development standards for industrialization; and (2) institutional regulation of the forms of uneven geographical development. Neoliberal globalization provides processes for (re)structuring the state, not for reducing it. For ultimate assurance of the capital accumulation cycle, violence is monopolized by the state (Harvey, 2000). Globalization, from this perspective, is the key movement responsible for creating urban and regional inequality, highlighting the disparities caused by urbanization.

Although Porto Alegre’s dependence on foreign capital has been observable since the end of the 19th century (especially its dependence on Great Britain for the construction of urban infrastructure), it was the winding down of Rio Grande do Sul’s agro-export model that led to the capital emerging as an economic center in the state and dedicating itself to the salted beef industry—to the detriment of the southern region of the state. Alonso and Bandeira (1988) identified Porto Alegre as the state’s key city in terms of contribution to jobs in industry (24%) in 1920, a figure that has been decreasing over the decades due to the decentralization of industry and the restructuring of production, especially in the context of its metropolization, which peaked in the 1960s.

This period of relative industrial success, marked by the bankruptcy of other economic and agro-exporting centers in the state, led to uneven geographical development, an occupation of neighboring municipalities and the urban sprawl. It also served as a magnet for the arrival of migrants from all over the state, aggravating urban and environmental problems. This intense and disorderly growth, shown in Figure 2 led to Rolnik’s (1999) focus on high-risk urbanism. The only option available to the poorest population, who had no access to the city, was to build homes in the valleys or on the steep slopes situated on the urban periphery. High-risk urbanism is understood as a direct result of scientific urbanism (Rolnik, 1999, 2006; Maricato, 2013). The promotion of beautification and revitalization projects, which began a new cycle after the 1960s, mainly aimed to target the central and surrounding areas of Porto Alegre, with the victims being the poor and predominantly black population. At that time, at the height of the military dictatorship, large social housing projects were emerging, supported by a segregationist ideology, and these ***programs*** were gradually moving toward the outskirts of the city. A large part was played by Porto Alegre, the testing ground for one of the most significant of these projects, where in 1967 the Restinga neighborhood was “installed” on the southern edge of the municipality’s periphery (about 30 km from the city center). Figure 2.Evolution of the total population in Porto Alegre, Brazil (1890–2010). Source: Cabette and Strohaecker (2014) and IBGE (2010).

**Globalization and maintenance of the center–periphery model: The Restinga neighborhood**

Oh Restinga of the poets and the favorite muses,Restinga of cultural spaces and the community radio, transmitting friendship. (Excerpt from anthem by Tio Mano, a local poet from Restinga)Mostly composed of slave descendants, migrants, and workers on the lowest incomes, the Restinga neighborhood was designed to be a major popular housing model in Brazil. The main problems that arose were a lack of urban mobility and infrastructure, leaving the population to their own devices. It is important to note, however, that throughout the 20th century, a significant portion of the excluded population mobilized themselves and remained in areas of resistance in the city center and in high-income neighborhoods, especially the Quilombola population. *Quilombos* are areas occupied by the excluded population (mostly slaves) that were formed in Brazil from the 17th century onward. They were the cause of intense conflicts between Portugal and landowners during the Brazilian slave regime. These territories were only legally recognized in 1988, after the end of the military dictatorship and upon formation of the Brazil’s New Constitution. Land-use regulations were implemented during the first government of the Workers’ Party (2003), through Federal Decree 4887 of November 20, although to this date, little Quilombola land has actually been conceded.

The demographic explosion in the city meant that contrary to the expectations of the technocratic ***planning***, the population of the neighborhood began to rise, exacerbating the issue of social vulnerability. There are numerous historical narratives of abandonment, heavy use of the police force (a police station was the first public building to be built in the area), and female leadership due to the fact that during the week, the men stayed in the center of Porto Alegre for work, unable to return home because until the end of the 1970s, there was only one bus to the neighborhood per day. The map to the left in Figure 3 shows the location of the Restinga neighborhood in Porto Alegre, highlighting the concentration of the black population. The map to the right in Figure 3 shows the distribution of average monthly income in US dollars (year of reference for the minimum Brazilian wage and the US dollar rate: 1 January 2010) according to the census taken by the Brazilian Institute of Geography and Statistics. The maps above show a clear pattern of spatial inequality in the center–periphery direction. The developed center, beyond the historical district in the east and north, contrasts with the outskirts of Porto Alegre, where predominantly black and poorer populations are highly concentrated. Recent studies by the United Nations Development ***Programme*** (2017) have identified Porto Alegre as the most segregated capital city in Brazil. The conditions faced by the black population are up to 18% worse than the white population, as based on the Human Development Index for living conditions. Figure 3.Left, black population percentage by neighborhood in Porto Alegre; right, average salaries per household ($US) by neighborhood in Porto Alegre. Data source: Brazilian Institute of Geography and Statistics.

The intraurban disparities are reproduced when modifying the scale of observation. In the metropolitan region of Porto Alegre, the population was 4,258,926 million inhabitants in 2016 (IBGE, 2016); longer distances from the capital also correlate to worse living conditions and more segregation. The same is true for the state of Rio Grande do Sul as a whole, where the most developed municipalities are converged on the metropolitan axis. This is, in fact, a reliable demonstration of the unequal geographical development identified by Harvey (2000). This center–periphery model, consolidated in 1970 and theorized by Caldeira (2000), based on the existing urban and regional dynamics of health, gender, security, and income, dictates the intensity of the inequality. Table 1 presents a clear visualization of the intraurban inequality in Porto Alegre, using basic information about the socioeconomic situation of the Restinga neighborhood and how this part of the city differs in comparison to other neighborhoods in Porto Alegre. Table 1.Dimensions of inequality in Porto Alegre and Restinga neighborhood.

| **Dimension** | **Measure** | **Inequality impact** |
| --- | --- | --- |
| Health | Prenatal assistance to women | It is one of the top 10 worst results compared with all neighborhoods. Twenty percent below the average of Porto Alegre. |
| Percentage of children with low weight at birth (less than 2.5 kg), in relation to the total of live births. | It is 10 times higher in Restinga’s neighborhood while compared with the best neighborhood |  |
| Gender | Percentage of illiterate female workers, over total female workers | Top 10 highest among all neighborhoods. In 2010 it was almost 6% |
| Security | Homicide of young man (15–29 years old) | Fourth highest among all neighborhoods. Twenty percent higher than the average of Porto Alegre. |
| Homicide of woman | Top 10 highest among all neighborhoods. |  |
| Income | Percentage of households with low per capita income (USD 200/month) | Top 3 highest percentage among all neighborhoods. In 2010 it was almost 23%. |
| Percentage of households with indigent household income (lower then USD 50/month) | Top 3 highest percentage among all neighborhoods. In 2010 it was 6%. |  |

**Democracy and neoliberalism: The participatory budget in Porto Alegre as a way of including Restinga**

After a long military dictatorship (1964–1985) where social movements were violently suppressed, especially in relation to urban and sanitary reform, the declaration of the Federal Constitution in 1988 offered Brazil a new horizon—guided by guaranteed access to goods and basic services under the state’s responsibility. Heavily influenced by the European welfare state, it was only at the end of the 1980s that Brazil recognized the historical debt owed to the poor and the black communities, even though a large number of the articles in the Federal Constitution were not regulated until after the year 2000 (and some have still not been). Therefore, local initiatives began playing an important role in defending and implementing the mechanisms of federal law, especially with regard to popular participation. This is a new factor, since historically, Brazil did not allow the public to directly participate in the management of resources and municipal policies, mainly due to the centralization of responsibilities by the central government. Despite providing good opportunities in relation to local interests, the decentralization of duties has also sparked fiscal wars in search for investment. This was a typical characteristic of neoliberalism in advanced capitalist countries (see Brenner and Theodore, 2002), and an aggressive factor in the selective modernization of Brazil.

The postdictatorship political and economic climate was extremely contradictory. On the one hand, the state assumed the responsibility of providing social welfare, while on the other, the interests of the capital suddenly manifested themselves through the Washington Consensus, responsible for further aggravating the Brazilian crisis in the 1990s (Martins, 2011). With a central government on the center-right of the political spectrum during the 1990s, Porto Alegre stood out by breathing life into the public debate on democracy and social participation, with successive leftist governments (Figure 4). Although Rio Grande do Sul played an important political role throughout the 20th and 21st century, especially through its politicians with regard to the Presidency of the Republic, the political/partisan alignment in the state and the municipality was not always successful. In a country where the politics of friendship most often surpass the real demands of the state, region, or municipality, Porto Alegre implemented important initiatives, often against the national policy. A great example of one such innovative initiative is the participatory budget, recognized worldwide, implemented by the Workers’ Party in the late 1980s. Since the 1970s Porto Alegre has faced demonstrations and protests against the exclusionary processes promoted by the municipal government (Fedozzi, 1998). The municipality is also associated with residents who have historically fought for access to basic rights in the city. Such political capital, polarized by the left, led to the creation of the participatory budget as a way of collectivizing the government decisions made on public finances. Figure 4.Political orientation of the federal, state, and municipal governments (Porto Alegre) from 1988 to 2016.

The municipality is divided into 16 regions and meetings are held to determine the main demands of each region, focusing on transport and traffic; education, leisure, and culture; health and social care; economic development and taxes; city management and urban development. After identifying priorities, delegates are elected to vote on them and then develop an Investment ***Plan*** together with the competent bodies of the local government, to be implemented by the government itself. Fedozzi (1998) indicates that while 780 participants were registered in 1988, this number rose to 14,267 by 1995. In the election of participatory budget delegates for the year 2016–2017, Restinga alone saw 1329 voters from the 50,020 inhabitants. It must be noted that the total population of the neighborhood is a controversial subject since the residents do not recognize the legitimacy of the studies conducted by the Brazilian Institute of Geography and Statistics, which claiming that Restinga has more than 100,000 inhabitants.

Although Porto Alegre has undergone a process of deindustrialization and impoverishment since the 1990s, popular participation has helped maintain the participatory democracy, even in times of neoliberalism and budget cuts. In 2017, however, the participatory budget was suspended for the first time in its history. A report in *Zero Hora* (a local newspaper) quoted the mayor as saying that it was suspended because since 1990 with only 2400 of the 9200 requests have been fulfilled—thus demonstrating that a new form of popular participation is required (*Zero Hora,* 2017). It is not just the format of the participatory budget that needs to undergo changes. Beyond Porto Alegre, the state of Rio Grande do Sul has adopted draconian measures, such as the closure of public companies and a reduction in the number of secretariats, as well as the dissolution of public policies aimed at specific population groups and the dismissal of public servants. These are the demands of the capital at the beginning of a new wave of neoliberalism, whose results are still uncertain.

Meanwhile, the Restinga neighborhood invariably relies on specific public policies of the municipal, state, and federal governments, despite their positive effects (…). Despite their positive effects, such as the construction of new housing and infrastructure on city peripheries, the recent urbanization projects promoted by the central government. The Workers’ Party (2002–2016) are clashing with other existing issues, including drug trafficking (which constantly leads to residents being kicked out of their homes), the incessant arrival of migrants from the metropolitan area and refugees (especially from Haiti) who have increasingly exacerbated disputes over land, and the *rurban* spaces that surround the Restinga neighborhood are now being bought by the rich population (who are building gated communities). The financial storm that arrived in Brazil at the end of the first decade of the 21st century led to important social advances in recent years, impacted by the reduced value of *commodities* and a precarious process of industrialization.

This situation, a result of the 2008 economic crisis that started to gradually affect Brazil from 2013 onward, raises some critical questions. Foremost: what strategies have the local population outlined to deal with fiscal austerity in the new cycle of capitalist accumulation? For former government minister Mangabeira Unger in an interview for the magazine Epoca (2017), the new landscape has created a new working class in Brazil, which is more independent of the state and pursues social ascension through entrepreneurship. This lends to: is this population really independent of the state, even with such a delicate presence? A third question is: what relationships has the state established with the poorest communities? Mangabeira Unger’s initial observations on the phenomena arising in Brazil at the end of the decade are essential when studying local community dynamics in the Restinga neighborhood (Epoca, 2017).

**A century on the periphery: Restinga’s Vida Nova settlement**

Despite being a peripheral district of the metropolis, whose residents persistently question the official population statistics, Restinga brings together a diverse range of urban, socioeconomic, and cultural characteristics due to the intense dynamics of formal and informal inhabitancy. The division between the “new” and the “old” Restinga marks the first dichotomous feature of the neighborhood: on one side, the “***planned***” neighborhood, and on the other the “improvised” neighborhood. Within the “old” territory, in addition to houses that were gradually updated at the end of the 20th century, there are numerous villages that have arisen as a result of the settlement process, works by the local government, or drug trafficking and gang activity. Concerning the gang activity and high levels of violence, in contrast to Rio de Janeiro and other Brazilian towns and cities, the Restinga neighborhood is one of the few (the only one in Porto Alegre) where more than one drug gang is located, distinguishable by the method of violence used to claim territory. This fact substantially increases episodes of conflict, which are comparable to civil war (curfews, gunfights in broad daylight), as well as the emergency police state that exists in the neighborhood. There are numerous illegal settlements (commonly known as favelas) home to the local communities being studied in this article. The Vida Nova settlement, one of the most recent to appear in the neighborhood (emerging in 2013), grew extremely rapidly over just five years, and is currently home to around 1000 inhabitants. The urban transformation has been intense: only three weeks after its introduction into the neighborhood, a mini-market and a nightclub were built, in addition to a proliferation of brick houses and streets. The following two subsections are based on semistructured interviews with community leaders from Vida Nova. Interviews focused on issues such as local economy, entrepreneurship, public policies, and leisure. The content of this material was analyzed according to Bardin’s (1977) methodological framework. The following subsections offer some comprehensive insight concerning the dynamics of community organization in the Vida Nova occupation in Porto Alegre. In this initial approach, we used the analytic categories extracted from Focault (2008) and Hardt and Negri (2012). In the first part, it is discussed how the structuring of the economic dynamics is related to the superior circuit of the urban economy and that the technological mediation, mainly provided by the WhatsApp application, corroborates to the community organization. Next, securitization and governance are debated in the light of female community leadership and its relations with the state.

**Debt and mediation**

The growing trend toward employment, which has created a group of workers in vulnerable positions, is evidenced in the daily routine of those interviewed. Community leaders pointed out that some of the residents depend on minimum wage policies, such as the federal government’s Bolsa Familia (Family Welfare) ***Program***. Others work in manual jobs such as building or cleaning houses and apartments in the “formal” city, similar to that discussed by Carson and Koch (2013). These are typical examples of an informal labor relationship on the lower circuit of the economy, where workers are paid a daily wage according to the amount of time worked. This exploitation of labor and the relationship between this population and their finances is therefore based on debt: work is owed, money is owed.

The consolidation of the Vida Nova settlement peaked at the end of 2013, when the indebtedness of these residents (and the majority of the Brazilian population) was rising. This was part of a wider context involving intensification of the economic crisis in Brazil, which was only reflected in the country around five years after it began in the United States in 2008. The solution found by people living on the peripheries was to sell their “official” homes and move to the area under dispute with the state (municipality). The financial struggle faced by the inhabitants is visible wherever you look. There is a proper electricity supply point provided for the residents, but most houses are connected to the electricity network illegally. Before the two women interviewed assumed leadership of the region, there was a residence fee that included basic expenses (electricity and water), but the system was not well implemented and the cost is now equally distributed among residents.

Similarly, there is an illegal water catchment and distribution network used among the nearby houses. Curiously, regarding the triad of basic sanitation, the garbage is collected by the municipal government, thanks to a promise made by the candidate who won the 2016 elections, although the garbage truck is not identifiable on the streets of the illegal Vida Nova leadership. Urban ***planning*** depends directly and plainly on investments made by the residents. The streets, which according to one of the interviews are “as wide as main avenues” and are not “narrow like alleys or favela streets,” they are paved and maintained by the families living on the respective street. The community leaders play an important role in overseeing the current urban regime. Still named simply by letters of the alphabet, suggestions for street names are being ***planned*** for a future community meeting. The community center where the meetings take place and decisions are made is also under construction. New structures and shared spaces will result in establishing important areas to bring the community together, in an attempt to create a stronger sense of community (see McMillan and Chavis, 1986; Wise, 2015) and likewise increase cohesion, place attachment, and improve local business networking and activity (Manzo and Devine-Wright, 2014; Stephenson, 2010).

In the complexity of this process, interviewees discussed challenges to building community entrepreneurship and local enterprises because the impoverishment of the residents is an ever-present concern. A mini-market in the region was undergoing expansion works during the field research, to increase the amount of physical space. One of the interviewees celebrated the arrival of a credit card payment machine, which helped alleviate expenses for some residents, who previously had to travel further to purchase products on credit. Regarding leisure activities, the daughter of the owner of the mini-market opened a community bar that also functions as a nightclub (the parties end at 6 a.m. on weekends). The hypothetical ***planning*** includes space reserved for a public square, a soccer field, a medical clinic, and a day-care center, with no prospect of state aid or involvement, “we are the local government” claimed one of the interviewees.

With respect to the circuit of invisible debts, the interviewees commented on the great potential available to each inhabitant to exchange knowledge and utilize local internal trade networks. This is the case for the production of bread and cakes, sold internally, for example. A sophisticated network of favors and cooperation is negotiated between residents daily, with or without money changing hands, including support in building houses, caring for young children, and even resolving legal or financial issues that some residents need help with due to illiteracy, such as applying for credit cards, withdrawing money, or filling in general forms.

This whole flow of economic relationships takes place through WhatsApp, in a group called *Brick Vida Nova*. The rules of the group are clear: it can only be used for economic purposes or for helping other community members. Thus, the local production of food, such as bread and sweets, the provision of working hours for reforms, or support in the construction industry, for example, are negotiated in this group. Given the increasing reliance on social media and technology, the lack of electricity has less impact than the lack of internet connection. During the interviews, the leaders complained about families who left the region because they could not survive just two weeks without electricity. A failure of the 3G network, however, would be a prelude to chaos. One of the leaders, who owns the mini-market, has recently started selling internet access credits. This coverage also allows the territory to be monitored. There are three entrances to the settlement, all with leaders strategically positioned nearby who are connected to the Internet, even if they sometimes have no electricity or water.

**Securitization and representation (or governmentality)**

Focault (2008: 143) describes governmentality as the “set of institutions, procedures, analyses, reflections, calculations, and tactics that enable the exercise of a very specific but very complex form of power, whose main target is the public.” In the context of a securitized (or biopolitical) society, the forms of governmentality in the space of the Vida Nova settlement are directly related to the formal city and its internal organization. Although the settlement has no access to health services, education, social care, or security (in contrast to the formal city, both on the upper and lower circuits of the economy), there are unofficial (but delicate) alliances with public agencies, especially in health care and education.

Police control, which occurs mainly at meetings with the judiciary to negotiate land concessions, is marked by the counting and possible observation of the populational dynamic. The community leaders interviewed, both from poor neighborhoods in the metropolis with a high level of drug trafficking, tirelessly boasted about the control they have managed to exert against the selling of drugs. All attempts to sell drugs have been suppressed despite adversity, which is a source of great joy in the community, where they praise the quality of life that they lead with no robberies or shootings. Any and all movements are recorded at the ***strategic*** points where the main leaders live, at all times of the day, with WhatsApp once again being the main form of communication; another group, with fewer members, is responsible for discussing more urgent issues.

In relation to this discussion, it is essential to highlight the important role played by women in managing the settlement, in line with Zibechi’s (2015) discussion on the role of women in social movements fighting for urban land across Brazil. The prominent role played by women in Vida Nova defines urban regulation, the dynamics of the land market, public (and private) construction works, and the flow of internal spatial dynamics. Both leaders consider themselves feminists and believe they are essential to the continuing struggle to legalize the settlement. They emphasize their great and harmonious relationship with men, but express that they are only demanded when activities require particular physical strength.

The current situation incites a better approach to the reality faced by the community, primarily due to the numerous issues arising from the relationships established there, whether they are interconnected with the upper circuit of the economy or dissociated from the lower (informal) circuit that exists on the periphery where the region is located. Although they allege that the state is absent, it is possible to see signs of its involvement, whether in the granting of a minimum wage, or in the unofficial (and fragile) provision of some public services. Entrepreneurship, the internet, and the role of women in organizing the local political economy emerge and create a unique dynamic, reflecting some of the observations made by Mangabeira Unger (see Epoca, 2017).

According to Bobbio (2000, 2005) the idea of representative democracy is articulated with the understanding that deliberations concerning the totality of the collective are taken indirectly by those who are part of it and who have been elected for this purpose. Representative democracy has its pinnacle in the current constitution that, in theory, extended the process of democratization, popular sovereignty, and relations with the State. However, the participation of representatives in collegial bodies, municipal ***planning*** associations such as the Participatory Budget, and local health and education councils has gradually entered a crisis.

In Vida Nova, illegality in the possession of the land does not guarantee effective participation in spaces of power and of formal political relations. Representative democracy, therefore, does not address these residents. However, the alternative found by those residents so that the various voices of the community could be heard and considered in the decision-making process, as well for mobilization, was to resort to social media. Facebook has become an important tool for neighborhood convergence, expression of opinions, public consultations, plebiscites, and decisions. This differs from other collegiate bodies with numerous barriers such as the criteria for the election of representatives, which bump into bureaucracies or limitations regarding the place, periodicity, and schedule of meetings, which in their homes happen sparingly, in the center of the city and during working hours. Facebook meetings are available to any resident and at any time. Therefore, the leaders of Vida Nova started to use this channel to deal with matters that deal with public safety, education, and health, instantly decentralizing issues and guidelines as they arise.

**Conclusion**

This article demonstrated the multiescalar complexity established in the constitution of the metropolitan dynamics of Porto Alegre in Brazil and how its intraurban spaces relate to the broader aspects of globalization at the beginning of the century. Although it seems a secular and distant occurrence, the historical debt of Brazil inherited from slavery is revealed daily in the current reality, in which blacks and poor still lack access to the legal city.

When proceeding to the reading of a local community, in a peripheral neighborhood, of a metropolis that is at the same time center (at the national scale) and periphery (at the global scale), it was possible to identify part of the existent sociospatial dynamics, and how the new neoliberal wave has impacted on the organization of community life. It was observed that social media, especially WhatsApp, make a significant contribution to the process of democratic management of an illegal occupation of land in a metropolitan city. Although the new austerity policies in the new neoliberalizing movement of globalization seem to gradually stifle traditional participatory democracy (as pointed out in Porto Alegre, with the suspension of the Participative Budget), new forms of social mobilization through information technologies are placed as powerful tools and agendas in social mobilization, provided that for the sake of a common goal, in the case of this research, it is demonstrated in the organization of a land invasion and unified in two female characters, community leaders.

Alternatively, indebtedness emerges as the “apparent evil.” The presence of credit cards and economic exchanges (even if precarious) indicates that the contradictions of the reproduction of capitalism adapt to new routines, adding multiple facets when one looks at small communities in struggle for survival in an extremely uneven country. Future research may indicate the limits of the debt process and how this relates to other scales of the capital accumulation process, the real limits and perspectives of the use of instant social media in social and community organization and mobilization (especially toward guaranteeing basic civil rights), and also the importance of unemployment and women in social mobilization in the Brazilian and Latin American land struggle.

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**Body**

The RPC Ace division, based in China, operates a world class mould design and manufacturing capability, supplying complex moulds to both internal and external customers and provides the Group with an Asian precision engineering platform for manufacturing high added value co-engineered injection moulded products. It serves, alongside packaging markets, medical, lifestyle, power and automotive end- markets. The business traded ahead of expectations during the period, with profits considerably enhanced, particularly in automotive components, having secured new contracts with several major western vehicle manufactures, and in mould tool sales where a higher proportion of complex and technologically advanced tool designs commanded higher margins. With the slowdown in GDP growth in China abating and the renminbi depreciating against the major currencies, Ace was able to benefit from the improved economic environment. New contracts for Lifestyle products were secured and a third electroplating line was installed at the Zhuhai site during the period, facilitating the growth in sales of electroplating and spray painting for specialist automotive and other products. In January 2017 Ace made its first standalone ***strategic*** acquisition, Shenzhen Howyecen Automotive Electronic Company Limited (HYC), an existing supplier with capability for printing, forming and cutting of foils for the automotive and smart electronics markets.

RPC Promens Roto and RPC Bramlage Vehicle Engineering, which manufacture plastic parts for trucks and specialty vehicles from sites in the Netherlands, France, Estonia, Germany and the Czech Republic, performed ahead of expectations with increases in sales volumes and profits over the period, and additional orders for longer term sales secured. The cost base of these operations have been optimised during the integration process with further investment ***planned***.

RPC Promens Roto business, which includes Sæplast, serving the fish and ***agricultural*** industries, continued to focus on its markets in Europe and the Americas, with its operation at Ahmedabad (India) sold in the period. In the former Promens vehicles division, significant factory layout changes were made at Zevenaar. Strata Products performed particularly strongly, with sales up 10% with new contracts secured with major UK DIY stores.

The ESE business, acquired in January 2017, contributed GBP25m to sales and will be a material contributor to this segment in future years.

These non-packaging products are attributed to the Technical components end market, with packaging sales of GBP64m being reported in the Packaging segment.

Non-Financial KPIs

RPC has three main non-financial key performance indicators (KPIs) which provide perspectives on the Group's progress in improving its contribution to employee welfare and the environment.

12 months 12 months

to to

31 March 31 March

2017 2016

Reportable accident frequency

rate(1) 534 925

Electricity usage per tonne (kWh/T) 1,965 1,981

Water usage per tonne (L/T) 795 702

(1) Reportable accident frequency rate (RAFR) is defined as the number of accidents resulting in more than three days off work, excluding accidents where an employee is travelling to or from work, divided by the average number of employees, multiplied by 100,000.

The Group's health & safety performance realised a step change as the reportable accident frequency rate decreased significantly compared with last year, following continued focus on Health & Safety across the Group, and in particular the concerted efforts made to bring the former Promens and GCS sites up to the RPC standard. A ***programme*** of assessment, review and improvement is underway for the BPI and other acquired sites.

The Group continues to make stringent efforts to improve its efficient usage of electricity and water. Electricity usage per tonne reduced, with the replacement of older machinery with more modern energy conserving equivalents and inclusion of more modern machinery from some of the recent acquisitions more than offsetting the higher consumption per polymer tonne converted associated with the manufacture of higher value added products. Water usage and recycling initiatives include closed loop cooling systems introduced to manufacturing sites across the Group. The changes in water usage largely reflect the impact of the GCS sites acquired at the end of last year.

Outlook

The implementation of the Vision 2020 growth strategy is progressing well, reflected in a good trading performance in 2016/17 with continued organic growth and achieving record profitability levels with robust cash generation. Acquisitions made since the launch of the strategy in 2013 continue to add value including the recent GCS and BPI acquisitions, whose performance in the year has been better than expected. The recently completed Letica acquisition will provide an enhanced platform for growth in North America and has made a good start under RPC ownership. Going forward, the Group continues to explore opportunities for growth in line with its strategy. The new financial year has started in line with management's expectations.

P R M Vervaat

Chief Executive

The Group ***produced*** a strong set of financial results for 2016/17, with growth in the business achieved both organically and through acquisitions. Group revenues at GBP2,747m were 67% ahead of last year, adjusted operating profit at GBP308.2m rose by 77% and free cash flow increased by 95% to GBP239.0m. Statutory operating profit at GBP192.0m was 102% ahead of last year and net cash from operating activities at GBP276.5m increased by 83%.

Acquisitions

The Group completed the following nine acquisitions in the year:

Acquisition Principal Completion Enterprise Cash consideration Goodwill

locations date value (GBPm) on acquisition

(GBPm) (GBPm)

British Polythene UK, Canada,

Industries Belgium, 1 August

PLC \* Netherlands 2016 350.1 133.7 201.1

Sanders Polyfilms 3 October

Ltd ^ UK & Romania 2016 3.8 3.8 (0.6)

Jagtenberg Netherlands 14 October

Beheer B.V. & Germany 2016 18.1 18.1 4.4

Plastiape Italy 24 November

S.p.A & Poland 2016 116.7 116.7 74.9

Synergy Packaging 26 November

Pty Australia 2016 9.3 9.3 2.7

Shenzhen Howyecen

Automotive

Electronic 3 January

Company Limited China 2017 4.4 4.4 2.7

ESE World Germany 31 January

BV & France 2017 233.3 233.3 144.5

Letica Corporation

Inc USA 9 March 2017 407.6 407.6 246.7

Amber Plastics 31 March

Pty Ltd Australia 2017 7.1 7.1 3.2

Total Enterprise Value of acquisitions 1,150.4

Deferred consideration paid

on prior year acquisitions 4.1

Cash invested in acquisitions 938.1

Provisional Goodwill on acquisitions

\*16,505,511 RPC shares issued to BPI

shareholders, with a value of GBP140.8m

and adjusted for GBP75.6m of net

pension liabilities

^Negative goodwill credited to other

exceptional items 679.6

----------------------------------------------------------------- ------------------- ----------------

Each acquisition met the Group's acquisition criteria being a good ***strategic*** fit, having strong incumbent management, a successful financial track record, quantifiable synergies and being earnings enhancing post acquisition with a ROCE greater than RPC's weighted average cost of capital.

Business Performance

The Group's results and financial position at 31 March 2017 have been significantly affected by the acquisitions noted above together with the full year impact of acquisitions in 2015/16. The trading results of all of the businesses after the acquisition date are included in the Group results, and the 2016/17 acquisitions in total contributed GBP415m to sales, GBP36.1m to adjusted operating profit and 1.6p to adjusted EPS. Transaction fees for all acquisitions have been charged to the income statement as exceptional costs.

12 months 12 months

to to

31 March 31 March

2017 2016

GBPm GBPm

Revenue 2,747.2 1,642.4

------------------------------ ---------- ----------

Adjusted operating profit 308.2 174.3

Exceptional items (84.2) (68.2)

Other non-underlying items (32.0) (10.9)

Operating profit 192.0 95.2

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Net interest costs (22.8) (14.3)

Non-underlying finance items (15.2) (5.9)

**Load-Date:** June 7, 2017

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[***Cuba - Q2 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RDY-W5T1-JD33-J2VS-00000-00&context=1516831)

Cuba Pharmaceuticals & Healthcare Report

April 1, 2018 Sunday

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**Highlight:** As of September 2016, according to Rafael Pérez Cristiá, director of CECMED, more than 60% of the Cuban pharmaceutical market is supplied by medicines that are ***produced*** locally by 31 different companies at 64 manufacturing sites, with a combined workforce of more than 20,000. The remainder of the market is comprised of pharmaceuticals from multinational firms that are not headquartered in the US, such as AstraZeneca (UK-Sweden), Roche (Switzerland) and Merck (Germany), as well as other companies from Latin America. With a robust pharmaceutical and biotechnology industry base, Cuba is set to drive increasing interest from foreign investors as the country gradually integrates into the global economy.

**Body**

Research-Based Industry

As of September 2016, according to Rafael Perez Cristia, director of the Control Estatal de la Calidad de los Medicamentos (CECMED), more than 60% of the Cuban pharmaceutical market is supplied by medicines that are ***produced*** locally by 31 different companies at 64 manufacturing sites, with a combined workforce of more than 20,000. The remainder of the market is comprised of pharmaceuticals from multinational firms that are not headquartered in the US, such as AstraZeneca (UK-Sweden), Roche (Switzerland) and Merck (Germany), as well as companies from Latin America. With a robust pharmaceutical and biotechnology industry base, Cuba is set to drive increasing interest from foreign investors as the country gradually integrates into the global economy.The Cuban government has been very proactive in strengthening its domestic pharmaceutical industry. State-initiated sector integration will further improve Cuba's pharmaceutical product standards and the industry's operational efficiency. The country's years of isolation have left the island relatively self-sufficient in its medical needs.

However, Cuba's increasing global integration and openness will accelerate the pharmaceutical industry's development and create significant commercial and investment opportunities over the next ten years. Generic drugs and biological products made in Cuba are set to become increasingly competitive in the global market, as the government has also adopted a more commercially oriented approach to develop the sector. Its main objectives include improving the quality of health for Cubans and maintaining itself as a source of pharmaceutical exports. Business financing of R&D is growing and will gradually prevail in the industry, while the government will increasingly focus on basic research ( *see 'Research and Development'*). **Recent Development** As of reports from January 2018, Laboratorios Dalmer is about to complete the construction of a soft-capsule plant that will ***produce*** *Palmex*, a natural product already registered that has proven its efficacy in the treatment of benign prostatic hyperplasia. Dalmer is reportedly a leading Cuban exporter.In December 2017, the president of BioCubaFarma, Eduardo Martinez Diaz, presented a report to the government with details of corrupt practices that affected the company in H117, which resulted in losses valued at USD25,000. **Domestic Industry** Over the past 40 years, Cuba has developed a well-established pharmaceutical industry. In 2012, Cuba created 'BioCubaFarma', the Group of Biotechnology and Pharmaceutical industries, in order to integrate the biotechnology and pharmaceutical sectors in the country. The new organisation directs and coordinates research entities, pharmaceutical companies and other medical service entities that used to be governed by the Scientific Pole and the Chemical Pharmaceutical Business Group (QUIMEFA - Grupo Empresarial Quimico Farmaceutico).The group will operate entirely on business principles. The reorganisation, regulated by Decree No. 307/2012 of the Council of Ministers, and Resolution No.590/2012 of the Ministry of Economy and ***Planning*** (MEP), is expected to raise Cuba's pharmaceutical product quality standards and its export level, as well as improve its efficiency in the use of facilities and human capital. The initial main focus will be on the promotion of generic drug production and research and development productivity in Cuba's pharmaceutical companies.As of October 2016, BioCubaFarma owns 32 Cuban companies and employs 21,768 workers. Out of these, 6,325 employees hold higher education degrees, 1,170 masters in science degrees and 262 have PhDs. The company has more than 100 research and development projects. BioCubaFarma currently has 78 manufacturing facilities across the country, manufacturing 1,099 products. The company has 91 biological medicines: 33 are used to treat cancers, 18 for cardiovascular diseases, 33 for vaccinations against infectious diseases and seven to combat diabetes. The company also operates health service ***programs*** both in Cuba and in foreign destinations such as Venezuela and Brazil. BioCubaFarma has a partnership with Japanese firm Daiichi Sankyo, in a clinical trial currently in Phase III and scheduled to be completed by end 2017, for the use of nimotuzumab, a recombinant humanized monoclonal antibody for head, neck and esophagus cancer.The company is also partnering with US-based Roswell Park Center to jointly develop Cimavax-EGF, a vaccine against lung cancer that has shown positive results in Cuba. In October 2016 the FDA approved the recruitment of volunteers for the clinical trial. This is the first center to get permission to sponsor the US testing of a Cuban medical therapy after the relaxation of US restrictions on Cuba by the former US administration.According to Yodira Perez, legal and commercial advisor from BioCubaFarma's commercial policy directorate of business and international cooperation, the country is working to offer the international community a strong legal framework to guarantee and capture foreign investment.Cuba is well known for its autonomy in the production of vaccines. As of February 2015, BioCubaFarma announced that they have recently finished Phase II trials for cholera and pneumococcal vaccines. BioCubaFarma has already introduced 14 new medicines during the last few years and it has a pipeline of 15 more for the coming years.In July 2016, Carlos Gutierrez, director of BioCubaFarma stated that the company is currently working on 450 research projects, with emphasis on addressing health conditions associated with leading causes of death in Cuba, including myocardial infarction and different types of cancer. In line with Cuba's increasing commercial interests, the company will continue to be focused on developing high value goods, strengthening drug production and expanding exports.QUIMEFA (integrated under BioCubaFarma since 2012), founded in 2001 by the Ministry of Basic Industry (MINBAS - Ministerio de la Industria Basica) comprises: 14 pharmaceutical ***producers***; 8 de Marzo, Combinado Dental, Combinado Optico, Finlay, Hemoderivados, Juan R. Franco, Julio Trigo, Lab. Oriente, MATHISA, MEDILIP, Medsol, Reinaldo Gutierrez, Roberto Escudero and Saul Delgado. The Pharmaceutical Commercialisation Company (ENCOMED - Empresa Comercializadora de Medicamentos). The Imports, Exports & Commercialisation Company (FARMACUBA - Empresa Importadora, Exportadora y Comercializadora FARMACUBA), which deals with imports and exports and commercialisation of pharmaceutical products. Pharmaceutical ***producers*** meet Good Manufacturing Practice (GMP) guidelines, approved under Regulation No. 16/2000. Drug quality is ISO-9000 certified. Before ***producing*** a medicine, its therapeutic value and economic feasibility is tested - ie, whether it is more expensive to ***produce*** or import it.Founded in 1963, the Chamber of Commerce of Cuba (CAMARACUBA - Camara de Comercio de la Republica de Cuba) is an association which represents companies involved in commerce, industry and services.

**Biotechnology, Pharmaceutical & Healthcare's Members of CAMARACUBA, 2015-2017**

| **Biotechnology** | **Centro Nacional de Sanidad Agropecuaria** |
| --- | --- |
|  | CIMAB Comercializadora de Productos Biofarmaceuticos |
|  | Empresa Especializada Importadora, Exportadora y Distribuidora para la Ciencia y la Tecnica |
|  | HEBER BIOTEC |
|  | Laboratorios Dalmer |
|  | Vacunas Finlay |
| Pharmaceuticals | Centro Nacional de Sanidad Agropecuaria |
|  | Empresa Importadora Exportadora FARMACUBA |
|  | Empresa Laboratorio Farmaceutico Oriente |
|  | Laboratorios Dalmer |
| Healthcare | Centro Internacional de Restauracion Neurologica |
|  | Centro Nacional de Sanidad Agropecuaria |
|  | Centro para el Desarrollo Informatico de la Salud Publica |
|  | Comercializadora de Servicios Medicos Cubanos |
|  | Complejo Cientifico Ortopedico Internacional Frank Pais |
|  | Importadora y Exportadora de Productos Medicos |
|  | Laboratorios Dalmer |

Source: CAMARACUBA

**Licensed Local Pharmaceutical *Producers*, April 2011**

| **Centre** | **Activity** |
| --- | --- |
|  |  |
| Centro de Isotopos (CENTIS) | Injectable medicaments, liquid and lyophilised |
| Centro de Isotopos (CENTIS) | 99mTc sodium pertechnetate, injectable solution |
| Centro de Isotopos (CENTIS) | Iodobenzylguanidine [131 I] and sodium phosphate P 32 |
| Centro de Isotopos (CENTIS) | Sodium iodide, oral solution |
| Centro de Investigacion y Desarrollo Medicamentos (CIDEM) | Cytostatics, liquid and lyophilised |
| Centro de Investigacion y Desarrollo Medicamentos (CIDEM) | Praziquantel, in tablet form |
| Centro Nacional Investigaciones Cientificas (CNIC) | Polycosanol |
| Centro Nacional Investigaciones Cientificas (CNIC) | Oleozon, all oral forms |
| Centro Nacional Investigaciones Cientificas (CNIC) | Oleozon, topic |
| EL AICA | Liquid injectables in 1, 2, 3, 5, 10 and 20 mL ampoules |
| EL MedSol | Tablets and coated tablets |
| EL MedSol | Tablets and coated tablets |
| ELF Oriente | Oral rehydration salts |
| ELF Oriente | Tablets |
| ELF Oriente | Large volume parenteral solutions, in plastic bags |
| ELF Reinaldo Gutierrez | Contraceptive tablets |
| ELF Reinaldo Gutierrez | Pressurised aerosols |
| ELF Roberto Escudero Diaz | Creams and ointments |
| ELF Roberto Escudero Diaz | Suppositories |
| ELF Roberto Escudero Diaz | Powder, oral suspension |
| ELF Liquidos Orales de Bayamo (MEDILIP) | Liquid products, oral administration |
| ELF Liquidos Orales de Bayamo (MEDILIP) | Liquid products, topic use |
| EPB Carlos J. Finlay | Injectables, liquid and lyophilised |
| Empresa de Productos Dentales (ACRILEST) | Semisolid medicaments for dental use |
| Empresa de Productos Dentales (ACRILEST) | Liquid medicaments for dental use |
| Empresa Farmaceutica 8 de Marzo | Cephalosporins and penicillins |
| Empresa Farmaceutica 8 de Marzo | Sterile cephalosporanic powder |
| Empresa Productora Insulina y Carpules Laboratorios (LIORAD) | Dental anaesthetic products |
| Empresa Productora Insulina y Carpules Laboratorios (LIORAD) | Liquid injectables |
| Empresa de Gases Industriales | Anaesthetic nitrous gas |

Source: CECMED Centro de Isotopos (CENTIS) claims to be the most complex radioactive facility in Cuba. The centre forms part of the Nuclear Agency, from the Ministry of Science, Technology & Environment. CENTIS was created in 1988 but its current facilities were inaugurated in 1995. CENTIS specialises in labelled compounds, radiopharmaceuticals, radioisotopic generators and conventional & radioisotopic diagnostic reagents, which are used for medical, genetic engineering, biotechnology, ***agricultural*** and industrial purposes. Its oncology portfolio includes 12 main products. Since 2011, CENTIS has four operational licences for the production of injectable medicaments, 99mTc sodium pertechnetate, injectable solution Iodobenzylguanidine [131 I] & sodium phosphate P 32, and sodium iodide, respectively. The company employs about 150 people. Centro de Investigacion y Desarrollo de Medicamentos (CIDEM) develops finished medicaments, advanced technologies, diagnostic agents and natural products. CIDEM ***produces*** its own products and also undertakes third-party manufacturing. Products include medicines, cosmetics and nutritional supplements. Since 2011, CIDEM has two operational licences for the production of cytostatics and Praziquantel, respectively. The plant for the production of cystostatics was inaugurated in 2002 and is located in Lisa, Havana City. Centro Nacional Investigaciones Cientificas (CNIC) has six research divisions: natural products, ozone, clinical trials, biotechnology, chemistry and microbiologic diagnostics. The centre operates three subcentres: Centre of Natural Products (CPN - Centro de Productos Naturales), Centre of Clinical Trials (CIC - Centro de Investigaciones Clinicas) and Centre of Ozone (OZONO - Centro de Ozono en Cuba). CPN has developed two medicaments and two nutritional complements. Since 2011, CNIC has three operational licences for the production of polycosanol, *Oleozon* in oral form and *Oleozon* in topical form, respectively. Empresa Laboratorios (EL) AICA is located in Western Havana's Scientific Cluster (Polo Cientifico del Oester de la Habana). Since 2011, EL AICA has an operational licence for the production of injectables. Empresa Laboratorio MedSol, founded in 1993, specialises in the production of solid forms. In 2011, the company had two operational licences for the production of finished products. Production meets ISO-9000 and follows the GB or US Pharmacopoeia. Around 90.0% of total production serves the domestic market, while the remainder is exported mainly to Latin America. Empresa Laboratorio Farmaceutico (ELF) Reinaldo Gutierrez researches, ***produces*** and distributes pharmaceuticals. In 2011, the company has two operational licences for the production of oral contraceptives and pressurised aerosols, which are ***produced*** by Laboratorio HANCO and Laboratorio Julio Trigo 102, respectively; ELF Reinaldo Gutierrez operates these two ***producers***. ELF Roberto Escudero Diaz manufactures pharmaceutical semisolid products. Its product lines include antibiotics, antifungals, antivirals, local anaesthetic products and non-irritable lubricants. It also ***produces*** natural products, such as *VimangCrema*, an antioxidant in cream form. Since 2011, ELF Roberto Escudero Diaz has three operational licences for the production of creams & ointments, suppositories and powders. ELF Liquidos Orales de Bayamo (MEDILIP), founded in Bayamo City in 2000, ***produces*** 53 medicines, including syrups, suspensions, solutions and drops. Annual production is valued at 30.0 million units. Since 2011, the company has two operational licences for the production of liquid products for oral administration and topical use. Empresa de Productos Biologicos (EPB) Carlos J. Finlay is located in Havana centre. Since 2011, the company had an operational licence for the production of liquid and lyophilised injectables. In 2009, EPB Carlos J. Finlay extended its production capabilities; the value of these investments was not disclosed. The company ***produced*** 14 injectables and 70 clinical reactives in 2009. Empresa de Productos Dentales (ACRILEST), founded in 1989, is the only local ***producer*** of dental medicines. As of 2011, the company had two operational licences for the production of semisolid and liquid medicaments for dental use, respectively. In 2009, the company ***produced*** 52 dental products, and packaged an additional 18 prescription medicines. Leading dental products included *Analden*, *Halitol*, *Dentifix*, *Boraden* and *Perborasep* in 2009. The company employed 186 people in 2009. Empresa Farmaceutica 8 de Marzo has been in the market for over two decades. It specialises in the production of betalactamic antibiotics, including cephalosporins and penicillins, in different presentations. Since of 2011, Empresa Farmaceutica 8 de Marzo has two operational licences for the production of cephalosporins & penicillins and sterile cephalosporanic powder, respectively. Empresa Productora de Insulina y Carpules (LIORAD) has two operational licences for the production of dental anaesthetic products and liquid injectables, respectively. Laboratorios NOVATEC ***produces*** oral solid products in tablet and capsule presentations. The company supplied about 38 products to the CBN in 2011, including enalapril, omeprazole, meprobamate and azithromycin. Since 2011, NOVATEC processed its operational licence for the production of tablets, coated tablets and capsules. **Foreign Industry** Former US President Barack Obama's decision to engage in talks with Raul Castro established a path towards normalising relations between the Cuban and the US economy. Current regulatory standards for US business in Cuba are severely complex and limiting. However, easing of such regulatory restrictions will significantly increase the ability for US pharmaceutical companies to engage in further business with Cuba's pharmaceutical market. That said, the Castro regime is set to remain in power until 2018, when Raul Castro ***plans*** to retire. While this is positive news, we believe that the significant changes necessary for genuine multinational interest will occur slowly, meaning that Cuba's attractiveness to US multinationals will remain limited in the short to medium term. Moreover, President Donald Trump's administration poses downside risks to the normalization process between both countries, although our core view remains that US commercial interests will prevail in the administration stance towards normalizing relations with Cuba.US manufacturers are currently allowed to supply finished drugs to Cuba, but not raw materials or pharmaceutical manufacturing equipment. The US government requires a level of paperwork which makes even this very difficult in practice. Companies with the best prospects are in Canada, Europe, Japan and larger companies in developing countries in Latin America, Asia and Africa. In April 2011, CECMED granted GMP certificates to 13 foreign ***producers***. Three of them were biologic companies: Biotech Pharmaceutical Company; Changchun Heber Biological Technology, which had two certificates; and the Serum Institute of India.In October 2013, the Chemo Group, an Austria-based pharmaceutical company with deep connections in Spain and the US, hired a few powerful players to pave its way to sell a Cuba-developed diabetic foot ulcer (DFU) treatment in the US. *Heberprot-P* was developed by the Centre for Biological and Genetic Engineering (CIGB) in Cuba and is marketed by Havana-based Heber Biotec. The drug is currently undergoing clinical trials in China, Russia, Canada and the EU. It has been approved by Cuba, Ecuador, Dominican Republic, Vietnam, Philippines and Algeria. In 2011, Cuba signed an agreement with Brazil to sell *Heberprot-P* in Brazil as well as a number of other markets.In 2016, the US administration Treasury Department gave special permission to Roswell Park Cancer Institute in Buffalo, to import a lung cancer drug, *CimaVax*, and to Mercurio Biotec, a Texas-based startup, to import supplies of *Heberprot-P*. Both drugs are to be used in clinical trials.However, this is not the first time a Cuban drug has been tested in the US: in 2004, CancerVax Corp, a California-based drug research company, obtained an OFAC license to test and sell three Cuban-made lung cancer vaccines, after obtaining an agreement with Cuba's CIMAB through two years of complex negotiations. At the time OFAC emphasised that the approval of the licenses was 'strictly for humanitarian reasons'. CancerVax had to arrange a complex three-way deal to pay the USD6mn licensing fee to Cuba in terms of soybeans, medicines and other medical goods through third party companies. If the drug were granted with the market approval, the company would have to make additional payments of up to USD35mn. Eventually, CancerVax transferred the license to CIMAB and YM BioSciences, a Canadian company; in 1999, OFAC approved the co-development of a vaccine against meningitis B for the European market between SmithKline Beecham and Cuba's Finlay Institute at SmithKline's US laboratory.We note that the Cuban government continues to seek greater foreign investment to help it achieve strong economic growth, and is working hard to win the confidence of investors. Cuba's desire for greater inclusion in the global economy has been welcomed by most nations: In February 2014, Truffle Capital, an independent European private equity firm, created Paris-based ABIVAX by merging three French biotech companies (Wittycell, Splicos and Zophis) in collaboration with the Cuban Center for Genetic Engineering and Biotechnology (Centro de Ingenieria Genetica y Biotecnologia [IGBC]). Philippe Pouletty MD, founder and Chairman of ABIVAX, noted that this international project is intended to place France and Cuba at the forefront of progress in the field of therapeutic vaccines. In January 2014, Brazilian Health Minister Alexandre Padilha and Cuban Health Minister Roberto Morales Ojeda signed an agreement establishing a bilateral partnership between Brazil and Cuba for the development of medicines to treat cancer and autoimmune diseases. In December 2013, China Meheco entered a ***strategic*** alliance with BioCubaFarma. The alliance aims to strengthen bilateral trade between the two countries and establish a pharmaceutical production base in Cuba. Cuba's medical service exports have become an important source to support local healthcare expansion in Venezuela, Brazil and Ecuador as well as Angola, Algeria, South Africa, Qatar and Saudi Arabia.

**Foreign *Producers* with GMP Certificates, April 2011**

| **Centre** | **Activity** |
| --- | --- |
|  |  |
| Biotech Pharmaceutical Co. | Manufacture of API and finished dosage form nimotuzumab |
| Changchun Heber Biological Technology | Manufacture of recombinant Human Interferon Alpha 2b (rHulFN-alpha-2b) API |
| Changchun Heber Biological Technology | Formulation, filling and packaging of recombinant Human Interferon Alpha 2b (rHulFN-alpha-2b) |
| Farma Mediterrania | Formulation and packaging of Heberprot-P 75 and Heberprot-P 25 |
| Laboratorio Farmaco Uruguayo | Small volume parenteral products, for oncology use |
| Laboratorios Lopez | Formulation, filling and packaging |
| Medipharco - Tenamyd Central Pharmaceutical Joint Stock Company | Formulatin, filling and packaging of Hebermin cream |
| NAFAR Laboratorios | Formulation, filling and packaging |
| Planta Tecnofar TQ | Manufacture and packaging of Hebermin cream |
| Saokim Pharmaceutical Joint Stock Company (Saokim Pharma) | Manufacture of suppositories |
| Serum Institute of India | Manufacture of APIs of mumps, measles and rubella vaccines (Building SEZ 1B First Floor); formulation, filling and packaging of mumps, measles and rubella vaccines (Building SEZ 1B Ground Floor and Building SEZ 3 Ground Floor); bulk manufacturing, filling and liophylisation of BCG Vaccine (Building 4, Second Floor); packaging of BCG vaccine (Buildings 1 & 5, Ground Floor); bulk manufacture of rabies vaccine (Building 5, Ground Floor); processing of final products of rabies vaccine (Building 6, Ground Floor); packaging of rabies vaccine (Buildings 5 & 6, Ground Floor); formulation and processing of final products of immunosera tetanus antitoxin and anti-rabies serum (Building Main Block, Ground floor); packaging of immunosera (Building 1, Ground Floor) |
| Vaccine Company of Dalat Pasteur (DAVAC) | Labelling and packaging of Heberbiovac HB and Quimi-Hib vaccines, and anti-haemophilus Influenza type B conjugated vaccine |
| Vitrofarma | Filling and packaging of sterile penicillin powder (plant 1); filling and packaging of cephalosporin powder and other betalactamics (plant 6); manufacturing, filling and packaging of injectables (plant 8); and filling, packaging and storage of injectables (plant 4) |

Source: CECMED **Biotechnology** Cuba claims to have one of the most advanced biotechnology industries in the world. In the 2010 Biotecnologia Habana (Biotechnology Havana) congress, CIGB, reported that Cuba sells 34 biologic products in 40 countries. In fact, the biopharmaceutical industry has the second highest level of exports in the country, behind exports of nickel. In September 2016 Cuba and China signed a number of Memoranda of Understanding for the establishment of joint ventures (JV) in the biotechnology and biopharmaceuticals sector. This included, but was not limited to, a diagnostics JV in the Mariel Special Development Zone and a joint unit between the Cuban Center of Molecular Immunology and the Chinese company Beijing Dongsan Biotech to conduct research, development and production of monoclonal antibodies and recombinant proteins in order to export to Latin America. In April 2011, CECMED reported six local biologic ***producers*** with 22 operational licences. Additionally, there were three local ***producers*** processing five licences: Centro de Ingenieria Genetica y Biotecnologia (Plants 5 and 6), Centro Nacional de Biopreparados (Parenteral product plant 2), Centro de Inmunologia Molecular (Plant 1), Centro de Inmunologia Molecular (Plant 3) and Centro de Inmunologia Molecular (Plant 2).Centro de Ingenieria Genetica y Biotecnologia (CIGB), founded in 1986, claims to be one of the most modern complexes for biomedical and ***agricultural*** technology research in the developing world, occupying a 60,000 sq mt area. The company has three main headquarters located in Havana, Sancti Spiritus and Camaguey. CIGB employs over 1,600 people.In July 2011, the Provincial Court of Havana convicted ten former executives of the Cuban Institute of Civil Aeronautics and Heber Biotec on bribery. They were found guilty of favouring foreign companies in negotiations. CIGB's Biomedical Research Unit (IBM - Direccion de Investigaciones Biomedicas) works in more than 20 research projects and employs about 200 people. The unit is organised in five departments: vaccines; pharmaceuticals; immunodiagnostics and genomics; chemistry and physics; and the department of scientific, technical and administrative activities.Centro de Inmunologia Molecular (CIM), founded in December 1994, researches and ***produces*** biopharmaceuticals for the treatment of cancer and other chronic diseases. Administratively, the centre is divided into three main areas: R&D, production and quality assurance. Founded in 1992, CIMAB sells CIM's products; CIMAB has commercial associations with more than 25 pharmaceutical companies. CIM employs nearly 830 people, most of whom are scientists and engineers.CIM's product portfolio includes an anti-CD3 monoclonal antibody for the treatment of patients with organ transplant rejection; human recombinant erythropoietin for the treatment of anaemia; granulocyte Colony Stimulating Factor for the treatment of neutropenia; a humanised monoclonal antibody that recognises the epidermal growth factor receptor for cancer treatment as well as other monoclonal antibodies for tumour imaging.Centro Nacional de Biopreparados (BIOCEN) develops and ***produces*** low-volume parenteral products, active pharmaceutical ingredients (APIs) for vaccines and other biologic products. In 2011, BIOCEN has eight operational licences, of which three are for the production of APIs and three for the production of parenteral products. The company employs about 800 people.Empresa de Sueros y Productos Hemoderivados Adalberto Pesant has a plant for the production of seven biologics. The company employs about 171 people.Instituto Finlay, founded in 1991, develops and ***produces*** vaccines, in many cases in cooperation with CIGB and CIM. Since 1999, Vacunas Finlay has exclusively promoted, marketed, sold and distributed products and services for Instituto Finlay. The company employs about 1,000 people.Instituto Finlay ***produces*** vaccines included in the national immunisation ***programme***. One of the first, and most successful, of the company's vaccines is the meningococcal BC vaccine, Va-Mengoc-BC; the former SmithKline Beecham entered an agreement to license this vaccine outside Cuba in 1999.The company occupies an area of 23,000 square metres, with three main areas: fermentation, purification and clean rooms. In terms of manufacturing capabilities, Instituto Finlay had three operational licences for plant I, II and III in 2011. In terms of R&D, the company specialises in vaccines, diagnosis, immunoprophylaxis, design of new adjuvants, and preventive and therapeutic antivirals. Generic Drugmakers

Empresa Laboratorio Farmaceutico (ELF) Oriente is the 14th licensed local pharmaceutical ***producer***, developing and ***producing*** generic, natural and homeopathic products. In 2011, the company had three operational licences for the production of oral rehydration salts, tablets and large volume parenteral (LVP) solutions, respectively. The plant for the production of LVP solutions was built in 2003, in cooperation with China.In March 2012, Cuba's Health Minister, Roberto Morales, and the World Health Organisation's Director General, Margaret Chan, signed an agreement for technology transfer and production of generic drugs, increasing the country's global reach. Pharmaceutical Distribution

Intermediaries and agents are allowed to handle goods on consignment for licensed importers in Cuba. However, only licensed importers are permitted to conduct distribution within the country, requiring the government to import finished medicines and distribute drugs directly to pharmacies throughout the island, with no secondary involvement. Therefore, distribution channels may only be conducted via a physical presence in Cuba as well as an importers license. Pharmaceutical Retail Sector

The Caribbean Export Development Agency notes that retail operations in Cuba are run by either government agencies, individuals with strict licensing agreements, or foreign corporations in partnership with the government. Any state-owned retail businesses are banned from product advertisements. All pharmacies in Cuba are state-owned. In theory all approved medicines are available in these pharmacies. However in reality, many medicines remain in limited supply or simply cannot be found, leaving many Cubans to source their medications from the black market, according to Al Jazeera.

**Load-Date:** January 16, 2018

**End of Document**



[***M and A Navigator: Deal pipeline -20 July***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P2M-VG91-JD3Y-Y170-00000-00&context=1516831)

M&A Navigator

July 20, 2017 Thursday

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**Length:** 4233 words

**Body**

MANAVIGATOR-July 20, 2017-M and A Navigator: Deal pipeline -20 July

The following is a list of deals covered in detail by M and A Navigator this week:

-PANASONIC CLOSES ACQUISITION OF BELGIAN MOBILITY SOLUTIONS FIRM ZETES INDUSTRIES

Japanese consumer electronics company Panasonic Corp. has completed the acquisition of 100% of outstanding shares of Belgian technology company Zetes Industries SA and the de-listing of Zetes shares from Euronext Brussels, the company said.

Zetes is headquartered in Brussels, Belgium and has a leading position in goods and people identification and mobility solutions in Europe. Panasonic acquired 50.95% of the firm last December, for EUR 149.6m (USD 172.33m). It then launched a EUR 54.50 per share tender offer for the remaining shares.

Status: Closed

-ADM CLOSES ACQUISITION OF CONTROLLING STAKE IN ISRAELI ***AGRICULTURAL*** FEED DISTRIBUTOR

Chicago, US-based ***agricultural*** processors Archer Daniels Midland Company (NYSE: ADM) has closed the acquisition of a controlling stake in Israel-based ***agricultural*** feed product importers and distributors Industries Centers to enter new markets and provide opportunities for expansion, the company said.

This deal was announced in May. Archer Daniels Midland said with this investment, it continues to expand and enhance its core value chain, including the ability to deliver direct to the customer. Industries Centers offers an entry point into an established Israeli market.

Status: Closed

-DARE BIOSCIENCE CLOSES ACQUISITION OF MAJORITY STAKE IN US DRUGMAKER CERULEAN PHARMA

US-based pharmaceutical company Daré Bioscience, Inc. has closed the acquisition of a majority stake in US-based pharmaceutical company Cerulean Pharma Inc. (NASDAQ: CERU), the company said. The transaction and sales of Cerulean assets would result in a NASDAQ-listed company with a focus on the development and commercialisation of products for women's reproductive health.

With the move, the combined company has a new stock symbol, "DARE". Cerulean said that in connection with these transactions, it is paying off its debt facility with Hercules Capital, Inc.

Status: Closed

-KEENER INVESTMENTS ACQUIRES 321-UNIT PROPERTY TO STRENGTHEN PRESENCE IN HOUSTON, TEXAS US

Texas US-based real estate investment company Keener Investments has acquired a 321-unit Pasadena, Texas-based property to be renovated by Keener Construction and managed by Keener Management, the company said.

The property was through a negotiated off-market transaction. Terms of the transaction were not disclosed. Keener Investments said the property represents an opportunity to grow its existing presence in the greater Houston Bay Area, which benefits from the recent expansion of the Panama Canal. The company said when combined with growth in the petrochemical sector, it sees a strong employment base in Pasadena.

Status: Closed

-AXALTA COATING SYSTEMS MAKES BID FOR IVA'S EUROPEAN AND CHINESE OPERATIONS

Pennsylvania, US-based liquid and powder coating supplier Axalta Coating Systems (NYSE: AXTA) has made an offer to acquire European and Chinese operations of Georgia, US-based Superior Essex's company IVA, a France-based wire enamel ***producer***, the company said.

The transaction is expected to be completed in late 2017 or early 2018, subject to clearance by applicable regulatory authorities, consultation with IVA's French employee works council and other customary closing conditions.

Status: Bidding

-AVX TO ACQUIRE TRANSPORTATION, SENSING AND CONTROL DIVISION OF UK-BASED TT ELECTRONICS

South Carolina, US-based electronic component supplier AVX Corp. (NYSE: AVX) has agreed to acquire the transportation, sensing and control division (TS and C) of UK-based TT Electronics PLC (LSE: TTG.L) to expand product offering to include sensors, LED lighting and control modules, the company said.

In accordance with the agreement, AVX will acquire TS and C for a consideration of GBP 118.8m (USD 155.5m) in cash, subject to normal working capital adjustments at closing. The transaction is subject to approval of the TT Electronics PLC shareholders, and other conditions, including regulatory approvals, that are customary for transactions of this type.

Status: Agreed

-AVAST ACQUIRES UK PERFORMANCE OPTIMISATION SOFTWARE SPECIALIST PIRIFORM

US-based digital security products supplier Avast, backed by global private equity firms CVC Capital Partners and Summit Partners, has acquired UK-based performance optimisation software provider Piriform, the company said.

This deal includes Piriform's CCleaner, which is designed to improve performance of computers and Smartphones. Avast said Piriform's technology will allow the company to advance solutions for the needs for speed and high-performance security products. The Piriform team will be a part of the Avast consumer business unit.

Status: Closed

-BOYNE CAPITAL PARTNERS ACQUIRES HOME HEALTH AGENCY AMERIBEST HOME CARE

Miami, US-based private equity firm Boyne Capital Partners (BCM), in partnership with management, has acquired Pennsylvania, US-based Medicare-certified home health agency AmeriBest Home Care, Inc. from BCM Fund I, the company said.

BCM said its investment in AmeriBest follows its thesis that healthcare delivery will continue to migrate to a home setting.With continued financial pressures at the federal, state, and local levels, the company said it sees long-term value in organisations, like AmeriBest, that partner with managed-care systems and local agencies to ensure low-cost, quality care to the communities they serve.

Status: Closed

-GAMUT CAPITAL TO ACQUIRE TOOL MAKER JPW INDUSTRIES FROM TENEX CAPITAL

Funds managed by New York, US-based private equity firm Gamut Capital Management, LP has agreed to acquire Tennessee, US-based machinery and equipment manufacturer and distributor JPW Industries, Inc. and its global affiliates from Tenex Capital Management, the firm said.

Gamut said it expects the partnership with JPW will accelerate its development. Gamut Capital Management manages USD 1.0bn in assets focused on the middle market. Gamut has executed investments in over 30 companies in North America and Europe. JPW's branded specialty shop tools include JET, Powermatic, Wilton, Edwards and Promac brands that serve a broad range of applications and end markets.

Status: Agreed

-NETSMART ACQUIRES HEALTHCARE TECHNOLOGY FIRM DEVERO

Kansas, US-based healthcare technology provider Netsmart has acquiredUS-based healthcare technology company DeVero, to advance home healthcare offerings, the company said. The acquisition reinforces Netsmart as a technology platform for post-acute care. Digitising and integrating behavioral health with its physical health counterparts, Netsmart extends its expertise and best practices into home care and long-term care.

Netsmart merged with the Allscripts Homecare business unit in 2016, and has expanded its national health information exchange, which now connects more than 68,000 human services and post-acute provider organisations and more than 1m individual providers.

Status: Closed

-IDERA ACQUIRES CROSS-PLATFORM DATABASE TOOL PROVIDER AQUAFOLD

Texas, US-based database, development and test management tools provider Idera has agreed to acquire California, US-based cross-platform database tool provider AquaFold, to expand multi-platform support, including Cloud and NoSQL, to database professionals, the company said.

AquaFold will join Idera's database development and management portfolio, enabling the company to significantly expand its multi-platform support, and meet the needs of nearly all database professionals. With the acquisition of AquaFold, Idera expands its footprint to address the bulk of the database tools market with products for multiple platforms and use cases, including data analytics.

Status: Closed

-IMPERIAL DADE CLOSES ACQUISITION OF US PAPER, PACKAGING SUPPLIER JPC

New Jersey, US-based distributor of disposable food service and janitorial supplies Imperial Dade has completed its 11th acquisition with the acquired ownership of New Jersey, US-based paper, packaging supplier JPC Enterprises, Inc. (trading as Jersey Paper Plus), the company said.

For Imperial Dade, the acquisition of Jersey Paper will provide both Imperial Dade and Jersey Paper's customers with an expanded product offering and enhanced customer service.

Status: Closed

-HILTON GRAND VACATIONS PARTNERS WITH BLACKSTONE TO ACQUIRE LAS VEGAS TIMESHARE RESORT ELARA

Florida, US-based timeshare company Hilton Grand VacationsInc. (NYSE: HGV) has partnered with affiliates of New York, US-based investment firm Blackstone Real Estate Partners VIII L.P., in a joint venture to acquire the 1,201-unit Las Vegas, US-based Elara resort, a Hilton Grand Vacations Club, the company said.

HGVwillassume a 25% stake in the joint venture for approximately USD 40m, which is expected to be accretive to HGV's total adjusted EBITDA and EPS. The transaction is expected to be funded by existing cash on HGV's balance sheet. HGV said by taking an ownership stake in Elara, which has more than 500 units of sellable inventory remaining, the company is receiving a strong consumer loan portfolio and unfinished penthouse floors.

Status: Agreed

-NIVALIS THERAPEUTICS WINS SHAREHOLDER NOD FOR MERGER WITH ALPINE

Shareholders of Colorado-based pharmaceutical company Nivalis Therapeutics, Inc. (NASDAQ: NVLS) have approved the company's ***plan*** to merge with Seattle, US-based biotechnology company Alpine Immune Sciences, Inc., the company said.

In April, the companies announced a deal to combine as Alpine Immune Sciences, a company that will trade on the NASDAQ Global Market under the ticker "ALPN", the companies said. The merger is an all-stock transaction. Seattle Times reported Frazier Healthcare Partners, Alpine BioVentures, and OrbiMed Advisors will invest a combined additional USD 17m into Alpine Immune Sciences prior to the close of the transaction.

Status: Agreed

-ACCENTURE CLOSES ACQUISITION OF INFORMATICS CONSULTANCY LABANSWER

Irish professional services company Accenture (NYSE: ACN) has closed the acquisition of Texas, US-based informatics consultancy LabAnswer to establish Accenture Scientific Informatics Services, the company said. The company said combining LabAnswer's industry knowledge and experience in scientific and laboratory informatics with Accenture's consulting expertise, industry platforms, innovation capabilities and global scale, the acquisition will enhance Accenture's ability to apply digital technologies to revolutionise scientific and laboratory processes across a variety of industries.

Accenture Scientific Informatics Services will combine the capabilities and resources acquired through LabAnswer with Accenture's existing R/D informatics capabilities.

Status: Closed

-TELEDYNE INSTRUMENTS CLOSES ACQUISITION OF INSTRUMENT MAKER SCIENTIFIC SYSTEMS

Teledyne Instruments, Inc., a subsidiary of California, US-based Teledyne Technologies Inc. (NYSE: TDY), has closed the acquisition of the assets of Pennsylvania, US-based analytical and diagnostic instrumentation manufacturer Scientific Systems, Inc. to gain access to life science markets, the company said.

Headquartered in State College, Pennsylvania SSI manufactures precision components and specialised subassemblies used primarily in analytical and diagnostic instrumentation, such as High Performance Liquid Chromatography systems and specific medical devices.

Status: Closed

-EXELON'S MERGER WITH PEPCO HOLDINGS IS AFFIRMED BY DC COURT OF APPEALS

The District of Columbia Court of Appeals has affirmed the Public Service Commission of the District of Columbia's approval of US-based utility operator Exelon Corp. (NYSE: EXC) closed merger with Pepco Holdings, which combined Exelon's three electric and gas utilities BGE, ComEd and PECO with PHI's three electric and gas utilities, Atlantic City Electric, Delmarva Power and Pepco,

Thecourt's action upholding the Public Service Commission's order, resolving all legal challenges in the District of Columbia. The USD 6.8bn merger was agreed in April 2014. It closed on 23 March 2016. In between came pushback - primarily from The Public Service Commission for the District of Columbia Representatives.

Status: Closed

-NORSAT CLOSES BUYOUT BY CHINA'S HYTERA COMMUNICATIONS

Canadiancommunication solutions provider Norsat International Inc.'s (TSX: NII) (NYSE MKT: NSAT) acquisition by Hytera Project Corp. a subsidiary of Chinse radio systems maker Hytera Communications Co., Ltd, has finally closed, the company said.

There was a bidding war for Norsat, with suitor Hytera in June making a sweetened, USD 11.50per share bid for Norsat just after being informed of a sweetened, likely superior rival bid from US-based Privet Fund Management.

Status: Closed

-MICHELIN CLOSES ACQUISITION OF COMMERCIAL FLEET TELEMATICS PROVIDER NEXTRAQ

France-based tire manufacturer Michelin Grouphas closed the acquisition of Georgia, US-based commercial fleet telematics provider NexTraq, a subsidiary of fuel cards supplier Fleetcor Technologies, Inc. (NYSE: FLT), to expand fleet management capabilities for commercial trucks, the company said.

Michelin acquired NexTraq in an all-cash transaction. The purchase agreement was announced onJune 14. NexTraq will maintain its principal offices inAtlanta. The unit has approximately 7,000 fleet customers and 116,000 subscribers nationwide. NexTraq would operate independently withinSouth Carolina, US-based Michelin North America.

Status: Closed

-CUSTODIAN REIT BUYS STOCKPORT, UK CAR DEALERSHIP PROPERTY

UK property investment company Custodian REIT (LSE: CREI) has acquired a 42,289 sq ft car dealership, located at the 'Pyramid Roundabout', Stockport one mile from the town centre on Junction 1 of the M60. Nearby occupiers include Audi, Volkswagen, Lexus, Hyundai and Mazda, the company said.

The property is let to Benham (Specialist Cars) Ltd. (t/a Williams Stockport BMW and Williams Stockport Mini) on a lease expiring on 23 August 2057 with break options every 10 years and RPI rental uplifts every five years. The agreed purchase price of GBP 8.84m(USD 11.46m) was funded from the company's existing cash resources, resulting in net gearingincreasing to 20.0% loan to value.

Status: Closed

-JUDGES SCIENTIFIC ACQUIRES OXFORD CRYOSYSTEMS, CRYSTALLON

UK-based scientific instrument group Judges Scientific plc(LSE: JDG) has acquired 100% of the issued share capital of UK-based Crystallon Ltd, the holding company of Oxford Cryosystems Ltd, the company said. Oxford Cryosystems is based in Long Hanborough, Oxfordshire and manufactures cryogenic cooling systems used for X-Ray crystallography and other applications.

The purchase price of Crystallon amounted to GBP 4.495m (USD 5.83m) in cash. An additional payment will be made to reflect any excess cash and working capital over and above the ongoing requirements of the business and the board expects such payment to be covered by the cash inherited at the completion date.

Status: Closed

-HORIZON DISCOVERY TO BUY RNAI, GENE EXPRESSION TECHNOLOGY SPECIALIST DHARMACON FROM GE HEALTHCARE

UK-based gene editing technologies company Horizon Discovery Group plc (LSE: HZD) has agreed to acquire US-based RNAi and gene expression technology specialist Dharmacon, Inc from GE Healthcare (NYSE: GE) for USD 85m, the company said.

The acquisition consideration of USD 85m includes USD 50m cash consideration and USD 35m equity consideration). A subsidiary of General Electric is expected to own 8.8% of Horizon following the acquisition and the placing.

Status: Agreed

-REDEFINE TO UP STAKE IN INTERNATIONAL HOTEL PROPERTIES

UK REIT Redefine International (LSE: RDI) has submitted a proposal to BVI-based hotel operator International Hotel Properties Ltd. to increase its shareholding in IHL from 17.24% to 50%, the company said.

Redefine International said it ***plans*** to increase its current shareholding in IHL to 50% by acquiring 18,343,166 IHL shares from the minority shareholders by way of a scheme of arrangementunder the BVI Business Companies Act, 2004. Consideration for the IHL shares will be made through the issue of 2.5 Redefine International shares for every 1 IHL share held, for which an additional 45,857,915 new Redefine International shares will be allotted.

Status: Bidding

-ASHTEAD GROUP ACQUIRES CANADIAN EQUIPMENT RENTER CRS CONTRACTORS RENTAL SUPPLY

UK-based industrial equipment rental company Ashtead Group plc's (LSE: AHT) North American business, Sunbelt Rentals, has signed an agreement to acquire Canadian equipment renter CRS Contractors Rental Supply, the company said.

The deal calls for initial cash consideration of CDN 275m (USD 218.43m) with an additional earn out of up to CDN 20m dependant on future performance. CRS is a provider of rental equipment in Ontario, Canada employing over 400 people across 28 locations. The acquisition, which is subject to certain regulatory approvals, is expected to complete in the next few weeks.

Status: Closed

-RUSSIA'S SEVERSTAL ACQUIRES THE DEBT OBLIGATIONS OF YAKOVLEVSKY MINE FROM GAZPROMBANK

Russian steel and steel-related mining company PAO Severstal has acquired from Gazprom bank rights for loans and accrued interest of Metal-Group LLC worth over RUB 12bn (USD 200m) as well as collateral for the loans, the company said.

Metal-group LLC is the owner of the mining license for the central part of Yakovlevsky iron-ore deposit. Severstal paid 6 bn roubles as part of the transaction. Yakovlevsky mine is located in Yakovlevo, 40 km north from Belgorod in the Kursk Magnetic Anomaly basin. PAO Severstal said the total resource base of the Yakovlevsky deposit exceeds 9.6bn tons.

Status: Closed

-ORIGO PARTNERS TO SELL PORTFOLIO BY NOVEMBER 2018

Isle of Man-based closed-end investment company Origo Partners plc (LSE: OPP) is seeking, through an orderly realisation ***programme***, to divest its entire portfolio by November 2018, the company said.

Origo holds a portfolio of investments in unquoted, and illiquid, publicly traded companies based or principally active in China and Mongolia. The company announces that it has entered into binding agreements with ChinaEquity International Holding Co., Ltd for the disposal of Origo's 2% equity stake inRising Technology Corp. Ltd and Origo's 1.6% beneficial interest in Beijing Rising Information Technology Ltd to ChinaEquity for a cash consideration of USD 1m.

Status: Agreed

-NAVY FEDERAL MERGES WITH FORT MEADE COMMUNITY CREDIT UNION

Virginia, US-based financial institution Navy Federal Credit Unionhas joined with Maryland, US-based Fort Meade Community Credit Union (FMCCU), in a voluntary merger that took effect July 17, the company said.

Navy Federal said the combination of Fort Meade Community Credit Union and Navy Federal brings together the work of serving the military and their families, and provides former FMCCU members with expanded products, services and convenience, including over 300 branches worldwide and Navy Federal's mobile and online services.

Status: Closed

-OIL AND GAS INDUSTRY WATER SERVICES FIRM SELECT ENERGY, ROCKWATER ENERGY TO MERGE

Texas, US-based oil and gas industry water solutions provider Select Energy Services, Inc. (NYSE: WTTR) has agreed to acquire Texas, US-based water management solutions company Rockwater Energy Solutions, Inc. to strengthen pre-frac and other water-related service lines, the company said.

Select will acquire Rockwater in a stock-for-stock transaction. Select will issue 37.95m shares of common stock in exchange for all outstanding shares of Rockwater common stock. Upon consummation of the transactions, current Select shareholders will own approximately 64.4% of the combined company and Rockwater shareholders will own approximately 35.6%, with a total of 106.73m Select common shares outstanding.

Status: Agreed

-MCCORMICK TO ACQUIRE FOOD DIVISION OF UK-BASED RECKITT BANCKISER FOR USD 4.2M

Maryland, US-basedseasoning and condiment manufacturer McCormick and Co Inc. (NYSE: MKC) has agreed to acquire the food division of UK-based home products supplier Reckitt Benckiser Group plc (RB) forUSD 4.2bn, to advance its position in the US condiments category, the company said.

The transaction is expected to be completed in McCormick's fiscal 3Q17 or 4Q17. McCormick has obtained committed bridge financing and expects to finance the transaction permanently through a combination of debt and equity. McCormick said it will integrate RB Foods into its consumer and industrial segments and will retain the brand names of French's, Frank's RedHot and Cattlemen's.

Status: Agreed

-LCM PARTNERS ACQUIRES UK NPL PORTFOLIO SERVICED BY LINK FINANCIAL FOR GBP 1.75BN

UK-based European alternatives investment manager LCM Partners, investment manager of LCM Credit Opportunities III, has acquired a GPB 1.75bn (USD 2.27m) portfolio of non-performing loans originated by prime lenders, the company said.

The company said this is a portfolio that generates strong and consistent cash flows. LCM said Link Financial Oursourcing, its sister company, has been servicing the loans since their origination and knows the payment profiles. LCM said its relationship with Link as in-house servicer is a key advantage for LCM Partners in terms of investment origination, access to static pool data for underwriting and the enhanced due diligence it can conduct on the portfolios.

Status: Closed

-SOLIX ACQUIRES CONSULTING AND SYSTEMS SERVICES PROVIDER SIVIC SOLUTIONS

New Jersey, US-based ***program*** and process management provider Solix, Inc. has acquired New York, US-based consulting and systems services provider Sivic Solutions Group, LLC (SSG) to expand market footprint, the company said.

The company said the combined expertise and business solutions from the two providers offers customers a partner with a suite of solutions that are supported by personalised customer attention. As a wholly owned subsidiary of Solix, Inc., SSG will continue to be headquartered inNew York. SSG said joining Solix will expand future offerings and enhance and develop services.

Status: Closed

-ALGOMIZER TO ACQUIRE ONLINE ADVERTISING GROUP LINKURY FOR USD 11M

Israel-based newspaper publishers Algomizer, (TASE: ALMO) has finalised the acquisition of Israel-based online advertising company Linkury Ltd. and its subsidiaries to accelerate growth and drive increased sales, the company said.

Algomizer acquired the company for USD 11m to hold Linkury's entire capital stock. To finance the transaction, the company signed investment agreements of approximatelyUSD 11mwith leading investors, including the Yedioth Internet Group, institutional bodies, a Canadian fund and private Israeli and American investors. Algomizer said it sees in Linkury an immediate and future growth engine that will allow it to expand its offering to customers, through both organic growth and further such mergers.

Status: Agreed

-LIGHTSTONE ACQUIRES ALABAMA, US RENTAL PROPERTY PORTFOLIO FOR USD 70.5M

New York, US-based real estate investor and developerLightstonehas established its footprint in the southern region of the US through the acquisition of a portfolio of Mobile Alabama, US-based multi-family rental properties for USD 70.5m, the company said.,

The three properties add 1,327 units to Lightstone's national holdings. Lightstone said some of the best growth opportunities are in secondary markets likeMobile, Alabama. The company said these acquisitions further grow its position in the region. Lightstone operates in all sectors of the real estate market.

Status: Closed

-***STRATEGIC*** STORAGE ACQUIRES SOUTH CAROLINA'S FACILITY FOR USD 5.7M

California, US-based real estate investment trust ***Strategic*** Storage Growth Trust, Inc. (SSGT) has acquired a South Carolina, US-based self storage facility for USD 5.7m, the company said. The company said with the acquisition of the 500-unit newly constructed facility, its portfolio expands to more than 20 operating facilities with 12,900 self storage units in nine US states.

SST, sponsored by real estate company SmartStop Asset Management, LLC, said the property presents an opportunity to add significant value to the SST portfolio as it leases up the facility, which is currently 16% leased. ***Strategic*** Storage Growth Trust, Inc. focuses on the acquisition, development, redevelopment and lease-up of self storage properties.

Status: Closed

-SEEMAN HOLTZ ACQUIRES CALIFORNIA'S BEHROOZ MEIMAND INSURANCE

Florida, US-based insurance firm Seeman HoltzProperty and Casualty, Inc. has acquired California, US-based Behrooz Meimand Insurance Services to continue its expansion of services and geographic presence in Southern California, the company said.

The company said the addition of Meimand will add a solid book of quality client relationships to the Seeman Holtz portfolio. Seeman Holtz Property and Casualty, Inc. remains focused on targeting high-quality independent agencies for geographic expansion and continued growth.

Status: Closed

-DIGITAL MARKETING AGENCY HEART HAMMER MERGES WITH STADIUM ANIMATION

North Carolina, US-based digital marketing agency Heart+Hammer has merged with US-based sports animation company Stadium Sports Animation to strengthen marketing reach and expand opportunities in the sports world, the company said.

SSA comes to H+H with more than 20 years of experience in professional sports animation, and has worked with a roster of clients from the NFL, NHL, NBA and MLB including the Atlanta Falcons, Pittsburgh Penguins,Cleveland Cavaliersand the Texas Rangers.

Status: Closed

**Load-Date:** July 21, 2017

**End of Document**



[***Putin's end-of-year news conference - Kremlin transcript***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R6N-0SD1-JC8S-C3Y6-00000-00&context=1516831)

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**Body**

Text of "Vladimir Putin's annual news conference" published in English by Russian presidential website on 15 December. For highlights, see BBC Monitoring's "Highlights from Putin's end-of-year news conference" [*http://bit.ly/2CYtYgv*](http://bit.ly/2CYtYgv)

Vladimir Putin's annual news conference

December 14, 2017, Moscow

The President's news conference was broadcast live by Rossiya 1, Rossiya 24 and Channel One, as well as Mayak, Vesti FM and Radio Rossii radio stations.

President of Russia Vladimir Putin: Good afternoon.

I have brought some notes with me, mostly the main socioeconomic development indicators. If I get a chance, which is very likely (somebody thoughtfully provided me with more data here), I will use your questions to speak once again about what I believe is very important. Very close to what is going to happen in the near future.

Like last time, I suggest I do not embark on a long monologue. Instead, we can go straight to your pressing questions. This is a news conference and it must completely focus on your professional duty, which is to ask the questions that, in your opinion, are of concern to our people and society.

Please, let's start.

Presidential Press Secretary Dmitry Peskov: We have a tradition to give the opportunity to ask the first question to the veteran members of the Kremlin pool. But I would like to go against the tradition this time and to give the floor to the Govorit Moskva radio station. The reason is that, first, they represent a new generation of journalists, and second, Govorit Moskva is one of the most active media outlets in our daily work; they ask the largest number of questions.

Please.

Darya Knorre: Thank you, Mr Peskov. Quite a surprise.

Darya Knorre, Govorit Moskva [This is Moscow Speaking] radio station.

Mr President, why have you decided to run for re-election? What is your goal and mission? What do you want to do for Russia? How should Russia change by the end of your next term, provided you win the election?

Thank you.

Vladimir Putin: You know I have spoken many times about a Russia I would like to see. I have done this at large events and at low-key events. I will say it again: Russia must be spearheaded into the future. It must become a modern country with a flexible political system, its economy must be based on high technology, and labour efficiency must increase manifold.

I would prefer not to talk about my election ***programme*** at this point. Just like any other candidate I will certainly have one. In fact, my ***programme*** is almost ready.

Let me repeat that this is probably not the right format for presenting it, but I can share with you some of its highlights that should be the focus of attention for the authorities and society in general.

Specifically, this has to do with infrastructure development, healthcare and education. This is also about high technology, as I have already said, and improving labour efficiency.

There is no doubt that the ultimate goal of all these initiatives should be to increase household incomes in our country. This is what I can say about my ***programme*** in the most general terms. I think that during today's conversation we will come back to these matters.

Dmitry Peskov: Life News.

Alexander Yunashev: Good afternoon, Mr President.

While we were waiting for your announcement that you will run for president, a number of other candidates for this office came forward. However, their approval ratings are in the single digits, if not closer to the margin of error.

In your opinion, why is it that a normal, influential opposition candidate has not emerged in almost 20 years of your rule? Why is there no No. 2 politician? How come? Don't you feel bored? Is it interesting for you to compete in the election without any major opponents?

Vladimir Putin: In order to make your question a bit more poignant, I saw a young lady holding up a poster saying "Putin, bye-bye."

Remark: Putin, babay.

Vladimir Putin: Ah, babay. My vision does not seem to be getting any better with age. I am sorry.

Dmitry Peskov: Pass the microphone, please.

Question: Good afternoon.

This is about translation problems. Everyone is afraid of me today. My poster says "Putin, babay," which in the Tatar language means "Grandfather Putin." This is how children call you in our republic.

My question is about children and language. I can ask it right now or after my colleague.

Vladimir Putin: To save you the bother of standing up twice, you can go ahead and ask it right away.

Question: You know that the language issue turned up the heat in a number of regions, including our republic, this year. Of course, we are afraid of things becoming worse than they are now. A decision was adopted by the Education Ministry.

However, we would like to hear from you whether in one, two or three years you will raise the ethnic issue again. Do you have any ***plans*** to merge regions, as people are saying right now? This is a matter of grave concern for many people.

Vladimir Putin: First, I think there are no serious problems with the ethnic issue, as you put it.

Second, we have only one goal regarding language: to provide the same starting conditions for all children, no matter where they live in Russia.

We are talking about Tatarstan now, which I love and where I have many friends. But Tatars live not only in Tatarstan. About half of them live in other Russian regions. And all of them must have equal starting conditions.

When people know their national language, which is very important, and I will talk about this later, but have a poor knowledge of the dominant spoken language, the Russian language, which is the tuition language at our universities, this is not good for the children who live in Tatarstan. This is how I see it.

What we definitely must do is guarantee an opportunity to study the national language, not only the Tatar language, but also the Mari, Chechen, Yakut or any other language.

Thankfully, we have a huge variety of national languages. They constitute our cultural and language diversity and are our pride and our wealth. We must certainly support this.

This is all.

Remark: What about merging the regions?

Vladimir Putin: Merging regions, yes.

No, we do not have ***plans*** like this, but it should be said that following the developments of the early 1990s, when the Soviet Union fell, the new federation entities were created based on old principles, which is why many of them are unsound economically.

Overall, enlarging regions could be good in terms of economic expediency. However, I want to say this now so that people in Tatarstan and other national republics and autonomous regions will hear me: We will not impose our views on the regions.

I believe this would be very harmful and dangerous to the unity of the Russian Federation. Any people, big or small, must be free to choose an acceptable and the best possible way to coexist with the other Russian peoples.

So, there are no and cannot be any state ***plans*** to enlarge or merge regions, at least not while I hold office.

As for the opposition and why there is no competitive opposition in the country, the simplest answer would be that nurturing rivals is not what I need to do.

However, you might be surprised but I do believe that we should have not only economic but also political competition.

Of course, I would be happy if we had a balanced political system. I want this, and I will work towards this. And a balanced political system is unthinkable without competition.

Why do we seem to have vocal and proactive opposition members in this country but they do not really provide any serious competition to the incumbent authorities? You know, Russia's path in the past decades has been quite remarkable, to put it mildly. Why is that? Of course, some younger people do not remember or do not even know what was happening here in the 1990s and the early 2000s. So they cannot really compare it to the present situation.

We have many problems. We are here today primarily to discuss those problems, without any whitewashing. However, Russia's GDP has increased by 75 percent since 2000, industrial production by 60 percent. Processing industries have grown at increased rates, 70 percent accordingly. Actual wages have somewhat declined as a result of the crisis developments of the past three years, and we will discuss this today, too. Still, since the early 2000s, real incomes have gone up by 250 percent, and real pensions by 260 percent. Infant mortality has decreased 2.6-fold and maternal mortality by 75 percent. Population decline in Russia used to be almost one million a year. We have reversed the demographic situation. There are still some issues and we will most likely mention them today. However, we have reversed it. We are now facing two declines, a 'demographic pit.' Additional measures will be taken, which I will mention today. I am certain we can cope with these challenges. Life expectancy used to be 65 or 65.3 years and now it is almost 73. We lived in conditions of civil war for a long time, for several years, almost six years if not more. More, almost ten years. The country was forced to send 18- and 19-year-old boys, unprepared and untrained, to face bullets because there was no other choice. Now look at our army. Our debt has decreased three-fold and the national reserves have increased 30 times. This is something.

When we talk about the opposition, it is important to not just make noise out there on public squares or behind the scenes, and talk about a regime that is against the people. It is important to offer something, some improvement. Of course, people are dissatisfied with many things today and it is their right to be dissatisfied because our results could have been better. But when they look at what the leaders of the so-called opposition offer, both official and especially unofficial opposition, they start to question it.

This is, I think, the biggest problem of those who want to become a competitive opposition. They need to offer a tangible agenda, not something imaginary, not just loudmouthing. An agenda that people would believe in. I hope it happens eventually, and the sooner, the better.

Dmitry Peskov: I cannot help but give the floor to Andrei Kolesnikov. He has been covering the President's activities for 18 years now.

Andrei Kolesnikov: Strictly speaking, 15, but that's also a lot.

Andrei Kolesnikov, Kommersant newspaper.

Mr President, I have a simple and straightforward question: in what capacity are you going to run for presidential office?

Let me clarify. You can run as a self-nominated candidate, a representative of a public organisation, or a party candidate. So, who will you be running as?

As a follow-up to this question, it is rumoured that there are disagreements in your Executive Office as to who will be heading the campaign office. If there are no such disagreements, then, perhaps, you can name this person now? Does it matter to you anyway?

Thank you.

Vladimir Putin: It will be a self-nomination. Of course, I very much count on the support of the political forces regardless of their organisation form - parties or public organisations - that share my views on the country's development and have faith in me. Of course, I am counting on it. In general, I am looking forward to receiving broad support of our citizens.

As for the campaign office, we talked about this just yesterday. So far, the final solution has yet to be reached. With regard to disagreements, which are always there since we operate in a lively environment: there is discussion and disagreement, but only until we reach a common solution. With regard to this issue - it is technical, but still important - I would like, of course, to see people of authority who are well known across the country, who, I reiterate, sincerely support the policy pursued over the past few years.

Maria Kravtsova: Good afternoon,

Maria Kravtsova, Klops.Ru news website, Kaliningrad.

Mr President, a lot of people come to your annual news conference and the Direct Line event. They ask you to help them resolve their problems, including personal problems, like the gravely ill young lady from the town of Apatity who was hospitalised only after you gave the instruction.

Why, do you think, so many people believe that asking you, the President, for help is the only way to resolve their problems? How much time would it take to resolve all the problems in Russia using this hands-on management approach?

If I may, a brief second question that directly concerns Kaliningrad. Not long ago you were in Kaliningrad, and the issue of the construction of the Maritime Ring highway - the continuation of the Svetlogorsk-Baltiysk road - was effectively resolved. But there is also the last stretch from Baltiysk to Kaliningrad. This is also very important. The financial issues regarding the first issue have been resolved, which is not the case with the second. Can the federal authorities participate in the construction of the Maritime Ring from Baltiysk to Kaliningrad in any way?

Thank you.

Vladimir Putin: I think when I answered the first question I said that one of the priorities for the Government and the state in general for the years to come was infrastructure development.

This primarily concerns road networks, airports, ports, communications, etc. In this context, it is clear that any road construction project, especially within an enclave territory like Kaliningrad, will be a priority for us.

You have already mentioned the decisions that were adopted. I think that all the undertakings should be brought to fruition. This means that we need both the circular road, and the road branching off it. Otherwise, Kaliningrad would be unable to develop as it deserves to.

For this reason, I cannot tell you right now for certain that tomorrow this decision will be approved, since we must take into consideration the needs of other regions and the resources we can obtain.

When I answered this question, I said that we have a number of priorities, including infrastructure, healthcare, education, high technology, as I have already said, and of course increasing household incomes. But there must be growth drivers.

There is no concealing the fact that we have been holding weekly meetings with Government members and experts for quite a while, maybe even all-year around, and especially over the last twelve months, to discuss the growth drivers. Where can they be found?

By the way, when you go into detail and become specific, even many experts who are quite liberal in their views agree that the growth drivers they have been talking about were not real or should not be relied upon.

All this becomes clear once you look at the details instead of perorating that "we will come and do this and that so that everything will be great." But when you get specific and ask what will be the outcome if we do this, that and the other, you get the answer that there will be nothing or very little.

For this reason, I cannot answer your question at this point. That said, we will obviously think about it, work on it and implement these ***programmes***.

What was the first part of your question?

Oh yes, so-called hands-on management.

You know, the hands-on management myth is strongly exaggerated. Both in the regions and at the federal level, in the current mode - I am saying this as someone who headed the Government for four and a half years: [first] in 1999 and I completed the full four-year term not long ago - you can't imagine what a huge amount of work flows through the Government.

This is the hardest and most difficult job within the administrative system. Considering each particular issue... you can't even look at it long enough, let alone study it. And it's the same in the regions. In the regions, we often can't even reach out to them; we sometimes don't even know what is going on there. This is bad of course; we should be aware of everything.

But this is why we are holding this event, and annual news conferences, and Direct Lines, no matter how some people criticise them or say that they are too formal. This is not so.

This is the feedback we need, when people can directly reach national leaders. And yes, when this comes up, so-called hands-on management is needed, which is designed to systematize this work.

You must have noticed that after the last Direct Line, during my regular meetings with regional governors, I always roll out the problems which their citizens address to the president. I mean that this has a continuation and, in this sense, I don't see anything wrong with it. This only adds to the general system of our work.

Dmitry Peskov: Thank you. Let us turn here. Our chief government newspaper, Rossiyskaya Gazeta. You, please.

Kira Latukhina: Kira Latukhina, Rossiyskaya Gazeta.

Mr Putin, what is the source of our economic growth that the Government, the ministers, Mr Oreshkin and others, constantly talk about? They say the trends show economic recovery, but what is the source?

Is this growth based on just adding figures or are there some actual increases? Have we, perhaps, begun ***producing*** more tractors, machines or computers?

Vladimir Putin: Let us see if there are any questions that are close to yours that I could add. Are there any more questions on the economy? "What has been done to incentivise the fish processing industry?" This specific question deals with fish processing, and we will discuss it separately.

Remark: Yes, there are some questions.

Vladimir Putin: Go ahead. What is your question?

Maxim Rumyantsev: Maxim Rumyantsev, Freepressa.

Mr President, I have a question about economic development. Over the past decade, non-profit organisations that supposedly promote solving environmental problems have blocked 48 projects. In reality, construction has been blocked, and tens of billions of rubles, as well as hundreds of thousands of jobs, have been lost. How can the country develop in such conditions? Economic development is being blocked even at this stage.

Vladimir Putin: I see.

Maxim Rumyantsev: And thank you for the road to Serebryanka, which has now been completed. A Vesti-24 television channel team went there ahead of the news conference and said, "This is the Putin-Rumyantsev road." Thank you very much, Mr President.

Vladimir Putin: Your question is mostly linked with the environment. Therefore, I will first start replying to the first question, and then I will try and reply to yours. In any event, I will do my best.

Regarding economic growth, the economy is growing, and this is an obvious fact. There are no exaggerations here. The GDP has grown by 1.6 percent, with industrial output also growing by 1.6 percent. At the same time, the automotive industry, the chemical industry, the pharmaceutical sector and, of course, ***agriculture*** are posting very impressive growth rates. We will have about three percent at the end of the year. We had a record-breaking harvest.

Alexander Tkachev said yesterday that the harvest will be around 130.5 million tonnes, or maybe even more. This is an all-time high in our entire history. To the best of my knowledge, the RSFSR posted about 127 million tonnes in 1978. In effect, such a harvest has never been recorded in the past.

Exports continue to grow, and they have reached a very impressive scale. We are now first in the world in terms of grain exports. This is a brilliant indicator. We are therefore posing growth.

What is this growth based on? Firstly, it is based on the fact that we have overcome two shocks in mid-2014 and in 2015. What shocks am I talking about? This includes plunging fuel and energy prices. It is common knowledge that fuel and energy exports have been and largely remain our main source of budget revenue.

On the second matter, there were external restrictions, the so-called sanctions. I strongly believe and can say with all confidence that even if we did feel some impact from the sanctions, it was in no way comparable to the drop in the price of oil. We can discuss this in detail later on. This is my first point.

My second point is that economic development is increasingly being driven by domestic demand, which is extremely important for any economy.

What else shows that not only have we overcome the recession, but we have also moved into the steady development phase? And I really mean steady development.

Fixed investment is at 4.2 percent in Russia, while, as I said, GDP growth is at 1.6 percent. And fixed investment is 4.2 percent. What does this mean? This means that investment in development is growing at more than double the pace of the overall economy. This means that economic development is guaranteed in the short and even in the medium-term. Funds have already been invested in these projects.

As of today, foreign direct investment has reached $23 billion since the beginning of the year, which is double 2016 and the best result over the last four years. We have record-low inflation in Russia's recent history. As of today, the inflation rate is at 2.5 percent year-on-year. The budget deficit is as 2.2 percent. I think the final figure will actually be even lower.

The Finance Ministry always wants to understate these figures in order to show that no money can be spent. Maybe they are right. All this goes to say that the economy is clearly improving and growing. In this regard, I think that the Economic Development Ministry and Maxim Oreshkin were unbiased.

As for environmental issues, you see, this happens all the time. You and I know that this issue is omnipresent. I am talking about the balance between environmental protection, nature and development. You always have to aim for the middle ground. We have already adopted decisions in this connection. For example, if any trees are cut down as part of an industrial or infrastructure project, compensatory planting is required. In this sense, the number of newly planted forests and trees should be equal to the number of trees that were cut down to make way for an industrial or infrastructure project. If we apply the same principle to other problems, development and nature protection initiatives, I think we will be moving in the right direction.

Stas Natanzon: Stas Natanzon, Rossiya 24.

Good afternoon, Mr President.

Next year will be the 10th anniversary of the slogan "Stop rattling business." However, even today businesspeople continue to say that, if an official, a security officer or a semi-official goes after their company, they do not stand a chance, be it small or large business. I also hear that under sanctions and during the economic difficulties, a corporate raid is basically a crime against the state. In your opinion, are these officials and security officers the notorious fifth column, traitors?

Vladimir Putin: I think you are overdramatising. "Traitors," "fifth column." "Oh no! Grab the suitcases, the train is leaving!" Does anybody else have a question about excessive control or the work of law enforcement agencies?

Chess, that is interesting. We will come back to it.

Natalya Nikitina: The Central Bank and the Prosecutor's Office.

Vladimir Putin: The Prosecutor's Office? What about it?

Natalya Nikitina: Activity of the Central Bank and the Prosecutor General's Office.

Vladimir Putin: What about it?

Natalya Nikitina: Oversight over the Central Bank's activity.

Vladimir Putin: Oversight over the Central Bank? Give her a microphone, please.

Natalya Nikitina: Good afternoon, Mr President.

My name is Natalya Nikitina. I am an economic observer from the Federal Press agency.

The banking industry is currently going through a 'purge' on a very large scale. The Central Bank is watching both state-owned and private banks very closely. But why do we hardly ever hear about inspections of the Central Bank itself by law enforcement agencies and oversight bodies? After all, the Central Bank and its employees have exceptional powers. Have there been any corruption cases involving the regulator itself?

Vladimir Putin: Indeed, according to law and global practice, the Central Bank is an independent institution that is beyond the Government's control in its main activity and has complete autonomy. It makes perfect sense in terms of financial regulation and oversight of the banking system.

A bit later, I can elaborate further on what I think about this. As concerns the Central Bank's compliance with law, it is controlled by the Prosecutor General's Office and other bodies. I admit that sometimes certain reports come in but none of them have been confirmed.

Therefore, firstly, I want to assure you that there is control. Secondly, I want to stress once again that to this date, we have not found any serious wrongdoings or violations of the law by the Central Bank.

As for inspections in general, you know that we have two- and three-year grace periods for routine inspections of new businesses. This measure seems to be effective. Second, supervision agencies are adopting a risk-based system of inspections, where the focus is on companies that are concerned with human health and the operations of vital structural organisations. We are reducing the number of inspections. Since the woman mentioned the prosecutor's offices, it should be said that the majority of inspections are coordinated with these offices. The number of ***planned*** inspections has been reduced. And the number of snap inspections should not exceed 30 percent of the ***planned*** inspections; a decision has been taken on this. And lastly, we will introduce a register of inspections, which should include information about the inspection agency, the timeframe and number of inspections, and the results. I believe that a gradual introduction of these principles should greatly improve the situation in this area. In general, I believe that the situation is improving despite some side effects.

Your other question concerned the operations of law enforcement agencies rather than inspection agencies. I fully agree with you on this. We see no improvements so far. The reasons for this include corruption at all levels, of course, the poor quality of managing the work, and the lack of proper control in this area. This is a complicated issue, let's face it. I cannot say that I am satisfied with it.

About a year ago, I invited Mr Bortnikov, the FSB Director, if someone here does not know the name, to give him the materials I had received from a source regarding a certain organisation. He looked though them, and - I am sorry to say - told me: "Mr President, we conducted an investigation at this organisation six months ago, following which we initiated proceedings and forwarded the relevant documents to the court. The entire department staff was arrested, and all of them are serving prison terms. New personnel were hired six months ago, and everything began anew there."

Frankly, I don't know sometimes what we can do about this. However, there is an obvious solution. I believe we are unable so far to do this for financial, organisational or housing reasons, but this solution is similar to what we do in the army. It is the rotation principle, which has been applied for decades. It is a component of military service, and one of the hardships that come along with military service. Officers are transferred to a new deployment site every three to five years. Maybe we should use this approach in law enforcement. As I said, this also implies the provision of service housing, as well as considerable financial outlay. We need to consider everything very thoroughly. The rotation principle could probably be useful and effective also in law enforcement.

Dmitry Peskov: Let us continue. Channel One, please.

Vladimir Putin: Channel One, Vesti-24... just look at him handing out the microphone to his buddies.

Anton Vernitsky: I am just sitting close to him. Anton Vernitsky, Channel One.

Mr Putin, having entered the current presidential cycle six years ago, or rather, five and a half years ago, you issued a package of executive orders, which we all know as the May Executive Orders. They touched on practically every aspect of life in Russia, its foreign and defence policy, but, above all, the social sphere. We, journalists, covered them a lot, and the governors shuddered every time you gave them a dressing down for incomplete compliance with some of these executive orders, such as resettling residents of structurally unsafe housing. What do you think now, at the end of the current presidential term, about the level of compliance with the May Executive Orders? Thank you.

Vladimir Putin: As you may remember, when the May Executive Orders were issued, everybody started complaining that they are unworkable and that they represent too big a load on the budgets of all levels, and that this would drag the economy down, that this is not how wage increases should be ***planned***, and that this is unacceptable, primarily, with regard to salaries in the public sector, because wage increases in the public sector will inevitably trigger wage increases in the economy, and labour productivity in the economy is not keeping up with wage increases. In fact, there is some truth to this. Nonetheless, I thought it was the right and necessary thing to do.

By the way, when taking previous questions, I mentioned that our economy in increasingly relying on domestic demand. Even amid declining individual real incomes, domestic demand and domestic trade are gradually picking up. Domestic trade is up by 3 percent. I think that the real income figures will also be improving. If it were not for the benchmarks set in those Executive Orders in 2012 about the need to ensure growth of salaries in the public sector for schoolteachers, doctors, university lecturers, preschool teachers, and so on, then this would not have happened. It would have been much worse. Therefore, I believe that my colleagues and I did the right thing back then when we outlined these targets.

How are these orders being complied with in general? Approximately 93-94 percent of the stated goals have been achieved. This applies to the level of salaries in the public sector as well. I am sure that everything will be brought to its logical conclusion in 2018 as ***planned***. These targets will be met.

You mentioned dilapidated housing. The goal was to get rid of housing that is not safe for its residents. These are slightly different categories. With regard to unsafe housing, the issue has been almost resolved. To reiterate, I am referring to unsafe structures. However, dilapidated buildings are often not that different from the structurally unsafe housing stock. However, we are now talking about benchmarks. Almost all regions have achieved the targets regarding hazardous housing.

Now, there was another goal, which is to meet in full the demand for kindergartens. It has also been achieved by 98.96 percent. When we started out, more than half a million children were on the waiting lists. Now, this goal has been achieved in full in the overwhelming majority of Russia's regions. There are several regions where this work is still underway. There are 63,000 children on the waiting list now. To put this in perspective, we started out with half a million, and now have 63,000 left. I am confident that we will close this matter shortly. So, in general, the May Executive Orders are being carried out in a satisfactory manner.

Dmitry Peskov: Pskov, please.

Remark: What about the Arctic then?

Vladimir Putin: Since Pskov is closer to the Arctic, we will now take the Arctic too...

Alina Chaban: Good afternoon, Mr President.

GTRK Pskov correspondent Alina Chaban.

The problem is that over the past eighteen months, the cadastral value of land has increased sharply across Russia, which entailed an increase in land taxes.

This affects primarily ordinary people - owners of dachas, garden plots, and those who live in villages. For example, in the Pskov Region, the land tax has increased more than tenfold.

Even dacha owners in Pskov held rallies. The regional authorities advised the municipalities to reduce the rates, but the problem itself has not been resolved.

Mr President, is it possible to resolve this issue once and for all?

Vladimir Putin: Yes, this is a real issue.

But I still promised to hear about the Arctic. What do we have in the Arctic? What problems?

Darya Shuchalina: Good afternoon, Mr President.

Darya Shuchalina, local newspaper Komi mu, Republic of Komi.

This is our question about the Arctic. In your opinion, what priorities should the regions have for their project work - I mean the northern territories - to support Russia in developing the Arctic? That is, which specific priority projects look promising as support for the Arctic development strategy?

Vladimir Putin: Let us start with this. We have a whole ***programme*** for the development of the Arctic. What is important here is the industrial development of the Arctic, including mineral production, all kinds of commodities, I already mentioned this but I would like to repeat - rephrasing the great Lomonosov who said that Russia will expand through Siberia. Now Russia should expand through the Arctic.

That soil contains our main mineral reserves. But this resource development should go hand in hand with care for nature, meeting all the requirements on economic activity in this very sensitive region. This is the first point.

Second, we must ensure security, both environmental security and military security in this region. I remember when I was on Franz Josef Land, where a few years ago guides told foreign tourists: these are the islands that only recently belonged to Russia. They somehow forgot that those are actually Russian islands, but we have reminded them, so everything is in order there now. We should not forget this either.

Finally, there is one more important thing. We must always be mindful of the interests of the indigenous peoples of the North. This is extremely important. Interfering with their traditional economic activity and so forth is unacceptable. If there are unsurmountable contradictions with major national projects, compensation and substitution measures are needed. This is a crosscutting objective. I hope that we will always follow this approach.

I would like to turn to the first question, since I believe that it is highly relevant not just for Pskov but for other, if not all, Russian regions.

Of course, just as in any part of the world, it is natural that property owners ensure its maintenance and pay taxes. This is a natural thing. The cadastral value is the market value, which is also natural and correct.

What is wrong are the rates calculated based on cadastral value. These rates should be based on some real indicators, such as real household income. They should not be out of touch with reality. Shock treatment of the kind we had in the 1990s is unacceptable.

At this point, let us not blame those who took the relevant decisions. People highlighted this issue from the outset, but those who initiated this reform promised a balanced approach. What you said shows that these decisions were not well balanced.

There are welfare beneficiaries who are entitled to subsidies on the 10,000 rubles. However, the tax on the land plots that you have mentioned, the so-called 600 square metres, is higher than these 10,000 rubles in most regions.

You mentioned Pskov, but what about Moscow and Lenigrad regions, and other regions across the Russian Federation surrounding million-plus cities? For this reason, I will think about issuing instructions to the Government on this matter. Thank you for this question.

The Government, together with members of the State Duma, needs to take a decision whereby all welfare beneficiaries entitled to the 10,000 ruble subsidy receive a benefit in kind and are freed from the obligation to pay any tax on their 600-square-metre land plots. I am talking specifically about the people entitled to the 10,000 ruble subsidy.

But I believe that this is not enough. In addition, we need to expand the list by adding all old-age pensioners to it. Because first, these people already receive benefits linked with flats and homes. Therefore, it would be logical and fair to add old-age pensioners to this list. This will not hurt the state in any way.

Dmitry Peskov: Mr President, please do not criticise me, but I must give the floor to Sergei Brilyov.

Sergei Brilyov: Good afternoon, Mr President. Sergei Brilyov from Rossiya 1 television channel.

For obvious reasons, most issues deal with domestic policy today. Mr Peskov is holding the green folder that you used during your meetings with governors. And I, nevertheless, would like to ask some short questions about foreign affairs.

The foundation of what we had been accustomed to in international relations started crumbling long before the current aggravation of the geopolitical situation. The United States withdrew from the Anti-Ballistic Missile Treaty. Then we failed to reach agreement on the Treaty on Conventional Armed Forces in Europe. To our dismay, the Treaty on the Elimination of Intermediate-Range and Shorter-Range Missiles also started swaying from side to side. Speaking of long-term prospects, it is unclear whether the START III Treaty will survive. Supposing that it also becomes destabilised, will this lead to a new arms race, which will require Russia to increase its defence spending? Will this affect current customary social payments, which is a frequent subject of discussion today?

Thank you.

Vladimir Putin: We did not withdraw from fundamental treaties that formed and still form the cornerstone of international security. We did not withdraw from the Anti-Ballistic Missile Treaty; the United States did that unilaterally. We are now hearing talk about problems with the Treaty on the Elimination of Intermediate-Range and Shorter-Range Missiles. It appears that conditions are being created, and the appropriate information is being promoted for a possible US withdrawal from this Treaty, as well, all the more so as Washington has already withdrawn from it de facto. The United States is trying to reproach and accuse us of something, but what exactly has it accomplished? It has deployed systems, allegedly ABM systems, in Romania.

And how did it deploy them? It has removed sea-launched Aegis launchers from warships and deployed them on the ground. But these ABM systems' missiles can be easily replaced with ordinary medium-range missiles. In effect, this process is already de facto underway. Nothing good will come of this trend if it persists. We have no intention of withdrawing from any document.

The same is true of the START III Treaty. We can hear the United States say that it allegedly considers this treaty unprofitable and inappropriate. There is such talk. If this happens, and if the United States once again unilaterally withdraws from this treaty, then this would spell dire consequences in the context of preserving international stability and security.

And now, I would like to say a few words about our defence spending. We know about these processes, we can see them, and we realise the possible consequences of specific actions. We will ensure our security without getting involved in an arms race.

Dmitry Peskov: There was a second part.

Let him have the microphone, please.

Sergei Brilyov: Would not the growth of military spending lead to cuts in social funding?

Vladimir Putin: You know, our military spending is balanced by several substantive criteria.

First, we must ensure our security.

And, second, do this in a way that will not lead to an economic collapse. We take this approach.

Just look: next year, for example we ***plan*** to spend 1.4 trillion rubles on purchases and 1.4 trillion rubles on maintenance, which makes 2.8 trillion rubles. This is slightly over 2.8 percent of the GDP. I named the absolute figures - 2.8 trillion. At the current exchange rate, that is slightly over $46 billion.

The United States has signed into law a military spending bill for $700 billion. Compare $46 plus to $700 and feel the difference. Can our country afford that kind of spending? No, it cannot. But the $46 plus is enough for us. You could say that even this amount is too much.

I am sure you know this popular adage: those who do not want to feed their own army will feed someone else's. It is an old one. But there are newer jokes. I occasionally tell you all sorts of jokes about this. I can tell you another one; it also has a beard, as we say, but it is more modern. A former military officer asks his son, "Son, I had a dagger here. Have you seen my dagger?" The boy replies, "Dad, don't be mad. I swapped it for a watch with the kid next door." The officer says, "Let me see the watch." He looks at it and says, "A good watch, good for you. You know, gangsters and robbers will come to our house tomorrow. They will kill me and your mother and will rape your elder sister, but you will come out to them and say: 'Good evening, Moscow time is 12.30.'" We do not want anything like that to happen, do we? So we will pay due attention to developing the army and the navy without getting involved in an arms race or ruining our budget.

Dmitry Peskov: Mr President, I suggest we do it both ways. There are the Children about the Future, and we also have TeleDetki in the central sector. Both have taken part in many of these news conferences.

Let them speak in turns. Please.

Marina Volynkina: Marina Volynkina, the Odarennye Deti (Gifted Children) online resource.

Mr President, I would like to follow your example and tell a joke: three years ago, you and I had a child, a clever and talented child.

Vladimir Putin: Thank God for that. It's a gift from God.

Marina Volynkina: This was a joke, of course. The truth is that during the 2014 news conference you supported the idea of a Gifted Children national online resource, which is growing very fast with your assistance. We have held very good PatriUm (PatriBrain) events. The children from all over Russia, from all 85 Russian regions, are sending their best regards.

On September 1, you announced a competition for the best composition titled Russia Focused on the Future. The same day, we posted information on seven award categories for the best compositions. We have received 2,500 absolutely unique compositions about the future of Russia. We have awarded prizes to 115. The awards ceremony will be held at the Federation Council on January 19, with support from the Agency for ***Strategic*** Initiatives (ASI).

You have asked the question. Do you want to know how these talented, unique children see Russia of the future? They have incredible answers. What do you say?

Vladimir Putin: Let's do this. Will you bring all of them here?

Marina Volynkina: No, come to the awards ceremony on January 19 at the Federation Council, the ASI will attend it as well. The children will tell you how they see Russia. This is something incredible.

Vladimir Putin: Good, I will do my best. Thank you for your work and for the invitation.

Dmitry Peskov: TeleDetki, go ahead.

Arina Zhukova: Good afternoon. I am Arina Zhukova and this is my colleague, Kirill Sennik. We represent the TeleDetki online resource from St Petersburg.

What is the state doing and what will it do in the future to support gifted children? Do you work with people in culture and the arts, as well as researchers in this area? Do you have a vision of what will become of these children in the future if so much effort and money are being invested in them now?

We also know about the Sirius educational centre for gifted children, which was established at your initiative. Many gifted children from all over Russia are invited there. What should children from other regions who have not been selected for this centre do? What is being done to help them?

Vladimir Putin: As for working with gifted children, with children in general, I would like to say the following. I have already said it and would like to say again that I believe all children have talents. The trick is to bring these talents out, and this is the job of teachers, of parents.

By the way, this is not a common phrase. Today our specialists, who work both in Russia and abroad, are carrying out research in the area of cognitive science.

You have mentioned Sirius. It is not just a camp; it is an educational centre for gifted children. We would like to build contemporary world-class scientific laboratories working in several areas (this is also my initiative) next to Sirius, where the media centre once was (many of you probably worked there during the Olympics). It is a large site, I believe it is the size of about four Red Squares.

These areas include information technology, biology and genetics as well as cognitive science, primarily to study ways and methods of working with gifted children and bringing out their talents. An entire new field is being organised now.

That is why we will continue to do this, both in science and in practice. However, there are other camps developing now: Artek, Okean and Orlyonok in the Caucasus.

But this is not all. Right now, quantoriums - children's technology parks - are being established and school Olympiads are held all over Russia. What is the point and the ultimate goal? To lead children from school to higher education, and then to employment, of course, preferably around the country.

Incidentally, if we go back to what you began with, to Sirius, we have already found an area of 30 ha next to it, and, in addition to world-class laboratories, I would also like to build technology parks, which will work together.

Sirius, world-class laboratories and technology parks that will bring to the market what scientists have developed.

But the best schoolteachers and university instructors are already working with them. There is also a re-training course for school teachers.

I would like to see a number of such institutions across the country. We have already begun establishing such a network in the regions of Russia. That is what we are going to do.

Who had a question about the retirement age? Please, go ahead.

By all means. We will not forget about the army.

Zulfiya Sultanova: Good afternoon, Mr President. Zulfiya Sultanova, Chelninskiye Izvestia.

A lot has been said over the past year about increasing the retirement age. Everyone understands that it is only a matter of time. When will the decision be made, and how much do you think the retirement age for men and women should be raised by?

Vladimir Putin: You touched upon a sensitive and important matter. I am not going to tell you now about the final decisions, because they are not ready yet. You have framed your question as if the decision has already been made.

Indeed, those who advocate raising the retirement age are saying that the retirement age was set in the 1930s. When they set it at 55 years for women and 60 for men, life expectancy was about the same, oddly enough. Approximately the same.

All European countries, all the countries around us, including Belarus, Kazakhstan, and Ukraine, have already decided to raise the retirement age. We are the only ones who have not done so.

The proponents of raising the retirement age are saying that if we do not do so then, taking into account the increase in life expectancy, the number of workers will decrease, and the number of retired people will increase, which will not allow us to properly balance the pension system.

This does not mean, though, that the state will not be able to pay pensions. It will, and there will be no disaster in which payments stop, but rather the incomes of pensioners will be frozen and fall due to inflation. This is what the proponents of raising the retirement age are saying.

They are also saying that if we decide to raise the retirement age, it should be raised equally for men and women. Women give birth at 55 years of age now, God bless them.

However, there are those who warn about problems associated with raising the retirement age. They say that they want our economy to be driven by innovations and digital technology to play the key role in it.

This means that what can be achieved in the economy and at enterprises, in the sphere of real production, by, say, a thousand workers now, tomorrow will be achieved by not more than a hundred, plus we will increase the retirement age to 63 or 65, as some suggest.

What are we going to do with the people who will be thus freed from work? What will happen to the labour market? There are other considerations as well. In order to make a final decision, we need to crunch the numbers. I am not saying this to avoid answering your question, but to crunch the numbers for each position and see where it leads.

Of course, no matter what the final decision will be, this will not affect those who have already retired. This is my first point. Second, of course, this should not come as a shock. This should not be done in one stroke, but, as in many countries, gradually and smoothly either in the course of six months or a year.

To reiterate, no final decision has been made yet. There is another extremely important consideration. Such decisions cannot be taken behind closed doors, even at the level of the Government.

This should be done openly, with the involvement of the public and, of course, as part of an open discussion in representative bodies, including the parliament.

Dmitry Peskov: Mr. Putin, how about questions on sports. I suggest combining questions. I saw Sovetsky Sport, Match TV, and a poster with a sort of anti-sports slogan "Rodchenkov and his life in Russia" that one journalist was holding. Let us start with Match TV. Please, be very brief.

Olga Bogoslovskaya: Olga Bogoslovskaya, Match TV.

Mr. Putin, I obviously have a question on sports, specifically, on the situation with the International Olympic Committee and the World Anti-Doping Agency. How do you see Russia's relations with these organisations? In addition, the current situation is really very tense and complicated. Can you think of a solution?

Vladimir Putin: Both some of my colleagues and I have said this before, this whole scandal was whipped up in the run-up to Russian domestic political events. No matter what anybody says - I am sure that is the way it is. No matter what they say, I know that this is so.

But at the same time, and we have said this before, as well - we have ourselves to blame; we gave them a reason for this to start, since there actually were recorded cases of using performance enhancing drugs.

In other countries, however, there have been similar cases, except there was no such political frenzy. There is no doubt that this whole situation is politically motivated.

There are other systemic issues in world sport. For example, some are permitted to take drugs for health reasons - the same drugs that are prohibited for other athletes - that were allegedly prescribed to them after surgery or due to medical conditions they have had since childhood.

However, this is very odd, because this gives some athletes a competitive edge over others. But maybe these athletes that take drugs that others cannot should perform outside the competition or something like that, I don't know.

I do not want to offend anyone or hurt anyone's feelings, because all athletes work hard, do their best and deserve respect. Nevertheless, there are rules in competition, and they must be respected, too.

How are we going to manage our relations with the IOC and WADA? In a constructive way, I hope. We are going to continue working with them, to address the issues that we have, but, of course, defending the interests of our athletes at the same time, and in courts, too.

I know that some international officials do not want this, but what can we do? We have to help our athletes defend their honour and dignity in the civil courts.

Dmitry Peskov: Yes, do you have a question?

Microphone over there, please.

Oleg Lurie: Good afternoon. Oleg Lurye, Mir i Politika magazine.

Grigory Rodchenkov, WADA's main witness, whose testimony led to the suspension of the Russian team, was under criminal investigation in 2011 for illicit trade in doping substances and guaranteeing to mid-level athletes that they would not be caught.

After the charges were filed against him, he made a suicide attempt: he stabbed himself with a knife, while under the influence of alcohol. After that he underwent a medical examination and was found to suffer from a mental disorder, a schizotypal disorder to be more precise.

From that point on things got very strange. All of a sudden, his status was changed to that of a witness, and only one count out of 12 was maintained. And then he came back as the head of RUSADA.

Will there be an investigation into how this criminal case was conducted and why his status was changed from a defendant to a witness? By the way, the criminal investigation has been reopened.

How can a suicidal individual who used to sell performance enhancing drugs return as the head of the Russian Anti-Doping Agency? Who was behind this move? Will we ever find out the names, passwords and other secrets? Will people who covered up for Rodchenkov be punished?

Vladimir Putin: This is a highly relevant question. It is really strange that an individual who had lived in North America for several years then came to Russia, but there is nothing strange in that he headed the agency. But the fact that he was suspected of selling performance enhancing drugs, and I think that his sister was convicted for that...

Remark: Got an eighteen-month prison term.

Vladimir Putin: Yes, eighteen months. You see, you know this case even better than I do. What is even more strange to me is that a person who had worked for secret services for a long time brought all this bad stuff from North America, from the US and Canada. Who helped him get customs clearance despite the strict control? He was doing it for years.

Of course, many things come to mind in this respect. Yes, this was a mistake of the people and agencies that brought him there. You cannot work with people who try to commit suicide for whatever reason. This means that they have a psychological problem. This goes to say that you cannot make decisions based exclusively on the testimony of people like that.

Look what the reasoning for the decision by the International Olympic Committee says: first, that he is an honest person, second that he is protected by the FBI, and third that everything is in his diary.

I am sorry, but that's just nonsense. First, who said that he is an honest person? After all, he faced charges and was involved in fraudulent activity. Even more importantly, he blatantly admitted that what mattered the most to him was money.

Regarding him being protected by the FBI, this is not an advantage but rather a disadvantage for us, since this means that his actions are controlled by the US intelligence services. What are they doing with him? What drugs are they giving him to make him say what they want him to say? This is just ridiculous.

And finally, regarding the idea that everything is in his diaries. So what? When was it all written? Where? How did he do it? Nobody knows. That is it, and nothing more.

They mention scratches on bottles. But they were duly handed over and we signed a statement to this effect. Where did these scratches appear? When? They simply do not have anything else.

We respect international sports organisations, including WADA and even more so the IOC, and we have a lot of friends there. But we realise that it is not easy for them. They are under pressure all the time and are even intimidated. No matter what they say after hearing my words, this is the way it is.

In any case, even if they have to take any action, their findings have to be based on something. This is what I am talking about. How did it happen that this person headed the Russian anti-doping agency? Of course, the people who put him there made a mistake. I know who it was. But what is the point talking about it now?

Dmitry Peskov: Sovetsky Sport, go ahead please, but be very brief.

Nikolai Yaremenko: I will.

Nikolai Yaremenko, Sovetsky Sport.

I will not speak at length about our publication, which is one of the oldest because we saw on TV that Mr Putin subscribes to Sovetsky Sport.

We all know that Russia can host large sport competitions really well. The Sochi Olympics were a brilliant example. There is no doubt that even when we are short of time we will finish it off, clean it up and complete the construction.

Next year we will host the coolest event - the FIFA World Cup. We are all looking forward to it. It will be a real festival, a holiday. I am sure everything will be done at the highest level.

We know that large cities like Moscow, St Petersburg, Kazan and Sochi are used to hosting such events and know how to do it. But there are many cities where foreign guests still seem exotic. Are there any reasons to doubt that they will successfully deal with this?

Vladimir Putin: No doubt. You were correct in saying that we have extensive experience in successfully hosting major international competitions. I will not quote examples to save time.

The Confederations Cup was held at the highest level. It is very important for us that FIFA inspectors are monitoring the preparations. Everything is being done on schedule.

I must admit for the sake of objectivity that of the 12 stadiums being built in 11 cities, including the two in Moscow, there is a two-month delay with the construction of one. But this will be fixed and I am sure everything will be done well and on time.

I would like to emphasise that less than half of all the expenses come from the budget and more than half from private sources. Indicatively, government funds are being used in the same way as for preparations for the Olympics in Sochi: for building the infrastructure - roads, access ways, airports, railway stations and the like. I am sure everything will be done well and on time.

Dmitry Peskov: Thank you. Mr President, you haven't had any questions from foreign journalists today. I suggest a question from ABC News.

Terry Moran: Thank you, Mr President. Terry Moran with ABC News.

First, in the United States investigations by Congress, the Department of Justice and the media have uncovered a very large number of contacts between Russian citizens associated with your government and high officials of the Trump campaign. And some of those officials are now being prosecuted for lying about those contacts. All this is not normal. And many Americans are saying where there is that much smoke there must be fire. How would you explain to Americans the sheer number of contact between the Trump campaign and your government?

And second, if I may. It has almost been a year since Donald Trump has been elected president. You praised Donald Trump during the campaign. What is your assessment of Donald Trump as president after one year? Spasibo.

Vladimir Putin: Let us begin with the second part of your question. It is not for me to evaluate Donald Trump's work. This should be done by his electorate, the American people. But we do see some major achievements, even over the short period he has been in office. Look at the markets, which have grown. This is evidence of investors' trust in the US economy. This means they trust what President Trump is doing in this area. With all due respect to President Trump's opposition in the United States, these are objective factors.

There are also things he would probably like to do but has not been able to do so far, such as a healthcare reform and several other areas. By the way, he said his intentions in foreign policy included improving relations with Russia. It is clear that he has been unable to do this because of the obvious constraints, even if he wanted to. In fact, I do not know if he still wants to or has exhausted the desire to do this; you should ask him. I hope that he does and that we will eventually normalise our relations to the benefit of the American and Russian people, and that we will continue to develop and will overcome the common and well-known threats, such as terrorism, environmental problems, weapons of mass destruction, crises around the world, including in the Middle East, the North Korean problem, etc. There are many things we can do much more effectively together in the interests of our people than we are doing them now. Actually, we can do everything more effectively together.

Terry Moran: How would you explain the connection between the government, your government, and the Trump campaign? How would you explain it to Americans?

Vladimir Putin: (In English.) I see, I see. (In Russian.) You know that all this was invented by the people who stand in opposition to Mr Trump to present his work as illegitimate. It seems strange to me, and I mean it, that the people who are doing this do not seem to realise that they are damaging the internal political climate in the country, that they are decimating the possibilities of the elected head of state. This means that they do not respect the people who voted for him.

How do you see any election process worldwide? Do we need to ban any contacts at all? Our ambassador has been accused of meeting with someone. But this is standard international practice when a diplomatic representative and even Government members meet with all the candidates, their teams, when they discuss various issues and development prospects, when they want to understand what certain people will do after assuming power and how to respond to this. What kind of extraordinary things did anyone see in this? And why should all this take on the nature of spy mania?

You have watched the investigation on social media. The share of Russian corporate advertising makes up less than 0.01 percent, with that of American companies totaling 100, 200 and 300 percent. It is simply incomparable. But, for some reason, even this is seen as excessive. This is some kind of gibberish.

The same can be said about the situation with our media outlets, including RT and Sputnik. But their share in the overall information volume is negligible, as compared to the share of global US media outlets all over the world and in Russia. And this is seen as a threat. Then what about freedom of the media? This is actually a cornerstone, on which American democracy itself is based.

All of us should realise that someone succeeds and someone does not. We need to draw conclusions from this and move on, instead of pouncing on one another like animals. We need to think about this and draw conclusions.

Dmitry Peskov: Let us go to that sector. TVC, you have the floor.

Lilia Akinshina: Lilia Akinshina from TV Centre.

Mr President, I have a question about the economy, as you requested, and it deals with the Central Bank's monetary policies.

You have already spoken about the record-low inflation, and the benchmark rate continues to decrease slowly but surely. Nevertheless, people continue to criticise the Central Bank, although inflation targeting was among this year's main trends. Earlier, many people were skeptical that it would be possible to reduce inflation, but the Central Bank has accomplished this. Nevertheless, the discussion continues. Some economists are saying that what is good for ordinary consumers, including reduced price hikes on the previous period, amounts to a not very healthy situation, if not death, in terms of the national economy's scale and prospects.

How optimal do you think is the inflation targeting policy? Has it yielded results? How justified are the business community's complaints that the country does not have enough available funding and affordable loans for expanding production and facilitating economic development? Thank you.

Vladimir Putin: Targeting inflation is the right thing to do. If we want the economy to be healthy, so that it inspires confidence in investors, this should be an indispensable part of our policy. I mean a balanced budget and monetary policy, which is the responsibility of the Central Bank.

Is the criticism coming from businesses understandable? Yes, it is. Of course, they want more loans at a lower rate. The point is that this should be done carefully and not overdone, otherwise the economy fills with bubbles - they borrow a lot of cheap money, invest in low-potential enterprises rolling out goods and services that are not in demand. That's the main thing, that is what matters.

What has happened over the past few years? While last year, the Central Bank cut its rate twice, from eleven to ten percent, this year, the regulator cut the key rate five times. Now it is 8.25 percent.

The Central Bank has announced the targets of its further work. Around 2020, if I remember correctly, the key rate will be 6 to 7 percent. Interest rates on commercial loans decline following the key rate (this is one of the important factors, but not the only one). Now it is a weighted average - 10.08 percent for non-financial institutions, I think, but naturally higher for small and medium-sized businesses - 13-14 percent on average. There are higher and lower examples of course.

What else does the Central Bank do? A decision was made to restructure banking institutions. Holders of some form of general license to work with large clients, with large businesses, will be required to have an authorized capital of at least one billion. Holders of a basic license - at least three hundred million. It is assumed that they will serve small and medium-sized businesses, including in the regions. In my opinion, we have too many banks for our economy, for its level of development - 521 banks or so. I am not saying they have to be choked, because this would do harm. Still, we need to improve the financial system primarily for the benefit of its clients. It is extremely important, especially amid fluctuations in world markets and the difficulties inside the country, to make sure that clients do not face insoluble problems.

We have two agencies that are working to improve the banking system: the DIA (Deposit Insurance Agency) and the recently established fund. I think this is very important, I mean this new fund. Why? Because when banks are rehabilitated through this fund, it is already decided that the money, the credit resources received from the bank by the bank owners or executives, are factored out. That is, those people who have brought their financial institutions to the brink do not get any money. This, in my opinion, is extremely important.

There is something else I need to point out, because I have often heard this criticism of the Central Bank - that the Central Bank policies are aimed at state control of the banking system. This is not true. First, I repeat, there are 521 banks or more, 521, I think, let alone other credit institutions, because not all credit institutions are banks. This is my first point.

Second, the Central Bank tells us all, and, again, it is a good thing: if it takes something under control and even pays for it - it does so for the purpose of subsequent privatisation. We will assume that this process will develop in this way.

(Noise in the room.) Keep it down, please.

Dmitry Peskov: Let's not shout.

Vladimir Putin: Just a moment, I have seen a sign saying ***Agriculture***. What do you want to ask? Please give her a microphone.

Yelena Agamyan: Mr Putin, I am Yelena Agamyan from the Novosibirsk State TV and Radio Broadcasting Company.

Siberians had a record harvest this year but regrettably, it turned out that nobody needs it because the state decided not to announce ***interventions*** this year since elevators are still full of grain from the 2008 harvest. It is very difficult to ship this harvest outside the region because we are located in the centre of the country. It is very expensive to get this grain either to Novorossiysk or to Vladivostok. As a result, our farmers are sustaining huge losses. They are selling the grain for half the price because they have nowhere to store it. Indeed, they are ready to diversify and sow something different, but being in their fields, they find it very hard to understand what the country needs today and what it will need tomorrow.

Maybe, it would make sense to return to the system of State ***Planning***? Maybe there are some other options that will allow farmers not to sustain record losses after collecting a record harvest? Thank you.

Vladimir Putin: You said for "half the price." It is important to understand what price you are talking about. Is this the price that the ***producer*** wants to get or is this the market price? And what is the market price?

There is no doubt that grain ***producers*** need support. It may be provided in different ways, for instance by state purchases - I do not think this is ruled out although the Government does not consider them expedient. It is necessary to think about this.

However, I am absolutely certain that it is essential to subsidise railway shipments, as we agreed with the Government. I simply cannot say now whether the final decision has been made or not but it will be adopted and it will work. This applies to shipments in general and exports in particular.

Dmitry Peskov: Gazeta.ru.

Rustam Falyakhov: My name is Rustam Falyakhov. I also have an economic question.

Mr Putin, to be honest, your answers create the impression that sometimes you are not properly informed about the state of affairs, at least in the economy.

I have a question about taxes and would like to hear a more realistic answer. Will taxes increase in 2018 and beyond? Today both business people and citizens are absolutely sure that the authorities have taken time out before the elections - it is clear why - and then there will be large-scale tax hikes.

They are already going up on the sly anyway, indirectly affecting both business people and the citizens. What is reported to you on this issue? What will happen with taxes after the elections?

Vladimir Putin: I cannot agree with you that there are efforts to mislead anyone on taxes. It is true, and unfortunate, that the burden, including non-tax, is increasing. As you know, I have issued a related instruction to conduct a thorough analysis of what is taking place in the regions. And this is mostly occurring in the regions of the Russian Federation. This is the first thing, and we will address it.

Undoubtedly, conditions should be created in the future to prevent this often unlimited and uncontrolled growth of the non-tax fiscal burden.

And you are absolutely right that the type of payment makes no difference to businesses - the main thing is that it comes out of their pocket, out of their business. That is my first point.

Second, as regards taxes, we agreed that taxes will not increase by the end of 2018, and overall, we are following this course. Certain points can be argued, but overall this holds true for the main categories of taxes.

As for what will happen starting 2019, I have already said in my answer to a question that we have outlined the main areas for development: infrastructure, healthcare, education, high technology, reinforcing the army and navy, and so on. But resources have to be found.

And, of course, we are thinking hard on these resources and what could be adjusted in the taxation system and how it could be done in order to promote the general, key goals of national economic development; what steps can be taken for the taxation system to ease the burden on the sectors where we ***plan*** to accelerate growth.

I think it is still too early to speak about it, because this discussion is of a sort that first must be implemented at an expert level and after that proposed for consideration together with the business community. We are not going to do this in back rooms, and this applies to certain other issues, such as the retirement age and others.

But what must be the focus of attention now is certain taxes that are a heavy burden on citizens and business and do not meet the interests of either citizens themselves or businesses, or the country overall.

Remark: Major housing repairs...

Vladimir Putin: Yes, for example, major housing repairs.

Or back taxes accumulated over several previous years due to the shortcomings of our tax system, even if it is not the taxpayer's fault.

If I am not mistaken, as many as 42 million people have this kind of tax debt, which amounts to 41 billion. Maybe some of my liberal opponents will criticise me for what I will say, but I believe that we should grant relief to these people. Moreover, this should be done with minimal red tape, without people having to come to the tax authorities. This is my first point.

Second, the same should apply to individual entrepreneurs. This is another 15 billion rubles and about three million people, 2.9 million in fact. For example, someone starts a business, and something goes wrong, but this does not stop tax liabilities from piling up. These people should be relieved from liabilities of this kind.

Third, we need to design the system in a way that creates incentives for taxpayers, so that they are not afraid to come to the tax authorities even when they miss a deadline. Of course, tax discipline is important. But it should not be excessive.

Finally, there is another situation that requires special attention. I am referring to the so-called notional income. Let me explain for those who do not know what this means. For example, someone is dispensed from paying back loans or telephone bills. Under the current laws, this is viewed as a notional income, which is taxable. This is the case for another three million people, and their tax liabilities are also in the billions.

These liabilities should be written off. They make absolutely no sense, undermine economic development and create an unjustified tax burden. I think that we will do this very soon.

Dmitry Peskov: Ufa, please. Give the microphone to Ufa, please.

Stanislav Shakhov: Good afternoon. Stanislav Shakhov, Ufa, Obshchestvennaya Elektonnaya Gazeta newspaper.

I would like to follow up on taxes. Getting federal funds is a headache for any region. For example, Bashkiria collects 100 billion in taxes, transfers 50 billion to the federal budget, and after that, it has to send numerous delegations to Moscow to get 30 billion worth of subsidies.

Do you believe a tax reform is necessary to make it possible for the regions to keep a larger portion of the funds they collect? For example, until 2010 the regions were entitled to five percent of the minerals extraction tax.

This would enable regions to better manage their funds, including launching road renovation on time, and not in December, when the federal money finally arrives and has to be put to use.

Vladimir Putin: Yes, but I will not tell you about the solutions that are on the table. Let me be honest, we are discussing these solutions. We raised this issue as recently as last week. We discussed road construction and revenues generated by regions.

Incidentally, you may know that we resolved to restructure regional debt. Are there any other questions on regional debt? Go ahead. This way I will answer all these questions together.

Ulyana Gatina: Good afternoon. Veliky Novgorod.

My name is Ulyana Gatina. Vashi Novosti [Your News] online newspaper.

My question is also about the regions' debts. My region is no exception. Like many others, it is a heavily subsidised region. Unfortunately, we lack funding for the social sector, education, healthcare and other areas. Veliky Novgorod alone has a debt of around two billion rubles, which almost equals its revenue.

My question is: how are regions like mine supposed to survive? We want to survive and, instead of approving a budget of hopelessness every year, approve a budget of opportunities. And there are many regions like ours. What can be done to balance the poor regions with the so-called donors so that neither would feel deprived and people had equal quality of life across the country? Perhaps debt restructuring is a solution to this problem.

Mr President, let me hand this over to you. It is my civic duty. I have been looking at the problem of low funding for pre-schools and schools for three years. Let me give you a visual presentation of what kind of kindergartens we have in the country.

Vladimir Putin: I will take a look. My assistants will pass it to me.

Dmitry Peskov: We will take it after the news conference. Thank you.

Vladimir Putin: One moment, I need to answer the question. These two questions from Ufa and Veliky Novgorod about donor and recipient regions are indeed related.

We believe that, as you rightly noted, people, wherever they live in Russia, must have a similar quality of live. Understandably, it is very difficult to achieve. We know that regions just developed differently for various reasons.

But it is not the people's fault that they live in regions that are not self-sufficient. And so what have we been doing for years? Levelling out their budget revenues with the revenues of the regions in which the country has invested huge resources over decades and maybe even a hundred years. These investment and resources may have also come from the regions which are today qualified as not self-sufficient.

Therefore, it is fair to re-distribute the resources from the 12 donor regions to the others. And we will be doing it carefully, without undermining the donor regions' willingness to develop their economy further.

As for refinancing, I have spoken about this today, and I believe the Government has made its views on this public as well. What decisions have been taken? It has been decided that the debts of nearly all Russian regions will be restructured for seven years at 5 percent.

The regions that increase their tax base by at least the inflation rate will be allowed to repay their debt in 12 rather than seven years. This will give them an aggregate sum of 430 billion rubles, which they must invest in their financial improvement and in development, including both social and economic development.

I believe that this is extremely important. All regions are extremely enthusiastic about this, including Novgorod Region. Such regions as Novgorod Region will receive additional assistance. I would like to stress that it will be additional assistance, besides the one I spoke about.

Few regions need such additional assistance. There are only three or four of them. Novgorod is one of them. This assistance will amount to billions of rubles as well.

There is one more important thing. No decision has been taken regarding it yet. I have not even discussed it with the Government so far. We must cut short the uncontrolled growth of unsubstantiated loans the regions take out from commercial banks at an economically unsubstantiated interest rate over and above their ability to repay debts.

Look at what is happening. There is often an opportunity to refinance loans at a lower interest rate at state banks. They do not do this. Why? Are we talking about collusion between local authorities and commercial banks? There are also conditions under which commercial banks do not lend money to businesses but they give money to regions even if they already have debts and are living over and above their means. Why are they doing this?

They are doing this because they know that these regions have state guarantees. This is why regions take out loans from commercial banks without considering the consequences. We will have to restrict this practice. As I said, I have not yet discussed this with anyone. You are the first to hear this. I do believe that we need to do this. Something like this.

Dmitry Peskov: Associated Press, you have the floor.

Kate De Pury: Kate De Pury, Associated Press.

(In Russian): If I may, I will also ask my question in English.

(In English): The US wants Russia to do more to persuade North Korea to halt its missile ***programmes***. Would Russia support tougher sanctions against North Korea? And do you think that cooperation on North Korea could warm up US-Russia relations? Or have you lost hope of mending them under Mr Trump? Thank you.

Vladimir Putin: You are such interesting people. Have you noticed that members of US Congress and Senate are so nice-looking and beautifully dressed in fancy suits and shirts? They seem to be intelligent people. They have put us on the same level with North Korea and Iran, and at the same time, they continue to prod the President to talk us into addressing the issues of North Korea and the Iranian nuclear ***programme*** together with your country.

What is the matter with you? You must agree that this sounds strange, and that it somehow goes beyond common sense. However, unlike some countries, our policy mostly lacks political time-serving considerations.

We are trying to work constructively with everyone on the most topical issues in the area of international security. We are trying not to sulk and not to take offence with someone in response to decisions that we sometimes fail to understand.

Regarding North Korea, our position is well known: we do not recognise North Korea's nuclear status. We believe that everything taking place there is counterproductive.

I have already said this, and I would like to tell you once again that in 2005 the concerned parties came to an agreement with North Korea that it would terminate its nuclear weapons ***programme***. North Korea assumed certain obligations. Everyone agreed and signed these agreements.

Only several months later, the United States decided that these agreements were not enough. The US side promptly froze the accounts of North Korean banks and said that North Korea had to do something else outside the framework of these agreements.

But North Korea decided not to bother and withdrew from all those agreements, and started developing its nuclear ***programme*** once again. Why did you do that? Did you think this was not enough? Then why did you sign the agreements if you thought it was not enough? In reality, you provoked North Korea to withdraw. Later, the situation became aggravated even further with Libya and Iraq. I have spoken about this many times.

North Korea sees no other means of self-preservation but to develop weapons of mass destruction and missile technology. As you can see, their upgraded missiles are now capable of hitting the United States. Is there anything good in this situation?

We believe that both sides need to stop ramping up tensions. At one point, we heard from our American partners that they would stop military exercises. Well, they have conducted another exercise, and the North Koreans have launched their missiles yet again. This spiral has to end because it is an extremely dangerous thing.

We have talked with our American partners. Supposing that the United States launches some strikes with high-precision non-nuclear weapons, what targets will be attacked? Do the CIA or the Defence Intelligence Agency know exactly what targets, and where, must be hit with one single strike?

Of course, they do not because North Korea is a walled-in country. You know some things, and you have no idea about others. And even one North Korean missile launch would have disastrous consequences. I repeat, the consequences would be disastrous.

Yes, the United States has already used nuclear weapons against Japan. I do not believe it was justified. Now there is absolutely no need for this. It is important to be very careful.

Mr Tillerson has recently said that the United States is prepared to establish direct contacts. This is a very good message showing that some changes are taking place among US leaders and at the Department of State, and that they are coming to recognise certain facts, hopefully together with the US intelligence community and the Pentagon.

If we proceed on the basis of common sense, then we will, of course, cooperate with the United States on all such issues, including North Korea.

Dmitry Peskov: Let us take this question.

Vladimir Putin: Bashkiria is nearby, but in my mind, in my understanding, Ukraine is also not far from there. Here comes Ukraine, please go ahead.

Roman Tsymbalyuk: Thank you very much for the opportunity to ask a question.

However, I will correct you, Ukraine and Bashkiria are far from each other. We are only closely familiar with your Buryat people.

This is not the first time I am asking you a question. The problem is that you do not answer all the questions. Earlier, you said that you never concealed the fact that you are sending people to Donbass to address military issues. In real life, this is called killing Ukrainian citizens. As a matter of fact, everything is clear here, and our army knows what to do with these people. But some of them are taken prisoners and end up in Ukrainian prisons. They get sentenced, sometimes to life in prison.

Your third term is coming to an end. What if you do not get re-elected? Don't you want to exchange your citizens? This is not so difficult, because Ukrainians do not leave their people behind. We want to return 65 hostages, of whom you are well aware, not just Sentsov and Sushchenko, but dozens of Crimean Tatars from Crimea as well.

(Noise in the audience)

Vladimir Putin: Keep it down, please.

Roman Tsymbalyuk: If you do win the election, will you stick to such an absurd position on Donbass and peacekeepers? In fact, your people who are addressing issues there engage in carnage of the people of Donbass, and you should not be afraid of it, because liberated Ukrainian cities such as Slavyansk and Mariupol are enjoying a wonderful peaceful life. Thank you.

Dmitry Peskov: There is more. RIA Novosti also wants to ask a question.

Vladimir Putin: Please, go ahead.

Yelena Glushakova: Lena Glushakova, RIA Novosti. I also wanted to ask a question about Ukraine, since we are asking questions in blocks.

The situation with implementing the Minsk agreements seems disastrous. Do you think they are still working to settle this conflict?

There is another related question. The United States constantly holds meetings with Russian representatives on Ukraine. However, it is not part of the Normandy Four. Is it perhaps time to make the US a formal participant of the Normandy format so that it becomes its fifth member?

If I may, one more question about the Ukrainian politician Saakashvili. What do you think about his future in Ukraine and what are the prospects of that country in general? Thank you.

Vladimir Putin: As for the Minsk format, it has not been very effective, primarily because of the unconstructive position of representatives of the current Kiev authorities. There is no desire whatsoever to carry out the Minsk Agreements. There is no desire whatsoever to start a real political process that can secure the implementation of an agreement on the special status of Donbass, which has been established in a Ukrainian law passed by the Rada, but which has not become valid for different pretexts. The agreement on it exists and the parameters of this law are well known.

As for the United States, it is a fully-fledged participant of the settlement processes in its own right, regardless of whether it is in the Normandy framework or not. In any case, it is very deeply involved and is well aware of all the events there.

I do not know whether it should be formally included in the Normandy format. In any event, this does not depend on us. Believe me, I have never been against this.

Now I will answer the question of your colleague. In fact, he did not ask a question but rather stated his position. This is what I would like to say on this score.

First, about the location of Ukraine and Bashkiria. Judging by the lack of any accent in your Russian, I believe mentally Bashkiria is not as far from Ukraine as you think in terms of geography.

As for the tragedy that is taking place there today - and this is definitely a tragedy - I must agree. It is always necessary to look at the primary source of the tragedy. The primary source is a coup d'etat, the armed unconstitutional seizure of power. And, as is known, part of the people did not agree and started resisting. Despite Ukraine's alleged desire to become part of European civilization, those who objected were fought against not by democratic methods but at first with the use of secret services and then with the full-scale use of the armed forces.

There is no Russian army on the territory of Donbass but there are certain militia formations that are self-sufficient and ready to repel any large-scale actions against Donbass.

We believe this meets the interests of the people who live on that territory because if they do not have such an opportunity, the massacre you mentioned, carried out by so-called nationalist battalions, will be even worse than in Srebrenica. And nothing will stop them, including appeals to international human rights organisations that I was advised to make by my Western colleagues if events take such a turn. We are fully aware of this.

Regarding the peacekeeping mission. It was Petro Poroshenko who spoke about the need to arm OSCE employees at first, and I agreed immediately. The OSCE turned down this idea right away saying that they have neither the experience nor the people and they do not want to give their employees weapons because they will immediately become targets for radicals on both sides.

Then Mr Poroshenko said that it is necessary to ensure security of the OSCE officers using UN forces. I agreed to that as well and, to dispel any doubts, we submitted a respective draft resolution, according to which UN forces would protect the OSCE employees.

After that, in a telephone conversation, Ms Merkel asked me, "Why only at the border, at the contact line? OSCE staff move all over Donbass. Please agree to them always traveling with security, wherever they go, including the border between Russia and Donbass, Russia and Ukraine."

I thought about that and replied, "Yes, you are right. We will agree to that." We immediately amended the resolution. But now it turns out that that was not enough. Basically, it all comes down to establishing international control over that territory.

We are not against that but Kiev would have to negotiate with Donbass. And, since we are talking about this, no other similar conflict in the world has ever been resolved only through mediators. Their resolution always required direct contacts between the parties to the conflict. Unfortunately, the current government in Kiev is evading direct contacts with Donbass.

Now, exchanges. I agree with you. Innocent people are suffering. Do you think it is the fault of Donbass? No. Yesterday there was another shelling by the Ukrainian army. Sometimes even we cannot tell if it is the army or the nationalist battalions.

As far as I know, the regular Ukrainian army and these nationalist battalions are not always on good terms. Honestly, I understand why. Because true soldiers are there to protect their people and the country from external aggression, not from domestic conflicts, even a tough and complicated conflict like the one in Donbass.

Now on exchanges. President Poroshenko instructed Viktor Medvedchuk to deal with this. Mr Medvedchuk was invited by the Russian Patriarchate to the New Jerusalem Monastery. As there had not been any exchanges for a long time, he asked us to use our influence with the leadership of the two unrecognised republics, the LPR and DPR, to get them to agree to this exchange.

We worked on that, as you probably know. In fact, it was the first time I had ever spoken to those leaders. They agreed. With the approval of Ukraine (it was their proposal, after all), Medvedchuk brought us the list of 67 people from one side in exchange for around 300 people from the other side. It was Ukraine's list. It was approved.

I want you to understand that this is what actually happened. I am not distorting facts. Then, out of the blue, they said no, this is not right, we need to change the list. They stalled the process again. Look, can we do it already? Then we can move forward. We should really do this act of kindness since it is the holiday season.

Now about Saakashvili. I think that what Saakashvili is doing is a slap in the face to both the Georgian and Ukrainian people. How can you still tolerate this? Here is a man who was the president of the independent Georgian state, and now he is running from square to square yelling for the whole world to hear: I am a Ukrainian! Are there no genuine Ukrainians in Ukraine? And Ukraine puts up with all this. It is such a pity to see. My heart bleeds.

Now about us being far removed or close. I know that you will probably not agree with this but each person has his own position. The development of the Slavic world was complicated. Russia's development was also difficult. It was formed by many Slavic tribes - 16 or 32. Eventually ancient Rus emerged, and Kiev became part of it and the centre of it. In this sense our historical, spiritual and other roots entitle me to say that basically we are one and the same people. But, of course, you may not agree with me.

One more thing is clear. Being close to Russia's western border, Ukraine developed accordingly and has many wonderful unique features in its language and culture - in everything. They are all cherished in Russia and considered to be part of our own culture.

In the 19th century some people started saying that Ukraine ought to be independent and self-sufficient. Did they have the right to say this? Yes, they did, especially considering that they lived in an empire where there was probably some forced Russification. But for Ukraine this was the least important thing because after all it is an Orthodox country. This was important at that time. Let me recall that passports identified religion rather than ethnic origin. There was no difference at all between a Russian and a Ukrainian.

Ukraine became part of the Russian empire in 1645. Russia incorporated three of its regions. Speaking in today's language this was around Kiev, Chernigov and today's Zhitomir - the latter had a different name. As part of the Russian empire, Ukraine received more territory as a result of different events, such as Russian-Turkish wars and later on World War II.

But in 1922, 1923, and 1924 the Bolsheviks decided for some reason that all territories adjacent to Ukraine's historical part should become a new republic - Ukraine. All Black Sea regions became part of it. After WWII it incorporated Western regions. This is how it all worked out.

But in 1954 Crimea was transferred there in violation of the Soviet Union law in force at the time, according to which such decision had to be approved by the Supreme Soviet of the Russian Soviet Federative Socialist Republic (RSFSR). The decision was made by the Presidium of the Supreme Soviet.

I will not say anything further. The people of Crimea made their own decision, I am sure we will get over this. Some people believe that it is better for Ukraine to develop as an independent state. So be it. If people believe so, this should be done and supported. It is absolutely pointless and counterproductive to try and suppress this opinion.

But let me emphasise that the entire world is taking a different path. People of different ethnic origin and religion are increasingly drawing closer to each other. This is happening both in Europe and Asia and also in North America - everywhere in the world.

As I said once, we were divided and then set against each other. We must come to understand what benefits both Ukraine and Russia and what is counterproductive. Let us ponder this together.

Dmitry Peskov: Next is the interstate TV and radio company Mir, another question about integration processes. Go ahead, please.

Ilona Linart: Thank you, Mr Peskov.

Ilona Linart, MTRK Mir.

Literally in a few days the Eurasian Economic Union will turn three years old, but our integration began in a difficult time for Russia. In 2014, oil prices collapsed, and the West embarked on the path of a sanctions war.

Many in the Union countries believe such a viscous, even sluggish onset of our integration is somehow linked with the Western sanctions against Russia. Therefore, we could not present the objective benefits of this unification of capital, labour and workforce, which seemed so obvious.

What do you think about this opinion? What has the EAEU achieved, and what remains to be done? And if the US imposes new sanctions against Russia, how will this affect the work of the Eurasian Economic Union?

Thank you.

Vladimir Putin: Regarding the Eurasian Economic Union, this is our common great achievement. All initiatives receive criticism, including the Eurasian Economic Union's development, but the figures indicate that the decisions were correct and we are moving in the direction we need.

How is this confirmed? This is confirmed by the fact that internal commodity turnover is growing, and so are exports. It just grows; it is obvious from facts, from figures. It has grown, I believe, by 26.9 percent, if I remember correctly. And even with those countries that have recently joined us, there is also a cumulative positive result.

I said that Russia's GDP grew by 1.6 percent, and the aggregate GDP of the Eurasian Union, by 1.8. This is a good sign. We are changing the structure of mutual trade for the better.

For example, in Belarus, machinery and equipment account for one-third of exports to countries of the Eurasian Economic Union. More than one-third. ***Agricultural*** ***produce*** also makes up one-third of total exports.

Suppose we give Belarus the right to acquire 24 million tonnes of oil duty-free, export it, and add the revenues to their coffers. We are talking about billions of dollars. Indeed, I repeat, we have reason to say that we are moving in the right direction.

Yet, there are unresolved issues. What issues? These are numerous exemptions from the adopted general resolutions, primarily on energy carriers, and electricity. We have a ***plan*** of action, outlined by year, which says when we should move to full liberalisation in these sectors. And we will move along.

There is an issue with customs regulation, which is another sensitive subject. What do we absolutely need to do? We will have to introduce electronic declaration of the goods moving through our countries and tracking of their movement - we have agreed on this with all our colleagues, although we are moving rather slowly and haltingly, but we have agreed, and I hope we will do it. An extremely important and very necessary thing.

Joint checkpoints. Some of my colleagues think that this is wrong. I will try to persuade them all the same. What is wrong with customs officers from Belarus or Kazakhstan appearing at our customs posts and working for some time with their Russian colleagues, or our officers joining them at their customs posts? This does not violate their sovereignty, but simply makes customs work more transparent. But we still need to introduce new technologies for transiting goods across the border.

Dmitry Peskov: I saw "Ryazan: Housing and Utilities" - just to bring things back down to earth.

Alexei Kochetkov: Thank you for giving me the floor. Alexei Kochetkov, TKR television channel, Ryazan.

Mr President, good afternoon,

I would like to begin with a small request, just a couple of words. Currently, a ***programme*** for improving cities and towns is really gaining momentum in our region. People themselves are picking what should be done under these ***programmes***, I am speaking of the municipal initiatives ***programme*** and a comfortable urban environment. Despite the lack of prerequisites for it, I would very much like to ask to continue financing such ***programmes*** as people need them very much.

And my question is rather simple regarding housing and utilities. Recently, in the past few years, people have often complained about utility rates going up, the lack of quality in the services they are provided. The question is: what should be done in this sector today to eliminate such complaints tomorrow?

Thank you very much.

Vladimir Putin: Thank you.

I can see another banner "Housing and Utilities." Give him a microphone, please.

Vladislav Sakharchuk: My name is Vladislav Sakharchuk, I am a correspondent with the website Kaluga 24.

Mr President, despite the objective positive things in the housing and utilities sector, there is a massive "black hole" - unscrupulous managing companies that collect money from residents but do not pay to the utility providers. Instead, they go bankrupt and disappear.

Even here, in the Kaluga Region, efforts are being made to get things under control, but the situation is becoming quite negative. We are objectively failing to cope with it at the local or even regional level; there needs to be some kind of federal response.

Thank you very much, I know a decision will be made to switch to direct payments between customers and utility providers. But this is only the first step in this very corrupt sphere. It should be put into order.

Thank you very much.

Vladimir Putin: There was someone talking about the housing and utilities sector as well. Was it you? Go ahead.

Viktor Smirnov: I am Viktor Smirnov, a correspondent with the website 47news.ru, Leningrad Region.

In November and December, officers and contract soldiers living in garrison towns all across the country received utility bills that were beyond high. Just imagine: in the Leningrad Region, a monthly bill amounted to 50,000 rubles per family.

This all was connected with another change of the company managing the Ministry of Defence's housing stock. That said, the military towns are in a state of neglect. They are becoming filled with garbage and experience constant supply interruptions. They just do not show this to you. But we have everything - photos and bills.

So, here's my question: Is it possible to do anything to stop this 'bloodletting' of the army? This is another company of the Ministry of Defence which is leaving people with 50,000 ruble bills on their hands.

Vladimir Putin: Your concern about military towns is understandable. And I share it, by the way. This deserves special attention, because it is arguably the most acute issue in the entire housing and utilities system.

If the army leaves a place, it does not mean that the people should be left behind. A formal transfer to municipalities is not enough. It is necessary to ensure that such transfers actually go through.

Nevertheless, what you just said is part of the overall housing and utilities problem. What can we say about this? Our colleague on this side said that, despite some positive trends in the housing and utilities sector, there are still a lot of problems. And the second or the third speaker also spoke about these problems. What are they about, in general?

First, what I think about this matter. I do not think that the situation is developing positively, unfortunately. There are more problems than solutions. Indeed, decisions were made in recent years and, yes, certain things have changed. But it is absolutely not enough. I think that both the regional and the federal authorities in charge of this, primarily, the Ministry of Construction, which has an entire unit that must deal with housing and utilities, are clearly not doing enough. This is absolutely clear.

What is the gist of the issue? The problem is that these so-called management companies collect money paid for utilities and the housing tariff payments. What is the difference?

Utility payments are payments to suppliers for gas, electricity, water and so on, maybe for sewerage as well. The housing tariffs, or housing payments, cover everything that happens inside a house.

So, the management companies first collect money for everything, and then make payments, including those to resource organisations. They do not always pay on time and in full. These activities mostly go unsupervised.

What do we need to do in this regard? It is necessary to cut off these management companies from the cash flow. Such a draft law is already in place and, I believe, it passed the first reading. In any case, it is being studied there. This must be done in soon.

There is another decision that was adopted. They are charging fees, often unsubstantiated, which the customers dispute. Now, the management companies, in connection with the upcoming decisions, will not only have to recalculate the amounts due, but to pay an additional 50 percent for the incorrectly issued bill as a fine, so to say. These decisions must be seen to completion by all means.

With regard to tariff regulation, I said that there are two types of payments: utilities and housing.

Utility payments are governed by federal regulations. The maximum tariff increase was set at 4 percent over the past couple of years. First, it is not complied with, and the utilities bills have grown on average not by 4 percent, but, according to the most recent data, as I checked yesterday, by 8.8 percent. This is unacceptable. There is a cap of 4 percent. Where does 8.8 come from?

The second component, the so-called housing payments, is even worse. This is something the management companies and the regions are directly responsible for. It is not regulated whatsoever, and there is no cap. So, payments here are off the charts. On average, at this point in time, extra payments amount to 23-odd percent, and occasionally even over 30. It is not good at all. What needs to be done? It is necessary to impose restrictions, of course. Similar to utility payments, it is imperative to introduce regulations on housing payments, and this must be done immediately.

Of course, most importantly, it is necessary to ensure timely construction of new facilities and the overhaul of existing ones in order to enhance the utilities system itself.

Dmitry Peskov: Let us continue. I can see Chinese colleagues here. I believe it says "Russia and China: Main things." Please.

Sun Juan: Good afternoon, Mr President. Sun Juan, China Radio International (CRI) and the mobile application "China - Russia: Main things." I have a question. Next March, the presidential election will take place in Russia. How do you think the result of the election will impact Russia-China relations? Or does our ***strategic*** partnership stand above short-term political circumstances in our countries? Thank you very much.

Vladimir Putin: Thank you for the question. And Xinhua now, please.

Luan Hai: Thank you, Mr President! My name is Luan Hai, Xinhua News. As we know, Russia and China have announced that they are linking the belt strategy with the Eurasian Economic Union. How do you see the results and prospects of Russian-Chinese relations?

And the second question. The Chinese Communist Party set the task of building new international relations and communities of common destiny based on the principles of equality and mutual benefit. Do you think that Russia is ready to work towards this goal together with China? Thank you.

Vladimir Putin: First of all, concerning the decisions adopted at the last congress of the Chinese Communist Party, I rate them highly and see them positively. It had a positive agenda for developing China and building international relations. It is identical or similar to what we propose for developing Russia and international relations, as well as Russia's place in the world. When I speak about the first element, I mean the economy above all. The Chinese economy is developing, and very rapidly, thanks to the policies of Xi Jinping and his predecessors. And the Party's Charter, as well as amendments to it, show that China wants: a) stability and b) development. And by developing, make the life of its people better.

It is vital for us, because China is our largest trade, economic and ***strategic*** partner in the broadest sense of the word. It is China with whom we trade most: over 63 billion. The trade has decreased a bit as a result of crises in the global economy, but we are quickly expanding, going back to the former level and, I am sure, will surpass it very soon.

Now, as far as the idea of the Silk Road is concerned, I have repeatedly said that it is absolutely compatible with and matches the development of the Eurasian Economic Union and the broad partnership in Asia that we have proposed. Already now (you asked about the results) it is possible to speak about what we have done.

But I have already answered a question here asked by your colleague, who is on my left, on the development of the Arctic. China, for example, is showing great interest in the Northern Sea Route. This is natural, because if we ensure year-round use of the Northern Sea Route, something that we will, I hope, eventually manage to achieve fairly quickly, then shipping goods from Asia to Europe and back will begin to make better economic sense than the other currently existing routes. That is the first thing. And we will encourage China in every possible way to benefit from these advantages. Both Russia and China are interested in this.

China has joined our biggest projects, including in the Arctic. For example, we have recently launched phase one of the Yamal LNG plant. The design capacity of phase one is 5.5 million tonnes of liquefied gas. Quite soon, in 2018, two more phases will be put into operation. Their overall capacity will reach 16.5 million tonnes. China is one of the key investors in this project. And there is a good reason, I believe, as this meets China's interests, its economic interests. We will do our best to encourage this for other projects as well.

I said, and we all know well, that with regard to pipeline gas, we are carrying out and will continue to carry out these projects. We have a wonderful high-speed rail project. That is what the Silk Road is actually about. We will gladly support high-speed traffic from China to Western Europe through Russia. We will thus increase the speed of railway freight carriage many times over. Both freight and passenger carriage. We have large-scale projects in high-tech sectors, space, aviation and so on. By and large, we are confident that we are moving absolutely in the right direction and we are determined to keep moving forward along this path.

As for the elections in Russia, I am completely sure that there is a nationwide consensus in Russia concerning the development of relations with China. Whatever the outcome of the elections, Russia and China will remain ***strategic*** partners for the long-term historical perspective.

Dmitry Peskov: Let us move over here. Vladimir Kondratyev, also a master journalist.

Vladimir Kondratyev: Thank you.

Mr President, our society is highly interested in your next presidential term if you win the election. Everyone wants to know in what respects this term will differ from the previous ones and with what team you will run the country in the next six years.

In this context, I would like to ask you what you think about the new government. Will the current Government survive until the election? And what socioeconomic strategy that now, as we know, is elaborated by different expert teams, will you rely on? Thank you.

Vladimir Putin: As for the current Government, I generally believe it is doing satisfactory work despite certain problems.

I have just spoken about housing and utilities. This is one of the problems to be resolved. There are still many problems that require special attention. But on the whole, the Government is fairly confident and its performance is satisfactory. Incidentally, this is demonstrated by the return to steady economic growth, the resolution of certain problems and sustainable macroeconomic development, which certainly form the foundation for future economic advancement.

Had this not been the case, there would be no direct foreign investment because all this is a result of the growing confidence in the policy conducted by the Government of the Russian Federation.

As for the future configuration, do not be cross with me but it is too early to speak about it. It should probably be discussed after the election, although naturally I do have some tentative ideas. Thank you.

Ukraine's neighbour - Poland. Go ahead please.

Andrzej Zaucha: Andrzej Zaucha, TVN TV company from Poland.

Last year I asked you about the remnants of the presidential aircraft. I understand nothing has changed. But I would like you to clarify when we can expect the return of these remnants to Poland.

My second question is closely linked with this. They promise us in Poland to publish a new report about this disaster in the near future. The Defence Ministry's commission is working on it. The new government is considering this.

There are reports that there were explosions on board the aircraft, and the defence minister says he has evidence. His commission is working. And, of course, there are hints that not you personally but your people provoked or staged this disaster.

Vladimir Putin: Listen, we are tired of this bluffing, just sick and tired. They have been giving us this nonsense, just blowing hot air. Let me remind you that at that time I was Prime Minister and as such, had very little to do with foreign political activities or any law enforcement and special services. Do not forget about this. That is my first point.

Second, if there were explosions on board, where did the plane take off? Moscow or Warsaw? So, that is where the bombs were planted. Are they saying that Russian agents infiltrated the place to put explosives in there? They had better look in their own place.

Finally, there were no explosions there. Both Polish and Russian experts have investigated the case thoroughly. They have studied in the most careful way all that was happening inside the cockpit: someone entered, and the pilot told them, "We cannot land." And that person replied, "No, I am not even reporting this to him." To whom? To the President, apparently. He ordered the plane to land. So they landed. An awful tragedy, and we grieved together with them. And now they have to wind everyone up, inventing things out of a clear blue sky. The same story was with the remains of that airplane.

They do not have to invent anything. If there is a problem and a tragedy, one must treat this as a tragedy and not search for any far-fetched political motives. What for? Do you want to further complicate Russian-Polish relations? Why? To raise someone's domestic popularity?

It seems to me that Russian-Polish relations are more important than the current internal political struggle in Poland between various forces that are quick to use any anti-Russian factor in this struggle. Turn this page, finally, and grow up. Become mature, meet the requirements of today and the interests of the Polish nation and the Polish people.

Clinging to these problems and further degradation of Russian-Polish relations does not benefit Poland at all. Count your losses from the various sanctions that Poland has joined, the jobs lost, and the businesses that could have developed targeting the Russian market. We do not need anything from Poland. We want to develop relations with Poland. I hope this approach will prevail in Poland as well.

Dmitry Peskov: Mr President, we have not yet given the floor to Interfax. Kseniya, please.

Kseniya Golovanova: Good afternoon, Mr President. Kseniya Golovanova, Interfax. I would like to ask you about Syria. Mr Peskov, I will try to speak short.

Taking into account the enormous number of contacts you have held lately on the Syrian settlement, what, in your opinion, are the main obstacles or hidden agendas preventing normalisation in the country? Who should assume responsibility for restoring the infrastructure? Should or can?

About our bases and what you have said about the defeat of ISIS in Syria, how do you see the role of these bases? Are you not worried that Western partners may see their presence as a tool to support Bashar al-Assad?

And the last question: about your trip to Syria. It looked really cool. Please, tell us, when you decided to do it, did our Aerospace Forces play any role in making this trip happen? Or Syrian soldiers, maybe? And when will the withdrawal of our troops from Syria be completed? Thank you.

Dmitry Peskov: If I may add, over there they have a Syrian flag with "Our Victory" written on it.

Magomed Magomedov: Thank you. Magomed Magomedov, Daghestan Republican Information Agency.

In 1999, you were in Daghestan, where we defeated international terrorists that invaded the republic. Today almost the same thing happened in Syria. But I think that terrorism has not been defeated yet. Today the world sees you as a leader, a head of state who fights terrorism.

Unfortunately, the experience the Americans demonstrate doesn't lead to anything. What are the chances of finding and taking out the people pulling the strings of these terrorist groups? This time it was ISIS, will there not be a new group tomorrow and so on? Thank you.

Arslan Khasavov: Mr President, of course, it is good to be Andrei Kolesnikov or Sergei Brilyov, because it would be easier to attract attention, but also about Syria, shortly. I represent Uchitelskaya Gazeta, but I work in education and international journalism, in particular, I also visited Khmeimim Air Base this February...

Vladimir Putin: You mentioned Kolesnikov. It is not difficult to be Kolesnikov, because everybody talks about him all the time. Say your name.

Arslan Khasavov: Arslan Khasavov, Uchitelskaya Gazeta. Yes, I was the first Russian who came to Khmeimim Air Base on foot, as the staff told me...

Vladimir Putin: Where from?

Arslan Khasavov: I was made to get off a bus when trying to reach the Russians on my journey from Latakia to Tartus, to Homs and Damascus - such a detour. I wrote a series of articles about it.

Vladimir Putin: That was dangerous. Where are you from, Daghestan?

Arslan Khasavov: I was born in Chechnya, but that is another story.

Vladimir Putin: Only Chechen people can travel there on foot.

Arslan Khasavov: Mr Putin, I have visited the refugee camp in Homs. There are so many orphans there now. I was also in Istanbul, where I saw Syrian children virtually barefoot outside, begging and so on. And there are Syrian children in these refugee camps. However, there are no educational ***programs*** for them. I saw this with my own eyes. Humanitarian aid is being supplied.

What is to become of these children in 10-15 years, no one knows. Maybe, now that you have declared victory over terrorism in Syria, is it time to think of organising a truly humanitarian ***intervention***, an educational one? I remember in Damascus, a Russian cultural centre was working for many years, but now it is closed. And since I am also a graduate of the Institute of Asian and African Studies, just like your Press Secretary ... Maybe you need someone like me, from Chechnya, if you ordered me to start and lead this work in Damascus, I would be prepared to live and work there for this purpose.

Vladimir Putin: As far as I know, there is already a man from Chechnya who largely organises this work, a Kadyrov, I think. He is now evacuating children from there, which is the right thing to do.

But you are actually right, and I am not joking now. You are absolutely right - this is a problem, and Turkey certainly suffers the most, because most of the refugees are there, the largest camps are there. Yet, there are such camps in Jordan, and in other countries. We also know about the problem of migrants Europe is facing, and so on.

Therefore, it is absolutely necessary to deal with this problem, and Syria will hardly be able to cope with it on its own. But I am not afraid of using these cliches: all people of goodwill around the world should understand that if we do not resolve this together, it will be their problem as well.

You are absolutely right to raise concerns about these children and what will happen to them in a few years, if they do not receive proper education and grow up in a normal human environment. One of the main sources of terrorism is a low level of education and living standards. This is such an injustice, and one of the main sources of terrorism to date, and of course, we need to do something about it, we need to solve this problem.

But Syria cannot cope with this alone. You know that Russia cannot cope with this alone either. Therefore, we are ready to participate, but only as one of the components of a common international effort. Thank you for your question and for your initiative.

Really, joking aside, I do not rule out the possibility of your working there at some point. Just like our military police from the North Caucasus are working there now. I believe I already mentioned that it was my initiative to send people from the North Caucasus as policemen there, because they are mostly Sunni, and the local Sunni population trusts them.

The authorities trust them too, because they are Russian servicemen, and the local people, regardless of their political affiliations, also trust them, because they are Sunnis. It is a win-win situation. First, the guys were very brave and disciplined, which is important. They were aware of their responsibility, and fulfilled their duty with dignity as they represented Russia's interests. However, this part is extremely important. So, the participation of our experts like you will be sought after.

Now, about the trip. The need for such a trip was clear to me for a long time. The question was whether proper conditions would be in place. When will we be done getting rid of these terrorist gangs? And what will the situation be like there? Well, the situation is there, these bandit groups are being mostly dealt with, and such a decision was made.

With regard to security, it was provided by our servicemen on the ground, too, because the specialists know that the most dangerous moments of such events include landing and take-off, when an airplane may be targeted by a MANPADS.

However, the pilots, I looked, did not just fly side by side, they went below our plane during landing. The nozzles of combat aircraft warm up much more than the engines of a civilian aircraft, and they, in fact, were covering our aircraft. Then, we parted ways. Of course, I am grateful to them for that and I want them to know about it, to hear it. Although, I think, there was no need for that but, nevertheless they did what they did.

What is the main obstacle that stands in the way of a final solution to the problem in Syria and fighting terrorism in general? Fighting terrorism in general is all about improving the level of education and well-being. And rectifying historical injustices in the Middle East and the world in general.

In Syria and elsewhere, it is critical that all the participants in these processes, the global players, do not succumb to a desire or temptation to use various terrorist, quasi-terrorist, or radical groups to achieve their fleeting political goals.

Al-Qaeda was created at some point to fight the Soviet Union in Afghanistan, and it ultimately struck New York on September 11. We can see it with our own eyes, our pilots can see it, and drones also show us the militants leaving, say, for Iraq. Our military tell their American partners: the militants went to a particular area. There is no reaction whatsoever. They are leaving, end of story. Why? Because they think that they could use them, probably, in fighting al-Assad. This is the simplest, but also the most dangerous thing to do, including for those who do it.

Dmitry Peskov: Alexander Gamov, Komsomolskaya Pravda. There is no way we do not give him the floor.

Alexander Gamov: Alexander Gamov, Komsomolskaya Pravda - the website, radio station and newspaper.

Mr President, I believe that the main political issue today is the nation's health, don't you agree? I know and everybody knows that both the President and the government are giving the issue close attention and hardly anyone will disagree that we have made significant progress in this area over the previous 10 to 15 years. Medical centres of which we have never even dreamt before have appeared in Russia, even in the remotest parts of the country - you and I attended the opening ceremonies for these centres.

You see, I mean - I believe you also know about this as you have all this information in your green folders - that this progress was accompanied by a so-called optimisation drive and the result is terrible because they started to consolidate medical centres and close rural medical assistance centres all across Russia - they did it yesterday and they are doing this right now. I understand that a sick person or a woman in labour can be driven in the areas where there are roads or medical air service. But it is disastrous in the areas without roads or medical air service. I am a man from a provincial town. You know, even in Moscow after the optimisation, it is difficult to book an appointment with a specialist.

Incidentally, today, material about journalist Lyudmila Yanina and her fellows in misfortune was posted on the Komsomolskaya Pravda website, which I already advertised. As far as I know, there are two dialysis centres in Orenburg Region, but the region occupies a vast area and it is so difficult for people to brave the frost or a blizzard... I mean that everything is geared to money or economic sense. Now, on behalf of our readers, I would like to ask you...

Dmitry Peskov: I would like to ask you to ask your question.

Alexander Gamov: I understand. Don't you think that they have pushed too hard and the reverse side of it is horrible?

I would also like to make a proposal, now that I was given the microphone.

Vladimir Putin: To all appearances, nobody else will have the chance to get it. (Laughter).

Alexander Gamov: You used to stop by at Komsomolskaya Pravda quite often: you have been there three times. Now we have not seen you for 11 years and 7 months, according to my count. I am inviting you over.

Vladimir Putin: Thank you.

Alexander Gamov: Maybe soon then. We will be waiting for you. Perhaps, Mr Peskov could help to organise this?

Vladimir Putin: Thank you.

Alexander Gamov: Thank you very much.

Vladimir Putin: Thank you for this invitation.

(Noise in the audience.)

May I answer the question? If everyone keeps asking questions without letting me answer, there is no reason for us to be here.

Regarding healthcare. In the beginning of this meeting I said that healthcare is one of the most important areas, a priority area for the future.

Denis Volf: May I add something?

Vladimir Putin: Add to what?

Denis Volf: To the question on healthcare.

Vladimir Putin: Go on.

Denis Volf: Hello, Mr President. I apologise for interrupting you, but the issue is very important. I am Denis Volf, Guberniya TV channel, Voronezh, Voronezh Region.

We see on the news one famous person leave Russia to get medical treatment abroad, then another one, a politician, for example, leaves, too. So we start investigating. Does this mean that Russia cannot provide proper treatment (I am talking about cancer, too), so that people have to leave to get treatment abroad? And as we investigate, we find out that we do have proper treatment, we have universities, qualified staff, everything is in order. But there must be something missing. What is it? Capacity or equipment, perhaps. In Voronezh, and in other major Russian cities as well, the issue of cancer and the construction of cancer treatment centres is a pressing one.

It is not enough to build a centre, it needs to be equipped, too. It is rather expensive, we are talking about serious technologies, including foreign ones, not Russian. Is it possible to introduce co-financing for cancer treatment centres as part of some federal targeted ***programme***? Maybe even the Zdorovye ***programme***, which, as far as I know, covers cancer treatment as well. It is a big problem, for the whole of Russia too, I believe.

Thank you.

Vladimir Putin: I will answer two questions at once.

Concerning healthcare development progammes in general. You have rightly said that a great deal has been done to make high-tech medical assistance more accessible. We have set up centres in many Russian cities, we set up perinatal centres and we will be working on this ***programme*** for the rest of the year. I think it should be continued further. I have already mentioned the drop in infant and maternal mortality in this connection. We have similar indicators, I mean basically good indicators, of mortality due to external factors, road accidents, cardiovascular disease, tuberculosis. Some progress has been made on oncology, but it is still short of what is needed to solve the problem, which is still severe. So, there is a need for co-financing by the state and we will certainly do that.

You have also mentioned the shrinking of the network. I agree with you that in many cases this is unwarranted and unacceptable. For all the need to modernise the system, and the fairness of the remark that hospital beds are used not to treat patients, but for prevention and wellness, and although the technical equipment should be such as to reduce the time a patient spends in a hospital bed and the number of people passing through this bed should increase, still considering the huge territory of our country reducing the number of medical facilities is not always justified. What should be done? First of all, funding of course should be increased. It will be increased for next year. This year it is, I think, about 3.8 of the GDP, according to Finance Ministry data. Perhaps these data may not tally with those of some other agencies. According to the Finance Ministry - I talked about it with Siluanov just yesterday, and he told me that next year the total spending on health care nationwide will be 4.1 percent of the GDP.

But I would like to flag a particular problem. It is the preservation (wherever possible) and creation of new forms of medical care in small communities of between 100 and 2,000 people. New modern nursing and midwifing centres should be set up, what has been lost should be restored and new facilities created. That's number one.

Number two. In communities with less than 100 people, mobile medical assistance centres should be set up. This is a must.

Some issues are crying out for a solution, you have mentioned them. They include providing additional assistance to seriously ill persons and helping them to buy a large amount of the drugs they need. Look what happened. Life expectancy has increased significantly, from 65 to almost 73 years. People who are gravely ill, thank God, are not passing away, but their numbers are growing and the amount of money allocated is insufficient. So I instructed the Government: we will increase allocations for the corresponding medicines, including pain-killers, and we will increase allocations for buying the necessary equipment, including for those who need it to be used at home.

Dmitry Peskov: Ekho Moskvy. I see Tatyana Felgengauer, who is back in the ranks.

Tatyana Felgengauer: Tatyana Felgengauer, Ekho Moskvy radio station.

Vladimir Putin: God bless you. I hope you are doing well.

Tatyana Felgengauer: I have a question about the situation with the rule of law in the Russian Federation. We can see two different legal realities. In one, there is a true repressive machine working, where criminal cases are being initiated for social media reposts and text messages, and people are thrown in jail on groundless charges, which has been confirmed by the ECHR, Oleg Navalny, and Alexei Malobrodsky, who is kept in pre-trial detention facility, while Kirill Serebrennikov's case is being heard.

There is another legal reality. The one where Boris Nemtsov was killed, and Ruslan Geremeyev never questioned, because the investigator was not allowed to see him. Andrei Turchak was not interrogated either in the case of the attempted assassination of journalist Oleg Kashin. Igor Sechin, the head of Rosneft, is not in court for the most important trial of Alexei Ulyukayev, ignoring the summons. Any other citizen would certainly be forcibly brought to court, because this is contempt of court, but Igor Sechin gets away with it.

Therefore, here is my question: what kind of rule of law is this, if there are two different legal realities in our country?

Vladimir Putin: I agree with you that there are problems. But I cannot agree with the fact that we have different legal realities.

As for Sechin and his failure to appear in court - if that was a violation of the law, then there must be an appropriate response under the law. But, as far as I understand, and I was certainly interested because I saw the public reaction to this case, the law was not violated in any way. The investigators agreed they have enough evidence collected, including the testimony of Sechin himself. But I cannot disagree with you that Sechin should have come to court, what is the problem anyway? He could show up and repeat what he said during the preliminary investigation and interrogations.

As for someone being in jail and you thinking it is unreasonable, that is your opinion, while the investigative authorities consider it justified. Such disputes can only be resolved by court. We need to further consolidate the judicial and legal systems.

Mikhail Zub: Good afternoon, Mr Putin. My name is Mikhail Zub. Potrebitel publishing house.

I have a question about the development of fisheries. We are very grateful to you for the historic conference of 2015, which adopted the idea that fish are part of the national heritage that should reach the population, and so on.

We also appreciate your systemic approach to the analysis of export, about 87 percent. We also appreciate that you have said today that the industry is underdeveloped: no processing, no coastal infrastructure, no logistics.

But some contradictions have arisen, which brings me to my question. The State Council proposed Federal Law 349 that "circumcises" your ideology by 75 percent.

Second, along comes Executive Order 633...

Vladimir Putin: What's the "circumcision" ?

Mikhail Zub: Let me explain. You moved from sale to processing to fishing, as a single whole. You proceeded from the consumer. What does law 349 do? It says: guys, divide 20 percent of the investment quota into four parts, 75 percent for fishing and 25 percent for processing.

Second, as if this were not enough: under resolution 633 an investment object, for example a factory, if it is to work at full capacity, needs twenty-five thousand tonnes of raw material. And then there is the game they are playing with resolution 648 which says that 70 percent of the quota is needed for the factory to function.

The size of the quota is nine thousand tonnes. Out of the nine thousand tonnes, six thousand tonnes is fish without heads, so it is really four thousand tonnes. So what happens? Suppose company X starts building a factory, and it practically destroys the infrastructure for four thousand tonnes of fish.

The plight of the processing industry is still worse. In fact, it is up against Federal Law 39. In fact, financial support is needed to build a factory and to take part in the construction. But the processor has no fishing operation. He has no quota.

I have to ask you for something very important. This is my question really. Today you are the umpire. The extractive side and the processing side are in the ring. The processing side "by the skin of its teeth" managed to reach the investment quota.

The processing facilities that cleared this bar have submitted their documents to Rosrybolovstvo [Federal Agency for Fishery], there are a few, I am talking about processing as a whole, not about specific cases, we should be allowed to take part in obtaining an investment quota, sign resolution 632, get a quota and build factories.

And most importantly...

Vladimir Putin: You brought the fish...

Mikhail Zub: Mr Putin, it is about China, the Northern Sea Route, connections, and supplies. There are 400 pages of printed text. This is my personal gift to you. You can toss it or go over it briefly. However, I want this to develop. We want to connect the Northern Sea Route, we want to connect the Russian Far East. We know what needs to be done. We are walking in circles.

I tricked you. I am not a journalist, rather an accidental journalist. I am the chairman of the board of directors of the Murmansk fish processing plant.

(Applause)

Dmitry Peskov: That's bad.

Mikhail Zub: I agree, it is.

Dmitry Peskov: You were accredited for a news conference.

Mikhail Zub: I agree, it is a bad thing to do. Because we have been fighting for three and a half years in order to survive, and we know how to survive. We know how to catch Far Eastern fish; the fish will be sold for 52 rubles, 80 rubles for fish from the Far East, not 300 rubles. Fish in our stores is priced at 300 rubles [a kilo].

We should be selling fish like it is chicken. What did Artemyev say? He said cod used to cost 60 kopecks, and chicken 2 rubles. Now, a chicken costs 100 rubles, and cod costs 300 rubles. Are we making fun of our customers? Do what you want with me. Yes, I came here illegally: I pretended to be a journalist, etc. Please hand it over from us.

Dmitry Peskov: Thank you for coming clean with us.

Vladimir Putin: Look, if we go into details now, hardly anyone will know what we are talking about.

I recently invited Ilya Shestakov to join me for a discussion of all these issues. In general, I share your concerns. If we do not create proper conditions for the development of processing capacities, then all of that will go abroad for processing. Jobs will be created there and added value will be created there as well, and the price for fish will remain as high as it is today. We need to provide logistics and redistribute these capabilities using quotas.

The 20 percent that you mentioned, I had exactly the same questions. The only thing that we heard here in response was that a rapid change in these percentages can undermine the catch in general. And the so-called grandfather rule, which took shape in the industry a long time go, cannot be changed abruptly, otherwise we will simply undermine fisheries.

We are not going to discuss it now, since it is not a work-related meeting, but I will invite you to one such meeting where both processors and ***producers*** will have the chance to speak. I just want to let you know that the issue is clear, we are dealing with it, and will continue to do so in conjunction with you.

You have my sympathies, and I think that now I will not get too far ahead of myself, but you are right, and we need to pay attention to the concerns that you have articulated. We will use your papers to prepare for these meetings.

Just a moment, Kseniya would like to say something against everybody. Please.

Kseniya Sobchak: Yes, Mr Putin.

Vladimir Putin: Are you against everyone present or everyone in general?

Kseniya Sobchak: No, I am for Russians and against power never changing hands. I have a question about competition.

Vladimir Putin: I knew it.

Kseniya Sobchak: I have a question about competition in this election. As you may know, I am also going to run for President of Russia.

Vladimir Putin: Are you here as a journalist or did you also trick everyone, like the man before, and you really came here as a presidential candidate?

Kseniya Sobchak: No, I have not tricked anyone and I have come here as a journalist from Dozhd TV channel, because, at the moment, this is the only chance to ask you a question, because you do not participate in debates.

Vladimir Putin: Please.

Kseniya Sobchak: My question is related to the competitiveness of the election. Your press secretary, Dmitry Peskov, has already said that there is no opposition today; you have said today that you cannot nurture rivals, there are no people.

I think that everyone is quite ready and there is no need to nurture anyone. The problem is that today opposition candidates are not allowed to take part in elections, or they run into problems. I can feel it myself.

For example, there is a candidate, Alexei Navalny, who has been campaigning for over a year now. Fake criminal cases were begun against him. Alexei Navalny proved that they are fake at the European Court. You know that the Russian Federation recognises rulings of the European Court. Nevertheless, he is not allowed to stand in the election, although it is known that the Constitutional Court has a special opinion on this issue and so on.

The same goes for my activities since my announcement. It is very difficult to rent a hall in Russia, and people refuse to cooperate, even on a commercial basis. It is difficult to deliver any advertising materials. All of it is simply connected with fear. People understand that to be an opposition member in Russia means that you will either get killed, or go to jail, or something like that.

My question is: why is this happening? Is the government afraid of honest competition?

Vladimir Putin: As for competition and whether we have a capable opposition, I have already answered in enough detail. The message was not that anyone is not mature enough, but that the opposition must emerge with a clear, understandable ***programme*** of positive action.

Suppose your slogan is "Against everyone." Is this a positive action ***programme***? What are you proposing to resolve the problems we are discussing today? (Applause.)

About the figures you mentioned. A question about Ukraine was already asked. Do you want dozens of people like Saakashvili running around here? Those you named are a Russian version of Saakashvilis. Do you want such Saakashvilis to destabilise your country? Do you want us to live from one Maidan to the next? To survive attempted coups? We have been through this already. Do you want all this to return? I am sure that the absolute, overwhelming majority of Russian citizens does not want this and will not allow this. (Applause.)

There certainly should be competition, and there will be competition of course - the only question is radicalism. Look what happened to the Occupy Wall Street movement in the United States. Where is it now? The thing is, it was comprised of people like Saakashvili or those you named. Where are they now? Nobody knows.

Is this democracy or not? We should ask ourselves: what is democracy? This is a subject for a serious and deep discussion.

I assure you that the government has never been afraid and is not afraid of anyone. But the government should not act like a bearded peasant idly picking at cabbage pieces in his beard and watching the state turn into a muddy puddle where oligarchs fish out goldfish for themselves, like it was in the 1990s or in Ukraine today. Do we want a replica of today's Ukraine in Russia? No, we do not want it and will not allow it.

Ilya Koshlyunov: Hello, my name is Ilya Koshlyunov, I represent the Buryatia State Television and Radio Company, city of Ulan-Ude.

I would like to ask about a problem. This is not a question; I just want to raise it at the federal level. On October 1, a ban on catching omul was imposed, so all businesses that operated on the shores of Lake Baikal were closed and people lost their jobs. Imagine, Siberia, the north of Siberia, this was what everyone did for a living, and they became unemployed. The only type of state support is unemployment benefits. I just ask you to make a note. When you do, the machinery will spring into action and there will be answers to the questions about how to help these people.

Vladimir Putin: All right. You are right, and without waiting for the second part of the question, I want to say that you are absolutely right. If this is going on, it is unacceptable. Naturally, we must fight for the environment. Say, we have a ban on black caviar, how is it enforced? Badly, because the market is full of black caviar. The same is true for omul: if it is being exterminated, it must be protected, a moratorium should be introduced for a period of time, but we should have thought about the people who are engaged in this business and have to feed their families. I will look into this without fail.

The second part of the question on Lake Baikal, please.

Yulia Permyakova: Hello, Mr President. My name is Yulia Permyakova, I represent the Tivikom television and radio company of Ulan-Ude, Republic of Buryatia.

I have two questions, I will be brief. As for Lake Baikal, the boundaries of the water protection zone have been expanded from 200 metres to 80 and sometimes up to 100 kilometres, so people have now automatically become violators, they cannot privatise land, houses, they must drive on asphalt roads. They have been asserting their rights for a long time, for four years, if I am not mistaken. Recently, Natural Resources Minister Sergei Donskoi received an activist. Nothing came of it, it has been impossible to solve this problem so far. It concerns 130,000 people, these are four districts. Is it possible to solve this problem somehow, to deal with it?

And the second question concerns the city of Ulan-Ude. Ulan-Ude is considered a tourist centre of Buryatia; nevertheless, we have been awaiting the construction of the third bridge across the Uda River for 10 years already. Its cost is 4.5 billion rubles. Now we have a new head of the region, Alexei Tsydenov, as you know. He is also doing a great job, trying to find these funds somewhere. Of course, we are a subsidised republic, so we cannot come up with the money from the budget of the republic or the budget of the city.

So, can the federal centre somehow finance the construction of the bridge? And if this is possible, can we designate a time frame?

Thank you.

Vladimir Putin: Facilities of this kind are always built with the participation of the federal centre, with allocations from the federal budget. It is simply necessary (and I will talk with the new head and with the Minister of Transport) to make applications in a timely manner and to get them included in the ***plan*** for the overall development of transport infrastructure, including bridge crossings. I will consider this question.

Now about the expansion of protected zones. When we held a meeting on Lake Baikal, I said that we need to fight for the environment, our colleague also spoke about this, for the preservation of nature. Everything must be done with common sense and so as not to disturb the normal life of the people who live in these territories. We will definitely return to this issue.

Dmitry Peskov: Mr President, you know, I have received a text message accusing me of behaving towards Russia Today like the US Department of State by not giving them the floor. Russia Today, ask your question.

Vladimir Putin: You are working for the US Department of State. Outrageous! You will be punished.

Ilya Petrenko: Mr Peskov, thank you very much.

Good afternoon. My name is Ilya Petrenko. As Mr Peskov has already said, I represent the Russia Today TV channel.

Mr President, I was initially ***planning*** to ask you about your personal contacts with Donald Trump, but you spoke twice on that already. A little clarification: if the English language had a familiar and formal 'you', would you be using the familiar one by now?

In response to one of the questions concerning the Americans, you mentioned the pressure on RT and Sputnik in America. The pressure continues. Russia is retaliating. First, how far is Russia prepared to go in its retaliatory measures. And second, but also very important, what effect can it have on freedom of speech in our country?

And very shortly, one more topic. Today, a farmer in the Kurgan Region, a father of many children, was sentenced for illegal trafficking of special devices, for a GPS tracker that he attached to his cow. The case was returned to the prosecutor's office. He is now watching this news conference, his name is Yevgeny. Despite the fact that his case is still being considered. According to my data, more than 200 persons were sentenced on similar charges last year. What do you think about that?

Vladimir Putin: I did not quite understand. Do you mean that he was using GPS without paying for it?

Ilya Petrenko: He ordered the device from China and attached it to his cow because it strayed away from the herd.

Vladimir Putin: Is this prohibited? This has to be paid for and he failed to pay, right?

Ilya Petrenko: There is a statute under which criminal charges can be brought against a person.

Vladimir Putin: I do not even know that such an article exists. I will, by all means, take a look at the statute and the cases involving the persons you have mentioned, on what cannot be attached to a cow. This is the first time I am hearing about this. I know that GPS and GLONASS devices are attached to cats to prevent a cat from getting lost. I do not see why this should be a problem with a cow. Or else there is something he has to pay but has not done so, or he could have gone about it in a somewhat illegal fashion. This needs to be settled in some way, I will try to.

As for the first part, Mr Trump and I are on a first-name basis but I do not know if that means we would use the informal 'you'. Most likely, we would. Because even though do we not know each other very well - we met in passing only twice, and I believe we spoke on the telephone twice - generally speaking, people who do what our voters have entrusted us to do should have a good working relationship. I hope that step by step, he will also have an opportunity to establish contacts with Russia as a whole, and in doing so he will also keep his election pledges and follow his intentions.

Question: Thank you very much.

I have a very brief question. I would like you to say a few words regarding Russia's attitude toward Iraqi Kurdistan at this stage. Also, how Russia intends to maintain relations with Iraqi Kurdistan.

Thank you very much.

Vladimir Putin: Look, what has happened in your case? You had an independence referendum. Then the leader of Kurdistan announced that the implementation of the decision made at the referendum should be postponed. This was not our decision, either. It is your decision. Then he resigned but the decision that implementation should be put on hold is still in effect. How should we respond to this? Our response should be that everything should proceed without any abrupt moves and within the bounds of existing law, with due respect for Iraq's territorial integrity, since Kurdistan's leadership has acted in the same way. What other options are there?

Our companies, including Rosneft, are working in Iraq and in particular, in Iraqi Kurdistan. We believe that cooperation will benefit Iraq as a whole, Iraqi Kurdistan and the Russian economy. Generally, by tradition, we have very good, trust-based relations with both Kurdistan and the Kurds (I mean overall). I am aware of the entire complexity of this issue in the region, as well as of the wide-ranging nature of this complexity. However, taking all these delicate aspects into account, we act on the assumption that there is nothing to prevent us from developing our relations with the Kurdish people. This is what we will be doing.

Natalya Menshchikova: Mr President, my name is Natalya Menshchikova. Nizhnevartovsk District Television. This is Yugra, the capital of Samotlor, the oil region.

Vladimir Putin: Yes.

Natalya Menshchikova: You spoke much today (I will change my question a bit) on how to unite the nation. We need unity, need an idea. In the 1960s, people of more than 100 various nationalities, various religions, came to Nizhnevartovsk District. They had a common idea - to ***produce*** oil for the country. A big goal united people. And the north yielded to them. Perhaps, we should study this experience today. History cannot be repeated, but it is possible to try to consolidate us all by a great, significant cause. Our modern society needs consolidation. This is an objective reality.

And back to the theme, in 2018...

Vladimir Putin: Mind you, this is supposed to be a question about oil. That's very devious of you!

Natalya Menshchikova: Everything has turned around. Everyone is being devious today. So, why should not I?

Vladimir Putin: I see.

Natalya Menshchikova: In 2018, Nizhnevartovsk District will mark its 90th anniversary. Its residents are people who committed a heroic feat - ***produced*** oil. Perhaps, we should consider encouraging our heroes, pioneers of oil extraction, as a consolidating idea.

Vladimir Putin: You are right.

Natalya Menshchikova: A district of labour glory. Why not? And other regions that also have something to be proud of can be granted some other status (both individuals and municipalities).

And the last thing. Veteran oil workers are hoping to receive your autograph on the occasion of the 90th anniversary of Nizhnevartovsk District. And a couple of warm wishes.

Vladimir Putin: And where do you expect me to write this? On the table?

Natalya Menshchikova: There are sheets of paper over there. Perhaps, you can use them. Please, Mr President.

Vladimir Putin: You know, let's do it this way. We will arrange this matter. Mr Peskov is here. I will do it by all means. I will write. And later, you will meet with him and he will pass it on to you. Agreed?

I am now going to answer your question. Back the oil theme: pass the microphone, please.

Dmitry Peskov: You have the floor. Please, introduce yourself.

Margarita Papchenkova: This is about Samotlor, in fact. I will never deceive you. Thank you for granting an exemption on watered fields, but it was somehow granted only to Samotlor, although many companies applied for it. It is well-known that not just Samotlor, but many small watered deposits need this exemption. Some selective approach prevailed here, and we all know its name - Igor Sechin, who is simultaneously engaged in a lawsuit with Sistema. These legal proceedings are damaging to the investment climate. That is why I have this question.

Vladimir Putin: Do not worry. I am not going to run away.

M. Papchenkova: I am just concerned about cutting into everybody's time. Here is the selective approach that is used everywhere: The one who comes first, is the most influential and the strongest and who has known you for a long time; that person takes it all, gets to develop all the projects, but everyone else gets nothing. You see, this is such a personal question.

Dmitry Peskov: Your question please.

Vladimir Putin: This is what the representatives say...

M. Papchenkova: Do you think such a problem exists? Or do you think everything is absolutely fair and Samotlor has only been granted an exemption on the flooded fields?

Vladimir Putin: Is it the oil ***producers*** who think they get nothing?

M. Papchenkova: Not just them - everybody thinks so.

Vladimir Putin: Okay. Look - please take your seat.

Look, as a matter of fact, this decision is not called Sechin, it is Aleksandr Novak, because these kinds of decisions are not plucked out of thin air - they are made after a discussion in the Government and a feasibility study on specific oil wells. The Energy Ministry prepares these decisions. They are based on objective data with regard to water encroachment, profitability, etc. This is what they proceed from.

Maybe, I am not sure, maybe both you and the others are right, but then this needs to be substantiated at the Ministry as well. There is no need to go to the Administration. We have an economic directorate there, which is headed by Andrei [Belousov], and it is efficient; very professional people work there, and we try to oversee this. However, not in terms of who has not been given enough, but in terms of whether those that the Government believes should get something, get a fair deal.

With regard to Samotlor and Rosneft, the Administration believes that this is a fair proposal. As for others, they should look into this matter with the Government, the Energy Ministry and the Economic Development Ministry. Okay? We are willing to support this.

Afghanistan, I promised.

Question: Not long ago, you had a telephone conversation with Donald Trump in the course of which you discussed the situation in Afghanistan, including the growing terrorist and drug-trafficking threats. In this context, I would like know how you assess the prospects for cooperation with the United States in meeting these challenges in Afghanistan. Thank you.

Vladimir Putin: This is one area of work where we could really join efforts with the United States. If we could work together here, these efforts could really be more effective.

We see the growing threat in Afghanistan from international terrorists and we see that radical armed groups are taking control over more and more sections of the Afghan border in the north, bordering former Soviet republics. This applies to Tajikistan, Uzbekistan and Turkmenistan. Naturally, we are greatly concerned by this, considering, among other things, the presence of Russia's 201st Military Base in Tajikistan and an airbase in Kyrgyzstan. We are closely watching these developments. We see that the central government in Kabul needs support from the international community and we are ready to provide this support, as we did in previous years, including training national law enforcement and military personnel and supplying essential weapon systems and military equipment.

Without economic aid, Afghanistan is unlikely to resolve all its problems, including combating drugs, drug production. As you know, unfortunately, it has to be said that Afghanistan is the world's biggest ***producer*** of drugs, including hard drugs. Some of them get to the Russian market and this is definitely a cause for concern. Together with the Afghan government and the United States, as well as other governments concerned, we are ready to work to meet these challenges.

Let's have a question about children, over there.

Dmitry Peskov: Who had a question on children from this flank?

Vladimir Putin: "Save the Children", go ahead.

Sergei Chesnokov: Let me introduce myself. Sergei Chesnokov, the Ivan-Chai news agency.

I was wondering, Mr President, if you are aware that 1 million signatures were recently brought to your Executive Office in defence of children before birth.

Vladimir Putin: Children before birth?

Sergei Chesnokov: Before birth. Because we have discrimination on grounds of age: children before birth are not protected by law. However, this is not what my question is about. I find this interesting but my question is different. The question is that the Pro Life movement, which has collected 1 million signatures of Russian citizens in all regions, since all regions are represented here...

Vladimir Putin: Is this about banning abortions?

Sergei Chesnokov: Yes, it is. This movement provides assistance to pregnant women. We asked them and estimated the cost of a child's life in Russia. The figure is shocking: the cost of a child's life is between 7,000 and 20,000 rubles depending on the region - that is, the cost of saving a child's life, if mothers get help.

Your wonderful initiative is to pay 10,000 every month, but here we have a one-time payment, which is significantly cheaper, it is the cost of life. So I have a question: will the state help such a non-profit organisation, because this movement, "For Life," includes more than 300 non-profit organisations from all over Russia: 69 regions and about 400 cities and towns? Will the state support this work by the non-profit sector in any way?

Vladimir Putin: I will try to answer in as much detail as I can, without losing too much time. I thank you for this question, it means that it is a good thing I brought my notes. I believe it is very important, I have already spoken about it at a meeting in the Kremlin, but I would like to repeat what I have said word for word.

First of all, about prohibiting abortion. You know, most countries leave it to the woman to decide in the modern world.

Why? Because there is a danger that if we prohibit it, the number of illegal abortions will go through the roof. This is not a discussion, it is a Q&A, but I am prepared to discuss it with you, have no doubt. But the experience of many other countries shows us that women go abroad to get abortions, there is a huge spike in back alley abortions and so on; the health of women is also greatly harmed, as well as their ability to bear children in the future, the mortality rate increases sharply and so on.

That is why we have to act in a careful and balanced way here, taking into account the general mood in society as well as the values this society holds. We should not act impulsively; you see what I mean?

What you do in terms of supporting pregnant women who are making this decision to have a child or not - this is absolutely the right thing to do. So we need to understand how to support such organisations, yours included. I am ready to do everything to support you, of course, in this area of your work.

As for supporting the institution of the family, childhood and motherhood, I will now repeat: I specifically waited for this question and I will use it to once again say what is proposed to support demographics.

First, families will be entitled to a monthly child benefit from the birth of their first child until the age of 18 months, in the amount of the child's minimum subsistence, which will be paid to families with an average per capita income below 150% of the minimum subsistence level for employable population. What does this mean? In 2018, this would be 10,523 rubles, in 2019, 10,836 rubles, and in 2020, 11,143 rubles.

Second, we will extend the maternity capital ***programme*** and expand the opportunities for its use, namely, and most importantly, maternity capital can now be cashed and spent in the form of a monthly cash payment from the birth of a second child until the age of 18 months, and used to pay for preschool education from the age of two months. Why are we doing this? To enable women to return to work as quickly as possible, and not lose her professional skills.

Third, as you know, in 50 regions of the Russian Federation, people receive monthly child benefits for their third and subsequent children until children are three years old. We will increase the number of these regions from 50 to 60 through redistribution within the system of norms.

Fourth, we will subsidise the interest rate on mortgage loans. What is the rate now? About ten percent, and anything over six percent will be subsidised by the state. This norm will be introduced from January 1, 2018 through December 31, 2022. After the birth of the second child, the mortgage interest will be subsidised for three years from the date the loan is issued, and in the case of the third child, for five years. According to our estimates, this will cover 500,000 Russian families in the coming years.

Fifth, the ***programme*** to create additional places at nurseries for children from two months to three years of age. Our goal is to ensure 100% availability of preschool education for these children by 2018-2019. ***Plans*** call for enrolling more than 326,000 children additionally to support low-income families and to improve the demographics.

Dmitry Peskov: Mr President, we've been on air for three and a half hours...

Vladimir Putin: "Save the children," I promised them. Please, give her the microphone. It says, "Save the children."

Zalina Atayeva: Zalina Atayeva, Grozny TV.

Mr President, first I would like to thank you on behalf of the relatives of our compatriots, who have been released from conflict zones on your instructions. Hence, my question.

As you said earlier, Head of the Chechen Republic Ramzan Kadyrov is carrying out this huge amount of work on your instructions. The release of some 100 people, including Russian and Kazakhstani nationals, has already been secured.

There are some experts, though, who have been warning against doing this. What is your position on this issue? Should children and their mothers be given the chance to return to a normal life? Generally, how important is this for our country?

Thank you.

Vladimir Putin: This is the right thing to do, this is very important, no doubt about it. What Kadyrov is doing is a very noble thing and the right thing.

The children who were taken to conflict zones did not make the decision to go there. We cannot, we have no right to leave them there. Ramzan is doing the right thing and should continue doing it. We will be supporting him.

Let us move on to Vladivostok.

Sergei Milvit: Mr President,

Sergei Milvit, PrimaMedia, Vladivostok.

We all have respect for you and we like you. You often come to Vladivostok. It is a favourite city of yours. It is clear. We know this only too well.

I will speak briefly. The Year of the Environment is almost over. Mr President, I want to draw your attention to the fact that it never began in Vladivostok, what with trees being cut down in public gardens, minerals illegally mined, the seacoast polluted and forests cut down. Most importantly, children's camps in the city's suburbs are being transferred to private ownership. Half of them have already been privatised.

So, my question is:

Mr President, I would like to ask you to help preserve the 19,788 hectares of land that they have failed to preserve for many years now.

Vladimir Putin: What hectares you are talking about?

Sergei Milvit: This is a forest belt around the city. This is the Sakharny Klyuch conservation area, Sadgorod territory. There is a new urban development ***plan*** for Vladivostok. It is to be approved. The situation is as follows: we arrive at Sadgorod, as I am also involved in public activism, to find that the entire forest and Red Book tree species are fenced off. Do you see? There are ***plans*** to build country homes there. But look, the country homes have already been built there and Red Book tree species have been cut down and now they want to legalise this by revoking the area's status as a recreation zone. Do you understand what is going on? We ask you to help us preserve these forests and 400 public gardens in the city, which they also promised to protect.

And there is another big problem in the Snegovaya Pad. Only military servicemen live there.

Vladimir Putin: I know. I have been there.

Sergei Milvit: Thirty thousand children. Mr President, three districts, 30,000 children. They are suffocating. Our waste incineration plant is not equipped to deal with the problem. They installed filters, yes; they brought them from Norway or wherever, and they installed them, but there is smoke. You see, our people are suffocating, really.

Excuse me, colleagues, that is it, the last request. Please help us, Mr President, with these 19,788 hectares, and to deal with the incineration plant, the Snegovaya Pad neighbourhood in general, but most importantly, they have failed to build a sports facility for children over the past five years; they have simply put it on hold.

I am president of City Resident and Citizen, the Vladivostok City Development Foundation. I am asking you to help us deal with these problems. Civil society has been working on this for many years and has been unable to solve the problems. Thank you very much.

Vladimir Putin (Noise in the audience): Hold on. Listen, our colleague has asked a question. I have to respond to it, really. Please, I am asking you.

As President to president I would like to tell you the following. (Laughter.)

First, generally, the Far Eastern Hectare ***programme*** is working quite well. There are already about 110,000 applications; 33,000 contracts have been signed. There is a proposal to give this opportunity - to acquire a hectare of land in the Far East - even to our fellow citizens living abroad.

Second, we have allowed not only Far Eastern residents but also people living in other parts of Russia to acquire this hectare. And we will continue to develop this ***programme***. Vladivostok has really made great headway in its development over the past seven or 10 years, simply amazing. It is a different city.

Of course, this is not enough. We will continue to develop [it]. When I talk about amazing progress I also mean the new airport, the new road, Far Eastern University on Russky Island and the two great bridges that residents in the Russian Far East dreamed about for as long as 100 years ago. And now we have built all of this. One of the bridges (or two) has even appeared on our banknotes.

As for the problem you have mentioned, from all indications, it does exist because under the guise of carrying out this project, land plots are provided that are part of the forest stock, and the land plots that are provided are actually part of the specially protected environmental zones. This is absolutely unacceptable and must definitely be dealt with.

Vladivostok is far away from the capital but, as they have always said in Russia, "it is too high to the Lord and too far to the Tsar." There is a problem there that has not been solved yet. I hate to have to say this, but I have to: The region is deeply criminalised. This applies to fishing, forests and other areas of economic activity. However, step by step, we will fix these problems and enforce order, which is necessary for people to live a normal life.

I will look into Snegovaya Pad and this plant without fail. This is the first time I have heard this. However, things need to be sorted out. The same goes for the sports centre, okay?

Right, Kazakhstan.

Aider Kurtmulayev: Good afternoon, Mr President. My name is Aider. I am the editor-in-chief of the Parntyor EAES [EAEU Partner] journal. Mr President, not so long ago, during the conference, you spoke highly of the EAEU's development pace and its indicators.

A few days ago, I interviewed the head of a research institute and I would like to say that all is not as well as you have been led to believe lately. The situation is a little more modest, more down to earth and I believe I can say why. Large companies - yes, there are state projects there and everything, but as for small and medium-sized businesses, unfortunately, they are not aware of the opportunities provided by the EAEU. They do not know about them because there are no sources, no special state support ***programmes***, no TV channels, no radio stations. The journal that I have founded is making a difference, but unfortunately, not in the form [that is required]. Mr President, will there be a ***programme*** to support EAEU development or is this being done deliberately, contrary to the European sanctions?

Vladimir Putin: No, this has absolutely nothing to do with the European sanctions. The idea of establishing the Eurasian Economic Union belongs to President of Kazakhstan Nursultan Nazarbayev and it emerged long before our economic difficulties with other countries began, long before any sanctions. This is due to the domestic need to ensure advanced economic and social development in our countries and the wish to use the absolute competitive advantages that we inherited from the past: a shared infrastructure and energy system, an opportunity to communicate in Russian, and so on. Each of our countries has a lot of competitive advantages if we pool our efforts and use these opportunities. So the direction we have taken is absolutely right.

Now, as to whether I am correctly informed or misled. I told you that the gross GDP of the EAEU countries is 1.8 percentage points, higher than in Russia. These are objective data, so I am correctly informed. That is my first point.

Second, I said that trade was up 26 percent - domestic trade. This is what our joint statistics say. What you say has nothing to do with the data at my disposal. You say small and medium-sized businesses do not have sufficient information. I should tell you that you are absolutely right and that this is in fact the case.

Now, what needs to be done to overcome these difficulties, and to allow people to look more broadly at the opportunities provided by our mutual integration. First of all, I already said this too, we need to adopt modern technologies, to exchange information, and we certainly need to support media like yours. We will think about what we can do to support you. We have the MIR TV channel, but this is probably not enough, although I think it has been doing interesting projects lately. We need to create unified information technologies: IT is one of the areas for our future joint work. We are now developing common algorithms not only in oil and gas trade, not only in the transport sector, but also general algorithms for digital technologies - an extremely important area. I have talked with all my colleagues about this, and I think that in the near future, at the end of this month, we will once again get together and discuss this, this time informally. We will meet, I hope we will have an informal meeting within the CIS, but we will also talk with our colleagues from the Eurasian Economic Union. This is how we will overcome the difficulties you brought up today.

Dmitry Peskov: Mr President, the Heroes of Russia are waiting for you at the Kremlin at 4 pm.

Vladimir Putin: Right. Please do not be angry with me. I would like to give you my greetings for the coming New Year. We really must wrap this up. No matter how much I would like to talk to you further, I really want to, but do not be angry. I will try to meet with you again in other formats.

Happy New Year! I wish you all the best! To all of you, your families, and Merry Christmas to those who celebrate it.

All the best to our country, and to the entire journalist corps. I want to assure you that we have heard you. I want to emphasize once again that we very much appreciate the role and importance of the press in today's Russian life. Let me express hope that we will work constructively in the coming year.

Thank you. Good luck.

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[***National Forum of Agricultural Producers***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RVR-DDV1-JDVR-029Y-00000-00&context=1516831)

Emerging Markets Brokers Reports - Russia

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**Body**

Vladimir Putin took part in the plenary session of the National Forum of ***Agricultural*** ***Producers***. The forum opened on March 11 at the Kuban State Agrarian University in Krasnodar.

Before the plenary session, the President toured an exhibition of innovations and technology start-ups for young researchers in the agribusiness.

As part of his working trip to the Krasnodar Territory, Vladimir Putin also visited the Lukyanenko National Grain Centre.

Also, after the session, Vladimir Putin met with Acting Governor of the Omsk Region Alexander Burkov. They discussed current socioeconomic development in the region, in particular, provision of healthcare services to the population.

\* \* \*

Transcript of plenary session of the National Forum of ***Agricultural*** ***Producers***

President of Russia Vladimir Putin: Good afternoon, colleagues, friends,

First, I would like to thank you for inviting me to the National Forum of ***Agricultural*** ***Producers***. I am sincerely happy to meet with those who develop and promote Russia's agro-industrial complex with hard work in the field at farms and companies, who provide high quality products to our stores and explore new markets outside the country.

Thanks to your efforts, the efforts of those who work in the fields, Russian ***agriculture*** has changed drastically in recent years and has become a competitive, high-tech area, a growth driver for the Russian economy. When could we have imagined that? I am saying this, and I cannot believe it.

Do you remember how people talked about ***agriculture*** not long ago? Now, thank god, this is in the past. The volume of ***agricultural*** production in Russia has grown five years in a row starting in 2013. In addition, the volume of livestock farming has increased for 13 straight years. Let me note that. I have seen reference files myself, and I would like to say this again: this volume has been growing since 2005, and this is not just because our domestic market is closed to competitors due to the events that you are all aware of. Since 2005, we have seen consistent growth; last year, it was 2.4 percent and it was 3.4 in the last four years in general.

Compared to 2000, the output of ***agricultural*** products has almost doubled. The production of cereals, sugar beets, greenhouse vegetables, livestock, and poultry has sharply increased, and the production of food products has doubled. According to the updated data (I think you know this) the harvest amounted to 135.4 million tonnes last year. Of course, this is an amazing result. This is exactly twice as much as in 2000.

I remember 2000 well - 65.4 million tonnes. I remember how I was happy that we had enough to meet our needs. I remember my feeling then. It would not have occurred to me that we would grow this much - 135.4 million tonnes last year. In comparison with 2000, the sugar beet and sunflower harvest increased threefold in 2017, soybean and rapeseed grew by 10 times and so on. This is just great. I would like to note once again that today Russia fully provides for itself all the basic food types.

At the same time, I want to emphasise that the format of this meeting allows us to talk not only about successes - of course, this is always pleasant and it is necessary to talk about it. But more importantly, the format of today's meeting provides an opportunity to discuss the challenges faced by the industry, to determine the steps that are necessary for the further growth of the agro-industrial complex, increasing the incomes of people working in this area, and developing the rural infrastructure.

What would I like to emphasise, to focus on?

First, it is necessary to constantly improve the quality of Russian products, increase the competitiveness of domestic enterprises, including in foreign markets. Our ***agricultural*** enterprises are capable of solving these problems.

Compared to 2000, exports of ***agricultural*** products and food products have grown by 16 times, such a great figure. Simply amazing. Today, this exceeds by one-third the value from the export of arms and military equipment. I remember two years ago I said this was incredible, but in terms of exports, the agro-industrial complex was equal to arms exports. Today it exceeds it by one-third: 20.7 billion is the export earnings of the agro-industrial complex, while the export earnings in the defence industry are 15.6 billion.

Even 20 years ago, our country bought grain from abroad, and today Russia is the largest exporter of wheat; we rank first. We are second in the world for the supply of cereals as a whole. The exports of sugar, vegetable oil, pork and poultry are increasing.

What is important? That the industry has become more attractive for investment. New jobs are being created. The myth about a permanent depression no longer interests anyone. I am sure that in the next few years Russia will become a leader in the global agro-industrial market.

You may have noticed that I said in my Address that four years from now, we ***plan*** to supplying more food to global markets than we will be importing from abroad. In other words, Russia will become a net food exporter. We also need to increase the export of meat products and goods with high added value.

To do that we need to modernise the infrastructure and agro-logistics, to remove bottlenecks in railway transport and to increase the capacities of seaports, grain elevators and storage terminals.

The Far East with its ports to the dynamically developing markets of Asia-Pacific region are key areas of development. We will also develop logistics centres in the northwest, and the Azov and Black Sea regions, which still have infrastructure restrictions.

Of course, it is essential to increase the efficiency of the instruments for supporting exporters. Thus, we had difficulties with storing and transporting grain because of last year's record harvest. As you know, to help the industry we discounted rates for railway grain shipments.

This measure was used a lot. It is necessary to extend these kinds of incentives, as I said, to the next grain seasons, paying special attention to the logistics of the ***producers*** in the Urals and Siberia, which are located far from seaports.

And one more point. The demand for ecologically clean high-quality food products is steadily growing throughout the world. Leading countries set high requirements on the access of goods to their markets. Products need to undergo certification and include compliance documentation.

I would like to ask our monitoring bodies, primarily Rosselkhoznadzor (Federal Service for Veterinary and Phytosanitary Surveillance) to attentively monitor, in cooperation with the Russian Export Centre, the safety and quality of food products distributed abroad and in cooperation with the Russian Export Centre, to provide any necessary assistance to our ***producers*** that are expanding into new markets and to protect them, that is, your interests. I am sure we will hear more proposals on the support of ***agricultural*** exporters at the forum. We will attentively review and discuss this by all means.

Second, to increase the capacity of domestic ***agriculture***, we need to modernise existing production, stimulate the construction of new modern facilities and increase self-sufficiency for specific commodity items such as beef, milk, greenhouse vegetables, food ingredients and feed additives.

Last year, more than 40 percent of the state support, or over 95 billion rubles, was allocated to investments in dairy and beef cattle breeding, greenhouse vegetable cultivation and horticulture, the modernisation of machinery and equipment. At the same time, we gave more opportunities to the Russian regions to determine the priorities for supporting the industry and combined 26 state entities into one single subsidy, which also allowed us to accelerate the distribution of funds to the final recipient. At least, that was the intent. If this is not so, I want you to speak to this today.

Last year, a mechanism was introduced for concessional lending to agrarians at a rate of up to 5 percent. As a result, the volume of investment loans to ***agricultural*** enterprises increased three-fold over the year.

At the same time, small entrepreneurs talk about difficulties in obtaining subsidised loans. I have already talked about this, and I want to repeat it: I would ask the Government to analyse this situation, to see what solutions need to be proposed here.

Another key area is the development of domestic breeding and genetics. This is a matter of food security and independence.

Today, here in Krasnodar, I managed to visit a research centre. I must emphasise that it is extremely important to ensure the ***strategic*** partnership between science and business in ***agriculture***, to support promising achievements and scientific research.

Over the past two years, 21 selection centres for crop and livestock breeding have received state support. Under the federal scientific and technical ***programme*** for the development of ***agriculture***, we will surely continue this work. We have wonderful traditions and wonderful specialists.

Third, as I said in the Address, the future of the Russian agro-industrial complex and its prospects are not just connected to the progress of large agro holdings, even though this is apparent. Small farms must have an increasingly noticeable part in the domestic market. Their share of ***agricultural*** output has grown four-fold in the past 17 years. This is a good number, very strong, and production volume increased by about ten times.

In fact, an entire class of farmers is emerging in Russia who know exactly what kind of products the customer needs; who know how to work on the land and how to succeed. These people's energy and initiatives must be supported, and any barriers to their ***produce*** entering the market must be lifted.

Thanks to grants, 18,000 farms have been set up in the past six years, 5,000 family livestock farms and 426 ***agricultural*** cooperatives were supported. We will continue to support greater employment in rural areas, to resolve the issues of providing land, and affordable financial resources; we will increase their economic sustainability.

I just spoke to some of you as I was visiting a breeding station, and the farmers there raised these issues. But regarding access to financing, we agreed that the Federal Corporation for the Development of Small and Medium Business would assist farmers inobtaining credit under its obligations.

The land issue is an acute problem after amendments were made to the law governing land provision for farmers. I have just been informed that a couple of years ago a clause was dropped under which land was allocated to farmers without a tender if there were no other bids from farmers, or via a tender if there was a bid from another farmer. This was done because there had been abuses with the use of allocated ***agricultural*** lands.

As we moved over to this hall from a previous meeting, we agreed with the ***agriculture*** minister - he has a respective directive - that we will go back to the provision in the law on land allocations to farmers that existed earlier. We will bring this back.

Amendments will be introduced that will not allow the manipulation of allocated land outside the tender process, and which must be used exclusively for ***agricultural*** purposes. These elements will be additionally introduced there. We will sort out how to make it so that no manipulation can occur. I proceed from the fact that the privileged allocation of land to farmers is quite justifiable.

Of course, it is crucial to support cooperation between small ***producers***, it will enable them to more efficiently collaborate with retail networks, cut costs and increase the quality of ***produce***. I would like to stress that much depends on the regional authorities regarding the development of small farming and ***agricultural*** cooperation.

I expect that they will support and focus on farms and ***agricultural*** cooperatives, including protecting them from unfair competition from large companies and any forms of administrative pressure.

Fourth, as I said, we must improve the living standards in rural areas. We have managed to do a lot as part of the village development federal ***programme***. This came into effect in 2003, and, of course, it will continue.

In addition, let me stress that we need to gain momentum in the development of infrastructure and the social sphere in villages. I mean easy access to medicine, to primary healthcare as well as the construction and equipping of rural schools and cultural centres.

We will increase the level of gas supply provision in villages and provide high-quality drinking water: both steps are crucial. Although we have seen advances, significant ones, in the first area, gasification. We will definitely continue. And, of course, it is necessary to provide closer integration of the rural areas and the common economic and social space in the country. To do this, we must accelerate the development of the telecommunications network and improve the conditions of local and regional roads, first of all, of course, local roads. These are the priorities of our systematic work for the years to come.

By the way, I have seen the reference. We talk about the roads all the time, especially local roads. It is forecasted that, starting from January 2019, the indexes will be 50.6 percent, and 52.6 percent by 1 January 2020, which is according to the regulations.

Today it is 48.6 percent. This growth is too slow. Of course, this is not the subject of our discussion today; we will have to discuss this with the government separately. But 4 percent growth - 48, 49, 50 and 52 - is too little. Just too small. We will have to work on this with the regions. With the regions and, of course, with the government. We will focus our attention on this.

Let me note once again that we must make life in the villages more comfortable and attractive and start the process of constant change for the better that all people, each person, can feel. Only when we create conditions that improve living standards will we be providing for the sustainable development of Russian villages and sure prosperity in the future.

Colleagues, the issues that the ***agricultural*** forum discusses go beyond the industry and, without exaggeration, concern the life of the entire country. Your expertise, initiative and aspiration to achieve even better results are very important for Russia's well-being and its advancement.

I would like to express my gratitude to you and all of your colleagues for your work, your love for your land and the ability to carry out your business effectively and responsibly.

Thank you for your attention.

\* \* \* \* \*

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Cuba Pharmaceuticals & Healthcare Report

January 1, 2018 Monday

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**Highlight:** As of September 2016, according to Rafael Pérez Cristiá, director of CECMED, more than 60% of the Cuban pharmaceutical market is supplied by medicines that are ***produced*** locally by 31 different companies at 64 manufacturing sites, with a combined workforce of more than 20,000. The remainder of the market comprised of pharmaceuticals from multinational firms that are not headquartered in the US, such as AstraZeneca (UK-Sweden), Roche (Switzerland) and Merck (Germany), as well as other companies from Latin America. With a robust pharmaceutical and biotechnology industry base, Cuba is set to drive increasing interest from foreign investors as the country gradually integrates into the global economy.

**Body**

Research-Based Industry

As of September 2016, according to Rafael Perez Cristia, director of the Control Estatal de la Calidad de los Medicamentos (CECMED), more than 60% of the Cuban pharmaceutical market is supplied by medicines that are ***produced*** locally by 31 different companies at 64 manufacturing sites, with a combined workforce of more than 20,000. The remainder of the market is comprised of pharmaceuticals from multinational firms that are not headquartered in the US, such as AstraZeneca (UK-Sweden), Roche (Switzerland) and Merck (Germany), as well as companies from Latin America. With a robust pharmaceutical and biotechnology industry base, Cuba is set to drive increasing interest from foreign investors as the country gradually integrates into the global economy.The Cuban government has been very proactive in strengthening its domestic pharmaceutical industry. State-initiated sector integration will further improve Cuba's pharmaceutical product standards and the industry's operational efficiency. The country's years of isolation have left the island relatively self-sufficient in its medical needs.

However, Cuba's increasing global integration and openness will accelerate the pharmaceutical industry's development and create significant commercial and investment opportunities over the next ten years. Generic drugs and biological products made in Cuba are set to become increasingly competitive in the global market, as the government has also adopted a more commercially oriented approach to develop the sector. Its main objectives include improving the quality of health for Cubans and maintaining itself as a source of pharmaceutical exports. Business financing of R&D is growing and will gradually prevail in the industry, while the government will increasingly focus on basic research ( *see 'Research and Development'*). **Domestic Industry** Over the past 40 years, Cuba has developed a well-established pharmaceutical industry. In 2012, Cuba created 'BioCubaFarma', the Group of Biotechnology and Pharmaceutical industries, in order to integrate the biotechnology and pharmaceutical sectors in the country. The new organisation directs and coordinates research entities, pharmaceutical companies and other medical service entities that used to be governed by the Scientific Pole and the Chemical Pharmaceutical Business Group (QUIMEFA - Grupo Empresarial Quimico Farmaceutico).The group will operate entirely on business principles. The reorganisation, regulated by Decree No. 307/2012 of the Council of Ministers, and Resolution No.590/2012 of the Ministry of Economy and ***Planning*** (MEP), is expected to raise Cuba's pharmaceutical product quality standards and its export level, as well as improve its efficiency in the use of facilities and human capital. The initial main focus will be on the promotion of generic drug production and research and development productivity in Cuba's pharmaceutical companies.As of October 2016, BioCubaFarma owns 32 Cuban companies and employs 21,768 workers. Out of these, 6,325 employees hold higher education degrees, 1,170 masters in science degrees and 262 have PhDs. The company has more than 100 research and development projects. BioCubaFarma currently has 78 manufacturing facilities across the country, manufacturing 1,099 products. The company has 91 biological medicines: 33 are used to treat cancers, 18 for cardiovascular diseases, 33 for vaccinations against infectious diseases and seven to combat diabetes. The company also operates health service ***programs*** both in Cuba and in foreign destinations such as Venezuela and Brazil. BioCubaFarma has a partnership with Japanese firm Daiichi Sankyo, in a clinical trial currently in Phase III and scheduled to be completed by end 2017, for the use of nimotuzumab, a recombinant humanized monoclonal antibody for head, neck and esophagus cancer.The company is also partnering with US-based Roswell Park Center to jointly develop Cimavax-EGF, a vaccine against lung cancer that has shown positive results in Cuba. In October 2016 the FDA approved the recruitment of volunteers for the clinical trial. This is the first center to get permission to sponsor the US testing of a Cuban medical therapy after the relaxation of US restrictions on Cuba by the former US administration.According to Yodira Perez, legal and commercial advisor from BioCubaFarma's commercial policy directorate of business and international cooperation, the country is working to offer the international community a strong legal framework to guarantee and capture foreign investment.Cuba is well known for its autonomy in the production of vaccines. As of February 2015, BioCubaFarma announced that they have recently finished Phase II trials for cholera and pneumococcal vaccines. BioCubaFarma has already introduced 14 new medicines during the last few years and it has a pipeline of 15 more for the coming years.In July 2016, Carlos Gutierrez, director of BioCubaFarma stated that the company is currently working on 450 research projects, with emphasis on addressing health conditions associated with leading causes of death in Cuba, including myocardial infarction and different types of cancer. In line with Cuba's increasing commercial interests, the company will continue to be focused on developing high value goods, strengthening drug production and expanding exports.QUIMEFA (integrated under BioCubaFarma since 2012), founded in 2001 by the Ministry of Basic Industry (MINBAS - Ministerio de la Industria Basica) comprises: 14 pharmaceutical ***producers***; 8 de Marzo, Combinado Dental, Combinado Optico, Finlay, Hemoderivados, Juan R. Franco, Julio Trigo, Lab. Oriente, MATHISA, MEDILIP, Medsol, Reinaldo Gutierrez, Roberto Escudero and Saul Delgado. The Pharmaceutical Commercialisation Company (ENCOMED - Empresa Comercializadora de Medicamentos). The Imports, Exports & Commercialisation Company (FARMACUBA - Empresa Importadora, Exportadora y Comercializadora FARMACUBA), which deals with imports and exports and commercialisation of pharmaceutical products. Pharmaceutical ***producers*** meet Good Manufacturing Practice (GMP) guidelines, approved under Regulation No. 16/2000. Drug quality is ISO-9000 certified. Before ***producing*** a medicine, its therapeutic value and economic feasibility is tested - ie, whether it is more expensive to ***produce*** or import it.Founded in 1963, the Chamber of Commerce of Cuba (CAMARACUBA - Camara de Comercio de la Republica de Cuba) is an association which represents companies involved in commerce, industry and services.

**Biotechnology, Pharmaceutical & Healthcare's Members of CAMARACUBA, 2015-2017**

| **Biotechnology** | **Centro Nacional de Sanidad Agropecuaria** |
| --- | --- |
|  | CIMAB Comercializadora de Productos Biofarmaceuticos |
|  | Empresa Especializada Importadora, Exportadora y Distribuidora para la Ciencia y la Tecnica |
|  | HEBER BIOTEC |
|  | Laboratorios Dalmer |
|  | Vacunas Finlay |
| Pharmaceuticals | Centro Nacional de Sanidad Agropecuaria |
|  | Empresa Importadora Exportadora FARMACUBA |
|  | Empresa Laboratorio Farmaceutico Oriente |
|  | Laboratorios Dalmer |
| Healthcare | Centro Internacional de Restauracion Neurologica |
|  | Centro Nacional de Sanidad Agropecuaria |
|  | Centro para el Desarrollo Informatico de la Salud Publica |
|  | Comercializadora de Servicios Medicos Cubanos |
|  | Complejo Cientifico Ortopedico Internacional Frank Pais |
|  | Importadora y Exportadora de Productos Medicos |
|  | Laboratorios Dalmer |

Source: CAMARACUBA

**Licensed Local Pharmaceutical *Producers*, April 2011**

| **Centre** | **Activity** |
| --- | --- |
|  |  |
| Centro de Isotopos (CENTIS) | Injectable medicaments, liquid and lyophilised |
| Centro de Isotopos (CENTIS) | 99mTc sodium pertechnetate, injectable solution |
| Centro de Isotopos (CENTIS) | Iodobenzylguanidine [131 I] and sodium phosphate P 32 |
| Centro de Isotopos (CENTIS) | Sodium iodide, oral solution |
| Centro de Investigacion y Desarrollo Medicamentos (CIDEM) | Cytostatics, liquid and lyophilised |
| Centro de Investigacion y Desarrollo Medicamentos (CIDEM) | Praziquantel, in tablet form |
| Centro Nacional Investigaciones Cientificas (CNIC) | Polycosanol |
| Centro Nacional Investigaciones Cientificas (CNIC) | Oleozon, all oral forms |
| Centro Nacional Investigaciones Cientificas (CNIC) | Oleozon, topic |
| EL AICA | Liquid injectables in 1, 2, 3, 5, 10 and 20 mL ampoules |
| EL MedSol | Tablets and coated tablets |
| EL MedSol | Tablets and coated tablets |
| ELF Oriente | Oral rehydration salts |
| ELF Oriente | Tablets |
| ELF Oriente | Large volume parenteral solutions, in plastic bags |
| ELF Reinaldo Gutierrez | Contraceptive tablets |
| ELF Reinaldo Gutierrez | Pressurised aerosols |
| ELF Roberto Escudero Diaz | Creams and ointments |
| ELF Roberto Escudero Diaz | Suppositories |
| ELF Roberto Escudero Diaz | Powder, oral suspension |
| ELF Liquidos Orales de Bayamo (MEDILIP) | Liquid products, oral administration |
| ELF Liquidos Orales de Bayamo (MEDILIP) | Liquid products, topic use |
| EPB Carlos J. Finlay | Injectables, liquid and lyophilised |
| Empresa de Productos Dentales (ACRILEST) | Semisolid medicaments for dental use |
| Empresa de Productos Dentales (ACRILEST) | Liquid medicaments for dental use |
| Empresa Farmaceutica 8 de Marzo | Cephalosporins and penicillins |
| Empresa Farmaceutica 8 de Marzo | Sterile cephalosporanic powder |
| Empresa Productora Insulina y Carpules Laboratorios (LIORAD) | Dental anaesthetic products |
| Empresa Productora Insulina y Carpules Laboratorios (LIORAD) | Liquid injectables |
| Empresa de Gases Industriales | Anaesthetic nitrous gas |

Source: CECMED Centro de Isotopos (CENTIS) claims to be the most complex radioactive facility in Cuba. The centre forms part of the Nuclear Agency, from the Ministry of Science, Technology & Environment. CENTIS was created in 1988 but its current facilities were inaugurated in 1995. CENTIS specialises in labelled compounds, radiopharmaceuticals, radioisotopic generators and conventional & radioisotopic diagnostic reagents, which are used for medical, genetic engineering, biotechnology, ***agricultural*** and industrial purposes. Its oncology portfolio includes 12 main products. In 2011, CENTIS has four operational licences for the production of injectable medicaments, 99mTc sodium pertechnetate, injectable solution Iodobenzylguanidine [131 I] & sodium phosphate P 32, and sodium iodide, respectively. The company employs about 150 people. Centro de Investigacion y Desarrollo de Medicamentos (CIDEM) develops finished medicaments, advanced technologies, diagnostic agents and natural products. CIDEM ***produces*** its own products and also undertakes third-party manufacturing. Products include medicines, cosmetics and nutritional supplements. In 2011, CIDEM has two operational licences for the production of cytostatics and Praziquantel, respectively. The plant for the production of cystostatics was inaugurated in 2002 and is located in Lisa, Havana City. Centro Nacional Investigaciones Cientificas (CNIC) has six research divisions: natural products, ozone, clinical trials, biotechnology, chemistry and microbiologic diagnostics. The centre operates three subcentres: Centre of Natural Products (CPN - Centro de Productos Naturales), Centre of Clinical Trials (CIC - Centro de Investigaciones Clinicas) and Centre of Ozone (OZONO - Centro de Ozono en Cuba). CPN has developed two medicaments and two nutritional complements. In 2011, CNIC has three operational licences for the production of polycosanol, *Oleozon* in oral form and *Oleozon* in topical form, respectively. Empresa Laboratorios (EL) AICA is located in Western Havana's Scientific Cluster (Polo Cientifico del Oester de la Habana). In 2011, EL AICA has an operational licence for the production of injectables. Empresa Laboratorio MedSol, founded in 1993, specialises in the production of solid forms. In 2011, the company had two operational licences for the production of finished products. Production meets ISO-9000 and follows the GB or US Pharmacopoeia. Around 90.0% of total production serves the domestic market, while the remainder is exported mainly to Latin America. Empresa Laboratorio Farmaceutico (ELF) Reinaldo Gutierrez researches, ***produces*** and distributes pharmaceuticals. In 2011, the company has two operational licences for the production of oral contraceptives and pressurised aerosols, which are ***produced*** by Laboratorio HANCO and Laboratorio Julio Trigo 102, respectively; ELF Reinaldo Gutierrez operates these two ***producers***. ELF Roberto Escudero Diaz manufactures pharmaceutical semisolid products. Its product lines include antibiotics, antifungals, antivirals, local anaesthetic products and non-irritable lubricants. It also ***produces*** natural products, such as *VimangCrema*, an antioxidant in cream form. In 2011, ELF Roberto Escudero Diaz has three operational licences for the production of creams & ointments, suppositories and powders. ELF Liquidos Orales de Bayamo (MEDILIP), founded in Bayamo City in 2000, ***produces*** 53 medicines, including syrups, suspensions, solutions and drops. Annual production is valued at 30.0 million units. In 2011, the company has two operational licences for the production of liquid products for oral administration and topical use. Empresa de Productos Biologicos (EPB) Carlos J. Finlay is located in Havana centre. In 2011, the company had an operational licence for the production of liquid and lyophilised injectables. In 2009, EPB Carlos J. Finlay extended its production capabilities; the value of these investments was not disclosed. The company ***produced*** 14 injectables and 70 clinical reactives in 2009. Empresa de Productos Dentales (ACRILEST), founded in 1989, is the only local ***producer*** of dental medicines. As of 2011, the company had two operational licences for the production of semisolid and liquid medicaments for dental use, respectively. In 2009, the company ***produced*** 52 dental products, and packaged an additional 18 prescription medicines. Leading dental products included *Analden*, *Halitol*, *Dentifix*, *Boraden* and *Perborasep* in 2009. The company employed 186 people in 2009. Empresa Farmaceutica 8 de Marzo has been in the market for over two decades. It specialises in the production of betalactamic antibiotics, including cephalosporins and penicillins, in different presentations. As of 2011, Empresa Farmaceutica 8 de Marzo has two operational licences for the production of cephalosporins & penicillins and sterile cephalosporanic powder, respectively. Empresa Productora de Insulina y Carpules (LIORAD) has two operational licences for the production of dental anaesthetic products and liquid injectables, respectively. Laboratorios NOVATEC ***produces*** oral solid products in tablet and capsule presentations. The company supplied about 38 products to the CBN in 2011, including enalapril, omeprazole, meprobamate and azithromycin. In 2011, NOVATEC processed its operational licence for the production of tablets, coated tablets and capsules. **Foreign Industry** Former US President Barack Obama's decision to engage in talks with Raul Castro established a path towards normalising relations between the Cuban and the US economy. Current regulatory standards for US business in Cuba are severely complex and limiting. However, easing of such regulatory restrictions will significantly increase the ability for US pharmaceutical companies to engage in further business with Cuba's pharmaceutical market. That said, the Castro regime is set to remain in power until 2018, when Raul Castro ***plans*** to retire. While this is positive news, we believe that the significant changes necessary for genuine multinational interest will occur slowly, meaning that Cuba's attractiveness to US multinationals will remain limited in the short to medium term. Moreover, President Donald Trump's administration poses downside risks to the normalization process between both countries, although our core view remains that US commercial interests will prevail in the administration stance towards normalizing relations with Cuba.US manufacturers are currently allowed to supply finished drugs to Cuba, but not raw materials or pharmaceutical manufacturing equipment. The US government requires a level of paperwork which makes even this very difficult in practice. Companies with the best prospects are in Canada, Europe, Japan and larger companies in developing countries in Latin America, Asia and Africa. In April 2011, CECMED granted GMP certificates to 13 foreign ***producers***. Three of them were biologic companies: Biotech Pharmaceutical Company; Changchun Heber Biological Technology, which had two certificates; and the Serum Institute of India.In October 2013, the Chemo Group, an Austria-based pharmaceutical company with deep connections in Spain and the US, hired a few powerful players to pave its way to sell a Cuba-developed diabetic foot ulcer (DFU) treatment in the US. *Heberprot-P* was developed by the Centre for Biological and Genetic Engineering (CIGB) in Cuba and is marketed by Havana-based Heber Biotec. The drug is currently undergoing clinical trials in China, Russia, Canada and the EU. It has been approved by Cuba, Ecuador, Dominican Republic, Vietnam, Philippines and Algeria. In 2011, Cuba signed an agreement with Brazil to sell *Heberprot-P* in Brazil as well as a number of other markets.In 2016, the US administration Treasury Department gave special permission to Roswell Park Cancer Institute in Buffalo, to import a lung cancer drug, *CimaVax*, and to Mercurio Biotec, a Texas-based startup, to import supplies of *Heberprot-P*. Both drugs are to be used in clinical trials.However, this is not the first time a Cuban drug has been tested in the US: in 2004, CancerVax Corp, a California-based drug research company, obtained an OFAC license to test and sell three Cuban-made lung cancer vaccines, after obtaining an agreement with Cuba's CIMAB through two years of complex negotiations. At the time OFAC emphasised that the approval of the licenses was 'strictly for humanitarian reasons'. CancerVax had to arrange a complex three-way deal to pay the USD6mn licensing fee to Cuba in terms of soybeans, medicines and other medical goods through third party companies. If the drug were granted with the market approval, the company would have to make additional payments of up to USD35mn. Eventually, CancerVax transferred the license to CIMAB and YM BioSciences, a Canadian company; in 1999, OFAC approved the co-development of a vaccine against meningitis B for the European market between SmithKline Beecham and Cuba's Finlay Institute at SmithKline's US laboratory.We note that the Cuban government continues to seek greater foreign investment to help it achieve strong economic growth, and is working hard to win the confidence of investors. Cuba's desire for greater inclusion in the global economy has been welcomed by most nations: In February 2014, Truffle Capital, an independent European private equity firm, created Paris-based ABIVAX by merging three French biotech companies (Wittycell, Splicos and Zophis) in collaboration with the Cuban Center for Genetic Engineering and Biotechnology (Centro de Ingenieria Genetica y Biotecnologia [IGBC]). Philippe Pouletty MD, founder and Chairman of ABIVAX, noted that this international project is intended to place France and Cuba at the forefront of progress in the field of therapeutic vaccines. In January 2014, Brazilian Health Minister Alexandre Padilha and Cuban Health Minister Roberto Morales Ojeda signed an agreement establishing a bilateral partnership between Brazil and Cuba for the development of medicines to treat cancer and autoimmune diseases. In December 2013, China Meheco entered a ***strategic*** alliance with BioCubaFarma. The alliance aims to strengthen bilateral trade between the two countries and establish a pharmaceutical production base in Cuba. Cuba's medical service exports have become an important source to support local healthcare expansion in Venezuela, Brazil and Ecuador as well as Angola, Algeria, South Africa, Qatar and Saudi Arabia.

**Foreign *Producers* with GMP Certificates, April 2011**

| **Centre** | **Activity** |
| --- | --- |
|  |  |
| Biotech Pharmaceutical Co. | Manufacture of API and finished dosage form nimotuzumab |
| Changchun Heber Biological Technology | Manufacture of recombinant Human Interferon Alpha 2b (rHulFN-alpha-2b) API |
| Changchun Heber Biological Technology | Formulation, filling and packaging of recombinant Human Interferon Alpha 2b (rHulFN-alpha-2b) |
| Farma Mediterrania | Formulation and packaging of Heberprot-P 75 and Heberprot-P 25 |
| Laboratorio Farmaco Uruguayo | Small volume parenteral products, for oncology use |
| Laboratorios Lopez | Formulation, filling and packaging |
| Medipharco - Tenamyd Central Pharmaceutical Joint Stock Company | Formulatin, filling and packaging of Hebermin cream |
| NAFAR Laboratorios | Formulation, filling and packaging |
| Planta Tecnofar TQ | Manufacture and packaging of Hebermin cream |
| Saokim Pharmaceutical Joint Stock Company (Saokim Pharma) | Manufacture of suppositories |
| Serum Institute of India | Manufacture of APIs of mumps, measles and rubella vaccines (Building SEZ 1B First Floor); formulation, filling and packaging of mumps, measles and rubella vaccines (Building SEZ 1B Ground Floor and Building SEZ 3 Ground Floor); bulk manufacturing, filling and liophylisation of BCG Vaccine (Building 4, Second Floor); packaging of BCG vaccine (Buildings 1 & 5, Ground Floor); bulk manufacture of rabies vaccine (Building 5, Ground Floor); processing of final products of rabies vaccine (Building 6, Ground Floor); packaging of rabies vaccine (Buildings 5 & 6, Ground Floor); formulation and processing of final products of immunosera tetanus antitoxin and anti-rabies serum (Building Main Block, Ground floor); packaging of immunosera (Building 1, Ground Floor) |
| Vaccine Company of Dalat Pasteur (DAVAC) | Labelling and packaging of Heberbiovac HB and Quimi-Hib vaccines, and anti-haemophilus Influenza type B conjugated vaccine |
| Vitrofarma | Filling and packaging of sterile penicillin powder (plant 1); filling and packaging of cephalosporin powder and other betalactamics (plant 6); manufacturing, filling and packaging of injectables (plant 8); and filling, packaging and storage of injectables (plant 4) |

Source: CECMED **Biotechnology** Cuba claims to have one of the most advanced biotechnology industries in the world. In the 2010 Biotecnologia Habana (Biotechnology Havana) congress, CIGB, reported that Cuba sells 34 biologic products in 40 countries. In fact, the biopharmaceutical industry has the second highest level of exports in the country, behind exports of nickel. In September 2016 Cuba and China signed a number of Memorandums of Understanding for the establishment of joint ventures (JV) in the biotechnology and biopharmaceuticals sector. This included, but was not limited to, a diagnostics JV in the Mariel Special Development Zone and a joint unit between the Cuban Center of Molecular Immunology and the Chinese company Beijing Dongsan Biotech to conduct research, development and production of monoclonal antibodies and recombinant proteins in order to export to Latin America. In April 2011, CECMED reported six local biologic ***producers*** with 22 operational licences. Additionally, there were three local ***producers*** processing five licences: Centro de Ingenieria Genetica y Biotecnologia (Plants 5 and 6), Centro Nacional de Biopreparados (Parenteral product plant 2), Centro de Inmunologia Molecular (Plant 1), Centro de Inmunologia Molecular (Plant 3) and Centro de Inmunologia Molecular (Plant 2).Centro de Ingenieria Genetica y Biotecnologia (CIGB), founded in 1986, claims to be one of the most modern complexes for biomedical and ***agricultural*** technology research in the developing world, occupying a 60,000 sq mt area. The company has three main headquarters located in Havana, Sancti Spiritus and Camaguey. CIGB employs over 1,600 people.In July 2011, the Provincial Court of Havana convicted ten former executives of the Cuban Institute of Civil Aeronautics and Heber Biotec on bribery. They were found guilty of favouring foreign companies in negotiations. CIGB's Biomedical Research Unit (IBM - Direccion de Investigaciones Biomedicas) works in more than 20 research projects and employs about 200 people. The unit is organised in five departments: vaccines; pharmaceuticals; immunodiagnostics and genomics; chemistry and physics; and the department of scientific, technical and administrative activities.Centro de Inmunologia Molecular (CIM), founded in December 1994, researches and ***produces*** biopharmaceuticals for the treatment of cancer and other chronic diseases. Administratively, the centre is divided into three main areas: R&D, production and quality assurance. Founded in 1992, CIMAB sells CIM's products; CIMAB has commercial associations with more than 25 pharmaceutical companies. CIM employs nearly 830 people, most of whom are scientists and engineers.CIM's product portfolio includes an anti-CD3 monoclonal antibody for the treatment of patients with organ transplant rejection; human recombinant erythropoietin for the treatment of anaemia; granulocyte Colony Stimulating Factor for the treatment of neutropenia; a humanised monoclonal antibody that recognises the epidermal growth factor receptor for cancer treatment as well as other monoclonal antibodies for tumour imaging.Centro Nacional de Biopreparados (BIOCEN) develops and ***produces*** low-volume parenteral products, active pharmaceutical ingredients (APIs) for vaccines and other biologic products. In 2011, BIOCEN has eight operational licences, of which three are for the production of APIs and three for the production of parenteral products. The company employs about 800 people.Empresa de Sueros y Productos Hemoderivados Adalberto Pesant has a plant for the production of seven biologics. The company employs about 171 people.Instituto Finlay, founded in 1991, develops and ***produces*** vaccines, in many cases in cooperation with CIGB and CIM. Since 1999, Vacunas Finlay has exclusively promoted, marketed, sold and distributed products and services for Instituto Finlay. The company employs about 1,000 people.Instituto Finlay ***produces*** vaccines included in the national immunisation ***programme***. One of the first, and most successful, of the company's vaccines is the meningococcal BC vaccine, Va-Mengoc-BC; the former SmithKline Beecham entered an agreement to license this vaccine outside Cuba in 1999.The company occupies an area of 23,000 square metres, with three main areas: fermentation, purification and clean rooms. In terms of manufacturing capabilities, Instituto Finlay had three operational licences for plant I, II and III in 2011. In terms of R&D, the company specialises in vaccines, diagnosis, immunoprophylaxis, design of new adjuvants, and preventive and therapeutic antivirals. Generic Drugmakers

Empresa Laboratorio Farmaceutico (ELF) Oriente is the 14th licensed local pharmaceutical ***producer***, developing and ***producing*** generic, natural and homeopathic products. In 2011, the company had three operational licences for the production of oral rehydration salts, tablets and large volume parenteral (LVP) solutions, respectively. The plant for the production of LVP solutions was built in 2003, in cooperation with China.In March 2012, Cuba's Health Minister, Roberto Morales, and the World Health Organisation's Director General, Margaret Chan, signed an agreement for technology transfer and production of generic drugs, increasing the country's global reach. Pharmaceutical Distribution

Intermediaries and agents are allowed to handle goods on consignment for licensed importers in Cuba. However, only licensed importers are permitted to conduct distribution within the country, requiring the government to import finished medicines and distribute drugs directly to pharmacies throughout the island, with no secondary involvement. Therefore, distribution channels may only be conducted via a physical presence in Cuba as well as an importers license. Pharmaceutical Retail Sector

The Caribbean Export Development Agency notes that retail operations in Cuba are run by either government agencies, individuals with strict licensing agreements, or foreign corporations in partnership with the government. Any state-owned retail businesses are banned from product advertisements. All pharmacies in Cuba are state-owned. In theory all approved medicines are available in these pharmacies. However in reality, many medicines remain in limited supply or simply cannot be found, leaving many Cubans to source their medications from the black market, according to Aljazeera.

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[***National Forum of Agricultural Producers***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RVR-DDV1-JDVR-029M-00000-00&context=1516831)

Russian Government News

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**Body**

Vladimir Putin took part in the plenary session of the National Forum of ***Agricultural*** ***Producers***. The forum opened on March 11 at the Kuban State Agrarian University in Krasnodar.

Before the plenary session, the President toured an exhibition of innovations and technology start-ups for young researchers in the agribusiness.

As part of his working trip to the Krasnodar Territory, Vladimir Putin also visited the Lukyanenko National Grain Centre.

Also, after the session, Vladimir Putin met with Acting Governor of the Omsk Region Alexander Burkov. They discussed current socioeconomic development in the region, in particular, provision of healthcare services to the population.

\* \* \*

Transcript of plenary session of the National Forum of ***Agricultural*** ***Producers***

President of Russia Vladimir Putin: Good afternoon, colleagues, friends,

First, I would like to thank you for inviting me to the National Forum of ***Agricultural*** ***Producers***. I am sincerely happy to meet with those who develop and promote Russia's agro-industrial complex with hard work in the field at farms and companies, who provide high quality products to our stores and explore new markets outside the country.

Thanks to your efforts, the efforts of those who work in the fields, Russian ***agriculture*** has changed drastically in recent years and has become a competitive, high-tech area, a growth driver for the Russian economy. When could we have imagined that? I am saying this, and I cannot believe it.

Do you remember how people talked about ***agriculture*** not long ago? Now, thank god, this is in the past. The volume of ***agricultural*** production in Russia has grown five years in a row starting in 2013. In addition, the volume of livestock farming has increased for 13 straight years. Let me note that. I have seen reference files myself, and I would like to say this again: this volume has been growing since 2005, and this is not just because our domestic market is closed to competitors due to the events that you are all aware of. Since 2005, we have seen consistent growth; last year, it was 2.4 percent and it was 3.4 in the last four years in general.

Compared to 2000, the output of ***agricultural*** products has almost doubled. The production of cereals, sugar beets, greenhouse vegetables, livestock, and poultry has sharply increased, and the production of food products has doubled. According to the updated data (I think you know this) the harvest amounted to 135.4 million tonnes last year. Of course, this is an amazing result. This is exactly twice as much as in 2000.

I remember 2000 well - 65.4 million tonnes. I remember how I was happy that we had enough to meet our needs. I remember my feeling then. It would not have occurred to me that we would grow this much - 135.4 million tonnes last year. In comparison with 2000, the sugar beet and sunflower harvest increased threefold in 2017, soybean and rapeseed grew by 10 times and so on. This is just great. I would like to note once again that today Russia fully provides for itself all the basic food types.

At the same time, I want to emphasise that the format of this meeting allows us to talk not only about successes - of course, this is always pleasant and it is necessary to talk about it. But more importantly, the format of today's meeting provides an opportunity to discuss the challenges faced by the industry, to determine the steps that are necessary for the further growth of the agro-industrial complex, increasing the incomes of people working in this area, and developing the rural infrastructure.

What would I like to emphasise, to focus on?

First, it is necessary to constantly improve the quality of Russian products, increase the competitiveness of domestic enterprises, including in foreign markets. Our ***agricultural*** enterprises are capable of solving these problems.

Compared to 2000, exports of ***agricultural*** products and food products have grown by 16 times, such a great figure. Simply amazing. Today, this exceeds by one-third the value from the export of arms and military equipment. I remember two years ago I said this was incredible, but in terms of exports, the agro-industrial complex was equal to arms exports. Today it exceeds it by one-third: 20.7 billion is the export earnings of the agro-industrial complex, while the export earnings in the defence industry are 15.6 billion.

Even 20 years ago, our country bought grain from abroad, and today Russia is the largest exporter of wheat; we rank first. We are second in the world for the supply of cereals as a whole. The exports of sugar, vegetable oil, pork and poultry are increasing.

What is important? That the industry has become more attractive for investment. New jobs are being created. The myth about a permanent depression no longer interests anyone. I am sure that in the next few years Russia will become a leader in the global agro-industrial market.

You may have noticed that I said in my Address that four years from now, we ***plan*** to supplying more food to global markets than we will be importing from abroad. In other words, Russia will become a net food exporter. We also need to increase the export of meat products and goods with high added value.

To do that we need to modernise the infrastructure and agro-logistics, to remove bottlenecks in railway transport and to increase the capacities of seaports, grain elevators and storage terminals.

The Far East with its ports to the dynamically developing markets of Asia-Pacific region are key areas of development. We will also develop logistics centres in the northwest, and the Azov and Black Sea regions, which still have infrastructure restrictions.

Of course, it is essential to increase the efficiency of the instruments for supporting exporters. Thus, we had difficulties with storing and transporting grain because of last year's record harvest. As you know, to help the industry we discounted rates for railway grain shipments.

This measure was used a lot. It is necessary to extend these kinds of incentives, as I said, to the next grain seasons, paying special attention to the logistics of the ***producers*** in the Urals and Siberia, which are located far from seaports.

And one more point. The demand for ecologically clean high-quality food products is steadily growing throughout the world. Leading countries set high requirements on the access of goods to their markets. Products need to undergo certification and include compliance documentation.

I would like to ask our monitoring bodies, primarily Rosselkhoznadzor (Federal Service for Veterinary and Phytosanitary Surveillance) to attentively monitor, in cooperation with the Russian Export Centre, the safety and quality of food products distributed abroad and in cooperation with the Russian Export Centre, to provide any necessary assistance to our ***producers*** that are expanding into new markets and to protect them, that is, your interests. I am sure we will hear more proposals on the support of ***agricultural*** exporters at the forum. We will attentively review and discuss this by all means.

Second, to increase the capacity of domestic ***agriculture***, we need to modernise existing production, stimulate the construction of new modern facilities and increase self-sufficiency for specific commodity items such as beef, milk, greenhouse vegetables, food ingredients and feed additives.

Last year, more than 40 percent of the state support, or over 95 billion rubles, was allocated to investments in dairy and beef cattle breeding, greenhouse vegetable cultivation and horticulture, the modernisation of machinery and equipment. At the same time, we gave more opportunities to the Russian regions to determine the priorities for supporting the industry and combined 26 state entities into one single subsidy, which also allowed us to accelerate the distribution of funds to the final recipient. At least, that was the intent. If this is not so, I want you to speak to this today.

Last year, a mechanism was introduced for concessional lending to agrarians at a rate of up to 5 percent. As a result, the volume of investment loans to ***agricultural*** enterprises increased three-fold over the year.

At the same time, small entrepreneurs talk about difficulties in obtaining subsidised loans. I have already talked about this, and I want to repeat it: I would ask the Government to analyse this situation, to see what solutions need to be proposed here.

Another key area is the development of domestic breeding and genetics. This is a matter of food security and independence.

Today, here in Krasnodar, I managed to visit a research centre. I must emphasise that it is extremely important to ensure the ***strategic*** partnership between science and business in ***agriculture***, to support promising achievements and scientific research.

Over the past two years, 21 selection centres for crop and livestock breeding have received state support. Under the federal scientific and technical ***programme*** for the development of ***agriculture***, we will surely continue this work. We have wonderful traditions and wonderful specialists.

Third, as I said in the Address, the future of the Russian agro-industrial complex and its prospects are not just connected to the progress of large agro holdings, even though this is apparent. Small farms must have an increasingly noticeable part in the domestic market. Their share of ***agricultural*** output has grown four-fold in the past 17 years. This is a good number, very strong, and production volume increased by about ten times.

In fact, an entire class of farmers is emerging in Russia who know exactly what kind of products the customer needs; who know how to work on the land and how to succeed. These people's energy and initiatives must be supported, and any barriers to their ***produce*** entering the market must be lifted.

Thanks to grants, 18,000 farms have been set up in the past six years, 5,000 family livestock farms and 426 ***agricultural*** cooperatives were supported. We will continue to support greater employment in rural areas, to resolve the issues of providing land, and affordable financial resources; we will increase their economic sustainability.

I just spoke to some of you as I was visiting a breeding station, and the farmers there raised these issues. But regarding access to financing, we agreed that the Federal Corporation for the Development of Small and Medium Business would assist farmers inobtaining credit under its obligations.

The land issue is an acute problem after amendments were made to the law governing land provision for farmers. I have just been informed that a couple of years ago a clause was dropped under which land was allocated to farmers without a tender if there were no other bids from farmers, or via a tender if there was a bid from another farmer. This was done because there had been abuses with the use of allocated ***agricultural*** lands.

As we moved over to this hall from a previous meeting, we agreed with the ***agriculture*** minister - he has a respective directive - that we will go back to the provision in the law on land allocations to farmers that existed earlier. We will bring this back.

Amendments will be introduced that will not allow the manipulation of allocated land outside the tender process, and which must be used exclusively for ***agricultural*** purposes. These elements will be additionally introduced there. We will sort out how to make it so that no manipulation can occur. I proceed from the fact that the privileged allocation of land to farmers is quite justifiable.

Of course, it is crucial to support cooperation between small ***producers***, it will enable them to more efficiently collaborate with retail networks, cut costs and increase the quality of ***produce***. I would like to stress that much depends on the regional authorities regarding the development of small farming and ***agricultural*** cooperation.

I expect that they will support and focus on farms and ***agricultural*** cooperatives, including protecting them from unfair competition from large companies and any forms of administrative pressure.

Fourth, as I said, we must improve the living standards in rural areas. We have managed to do a lot as part of the village development federal ***programme***. This came into effect in 2003, and, of course, it will continue.

In addition, let me stress that we need to gain momentum in the development of infrastructure and the social sphere in villages. I mean easy access to medicine, to primary healthcare as well as the construction and equipping of rural schools and cultural centres.

We will increase the level of gas supply provision in villages and provide high-quality drinking water: both steps are crucial. Although we have seen advances, significant ones, in the first area, gasification. We will definitely continue. And, of course, it is necessary to provide closer integration of the rural areas and the common economic and social space in the country. To do this, we must accelerate the development of the telecommunications network and improve the conditions of local and regional roads, first of all, of course, local roads. These are the priorities of our systematic work for the years to come.

By the way, I have seen the reference. We talk about the roads all the time, especially local roads. It is forecasted that, starting from January 2019, the indexes will be 50.6 percent, and 52.6 percent by 1 January 2020, which is according to the regulations.

Today it is 48.6 percent. This growth is too slow. Of course, this is not the subject of our discussion today; we will have to discuss this with the government separately. But 4 percent growth - 48, 49, 50 and 52 - is too little. Just too small. We will have to work on this with the regions. With the regions and, of course, with the government. We will focus our attention on this.

Let me note once again that we must make life in the villages more comfortable and attractive and start the process of constant change for the better that all people, each person, can feel. Only when we create conditions that improve living standards will we be providing for the sustainable development of Russian villages and sure prosperity in the future.

Colleagues, the issues that the ***agricultural*** forum discusses go beyond the industry and, without exaggeration, concern the life of the entire country. Your expertise, initiative and aspiration to achieve even better results are very important for Russia's well-being and its advancement.

I would like to express my gratitude to you and all of your colleagues for your work, your love for your land and the ability to carry out your business effectively and responsibly.

Thank you for your attention.

\* \* \* \* \*

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[***M and A Navigator: Deal pipeline -1 February***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJD-06P1-F0K1-N05Y-00000-00&context=1516831)

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**Body**

MANAVIGATOR-February 1, 2018-M and A Navigator: Deal pipeline -1 February

The following is a list of deals covered in detail by M and A Navigator this week:

-UK-BASED RELX TO ACQUIRE DIGITAL IDENTITY REPOSITORY THREATMETRIX FOR GBP 580M

UK-based information and analytics provider RELX Group has agreed to acquire all issued share capital of California, US-based online digital identity repository ThreatMetrix for GBP 580m (USD 821m), the company said.

ThreatMetrix will become part of RELX Group's risk and business analytics, which under the Georgia, US-based LexisNexis risk solutions brand addresses fraud and authentication challenges by applying advanced analytics to physical identity attributes, including identity credentials, addresses and asset ownership.

Status: Agreed

-LIGHTHOUSE EDISCOVERY, DISCOVIA COMBINE AS LIGHTHOUSE

Washington, US-based e-discovery and advisory services company Lighthouse eDiscovery has combined with California, US-based e-discovery services company Discovia to operate under the Lighthouse name, following the merger of the two groups in May 2017, the company said.

Lighthouse revealed a global brand refresh to reflect the company's expansion into advisory services. The evolved identity includes a new logo, positioning, and website.

Status: Closed

-ZAYO TO ACQUIRE NEUTRAL PATH/NEAR NORTH PARTNERS FOR USD 31.5M

Colorado, US-based communications infrastructure services company Zayo Group Holdings, Inc. (NYSE: ZAYO) has agreed to acquire substantially all assets of Minnesota, US-based long-haul infrastructure provider Neutral Path Communications and Near North Partners for USD 31.5m, the company said.

The transaction is expected to close in 2Q18, subject to regulatory approvals and customary closing conditions. The purchase price is subject to net working capital and other customary adjustments, as well as a contingent payment based on sales performance through June 30, 2018.

Status: Agreed

-IMAGINE! ACQUIRES DESIGN FIRM RETAIL DESIGN AND EXECUTION FIRM GFX INTERNATIONAL

Minnesota, US-based communications company Imagine!Print Solutions has acquired Illinois, US-based retail design and execution firm GFX International to expand communications solutions, the company said.

Imagine said with the acquisition of GFX and the continued support of New York, US-based private equity firm Oak Hill Capital Partners, itcontinues to add capabilities and customer solutions. Imagine!family of companies includes Imagine!Print Solutions, Imagine!Express, Classic Graphics and Midnight Oil Agency.

Status: Closed

-FAIRMONT SUPPLY ACQUIRES INDUSTRIAL FASTENER DISTRIBUTOR THB

Pennsylvania, US-based industrial supplies distributor Fairmont Supply has acquired Utah, US-based industrial fasteners distributor THB, Inc. to expand industrial product offerings, the company said.

THB since 2013 will continue to lead theSalt Lake Citylocation andJohn Plaizier, Branch Manager since 2006 will continue to lead theBoiselocation. These locations will be a part of Fairmont Supply's Western regional team. Fairmont said THB will help in identifying and acquiring high-quality companies with high-performing teams, which is part of the company's growth strategy.

Status: Closed

-SILVER CREEK MIDSTREAM ACQUIRES RED BUTTE PIPE LINE MERIT ENERGY

Texas, US-based midstream company Silver Creek Midstream, LLC has acquired crude oil gathering system Red Butte Pipe Line LLC from Texas-based oil and gas company Merit Energy Company, the company said.

With the acquisition, Silver Creek Midstream expects to strengthen it position as a crude oil midstream service provider in the state ofWyoming, and ***plans*** to continue expanding the company's pipeline assets and service offerings in the state.

Status: Closed

-LIVE NATION SETTLES LITIGATION WITH CERG, ACQUIRES SONGKICK ASSETS

California, US-based global entertainment company Live Nation Entertainment, Inc. (NYSE: LYV) has acquired certain assets from Complete Entertainment Resources Group, Inc. (CERG) and related entities formerly known as Songkick, including CERG's ticketing commerce platform, anti-scalping algorithm, API applications and patent portfolio, the company said.

The two companies also announced that they have agreed to a settlement resolving litigation that was scheduled to go to trial later this month. Live Nation said it was able to resolve the dispute and avoid protracted and costly legal proceedings, while also acquiring valuable assets. Terms of the agreement were not disclosed.

Status: Closed

-IMPACT HEALTHCARE REIT ACQUIRES 3 UK-BASED HOMES FOR GBP 17M

UK-based REIT Impact Healthcare has exchanged contracts to acquire a portfolio of three England-based purpose-built care homes for a total consideration of GBP 17m (USD 24m) in a sale and leaseback transaction, the company said.

Completion of the transaction is expected to take place before the end of 1Q18. Impact is acquiring the portfolio from UK-based Prestige Care Group, a developer and operator of care homes. Prestige will continue to operate the homes as the group's tenant following completion. The group will enter into new full repairing and insuring leases with Prestige in respect of each of the properties for an initial 20 years, with an option for the group to extend to 30 years.

Status: Agreed

-ORACLE POWER ACQUIRES REMAINING SHARES OF SINDH CARBON ENERGY

UK-based energy developer Oracle Power PLC (AIM: ORCP) has agreed to acquire the remaining 199,999 shares In Sindh Carbon Energy Ltd. (SCEL), holder of the mining lease under development from Pakistan-based Sindh Koela Ltd., the company said.

The remaining shares Oracle did not already own will be acquired for a maximum consideration of GBP 3.6m (USD 5.1m). The Initial consideration of GBP 2.2m (USD 3.12m) will be satisfied through the issuance of 95,652,174 shares in Oracle.Upon completion of the acquisition, Oracle will have 100% ownership of the Pakistani operating companies for both mining (through SCEL) and power (through Thar Electricity (Private) Ltd).

Status: Agreed

-MAVIS DISCOUNT TIRE EXPANDS RETAIL LOCATIONS WITH ACQUISITION OF KAUFFMAN TIRE

New York, US-based tire dealer Mavis Discount Tire has acquired Georgia, US-based Kauffman Tire, Inc.'s 69 Georgia and Florida retail locations to expand its retail business, the company said.

Mavis now has more than 400 tire retail locations across seven states including New York, New Jersey, Pennsylvania, Connecticut, Massachusetts, Georgia and Florida. Kauffman Tire is a multi-brand wholesale tire distributor in the US distributing a wide array of tires including consumer, medium commercial, farm, specialty and OTR tires.

Status: Closed

-APPLIED INDUSTRIAL TECHNOLOGIES STRENGTHENS INDUSTRY POSITION WITH ACQUISITION OF FCX PERFORMANCE

Ohio, US-based industrial supply distributor Applied Industrial Technologies (NYSE: AIT) has agreed to acquire Ohio-based specialty flow control products distributor FCX Performance, Inc. for approximately USD 768m, the company said.

The transaction will be financed with a new credit facility comprised of a USD 780m Term Loan A and USD 250m revolver, effective with the transaction closing. The transaction is subject to customary adjustments, and is expected to close within 30 days.

Status: Agreed

-ECOARK TO BID ON BEEF PROCESSOR ASSETS

Arkansas, US-based holding company Ecoark Holdings, Inc., specialising in the development and deployment of business solutions and products to the retail, ***agriculture*** and food service markets, has received approval from its board to submit a bid to purchase key assets of a beef processing operation, the company said.

Ecoark Holdings, Inc. is doing business as Zest Technologies (OTCQX: ZEST). The bid is submitted in a sales process conducted under Section 363 of the US Bankruptcy Code. The bid would be subject to the receipt of competing offers from other potential bidders and court approval. Terms of the sale were not disclosed.

Status: Bidding

-H/E EQUIPMENT TO ACQUIRE RENTAL INC FOR USD 68.6M

Louisiana, US-based specialised industrial equipment company H and E Equipment Services, Inc. (NASDAQ: HEES) has agreed to acquire Florida, US-based construction-focussed equipment rental supplier Rental Inc. to expand presence in Alabama, Florida and western Georgia, the company said.

Under the terms of the agreement, H and E is expected to pay approximately USD 68.6m in cash for Rental Inc., subject to customary adjustments. The transaction is expected to close in 1Q18, and is subject to customary closing conditions. H and E said the acquisition of Rental Inc. will improve the company's ability to serve customers in South Alabama, the Florida Panhandle and Western Georgia, US, which the company believes expansion or recovering markets.

Status: Agreed

-HOSPICELINK, STATESERV MERGE TO EXPAND DME SOLUTIONS FOR HOSPICE CARE

Arizona, US-based durable medical equipment benefit providerStateServ Holdings and Alabama, US-based hospice-focussed DME benefit manager Hospicelink have merged to form durable medical equipment benefit management solutions in the hospice and post-acute care markets, the company said.

This integration unites two DME benefit management companies in the US and will build on the strengths of each company to create a single brand that addresses the clinical, financial, and operational needs of customers and partners in all 50 states.

Status: Closed

-MOUNTAIN PROVINCE DIAMONDS TO ACQUIRE KENNADY DIAMONDS IN DEAL VALUED AT CDN 176M

Canada-based diamond mining company Mountain Province Diamonds Inc. (TSX: MPVD) (NASDAQ: MPVD) has agreed to acquire all issued and outstanding common shares of Canada-based diamond exploration companyKennady Diamonds Inc. (TSX Venture: KDI) by way of a court-approved ***plan*** of arrangement, the company said.

The implied equity value for Kennady based on the exchange ratio is approximatelyCDN 176m (USD 143m). Under the terms of the transaction, Kennady shareholders will receive 0.975 of aMountain Provincecommon share for each Kennady common share, representing the equivalent ofCDN 3.46(USD 2.82) perKennady share, based on the closing price of Mountain Province Shares on the TSX onJanuary 26, 2018.

Status: Agreed

-NUTRIEN TO ACQUIRE BRAZILIAN PLANT NUTRITION PROVIDER AGRICHEM

Canada-based crop inputs and services provider Nutrien Ltd. (NYSE: NTR) (TSX: NTR) has agreed to acquire Brazil-based specialty plant nutrition provider Agrichem as part of expansion in Brazil, the company said.

The acquisition will be made in two tranches, with 80% of the business to be acquired in the coming months. The remaining 20% of the business will be acquired in 2019, based on 2018 EBITDA levels. Agrichem is expected to be accretive to earnings in 2018, with total annual historic net sales of overUSD 55mand historic EBITDA of overUSD 15m. Closing of the transaction is subject to regulatory approval and satisfaction of customary conditions precedent.

Status: Agreed

-CONTERRA TO EXPAND FIBRE OPERATIONS WITH ACQUISITION OF LOUISIANA FIBRE-OPTIC PROVIDERS

North Carolina, US-based broadband infrastructure company Conterra Ultra Broadband Holdings, Inc. has agreed to acquire affiliated companies, Louisiana, US-based fibre optic network services businesses NetworkUSA, LLC andSun America, LLC (combined, NUSA), the company said.

This transaction will increase Conterra's fibre presence by nearly 3,000 miles in two of its largest operating states,LouisianaandTexas, expanding its regional fibre footprint throughout the Gulf Coast/East Texasregion and providing entry into Arkansasand Mississippi. The NUSA fiber network is complementary to the assets of Conterra's previously announced acquisition of Detel Communications, another significantLouisiana-based fibre -optic network services provider.

Status: Agreed

-CLEAREON ADDS NEW YORK DATA CENTRE SPACE TO EXPAND ACCESS SOLUTIONS

New York, US-based fibre network company Cleareon has added 20,000 square feet of metro edge data centre space through an agreement to acquire additional data centre assets within theNew York City(NYC) metropolitan area, the company said.

Set to close in late February, these data centre assets, along with the company's2017 data centre acquisition, position Cleareon to take advantage of densification opportunities in the New York City tri-state area. Cleareon said these assets complement its existing dark fibre and lit services portfolio by strengthening its position at the intelligent edge of networking technology and service deployment.

Status: Closed

-CJJ HYBRID INVESTMENTS ACQUIRES MAJORITY STAKE IN IRELAND-BASED HYBRID ENERGY SOLUTIONS

Florida, US-based investment firm CJJ Hybrid Investments, LLC has acquired a majority interest in Ireland-based off-grid power to the telecom industry HYbrid Energy Solutions Ltd. (HES) to support continued growth of renewable energy, the company said.

CJJ said HES's solutions for energy storage can generate more stability for power grids worldwide, resulting in balanced energy portfolios. CJJ is part of a group of companies that invest in a variety of industries, including energy, automotive, aviation and real estate. CJJ is led byJohn Campion, an Irish-American entrepreneur who founded APR Energy, a global fast track mobile power generation company.

Status: Closed

-BIOHITECH GLOBAL PARTNERS, KINDERHOOK INDUSTRIES ACQUIRE GOLD MEDAL SERVICES

US-based green technology company BioHiTech Global, Inc. (OTCQB: BHTG) has partnered with private investment firm Kinderhook Industries, LLCto create a "next generation" environmental services platform company, the company said.

Through a series of transactions, the two companies completed the acquisition of Gold Medal Services, LLC, a specialist in municipal, commercial, and industrial solid waste collection in thePhiladelphiaandSouthern New Jerseymarkets. Gold Medal Services will act as a wholly owned subsidiary of Gold Medal Group, LLC, a newly formed company majority owned byKinderhook.

Status: Closed

-GAMING NATION CLOSES ACQUISITION OF ASSETS OF SPORTS FAN INFORMATION SPECIALIST CIRCLE MEDIA

US-based green technology company BioHiTech Global, Inc. (OTCQB: BHTG) has partnered with private investment firm Kinderhook Industries, LLCto create a "next generation" environmental services platform company, the company said.

Through a series of transactions, the two companies completed the acquisition of Gold Medal Services, LLC, a specialist in municipal, commercial, and industrial solid waste collection in thePhiladelphiaandSouthern New Jerseymarkets. Gold Medal Services will act as a wholly owned subsidiary of Gold Medal Group, LLC, a newly formed company majority owned byKinderhook.

Status: Closed

-GLOBAL PARTNER ACQUISITION LINES UP USD 25M OF INVESTMENTS FOR PURPLE INNOVATION MERGER

US-based special purpose acquisition company Global Partner Acquisition Corp. (NASDAQ: GPAC) has entered into a definitive agreement with a consortium of investors who have agreed to acquire an aggregate ofUSD 25mof shares of common stock of GPAC through open market purchases, private purchases and private placements, the company said.

On 2November Global Partner Acquisition announced it had agreed to acquire Utah, US-based mattress, bedding and cushioning products manufacturer Purple Innovation, LLC in a definitive merger agreement. Purple Innovation will become a subsidiary of GPAC, based on an initial enterprise value of approximatelyUSD 900m.

Status: Agreed

-THOMSON REUTERS TO SELL MAJORITY STAKE IN F AND R BUSINESS TO BLACKSTONE

Canadian mass media and information firm Thomson Reuters (TSX: TRI) (NYSE: TRI) has signed a definitive agreement to enter into a ***strategic*** partnership with US-based investment firm Blackstone (NYSE: BX), the firm said.

As part of the transaction, Thomson Reuters will sell a 55% majority stake in its Financial and Risk (F and R) business to private equity funds managed by Blackstone. The transaction values the F and R business at approximatelyUSD 20bn.

Status: Agreed

-FLEET COMPLETE ACQUIRES TELEMATICS FIRM ECOFLEET, IN EUROPEAN EXPANSION

Canadianconnected commercial vehicle IoT solutions company Fleet Complete is acquiring Danish fleet telematics player Ecofleet, the company said.

This is Fleet Complete's second acquisition inEuropesince ITmobile in 2016 (now operating as Fleet Complete Europe), establishing a presence inthe Netherlands,Belgium,Luxemburg,Austriaand, recently,Germany. Ecofleetis the current top telematics provider in the north European market, offering mobile asset management solutions inDenmark,Finland,Sweden,Norway,Estonia,Latvia, andLithuania.

Status: Agreed

-GOLDEN MEDITECH STEM CELLS CLOSES SALE OF 65.4% OF CHINA CORD BLOOD FOR RMB 5.764BN IN CASH

Chinese blood recovery machines maker Golden Meditech Holdings Ltd, its Golden Meditech Stem Cells Co Ltd subsidiary and Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership have closed a share purchase agreement under which GM Stem Cells has sold to Nanjing Ying Peng approximately 65.4% of Chinese blood and stem cell company China Cord Blood Corp.(NYSE: CO) issued share capital on a fully diluted basis forRMB 5.764bn (USD 840m)in cash, the companies said.

China Cord Blood offers cord blood collection, laboratory testing, hematopoietic stem cell processing, and stem cell storage services.

Status: Closed

-CYBERSECURITY FIRMS GLOBAL DATA SENTINEL, MICE360 JOIN FORCES AS GDS360

US-basedcybersecurity companies Global Data Sentinel, Inc. and Mice360, Inc. have signed definitive agreements to form GDS360, Inc., enabling the new entity to capitalise on the growing number of opportunities the companies have jointly developed, the companies said.

GDS360was created by bringing togetherGlobal Data Sentinel(GDS)and Mice360, two young companies in the cybersecurity space. Previously, Mice360 was a licensee and channel partner for GDS,primarily focused on licensingGDScore data security product.

Status: Agreed

-WEINBERG CAPITAL GROUP SELLS FLORIDA OUTDOOR FURNITURE RETAILER CARLS PATIO

Ohio, US-based private equity group Weinberg Capital Group has sold its portfolio company, Florida, US-based outdoor furniture retailer Carls Patio to an affiliate ofSeffner, Florida-based indoor furniture retailer Rooms To Go, the group said.

Founded in 1992 and headquartered inRoyal Palm Beach, Florida, Carls is a retailer of luxury outdoor furniture and accessories serving the southFloridamarket.

Status: Closed

-EMPLOYMENT WEBSITE MONSTER SELLS APAC BUSINESS TO FOCUS ON NORTH AMERICA, EUROPEAN MARKETS

US-based employment website operator Monster Worldwide, Inc. will divest its APAC business to double down on its focus on itsNorth AmericaandEuropebusinesses, the company said. Monster has agreed to sell its business inIndia,South East Asiaand theMiddle Eastto Indian business services provider Quess Corp Ltd.

Established in 2007, Quess has 65 offices across 34 cities inIndia, along with an overseas footprint inNorth America, theMiddle EastandSouth East Asia. The APAC and Gulf business of Monster will continue to operate as a separate and independent entity under the Monster name within Quess, subject to a licensing agreement from Monster Worldwide.

Status: Agreed

-MILLICOM CLOSES SALE OF RWANDA BUSINESS TO BHARTI AIRTEL

Swedish telecommunications and media company Millicom (STO: MIC) (NASDAQ: MICC) has closed the sale of itsRwandaoperations to subsidiaries of Bharti Airtel Ltd., the company said. The total consideration of the transaction is approximately 6x 2017 adjusted EBITDA, payable over two years, consisting of a mix of cash, vendor loan note and earn out.

This transaction was subject to regulatory approvals. The Millicom Group employs more than 16,000 people and provides mobile, cable and satellite services to over 56m customers.

Status: Closed

-SANDVIK MATERIALS TECHNOLOGY CLOSES SALE OF WELDING WIRE BUSINESS

Sweden-based welding industry company EASB has closed the acquisition of the welding wire and stainless steel operations of Sweden-based Sandvik Materials Technology as part of an agreement announced on 17 May 2017, the company said.

EASB is part of Colfax Corp. The deal includes the production units in Sandviken,Swedenand Scranton, US as well as the global sales and product management organisation; in total approximately 100 employees. Revenues for the welding wire business amounted toSEK 470min 2016.

Status: Closed

-HIG CAPITAL CLOSES ACQUISITION OF HOME TEXTILES FIRM TOWN AND COUNTRY

An affiliate of US-based private equity firm H.I.G. Capital has acquired US-based home textiles provider Town and Country Holdings, Inc., the parent of Town and Country Living, the firm said. Founded in 1954 and headquartered in Lakewood, New Jersey, T and C is in home textiles specializing in table linens, kitchen textiles, rugs, and innovative solution-based home products.

The company is a supplier of both licensed brands and private label ***programmes*** to retailers across the globe. HIG said the Town and Country investment will serve as a platform investment in the home textiles and accessories sector, with H.I.G. strongly expecting to rapidly pursue add-on acquisitions in the space.

Status: Closed

-ACCENTURE CLOSES ACQUISITION OF IRISH CREATIVE AGENCY ROTHCO

Irish professional services firm Accenture (NYSE: ACN) has closed the acquisition ofIrish full-service creative agency Rothco, the firm said. Located in Dublin, Rothco will boost Accenture Ireland's creative capabilities and those of Accenture Interactive as an experience agency in Europe.

Rothco is an international creative agency. It strategically ***plans***, designs and ***produces*** communications campaigns across Europe foriconic brands. Founded in 1995, Rothco now consists of more than 150 ***strategic***, creative, technology, design, project management and production professionals.

Status: Closed

-WELLS FARGO CLOSES USD 227M SALE OF UK SHARE REGISTRATION BUSINESS

US-based financial services firm Wells Fargo and Co (NYSE: WFC)has closed the sale of its UK-based Shareowner Services business toUK-based investment services company Equiniti Group plc(LSE: EQN) for USD 227m, the firm said.

Equiniti Group is the provider of share registration and associated investor services in the United Kingdom. Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A., provides shareowner services in the US, including stock transfer agent, corporate action, and investment ***plan*** services to more than 1200 public and private companies across the US.

Status: Closed

-LOVELL MINNICK, TORTOISE MANAGEMENT CLOSE ACQUISITION OF ENERGY INVESTMENT MANAGEMENT FIRM TORTOISE

California, US-based private equity firm Lovell Minnick Partners has closed the buy out Kansas, US-based energyinvestmentmanagement services Tortoise Investments, the company said. As part of the transaction, ongoing management and employees are expected to increase their ownership of Tortoise.

Employees will retain a significant equity interest, with many investing additional capital alongside Lovell Minnick, who will purchase the equity stake held by Mariner Holdings and retiring co-founders of Tortoise.

Status: Closed

-COMMUNITY HEALTH SYSTEMS TO SELL JAMESTOWN, TENNESSEE HOSPITAL TO RENNOVA HEALTH

Subsidiaries of US-based hospital operator Community Health Systems, Inc. (NYSE: CYH) have signed a definitive agreement to sell 85-bed Tennova Healthcare Jamestown in Jamestown, Tennessee, and its associated assets to subsidiaries of US-based Rennova Health, Inc. (OTCQB: RNVA), (OTCQB: RNVAW), the company said.

This transaction is expected to close in 2Q18, subject to customary regulatory approvals and closing conditions. The hospital included in this transaction is one of the additional ***planned*** divestitures discussed on the company's 3Q17 earnings call. Community Health Systems, through its subsidiaries, owns, leases or operates 127 affiliated hospitals in 20 states with an aggregate of approximately 21,000 licensed beds.

Status: Agreed

-NOBLE MIDSTREAM PARTNERS, GREENFIELD MIDSTREAM JV CLOSES ON SADDLE BUTTE ROCKIES MIDSTREAM ACQUISITION

A joint venture formed by US-based midstream energy MLP Noble Midstream Partners LP(NYSE: NBLX) and Greenfield Midstream, LLC, Black Diamond Gathering, has closed the acquisition of Saddle Butte Rockies Midstream, LLC and affiliates for USD 625m, the companies said.

Greenfield Midstream is an EnCap Flatrock Midstream portfolio company. Noble Midstream will fund 50% of the purchase price and will receive a 4.4% ownership promote in the JV. The Partnership's 54.4% ownership of the JV will be held in a wholly owned Noble Midstream subsidiary, Laramie River DevCo LP. Greenfield Midstream will own 45.6% of the JV.

Status: Closed

-UNITEDHEALTH GROUP CLOSES ACQUISITION OF CHILEAN HEALTH INSURER EMPRESAS BANMEDICA

US-based health insurer UnitedHealth Group (NYSE: UNH) has closed its acquisition of Chilean health care provider and insurer Empresas Banmédica, the companies said. With the closing of the transaction, UnitedHealth Group now owns 96.8% of Empresas Banmédica.

UnitedHealth Group and Empresas Banmédica share a strong commitment to increasing access to better care and improving the health and wellness of the people they serve and the communities where they live and work. Empresas Banmédica is a Chilean-based company focused on health care insurance and clinical services, with presence in Chile, Colombia and Peru.

Status: Closed

-STANTEC SIGNS LOI TO ACQUIRE NEW MEXICO CONSULTING FIRM OCCAM ENGINEERS

Canadian design firm Stantec (TSX: STN) (NYSE: STN) is acquiring New Mexico-based consulting engineering firm, Occam Engineers Inc., the company said. Stantec said the move strengthens its water, transportation, and public works service in the Southwestern United States

The transaction is expected to close in March. With established service to both local and regional clients, OEI specializes in the professional service areas of civil engineering, public works, transportation, development engineering, ***planning*** and feasibility, ***program*** management, water resources and value analysis.

Status: Agreed

-OUTSIDE CLOSING DATE EXTENDED IN SPARTON/ULTRA TIE-UP

The outside date for completing the pending merger among US-based electromechanical devices maker Sparton Corp.(NYSE: SPA), UK-based defence contractor Ultra Electronics Holdings plc and Ultra Electronics Aneira Inc. has been extended from 31 January 2018 to 31 March 2018, the companies said.

This USD 234.8m deal was announced in July 2017.

Status: Agreed

-AUDAX PRIVATE EQUITY PARTNERS WITH FOUNDERS TO RECAPITALISE PROTECTIVE INDUSTRIAL PRODUCTS

US-based investment firm Audax Private Equity has partnered with the Milot and Tao families, co-founders of personal protective equipment provider Protective Industrial Products Global Holdings Inc., to re-capitalise the company, the firm said.

Protective Industrial Products Global is a supplier of hand protection products and other consumable personal protective equipment. Joe Milot will continue as president and CEO of PIP Global and both the Milot and Tao families will retain significant ownership interests in the company.

Status: Closed

-AVAYA TO ACQUIRE CCAAS SOLUTIONS PROVIDER SPOKEN COMMUNICATIONS

UAE-based communications company Avaya Holdings Corp. (NYSE: AVYA) has agreed to acquire Washington, US-based contact centre as a service (CCaaS) solutions provider Spoken Communications to foster growth and cloud differentiation, the company said.

The transaction, which includes over 170 patents and patent applications, will be funded by cash on hand. It follows a co-development partnership formed by Avaya and Spoken in 2017 to provide CCaaS solutions to Avaya's business process outsourcing customers.

Status: Agreed

-EVERGAGE ACQUIRES MYBUYS FROM MAGNETIC TO ACCELERATE GROWTH IN DIGITAL PERSONALISATION OFFERINGS

Massachusetts, US-based personalisation platform company Evergage has acquired the merchandising products business of California, US-based retail technology company MyBuys from New York, US-based digital advertising technology provider Magnetic, the company said.

This acquisition brings the benefits of broad-scale personalisation to retailers, enabling them to deliver individualised, cross-channel experiences that drive conversions, build customer loyalty and increase revenues. The acquisition follows continued growth and momentum for Evergage, and expands its leadership in retail in one of Evergage's key verticals.

Status: Closed

-HASHCHAIN TECHNOLOGY TO ACQUIRE NODE40 TO EXTEND BLOCKCHAIN TECHNOLOGY SERVICES

Canada-based blockchain technology company HashChain Technology Inc.(TSX Venture: KASH) (OTCQB: HSSHF) has agreed to acquire New York, US-based blockchain service provider NODE40LLC to diversify cryptocurrency mining with blockchain-based solutions, the company said.

Under the asset purchase agreement, HashChain will acquire the Node40 Business (APA) for a purchase price comprised ofUSD 8min cash, payable as toUSD 4m at closing andUSD 2m on each of 180days and one year following the closing date, and a total of 3,144,134 common shares in the capital of HashChain.

Status: Agreed

-LIVINGTREE ACQUIRES EDBACKER TO ADD ENGAGEMENT PLATFORM FOR FUNDRAISING

Texas, US-based community engagement platform LivingTree has acquired the educational fundraising tool Edbacker to expand communication solutions to include district-wide fundraising in schools, the company said.

Livingtree will now deliver three key products: LivingTree Engage, communication and parent engagement platform; LivingTree Giving, district wide fundraising platform (formerly Edbacker) and LivingTree Messenger, teacher-centric communications solution.

Status: Closed

-PRECISION VALUE/HEALTH ACQUIRES INSIGHT STRATEGY ADVISORS TO INCREASE MARKET ACCESS CAPABILITIES

New York, US-based Precision Value and Health has acquired New York-based life sciences market access consultancy Insight Strategy Advisors (ISA) to expand Precision's market access expertise and capabilities, the company said.

ISA will become part of Precision Xtract, the global market access consultancy within Precision Value and Health. The addition of ISA enhances Precision Xtract's existing strengths in market access strategy while expanding expertise in quantitative pricing research, distribution and contracting strategy.

Status: Closed

-BEVSOURCE ACQUIRES LITHUANIAN BEVERAGE CONSULTANCY MYDRINK

Minnesota, US-based beverage development provider BevSource, Inc. has acquired Lithuania-based beverage consultancy MyDrink Beverages, expanding BevSource's offerings to current customers and reaching a broader clientele, the company said.

Together BevSource and MyDrink Beverages will guide beverage visionaries and innovators through the world of beverage development and production. BevSource, Inc. is a provider of beverage development and operations solutions to beverage visionaries. BevSource collaborates with clients to build a custom operational strategy for their beverage, identifies a unique mix of services and vendors to support it, then executes on that ***plan***.

Status: Agreed

**Load-Date:** February 1, 2018

**End of Document**



[***-Tecogen Announces Third Quarter 2017 Results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PYD-M971-F0K1-N01F-00000-00&context=1516831)

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**Body**

Tecogen Inc. (NASDAQ: TGEN), a leading manufacturer of clean energy products which, through patented technology, nearly eliminate criteria pollutants and significantly reduce a customer's carbon footprint, reported revenues of $ 8,501,198 for the quarter ended September 30, 2017 compared to $ 6,616,455 for the same period in 2016, or 28.5% growth in top line revenue. The completion of the merger with American DG Energy on May 18th added $ 1,556,115 in revenue to the quarterly result.

Income from operations was $ 85,539 compared to $ 249,493 in the prior year comparable period. Similarly, Tecogen delivered net income for the quarter of $ 27,211 compared to $ 207,868 in the third quarter 2016. The quarter's results included non-recurring expenses totaling $ 37,445 related to the company's merger with American DG Energy.

Depreciation and amortization jumped to $ 160,061 for the third quarter of 2017 from $ 66,484 for the same period in the prior year. The increase is related to the depreciation of the equipment that American DG Energy owns to deliver energy to its customers and the amortization of the corresponding contracts. Excluding merger related expenses, adjusted non-GAAP EBITDA(1) was a positive $ 295,755 for the third quarter of 2017 versus $ 382,802 for the third quarter of 2016, a decrease of $ 87,047. (Adjusted EBITDA is defined as net income attributable to Tecogen Inc, adjusted for interest, depreciation and amortization, stock based compensation expense, and merger related expenses. See table following the statements of operations for a reconciliation from net income to Adjusted EBITDA as well as important disclosures about the company's use of Adjusted EBITDA).

Commenting about the quarter, Tecogen Co-Chief Executive Officer Benjamin Locke noted, 'Operationally, it was another positive quarter for Tecogen. The addition of revenue from American DG Energy more than offset lower product revenue, pushing total revenue to a quarterly record. With our backlog hovering near record levels, we are poised for a strong finish to the year. We have a handful of internal projects under way in the fourth quarter that should help to sustain our momentum going into 2018. We are rolling out an update of our Tecopower CHP unit, upgrading our chiller manufacturing capacity, and updating some internal software systems to improve our operational efficiency.'

Revenue results were driven by solid growth in services related revenues as well as the addition of energy production revenues provided by newly acquired American DG Energy. Total services related revenues for the third quarter of 2017 grew 20.0% over the prior year period, driven primarily by installation activity, while product revenue declined 14.9% compared to the third quarter of 2016. Chiller and heat pump sales more than doubled, partly offsetting a 30.2% decline from what were record cogeneration sales in the year-ago period.

Changes in sales mix, partly offset by a full quarter of ADGE's high margin contribution, resulted in an 8.6% decline in gross margin to 38.3% compared to 41.9% in the third quarter of 2016. Nevertheless, this remains well within management's targeted 35-40% gross margin range.

On a combined basis, operating expenses increased to $ 3,172,492 for the third quarter 2017 from $ 2,525,325 in the same quarter of 2016. An increase in selling expenses, which rose 37.0% to $ 503,415, merger related expenses of $ 37,445, and the consolidation of ADGE's core overhead, accounted for most of the increase. The increase in selling expenses was due to an uptick in marketing related activity and higher sales commissions.

Backlog of products and installations was $ 14.5 million as of third quarter end, and stood at $ 16.8 million as of November 8, 2017.

Speaking about the results Mr. Locke added, 'The third quarter of 2016 was a breakout quarter for the company, but as such is a tough quarter to benchmark against. Despite that, the bottom line of this year's third quarter actually compares quite well. We had some remnant merger related expenses to take care of and we chose to increase the budget for selling expenses as an investment in future growth. Getting the merger with ADGE done required a lot of effort and non-quantifiable costs by management and administrative staff. Its successful completion was an important milestone for Tecogen and enables us to now focus squarely on that future growth. In all, I am quite pleased with how the quarter turned out.'

Co-CEO John Hatsopoulos said, 'The third quarter showed the ***strategic*** importance of Tecogen's acquisition of American DG Energy. It adds another stable stream of revenue to help cushion the ups and downs of our product revenue. We've now been profitable for five quarters in a row based on adjusted EBITDA(1) and are in a position of strength to meet the opportunities that lie ahead.'

Major Highlights:

Financial

Gross profit for the third quarter of 2017 was $ 3,258,031 compared to $ 2,774,818 in the third quarter of 2016, an increase of 17.4% versus the same period in the prior year. This substantial growth was generated by the full-quarter contribution of American DG Energy.

Overall gross margin in the third quarter of 2017 decreased to 38.3% compared to 41.9% in 2016. A shift in sales mix to lower margin items was partly offset by the addition of high margin energy production revenue.

Product gross margin was 36.6% for third quarter of 2017 compared to 39.8% in third quarter of 2016 as revenue from chiller sales accounted for a larger portion of product sales compared to the year-earlier period.

Services gross margin declined to 34.0% in the period compared to the 43.5% in the prior year. Strong growth in lower margin turnkey installations accounted for the lion's share of the drop in margin.

Energy production gross margin was an exceptionally strong 53.5% following the completion of the merger with American DG Energy on May 18th. We would expect energy production gross margin to fluctuate materially due to seasonality.

On a combined basis, operating expenses rose to $ 3,172,492 for the third quarter of 2017 from $ 2,525,325 in the third quarter of 2016. The consolidation of ADGE's operations, $ 37,445 in merger related expenses and an increase in selling expenses to $ 503,415 from $ 367,412 accounted for most of the year-over-year increase.

Excluding non-recurring merger related costs and stock compensation expense, adjusted non-GAAP EBITDA(1) was $ 295,755 for the quarter compared to adjusted non-GAAP EBITDA of $ 382,802 during the comparative third quarter of 2016.

Consolidated net income attributable to Tecogen, for the three months ended September 30, 2017 was $ 27,211 compared to $ 207,868 for the same period in 2016.

Net income per share was $ 0.00 compared to $ 0.01 for the three months ended September 30, 2017 and 2016, respectively.

Current assets at quarter end of $ 23,592,614 were more than double current liabilities of $ 9,399,283. Current liabilities include $ 850,000 of short-term debt due to a related party, which came to Tecogen via the acquisition of American DG Energy.

Sales & Operations

Product revenues declined 14.9% from the same period in 2016. The launch of the InVerde e+ in early 2016 and uncertainty regarding the outlook for NYSERDA funding caused sales to jump in the second half of 2016. While cogeneration sales have pulled back 30.2% after last year's surge, they remain well above sales levels prior to InVerde's upgrade. In contrast, chiller sales increased 176.3% year over year. Increasing interest from both the indoor ***agriculture*** market and the growing recognition of the value proposition of 'mechanical CHP' are the key drivers.

Services revenues grew 20.0% year-on-year, benefiting from increasing penetration in service contracts and favorable operating metrics for the installed fleet as well as an active period for installations work. Continued penetration of our 'turnkey lite' offering, which includes custom value-added engineering design work as well as custom factory engineered accessories and load modules, has been a good source of services revenue growth and is expected to continue to develop as an important revenue stream.

Current sales backlog of equipment and installations as of Wednesday, November 8, 2017 was $ 16.8 million, driven by strong traction in the InVerde and Tecochill product lines and Installation services. As of September 30, 2017 the backlog was $ 14.5 million, in line with the Company's goal of consistently delivering a quarter-end product backlog greater than $ 10 million.

Indoor ***agriculture*** continues to be a rapidly emerging new opportunity for growth, particularly for the Tecochill line of natural gas powered chillers. To-date, Tecogen has inked eight transactions in the space, all but one of which is to buyers who intend to grow cannabis. Interest for our products from new growers entering the market is ongoing.

On September 28th, Tecogen filed an 8-K declaring that it was exercising its right to terminate its TTcogen joint venture with Tedom. The 8-K also states that Tecogen 'intends to work together with Tedom to come to an amicable decision to create a new path forward for TTcogen and the relationship between the Company and Tedom and/or facilitate an amicable wind up of TTcogen's affairs as provided for in the LLC Agreement and in accordance with the terms therewith.'

Emissions Technology

ULTRATEK - Subsequent to the quarter close, Tecogen announced that the Company and its co-investors have agreed to dissolve their Ultra Emissions Technologies S.a r.l. ('ULTRATEK') joint venture. The dissolution process will take place under Luxembourg law and is expected to close by the end of the year. Once the process is complete, all unspent funds will be distributed to the ULTRATEK investors as agreed by a unanimous consent of the shareholders executed on October 24, 2017. As part of this disbursement, Tecogen will receive all its invested funds, $ 2 million in cash, and the sole exclusive IP that it licensed to ULTRATEK. Tecogen will then purchase all the non-cash assets of ULTRATEK, including all intellectual property, for $ 400,000. The IP includes two awarded patents, four patent applications, and all data and knowhow associated with the emissions testing performed by AVL.

'The rigorous testing completed by ULTRATEK resulted in unassailable documentation and proof of the effectiveness of the Ultera process in reducing criteria emissions from gasoline-powered vehicles with no loss of performance or fuel economy,' said Robert Panora, Tecogen President and COO. 'Our engagement with both regulators and leading industry manufacturers has provided us with ***strategic*** insight regarding the path we should take to gain the confidence of the automotive industry that we possess a practical solution to a difficult problem, one that will neither be resolved in the near or medium term by electrification nor tolerated by the public and regulators. We very much look forward to taking this exciting technology to the next level.'

PERC - As reported in the last quarter of 2016, we received research grant funding from the Propane Education and Research Council (PERC) to demonstrate the viability of our emissions technology in fork trucks. The ***program***'s goal is to develop a retrofit emissions system for fork trucks to reduce their emissions to levels more acceptable for air quality in indoor work environments. Earlier in the year, baseline testing of the unmodified fork truck was completed utilizing a donated fork truck from a major manufacturer that has expressed strong interest in Ultera and has agreed to assist our research effort. The data indicates that the fork truck is an excellent fit for Ultera technology, exhibiting an emissions profile that can be significantly impacted by our process. At this time, we have completed modification to the fork truck associated with the Ultera retrofit and are beginning shakedown testing of the system. Executives from the manufacturer and PERC are tentatively ***planning*** to visit Tecogen in December to view the prototype operation first hand.

California Air Permit for Ultera on Standby Generators - Now that facility technical staff have overcome some unrelated technical issues with the final generator, we are able to report that all generators at the facility have been retrofitted with the Ultera system and commissioned for their normal, intended use. Informal testing utilizing our portable emissions analyzers confirmed that all units are compliant to the Southern California standard. We anticipate the customer will complete third party 'source testing' of the units, the final step in the permit process, in the upcoming month, at which time we will have independent confirmation of our ground-breaking emissions reduction capability applied to this very stringent application.

About Tecogen

Tecogen Inc. designs, manufactures, sells, installs, and maintains high efficiency, ultra-clean, cogeneration products including natural gas engine-driven combined heat and power, air conditioning systems, and high-efficiency water heaters for residential, commercial, recreational and industrial use. The company is known for cost efficient, environmentally friendly and reliable products for energy production that, through patented technology, nearly eliminate criteria pollutants and significantly reduce a customer's carbon footprint.

In business for over 20 years, Tecogen has shipped more than 2,300 units, supported by an established network of engineering, sales, and service personnel across the United States.

Forward Looking Statements

This press release and any accompanying documents, contains 'forward-looking statements' within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: 'anticipate,' 'intend,' '***plan***,' 'goal,' 'seek,' 'believe,' 'project,' 'estimate,' 'expect,' 'strategy,' 'future,' 'likely,' 'may,' 'should,' 'will' and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding: The future structure and funding of Tecogen and any of its joint ventures.

The status of any intellectual property rights or assets. Expected operating results, such as revenue growth and backlog. Strategy for growth, product development, and market position. AND Strategy for risk management.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future ***plans*** and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

Competing technological developments.

Lack of market interest in our joint venture's products.

Issues obtaining intellectual property protection.

Issues in the research and development of new products.

Tecogen's inability to properly fund its joint ventures. AND

Such other factors as discussed throughout the 'Risk Factors' section of Tecogen's 10-K that was filed with the SEC on March 31, 2017 and can be found at [*www.sec.gov*](http://www.sec.gov).

Any forward-looking statement made by us in in this press release and any accompanying documents is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

In addition to reporting net income, a U.S. generally accepted accounting principle ('GAAP') measure, this news release contains information about EBITDA (net income (loss) attributable to Tecogen Inc adjusted for interest, depreciation and amortization, stock based compensation expense, and merger related expenses), which is a non-GAAP measure. The Company believes EBITDA allows investors to view its performance in a manner similar to the methods used by management and provides additional insight into its operating results. EBITDA is not calculated through the application of GAAP. Accordingly, it should not be considered as a substitute for the GAAP measure of net income and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. The use of any non-GAAP measure may ***produce*** results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.

Contact:

Tel: 781-622-1120

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

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**End of Document**



[***Cuba - Q3 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NJM-TMS1-JD33-J1WN-00000-00&context=1516831)

Cuba Pharmaceuticals & Healthcare Report

July 1, 2017 Saturday

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**Length:** 4714 words

**Highlight:** As of September 2016, according to Rafael Pérez Cristiá, director of CECMED, more than 60% of the Cuban pharmaceutical market is supplied by medicines that are ***produced*** locally by 31 different companies at 64 manufacturing sites, with a combined workforce of more than 20,000. The remainder of the market comprised of pharmaceuticals from multinational firms that are not headquartered in the US, such as AstraZeneca (UK-Sweden), Roche (Switzerland) and Merck (Germany), as well as other companies from Latin America. With a robust pharmaceutical and biotechnology industry base, Cuba is set to drive increasing interest from foreign investors as the country gradually integrates into the global economy.

**Body**

Research-Based Industry

As of September 2016, according to Rafael Perez Cristia, director of the Control Estatal de la Calidad de los Medicamentos (CECMED), more than 60% of the Cuban pharmaceutical market is supplied by medicines that are ***produced*** locally by 31 different companies at 64 manufacturing sites, with a combined workforce of more than 20,000. The remainder of the market is comprised of pharmaceuticals from multinational firms that are not headquartered in the US, such as AstraZeneca (UK-Sweden), Roche (Switzerland) and Merck (Germany), as well as companies from Latin America. With a robust pharmaceutical and biotechnology industry base, Cuba is set to drive increasing interest from foreign investors as the country gradually integrates into the global economy.The Cuban government has been very proactive in strengthening its domestic pharmaceutical industry. State-initiated sector integration will further improve Cuba's pharmaceutical product standards and the industry's operational efficiency. The country's years of isolation have left the island relatively self-sufficient in its medical needs.

However, Cuba's increasing global integration and openness will accelerate the pharmaceutical industry's development and create significant commercial and investment opportunities over the next ten years. Generic drugs and biological products made in Cuba are set to become increasingly competitive in the global market, as the government has also adopted a more commercially oriented approach to develop the sector. Its main objectives include improving the quality of health for Cubans and maintaining itself as a source of pharmaceutical exports. **Domestic Industry** Over the past 40 years, Cuba has developed a well-established pharmaceutical industry. In 2012, Cuba created 'BioCubaFarma', the Group of Biotechnology and Pharmaceutical industries, in order to integrate the biotechnology and pharmaceutical sectors in the country. The new organisation directs and coordinates research entities, pharmaceutical companies and other medical service entities that used to be governed by the Scientific Pole and the Chemical Pharmaceutical Business Group (QUIMEFA - Grupo Empresarial Quimico Farmaceutico).The group will operate entirely on business principles. The reorganisation, regulated by Decree No. 307/2012 of the Council of Ministers, and Resolution No.590/2012 of the Ministry of Economy and ***Planning*** (MEP), is expected to raise Cuba's pharmaceutical product quality standards and its export level, as well as improve its efficiency in the use of facilities and human capital. The initial main focus will be on the promotion of generic drug production and research and development productivity in Cuba's pharmaceutical companies.As of October 2016, BioCubaFarma owns 32 Cuban companies and employs 21,768 workers. Out of these, 6,325 employees hold higher education degrees, 1,170 masters in science degrees and 262 have PhDs. The company has more than 100 research and development projects. BioCubaFarma currently has 78 manufacturing facilities across the country, manufacturing 1,099 products. The company has 91 biological medicines: 33 are used to treat cancers, 18 for cardiovascular diseases, 33 for vaccinations against infectious diseases and seven to combat diabetes. The company also operates health service ***programs*** both in Cuba and in foreign destinations such as Venezuela and Brazil.BioCubaFarma has a partnership with Japanese firm Daiichi Sankyo, in a clinical trial currently in Phase III and scheduled to be completed by end 2017, for the use of nimotuzumab, a recombinant humanized monoclonal antibody for head, neck and esophagus cancer.The company is also partnering with US-based Roswell Park Center to jointly develop Cimavax-EGF, a vaccine against lung cancer that has shown positive results in Cuba. In October 2016 the FDA approved the recruitment of volunteers for the clinical trial. This is the first center to get permission to sponsor the US testing of a Cuban medical therapy after the relaxation of US restrictions on Cuba by the former US administration.According to Yodira Perez, legal and commercial advisor from BioCubaFarma's commercial policy directorate of business and international cooperation, the country is working to offer the international community a strong legal framework to guarantee and capture foreign investment.Cuba is well known for its autonomy in the production of vaccines. As of February 2015, BioCubaFarma announced that they have recently finished Phase II trials for cholera and pneumococcal vaccines. BioCubaFarma has already introduced 14 new medicines during the last few years and it has a pipeline of 15 more for the coming years.In July 2016, Carlos Gutierrez, director of BioCubaFarma stated that the company is currently working on 450 research projects, with emphasis on addressing health conditions associated with leading causes of death in Cuba, including myocardial infarction and different types of cancer. In line with Cuba's increasing commercial interests, the company will continue to be focused on developing high value goods, strengthening drug production and expanding exports.QUIMEFA (integrated under BioCubaFarma since 2012), founded in 2001 by the Ministry of Basic Industry (MINBAS - Ministerio de la Industria Basica) comprises: 14 pharmaceutical ***producers***; 8 de Marzo, Combinado Dental, Combinado Optico, Finlay, Hemoderivados, Juan R. Franco, Julio Trigo, Lab. Oriente, MATHISA, MEDILIP, Medsol, Reinaldo Gutierrez, Roberto Escudero and Saul Delgado. The Pharmaceutical Commercialisation Company (ENCOMED - Empresa Comercializadora de Medicamentos). The Imports, Exports & Commercialisation Company (FARMACUBA - Empresa Importadora, Exportadora y Comercializadora FARMACUBA), which deals with imports and exports and commercialisation of pharmaceutical products. Pharmaceutical ***producers*** meet Good Manufacturing Practice (GMP) guidelines, approved under Regulation No. 16/2000. Drug quality is ISO-9000 certified. Before ***producing*** a medicine, its therapeutic value and economic feasibility is tested - ie, whether it is more expensive to ***produce*** or import it.Founded in 1963, the Chamber of Commerce of Cuba (CAMARACUBA - Camara de Comercio de la Republica de Cuba) is an association which represents companies involved in commerce, industry and services.

**Biotechnology, Pharmaceutical & Healthcare's Members of CAMARACUBA, 2015-2017**

| **Biotechnology** | **Centro Nacional de Sanidad Agropecuaria** |
| --- | --- |
|  | CIMAB Comercializadora de Productos Biofarmaceuticos |
|  | Empresa Especializada Importadora, Exportadora y Distribuidora para la Ciencia y la Tecnica |
|  | HEBER BIOTEC |
|  | Laboratorios Dalmer |
|  | Vacunas Finlay |
| Pharmaceuticals | Centro Nacional de Sanidad Agropecuaria |
|  | Empresa Importadora Exportadora FARMACUBA |
|  | Empresa Laboratorio Farmaceutico Oriente |
|  | Laboratorios Dalmer |
| Healthcare | Centro Internacional de Restauracion Neurologica |
|  | Centro Nacional de Sanidad Agropecuaria |
|  | Centro para el Desarrollo Informatico de la Salud Publica |
|  | Comercializadora de Servicios Medicos Cubanos |
|  | Complejo Cientifico Ortopedico Internacional Frank Pais |
|  | Importadora y Exportadora de Productos Medicos |
|  | Laboratorios Dalmer |

Source: CAMARACUBA

**Licensed Local Pharmaceutical *Producers*, April 2011**

| **Centre** | **Activity** |
| --- | --- |
|  |  |
| Centro de Isotopos (CENTIS) | Injectable medicaments, liquid and lyophilised |
| Centro de Isotopos (CENTIS) | 99mTc sodium pertechnetate, injectable solution |
| Centro de Isotopos (CENTIS) | Iodobenzylguanidine [131 I] and sodium phosphate P 32 |
| Centro de Isotopos (CENTIS) | Sodium iodide, oral solution |
| Centro de Investigacion y Desarrollo Medicamentos (CIDEM) | Cytostatics, liquid and lyophilised |
| Centro de Investigacion y Desarrollo Medicamentos (CIDEM) | Praziquantel, in tablet form |
| Centro Nacional Investigaciones Cientificas (CNIC) | Polycosanol |
| Centro Nacional Investigaciones Cientificas (CNIC) | Oleozon, all oral forms |
| Centro Nacional Investigaciones Cientificas (CNIC) | Oleozon, topic |
| EL AICA | Liquid injectables in 1, 2, 3, 5, 10 and 20 mL ampoules |
| EL MedSol | Tablets and coated tablets |
| EL MedSol | Tablets and coated tablets |
| ELF Oriente | Oral rehydration salts |
| ELF Oriente | Tablets |
| ELF Oriente | Large volume parenteral solutions, in plastic bags |
| ELF Reinaldo Gutierrez | Contraceptive tablets |
| ELF Reinaldo Gutierrez | Pressurised aerosols |
| ELF Roberto Escudero Diaz | Creams and ointments |
| ELF Roberto Escudero Diaz | Suppositories |
| ELF Roberto Escudero Diaz | Powder, oral suspension |
| ELF Liquidos Orales de Bayamo (MEDILIP) | Liquid products, oral administration |
| ELF Liquidos Orales de Bayamo (MEDILIP) | Liquid products, topic use |
| EPB Carlos J. Finlay | Injectables, liquid and lyophilised |
| Empresa de Productos Dentales (ACRILEST) | Semisolid medicaments for dental use |
| Empresa de Productos Dentales (ACRILEST) | Liquid medicaments for dental use |
| Empresa Farmaceutica 8 de Marzo | Cephalosporins and penicillins |
| Empresa Farmaceutica 8 de Marzo | Sterile cephalosporanic powder |
| Empresa Productora Insulina y Carpules Laboratorios (LIORAD) | Dental anaesthetic products |
| Empresa Productora Insulina y Carpules Laboratorios (LIORAD) | Liquid injectables |
| Empresa de Gases Industriales | Anaesthetic nitrous gas |

Source: CECMED Centro de Isotopos (CENTIS) claims to be the most complex radioactive facility in Cuba. The centre forms part of the Nuclear Agency, from the Ministry of Science, Technology & Environment. CENTIS was created in 1988 but its current facilities were inaugurated in 1995. CENTIS specialises in labelled compounds, radiopharmaceuticals, radioisotopic generators and conventional & radioisotopic diagnostic reagents, which are used for medical, genetic engineering, biotechnology, ***agricultural*** and industrial purposes. Its oncology portfolio includes 12 main products. In 2011, CENTIS has four operational licences for the production of injectable medicaments, 99mTc sodium pertechnetate, injectable solution Iodobenzylguanidine [131 I] & sodium phosphate P 32, and sodium iodide, respectively. The company employs about 150 people.Centro de Investigacion y Desarrollo de Medicamentos (CIDEM) develops finished medicaments, advanced technologies, diagnostic agents and natural products. CIDEM ***produces*** its own products and also undertakes third-party manufacturing. Products include medicines, cosmetics and nutritional supplements. In 2011, CIDEM has two operational licences for the production of cytostatics and Praziquantel, respectively. The plant for the production of cystostatics was inaugurated in 2002 and is located in Lisa, Havana City.Centro Nacional Investigaciones Cientificas (CNIC) has six research divisions: natural products, ozone, clinical trials, biotechnology, chemistry and microbiologic diagnostics. The centre operates three subcentres: Centre of Natural Products (CPN - Centro de Productos Naturales), Centre of Clinical Trials (CIC - Centro de Investigaciones Clinicas) and Centre of Ozone (OZONO - Centro de Ozono en Cuba). CPN has developed two medicaments and two nutritional complements. In 2011, CNIC has three operational licences for the production of polycosanol, *Oleozon* in oral form and *Oleozon* in topical form, respectively.Empresa Laboratorios (EL) AICA is located in Western Havana's Scientific Cluster (Polo Cientifico del Oester de la Habana). In 2011, EL AICA has an operational licence for the production of injectables.Empresa Laboratorio MedSol, founded in 1993, specialises in the production of solid forms. In 2011, the company had two operational licences for the production of finished products. Production meets ISO-9000 and follows the GB or US Pharmacopoeia. Around 90.0% of total production serves the domestic market, while the remainder is exported mainly to Latin America.Empresa Laboratorio Farmaceutico (ELF) Reinaldo Gutierrez researches, ***produces*** and distributes pharmaceuticals. In 2011, the company has two operational licences for the production of oral contraceptives and pressurised aerosols, which are ***produced*** by Laboratorio HANCO and Laboratorio Julio Trigo 102, respectively; ELF Reinaldo Gutierrez operates these two ***producers***.ELF Roberto Escudero Diaz manufactures pharmaceutical semisolid products. Its product lines include antibiotics, antifungals, antivirals, local anaesthetic products and non-irritable lubricants. It also ***produces*** natural products, such as *VimangCrema*, an antioxidant in cream form. In 2011, ELF Roberto Escudero Diaz has three operational licences for the production of creams & ointments, suppositories and powders.ELF Liquidos Orales de Bayamo (MEDILIP), founded in Bayamo City in 2000, ***produces*** 53 medicines, including syrups, suspensions, solutions and drops. Annual production is valued at 30.0 million units. In 2011, the company has two operational licences for the production of liquid products for oral administration and topical use.Empresa de Productos Biologicos (EPB) Carlos J. Finlay is located in Havana centre. In 2011, the company had an operational licence for the production of liquid and lyophilised injectables. In 2009, EPB Carlos J. Finlay extended its production capabilities; the value of these investments was not disclosed. The company ***produced*** 14 injectables and 70 clinical reactives in 2009.Empresa de Productos Dentales (ACRILEST), founded in 1989, is the only local ***producer*** of dental medicines. As of 2011, the company had two operational licences for the production of semisolid and liquid medicaments for dental use, respectively. In 2009, the company ***produced*** 52 dental products, and packaged an additional 18 prescription medicines. Leading dental products included *Analden*, *Halitol*, *Dentifix*, *Boraden* and *Perborasep* in 2009. The company employed 186 people in 2009.Empresa Farmaceutica 8 de Marzo has been in the market for over two decades. It specialises in the production of betalactamic antibiotics, including cephalosporins and penicillins, in different presentations. As of 2011, Empresa Farmaceutica 8 de Marzo has two operational licences for the production of cephalosporins & penicillins and sterile cephalosporanic powder, respectively.Empresa Productora de Insulina y Carpules (LIORAD) has two operational licences for the production of dental anaesthetic products and liquid injectables, respectively.Laboratorios NOVATEC ***produces*** oral solid products in tablet and capsule presentations. The company supplied about 38 products to the CBN in 2011, including enalapril, omeprazole, meprobamate and azithromycin. In 2011, NOVATEC processed its operational licence for the production of tablets, coated tablets and capsules. **Foreign Industry** Former US President Barack Obama's decision to engage in talks with Raul Castro established a path towards normalising relations between the Cuban and the US economy. Current regulatory standards for US business in Cuba are severely complex and limiting. However, easing of such regulatory restrictions will significantly increase the ability for US pharmaceutical companies to engage in further business with Cuba's pharmaceutical market. That said, the Castro regime is set to remain in power until 2018, when Raul Castro ***plans*** to retire. While this is positive news, we believe that the significant changes necessary for genuine multinational interest will occur slowly, meaning that Cuba's attractiveness to US multinationals will remain limited in the short to medium term. Moreover, President Donald Trump's administration poses downside risks to the normalization process between both countries, although our core view remains that US commercial interests will prevail in the administration stance towards normalizing relations with Cuba.US manufacturers are currently allowed to supply finished drugs to Cuba, but not raw materials or pharmaceutical manufacturing equipment. The US government requires a level of paperwork which makes even this very difficult in practice. Companies with the best prospects are in Canada, Europe, Japan and larger companies in developing countries in Latin America, Asia and Africa. In April 2011, CECMED granted GMP certificates to 13 foreign ***producers***. Three of them were biologic companies: Biotech Pharmaceutical Company; Changchun Heber Biological Technology, which had two certificates; and the Serum Institute of India.In October 2013, the Chemo Group, an Austria-based pharmaceutical company with deep connections in Spain and the US, hired a few powerful players to pave its way to sell a Cuba-developed diabetic foot ulcer (DFU) treatment in the US. *Heberprot-P* was developed by the Centre for Biological and Genetic Engineering (CIGB) in Cuba and is marketed by Havana-based Heber Biotec. The drug is currently undergoing clinical trials in China, Russia, Canada and the EU. It has been approved by Cuba, Ecuador, Dominican Republic, Vietnam, Philippines and Algeria. In 2011, Cuba signed an agreement with Brazil to sell *Heberprot-P* in Brazil as well as a number of other markets.In 2016, the US administration Treasury Department gave special permission to Roswell Park Cancer Institute in Buffalo, to import a lung cancer drug, *CimaVax*, and to Mercurio Biotec, a Texas-based startup, to import supplies of *Heberprot-P*. Both drugs are to be used in clinical trials.However, this is not the first time a Cuban drug has been tested in the US: in 2004, CancerVax Corp, a California-based drug research company, obtained an OFAC license to test and sell three Cuban-made lung cancer vaccines, after obtaining an agreement with Cuba's CIMAB through two years of complex negotiations. At the time OFAC emphasised that the approval of the licenses was 'strictly for humanitarian reasons'. CancerVax had to arrange a complex three-way deal to pay the USD6mn licensing fee to Cuba in terms of soybeans, medicines and other medical goods through third party companies. If the drug were granted with the market approval, the company would have to make additional payments of up to USD35mn. Eventually, CancerVax transferred the license to CIMAB and YM BioSciences, a Canadian company; in 1999, OFAC approved the co-development of a vaccine against meningitis B for the European market between SmithKline Beecham and Cuba's Finlay Institute at SmithKline's US laboratory.We note that the Cuban government continues to seek greater foreign investment to help it achieve strong economic growth, and is working hard to win the confidence of investors. Cuba's desire for greater inclusion in the global economy has been welcomed by most nations: In February 2014, Truffle Capital, an independent European private equity firm, created Paris-based ABIVAX by merging three French biotech companies (Wittycell, Splicos and Zophis) in collaboration with the Cuban Center for Genetic Engineering and Biotechnology (Centro de Ingenieria Genetica y Biotecnologia [IGBC]). Philippe Pouletty MD, founder and Chairman of ABIVAX, noted that this international project is intended to place France and Cuba at the forefront of progress in the field of therapeutic vaccines. In January 2014, Brazilian Health Minister Alexandre Padilha and Cuban Health Minister Roberto Morales Ojeda signed an agreement establishing a bilateral partnership between Brazil and Cuba for the development of medicines to treat cancer and autoimmune diseases. In December 2013, China Meheco entered a ***strategic*** alliance with BioCubaFarma. The alliance aims to strengthen bilateral trade between the two countries and establish a pharmaceutical production base in Cuba. Cuba's medical service exports have become an important source to support local healthcare expansion in Venezuela, Brazil and Ecuador as well as Angola, Algeria, South Africa, Qatar and Saudi Arabia.

**Foreign *Producers* with GMP Certificates, April 2011**

| **Centre** | **Activity** |
| --- | --- |
|  |  |
| Laboratorios Lopez | Formulation, filling and packaging |
| Laboratorio Farmaco Uruguayo | Small volume parenteral products, for oncology use |
| Planta Tecnofar TQ | Manufacture and packaging of Hebermin cream |
| Changchun Heber Biological Technology | Manufacture of recombinant Human Interferon Alpha 2b (rHulFN-alpha-2b) API |
| NAFAR Laboratorios | Formulation, filling and packaging |
| Farma Mediterrania | Formulation and packaging of Heberprot-P 75 and Heberprot-P 25 |
| Vaccine Company of Dalat Pasteur (DAVAC) | Labelling and packaging of Heberbiovac HB and Quimi-Hib vaccines, and anti-haemophilus Influenza type B conjugated vaccine |
| Medipharco - Tenamyd Central Pharmaceutical Joint Stock Company | Formulatin, filling and packaging of Hebermin cream |
| Saokim Pharmaceutical Joint Stock Company (Saokim Pharma) | Manufacture of suppositories |
| Vitrofarma | Filling and packaging of sterile penicillin powder (plant 1); filling and packaging of cephalosporin powder and other betalactamics (plant 6); manufacturing, filling and packaging of injectables (plant 8); and filling, packaging and storage of injectables (plant 4) |
| Changchun Heber Biological Technology | Formulation, filling and packaging of recombinant Human Interferon Alpha 2b (rHulFN-alpha-2b) |
| Biotech Pharmaceutical Co. | Manufacture of API and finished dosage form nimotuzumab |
| Serum Institute of India | Manufacture of APIs of mumps, measles and rubella vaccines (Building SEZ 1B First Floor); formulation, filling and packaging of mumps, measles and rubella vaccines (Building SEZ 1B Ground Floor and Building SEZ 3 Ground Floor); bulk manufacturing, filling and liophylisation of BCG Vaccine (Building 4, Second Floor); packaging of BCG vaccine (Buildings 1 & 5, Ground Floor); bulk manufacture of rabies vaccine (Building 5, Ground Floor); processing of final products of rabies vaccine (Building 6, Ground Floor); packaging of rabies vaccine (Buildings 5 & 6, Ground Floor); formulation and processing of final products of immunosera tetanus antitoxin and anti-rabies serum (Building Main Block, Ground floor); packaging of immunosera (Building 1, Ground Floor) |

Source: CECMED **Biotechnology** Cuba claims to have one of the most advanced biotechnology industries in the world. In the 2010 Biotecnologia Habana (Biotechnology Havana) congress, CIGB, reported that Cuba sells 34 biologic products in 40 countries. In fact, the biopharmaceutical industry has the second highest level of exports in the country, behind exports of nickel. In September 2016 Cuba and China signed a number of Memorandums of Understanding for the establishment of joint ventures (JV) in the biotechnology and biopharmaceuticals sector. This included, but was not limited to, a diagnostics JV in the Mariel Special Development Zone and a joint unit between the Cuban Center of Molecular Immunology and the Chinese company Beijing Dongsan Biotech to conduct research, development and production of monoclonal antibodies and recombinant proteins in order to export to Latin America. In April 2011, CECMED reported six local biologic ***producers*** with 22 operational licences. Additionally, there were three local ***producers*** processing five licences: Centro de Ingenieria Genetica y Biotecnologia (Plants 5 and 6), Centro Nacional de Biopreparados (Parenteral product plant 2), Centro de Inmunologia Molecular (Plant 1), Centro de Inmunologia Molecular (Plant 3) and Centro de Inmunologia Molecular (Plant 2).Centro de Ingenieria Genetica y Biotecnologia (CIGB), founded in 1986, claims to be one of the most modern complexes for biomedical and ***agricultural*** technology research in the developing world, occupying a 60,000 sq mt area. The company has three main headquarters located in Havana, Sancti Spiritus and Camaguey. CIGB employs over 1,600 people.In July 2011, the Provincial Court of Havana convicted ten former executives of the Cuban Institute of Civil Aeronautics and Heber Biotec on bribery. They were found guilty of favouring foreign companies in negotiations. CIGB's Biomedical Research Unit (IBM - Direccion de Investigaciones Biomedicas) works in more than 20 research projects and employs about 200 people. The unit is organised in five departments: vaccines; pharmaceuticals; immunodiagnostics and genomics; chemistry and physics; and the department of scientific, technical and administrative activities.Centro de Inmunologia Molecular (CIM), founded in December 1994, researches and ***produces*** biopharmaceuticals for the treatment of cancer and other chronic diseases. Administratively, the centre is divided into three main areas: R&D, production and quality assurance. Founded in 1992, CIMAB sells CIM's products; CIMAB has commercial associations with more than 25 pharmaceutical companies. CIM employs nearly 830 people, most of whom are scientists and engineers.CIM's product portfolio includes an anti-CD3 monoclonal antibody for the treatment of patients with organ transplant rejection; human recombinant erythropoietin for the treatment of anaemia; granulocyte Colony Stimulating Factor for the treatment of neutropenia; a humanised monoclonal antibody that recognises the epidermal growth factor receptor for cancer treatment as well as other monoclonal antibodies for tumour imaging.Centro Nacional de Biopreparados (BIOCEN) develops and ***produces*** low-volume parenteral products, active pharmaceutical ingredients (APIs) for vaccines and other biologic products. In 2011, BIOCEN has eight operational licences, of which three are for the production of APIs and three for the production of parenteral products. The company employs about 800 people.Empresa de Sueros y Productos Hemoderivados Adalberto Pesant has a plant for the production of seven biologics. The company employs about 171 people.Instituto Finlay, founded in 1991, develops and ***produces*** vaccines, in many cases in cooperation with CIGB and CIM. Since 1999, Vacunas Finlay has exclusively promoted, marketed, sold and distributed products and services for Instituto Finlay. The company employs about 1,000 people.Instituto Finlay ***produces*** vaccines included in the national immunisation ***programme***. One of the first, and most successful, of the company's vaccines is the meningococcal BC vaccine, Va-Mengoc-BC; the former SmithKline Beecham entered an agreement to license this vaccine outside Cuba in 1999.The company occupies an area of 23,000 square metres, with three main areas: fermentation, purification and clean rooms. In terms of manufacturing capabilities, Instituto Finlay had three operational licences for plant I, II and III in 2011. In terms of R&D, the company specialises in vaccines, diagnosis, immunoprophylaxis, design of new adjuvants, and preventive and therapeutic antivirals. Generic Drugmakers

Empresa Laboratorio Farmaceutico (ELF) Oriente is the 14th licensed local pharmaceutical ***producer***, developing and ***producing*** generic, natural and homeopathic products. In 2011, the company had three operational licences for the production of oral rehydration salts, tablets and large volume parenteral (LVP) solutions, respectively. The plant for the production of LVP solutions was built in 2003, in cooperation with China.In March 2012, Cuba's Health Minister, Roberto Morales, and the World Health Organisation's Director General, Margaret Chan, signed an agreement for technology transfer and production of generic drugs, increasing the country's global reach. Pharmaceutical Distribution

Intermediaries and agents are allowed to handle goods on consignment for licensed importers in Cuba. However, only licensed importers are permitted to conduct distribution within the country, requiring the government to import finished medicines and distribute drugs directly to pharmacies throughout the island, with no secondary involvement. Therefore, distribution channels may only be conducted via a physical presence in Cuba as well as an importers license. Pharmaceutical Retail Sector

The Caribbean Export Development Agency notes that retail operations in Cuba are run by either government agencies, individuals with strict licensing agreements, or foreign corporations in partnership with the government. Any state-owned retail businesses are banned from product advertisements. All pharmacies in Cuba are state-owned. In theory all approved medicines are available in these pharmacies. However in reality, many medicines remain in limited supply or simply cannot be found, leaving many Cubans to source their medications from the black market, according to Aljazeera.

**Load-Date:** May 16, 2017

**End of Document**



[***Washington: OZONE STANDARDS IMPLEMENTATION ACT OF 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P2F-5CB1-JDG9-Y3N4-00000-00&context=1516831)

Impact News Service

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**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 General Leave Mr. SHIMKUS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and to include extraneous material on the bill, H.R 806. The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois? There was no objection. The SPEAKER pro tempore.

Pursuant to House Resolution 451 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R 806. The Chair appoints the gentleman from New York (Mr. Reed) to preside over the Committee of the Whole. {time} 1438 In the Committee of the Whole Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R 806) to facilitate efficient State implementation of ground-level ozone standards, and for other purposes, with Mr. Reed in the chair. The Clerk read the title of the bill. The CHAIR. Pursuant to the rule, the bill is considered read the first time. The gentleman from Illinois (Mr. Shimkus) and the gentleman from New York (Mr. Tonko) each will control 30 minutes. The Chair recognizes the gentleman from Illinois. Mr. SHIMKUS. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, H.R 806, the Ozone Standards Implementation Act of 2017, is about ensuring effective implementation of our air quality standards. We have learned that timelines and procedures established almost 30 years ago can be counterproductive today, resulting in unnecessary costs, regulatory delay, and economic uncertainty. H.R 806 ensures we will continue to deliver effective environmental protections, with reforms that will also help expand economic opportunity in communities around the Nation. H.R 806 removes barriers to the ***planning*** and permitting of new or expanded manufacturing facilities and to related economic activity essential for building out America's infrastructure. The bill's reforms reflect practical improvements to the law suggested by State and local regulators, who have confronted the growing challenges of implementing multiple air quality standards under multiple implementation ***plans*** and under tight statutory deadlines. As a result, these challenges have increased, and it has become more difficult for many areas to enable the economic expansion needed for their communities. This bill takes several sensible steps to fix this situation. First, it extends the date for final designations for the 2015 ozone standards to 2025. This allows States time to implement the 2008 ozone standards and other measures to improve air quality. The provisions align requirements for new source construction permitting with this phased ozone schedule, which will reduce permitting delays and still ensure the use of the best available emissions control technologies. The provisions would require timely issuance of implementation guidelines by EPA so States can ***plan*** effectively. Second, the bill aligns the air quality standard setting with how the process works in practice, and it ensures fuller information about regulatory impacts. For example, it updates the mandatory review of air quality standards to reflect past experience by extending the requirement to 10 years, and preserves the EPA administrator's discretion to issue revised standards earlier, if necessary. The bill ensures the administrator, prior to revising an air quality standard, obtains advice from the EPA's Independent Science Advisory Committee about any adverse effects on jobs, welfare, and other economic impacts related to implementing the standards. Finally, the bill takes several steps to address some of the problems communities face when working to meet the standards. For example, it ensures that, for certain ozone and particulate matter nonattainment areas, States are not required to include economically infeasible measures in their ***plans***; it ensures that States may seek relief with respect to certain exceptional events, including droughts; and it directs EPA to examine the impacts of foreign emissions on standards compliance, ozone formation, and identify effective control strategies, including ways to facilitate EPA review to avoid unnecessary penalties for foreign emissions. [[Page H5944]] The bill also helps communities with most severe air quality challenges that are doing the most to clean up their air by providing a reasonable way to avoid burdensome and unnecessary sanctions, which harm their ability to grow their economies and create jobs. The provisions of H.R 806 represent important steps to update the Clean Air Act to reflect what we have learned over the past 25 years since its last major revisions. There is more work to be done to modernize environmental laws, but ensuring orderly implementation of air quality standards is an important place to start and essential in our environment and our economy. Mr. Chair, I urge all Members to support this important bill today, and I reserve the balance of my time. Mr. TONKO. Mr. Chair, I yield myself such time as I may consume. Mr. Chair, I want to express my strong opposition to H.R 806, the Ozone Standards Implementation Act, which would undermine the Clean Air Act and the decades of progress that we have made to improve our Nation's public health and air quality. This bill delays implementation of the 2015 ozone standards until 2025, extends the review cycle for all National Ambient Air Quality Standards from 5 to 10 years, and authorizes the EPA administrator to consider technological feasibility when establishing or revising a NAAQS. Today, we will hear that removing health and environmental protections creates jobs, despite all the evidence that protecting public health and growing the economy are not mutually exclusive. Since its enactment, the Clean Air Act has reduced key air pollutants by roughly 70 percent, while the United States economy has more than tripled. We will hear today that our country has made enough progress, and we will hear claims that further progress will be extremely difficult, if not impossible, but this bill's supporters may not tell us that the American Lung Association's 2017 State of the Air report found that nearly 4 in 10 people in the United States live in counties that have unhealthful levels of either ozone or particle pollution. Delaying EPA's more protective health standards will only serve to delay these Americans' access to guaranteed clean air. {time} 1445 I believe American ingenuity continues to be up to the task of developing and deploying technologies that will protect our citizens. History has shown again and again that meeting such basic health protective standards is achievable. More importantly, advancing these protections will make America more productive, more competitive, and will improve quality of life and drive down public health costs tied to asthma, heart disease, and even cancer. We may hear today that standards change too frequently and EPA should have more time to review and implement each standard. We will likely not hear that EPA has discretion on these matters and is only tasked with changing those standards if it will protect health. Every year, more studies are completed. With each new study, we gain an even better understanding of how ozone and other pollutants are harming Americans' health. It is critical that these standards reflect the latest available science. What we are not likely to hear today is questioning of the large and growing body of scientific and medical evidence that breathing air that contains ozone and other criteria pollutants can cause serious health effects. Unfortunately, this bill would cast aside that scientific evidence in favor of adding cost and technological feasibility considerations into the standard setting process. The proposed changes to the Clean Air Act will slow down, if not outright roll back, the progress we have made to clean our air. This would be a giant mistake. Healthier people means fewer sick days, fewer hospital visits, and fewer premature deaths, all of which lead us to a more productive society. According to a peer-reviewed 2011 EPA study, in 2010 alone, the Clean Air Act prevented over 160,000 premature deaths, 130,000 cases of heart disease, 1.7 million asthma attacks, and a million more respiratory illnesses. Many of those health benefits have helped our most vulnerable populations, particularly our children. Let's do this for our children. Let's not make it worse. Let's improve our standards. That is why so many public health and medical organizations and professionals have vocally opposed this bill every step of the way. The Clean Air Act keeps kids in school, adults at work and on the job, and tens of thousands of Americans out of the emergency room each and every year. At a time when Republicans in Congress have been almost singularly focused on ramming through legislation to repeal the Affordable Care Act and rip healthcare away from tens of millions of Americans, this bill adds insult to injury. Plain and simple, the bill before us today would undermine the Clean Air Act as a safeguard of our public health law, and I encourage each and every Member of the House to oppose it. Mr. Chairman, I reserve the balance of my time. Mr. SHIMKUS. Mr. Chairman, I yield 4 minutes to the gentleman from Texas (Mr. Olson), the author of the legislation. Mr. OLSON. Mr. Chairman, I thank my friend from the land of Lincoln for the time to speak on this important bill this afternoon. Mr. Chairman, I remember Houston in 1972, 45 years ago. Just like today, we were the heart of America's energy and chemical industries. But back then, there were far too many days I could not see downtown from my home 25 miles away because of smog, ozone. We have made amazing progress, Mr. Chairman. All of America has made progress. Now it is rare when I can't see downtown from 40 miles away. I am raising my family in the suburbs of Houston, Texas. I don't want to see my hometown's air get any worse--or anyone else's, for that matter. I want that progress to continue. That is why this bipartisan bill, H.R 806, keeps us moving forward with more breathable, cleaner air. Nothing in this bipartisan bill changes any air quality standard. Nothing in this bill puts costs before science when EPA sets a new standard. I will say that again because there is a lot of misinformation out there. This bill explicitly says that EPA can never ignore health data and can never put money ahead of safety. This commonsense bill is about listening to our job creators back home. It is about giving local officials the tools they need to make air rules work. It is about making sure that our communities aren't penalized for pollution they can't control. It is about making sure that, when EPA sets a standard, they have to put out the rules to comply with that standard to our local communities at the exact same time. Mr. Chairman, this is commonsense, bipartisan legislation. I urge my colleagues to support H.R 806 so we can keep cleaning up America's air while growing our economy. Mr. TONKO. Mr. Chairman, I would just suggest that, when we move the timeframe for accomplishment of our progress by 8 years out into the future, we are stalling progress; and when we tamper with a review every 5 years and make it 10, we are denying progress. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. Cardenas). Mr. CARDENAS. Mr. Chairman, I rise today to speak in opposition to H.R 806. I call it the ``Smog Is Back'' bill. I was born and raised in the San Fernando Valley. As a boy, I was not allowed to play outside due to smog alerts, and you couldn't see the mountains just a few miles away. I have told my kids. They don't know what a smog alert is. You get to see the mountains 365 days a year. That is because we got smart about cutting pollution. We passed commonsense regulations, and the impact was remarkable. Yet today, as I stand here, this Congress is trying to strip those protections and take us back to a dangerous time. It is not a joke, and this is shameful. Just over a year ago, my first grandchild was born. It infuriates me that he could grow up with the same restrictions that I had after we have made so much progress. We should be making the world a better place for our children and grandchildren. Mr. Chairman, when it comes to smog, it is not good to go back to the [[Page H5945]] future. It is just wrong. I urge my colleagues to oppose this legislation for the sake of all children. Mr. SHIMKUS. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. Smith), the chairman of the Science, Space, and Technology Committee. Mr. SMITH of Texas. Mr. Chairman, I thank the gentleman from Illinois (Mr. Shimkus) for yielding me time, and I thank the gentleman from Texas (Mr. Olson) for sponsoring H.R 806, the Ozone Standards Implementation Act of 2017. I appreciate the efforts of Chairman Walden, subcommittee Chairman Shimkus, and members of the Energy and Commerce Committee to reduce the regulatory burden on the American people and the economy. As chairman of the Science, Space, and Technology Committee, I have worked to ensure that EPA regulations are based on sound science. Specifically, the committee found that the 2015 ozone standards implemented by the previous administration were based on questionable science and would cost billions of dollars to implement. H.R 806 is commonsense legislation that appropriately delays the implementation of these new standards, allowing States more time to work through compliance. This legislation also resets the time period for the next review of Clean Air Act regulations. This is necessary to provide the Agency with ample time to analyze the science and economic impact of new rules. Mr. Chairman, I urge my colleagues to support this legislation and reduce the regulatory burden on the American people and return the Agency to sound scientific rulemaking. Again, I appreciate Chairman Olson taking the initiative on this subject. Mr. TONKO. Mr. Chairman, we have just heard from two colleagues from Texas, and I want to remind all of my colleagues, our colleagues, that the State of Texas has over 1.5 million residents with asthma, including some 430,000 children. Weakening vital protections in the Clean Air Act would put their health at risk. Mr. Chairman, I yield 4 minutes to the gentlewoman from Florida (Ms. Castor). Ms. CASTOR of Florida. Mr. Chairman, I thank my colleague for yielding. Mr. Chairman, I rise in strong opposition to the Republican's ``Smoggy Skies Act'' that will gut America's landmark Clean Air Act. Since Congress passed the Clean Air Act almost 50 years ago, American progress on clean air has gone hand in hand with growth in jobs and businesses. But that is at risk under this bill today because polluters want to take shortcuts and shift the costs to hardworking American families and other businesses. Republicans are helping them get this done through this ``Smoggy Skies Act.'' Coming from the State of Florida, I understand very well how air pollution hurts jobs and economic growth. Americans everywhere, regardless of their ZIP Code, deserve an EPA and a Congress working to clean up air pollution, not boost polluter profits at our expense. In Florida, we probably would not be the tourist mecca that we are without the Clean Air Act. When you look across the globe at other countries and people are deciding, ``Where am I going to take my vacation? Where am I going to take my trip?'' they are very discerning about countries that do not have the same kind of consumer protections. I have seen, since the time I was a little girl, vast improvement in air quality back home in the Tampa Bay area, to the point of it used to be, in the early morning, you would walk outside and you could smell and taste it. Now we have very few days of smog and pollution. But still, Congress should protect the pocketbooks of American citizens, not the profits of polluters because we have pockets of real pollution problems all across America. Approximately 125 million Americans still live in areas with dangerous levels of air pollution. Air pollution costs our families money as smoggy skies aggravate asthma, COPD, bronchitis, lung disease, and the ability to work outside. Improving ozone standards can help avoid premature deaths, childhood asthma attacks, and missed school days. I encourage you all to google the New England Journal of Medicine study that came out at the end of last month that said dirty air is very costly and has a deadly impact on many Americans still, especially our older neighbors and younger people with asthma and other respiratory illnesses. It said air pollution hastens death in America. Harvard researchers determined that, after reviewing years of health records of more than 60 million Medicare beneficiaries in specific air quality levels, we are still in trouble. I took that as a direct warning to this Congress not to roll back the Clean Air Act and air pollution protections. The Clean Air Act requires the EPA to take a look at air quality every 5 years, but under this bill, nope, it will be every 10 years. So polluters win and citizens pay more. The Clean Air Act codifies a citizen's right to know when they are breathing dirty air, but under this bill, nope, citizens will not have a right to know. Again, the polluters win and citizens pay more. Just like Mr. Tonko said, America is the world leader in ingenuity, technology, and science, but not under this GOP bill. Polluters will win, science will lose, and citizens will pay more. This is a costly shame, and I urge my colleagues to oppose this bill. Mr. SHIMKUS. Mr. Chairman, I would like to highlight a few specific things. One is the standards established by the EPA remains unchanged. The real premise of this bill is the fact that, when the 2008 standards came out, it took the EPA 7 years to get to the guidelines for how local communities and businesses could comply. While that was occurring, they ratcheted down a new set of standards. So when we talk, this is really more about having our citizens and our communities be able to comply with the rules and regs before a new rule and reg gets in place. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona (Mr. Biggs). {time} 1500 Mr. BIGGS. Mr. Chairman, I thank the gentleman from Illinois for yielding time to me today. I applaud Congressman Olson for introducing this very important legislation. I also thank Science Committee Chairman Lamar Smith for holding numerous hearings to fully examine the Environmental Protection Agency's National Ambient Air Quality Standards. Arizonans desperately need the reforms that Representative Olson has offered in his legislation. Unfortunately, my constituents in the East Valley of Maricopa County understand all too well the consequences of onerous EPA regulations. Arizona has high levels of background ozone in the atmosphere, meaning that, from the EPA's perspective, we are regularly above the attainment level. But instead of trying to fully understand my State's intricate needs or engaging in efforts to work with State officials to develop achievable ***plans*** and paths forward, the EPA has doubled down time after time with new standards that are impossible to meet. H.R 806 will help States like mine create meaningful implementation ***plans*** by giving us more time to work with the Federal Government and stakeholders. It will also allow us more flexibility in how we meet new regulations. Good, commonsense bills like this one are needed to ensure that we do not overregulate in a way that severely disrupts our local economies for little or no benefit. As chairman of the Science Subcommittee on Environment, I once again applaud Representative Olson and thank my friend from Illinois, and I look forward to seeing this bill pass this Chamber. Mr. TONKO. Mr. Chairman, having just heard from the gentleman from Arizona, I want to remind my colleagues that the State of Arizona has over 660,000 residents with asthma, including some 175,000 children. Weakening vital protections in the Clean Air Act would put their health at risk. Mr. Chairman, I yield 3 minutes to the gentlewoman from Michigan (Mrs. Dingell). Mrs. DINGELL. Mr. Chairman, I rise in strong opposition to H.R 806, the Ozone Standards Implementation Act. For nearly 5 decades, the Clean Air Act has proven to reduce air pollution by establishing critical National Ambient Air Quality Standards to protect [[Page H5946]] our public health and public welfare. This bill would drastically alter the Clean Air Act, putting everyone at risk by delaying the implementation of stronger air quality protections and extending the review period for setting future air pollution standards. If we choose not to put air quality and public health first today, we jeopardize and undermine our ability to live long and healthy lives tomorrow. When the EPA issued its final rule strengthening the National Ambient Air Quality Standards in 2015, this decision was based on the review of thousands of studies showing ozone's harmful effects. Ozone is a pollutant. If we do not take our responsibility serious to ensure every American has clean and healthy air to breathe, those with asthma will experience more attacks. We need to make sure that our children aren't developing chronic bronchitis and asthma; and we risk increased numbers of premature deaths across the country. Every American deserves clean air now. We cannot afford an almost decade-long delay of improved air pollution standards. According to the American Lung Association, nearly 4 in 10 people in the United States live in counties that have unhealthy levels of either ozone or particle pollution. More than 125 million Americans live in 204 counties where they are exposed to concerning levels of air pollution in the form of either ozone or short-term or year-round levels of particles. While we have continued to make progress reducing ozone pollution, we have to further strengthen these standards in the name of public health. These standards are the cornerstone of the Clean Air Act. Additionally, the provisions in this bill would also affect future NAAQS reviews for criteria pollutants by extending the review time for 5 to 10 years, compounding the negative public health impacts for generations. In Michigan, if we fail to lower our ground ozone pollution, our seniors with pulmonary disease, asthma, and diabetes will suffer. For our kids who want to explore the outdoors and experience all the Great Lakes have to offer, ozone pollution may increasingly trigger a variety of health problems, including chest pain, coughing, and throat irritation. Please, my colleagues, do not do this today. Think of the health of Americans. Mr. SHIMKUS. Mr. Chairman, let me just remind my colleagues that--why 10 years? I mean, that is a good question. When the 2008 standards came out, it took the administration 7 years, to 2015, to tell people how to even implement the 2008 standards. Then, 3 months later, they say: Oh, no, we are going to have a new standard set at 2015. So this debate doesn't reduce or roll back. It says, let's let the EPA establish standards and then give communities time to comply. That is all this bill does. Mr. Chairman, I yield 3 minutes to the gentleman from West Virginia (Mr. McKinley). Mr. McKINLEY. Mr. Chairman, today the House will vote on a bill addressing the ozone standards issued by the Obama administration. Look, with the comments you have heard today, we all want clean air. But America has made great strides already. Ozone is down by one-third since 1980. But the regulations imposed by President Obama in 2015 would cost the economy billions of dollars each year and hamper job growth. In many parts of the country, it is literally impossible to meet the new standards due to the background levels of ozone. Much of the country, as you just heard the chairman talk about, was still trying to comply with the previous standard when, suddenly, a new level was imposed. This has resulted in confusion and duplication. The bill that is before us this afternoon provides a commonsense approach. It delays the implementation, but, more importantly, it gives the States flexibility to deal with this issue. It revises the timeframe for changing standards from 5 years to 10 years. That is all. It requires the EPA to consider--very important--the economic and technical feasibility of the new standards. So, Mr. Chairman, passing this bill today will remove a barrier to economic growth while, at the same time, still protecting our environment. Mr. TONKO. Mr. Chair, having heard from my friend and colleague from West Virginia, I want to remind my colleagues that the State of West Virginia has 100,000 residents with asthma, including over 18,000 children. So it is weakening vital protections in the Clean Air Act that would put these populations at risk. Mr. Chairman, I yield 3 minutes to the gentlewoman from California (Ms. Matsui). Ms. MATSUI. Mr. Chairman, I rise in strong opposition to H.R 806, better known as the ``Smoggy Skies Act.'' Because of the Clean Air Act, families have safer air to breathe, fewer emergency room visits, and healthier futures. The bill before us today is a direct attack on that progress, delaying lifesaving protections against ozone pollution. H.R 806 will be particularly devastating to children with asthma, the elderly, and people with lung and heart disease. Dirty air remains a public health hazard. If this bill becomes law, we will be rolling back the Clean Air Act's protections and successes and putting people's health at risk. The Sacramento region in my district sits in California's Central Valley, which traps pollution from other parts of the State. And despite these challenges, we have fostered a strong partnership between the Federal Government and Sacramento's local agencies to improve our air quality. But in order for this progress to continue, the EPA must set its clean air requirements at a level that truly protects public health. The bill before us today would block ozone protections and permanently damage the Clean Air Act. Between this ``Smoggy Skies Act'' and TrumpCare, Republicans are waging an all-out assault on Americans' health. I urge my colleagues to oppose this bill and protect the well-being of future generations. Mr. SHIMKUS. Mr. Chairman, I yield 3 minutes to the gentleman from Arizona (Mr. Gosar). Mr. GOSAR. Mr. Chairman, I rise today in strong support of H.R 806, the Ozone Standards Implementation Act of 2017, introduced by my friend and colleague, Pete Olson. This bill is necessary to shield States from job-killing mandates and ozone levels proposed by the Obama administration in October of 2015. Most States are just beginning to adopt the 75 parts per billion ozone standard proposed in 2008, as the EPA didn't announce implementation guidance and a final rule until March 6 of 2015. Rather than allowing time for that standard to be implemented, the Obama administration moved the goalposts and unilaterally sought to dramatically lower the ozone standard once again to 70 parts per billion in October 2015. Industry analysis projects that more than 950 different counties throughout the country will immediately be in nonattainment under the October 2015, 70 parts per billion standard. To make matters worse, the 70 parts per billion standard is not currently attainable in 9 of 10 counties in Arizona that measure ozone levels. When pristine national parks like the Grand Canyon, Yosemite, and Rocky Mountain are in danger of being in nonattainment under the proposed Obama standard, there is a serious problem with the numbers. The Chamber of Commerce has reported that counties classified as in nonattainment can have important permits denied by the EPA and important Federal highway and transportation projects suspended. The Arizona Chamber Foundation and Prosper Foundation stated: ``The EPA's new ozone standard of 70 parts per billion will virtually be impossible for Arizona to meet due to Arizona's high level of background, limited local sources, and unique geography. . . . Implementation of the current rule in Arizona is not reasonable, based in sound science, or achievable.'' Tri-State stated: ``In order to preserve our co-op-member owners access to affordable and reliable electricity, Tri-State Generation and Transmission Association wholeheartedly supports H.R 806.'' [[Page H5947]] The National Taxpayer Union stated: ``The costs are high for States and localities, regardless of whether they achieve attainment . . . jobs and investments will go elsewhere without more feasible, predictable reforms that are present in H.R 806.'' Even the Obama administration projected in 2010 the unrealistic standard we are debating today would cost our economy between $19 to $25 billion annually. The previous administration also admitted it did not have a clear ***plan*** for dealing with background ozone generated by factors outside a State's control. This means the Obama EPA was literally attempting to punish States for ozone pollution that is created in other States like California, or in Mexico, or even China. The October 2015 Obama ozone rule will force companies to close their doors and kill countless jobs throughout the country if this bill is not passed. I thank the gentleman from Texas for sponsoring this much-needed legislation, and I urge my colleagues to vote in support of this commonsense bill. Mr. TONKO. Mr. Chairman, I yield myself such time as I may consume. As I earlier stated, the State of Arizona has over 660,000 residents with asthma, including 175,000 children; and I just question putting their health at risk with this bill that moves us in the wrong direction. Mr. Chairman, I include in the Record a number of supporting documents. The first is a letter opposing the bill signed by the State Attorneys General of New York, California, Connecticut, Delaware, Illinois, Iowa, Maryland, Massachusetts, New Mexico, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, and the District of Columbia, and the Acting Secretary of the Pennsylvania Department of Environmental Protection. April 26, 2017. Re Opposition to H.R 806, Ozone Standards Implementation Act of 2017. Hon. Greg Walden, Chairman, Hon. Frank Pallone, Ranking Member, Committee on Energy and Commerce, House of Representatives, Washington, DC. Dear Representative Walden and Representative Pallone: We write in opposition to H.R 806, Ozone Standards Implementation Act of 2017. This bill would not only delay implementation of more protective ozone air quality standards, but, more broadly, would undermine the mandate in the Clean Air Act (Act) that the national ambient air quality standards for ozone and other criteria pollutants be based on up-to-date scientific evidence and focus solely on protecting public health and welfare. As explained below, these measures would be a significant step backward in combatting the dangers of ozone and other criteria pollutants. Many of our states have struggled for decades with the pervasive problem of ozone pollution. The scientific evidence of harm to public health from ozone pollution is well established, as are the economic consequences. At certain concentration levels, ozone irritates the respiratory system, causing coughing, wheezing, chest tightness and headaches. People exposed to elevated levels of ozone suffer from lung tissue damage, and aggravation of asthma, bronchitis, heart disease, and emphysema. Children, older adults, people with asthma or other lung diseases, and people who are active outdoors are particularly susceptible to the harmful health effects of ozone. Public health harms also exact an economic toll. For example, increased hospital admissions on bad ozone days increase health care costs borne by states and local governments. Ozone pollution also harms public welfare by damaging trees and reducing crop yields by interfering with the ability of plants to ***produce*** and store food and making them more susceptible to disease, insect pests, and other stressors. Ozone can also inhibit the ability of plants and trees to mitigate harms from climate change. To protect against these and other adverse impacts and ``to promote the public health and welfare and the productive capacity of its population,'' the Act aims

``to protect and enhance the quality of the Nation's air resources.'' 42 U.S.C Sec. 7401(b)(1). To achieve this goal, the Act requires EPA to adopt primary standards for certain criteria pollutants, such as ozone, at a level that protects public health with an ``adequate margin of safety.'' 42 U.S.C Sec. 7409(b)(1). The Act also requires EPA to adopt secondary standards at a level that protects the public welfare from ``any known or anticipated adverse effects.'' 42 U.S.C Sec. 7409(b)(2). The Act mandates that EPA review the air quality standards for each criteria pollutant every five years and revise the standards as advances in science warrant. As Justice Scalia explained for a unanimous Supreme Court, EPA's review must set the primary and secondary standards based on the scientific evidence, and may not consider implementation costs or other economic consequences. Whitman v. Am. Trucking Ass'ns, 531 U.S 457, 465 (2001). Rather, implementation decisions are a matter for states, which are empowered to evaluate the costs and co-benefits of potential implementation strategies and determine, in light of those costs and co-benefits, which strategies are most suitable for them. See Union Elec. Corp. v. EPA, 427 U.S      246, 266 (1976). To ensure that our residents and natural resources enjoy the benefits of the clean air that the statute demands, our offices have advocated in rulemakings and litigation that EPA set standards that protect public health and welfare with an adequate margin of safety, as the Act requires. E.g , Mississippi v. EPA, 744 F.3d 1334 (D.C Cir. 2013) (State petitioners, including New York, California, Connecticut, Delaware, Illinois, Maryland, Massachusetts, New Mexico, Oregon, Rhode Island, and the District of Columbia, successfully argued for remand of secondary ozone standards); American Farm Bureau Fed. v. EPA, 559 F.3d 512 (D.C Cir. 2009) (State petitioners and amici, including New York, California, Connecticut, Delaware, Illinois, Maryland, Massachusetts, New Mexico, Oregon, Pennsylvania Department of Environmental Protection, Rhode Island, and the District of Columbia, successfully argued for remand of primary fine particulate matter standards); Murray Energy v. EPA (D.C Cir. 15-1385) (State amici., including California Air Resources Board, Delaware Department of Natural Resources, Massachusetts, New York, Rhode Island, Vermont, and the District of Columbia, filed a brief supporting the 2015 primary ozone standard against attempts to weaken it). The ozone rule promulgated by EPA in 2015 strengthened the primary standard of 75 parts per billion (ppb) to 70 ppb. 80 Fed. Reg. 65,292 (Oct. 26, 2015). This level was at the high end (i.e , less stringent) of the 65-70 ppb range that EPA proposed in 2014. EPA's independent science advisors, the Clean Air Scientific Advisory Committee, cautioned that this level may offer little margin of safety, particularly for sensitive subpopulations. Therefore, in comments on the proposal, several of our states urged EPA to adopt a primary standard lower than 70 ppb to protect public health with an adequate margin of safety. However, even tightening the standard from 75 ppb to 70 ppb will result in important public health benefits. For example, EPA conservatively estimated that meeting the 70 ppb standard nationally (not including California) will result in net annual public health benefits of up to $4.5 billion starting in 2025. These national benefits include preventing approximately: 316 to 660 premature deaths; 230,000 asthma attacks in children; 160,000 missed school days; 28,000 missed work days; 630 asthma-related emergency room visits; and 340 cases of acute bronchitis in children. Under current law, states will develop and submit their own ***plans*** to attain the 2015 standard by 2020 or 2021. But H.R      806 would delay this deadline until October 2026 and delay other similarly related deadlines, postponing even further the life-saving benefits of attaining clean air. The bill should be rejected on these grounds alone. In addition, H.R 806 would undermine the protection of health and welfare from the dangers of all criteria air pollutants by weakening the national ambient air quality standards process for updating standards based on the most recent scientific evidence. Instead of requiring that standards be reviewed--and as necessary, revised--every five years based on the latest scientific evidence on the harms to public health and welfare from exposure to criteria pollutants, H.R 806 would require updates only once a decade. The bill would also eliminate the Act's requirement that air quality standards be set solely based on adequate protection of public health and welfare. Specifically, the bill would authorize the EPA Administrator to also consider ``likely technological feasibility'' in establishing primary and secondary standards. This provision appears designed to allow EPA to weaken standards nationwide if it thinks a single area might be incapable of meeting them. But if that were ever the case, the Act already provides relief mechanisms for the affected area. In addition, the bill undermines the Act's existing protections by creating a loophole that allows EPA to treat hot or dry weather as an ``exceptional event'' excusing an area's nonattainment. Finally, the bill appears to be based on a misunderstanding of the Act's balance between federal and state authority. The bill directs EPA to cherry-pick hypothetical state implementation strategies and only evaluate their adverse side-effects, and, potentially, use that evaluation to weaken ambient air quality standards. But EPA cannot know at the time it sets standards what strategies states will choose, or how individual states will value their beneficial side- effects. Those considerations should remain separate from the standard-setting process. In summary, ozone pollution remains a serious and persistent problem for our nation, posing a particular risk to the health of children, the elderly and the sick, as well as individuals who spend time outdoors. Because H.R 806 would represent a significant step backward in combatting ozone and other dangerous criteria pollutants, we urge you to [[Page H5948]] oppose the bill. Thank you for your attention to this critical matter. Sincerely, Eric T. Schneiderman, Attorney General of New York, Lemuel Srolovic, Chief, Environmental Protection Bureau, Michael J. Myers, Assistant Attorney General, Environmental Protection Bureau. Xavier Becerra, Attorney General of California, David A. Zonana, Supervising Deputy Attorney General, Jonathan Wiener, Deputy Attorney General. George Jepsen, Attorney General of Connecticut, Matthew I. Levine, Kirsten S.P Rigney, Scott N. Koschwitz, Assistant Attorneys General, Office of the Attorney General. Matthew P. Denn, Attorney General of Delaware, Ralph K. Durstein, III, Valerie S. Edge, Deputy Attorneys General, Delaware Department of Justice. Lisa Madigan, Attorney General of Illinois, Matthew J. Dunn, Gerald T. Karr, James P. Gignac, Assistant Attorneys General, Environmental Enforcement Division. Thomas J. Miller, Attorney General of Iowa, Jacob Larson, Assistant Attorney General. Brian Frosh, Attorney General of Maryland, Roberta R. James, Assistant Attorney General. Maura Healey, Attorney General of Massachusetts, Christophe Courchesne, Chief, Carol Iancu, Assistant Attorneys General, Environmental Protection Division, Office of the Attorney General. Hector Balderas, Attorney General of New Mexico, Bill Grantham, Assistant Attorney General. Ellen F. Rosenblum, Attorney General of Oregon, Paul Garrahan, Attorney-in-Charge, Natural Resources Section, Oregon Department of Justice. Josh Shapiro, Attorney General of Pennsylvania, Office of the Attorney General. Patrick McDonnell, Acting Secretary, Pennsylvania Department of Environmental Protection. Peter Kilmartin, Attorney General of Rhode Island, Gregory S. Schultz, Assistant Attorney General. Thomas J. Donovan, Jr., Attorney General of Vermont, Nicholas F. Persampieri, Assistant Attorney General. Mark Herring, Attorney General of Virginia, John W. Daniel, II, Deputy Attorney General, Matthew L. Gooch, Assistant Attorney General, Environmental Section. Bob Ferguson, Attorney General of Washington, Katharine G. Shirey, Assistant Attorney General. Karl A. Racine, Attorney General for the District of Columbia. Mr. TONKO. Mr. Chairman, the second document I include in the Record is a letter from the Commissioner of the New York State Department of Environmental Conservation, again, opposing the bill. Office of the Commissioner, New York State Department of Environmental Conservation, Albany, NY. Re H.R 806, Ozone Standards Implementation Act of 2017. Hon. John Shimkus, Chairman, Subcommittee on the Environment, Committee on Energy and Commerce, House of Representatives, Washington, DC. Hon. Paul D. Tonko, Ranking Member, Subcommittee on the Environment, Committee on Energy and Commerce, House of Representatives, Washington, DC. Dear Honorable Chair Shimkus and Representative Tonko: The State of New York strongly opposes the ``Ozone Standards Implementation Act of 2017,'' which will substantially harm public health to the detriment of New Yorkers and residents of many other states. The proposed bill would restrict the efficacy of the Clean Air Act in a way that would delay implementation of critical health-based standards for protecting the public from harmful ground-level ozone and other dangerous air pollutants. The result of this proposed bill would be the significant postponement of health and environmental benefits for nearly a decade, inevitably resulting in increased illness and deaths from air pollution. Introduction The Clean Air Act (``Act'') addresses the critically important issue of protecting the health and welfare of all Americans from excessive levels of air pollution. It establishes a federal-state partnership under which EPA, informed by established science, sets National Ambient Air Quality Standards (NAAQS) at a level necessary to protect public health, and states develop and implement ***plans*** for achieving those standards. This collaborative process has significantly reduced pollutant concentrations to the great benefit of the public. Importantly, the process provided by the sections 109 and 110 of the Act recognizes that air pollution knows no boundaries and that air quality in many states, including New York, is impacted by emissions from sources located upwind. Section 109 of the Act ensures that implementation of the Act is guided by established science; it charges the Clean Air Scientific Advisory Committee (CASAC) with reviewing the latest ``state of the science'' relating to public and environmental health, and conveying its findings to the Administrator. Based on that information, the Administrator establishes the NAAQS at a level necessary to protect public health within a reasonable margin of safety. Under Section 110 of the Act, States then develop ***plans*** to achieve air quality that meets the standard in those areas that do not meet the standard, known as ``nonattainment'' areas. In its latest review, CASAC determined that the existing 2008 ozone NAAQS was insufficiently protective of public health, particularly for at-risk groups including children, older adults, people of all ages who have lung diseases such as asthma, and people who are active outdoors. Based on CASAC's scientific findings, EPA determined that implementing the 2015 ozone NAAQS would help prevent a range of harmful health effects each year, including 320 to 660 premature deaths; 230,000 asthma attacks in children; 160,000 days when kids miss school; 28,000 missed work days; 630 asthma-related emergency room visits; and 340 cases of acute bronchitis in children. EPA has identified additional serious health threats from ozone including cardiovascular disease (e.g , heart attacks, strokes, heart disease, congestive heart failure); potential harm to the central nervous system; and potential reproductive and developmental harm. The health benefits from meeting the 2015 ozone NAAQS exceed the costs of controls by 2 to 4 times. Like many other states, New York strongly supported EPA's strengthening of the ozone NAAQS in 2015. This support comes even though New York faces a substantial burden of achieving ozone attainment in the New York City metropolitan area. This-burden, however, is outweighed by the need to address the serious public health impacts. In New York City, approximately 1 in 10 emergency room visits for asthma are attributable to ozone pollution. Rather than seek to delay its ozone attainment efforts, New York strives to bring the New York City metropolitan area into attainment as expeditiously as possible, in order to provide its residents with cleaner and more healthful air to breathe. Delaying public health benefits of the 2015 ozone NAAQS The proposed legislation would harm public health by delaying the implementation of the 2015 ozone NAAQS (and its corresponding health benefits) for eight years and further postponing any future standard for several years beyond when they are necessary. Current law requires EPA to designate states under the 2015 ozone NAAQS according to their monitored air quality by October 2017, and states not meeting the standards would have a number of years to reach compliance proportional to the severity of their ozone problems. However, this legislation would defer action so that designations would not be made until October 2025, thus postponing even the beginning of ***planning*** efforts until after attainment would otherwise have been achieved under the current structure of the Act. For New Yorkers and other Americans, this would result in a substantial delay in their ability to breathe clean and healthful air. Even worse, this proposed bill compounds this public health harm by allowing the construction of new power plants and factories without considering their impact on a region's ability to achieve compliance with the NAAQS. Under current law, such new and modified facilities located in areas designated nonattainment are subject to a control technology review under the Clean Air Act's nonattainment new source review ***program***, which requires a demonstration of control technology that would consider the ``lowest achievable emission rate,'' resulting in the most stringent emission limit for a certain source class. This bill would eliminate these new source reviews, which are critical for advancing a nonattainment area toward NAAQS compliance. Together, these aspects of the legislation will have even worse additional adverse impacts on states like New York that are victimized by upwind air pollution. First, this legislation will impair New York's relief from ozone transport from upwind locations. EPA modeling indicates that between 75% and 94% of the ozone in the New York City metropolitan area comes from sources outside of New York. Although New York will continue actions to reduce emission of ozone precursors, it cannot achieve healthful ozone levels without a substantial reduction in emissions from states located upwind, which are responsible for most of New York's ozone levels. Many of these states encompass areas that are currently monitoring as nonattainment, and these areas would have to achieve emission reductions under current law if designated nonattainment. Postponing a nonattainment designation for the New York City metropolitan area will have the unacceptable effect of postponing the ``good neighbor'' obligation of upwind areas to reduce their significant contribution to New York's nonattainment until sometime after the nonattainment designation. Moreover, postponing compliance with nonattainment New Source Review in areas that would otherwise be designated as nonattainment with the ozone NAAQS establishes an inequitable outcome for New York and other states that have already been designated nonattainment. Under this proposed bill, new industrial facilities in areas currently designated nonattainment with the 2008 ozone NAAQS or in the Ozone Transport Region--including all of New York--will have to comply with nonattainment NSR requirements, yet facilities located in regions with comparable or worse air quality and much higher emissions will not have to do so for a decade or more. As such, states that would otherwise be designated nonattainment would gain an unfair advantage in attracting business development under this bill. [[Page H5949]] Delaying public health benefits from reducing other criteria pollutants Aside from ozone, provisions of this proposed bill would affect future NAAQS reviews for all criteria pollutants, thus compounding negative public health impacts. For example, the bill would irresponsibly extend the NAAQS review time from five years to ten for all criteria pollutants. Retaining the five-year review schedule ensures that the Administrator reviews the relevant state of the science while it is timely and germane. Health science moves quickly; by the time one NAAQS revision is reaching completion, other pertinent clinical studies are being published. This proposed bill weakens public health protection by making cost and technological feasibility larger factors in the establishment and implementation of NAAQS. The Supreme Court has already upheld the notion that the consideration of costs has no place in the setting of a NAAQS (Whitman v. American Trucking Associations, Inc., 2001). Instead, questions of technological and economic feasibility are considered at the stage of implementing the NAAQS. For example, the Act's nonattainment area classifications recognize that areas with more difficult ozone pollution problems require more time to comply. Unfortunately, Section 3(b) of the proposed bill would change the long-standing practice of how an Administrator determines the NAAQS by allowing him or her to analyze, as a secondary consideration, the likely technological feasibility of a revised NAAQS. Section 3(c) would expand CASAC's role to providing advice to the Administrator on adverse economic effects (among others) prior to the setting of the NAAQS. Taken together, these proposed revisions would have the effect that NAAQS would no longer be set at levels that are protective of public health and welfare. Finally, the proposed bill unnecessarily redefines ordinary expected conditions as ``exceptional events'' that need not be considered by a state in demonstrating attainment. The intent of the ``extraordinary event'' exception is to allow a state to discount NAAQS exceedances that result from one- time, unpredictable, and uncontrollable events such as wildfires. The proposal, however, would allow commonplace conditions such as stagnant air masses and ``meteorological event[s] involving high temperatures or lack of precipitation'' to be considered exceptional. In their ozone ***planning***, states should anticipate these conditions, which are expected to occur each year and promote the formation of ozone when public health is at the greatest risk. We also disagree with the proposal to allow sources to avoid nonattainment new source review until release of the implementation guidance. EPA's delay in issuing guidance should not be an excuse to allow new sources in nonattainment areas to contribute to further air quality degradation. In addition, the bill's reduction of the time allotted for states to formulate and submit attainment ***plans*** from the current three years to one year reflects a misunderstanding of the laborious process for developing these ***plans***. Conclusion The Clean Air Act is a bipartisan success story. Citizens across the country have benefited from the Act's clean air requirements over the last few decades. People can breathe easier due to the clean air standards that have resulted from rigorous reviews that are guided by the latest scientific evidence. Passage of this proposed bill would deprive the American people of those benefits, worsen air quality and harm public health substantially. Sincerely, Basil Seggos. Mr. TONKO. Mr. Chairman, the third document I include in the Record is a letter signed by 15 medical and public health organizations, again, opposing the bill. July 17, 2017. Dear Representative: Clean air is fundamental for good health, and the Clean Air Act promises all Americans air that is safe to breathe. The undersigned public health and medical organizations urge you to oppose H.R 806, the so-called ``Ozone Standards Implementation Act of 2017.'' A more fitting name for this legislation would be the ``Smoggy Skies Act,'' as it delays lifesaving standards to reduce ozone pollution, or smog, and permanently weakens the Clean Air Act. Clear, up-to-date, scientific evidence documented the need for greater protection from ozone pollution, and drove the stronger limit on ozone that the U.S Environmental Protection Agency (EPA) finalized in 2015. To meet the updated standard, the states have clear authority and plenty of time to ***plan*** and then work to reduce pollution under the Clean Air Act's long-established, balanced implementation timeline. Despite those facts, the Smoggy Skies Act imposes additional delays and sweeping changes that will threaten health, particularly the health of children, seniors and people with chronic disease. The Smoggy Skies Act also reaches far beyond implementation of the current ozone standards. It permanently weakens the Clean Air Act and future air pollution health standards for all criteria pollutants. Specifically, the Smoggy Skies Act weakens implementation and enforcement of all lifesaving air pollution health standards, including those for carbon monoxide, lead, nitrogen dioxide, ozone, particulate matter, and sulfur dioxide. It would also permanently undermine the Clean Air Act as a public health law. The Clean Air Act requires that EPA review the science on the health impacts of carbon monoxide, lead, nitrogen dioxide, ozone, particulate matter, and sulfur dioxide air pollutants every five years and update these national ambient air quality standards according to the current science. The Smoggy Skies Act would lengthen the review period of the air pollution health standards from once every five years to once every ten years for all criteria pollutants. As the science continues to evolve, the public deserves that their protections be based on the most up-to-date science, certainly not a schedule that is twice as long as they currently have under the law. The work that EPA and states do to clean up air pollution should be based on the best and most current science. Emerging research adds crucial information to our understanding of the impacts that air pollution has on human health, and EPA should not have to wait a decade to incorporate it. For example, on March 29, 2016, a newly published study, Particulate Matter Exposure and Preterm Birth: Estimates of U.S Attributable Burden and Economic Costs showed new information linking particulate air pollution to nearly 16,000 preterm births per year. Under the Smoggy Skies Act, EPA would have to wait as much as a decade to consider such new evidence when setting standards. Ten years is far too long to wait to protect public health from levels of pollution that the science shows are dangerous or for EPA to consider new information. In the 2015 review of the ozone standard, EPA examined an extensive body of scientific evidence demonstrating that ozone inflames the lungs, causing asthma attacks and resulting in emergency room visits, hospitalizations, and premature deaths. A growing body of research indicates that ozone may also lead to central nervous system harm and may harm developing fetuses. In response to the evidence, EPA updated the ozone standards. While many of our organizations called for a more protective level, there is no doubt that the updated, 70 parts per billion standard provides greater health protections compared to the previous standard. The Smoggy Skies Act would delay implementation of these more protective air pollution standards for at least eight years. This means eight years of illnesses and premature deaths that could have been avoided. Parents will not be told the truth about pollution in their community and states and EPA will not work to curb pollution to meet the new standards. The public has a fundamental right to know when pollution in the air they breathe or the water they drink threatens health, and Congress must not add eight years of delay to health protections and cleanup. Furthermore, the American public overwhelmingly supports upholding these more protective limits on ozone. A 2017 poll found that by a 2-to-1 margin, Americans believe Congress should leave EPA's updated standards in place, showing clear public opposition to the Smoggy Skies Act. The Smoggy Skies Act would also permanently weaken implementation of the 2015 and future ozone standards. The Act would delay implementation to a date when the evidence shows that most states would meet the standard with cleanup measures already in place. It would also reduce requirements for areas with the most dangerous levels of ozone. Areas classified as being in ``extreme nonattainment'' of the standard would no longer need to write ***plans*** that include additional contingency measures if their initial ***plans*** fail to provide the expected pollution reductions. The Clean Air Act prioritizes reducing air pollution to protect the public's health, but the Smoggy Skies Act opens a new opportunity for communities to avoid cleaning up, irrespective of the health impacts. Further, the bill would greatly expand the definition of an exceptional event. Under the Clean Air Act, communities can demonstrate to EPA that an exceptional event, such as a wildfire, should not ``count'' in determining whether their air quality meets the national standards. This bill would recklessly expand the definition of exceptional events to include high pollution days when the air is simply stagnant-- the precise air pollution episodes the Clean Air Act was designed to combat--and declare those bad air days as ``exceptional.'' Changing the accounting rules will undermine health protection and avoid pollution cleanup. Additionally, the bill would permanently weaken the Clean Air Act. The Clean Air Act is one of our nation's premier public health laws because it puts health first. The Act has a two-step process: first, EPA considers scientific evidence to decide how much air pollution is safe to breathe and sets the standard that is requisite to protect public health with an adequate margin of safety. Then, states work with EPA to develop a ***plan*** to clean up air pollution to meet the standard. Cost and feasibility are fully considered in the second phase during implementation of the standard. This bill states that if EPA finds that ``a range of levels'' of an air pollutant protect public health with an adequate margin of safety, then EPA may consider technological feasibility in choosing a limit within that [[Page H5950]] range. Further, the bill would interject implementation considerations, including projections of adverse economic and energy effects, into the standard setting process. These changes will permanently weaken the core health-based premise of the Clean Air Act--protecting the public from known health effects of air pollution with a margin of safety. These changes would reverse the intention of the Clean Air Act explicitly included by its bipartisan authors in Congress: that basing the standard on the protection of public health would push technology to develop new tools and techniques to reduce emissions. They understood that pushing the cleanup technology to meet the urgent need to protect health would help to expand job development and growth. They were correct, as the emission control industry today has helped the nation meet stronger standards in creative, cost- effective ways. The text also explicitly states that the Smoggy Skies Act does not authorize any additional funds to be appropriated to EPA for its work carrying out the bill's provisions. Forcing EPA to perform the additional work of implementing this bill with no additional resources could put the agency's current, lifesaving work at further risk. Finally, an amendment adopted in committee would eliminate key enforcement provisions under the Clean Air Act. As amended, the bill could perpetuate poor air quality in communities with the highest pollution levels indefinitely. The provision waives the obligation for states with areas heavily polluted by ozone or particulate matter to write effective ***plans*** to attain the health standards. Currently, if an area with unhealthy air fails to write an adequate ***plan*** to meet air pollution standards, EPA can impose sanctions. Because that enforcement provision exists, EPA has almost never needed to use it--states wrote effective ***plans***. As amended, the Smoggy Skies Act would bar EPA from using this key enforcement tool for especially polluted areas, essentially eliminating the obligation for states to write a meaningful pollution cleanup ***plan*** that can demonstrate meeting the health standards. The Smoggy Skies Act is a sweeping attack on lifesaving standards that protect public health from air pollution. This bill is an extreme attempt to undermine our nation's proven clean air health protections. Not only does it delay the long-overdue updated ozone standards and weaken their implementation and enforcement, it also permanently weakens the health protections against many dangerous air pollutants and the scientific basis of Clean Air Act standards. Please prioritize the health of your constituents and vote NO on the Smoggy Skies Act. Sincerely, Allergy & Asthma Network Alliance of Nurses for Healthy Environments American Academy of Pediatrics American Lung Association American Public Health Association American Thoracic Society Asthma and Allergy Foundation of America Center for Climate Change and Health Children's Environmental Health Network Health Care Without Harm National Association of County & City Health Officials National Environmental Health Association National Medical Association Physicians for Social Responsibility Trust for America's Health. Mr. TONKO. Finally, Mr. Chairman, I include a letter signed by 121 environmental and other groups opposing the bill. March 21, 2017. Dear Senator/Representative, on behalf of our millions of members, the undersigned 121 organizations urge you to oppose the ``Ozone Standards Implementation Act'' (H.R 806, S.      263). The innocuous-sounding name is misleading: this legislation would actually systematically weaken the Clean Air Act without a single improvement, undermine Americans' 46-year right to healthy air based on medical science, and delay life-saving health standards already years overdue. This bill's vision of ``Ozone Standards Implementation'' eliminates health benefits and the right to truly safe air that Americans enjoy under today's law. First, the legislation would delay for ten years the right to safer air quality, and even the simple right to know if the air is safe to breathe. Corporations applying for air pollution permits would be free to ignore new ground-level ozone (aka smog) health standards during these additional ten years. For the first time the largest sources of air pollution would be allowed to exceed health standards. The bill would also outright excuse the parts of the country suffering the worst smog pollution from having backup ***plans*** if they do not reduce pollution. The most polluted parts of the country should not stop doing everything they can to protect their citizens' health and environment by cleaning up smog pollution. This bill is not content to merely weaken and delay reductions in smog pollution. It also strikes at our core right to clean air based on health and medical science. The medically-based health standards that the law has been founded on for 46 years instead could become a political football weakened by polluter compliance costs. This could well result in communities being exposed to unhealthy levels of smog and soot and sulfur dioxide and even toxic lead pollution. The bill would also double the law's five-year review periods for recognizing the latest science and updating health standards, which are already frequently years late; this means in practice that unhealthy air would persist for longer than ten years. The legislation also weakens implementation of current clean air health standards. The bill expands exemptions for ``exceptional events'' that are not counted towards compliance with health standards for air quality, even when air pollution levels are unsafe. This will mean more unsafe air more often, with no responsibility to clean it up. Requirements meant to ensure progress toward reducing smog and soot pollution would shift from focusing on public health and achievability to economic costs. Despite the bland name ``Ozone Standards Implementation Act,'' this bill represents an extreme attack on the most fundamental safeguards and rights in the Clean Air Act. Since 1970, the Federal Clean Air Act has been organized around one governing principle--that the EPA must set health standards based on medical science for dangerous air pollution, including smog, soot and lead, that protect all Americans, with ``an adequate margin of safety'' for vulnerable populations like children, the elderly and asthmatics. This legislation eviscerates that principle and protection. We urge you to oppose H.R 806 and S. 263, to protect our families and Americans' rights to clean air. Sincerely, 350KC; 350 Loudoun; Alaska Community Action on Toxics; Alton Area Cluster UCM (United Congregations of Metro-East); Brentwood House; California Latino Business Institute; Center for Biological Diversity; Central Valley Air Quality (CVAQ) Coalition; Chesapeake Physicians for Social Responsibility; Chicago Physicians for Social Responsibility. Citizens for Clean Air; Clean Air Watch; Clean Water Action; Cleveland Environmental Action Network; Climate Action Alliance of the Valley; Connecticut League of Conservation Voters; Conservation Voters for Idaho; Conservation Voters of South Carolina; Dakota Resource Council; Earth Day Network; Earthjustice; Earthworks; Environment Iowa; Environment America. Environment Arizona; Environment California; Environment Colorado; Environment Connecticut; Environment Florida; Environment Georgia; Environment Illinois; Environment Maine; Environment Maryland; Environment Massachusetts; Environment Michigan; Environment Minnesota; Environment Missouri; Environment Montana; Environment Nevada; Environment New Hampshire; Environment New Jersey; Environment New Mexico; Environment North Carolina. Environment Ohio; Environment Oregon; Environment Rhode Island; Environment Texas; Environment Virginia; Environment Washington; Environmental Defense Action Fund; Environmental Entrepreneurs (E2); Environmental Law & Policy Center; Ethical Society of St. Louis; Faith Alliance for Climate Solutions; Florida Conservation Voters; Fort Collins Sustainability Group; Gasp; GreenLatinos. Health Care Without Harm; Iowa Interfaith Power & Light; Jean-Michel Cousteau's Ocean Futures Society; KyotoUSA; Labadie Environmental Organization (LEO); Latino Donor Collaborative; League of Conservation Voters; League of Women Voters; Maine Conservation Voters; Maryland League of Conservation Voters; Michigan League of Conservation Voters; Moms Clean Air Force; Montana Conservation Voters Education Fund. Montana Environmental Information Center; National Parks Conservation Association; Natural Resources Defense Council; NC League of Conservation Voters; Nevada Conservation League; New Mexico Environmental Law Center; New York League of Conservation Voters; Northern Plains Resource Council; OEC Action Fund; Ohio Organizing Collaborative, Communities United for Responsible Energy; Oregon League of Conservation Voters; Partnership for Policy Integrity; PennEnvironment. People Demanding Action, Tucson Chapter; Physicians for Social Responsibility; Physicians for Social Responsibility, Maine Chapter; Physicians for Social Responsibility, Los Angeles Chapter; Physicians for Social Responsibility, Arizona Chapter; Physicians for Social Responsibility, SF Bay Area Chapter; Physicians for Social Responsibility, Tennessee Chapter; Physicians for Social Responsibility, Wisconsin Chapter; Powder River Basin Resource Council; Public Citizen; Public Citizen's Texas Office; RVA Interfaith Climate Justice Team; Safe Climate Campaign; San Juan Citizens Alliance; Sierra Club. Southern Environmental Law Center; Texas Campaign for the Environment; Texas Environmental Justice Advocacy Services; Texas League of Conservation Voters; The Environmental Justice Center at Chestnut Hills United Church; Trust for America's Health; Union of Concerned Scientists; Utah Physicians for a Healthy Environment; Valley Watch; Virginia Organizing; Virginia Interfaith Power & Light; Voces Verdes; Voices for Progress; Washington Conservation Voters; WE ACT for Environmental Justice; Western Colorado Congress; Western Organization of Resource Councils; Wisconsin Environmental Health Network; Wisconsin League of Conservation Voters; Wisconsin Environment; Wyoming Outdoor Council. [[Page H5951]] {time} 1515 Mr. TONKO. Mr. Chair, I yield 3 minutes to the gentleman from Minnesota (Mr. Ellison). Mr. ELLISON. Mr. Chair, I want to thank the gentleman for yielding. Mr. Chair, for the folks who might be watching this today, I think it is important to understand that bad ozone causes a whole lot of health problems--things like making it difficult to breathe deeply. It can aggravate your emphysema. It can cause a sore and scratchy throat. It can aggravate lung diseases like asthma, emphysema, and bronchitis. And it is actually associated with asthma attacks, as I mentioned, and it can cause very serious obstructive pulmonary disease. It is a bad thing, it is dangerous, and it hurts people. In the Obama administration, we tried to pass some standards to say that companies that emit the polluting substances have to comply with certain air standards to make sure that people don't suffer these nasty health effects. What is going on today with H.R 806 is that the Republicans are going to say: No, they don't have to implement right away. They have got a lot more time, years, before they actually have to comply with these air standards. So what they are saying is that industries that pollute don't have to take the measures that they would need to take that will cost them money--yes, they will--in order to protect the public's health. They are saying that their money and the profits of their shareholders are more important than the lungs of our kids. You are going to hear them say all this stuff about jobs, jobs. Please. This is not about jobs. This is about money. This is about profitability from polluting industries that don't want to spend the money to protect the public's health. That is what this is about. That is what we are talking about. They always say: You can have a job, or you can breathe, but you can't do both. That is what our friends say. You can breathe, but then you won't have a job; or you can have a job, but then you can't breathe. The fact is, they want to send us to work with gas masks on, and it is wrong. We as a people deserve to breathe. Our kids deserve to breathe. Our seniors deserve to breathe. If it costs a company a little bit more to make sure the air that we have is breathable, then they should spend that money. I believe that they should, because when you look at the health costs on the other side, they are astronomical. What does it cost to lose a loved one dying from an asthma attack or bronchitis or obstructive pulmonary disease? What does it cost a family in terms of not just treasure but heartache when they have their loved ones hooked up to a bunch of machines and wires because they are undergoing a respiratory attack? That is the cost. That is the true cost that we have to consider, Mr. Chair. The real cost here is not this mythical jobs thing that they say. The real cost they are talking about is profitability, but the true cost to society is our health. Do you really want to see missed days of school, missed days of work? Do you really want to see more people incurring medical bills because of the failure of industry to protect our health when they are taking that stuff that they are spitting out of their smokestacks and putting it into the sky that we all have to breathe? Mr. Chair, it is time to say ``no'' to H.R 806. No. The Acting CHAIR (Mr. Bridenstine). The time of the gentleman has expired. Mr. SHIMKUS. Mr. Chairman, let me just remind folks that what is going on here is that we have a 2008 standard that we were told 7 years afterwards: Here is how you comply. That same year, we get new standards saying: Oh, no, no, no. You have got new standards lower than what it took us 7 years to define. That is really the debate. We are not eliminating standards, we are not rolling back standards, we are just saying: Give us a break. Give us time to comply with the 2008 standards before you even force down the 2015 standards. Nothing in this bill rolls back either of those standards. Mr. Chairman, I yield 2 minutes to my colleague from South Carolina (Mr. Sanford). Mr. SANFORD. Mr. Chair, I thank my colleague from Illinois for his hard work, and I thank Mr. Olson for his hard work. They have worked, I think, tirelessly and in an awfully well-intended way to craft a balance between the different competing points of view on this whole issue of ozone. I know that he is concerned about people's health. I know that he is concerned about the environment. But on this particular issue, I am going to respectfully disagree and agree with my Democratic colleagues to say that I think that the time to act is now, because at some point there becomes the question: If not now, then when? At some point, delay moves to the point of obstruction of moving forward on an idea that has had its different wrinkles, in fairness to my colleague from Illinois. But at some point, you have to act. Given the fact that people's health does hang in the balance, given the fact that there are another 2,000 cases a day of asthma that are protracted, we need to have a bias for action. I think it is a time for action. I think it is reasonable. Moving from 75 to 70 parts per billion is not exactly a gargantuan change, given what is at play with regard to health. And finally, simply, I believe it fits with the conservative philosophy that I believe in. The conservative philosophy says that my rights end when they begin to infringe upon yours. This notion of privatizing gain and offsetting costs to the public is something I think we always have to watch out for when we talk about this notion of free markets and having them truly work. I, as a boy, grew up down the creek from a place called Campbell Creek, and there was a chemical plant that ended up dumping some stuff in the creek. It turned out not to be so good. It made a lasting impression on me as a boy. They were externalizing their costs, but they were internalizing their profits. Mr. Chair, I think we need to be true to that theme whether we are talking about air or water or anything else. I think that this bill fits under that larger description. For that reason, I do say, with all due respect for the hard work that has been done, that it is time to act on this particular bill. Mr. TONKO. Mr. Chair, two points on the review and the standards. Certainly not every review would require a change in standards, and I think that needs to be made clear here. When we talk about the difficulty of having to respond or achieve the standards that have been established and then they go stronger, well, on your way to 70 parts per billion, you are going to be moving through 75 parts per billion as you reduce those particulates that get emitted into our air. It is only logical that you could move along and continue to improve those standards. This is about maintaining a quality of life, enhancing a quality of life, cutting into, for public health policy purposes, the devastating impacts of air pollutants and their relation to our public health. Mr. Chair, I yield 3 minutes to the gentlewoman from California (Ms. Barragan). Ms. BARRAGAN. Mr. Chair, I rise today in opposition to the ``Smoggy Skies Act,'' a bill that would effectively gut the Clean Water Act. I represent one of the most heavily polluted districts in California. As a matter of fact, sometimes kids in my district walk around with inhalers around their necks. When I was a kid, my father had a home next to the freeway, and I first thought it was a great place to live because it was conveniently by the freeway, and what I later learned about air pollution and smog and the ozone layer, I knew it was not a good thing. When I see kids in my district walk around with inhalers, it just breaks my heart. Every day, many of my constituents, people of color and low income, are surrounded by oil refineries, major highways, and industrial activities. These activities generate ozone pollution, the key ingredient for smog. It is dangerous. It is deadly. Since 1970, the Clean Air Act has reduced the ozone in our air, protecting Americans against health problems, including asthma and heart attacks, shortness of breath, low birth weight, and premature death. Clean air is a good investment. The benefits of a [[Page H5952]] healthy environment pay off in worker productivity and longevity. Unhealthy people can't work or go to school, which is also a problem in my district where only 10 percent of students go on to college. Oftentimes, it is a cycle. They are outside, they breathe in the dirty air, they get sick, they have asthma, they have to go to the doctor, and they miss school. That is only contributing to the low graduation rates that we are seeing happen in my district. Smog is not only harmful to health, I think it is harmful especially in young children, in our seniors, and in some of our most vulnerable communities. Over a third of the U.S population lives in areas with unhealthy ozone levels--areas that would have to clean up the air under the new and improved 2015 ozone standards. The ``Smoggy Skies Act'' is the latest in a series of congressional attempts to gut the Clean Air Act and block or delay lifesaving standards and protection. Mr. Chair, I urge my colleagues to vote ``no'' on H.R 806, the ``Smoggy Skies Act.'' Mr. SHIMKUS. Mr. Chair, I yield 1 minute to the gentleman from California (Mr. McCarthy), the majority leader of the House. Mr. McCARTHY. Mr. Chair, I thank the gentleman for yielding me time and for his work. Mr. Chair, when you drive up north through and past my district in California, you go through some amazing places--Sequoia National Park, Kings Canyon, then right on over to Yosemite. These are beautiful places. American treasures. You don't have to go far off the road to feel like you are remote and completely surrounded by the peacefulness of nature. I have had my troubles with the EPA--regulatory cap and trade, waters of the U.S rule. They are a couple that come to mind. But I do think and believe there is a purpose to ozone standards that clean up our air and make our communities healthier. Yet the latest ozone and particulate matter regulations are so severe and divorced from reality that even the national parks like Sequoia, Kings Canyon, and Yosemite may not be clean enough. If such pristine nature isn't clean, nothing can be. The problem is that the EPA sets new standards before we reach the old ones, and even before we have the technology to reach the new standards, the only result will be failure. California's Central Valley faces many disadvantages with air quality. We have prevailing winds from the north to send us pollution from San Francisco, and because of our topography, it traps it all in. But we have made some amazing progress. Good days, when ozone isn't a problem, are up 144 percent since 2002. Unhealthy ones are down over 75 percent in the same period. You see similar trends in particulate matter as well. But no matter how much better we make our air, we cannot catch up to reach the latest unrealistic EPA hurdles. The head of the San Joaquin Valley Air Pollution Control District said that, to do so, we would have to stop all fossil fuel combustion in the Central Valley. If we don't do that, don't stop all industry, stop building, stop businesses, and even stop driving our cars, you know what will happen? We will be punished, and we will be fined for where we live. Now, something obviously has to change because these regulations are not rooted in reality. In this legislation, Mr. Chair, Congressman Pete Olson's Ozone Standards Implementation Act, we don't get rid of ozone or particulate matter standards, we don't even oppose raising our standards when we use our technology and abilities to improve. What we do is make sure that the standards are set with a specific level for a set time so that the EPA cannot come back and change the goalpost every few years. What we do is make sure that the EPA actually determines whether something is technologically possible when setting new attainment deadlines. What we do is make sure we aren't penalized for all things affecting our air that we can't control. {time} 1530 We made sure that this legislation accomplished these goals without rolling back the protections for our communities or without backsliding on meeting current EPA standards in the Central Valley. In the end, we must have clean air, but we have to be smart with this and set achievable and fixed goals our communities can meet. Building on our success, the people of our district and across America can continue to have cleaner air tomorrow than we do today. Mr. TONKO. Mr. Chair, I yield myself the balance of my time. Mr. Chair, I want to remind my colleagues, having just heard from a Californian, that California has nearly 3 million residents with asthma, including 650,000 children. Why on Earth would we want to put them at further risk by going backward? I suggest that we keep that in mind as we vote on this measure. I heard the comment made about unachievable or unrealistic standards. Well, how is it that we have been making progress through the years? We have been growing jobs, and we have been cleaning the air. How is it that that was deemed unrealistic and unachievable? Mr. Chairman, I believe in the pioneer spirit of this great country. I believe in her intellect. I believe in the passion to do the right thing. And I think that will continue to motivate us as we listen to scientists who tell us about the standards that we ought to achieve. On our way to 75 parts per billion, we know that it is continued progress if we achieve 70; and if we listen to the Clean Air Scientific Advisory Committee, they will tell us that the air, for safety, with the safety factor, we should be closer to 60. So we have much more room for progress, and we have the technological wizardry to make that happen. Our children and generations unborn are counting on us. As has been stated many times over today, this is a move in a backward direction. We are concerned on this side of the aisle about H.R 806. We need to know that the standards that are out there are achievable, that those standards drive technological improvement. We can grow the economy and clean the air. They are not mutually exclusive. In fact, we have proven that they are inclusive. Mr. Chair, I encourage all of my colleagues to support this effort of opposition to H.R 806. It is, as many have called it, an effort that will continue to hold back progress. Mr. Chair, I yield back the balance of my time. Mr. SHIMKUS. Mr. Chairman, I yield myself the balance of my time. I would first of all like to thank my colleague from New York who serves as the ranking member of the committee. We have done some good work together that we look forward to bringing to the floor in a more amicable setting. Obviously, this one is not. I wish it could have been, but so the public policy world goes. Let me, in my remaining time, highlight some of the organizations that are supporting our action. Through the committee process, we had the Farm Bureau, the American Petroleum Institute, the American Fuel & Petrochemical Manufacturers, the Portland Cement Association, National Association of Manufacturers, and the U.S Chamber of Commerce express the need to reform and modernize the Clean air Act in order to encourage economic growth and job creation, because we understand that what has, also, a major impact on health and welfare is our citizens having good-paying jobs. There is a focus on what we are trying to do as Republicans through the legislative process, and we want to reduce the tax burdens, to ease the regulatory burdens, and to create jobs so that all of our citizens are able to achieve their economic goals and aspirations. We also received a letter today that I include in the Record from over 145 organizations and over close to 20 State chambers of commerce. July 18, 2017. Hon. Mitch McConnell, Majority Leader, U.S Senate, Washington, DC. Hon. Paul Ryan, Speaker, House of Representatives, Washington, DC. Hon. Chuck Schumer, Minority Leader, U.S Senate, Washington, DC. Hon. Nancy Pelosi, Minority Leader, House of Representatives, Washington, DC. Dear Majority Leader McConnell, Speaker Ryan, and Minority Leaders [[Page H5953]] Schumer and Pelosi: The undersigned, which represent a diverse group of industries from across the country, write to express our strong support for H.R 806 and S. 263, the ``Ozone Standards Implementation Act of 2017.'' This legislation provides a common-sense approach for implementing national ambient air quality standards, recognizes ongoing state efforts to improve air quality through a reasonable implementation schedule for the 2015 ozone standards, streamlines the air permitting process for businesses to expand operations and create jobs, and includes other reforms that bring more regulatory certainty to federal air quality standards. Additionally, the undersigned support language including certain elements of H.R 806 and S. 263 included in the Fiscal Year 2018 Interior, Environment and Related Agencies Appropriations bill. We have significant concerns that the 2015 ozone standards overlap with existing state ***plans*** to implement the 2008 ozone standards, leading to duplicative and wasteful implementation schedules, and unnecessary and severe economic impacts. The new ozone standards were promulgated in October 2015, only months after states received their final guidance from the Environmental Protection Agency (EPA) on how to implement the 2008 ozone standards. This delay was the result of the Obama administration's decision to halt work on the 2008 ozone standards during a 2010-2011 reconsideration period. The EPA, however, did not account for this self-imposed delay when issuing the 2015 ozone standards, thereby imposing duplicative costs and burdens of implementing multiple standards simultaneously. This is particularly wasteful as the EPA itself projects that nearly the entire country would attain the 2015 ozone standards simply by being provided an opportunity to fully implement already-***planned*** measures like their state implementation ***plans*** for the 2008 ozone standards. Local economies also face severe impacts, as analysis of data indicates that the 2015 ozone standards could expand nonattainment to more than 950 counties if ***planned*** reductions are not allowed time to take effect, subjecting large parts of the country to costly nonattainment control requirements. Notwithstanding concerns expressed by thousands of elected officials, state agencies, businesses, community groups, and other stakeholders, the EPA issued the 2015 ozone standards without addressing the overlap with the 2008 ozone standards and the enormous impacts that dual implementation would have on limited state resources, permitting, and the economy. It is now up to Congress to address these issues, and that is why we support H.R 806 and S. 263. By better aligning the 2015 ozone standards with the 2008 ozone standards and their associated emissions reductions, H.R 806 and S. 263 will help prevent unnecessary nonattainment designations and cost burdens, without sacrificing environmental protection. The legislation's permitting relief and other reforms are also an important step towards national ambient air quality standards that balance environmental protection and economic development. In sum, H.R 806 and S. 263 and the related appropriations language provide a common-sense ***plan*** that maintains continued air quality improvement without unnecessarily straining state and local economic resources. We strongly encourage Congress to act quickly on this critical legislation. Alabama Petroleum Council; Alaska Chamber; Alliance of Automobile Manufacturers; Alliance of Wyoming Manufacturers; Aluminum Association; American Chemistry Council; American Coatings Association; American Coke and Coal Chemicals Institute; American Farm Bureau Federation; American Forest & Paper Association; American Fuel & Petrochemical Manufacturers; American Iron and Steel Institute; American Petroleum Institute; American Road & Transportation Builders Association (ARTBA); American Wood Council; Anderson Area Chamber of Commerce; Apache Junction Chamber of Commerce; API New York; API Ohio; API South Carolina. Ardagh Group, Glass North America; Arizona Chamber of Commerce and Industry; Arizona Mining Association; Arkansas Petroleum Council; Ascension Chamber of Commerce; Associated Petroleum Industries of Michigan; Associated Petroleum Industries of Pennsylvania; Association of American Railroads; Baton Rouge Area Chamber; Buckeye Valley Chamber of Commerce; Carefree Cave Creek Chamber of Commerce; Cedar City Area Chamber of Commerce; Chandler Chamber of Commerce; Chemical Industry Council of California; Chemical Industry Council of Illinois; Chemistry Council of New Jersey; Colorado Association of Commerce & Industry; Colorado Oil & Gas Association; Colorado Petroleum Association; Colorado Petroleum Council. Colorado Wyoming Petroleum Marketers Association; Connecticut Petroleum Council; Consumer Energy Alliance; Consumer Specialty Products Association; Council of Industrial Boiler Owners (CIBO); CVR Energy, Inc.; Delaware Petroleum Council; East Valley Chambers of Commerce Alliance; Fashion Jewelry & Accessories Trade Association; Flexible Packaging Association; Florida Petroleum Council; Fountain Hills Chamber of Commerce; Georgia Chemistry Council; Georgia Petroleum Council; Gilbert Chamber of Commerce; Glass Packaging Institute (GPI); Global Cold Chain Alliance; GPA Midstream Association; Grand Rapids Area Chamber of Commerce; Greater Bakersfield Chamber of Commerce. Greater Baton Rouge Industry Alliance, Inc.; Greater Cheyenne Chamber of Commerce; Greater Coachella Valley Chamber of Commerce; Greater Flagstaff Chamber of Commerce; Greater North Dakota Chamber of Commerce; Greater Phoenix Chamber of Commerce; Greater Pittsburgh Chamber of Commerce; Illinois Petroleum Council; Independent Petroleum Association of America; Indiana Petroleum Council; Industrial Energy Consumers of America (IECA); Industrial Environmental Association; Industrial Minerals Association--North America; Institute of Makers of Explosives; Institute of Shortening and Edible Oils; Iowa Association of Business and Industry; Kansas Petroleum Council; Kentucky Association of Manufacturers; Kentucky Chamber of Commerce; Kentucky Chemical Industry Council. Lodi District Chamber of Commerce; Louisiana Association of Business and Industry; Louisiana Chemical Association; Manufacture Alabama; Maryland Petroleum Council; Massachusetts Petroleum Council; Mesa Chamber of Commerce; Michigan Chemistry Council; Minnesota Petroleum Council; Missouri Petroleum Council; National Asphalt Pavement Association; National Association of Chemical Distributors; National Association of Manufacturers; National Cotton Council; National Council of Farmer Cooperatives; National Lime Association; National Mining Association; National Oilseed Processors Association; National Tooling and Machining Association; Nebraska Chamber of Commerce and Industry. New Jersey Petroleum Council; New Mexico Association of Commerce & Industry; New York State Chemistry Council; North American Die Casting Association; North Carolina Petroleum Council; North Orange County Chamber; Ohio Chamber of Commerce; Ohio Chemistry Technology Council; Oklahoma State Chamber; Oregon Women In Timber; Owens Illinois, Inc.; Oxnard Chamber of Commerce; Pennsylvania Chamber of Business and Industry; Petroleum Marketers Association of America; Portland Cement Association; Precision Machined Products Association; Precision Metalforming Association; Queen Creek Chamber of Commerce; Rancho Cordova Chamber of Commerce; Roof Coatings Manufacturers Association (RCMA). Salt Lake Chamber; San Gabriel Valley Economic Partnership; Scottsdale Area Chamber of Commerce; South Carolina Chamber of Commerce; South Carolina Manufacturers Alliance; Tempe Chamber of Commerce; Tennessee Chamber of Commerce & Industry; Tennessee Petroleum Council; Texas Association of Manufacturers; Texas Oil and Gas Association; The Fertilizer Institute; Treated Wood Council; Truck and Engine Manufacturers Association; Tucson Metro Chamber; Tulsa Regional Chamber; U.S Chamber of Commerce; Utah Petroleum Association; Virginia Chamber of Commerce; Virginia Petroleum Council; West Baton Rouge Chamber of Commerce. West Virginia Chamber of Commerce; West Virginia Manufacturers Association; West Virginia Petroleum Council; Wisconsin Manufacturers & Commerce; Wisconsin Petroleum Council; Wyoming Petroleum Marketers Association; Yuma County Chamber of Commerce. Mr. SHIMKUS. If I may, in the middle paragraph it says: ``We have significant concerns that the 2015 ozone standards overlap with existing State ***plans*** to implement the 2008 ozone standards, leading to duplicative and wasteful implementation schedules, and unnecessary and severe economic impacts. The new ozone standards were promulgated in October of 2015, only months after States received their final guidance from the Environmental Protection Agency on how to implement the 2008 ozone standards.'' Mr. Chairman, I couldn't say it any better than that. This is not, as I have said a couple of times, a rolling back of our regulations. This is identifying the fact that 2008 standards were implemented. It took 7 years to do the implementation guidelines, and when those guidelines came out 3 months after that, the Federal Government, through the EPA said, oh, we are going to now ratchet it down 5 more parts per billion, which leads you to believe that people are trying to comply. Other benefits of this bill address the fact that you could be in the remotest parts of the country and fall against the EPA and ozone standards based upon nothing that you can do. We have communities that are trying to comply, are doing great work, but they are receiving emissions outside of their control. Plus, they will be penalized for that. So we look forward to continued debates. I know that there have been amendments offered that we will consider. Mr. Chair, I yield back the balance of my time. The Acting CHAIR. All time for general debate has expired. Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule. [[Page H5954]] In lieu of the amendment in the nature of a substitute recommended by the Committee on Energy and Commerce, printed in the bill, it shall be in order to consider as an original bill for the purpose of amendment under the 5-minute rule an amendment in the nature of a substitute consisting of the text of Rules Committee Print 115-26. That amendment in the nature of a substitute shall be considered as read. The text of the amendment in the nature of a substitute is as follows: H.R 806 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, SECTION 1. SHORT TITLE. This Act may be cited as the ``Ozone Standards Implementation Act of 2017''. SEC. 2. FACILITATING STATE IMPLEMENTATION OF EXISTING OZONE STANDARDS. (a) Designations.-- (1) Designation submission.--Not later than October 26, 2024, notwithstanding the deadline specified in paragraph (1)(A) of section 107(d) of the Clean Air Act (42 U.S.C 7407(d)), the Governor of each State shall designate in accordance with such section 107(d) all areas (or portions thereof) of the Governor's State as attainment, nonattainment, or unclassifiable with respect to the 2015 ozone standards. (2) Designation promulgation.--Not later than October 26, 2025, notwithstanding the deadline specified in paragraph (1)(B) of section 107(d) of the Clean Air Act (42 U.S.C 7407(d)), the Administrator shall promulgate final designations under such section 107(d) for all areas in all States with respect to the 2015 ozone standards, including any modifications to the designations submitted under paragraph (1). (3) State implementation ***plans***.--Not later than October 26, 2026, notwithstanding the deadline specified in section 110(a)(1) of the Clean Air Act (42 U.S.C 7410(a)(1)), each State shall submit the ***plan*** required by such section 110(a)(1) for the 2015 ozone standards. (b) Certain Preconstruction Permits.-- (1) In general.--The 2015 ozone standards shall not apply to the review and disposition of a preconstruction permit application if-- (A) the Administrator or the State, local, or Tribal permitting authority, as applicable, determines the application to be complete on or before the date of promulgation of the final designation of the area involved under subsection (a)(2); or (B) the Administrator or the State, local, or Tribal permitting authority, as applicable, publishes a public notice of a preliminary determination or draft permit for the application before the date that is 60 days after the date of promulgation of the final designation of the area involved under subsection (a)(2). (2) Rules of construction.--Nothing in this section shall be construed to-- (A) eliminate the obligation of a preconstruction permit applicant to install best available control technology and lowest achievable emission rate technology, as applicable; or (B) limit the authority of a State, local, or Tribal permitting authority to impose more stringent emissions requirements pursuant to State, local, or Tribal law than national ambient air quality standards. SEC. 3. FACILITATING STATE IMPLEMENTATION OF NATIONAL AMBIENT AIR QUALITY STANDARDS. (a) Timeline for Review of National Ambient Air Quality Standards.-- (1) Ten-year cycle for all criteria air pollutants.-- Paragraphs (1) and (2)(B) of section 109(d) of the Clean Air Act (42 U.S.C 7409(d)) are amended by striking ``five-year intervals'' each place it appears and inserting ``10-year intervals''. (2) Cycle for next review of ozone criteria and standards.--Notwithstanding section 109(d) of the Clean Air Act (42 U.S.C 7409(d)), the Administrator shall not-- (A) complete, before October 26, 2025, any review of the criteria for ozone published under section 108 of such Act (42 U.S.C 7408) or the national ambient air quality standard for ozone promulgated under section 109 of such Act (42 U.S.C 7409); or (B) propose, before such date, any revisions to such criteria or standard. (b) Consideration of Technological Feasibility.--Section 109(b)(1) of the Clean Air Act (42 U.S.C 7409(b)(1)) is amended by inserting after the first sentence the following: ``If the Administrator, in consultation with the independent scientific review committee appointed under subsection (d), finds that a range of levels of air quality for an air pollutant are requisite to protect public health with an adequate margin of safety, as described in the preceding sentence, the Administrator may consider, as a secondary consideration, likely technological feasibility in establishing and revising the national primary ambient air quality standard for such pollutant.''. (c) Consideration of Adverse Public Health, Welfare, Social, Economic, or Energy Effects.--Section 109(d)(2) of the Clean Air Act (42 U.S.C 7409(d)(2)) is amended by adding at the end the following: ``(D) Prior to establishing or revising a national ambient air quality standard, the Administrator shall request, and such committee shall provide, advice under subparagraph (C)(iv) regarding any adverse public health, welfare, social, economic, or energy effects which may result from various strategies for attainment and maintenance of such national ambient air quality standard.''. (d) Timely Issuance of Implementing Regulations and Guidance.--Section 109 of the Clean Air Act (42 U.S.C 7409) is amended by adding at the end the following: ``(e) Timely Issuance of Implementing Regulations and Guidance.-- ``(1) In general.--In publishing any final rule establishing or revising a national ambient air quality standard, the Administrator shall, as the Administrator determines necessary to assist States, permitting authorities, and permit applicants, concurrently publish regulations and guidance for implementing the standard, including information relating to submission and consideration of a preconstruction permit application under the new or revised standard. ``(2) Applicability of standard to preconstruction permitting.--If the Administrator fails to publish final regulations and guidance that include information relating to submission and consideration of a preconstruction permit application under a new or revised national ambient air quality standard concurrently with such standard, then such standard shall not apply to the review and disposition of a preconstruction permit application until the Administrator has published such final regulations and guidance. ``(3) Rules of construction.-- ``(A) Nothing in this subsection shall be construed to preclude the Administrator from issuing regulations and guidance to assist States, permitting authorities, and permit applicants in implementing a national ambient air quality standard subsequent to publishing regulations and guidance for such standard under paragraph (1). ``(B) Nothing in this subsection shall be construed to eliminate the obligation of a preconstruction permit applicant to install best available control technology and lowest achievable emission rate technology, as applicable. ``(C) Nothing in this subsection shall be construed to limit the authority of a State, local, or Tribal permitting authority to impose more stringent emissions requirements pursuant to State, local, or Tribal law than national ambient air quality standards. ``(4) Definitions.--In this subsection: ``(A) The term `best available control technology' has the meaning given to that term in section 169(3). ``(B) The term `lowest achievable emission rate' has the meaning given to that term in section 171(3). ``(C) The term `preconstruction permit'-- ``(i) means a permit that is required under this title for the construction or modification of a stationary source; and ``(ii) includes any such permit issued by the Environmental Protection Agency or a State, local, or Tribal permitting authority.''. (e) Contingency Measures for Extreme Ozone Nonattainment Areas.--Section 172(c)(9) of the Clean Air Act (42 U.S.C 7502(c)(9)) is amended by adding at the end the following: ``Notwithstanding the preceding sentences and any other provision of this Act, such measures shall not be required for any nonattainment area for ozone classified as an Extreme Area.''. (f) ***Plan*** Submissions and Requirements for Ozone Nonattainment Areas.--Section 182 of the Clean Air Act (42 U.S.C 7511a) is amended-- (1) in subsection (b)(1)(A)(ii)(III), by inserting ``and economic feasibility'' after ``technological achievability''; (2) in subsection (c)(2)(B)(ii), by inserting ``and economic feasibility'' after ``technological achievability''; (3) in subsection (e), in the matter preceding paragraph (1)-- (A) by striking ``The provisions of clause (ii) of subsection (c)(2)(B) (relating to reductions of less than 3 percent), the provisions of paragaphs'' and inserting ``The provisions of paragraphs''; and (B) by striking ``, and the provisions of clause (ii) of subsection (b)(1)(A) (relating to reductions of less than 15 percent)''; and (4) in paragraph (5) of subsection (e), by striking ``, if the State demonstrates to the satisfaction of the Administrator that--'' and all that follows through the end of the paragraph and inserting a period. (g) ***Plan*** Revisions for Milestones for Particulate Matter Nonattainment Areas.--Section 189(c)(1) of the Clean Air Act (42 U.S.C 7513a(c)(1)) is amended by inserting ``, which take into account technological achievability and economic feasibility,'' before ``and which demonstrate reasonable further progress''. (h) Exceptional Events.--Section 319(b)(1)(B) of the Clean Air Act (42 U.S.C 7619(b)(1)(B)) is amended-- (1) in clause (i)-- (A) by striking ``(i) stagnation of air masses or'' and inserting ``(i)(I) ordinarily occurring stagnation of air masses or (II)''; and (B) by inserting ``or'' after the semicolon; (2) by striking clause (ii); and (3) by redesignating clause (iii) as clause (ii). (i) Report on Emissions Emanating From Outside the United States.--Not later than 24 months after the date of enactment of this Act, the Administrator, in consultation with States, shall submit to the Congress a report on-- (1) the extent to which foreign sources of air pollution, including emissions from sources located outside North America, impact-- (A) designations of areas (or portions thereof) as nonattainment, attainment, or unclassifiable under section 107(d) of the Clean Air Act (42 U.S.C 7407(d)); and (B) attainment and maintenance of national ambient air quality standards; (2) the Environmental Protection Agency's procedures and timelines for disposing of petitions submitted pursuant to section 179B(b) of the Clean Air Act (42 U.S.C 7509a(b)); (3) the total number of petitions received by the Agency pursuant to such section 179B(b), and for each such petition the date initially submitted and the date of final disposition by the Agency; and [[Page H5955]] (4) whether the Administrator recommends any statutory changes to facilitate the more efficient review and disposition of petitions submitted pursuant to such section 179B(b). (j) Study on Ozone Formation.-- (1) Study.--The Administrator, in consultation with States and the National Oceanic and Atmospheric Administration, shall conduct a study on the atmospheric formation of ozone and effective control strategies, including-- (A) the relative contribution of man-made and naturally occurring nitrogen oxides, volatile organic compounds, and other pollutants in ozone formation in urban and rural areas, including during wildfires, and the most cost-effective control strategies to reduce ozone; and (B) the science of wintertime ozone formation, including photochemical modeling of wintertime ozone formation, and approaches to cost-effectively reduce wintertime ozone levels. (2) Peer review.--The Administrator shall have the study peer reviewed by an independent panel of experts in accordance with the requirements applicable to a highly influential scientific assessment. (3) Report.--The Administrator shall submit to Congress a report describing the results of the study, including the findings of the peer review panel. (4) Regulations and guidance.--The Administrator shall incorporate the results of the study, including the findings of the peer review panel, into any Federal rules and guidance implementing the 2015 ozone standards. SEC. 4. APPLICABILITY OF SANCTIONS AND FEES IF EMISSIONS BEYOND CONTROL. The Clean Air Act (42 U.S.C 7401 et seq.) is amended by inserting after section 179B the following new section: ``SEC. 179C. APPLICABILITY OF SANCTIONS AND FEES IF EMISSIONS BEYOND CONTROL. ``(a) In General.--Notwithstanding any other provision of this Act, with respect to any nonattainment area that is classified under section 181 as severe or extreme for ozone or under section 188 as serious for particulate matter, no sanction or fee under section 179 or 185 shall apply with respect to a State (or a local government or source therein) on the basis of a deficiency described in section 179(a), or the State's failure to attain a national ambient air quality standard for ozone or particulate matter by the applicable attainment date, if the State demonstrates that the State would have avoided such deficiency or attained such standard but for one or more of the following: ``(1) Emissions emanating from outside the nonattainment area. ``(2) Emissions from an exceptional event (as defined in section 319(b)(1)). ``(3) Emissions from mobile sources to the extent the State demonstrates that-- ``(A) such emissions are beyond the control of the State to reduce or eliminate; and ``(B) the State is fully implementing such measures as are within the authority of the State to control emissions from the mobile sources. ``(b) No Effect on Underlying Standards.--The inapplicability of sanctions or fees with respect to a State pursuant to subsection (a) does not affect the obligation of the State (and local governments and sources therein) under other provisions of this Act to establish and implement measures to attain a national ambient air quality standard for ozone or particulate matter. ``(c) Periodic Renewal of Demonstration.--For subsection (a) to continue to apply with respect to a State or local government (or source therein), the State involved shall renew the demonstration required by subsection (a) at least once every 5 years.''. SEC. 5. DEFINITIONS. In this Act: (1) Administrator.--The term ``Administrator'' means the Administrator of the Environmental Protection Agency. (2) Best available control technology.--The term ``best available control technology'' has the meaning given to that term in section 169(3) of the Clean Air Act (42 U.S.C 7479(3)). (3) Highly influential scientific assessment.--The term ``highly influential scientific assessment'' means a highly influential scientific assessment as defined in the publication of the Office of Management and Budget entitled ``Final Information Quality Bulletin for Peer Review'' (70 Fed. Reg. 2664 (January 14, 2005)). (4) Lowest achievable emission rate.--The term ``lowest achievable emission rate'' has the meaning given to that term in section 171(3) of the Clean Air Act (42 U.S.C 7501(3)). (5) National ambient air quality standard.--The term ``national ambient air quality standard'' means a national ambient air quality standard promulgated under section 109 of the Clean Air Act (42 U.S.C 7409). (6) Preconstruction permit.--The term ``preconstruction permit''-- (A) means a permit that is required under title I of the Clean Air Act (42 U.S.C 7401 et seq.) for the construction or modification of a stationary source; and (B) includes any such permit issued by the Environmental Protection Agency or a State, local, or Tribal permitting authority. (7) 2015 ozone standards.--The term ``2015 ozone standards'' means the national ambient air quality standards for ozone published in the Federal Register on October 26, 2015 (80 Fed. Reg. 65292). SEC. 6. NO ADDITIONAL FUNDS AUTHORIZED. No additional funds are authorized to be appropriated to carry out the requirements of this Act and the amendments made by this Act. Such requirements shall be carried out using amounts otherwise authorized. The Acting CHAIR. No amendment to that amendment in the nature of a substitute shall be in order except those printed in House Report 115- 229. Each such amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question. Amendment No. 1 Offered by Ms. Castor of Florida The Acting CHAIR. It is now in order to consider amendment No. 1 printed in House Report 115-229. Ms. CASTOR of Florida. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of section 2, add the following new subsection: (c) Limitation.--This section shall not apply if the Clean Air Scientific Advisory Committee finds that application of subsection (a) could increase (especially for vulnerable populations such as children, seniors, pregnant women, outdoor workers, and minority and low-income communities) any of the following: (1) Asthma attacks. (2) Hospitalization and emergency room visits for those with respiratory disease or cardiovascular disease. (3) The risk of preterm birth, babies born with low birth weight, or impaired fetal growth. (4) The risk of heart attacks, stroke, or premature death. (5) Reproductive, developmental, or other serious harms to human health. The Acting CHAIR. Pursuant to House Resolution 451, the gentlewoman from Florida (Ms. Castor) and a Member opposed each will control 5 minutes. The Chair recognizes the gentlewoman from Florida. Ms. CASTOR of Florida. Mr. Chair, my amendment seeks to ensure that American families aren't forced to pick up the costs of air pollution that should be rightfully borne by polluters. My amendment seeks to protect kids across America, our older neighbors, and the most vulnerable to smog and dirty air. My amendment says that the Republicans' ``Smoggy Skies Act'' will not take effect if the EPA Clean Air Scientific Advisory Committee finds negative impacts on individuals with asthma, bronchitis, COPD, and other health conditions, particularly in children and our older neighbors, pregnant women, folks who work outdoors, and those in working-class communities. Mr. Chairman, Americans value their health and they value America's landmark Clean Air Act. Earlier this year, the American Lung Association released a new poll showing that 61 percent of all Americans support stronger smog standards and clearly oppose this dirty-air policy. Harold P. Wimmer, national president and CEO of the American Lung Association, said: ``More than half of all Americans breathe polluted air, putting them at risk of asthma attacks, respiratory infections, and premature death.'' The public wants clean, healthy air. It is no surprise that American voters strongly support maintaining safeguards to protect their health from the dangers of ozone pollution. I have seen great improvement in the air quality over my lifetime back home in Tampa, Florida. We have heard in front of our committee and heard from folks through social media, from Democrats and Republicans here today, how much they value clean air and how much progress we have seen. Yet, according to the Florida KIDS COUNT Data book, in 2016, asthma emergency department visits reached over 48,000 in my State, and hospitalizations are in the thousands and thousands. That takes a toll, and it is very costly. Florida is not alone. This affects all Americans. Mr. Chairman, you might have heard during general debate that I referenced a new, very important study that came out at in the month of June in the New England Journal of Medicine. Here is a press report that summarizes the study. The title of the story is: ``U.S Air Pollution Still Kills Thousands Every Year, Study Concludes. ``The air Americans breathe has been getting cleaner for decades. ``But air pollution is still killing thousands in the U.S every year. . . . [[Page H5956]] `` `We are now providing bullet-proof evidence that we are breathing harmful air,' says Francesca Dominici, a professor of biostatistics at the Harvard T.H Chan School of Public Health, who led the study. `Our air is contaminated.' ``Dominici and her colleagues set out to do the most comprehensive study to date assessing the toll that air pollution takes on American lives. ``The researchers used data from Federal air monitoring stations as well as satellites to compile a detailed picture of air pollution down to individual ZIP Codes. They then analyzed the impact of very low levels of air pollution on mortality, using data from 60 million Medicare patients from 2000 to 2012.'' They said: ``About 12,000 lives could be saved each year . . . by cutting the level of fine particulate matter nationwide by just 1 microgram per cubic meter of air below current standards. Dominici said: `` `It's very strong, compelling evidence that, currently, the safety standards are not safe enough.' '' And yet, Republicans want to take us backwards. They are going to side with polluters over the health of American families, and I think that is wrong. The proposed rollbacks by the Trump administration and this Republican Congress are simply a costly, dirty air policy. Repealing clean air rules will bring about disastrous health and economic damage to not only the folks I represent back home in Florida, but all across the country. So let's be clear. Ozone, or smog, is a corrosive gas that forms when emissions from smokestacks and tailpipes cook in the heat and sunlight. It triggers asthma and other respiratory illnesses. It is very expensive. It is not fair for Republicans to let polluters off the hook and shift costs to hardworking American families. So if you believe in clean air in our great country, support my amendment. If you believe environmental protection based on science, support my amendment. If you want to stand with American families over polluters who seek shortcuts, support the Castor amendment. Mr. Chair, I yield back the balance of my time. Mr. SHIMKUS. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Illinois is recognized for 5 minutes. Mr. SHIMKUS. Mr. Chairman, I appreciate my colleague, and I don't question her passion and her evaluation of her perception about what we are doing. But again, as I have said in general debate, nothing in this bill rolls back the 2008 standards; nothing rolls back the 2015 standards. The attempt is to say: Why is it so difficult to believe that we should meet the 2008 standards and give our communities time to do that before we throw on them a new 2015 standard? So that is the basic premise. This amendment would allow the advisory panel to nullify one of the central provisions of the bill, section 2(a), which allows States to fully implement the 2008 ozone standards for which EPA only issued the implementing regulations in 2015 before turning to 2015. So EPA says meet the 2008 standards. Delay, delay, delay; don't know how to do it; no guidelines. 2015 comes, they say meet the 2008 standards; 3 months later, oh, but now we have got 2015 standards we want you to comply with. That is the basic premise of this bill. {time} 1545 Ozone air quality will continue to improve under H.R 806. Regarding the 2015 standards, the EPA projects the vast majority of U.S counties will meet the 2015 ozone standards by 2025 just with the rules and ***programs*** now in place or underway. The bill ensures hundreds of counties are on track to meeting the 2015 standards, and that can come into compliance without being subjected to additional regulatory burdens, paper requirements, or restrictions, which will not do anything to improve public health. The bill also does not limit States from imposing more stringent emission requirements if a State finds that such a condition exists in section 2. Nowhere does the bill authorize States to increase their emissions. This is not about continuing to improve air quality in a manner that doesn't require the States to duplicate paperwork requirements. Since 1980, ozone levels have declined 32 percent, and as we talk about in the environmental process, the low-hanging fruit has been picked. It gets more and more difficult as you start reducing the standards time, effort, energy, and technology. So with the reduction of 32 percent by 1980, the EPA projects air quality ``will continue to improve over the next decade as additional reductions in ozone precursors from power plants, motor vehicles, and other sources are realized.'' Nothing in the pending bill prevents these improvements to air quality from being realized. Mr. Chairman, I urge a ``no'' vote on this amendment, and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Florida (Ms. Castor). The question was taken; and the Acting Chair announced that the noes appeared to have it. Ms. CASTOR of Florida. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from Florida will be postponed. Amendment No. 2 Offered by Mr. Tonko The Acting CHAIR. It is now in order to consider amendment No. 2 printed in House Report 115-229. Mr. TONKO. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Strike subsection (b) of section 3 (relating to consideration of technological feasibility) and make such conforming changes as may be necessary. The Acting CHAIR. Pursuant to House Resolution 451, the gentleman from New York (Mr. Tonko) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from New York. Mr. TONKO. Mr. Chair, my amendment strikes subsection (b) of section 3, which would allow the EPA to consider technological feasibility when determining what level of pollution is safe. Health-based standards are the cornerstone of the Clean Air Act-- health-based. The EPA sets NAAQS at levels sufficient to protect the public health, essentially, the level of ambient air pollution that is safe to breathe. While costs are not considered in establishing these standards, costs can be--and are considered--in developing ***plans*** to achieve the necessary pollution reductions to meet the standards. Unfortunately, H.R 806, as currently drafted, would change the longstanding criteria for establishing an air quality standard from one that is based solely on protecting public health to one that includes a consideration of the technological feasibility. This issue has been long debated and settled by Congress. Since passage of the Clean Air Act in 1970, including the 1990 Clean Air Act Amendments, Congress has excluded technological feasibility considerations from standard setting to ensure that public health--and public health alone--would determine the standards for air quality. In 1970, on the passage of the Clean Air Act, Senator Ed Muskie from Maine said: ``The first responsibility of Congress is not the making of technological or economic judgments--or even to be limited by what is or appears to be technologically or economically infeasible. Our responsibility is to establish what the public interest requires to protect the health of persons. This may mean that people and industries will be asked to do what seems to be impossible at present time. But if health is to be protected, these challenges must be met.'' For approaching five decades, that has been the guiding tenet of the Clean Air Act: what is in the betterment of public health. Guided by this principle, our Nation has experienced a 70 percent reduction in key air pollutants while tripling the size of the economy. I believe that a great deal of this success can be credited to American innovation. Despite assertions that achieving clean air was not feasible, American ingenuity has consistently risen [[Page H5957]] to the challenge and made our country the leader in both clean air and clean air technology. Unquestionably, these standards have driven innovation, creating a thriving domestic pollution control industry. So I ask my colleagues who are in favor of this measure: What is it about a can-do attitude that you don't get? Why is it that you have a lack of trust in the power of American ingenuity? Had these standards not been ambitious and focused solely on public health, we may still be relying upon the technology from the 1970s and breathing the poor air quality from that era along with it. Available technologies cannot and should not determine what we can have in terms of clean air. Let's have the scientific and medical experts guide us, and I have confidence that our engineers and innovators will find that way. The history of those protections that we enjoy has been to set ambitious, but achievable, goals. We have achieved those goals, and we have much cleaner air to show for it. Let's not roll back this process. Mr. Chair, I reserve the balance of my time. Mr. OLSON. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes. Mr. OLSON. Mr. Chairman, Texans like me believe that facts are little, persistent things. With all due respect to my colleagues on the other side of the aisle, apparently, facts are annoying little things. Here are the facts about section 3(b) of my bill: Section 3(b) states that if the EPA Administrator, in consultation with the EPA's independent scientific advisory committee, finds a range of levels of air quality that are needed to protect public health with an adequate margin of safety, then ``the Administrator may . . . ''-- the Administrator may, not shall, not must, may--``as a secondary consideration, likely technological feasibility in establishing and revising the national primary ambient air quality standard for this pollutant.'' Again, it clearly says may, not shall, not must, but may. H.R 806 does not change the Clean Air Act's requirement that standards be based on the protection of public health. Again, H.R 806 does not change the Clean Air Act's requirement that standards be based on the protection of public health. This bill simply clarifies that the EPA Administrator has the discretion to consider technological feasibility when choosing among a range of levels identified and supported by science as protective of public health. This is a clarification for all future Administrators--Democrat or Republican--that Congress considers technical feasibility to be a reasonable part of the decisionmaking process with policy choices. These policy choices must be made among a range of scientifically valid options. Again, facts are little, persistent things, and these are the facts about section 3(b) of H.R 806. Mr. Chairman, I urge a ``no'' vote on this amendment, and I yield back the balance of my time. Mr. TONKO. Mr. Chairman, I think the insertion of discretion of the Administrator at the EPA as to the technological and economical availability, achievable qualities being inserted into this bill tells me--my interpretation is that the Administrator may not--the Administrator may not, may not--side with the residents--with the people of this country and their right to breathe clean air. Mr. Chair, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from New York (Mr. Tonko). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. TONKO. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from New York will be postponed. Amendment No. 3 Offered by Mr. Beyer The Acting CHAIR. It is now in order to consider amendment No. 3 printed in House Report 115-229. Mr. BEYER. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Strike subsection (h) of section 3 (relating to exceptional events). The Acting CHAIR. Pursuant to House Resolution 451, the gentleman from Virginia (Mr. Beyer) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Virginia. Mr. BEYER. Mr. Chairman, my amendment would strike the language that weakens the definition of exceptional events for air quality monitoring data. We know that air quality monitoring data is incredibly important and that Americans value clean air. I am a businessman, and it is axiomatic that we can't manage what we can't measure. Just last month, The New England Journal of Medicine published a study that showed long-term exposure to air pollution increases mortality for all Americans, but particularly those that are self- identified as racial minorities or people with low incomes. That is why the EPA is responsible for setting the National Ambient Air Quality Standards, or NAAQS, for outdoor--ambient--air to protect our public health and the environment. When States and the EPA identify areas that do not meet the standards, States prepare their own ***plans*** specifying how they will reach attainment in those areas. States are currently allowed to exclude monitoring data for periods affected by exceptional events--exceptional events like forest fires or unusual weather conditions, volcanos or seismic activities. They can exclude this data from the measurements used to make designation decisions. This is appropriate and it makes sense. I think volcanos are exceptional. But this bill changes the exceptions provision in dangerous ways. It changes the definition of what qualifies as exceptional. Instead of exceptional, call it routine. Stagnant air, high temperature, or a lack of precipitation are not exceptional events, but they would be considered exceptional by this bill. We live in Washington, D.C , with a record number of days of high temperatures this summer already. But this fact shouldn't exempt D.C from keeping accurate NAAQS data. Pretending that a heat wave is exceptional or that bad air quality is not harmful to people's health doesn't make it so. Climate change, global warming, and more frequent heat waves are likely to be the reality of our Earth today. So weakening this definition means that, by default, over time, States will never need to be in compliance with the NAAQS. They can say it is an exceptional event. So, frustratingly, by weakening this definition of exceptional events, we nullify the standards altogether. None of us wants to see the disastrous smog events--think of China and India--erupt here in America. So by supporting this amendment, we keep our commitment to the American people to support clean air. We shouldn't weaken our definition of exceptional events to incorporate everyday air occurrences like heat waves. If this provision becomes law, it can mean more asthma attacks, cardiovascular and respiratory harm, emergency visits, and even early deaths from ozone pollution. So please support my amendment. It is important that if we have standards that they actually mean something. Exceptional is defined as unusual. Exceptional does not mean typical. Let's keep it that way. Mr. Chairman, I reserve the balance of my time. Mr. SHIMKUS. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Illinois is recognized for 5 minutes. Mr. SHIMKUS. Mr. Chairman, under the Clean Air Act, section 319 provides relief to areas that violate National Ambient Air Quality Standards due to unusual or naturally occurring events as that they cannot control. Section 3(h) would add--and I would argue strengthens the definition--droughts and extraordinary stagnation to the act's definition of an exceptional event. Let me give you an example. In 2012, there was a major drought in the Midwest. Now, I am from corn country, and [[Page H5958]] we don't irrigate our corn because we have got great soil, and we have got weather conditions for most of the years that provide plentiful rain for that to happen. But that didn't happen in 2012. It was an extraordinary event. It was a drought. Now the question is posed: Should we punish the communities for an extraordinary event; i.e , a drought that is out of the control of any human being? It is an ``extraordinary event.'' This language would provide reasonable relief for States in this condition, particularly those in the Western United States for, as I said, events beyond their control. Nothing in H.R 806 does away with the detailed statutory requirements under section 319(h) of the Clean Air Act for demonstrating ``an exceptional event.'' Nor does anything in the bill do away with the detailed regulatory procedures and guidelines that the EPA has laid out for demonstrating exceptional events or the requirements to measure air quality or to make that air quality data available to the public. {time} 1600 This provision simply ensures citizens in areas experiencing unusual or natural occurring events beyond their control do not become subject to penalties or sanctions under the Clean Air Act as a result of those events. Mr. Chair, I urge a ``no'' vote on this amendment, and I reserve the balance of my time. Mr. BEYER. Mr. Chairman, I thank the gentleman for the perspective on corn. As someone who very much respects American ***agriculture***, the worst thing is to have a drought. Around here, climate change is pretty controversial. We seem to slowly be moving in the recognition that it is real, whether we believe that it is caused by man or not. However, one of the things that we see around the world with climate change is the ever-increasing frequency of droughts. The existing language in the original bill says that droughts and lack of precipitation are not considered exceptional events. Certainly, if they weren't exceptional before, they are going to be even less exceptional as we move into the future. I appreciated the debate on the last amendment from my friend, Mr. Tonko, where he talked about the EPA Administrator saying: May, may, may. Well, this is a case where the last thing we want to do is make something like a drought a typical event. It is not going to be exceptional in the years to come. So, let's preserve these. The EPA Administrator will always have an opportunity in the case of a drought once every 100 years to say that is, in fact, exceptional. Mr. Chair, I urge adoption of this amendment, and I yield back the balance of my time. Mr. SHIMKUS. Mr. Chairman, I appreciate my colleague. Again, he was on the floor when I talked about the great work I do with subcommittee members. Obviously, this is part of the debate where we are agreeing to disagree. I will just say that air quality standards are put in place so that there are things that we can effect and we can deal with through mobile emissions, as you would probably know about, as stationary sources. Exceptional events, such as droughts, are out of our control. That is why we think it should be placed into the language. We do believe it strengthens the provision of the law, doesn't weaken it. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Virginia (Mr. Beyer). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. BEYER. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Virginia will be postponed. Amendment No. 4 Offered by Mr. Polis The Acting CHAIR. It is now in order to consider amendment No. 4 printed in House Report 115-229. Mr. POLIS. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Redesignate sections 5 and 6 as sections 6 and 7, respectively. Insert after section 4 the following: SEC. 5. BRINGING REDUCTIONS TO ENERGY'S AIRBORNE TOXIC HEALTH EFFECTS. (a) Repeal of Exemption for Aggregation of Emissions From Oil and Gas Sources.--Section 112(n) of the Clean Air Act (42 U.S.C 7412(n)) is amended by striking paragraph (4). (b) Hydrogen Sulfide as a Hazardous Air Pollutant.--The Administrator of the Environmental Protection Agency shall-- (1) not later than 180 days after the date of enactment of this Act, issue a final rule adding hydrogen sulfide to the list of hazardous air pollutants under section 112(b) of the Clean Air Act (42 U.S.C 7412(b)); and (2) not later than 365 days after a final rule under paragraph (1) is issued, revise the list under section 112(c) of such Act (42 U.S.C 7412(c)) to include categories and subcategories of major sources and area sources of hydrogen sulfide, including oil and gas wells. The Acting CHAIR. Pursuant to House Resolution 451, the gentleman from Colorado (Mr. Polis) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Colorado. Mr. POLIS. Mr. Chair, I yield myself such time as I may consume. Mr. Chair, since the Republicans are talking about a bill that makes the Clean Air Act work better, even though, in many ways, that is the opposite of what the bill does, I have offered an amendment that will actually do that. It will make the Clean Air Act work better to keep our air clean so we can breathe more freely, reduce asthma rates, and reduce cancer rates. My amendment would very simply close a very glaring loophole that our current Clean Air Act has--a loophole that every day harms the freshness of the air and the health of my constituents in my State and so many others across the country. My amendment, which is based off of legislation that I have introduced, along with many other cosponsors, four times, including in this Congress, called the BREATHE Act, would close the oil and gas industry's loophole to the Clean Air Act's aggregation requirement. Currently, oil and gas operations, like the one here, are completely exempt from the aggregation requirement in the Clean Air Act. Under the aggregation requirement, small air pollution sources that cumulatively reduce as much air pollution as major sources, like a power plant, are actually rounded out entirely of the protections of the Clean Air Act. Oil and gas is exempt, and they shouldn't be. While one site like this has emissions that are significant, you can imagine having 20,000 of these in one county, which we do in my home State of Colorado, and that cannot conceivably be rounded down to zero. That is the equivalent of several large power plants. We should look at them in the aggregate, where they are close to one another geographically. The aggregation requirement is actually intended to protect the public from small air pollution sources that might individually seem innocuous, but cumulatively account for large volumes of toxic substances that are put in the air. We have areas of Wyoming and northern Colorado that have worse air quality than Los Angeles, not because of one or two or ten extraction sites, but because of tens of thousands within an immediate vicinity. The oil and gas industry currently does not have to aggregate or pull together its small air pollution sources. They round them down to zero. Rounding one or two down to zero is not an issue. Rounding 20,000 in one county down to zero leads to dirtier air, higher asthma, higher cancer rates. If we round down every fracking pad to zero in an area where there are 100 of them, zero times 100 is still zero. But if we multiply a small amount of pollutants times 100, that can equal a great deal of pollutants, not to mention times 1,000, times 10,000. This provides a more holistic fix to make sure that our air is clean. My amendment also adds hydrogen sulfide to the Clean Air Act's Federal List of Hazardous Air Pollutants, which was originally on the list but was, in my opinion, wrongly removed by Congress. The Clean Air Act completely exempts hydrogen sulfide from the list, even though hydrogen sulfide [[Page H5959]] already has been scientifically associated as the cause of a number of health issues, including nausea; vomiting; headaches; and irritation of the eyes, nose, and throat. Hydrogen sulfide often may be released from well heads, pumps, piping, storage tanks, and flaring, which is what we are seeing here. In fact, 15 to 20 percent of all natural gas wells emit hydrogen sulfide, even though control technologies are inexpensive and are already deployed to curtail those hydrogen sulfide emissions. This amendment ensures our oil and gas industry takes the measures that we need to avoid the release of hydrogen sulfide into communities by adding hydrogen sulfide to the List of Hazardous Air Pollutants and by listing oil and gas wells as a source of hydrogen sulfide. My amendment simply makes the Clean Air Act work better. You can't round something significant down to zero, when you have a lot of them concentrated in a particular area. Of course, there is an impact on air quality from 1,000 or 10,000 wells that operate in one county. Mr. Chair, I encourage my colleagues to vote ``yes'' on my amendment, and I reserve the balance of my time. Mr. SHIMKUS. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR (Mr. Tipton). The gentleman from Illinois is recognized for 5 minutes. Mr. SHIMKUS. Mr. Chairman, the subject of H.R 806 is criteria pollutants and the National Ambient Air Quality Standards ***program***, not the hazardous air pollutants ***programs***, which my colleague is referring to. These two ***programs*** are addressed under different sections of the Clean Air Act. The whole title is Clean Air Act, but you have one section here dealing with national ambient air quality, and then you have another section on hazardous air aspects, which is what my colleague is trying to address. Criteria pollutants are addressed under section 107 and 110 and part C and D of title 1 of the Clean Air Act, while hazardous air pollutants fall under section 12. This amendment, moreover, is wholly unrelated to the purpose of H.R 806, which is to provide State regulators with additional time and flexibility, as we have heard throughout this debate, to implement ozone and other standards for criteria pollutants. H.R 806 makes process-related reforms to address practical implementation challenges identified by State regulators. This amendment would make substantive changes relating specifically to regulation of the oil and gas sector. This amendment would make significant changes to the Clean Air Act that did not receive any Energy and Commerce Committee consideration during the markup of this bill. The amendment would also circumvent the established regulatory process for listing new hazardous air pollutants set forth under the Clean Air Act. Mr. Chair, I urge a ``no'' vote on this amendment, and I reserve the balance of my time. Mr. POLIS. Mr. Chair, I would like to point out that the Rules Committee granted the necessary waivers to allow this amendment to be considered, as they often do, and this amendment was also considered in a similar bill last session. That is because it is relevant to the subject matter at hand. The Rules Committee often waives those requirements. This bill, as he pointed out, does two different things, both appearing in different sections of the Clean Air Act. My amendment will, very simply, make sure that oil and gas operators play by the same rules as other industries. It doesn't mean that flaring won't occur. It will, and it does. For those of us who live in and around fracking, that is a fact of life. What it means is, whereas, you have the argument the industry has made that if you have one or two of these sites and you round the profile of emissions down to zero, just simply doesn't hold water when you have 1,000 or 10,000 active wells in a very limited area. We can't round that down to zero. It is simple math. The profile of emissions from that site is greater than several large power plants, if you have 10,000 wells. Mr. Chair, I strongly urge my colleagues to vote ``yes'' on this amendment, and I yield back the balance of my time. Mr. SHIMKUS. Mr. Chairman, to my colleague from Colorado, sitting in with the Rules Committee yesterday, the question was asked: Would you accept this amendment or would you not? I said: I appreciate my colleagues on the Rules Committee. They will do the due diligence in agreeing which amendment comes to the floor or not. So it is good to see the Rules Committee has so much comradery and comity that they would allow someone from the committee to offer an amendment on the bill, but I still have to object because it splits this bill and tries to bring in air issues that are in the hazardous air ***program*** and jam it into this one where, basically, what we are trying to do is send a signal and allow communities to meet the 2008 standards before a new 2015 standard gets placed upon them 3 months after they do the implementing guidelines. It is really a process, a bill that makes it easier for people to comply. It really helps EPA more easily be able to evaluate the data and move us forward to a cleaner environment. Mr. Chair, I reluctantly hold my position that we should vote against the Polis amendment, and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Colorado (Mr. Polis). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. POLIS. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Colorado will be postponed. Amendment No. 5 Offered by Mr. McNerney The Acting CHAIR. It is now in order to consider amendment No. 5 printed in House Report 115-229. Mr. McNERNEY. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Strike section 6. The Acting CHAIR. Pursuant to House Resolution 451, the gentleman from California (Mr. McNerney) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from California. Mr. McNERNEY. Mr. Chair, I yield myself such time as I may consume. Mr. Chairman, this is an easy amendment to argue because it makes so much sense. I am going to ask to strike section 6 of the bill. Let me read that section: ``No additional funds are authorized to be appropriated to carry out the requirements of this Act and the amendments made by this Act. Such requirements shall be carried out using amounts otherwise authorized.'' In other words, they are going to be carried out without any funds. Mr. Chairman, I am going to move forward here and make the statement that the administration and House Republicans continue to add to the EPA's workload while cutting funding and hampering State and local agencies from providing the resources needed to protect public health. {time} 1615 This is surely unreasonable. In the case of H.R 806, it will continue to obstruct the EPA's ability to advance and improve our Nation's air and water quality. My congressional district has extremely poor air quality, which has caused a variety of health issues for my constituents. This bill does weaken the Clean Air Act. Specifically, it targets the implementation and enforcement of air pollution health standards. It also negatively impacts the budget for ***programs*** necessary to ensure that Americans can breathe clean air. This bill is in stark opposition to the public's overwhelming support of the Clean Air Act. According to the Center for American Progress, the Trump administration's EPA budget, which cuts more than $2 billion from the Agency's budget, shifts the cost of implementing clean air standards to the States. All of these cuts would be harmful to the 649,000 children and more than 2 million adults with asthma living in California. Every State agency that testified before the Energy and Commerce Subcommittee on the Environment stated [[Page H5960]] that more, not less, money is needed and that the Clean Air Act was working to protect the public's health and safety. I represent one of the worst air quality regions in the Nation, the San Joaquin Valley, and yet the San Joaquin Valley air district has been a leader in utilizing EPA grants and expertise to achieve emissions reductions from mobile sources, showing that this funding is beneficial. The valley continues to set emission levels to record lows and has reduced air pollution by over 80 percent. This data proves that the Clean Air Act works and creates a better standard of living for all Americans. The American Lung Association issued a State of the Air report for 2017 in the State of California. Most of its 28 counties received an F for air quality. We should be striving for better air quality. Grants like the EPA's Targeted Air Shed Grants and Diesel Emission Reductions Act help thousands of ***agriculture***, trucking, and other businesses acquire low-emitting tractors, trucks, and other equipment. This funding generates jobs and manufacturing here in the United States. These Federal funds have a great track record of benefiting our region, and it is a good investment. EPA estimates that for every dollar spent on DERA, more than $20 in health benefits are generated. That is $20 of health benefits for every dollar invested. All 50 States have these ***programs***. I also want to highlight how this bill, combined with other efforts by the Trump administration, will continue to negatively impact air quality and public health. Our States have made tremendous progress and a significant investment toward addressing climate change and public health. However, the Ozone Standards Implementation Act would take a step backward, destroying much of the progress, leading to a greater harm to public health and our economy. I urge a ``yes'' vote on this amendment, and I reserve the balance of my time. Mr. OLSON. Mr. Chair, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes. Mr. OLSON. Mr. Chair, first of all, I appreciate my colleagues's challenge back in the San Joaquin Valley. It is a very tough place with ozone. Fresno County is extreme for ozone, the San Joaquin Valley; Kern County is extreme for ozone, the San Joaquin Valley; Kings County is extreme for ozone, the San Joaquin Valley; Madera County is extreme for ozone, the San Joaquin Valley; Merced County is extreme for ozone, the San Joaquin Valley; San Joaquin County is extreme for ozone, the San Joaquin Valley; Stanislaus County is extreme for ozone, the San Joaquin Valley; Tulare County is extreme for ozone, the San Joaquin Valley. That is a tough problem for your own district in the San Joaquin Valley, but your amendment does not fix this problem in any way. Under this bill, the amount of resources that EPA needs to review proposed nonattainment designations and approving complex State implementation ***plans*** under 2015 ozone standards will be greatly reduced. EPA will do more with less. Therefore, EPA will be able to carry out the new requirements of this bill within existing authorizations, helping out the San Joaquin Valley. This amendment is unnecessary because the bill will reduce the implementation costs by eliminating redundant and overlapping Federal regulatory requirements. Less red tape means lower implementation costs. States testified that the bill will reduce the cost of EPA in their existing ozone ***programs*** while continuing to improve air quality and reduce ozone emissions. Our States have an excellent track record for cost-effective emission reductions over the last several decades. The State of Maine sums up the point of this bill exactly, and they have very little ozone problems. The director of Maine's Bureau of Air Quality testified before our committee: The changes, as proposed, in H.R 806 to delay final designations under the 2015 standard until 2025 and to extend the timeframe for standard review from 5 to every 10 years, including concurrently published clearly defined implementing regulations, would allow the due process to be followed and fulfilled. This would more effectively and efficiently utilize Federal, State, and individual facility resources to establish a standard and work for the improvement of air quality and the protection of the people of our Nation. This amendment is unnecessary. I urge my colleagues to oppose it, and I reserve the balance of my time. Mr. McNERNEY. Mr. Chair, how much time is remaining? The Acting CHAIR. The gentleman from California has 1 minute remaining, and the gentleman from Texas has 1 minute remaining. Mr. McNERNEY. Mr. Chair, I appreciate my colleague and friend from Texas pointing out that we have counties in San Joaquin Valley that have extreme ozone problems, but to ask to do more with less is not reasonable. It is the DERA grants given to the counties from the EPA's budget that have allowed the agencies to have the 80 percent reduction in air pollution. So taking that money away is not going to help. It is going to make matters worse. Our agencies aren't going to be able to do the things that they have been able to do, and they are not going to be able to continue those things. So I think saying that we can't put more money into air pollution reduction is not the answer. We need to be able to spend money to do this. Mr. Chair, I yield back the balance of my time. Mr. OLSON. Mr. Chairman, this bill ensures that EPA has the money to help the San Joaquin Valley and every part of America that is nonattainment for ozone with the funds they need as quickly as possible. EPA will be more and more and more efficient. I urge opposition to this amendment. Mr. Chair, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from California (Mr. McNerney). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. McNERNEY. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from California will be postponed. Amendment No. 6 Offered by Mr. McNerney The Acting CHAIR. It is now in order to consider amendment No. 6 printed in House Report 115-229. Mr. McNERNEY. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Strike all after the enacting clause and insert the following: SECTION 1. SHORT TITLE. This Act may be cited as the ``Air and Health Quality Empowerment Zone Designation Act of 2017''. SEC. 2. AIR AND HEALTH QUALITY EMPOWERMENT ZONES. (a) Designation of Air and Health Quality Empowerment Zones.-- (1) In general.--The Administrator may designate an area as an air and health quality empowerment zone if-- (A) the air pollution control district or other local governmental entity authorized to regulate air quality for the area submits an application under paragraph (2) nominating the area for such designation; and (B) the Administrator determines that-- (i) the information in the application is reasonably accurate; and (ii) the nominated area satisfies the eligibility criteria described in paragraph (3). (2) Nomination.--To nominate an area for designation under paragraph (1), the air pollution control district or other local governmental entity authorized to regulate air quality for the area shall submit to the Administrator an application that-- (A) demonstrates that the nominated area satisfies the eligibility criteria described in paragraph (3); and (B) includes a ***strategic*** ***plan*** that-- (i) is designed for-- (I) addressing air quality challenges and achieving attainment of air quality standards in the area; and (II) improving the health of the population in the area; (ii) describes-- (I) the process by which the district or local governmental entity is a full partner in the process of developing and implementing the ***strategic*** ***plan***; and (II) the extent to which local institutions and organizations have contributed to the ***planning*** process; (iii) identifies-- (I) the amount of State, local, and private resources that will be available for carrying out the ***strategic*** ***plan***; and [[Page H5961]] (II) the private and public partnerships to be used (which may include participation by, and cooperation with, institutions of higher education, medical centers, and other private and public entities) in carrying out the ***strategic*** ***plan***; (iv) identifies the funding requested under any Federal ***program*** in support of the ***strategic*** ***plan***; (v) identifies baselines, methods, and benchmarks for measuring the success of the ***strategic*** ***plan***; and (vi) includes such other information as may be required by the Administrator; and (C) provides written assurances satisfactory to the Administrator that the ***strategic*** ***plan*** will be implemented. (3) Eligibility criteria.--To be eligible for designation under paragraph (1), an area must meet all of the following criteria: (A) Nonattainment.--The area has been designated as being-- (i) in extreme nonattainment of the national ambient air quality standard for ozone; and (ii) in nonattainment of the national ambient air quality standard for PM2.5 (B) Unique sources.--The area had-- (i) emissions of oxides of nitrogen from farm equipment of at least 30 tons per day in calendar year 2011; (ii) emissions of volatile organic compounds from farming operations of at least 3 tons per day in calendar year 2010; or (iii) emissions of oxides of nitrogen from sources governed primarily through international law of at least 50 tons per day in calendar year 2010. (C) Air quality-related health effects.--As of the date of designation, the area meets or exceeds the national average per capita incidence of asthma. (D) Economic impact.--As of the date of designation, the area experiences unemployment rates higher than the national average. (E) Matching funds.--The air pollution control district or other local governmental entity submitting the ***strategic*** ***plan*** under paragraph (2) for the area agrees that it will make available (directly or through contributions from the State or other public or private entities) non-Federal contributions toward the activities to be carried out under the ***strategic*** ***plan*** in an amount equal to $1 for each $1 of Federal funds provided for such activities. Such non-Federal matching funds may be in cash or in-kind, fairly evaluated, including plant, equipment, or services. (4) Period of designation.--A designation under paragraph (1) shall remain in effect during the period beginning on the date of the designation and ending on the earlier of-- (A) the last day of the tenth calendar year ending after the date of the designation; or (B) the date on which the Administrator revokes the designation. (5) Revocation of designation.--The Administrator may revoke the designation under paragraph (1) of an area if the Administrator determines that-- (A) the area is in attainment with the national ambient air quality standards for PM2.5 and ozone; or (B) the air pollution control district or other local governmental entity submitting the ***strategic*** ***plan*** under paragraph (2) for the area is not complying substantially with, or fails to make progress in achieving the goals of, such ***strategic*** ***plan***. (b) Grants for Air and Health Quality Empowerment Zones.-- (1) In general.--For the purpose described in paragraph (2), the Administrator may award one or more grants to the air pollution control district or local governmental entity submitting the application under subsection (a)(2) on behalf of each air and health quality empowerment zone designated under subsection (a)(1). (2) Use of grants.--A recipient of a grant under paragraph (1) shall use the grant solely for the purpose of carrying out the ***strategic*** ***plan*** submitted by the recipient under subsection (a)(2). (3) Amount of grants.--The amount awarded under this subsection with respect to a designated air and health quality empowerment zone shall be determined by the Administrator based upon a review of-- (A) the information contained in the application for the zone under subsection (a)(2); and (B) the needs set forth in the application for those anticipated to benefit from the ***strategic*** ***plan*** submitted for the zone. (4) Timing of grants.--To the extent and in the amount of appropriations made available in advance, the Administrator shall-- (A) award a grant under this subsection with respect to each air and health quality empowerment zone on the date of designation of the zone under subsection (a)(1); and (B) make the grant funds available to the grantee on the first day of the first fiscal year that begins after the date of such designation. (c) Definitions.--In this section: (1) Administrator.--The term ``Administrator'' means the Administrator of the Environmental Protection Agency. (2) PM2.5 --The term ``PM2.5'' means particulate matter with a diameter that does not exceed 2.5 micrometers. SEC. 3. REPORT TO CONGRESS. Not later than 5 years after the date of the enactment of this Act, the Administrator of the Environmental Protection Agency-- (1) shall submit a report to the Congress on the impact of this Act; and (2) may include in such report a description of the impact of this Act in regard to-- (A) the reduction of particulate matter and nitrogen oxides emissions; (B) the reduction of asthma rates and other health indicators; and (C) economic indicators. Amend the title so as to read: ``A bill to provide for the designation of, and the award of grant with respect to, air and health quality empowerment zones.''. The Acting CHAIR. Pursuant to House Resolution 451, the gentleman from California (Mr. McNerney) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from California. Mr. McNERNEY. Mr. Chair, I yield myself such time as I may consume. Mr. Chairman, H.R 806 does have a couple of provisions that would be helpful to the air district in my region to avoid economic sanctions for failing to meet certain standards when very specific criteria are met. However, the underlying bill, as a whole, is completely unacceptable and has been called the most irresponsible attack on the Clean Air Act health standards ever introduced. The Clean Air Act works. It saves lives. It has improved the environment. I am privileged to represent a portion of the San Joaquin Valley which, as was pointed out in the prior amendment, has extreme ozone problems. We ***produce*** more than half of the Nation's fruits, nuts, and vegetables. Unfortunately, the valley has recently been rebounding from an economic downturn and is continually hurt by poor air quality. Action is needed. This amendment seeks to address the serious health issues that are a direct result of the poor air quality in the San Joaquin Valley and other regions that are most at risk. The amendment provides a grant ***program*** for areas that are in nonattainment of PM 2.5, extreme nonattainment of ambient air quality standards, and those with high rates of asthma and unemployment. It requires a dollar-for-dollar matching from the districts receiving the grant. California has 7 of the top 10 most polluted metropolitan areas and 11 of the worst 25 nationwide. There are millions of people at risk in the valley and south coast due to high levels of PM 2.5 and ozone, including children, seniors, and those with chronic illnesses. San Joaquin Valley counties received F grades for their air quality by the American Lung Association. Our kids deserve to be healthy, attend school, and live in a clean air environment. Studies have shown that high-quality air standards would prevent thousands of premature deaths in the valley and that it would work to prevent heart attacks, emergency room visits, and missed school- and workdays. One study estimated that in the Los Angeles-Long Beach-Glendale area, about 2.9 million people missed work or schooldays and were otherwise negatively affected from conducting normal activities due to poor air quality. Valley children miss hundreds of thousands of days of school each year, and about one in five living in the valley has asthma. Illnesses related to poor air quality cost the valley billions, annually. H.R 806 will be a step backward. That is why I have offered this substitute amendment that would allow the EPA to target and work with our Nation's most affected regions, like those in the valley and the south coast. This is about addressing our environment, the air we breathe, and helping those most at risk. At the same time, California has been cleaning the air. Its economy has continued to grow. In 2016, California's nonfarm employment increased by 2.6 percent, compared to 1.7 percent nationwide. In 2009, California's clean energy industry created $2.7 billion and employed 123,000 people. By 2020, we expect it to grow to over $140 billion with 345,000 employed. California's success is proof that H.R 806 is unnecessary. I urge adoption of my amendment, and I reserve the balance of my time. Mr. SHIMKUS. Mr. Chair, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Illinois is recognized for 5 minutes. Mr. SHIMKUS. Mr. Chairman, I would like to thank my colleague for his impassioned discussion, especially of his area. We all have a lot of friends here. It is hard for the public to believe I am on both sides of the aisle, so it [[Page H5962]] saddens me to have to speak in opposition to this amendment. This is doing, similarly, what I had to address with Congressman Polis in that it is taking a bill in which we are trying to streamline the processes and then somehow creating a grant ***program*** out of the money. I don't know where this money is coming from, whether it is coming from the supposed savings from nonimplementation. But as my colleague from Texas mentioned, the process, as you followed through the committee, is to say: How do you force people who are just told how to comply with 2008 standards, how do you then turn around and give them 2015 standards when they were just told how to comply 3 months prior? And so what we have tried to do in this piece of legislation is to say let's allow people to move forward on 2008 while making sure that the 2015 standards occur with a deadline of 2025. That is the basic premise. And it also addresses the issue of, and I know, there are parts of the country where they can do all that they can do and they are not going to meet the standards because of what is being imported from other regions, maybe, in your case, from Asia or from San Francisco or those areas. So how do you end up punishing an area when they are doing everything that they humanly can do? There is some great, obviously, statistics that you have shared of the success in that region, although they are still stressed under the current standards. {time} 1630 So your amendment would eliminate the widely supported reforms in this bill. And I read, and we will have submitted for the Record, the 145-plus organizations that support it, plus the five or ten that we addressed earlier from the markup, and then really kind of apply only to a few parts of the country versus the entire country as a whole. Across the Nation, States and communities struggle to implement these standards, and we are trying to streamline that process. This amendment would deprive communities across the Nation of the benefits of H.R 806. It would reduce red tape, relief from the sanctions and penalties for emissions that are outside their control, as I said earlier, and streamline the implementation of the standards. Mr. Chair, I appreciate my friend and colleague. I know it is a tough environment we are trying to address, especially some of those concerns. Mr. Chair, I still urge my colleagues to vote ``no,'' and I reserve the balance of my time. Mr. McNERNEY. Mr. Chair, how much time is remaining? The Acting CHAIR. The gentleman from California has 1\1/2\ minutes remaining. Mr. McNERNEY. Mr. Chair, clearly everybody wants clean air, and I don't doubt that for a second, and I appreciate the effort that is being made to streamline the implementation of clean air. But my questions are: Is this going to be a message bill? Or is this something we are actually going to get signed into law? And my answer rhetorically is that if you want to get something signed into law, you really have to work on both sides of the aisle. Now, there are a couple provisions in the bill that I think are completely objectionable. There may be room for compromise. The 10-year extension seems out of bounds to me. Technology moves much faster than 10 years. The idea that technical achievability can be taken into account really does lose sight of the important aspect of the Clean Air Act, which is that we want to protect people's health. So among other things, if you want to actually get something done, if you want to actually work across the aisle and get something that we may get signed into law, work with us. Otherwise, I am going to have to put forward this amendment that replaces the ozone 805 and replaces it with something that actually works. Mr. Chair, I urge my colleagues to support this amendment, and I yield back the balance of my time. Mr. SHIMKUS. Mr. Chairman, I agree with my colleague that this doesn't rise to the standard of the other bills that we will be bringing in a bipartisan manner, and we kind of raised that initially at the beginning. And it is, I think, to both of our losses. But having said that, my colleague, Congressman Olson, the author of the bill, did get a couple Democrats to sponsor the primary piece of legislation, and there is a Senate companion bill, S. 263, which we hope will be passed by the Senate. So we are a little more optimistic that this can get over the finish line than Mr. McNerney might be, but, again, we will continue to work together where we can work together, and respectfully disagree when we have disagreements. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from California (Mr. McNerney). The amendment was rejected. Announcement by the Acting Chair The Acting CHAIR. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments printed in House Report 115-229 on which further proceedings were postponed, in the following order: Amendment No. 1 by Ms. Castor of Florida. Amendment No. 2 by Mr. Tonko of New York. Amendment No. 3 by Mr. Beyer of Virginia. Amendment No. 4 by Mr. Polis of Colorado. Amendment No. 5 by Mr. McNerney of California. The Chair will reduce to 2 minutes the minimum time for any electronic vote after the first vote in this series. Amendment No. 1 Offered by Ms. Castor of Florida The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from Florida (Ms. Castor) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This will be a 15-minute vote. The vote was taken by electronic device, and there were--ayes 194, noes 232, not voting 7, as follows: [Roll No. 385] AYES--194 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Conyers Cooper Correa Costa Courtney Crist Crowley Cuellar Davis (CA) Davis, Danny DeFazio DeGette Delaney DeLauro DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Jones Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Mast Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Perlmutter Peters Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Reichert Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela [[Page H5963]] Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOES--232 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Bridenstine Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Culberson Curbelo (FL) Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Diaz-Balart Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Garrett Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Graves (GA) Graves (LA) Graves (MO) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Loudermilk Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poe (TX) Posey Reed Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Ros-Lehtinen Roskam Ross Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Sinema Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--7 Cummings Granger Labrador Napolitano Pelosi Ratcliffe Scalise {time} 1704 Messrs. MARSHALL, PERRY, PALMER, MOONEY of West Virginia, Mrs. McMORRIS RODGERS, and Mr. DUFFY changed their vote from ``aye'' to ``no.'' Messrs. BUTTERFIELD, SCHRADER, POLIS, and HOYER changed their vote from ``no'' to ``aye.'' So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 2 Offered by Mr. Tonko The Acting CHAIR (Mr. Hultgren). The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from New York (Mr. Tonko) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 182, noes 241, not voting 10, as follows: [Roll No. 386] AYES--182 Adams Aguilar Barragan Bass Bera Beyer Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Clyburn Cohen Connolly Conyers Cooper Correa Costa Courtney Crist Crowley Cuellar Curbelo (FL) Davis (CA) Davis, Danny DeFazio DeGette Delaney DeLauro DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Engel Eshoo Espaillat Esty (CT) Evans Faso Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Green, Al Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Mast Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Nadler Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Perlmutter Peters Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Ros-Lehtinen Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Scott (VA) Scott, David Serrano Shea-Porter Sherman Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOES--241 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (GA) Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Bridenstine Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Cleaver Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Culberson Davidson Davis, Rodney Denham Dent DeSantis Diaz-Balart Donovan Duffy Duncan (SC) Duncan (TN) Dunn Ellison Emmer Estes (KS) Farenthold Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Garrett Gianforte Gibbs Gohmert Gonzalez (TX) Goodlatte Gosar Gottheimer Gowdy Graves (GA) Graves (LA) Graves (MO) Green, Gene Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Loudermilk Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (FL) Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poe (TX) Poliquin Posey Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Roskam Ross Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schrader Schweikert Scott, Austin Sensenbrenner Sessions Sewell (AL) Shimkus Shuster Simpson Sinema Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--10 Beatty Cummings DesJarlais Granger Kaptur Labrador Napolitano Pelosi Ratcliffe Scalise Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1708 So the amendment was rejected. [[Page H5964]] The result of the vote was announced as above recorded. Amendment No. 3 Offered by Mr. Beyer The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Virginia (Mr. Beyer) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 191, noes 235, not voting 7, as follows: [Roll No. 387] AYES--191 Adams Aguilar Barragan Bass Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Conyers Cooper Correa Courtney Crist Crowley Cuellar Curbelo (FL) Davis (CA) Davis, Danny DeFazio DeGette Delaney DeLauro DelBene Demings Dent DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Mast Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Neal Nolan Norcross O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Ros-Lehtinen Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sires Slaughter Soto Speier Stefanik Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOES--235 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Bridenstine Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costa Costello (PA) Cramer Crawford Culberson Davidson Davis, Rodney Denham DeSantis DesJarlais Diaz-Balart Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Garrett Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Graves (GA) Graves (LA) Graves (MO) Green, Gene Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. 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Roskam Ross Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Sinema Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--7 Beatty Cummings Granger Labrador Napolitano Scalise Smith (WA) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1712 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 4 Offered by Mr. Polis The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Colorado (Mr. Polis) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 186, noes 242, not voting 5, as follows: [Roll No. 388] AYES--186 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Conyers Cooper Correa Courtney Crist Crowley Davis (CA) Davis, Danny DeFazio DeGette Delaney DeLauro DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gottheimer Green, Al Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOES--242 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black [[Page H5965]] Blackburn Blum Bost Brady (TX) Brat Bridenstine Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costa Costello (PA) Cramer Crawford Cuellar Culberson Curbelo (FL) Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Diaz-Balart Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Garrett Gianforte Gibbs Gohmert Gonzalez (TX) Goodlatte Gosar Gowdy Graves (GA) Graves (LA) Graves (MO) Green, Gene Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Loudermilk Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poe (TX) Poliquin Posey Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Ros-Lehtinen Roskam Ross Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Veasey Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--5 Cummings Granger Labrador Napolitano Scalise Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1716 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 5 Offered by Mr. McNerney The Acting CHAIR (Mr. Womack). The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from California (Mr. McNerney) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 190, noes 236, not voting 7, as follows: [Roll No. 389] AYES--190 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Conyers Cooper Correa Costa Courtney Crist Crowley Curbelo (FL) Davis (CA) Davis, Danny DeFazio DeGette Delaney DeLauro DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. 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Accordingly, the Committee rose; and the Speaker pro tempore (Mr. Hultgren) having assumed the chair, Mr. Womack, Acting Chair of the Committee of the Whole House on the state [[Page H5966]] of the Union, reported that that Committee, having had under consideration the bill (H.R 806) to facilitate efficient State implementation of ground-level ozone standards, and for other purposes, and, pursuant to House Resolution 451, he reported the bill back to the House with an amendment adopted in the Committee of the Whole. The SPEAKER pro tempore. Under the rule, the previous question is ordered. The question is on the amendment in the nature of a substitute. The amendment was agreed to. The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill. The bill was ordered to be engrossed and read a third time, and was read the third time. Motion to Recommit Mr. CARTWRIGHT. Mr. Speaker, I have a motion to recommit at the desk. The SPEAKER pro tempore. Is the gentleman opposed to the bill? Mr. CARTWRIGHT. I am opposed. The SPEAKER pro tempore. The Clerk will report the motion to recommit. The Clerk read as follows: Mr. Cartwright moves to recommit the bill H.R 806 to the Committee on Energy and Commerce with instructions to report the same back to the House forthwith, with the following amendment: At the end of the bill, add the following new section: SEC. 7. LIMITATION. This Act and the amendments made by this Act shall not apply if the Clean Air Scientific Advisory Committee, in consultation with the Director of the Congressional Budget Office, finds that application of this Act and the amendments made by this Act could increase, with respect to Americans without access to affordable, comprehensive health insurance, any of the following health impacts: (1) Asthma attacks. (2) Hospitalizations or emergency room visits for those with respiratory or cardiovascular disease. (3) The risk of preterm birth, babies born with low birth weight, or impaired fetal growth. (4) The risk of heart attacks, stroke, or premature death. (5) Reproductive, developmental, or other serious harms to human health. Mr. CARTWRIGHT (during the reading). Mr. Speaker, I ask unanimous consent to dispense with the reading. The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania? There was no objection. The SPEAKER pro tempore. The gentleman from Pennsylvania is recognized for 5 minutes Mr. CARTWRIGHT. Mr. Speaker, the Ozone Act, or perhaps more accurately, the ``Smoggy Skies Act,'' will put our communities at risk and dangerously harm public health. The delays and exemptions in this act are unprecedented. They will cut critical portions of the Clean Air Act to the detriment of our Nation and our people's health. This motion to recommit is simple. If the Clean Air Scientific Advisory Committee, which is an independent group of nationally recognized experts, if they believe that this act will increase asthma attacks, increase emergency room visits, increase pre-term births, increase impaired fetal growth, lead to an increased risk of heart attack, stroke, premature death, then the act will not go into effect. Now I ask, what is more important or fundamental as the representatives of the people than to ensure that our actions do not bring harm to the American people? How can we go home to our constituents and look a mother in the eye and say we voted for something that could make her child sick? How can we visit a school if we voted for something that could spike rates of asthma? We originally passed the bipartisan Clean Air Act to protect the health of our people. As we vote to partially dismantle it today, at least we should ensure scientists certify that we are doing no harm to the American people. Some of my colleagues may vote against this motion to recommit because they already know this act will have a devastating impact on the American people's health. Plain and simple, ozone is a pollutant. It is the leading component of smog. It causes chest pain, shortness of breath, respiratory infections, asthma attacks, acute bronchitis, and even premature death. Smog is linked to 16,000 preterm births per year. Exposure to ozone in the womb and in childhood causes permanent lung damage. The new ozone standards could prevent 230,000 childhood asthma attacks per year. Delaying implementation of the new ozone standards will only sentence more and more children to lifelong lung disease. When setting the new ozone standards, the EPA used the best available science and reviewed hundreds of studies on the negative health effects of ozone. One conclusion was clear: the current standards do not protect the American people. My Republican colleagues here recently passed legislation that would have taken healthcare away from 22 million people. Now we are considering a bill that would make our Nation sicker, a bill that would hurt our most vulnerable: babies, infants, schoolchildren, the elderly. For good reasons, this bill is opposed by the American Academy of Pediatrics, the American Heart Association, the American Lung Association, the American Public Health Association, the National Association of County and City Health Officials, and many, many more. These experts know that this bill is nothing more than a recipe for increased sickness and more suffering. We know that people are being harmed by ozone. We have a duty to our citizens to raise the bar and protect their health. This is the people's House. We are here to protect the people. We are here to fight for the most vulnerable among us and not to represent special interests. We need to be the body to promote health, not take away healthcare. We need to fight for kids, not make them sick. We need to clean our air, not protect polluters. Mr. Speaker, support this amendment and make sure this bill is not the health catastrophe all the experts know that it is. Mr. Speaker, I yield back the balance of my time. Mr. SHIMKUS. Mr. Speaker, I rise in opposition to the motion to recommit. The SPEAKER pro tempore. The gentleman from Illinois is recognized for 5 minutes. Mr. SHIMKUS. Mr. Speaker, to my colleagues and friends, I appreciate the debate. Those who followed it here, just a couple of points. The question is: Why are we here today? In 2008, the EPA established ozone standards, and then it took the EPA 7 years to tell communities how to comply with those 2008 standards. It is the truth. I am just telling you the truth. Three months later, after they told the communities how to comply, they said: Now we are going to give you 2015 standards. That is why we are here. We are just here trying to say that if the EPA is going to establish standards, then they ought to say: We are going to give you the guidelines on how to comply now, not 7 years later. So what this bill does is allow communities to meet the 2008 standards. It doesn't roll back any standards. It says meet the 2008 standards. In fact, we don't even say roll back the 2015 standards. We just say, give the communities time to comply with the 2015 standards. This motion is a distraction. Let's reject it, and move to pass the bill. Mr. Speaker, I yield back the balance of my time. The SPEAKER pro tempore. Without objection, the previous question is ordered. There was no objection. The SPEAKER pro tempore. The question is on the motion to recommit. The question was taken; and the Speaker pro tempore announced that the noes appeared to have it. Recorded Vote Mr. CARTWRIGHT. Mr. Speaker, I demand a recorded vote. A recorded vote was ordered. The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of passage. This is a 5-minute vote. The vote was taken by electronic device, and there were--ayes 191, noes 235, not voting 7, as follows: [Roll No. 390] AYES--191 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blum Blumenauer Blunt Rochester Bonamici [[Page H5967]] Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Conyers Cooper Correa Costa Courtney Crist Crowley Cuellar Davis (CA) Davis, Danny DeFazio DeGette Delaney DeLauro DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Jones Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Wilson (FL) Yarmuth NOES--235 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Bost Brady (TX) Brat Bridenstine Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Culberson Curbelo (FL) Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Diaz-Balart Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Garrett Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Graves (GA) Graves (LA) Graves (MO) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Loudermilk Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poe (TX) Poliquin Posey Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Ros-Lehtinen Roskam Ross Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--7 Cummings Granger Labrador Napolitano Ruppersberger Scalise Welch Announcement by the Speaker Pro Tempore The SPEAKER pro tempore (during the vote). There are 2 minutes remaining. {time} 1736 So the motion to recommit was rejected. The result of the vote was announced as above recorded. The SPEAKER pro tempore. The question is on the passage of the bill. The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it. Recorded Vote Mr. TONKO. Mr. Speaker, I demand a recorded vote. A recorded vote was ordered. The SPEAKER pro tempore. This is a 5-minute vote. The vote was taken by electronic device, and there were--ayes 229, noes 199, not voting 5, as follows: [Roll No. 391] AYES--229 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (GA) Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Bridenstine Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costa Costello (PA) Cramer Crawford Cuellar Culberson Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Diaz-Balart Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Garrett Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Graves (GA) Graves (LA) Graves (MO) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. 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Maloney, Sean Mast Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Reichert Rice (NY) Richmond Ros-Lehtinen Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sanford Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Stefanik Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOT VOTING--5 Cummings Granger Labrador Napolitano Scalise {time} 1743 So the bill was passed. The result of the vote was announced as above recorded. A motion to reconsider was laid on the table. PERSONAL EXPLANATION Mrs. NAPOLITANO. Mr. Speaker, I was absent during rollcall votes No. 385, No. 386, No. 387, No. 388, No. 389, No. 390, and No. 391 due to my spouses's health situation in California. Had I been present, I would have voted ``yea'' on the Castor Amendment. I would have also voted ``yea'' on the Tonko Amendment. I would have also voted ``yea'' on the Beyer Amendment. I would have also voted ``yea'' on the Polis Amendment. I would have also voted ``yea'' on the McNerney Amendment 5. I would have also voted ``yea'' on the Democratic Motion to Recommit H.R 806. I would have also voted ``nay'' on the Final Passage of H.R 806--Ozone Standards Implementation Act of 2017.

**Load-Date:** August 1, 2017

**End of Document**



[***-Compass Minerals Reports Solid Fourth-Quarter and Full-Year Results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RN7-X7G1-F0K1-N0KW-00000-00&context=1516831)

ENP Newswire

February 15, 2018 Thursday

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**Length:** 2842 words

**Body**

Compass Minerals reported reported a year-over-year increase in fourth-quarter revenue and operating earnings driven by improved Plant Nutrition South America results, which more than offset weather-driven weakness in the company's Salt business.

Fourth-Quarter Highlights

Solid demand drove year-over-year increases in revenue for Plant Nutrition business

Salt results pressured by a late start to winter

One-time tax charges reduced fourth-quarter 2017 results to a loss of $ 0.13 per diluted share; excluding the tax charges, earnings per diluted share were $ 1.66

Full-Year Highlights

Produquimica fully integrated, contributed approximately $ 375 million in revenue and $ 49 million in operating earnings

Most major capital investment projects to drive long-term growth completed

Achieved $ 12 million in on-going savings from cost reduction ***program***

'While this has been a challenging year for Compass Minerals, our results are demonstrating the value of our strategy to balance our winter weather exposure by growing our plant nutrition business with a strong focus on innovative specialty products,' said Fran Malecha, Compass Minerals' president and CEO.

'Further, we have completed key capital investments critical to increasing our production capabilities and efficiency, while still returning almost $ 100 million directly to shareholders through our dividend. I believe our actions have positioned the company for significant top and bottom line growth and improved free cash flow over the next several years.'

Full-year net earnings declined to $ 42.7 million, or $ 1.25 per diluted share, from $ 162.7 million, or $ 4.79 per diluted share in 2016. Excluding special items for each year, 2017 full-year net earnings were $ 93.3 million, or $ 2.75 per diluted share, compared to $ 111.2 million, or $ 3.27 per diluted share in 2016.

Total revenue in the fourth quarter increased 3 percent to $ 457.9 million from the prior-year fourth quarter. For the full year, the company reported total revenue of $ 1.36 billion compared to $ 1.14 billion in 2016. This 20 percent increase was primarily attributed to the full-year inclusion of Plant Nutrition South America results, partially offset by a year-over-year reduction in Salt segment revenue. The Plant Nutrition South America segment was formed in October 2016 following the completion of the Produquimica acquisition.

Consolidated operating earnings in the fourth quarter of 2017 increased 23 percent from prior-year results of $ 65.3 million. The 2016 fourth quarter results included a one-time asset impairment charge of $ 3.1 million in the Plant Nutrition North America segment and additional acquisition-related expenses of $ 8.4 million in the Plant Nutrition South America segment. Excluding these special items, consolidated operating earnings improved 5 percent as increased earnings in the Plant Nutrition South America segment offset a year-over-year decline in Salt segment earnings.

Full-year 2017 consolidated operating earnings of $ 159.2 million were negatively impacted by a 31 percent year-over-year decline in Salt operating earnings, which was partially offset by the addition of the Plant Nutrition South America segment and increased Plant Nutrition North America operating earnings.

SALT SEGMENT

Salt segment fourth-quarter revenue declined 2 percent from prior year as a modest increase in highway deicing revenue partially offset lower consumer and industrial results. The increase in highway deicing revenue was primarily driven by improved deicing sales in the U.K. compared to last year. The late start to winter weather in North America, however, limited sales of consumer and commercial deicing products and drove a 10 percent decline in consumer and industrial sales volumes.

For the full year, Salt segment revenue decreased $ 42.7 million as mild winter weather reduced Salt sales volumes by 5 percent and total average selling prices by 1 percent.

Salt segment operating earnings declined 8 percent in the fourth quarter of 2017 from 2016 results. This decrease was driven by increased shipping and handling costs resulting from an unfavorable geographic sales mix, combined with increased freight rates and fuel costs.

For the full year, the Salt segment generated $ 138.0 million in operating earnings compared to $ 200.6 million in 2016. Salt segment operating margin for 2017 declined to 17.9 percent from 24.7 percent in 2016 due to increased product and logistics costs, as well as lower average selling prices.

Winter Weather Effect

The company recorded 57 fourth-quarter 2017 winter weather events in the 11 cities the company tracks, which was above the 10-year average of 45.2. Much of the increased winter weather activity occurred in eastern U.S. geographies where the company typically has fewer highway deicing sales contracts. In addition many of the snow events occurred in the last two weeks of December, thus having a limited impact on fourth-quarter 2017 sales. As a result, the company estimates that variations from average winter weather had a negative impact on fourth-quarter 2017 Salt segment sales and earnings.

PLANT NUTRITION NORTH AMERICA

Revenue generated by the Plant Nutrition North America segment grew 12 percent from fourth quarter 2016 results primarily due to an 11 percent increase in sales volumes. A modest year-over-year increase in the average selling price for Plant Nutrition North America products was driven by an increase in sales of higher value micronutrients.

For the full year, the segment generated $ 210 million in revenue, which was 3 percent above prior-year results driven by increased sales volumes.

Fourth-quarter 2017 operating earnings for the segment were $ 10.2 million compared to $ 8.0 million in the prior-year quarter. The 2016 results included a $ 3.1 million charge related to an asset impairment. As a percent of sales, Plant Nutrition North America generated an operating margin of 14.6 percent compared to an adjusted operating margin of 17.7 percent in the fourth quarter of 2016. The year-over-year margin decline was primarily attributable to increased shipping and handling cost related to freight rate pressures. In addition, increased depreciation expense due to the final commissioning of new equipment at the company's Ogden, Utah, manufacturing facility further pressures operating margin.

Revenue growth and lower production costs lifted full-year 2017 operating earnings 31 percent above 2016 GAAP operating results and 19 percent when adjusting for special items. Operating and EBITDA margins for full-year 2017 also expanded from prior-year results.

PLANT NUTRITION SOUTH AMERICA

Fourth-quarter 2017 revenue in the Plant Nutrition South America segment grew 10 percent from prior-year results as sales volumes rose 6 percent and average selling prices increased 3 percent. Strong demand for the company's innovative specialty plant nutrients drove both the increased sales volumes and improved average selling price.

The segment generated operating earnings of $ 25.1 million, compared to $ 8.0 million in the fourth quarter of 2016. The prior-year results included acquisition-related costs of approximately $ 8.4 million. When compared to 2016 adjusted operating earnings, 2017 fourth-quarter operating earnings rose 53 percent driven by increased sales of higher value ***agriculture*** products. This improved sales mix also ***produced*** a significant improvement in the segment's operating margin which expanded to 20.2 percent.

For the full year, while sales volumes of our high-value, innovative specialty plant nutrients sold directly to growers were stronger than 2016, ***agriculture*** sales volumes to distributors declined as did the segment's chemical solutions sales volumes. As a result, Plant Nutrition South America sales volumes were below company expectations and approximately 9 percent below 2016 results, which included periods during which Compass Minerals did not have complete ownership.

OTHER FINANCIAL HIGHLIGHTS

Two significant tax developments materially impacted 2017 net earnings and increased tax expense for the 2017 fourth-quarter to $ 67.7 million compared to $ 10.5 million in fourth-quarter 2016. The largest impact resulted from the U.S. Tax Cuts and Jobs Act, which requires a one-time tax on un-remitted foreign earnings. Based on current company estimates, this one-time tax totals approximately $ 55.2 million. The total reported tax was partially offset by a remeasurement of the company's deferred tax liabilities, which resulted in a tax benefit of approximately $ 8.4 million. Going forward, the company expects to have low-cost access to all foreign earnings, which should provide greater financial flexibility.

In addition, the company recorded a net tax expense of $ 13.8 million in the 2017 fourth quarter related to the company's Canadian tax positions for the years 2007 through 2016 as a result of a settlement with Canadian and U.S. tax authorities. This agreement, in addition to the previously disclosed favorable ruling regarding Canadian federal tax reassessments for 2004 through 2006, significantly reduces the company's remaining potential tax liabilities from disputed reassessments.

Selling, general and administrative (SG&A) expenses for full-year 2017 rose $ 42.5 million from 2016 results primarily due to the full-year inclusion of Produquimica which was acquired in October 2016. The increase was partially offset by cost savings initiatives that were introduced in July 2017.

OUTLOOK

The company expects that increased winter weather activity in late December and January will benefit 2018 Salt segment results and currently anticipates full-year 2018 Salt segment sales volumes to exceed 2017 results and the company's 10-year average of 11.7 million tons. Assuming average winter weather continues, revenue for the first half of 2018 is expected to increase when compared to prior-year results, which were negatively impacted by lower winter weather demand for deicing products. A combination of high cost carry-over inventory and increased shipping and handling costs are expected to pressure Salt segment operating margins for the first half of 2018.

Steady growth in demand for the company's sulfate of potash and innovative micronutrient products is expected to lift full-year Plant Nutrition North America2018 volumes above 2017 results. Given our view of spring fertilizer demand, the company anticipates a modest year-over-year increase in first-half 2018 revenue. The segment's operating margin is expected to decline for the first half of the year as a result of increased logistics costs and depreciation expense.

In our Plant Nutrition South America segment, we expect the positive momentum we have experienced with our innovative, high-value specialty plant nutrients to push full-year sales volumes and first-half revenue ahead of 2017 results.

Given this outlook and current expectations regarding the company's full-year effective tax rate and interest expense, the company has established a full-year EPS guidance range of $ 2.75 to $ 3.25 per diluted share.

DIVIDEND DECLARED

The Board of Directors of Compass Minerals has approved a dividend for the first quarter of 2018 of $ 0.72 per share. This dividend is payable March 15, 2018, to shareholders of record as of the close of business on March 1, 2018.

'This dividend is a compelling indicator of the Board of Directors' confidence in our strategy for growth and value creation, particularly given the headwinds we've faced,' said Mr. Malecha. 'By keeping the dividend at its current rate, which represents an attractive yield of more than 4 percent, we expect to have greater financial flexibility to continue executing our ***strategic*** ***plan***, while still demonstrating our commitment to return value directly to shareholders.'

About Compass Minerals

Compass Minerals is a leading provider of essential minerals that provide solutions to nature's challenges, including salt for winter roadway safety and other consumer, industrial and ***agricultural*** uses, and specialty plant nutrition minerals that improve the quality and yield of crops. The company ***produces*** its minerals at locations throughout the U.S., Canada, Brazil and the U.K.

Non-GAAP Measures

Management uses a variety of measures to evaluate the company's and its operating segments' performance. While the consolidated financial statements provide an understanding of the company's overall results of operations, financial condition and cash flows, management analyzes components of the consolidated financial statements to identify certain trends and evaluate specific performance areas. In addition to using U.S. generally accepted accounting principles ('GAAP') financial measures, management uses EBITDA and EBITDA adjusted for items which management believes are not indicative of the company's ongoing operating performance ('Adjusted EBITDA'), both non-GAAP financial measures, to evaluate the operating performance of the company's core business operations because its resource allocation, financing methods and cost of capital, and income tax positions are managed at a corporate level, apart from the activities of the operating segments, and the operating facilities are located in different taxing jurisdictions, which can cause considerable variation in net income. The company also uses EBITDA and Adjusted EBITDA to assess its overall and operating segment operating performance and return on capital against other companies, and to evaluate potential acquisitions or other capital projects. EBITDA and Adjusted EBITDA are not calculated under GAAP and should not be considered in isolation or as a substitute for net income, operating earnings, cash flows or other financial data prepared in accordance with GAAP or as a measure of overall profitability or liquidity. EBITDA and Adjusted EBITDA exclude interest expense, income taxes and depreciation and amortization, each of which are an essential element of the company's cost structure and cannot be eliminated. Consequently, any measure that excludes these elements has material limitations. While EBITDA and Adjusted EBITDA are frequently used as measures of operating performance, these terms are not necessarily comparable to similarly titled measures of other companies due to the potential inconsistencies in the method of calculation.

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation statements about the company's ability to position itself for growth and improved free cash flow; low-cost access to foreign earnings, financial flexibility; demand growth; growth and value creation strategy; commitments to return value to shareholders and the company's outlook for the first half of 2018 and the full year of 2018, including its expectations regarding earnings per share ('EPS'), revenue, volumes, operating earnings margin, corporate and other expense, interest expense, depreciation, depletion and amortization, capital expenditures and tax rates. We use words such as 'may,' 'would,' 'could,''should,' 'will,' 'likely,' 'expect,''anticipate,' 'believe,' 'intend,' '***plan***,' 'forecast,' 'outlook,' 'project,' 'estimate' and similar expressions suggesting future outcomes or events to identify forward-looking statements or forward-looking information. These statements are based on the company's current expectations and involve risks and uncertainties that could cause the company's actual results to differ materially. The differences could be caused by a number of factors, including without limitation (i) weather conditions, (ii) pressure on prices and impact from competitive products, (iii) any inability by the company to fund necessary capital expenditures or successfully implement any capital projects, (iv) foreign exchange rates and the cost and availability of transportation for the distribution of the company's products, (v) the ability to successfully integrate acquired businesses, and (vi) any inability by the company to successfully implement its restructuring ***plans*** or cost-saving initiatives. For further information on these and other risks and uncertainties that may affect the company's business, see the 'Risk Factors' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' sections of the company's Annual Report on Form 10-K for the year ended December 31, 2017 to be filed with the SEC and its Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2017 filed with the SEC. The company undertakes no obligation to update any forward-looking statements made in this press release to reflect future events or developments. Because it is not possible to predict or identify all such factors, this list cannot be considered a complete set of all potential risks or uncertainties.

Contact:

Theresa L. Womble

Tel: +1-913-344-9362

Email: [*womblet@compassminerals.com*](mailto:womblet@compassminerals.com)

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

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[***Reducing risk and leveraging markets: The impact of financial structure on federal contractor performance***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BND-9V51-JBMY-H007-00000-00&context=1516831)

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**ABSTRACT**

This paper analyzes how financial controls, as established through the payment structure, are used and whether they influence federal contractor performance. These payment structures include variants on three primary types of contract: firm fixed-price, cost-reimbursement, and time-and-materials. Each of these payment structures creates different performance incentives for contractors, provides government contract managers with varying levels of information on contractor activities, and alters the dispersion of risk between the partners. The Federal Acquisition Regulation (FAR) prefers fixed-price contracts whenever possible, as they theoretically place the risk on the contractor, who is required to finish the work for the allocated price. Based on an analysis of nearly 25,000 federal definitive contracts that concluded between 2005 and 2014, findings indicate federal contracting officials tend to use payment structures in expected ways: to limit exposure to risk, leverage market forces, and reduce transaction costs when possible. Findings also show that there are important performance differences between contracts that use different financial structures, even when accounting for information asymmetries, asset specificity, and the complexity of the contracted work. Cost-reimbursement contracts are highly correlated with early contract termination.

**FULL TEXT**

**Introduction**

Government agencies increasingly rely on contracts for the delivery of services. Much of the existing research has focused on describing types and frequency of contracting activity (Ferris and Graddy, 1986), determining what should and should not be contracted out through the application of transaction cost economics (Brown and Potoski, 2003b; Brown, Potoski, and Van Slyke, 2006), and improving oversight through the application of agency theory to broad contracting challenges (Johnston, Romzek, and Wood, 2004; Kelman, 1990; Romzek and Johnston, 2002). However, there has been little attention paid to the specific mechanisms that public administrators use to hold contractors accountable. At the federal level, various types of managerial controls exist to maintain contractor accountability, including competitive selection, the financial structure of the contract, periodic performance reporting, transparency initiatives, and threats or mandates for re-competition (Federal Acquisition Regulation, 2014). Despite this array of potential accountability mechanisms, little work has been done to determine the effectiveness of the different options that public managers have available.

This paper analyzes how financial controls, as established through the financial payment structure, influence federal contractor performance. At the federal level, these payment structures include variants on three primary types of contract: firm fixed-price, cost-reimbursement, and time-and-materials. Each of these payment structures creates different performance incentives for contractors, provides government contract managers with varying levels of information on contractor activities, and alters the dispersion of risk between the partners. In addition, each of the structures is generally used in specific contexts, which are defined in the Federal Acquisition Regulation (FAR). As a result, it can be expected that payment structures which differ in context, incentive, and information exchanged might influence contract outcomes. Findings indicate that the structure of a contract affects contractor performance in ways that may run counter to the preferences listed in the FAR. In particular, cost-reimbursement contracts are much more likely to terminate early than other types of contract. This indicates that detailed information exchanges may not be sufficient to overcome the risks associated with the complex work that is most frequently contracted out using these financial structures.

**Literature review**

Increasingly, public administration scholars are studying contracting. Within the field, there are three primary types of contracting research. First, descriptive studies identify how frequently contracting occurs (Ferris and Graddy, 1986), what types of contract are used (Kim and Brown, 2012; Prager, 2008), what kinds of goods and services are being procured (Savas and Savas, 2000), and cost comparisons of public versus private provision (Savas, 1977). These studies, while interesting, do not explain why contracting is occurring outside political or economic explanations associated with efficiency gains.

Second, transaction cost economics have been applied throughout the contract process to attempt to explain the make-or-buy decision, an analysis of whether to contract out or ***produce*** the good/service internally ( Brown and Potoski, 2003b; Preker, Harding, and Travis, 2000; Tadelis, 2002; Walker and Weber, 1987); how to recognize asset specificity 1 and manage markets, primarily those associated with particularly complex products (Anderson and Dekker, 2005; Choi and Triantis, 2013; Hefetz and Warner, 2011; Johnston and Girth, 2012); and identify ways to address information asymmetries and uncertainty, although this has primarily focused on the initial decision to make or buy (Agranoff and McGuire, 2003; Brown, Potoski, and Van Slyke, 2013; Getha-Taylor, 2012; Girth, 2014). These studies tend to downplay external influences (such as politics) on the make-or-buy decision, and tend to focus on a small number of cases, which makes broad generalizability of findings difficult.

Third, there are agency theory studies, which assess how the principal (the government) can control the agent (the contractor) through the reduction of information asymmetry (Lambright, 2009; Ross, 1973; Steel and Long, 1998; Verhoest, 2005). These studies worry less about how the contract came into being, focusing on the immediate management challenges of contractor oversight. As a result, much of the context of the contract analyzed can be ignored, including its initial purpose, the cost of oversight, and the capacity of the contracting officials.

The importance of the financial design of public contracts has been largely neglected in existing scholarship. While transaction cost and agency theory studies both relate to the financial structure of a contract, only two studies address the financial structure as more than a control variable. Kim and Brown (2012) assess how frequently the Departments of Defense (DOD), Homeland Security (DHS), and Health and Human Services (HHS) use fixed-price and cost-reimbursement contracts and whether these contracts are used as specified in the FAR. They find that more than 70% of contracts in each department use the fixed-price payment structure. This adheres to the FAR’s preference for fixed-price contracts. Cost-reimbursement contracts are more likely to be used for complex products, such as computer system management or ***program*** management. Since these tend to be longer-term, more expensive, and riskier types of contract, Kim and Brown conclude that, despite using fixed-price contracts for a majority of outsourcing, federal agencies still take on high levels of risk for certain types of contractual work (Kim and Brown, 2012). They also link higher numbers of contract modifications with complex contracts, indicating perhaps less willingness to re-bid complex work on the open market due to high costs (Kim and Brown, 2012).

Building on Kim and Brown’s study, Girth and Lopez (2018) assess whether contracts that employ financial incentives differ from other types of contracts. Although rarely used, 2 contracts with financial incentives have the potential to provide public managers additional levers to influence contractor performance. Girth and Lopez focus on determining whether incentive contracts differ from other contracts in terms of duration, cost, and technical performance—aspects of contracts that incentive structures are designed to influence. Duration and cost are analyzed as measures of contract complexity. To examine how differing levels of contract complexity affects the use of incentive contracts, they analyze contracts for housekeeping services (simple), construction (mixed), and space-related services (complex). Their findings indicate that federal contract managers are slightly more likely to use financial incentives on contracts for more complex work. However, their findings on performance (which they measure in terms of contract modifications) are mixed and do not provide clear evidence about how financial incentives may be used to influence performance.

Although quite interesting, both of these existing studies are fairly preliminary and lack the detail necessary for a careful examination of the effect of a contract’s financial structure. Neither study specifies which types of contract they assess. At the federal level, there are many different kinds of contract (definitive contracts, indefinite delivery vehicles, purchase orders, BPA calls, etc.), and comparisons between the types can be challenging. Second, both studies examine limited data samples. For example, Kim and Brown only examine three departments, while Girth and Lopez only look at contracts for three types of work. In a government where millions of contract actions are reported each year, variation between agencies and across product types is likely, meaning that a limited data sample reduces the generalizability of findings. As a result, we still know little about how financial structures are used and whether they are used as intended in the FAR.

More importantly, both studies have difficulty addressing the relationship between financial structure and performance. Kim and Brown do not look at the impact of payment structure on outcome variables. Instead, they assess contract length and contract value. And, while it is interesting that certain agencies tend to modify and spend more than initially ***planned***, this may tell us little about the performance of the contractor. Girth and Lopez extend the use of modifications as a measure of performance in their study, and also ***produce*** inconclusive results. It is likely that these difficulties linking contract financial design to performance are as result of the use of modifications as the performance indicator. High numbers of modifications and overspending may reflect changed priorities, altered scope, difficult contract requirements, or complex work, instead of indicating anything about contractor performance. It is also possible that modifications may be evidence of good performance (extensions, added resources, etc.).

Historically, studies of contractor performance have either used cost measures (Savas, 1977, 1981; Shetterly, 2000) or surveys of contract officers (Amirkhanyan, 2009, 2011; Brown and Potoski, 2003a; Heinrich and Choi, 2007) to gather data. Cost, while an important aspect of a contract, is an input and does not reflect any of the outputs or outcomes that are traditionally associated with performance (Holzer and Yang, 2004; Moynihan, 2008). Surveys have been demonstrated to generate biased responses, particularly if they are administered long after an event or if the respondent has a personal motive to inflate their responses (Singleton Jr, Straits, and Straits, 1993)—conditions which are clearly present in the case of public-sector contracts and contracting officials. A measure that allows comparability across many types of goods and services, reduces the possibility of bias, and includes aspects of outputs and outcomes would be an improvement upon the existing scholarship.

As a result of both the few studies and the methodological concerns, we know little about whether these financial structures affect the success or failure of a contract, and many questions about contract financial structures remain unanswered. In this study, I present a new measure of performance based on how the contract ends—closeout, termination, etc.—that facilitates comparison, captures elements of post-contract outputs and outcomes, and reduces the likelihood that data is biased in unexpected ways. Before describing this measure and the analytical approach in detail, it is first necessary to introduce some background on the different financial structures that federal contracts can employ.

**Federal contract payment structures**

During the pre-solicitation phase of the contracting process, public officials choose the financial (or payment) structure of the contract. The federal government uses three overarching financial structures for definitive contracts that alter the risk that the contractor assumes, change the incentive structure of the contract, and provide different accountability mechanisms and oversight procedures (FAR, 16.101, 2014). The guidance in the FAR shows a preference for fixed-price contracts, which shift risk to the contractor (FAR, 16.2, 2014). More than 65% of federal contracts are fixed-price (Kim and Brown, 2012). In each case, it is up to the contract manager to determine which financial structure best fits the contract, although the FAR does provide guidelines for when each might be appropriate (Federal Acquisition Regulation, 2014). In all cases, public managers are required to identify approximately how much will be obligated on the contract. Contracting officials generally establish a minimum amount of spending that will be made and estimate a spending ceiling. This approximate value of the contract can be altered through change orders, funding actions, and the exercise of options. As a result, financial actions taken throughout the course of the contract, when compared to this total value, can provide additional insight into contractor performance, particularly if the overarching financial structure is considered.

**Fixed-price contracts**

Fixed-price contracts provide a firm price ceiling for the contract. Fixed-price contracts place the maximum possible risk on the contractor, who is obligated to complete work for the established price (FAR, 16.202-1, 2014). As a result, this structure provides profit motive incentives for efficiency; if the contractor wishes to make a profit, the work will need to be completed for less than the fixed price. As a result, fixed-price contracts reduce administrative oversight costs since the contractor should be motivated to perform efficiently. Fixed-price contracts are most appropriate when there is price competition, when price comparisons are available to make reasonable performance and cost estimates, and when performance uncertainties can be identified and associated risk shifted to the contractor (FAR, 16.202-2, 2014). Generally, fixed-price contracts are preferred in federal contracting as they are seen as efficient vehicles which distribute risk between contractual partners.

Despite potential efficiency benefits, fixed-price contracts may limit oversight capabilities of public managers due to the reduced reporting requirements and limited provision of progress information (Müller and Turner, 2005). Indeed, fixed-price contracts may even flip the balance of power, making the contractor act more like the principal in the relationship, as they possess greater knowledge of the activity, pricing, and day-to-day performance of the contract (Shenson, 1990). However, fixed-price contracts tend to be preferred at the federal level over other types of contract due to the ability to shift risk to the contractor, to clearly define the overall cost for the effort, to reduce chances of opportunism, and to limit oversight and accountability costs (Curry, 2010; FAR, 16.2, 2014).

**Cost-reimbursement contracts**

Cost-reimbursement contracts allow for payments to the contractor for expenses incurred during work on the contract. These contracts are used if work or product requirements are hard to define or if performance costs are particularly hard to estimate. Cost-reimbursement contracts establish an estimated total cost of the contract, including a ceiling over which contractors cannot make charges without approval from the government (FAR, 16.301, 2014). Contractors run no risk of loss under these contracts, making them more appealing in instances where a contractor’s project-specific investments costs are high or when markets are thin. If the government agency fails to reimburse for costs, contractors have no obligation to continue to perform on the project.

These contracts place more financial risk on the government than the contractor, as performance criteria and expectations may be less clear. In addition, contractors may have the incentive to work slowly to incur higher costs, thus delaying meaningful progress.

The FAR views cost-reimbursement structures as undesirable unless unavoidable. Since many federal contracts are for exploratory projects, R&D, or other kinds of technical development, these structures are used more frequently than might be preferred, accounting for slightly less than 15% of definitive contracts (see Table 1). It is worth noting that cost-reimbursement structures give increased visibility into the actions of contractors (as they have to report how costs are incurred), possibly increasing accountability and reducing information asymmetry. In addition, the diversity of sub-types allows government contracting officials some discretion in determining the best method to incentivize performance when requirements are poorly defined or performance measurement is difficult.

**Table 1.**

Relative usage of payment types for federal definitive contracts (2005–2014).

| **Contract financial structure** | **Percent of contracts** |
| --- | --- |
| Firm fixed-price | 78.84 |
| Cost-reimbursement | 9.55 |
| Time/labor | 11.61 |

*Source*: FPDS-NG.

**Time-and-materials and labor-hours contracts**

These financial structures do not necessarily establish an overall price for the contract, but rather reimburse the contractor for the labor hours and materials used in the completion of the desired work (FAR, 16.601, 2014). Such contracts are used only when the government cannot accurately assess the length of the contract or the costs of the materials and labor required to complete the work. Due to the uncertain nature of the work and the inability of the government to anticipate costs and duration, contractors may have some incentive to inflate costs. As a result, the use of these types of contract is discouraged unless unavoidable (FAR, 16.601(d), 2014). To ensure that this does not happen, time-and-materials and labor-hours contracts require intensive government oversight. In addition, spending ceilings, fixed hourly rates, materials handling costs, limitations on general and overhead spending, and detailed guidelines for the transfer of funds between contractors and subcontractors are clearly established in the contract.

Some have labeled time/labor contracts as versions of fixed-price contracts (Shenson, 1990). However, the FAR is very specific that these are not fixed-price contracts (FAR, 16.600, 2014). Instead, they are more like cost-reimbursement contracts where the duration is uncertain and costs are particularly difficult to estimate beforehand. Profit incentives are very limited with these types of contract, as there are few mechanisms available to control costs or incentivize efficiency. Instead, contractors are simply reimbursed for effort expended. As a result, opportunism is a potentially large problem. Additional constraints, such as profit limitations, are put into place if such contracts are not able to be competitively sourced due to unique requirements (FAR, 16.601(c)(2)(ii), 2014).

Federal officials encounter contracts with diverse requirements. The structures described above are designed to limit government risk, encourage bids, and reduce contractor opportunism depending on the context of contractual requirements. As a result, the payment structure of each contract may be indicative of the circumstances surrounding it. Contracting officials have the discretion to decide which of these structures to use on each contract. They make this decision based on the complexity of the contract, the strength of the market, and associated managerial costs (Kim and Brown, 2012). In particular, the overarching structure chosen provides insight into how the contracting official perceived the clarity of requirements—a measure of task complexity. Thus, these potential problems (risk, market-making, and opportunism) relate closely to transaction costs.

**Hypotheses**

This research focuses on understanding how financial structures are used and the extent to which they affect federal contractor performance. Each financial structure offers particular benefits and drawbacks for public managers. Fixed-price contracts are most appropriate where there is competition, as this allows contracting officials to set an appropriate price ceiling for the contract. Generally, fixed-price contracts are best when the good or service provided is relatively simple, as performance risks can be identified ahead of time. This forces both the agency and the contractor to think through management challenges before the contract is in place, but such ***planning*** can be impossible if the requirements are too complex. As a result, fixed-price contracts are most likely to be used when there is a competitive marketplace and when contract requirements are well defined (i.e., when the good or service procured is well understood). H1: Competitively sourced contracts are more likely to use fixed-price structures.

Many of the goods and services that government procures through contracts do not meet these criteria. Markets may not be competitive, forcing the government to use single vendors (Girth et al., 2012). Under these conditions, asset specificity rises for the contractor as there may be no way to repurpose the investments necessary to work on the contract. As a result, few contractors may be willing to bid on the contract, and the government may need to incentivize interest in some way. One way to do this is by guaranteeing reimbursements for investments of time, labor, and other purchased resources through the financial structure of the contract. Although this approach does not encourage efficiency, as vendors are incentivized to charge for as much reimbursement as possible, it does encourage firms to bid on contracts that may be perceived as riskier. Much economic research demonstrates that fewer vendors bid on contracts as asset specificity rises (Joskow, 1988; Lajili et al., 1997; Mithas, Jones, and Mitchell, 2008). As a result, sole source contracts may be evidence of asset specificity, while contracts receiving many bids are evidence of a competitive marketplace where sellers’ investments can be repurposed for other buyers. H2: Sole source contracts will be more likely to use cost-reimbursement and time/labor financial structures.H3: Contracts that receive five or more bids will be less likely to use cost-reimbursement and time/labor financial structures.

In other cases, certain aspects of a contract may increase the uncertainty associated with bidding for or managing the contract. In general, contracts for more technical goods and services, contracts with longer durations, and contracts that involve higher total expenditures of funds are considered to have higher levels of uncertainty (Kim and Brown, 2012). Often the requirements of a contract are difficult to clearly define in advance, as the project is exploratory or for a relatively rare (or even unique) good or service (Bajari and Tadelis, 2001). Uncertainty is pervasive on such contracts for both the government and the contractor. Public contracting officials may have a hard time clearly explaining what is desired and may have more difficulty evaluating performance (Williamson, 1979). Vendors may not have a clear idea what the government desires from the project and may be more likely to shirk if quality problems are easy to hide (Romzek and Dubnick, 1987). On very technical projects, holding contractors accountable can be particularly difficult as public officials experience extreme information asymmetries (Anton and Yao, 1987; Bahli and Rivard, 2003; Gallini and Wright, 1990). For highly uncertain contracts, financial structures might be used to facilitate greater information exchange between the government and the contractor in an effort to reduce the information asymmetry and facilitate more informed performance evaluation over the duration of the contract. Regular information exchange can help build familiarity between the contractor and the agency, as well as make more transparent the processes used to both perform and evaluate the work on the contract (Faems et al., 2008). This can reduce both process and behavioral uncertainty. H4: Contracts for goods and services with uncertain requirements are more likely to use cost-reimbursement and time/labor structures than contracts for other goods or services.H5: Contracts for goods and services with more clearly defined requirements will be less likely to use cost-reimbursement and time/labor structures than contracts for other goods or services.H6: Longer contracts are more likely to use to use cost-reimbursement and time/labor structures than shorter contracts.H7: Contracts that involve a high amount of spending are more likely to use cost-reimbursement and time/labor structures than other contracts.

Despite challenges associated with transaction costs, contracting offers value to government because it enables public agencies to take advantage of market forces to improve the efficiency of service provision (Kelman, 1990; Osborne and Gaebler, 1992; Savas and Schubert, 1987). As contractors strive to make a profit, they must provide goods and services efficiently to retain market advantages over their competitors. Any reduction in efficiency could result in competitors providing the service at a lower price or of a better quality. Thus, as long as markets are competitive and requirements are clear, firms can be held accountable for high levels of performance through their own profit motive (Brown, Potoski, and Van Slyke, 2006; Williamson, 1979). The contracts most likely to perform well are those where there are competitive markets and with well-understood requirements. Under such conditions, firms have the financial incentive to perform highly and government contracting officials can readily understand the service being provided. Fixed-price contracts are appropriate to use in these conditions, and as a result are likely to be used on contracts that perform well. H8: Fixed-price contracts will be less likely to terminate early than other types of contract.

**Data and methods**

The unit of analysis for this research is the individual contract. The sample consists of the 24,396 federal definitive contracts which ended between FY2005 and FY2014. Definitive contracts are standalone agreements between the government and contractor for a particular good or service. To ensure completeness of records, the contracts in this dataset began no earlier than 1998. The average contract lasted for more than 27 months and involved the expenditure of nearly US$1.9 million. Ninety percent of the contracts in the dataset lasted for more than six months and involved expenditures over US$50,000. As a result, the dataset is comprised of contracts for fairly complex goods and services. Descriptive statistics for the explanatory variables used in this analysis can be found in Tables 2 and 3. 3

**Table 2.**

Descriptive statistics: Explanatory variables.

| **Dichotomous** |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Variable** | **Model** | **Measuring** | **0** | **1** | **Mean** |  |
| Competed | 1 | Competition | 9,191 | 15,205 | 0.62 |  |
| Only one bid | 1 | Asset specificity (high) | 11,791 | 12,506 | 0.52 |  |
| Five or more bids | 1 | Asset specificity (low) | 19,678 | 4,718 | 0.19 |  |
| Service | 1 | Uncertainty (requirements) | 2,492 | 21,904 | 0.88 |  |
| Professional services | 1 | Uncertainty (requirements) | 17,953 | 6,443 | 0.26 |  |
| Research | 1 | Uncertainty (requirements) | 21,328 | 3,068 | 0.13 |  |
| IT | 1 | Uncertainty (requirements) | 23,381 | 1,015 | 0.04 |  |
| Construction | 1 | Uncertainty (requirements) | 18,544 | 5,852 | 0.24 |  |
| Two years plus | 1 | Uncertainty (length) | 13,325 | 11,071 | 0.45 |  |
| Cost-reimbursement | 2 | Financial structure | 22,065 | 2,331 | 0.10 |  |
| Time/labor | 2 | Financial structure | 21,567 | 2,829 | 0.12 |  |
| Incentive contracts | 2 | Financial structure | 24,095 | 301 | 0.01 |  |
| Continuous |  |  |  |  |  |  |
| Variable | Model |  | Mean | Std. Dev | Min | Max |
| Value (ln) | 1 | Uncertainty (spending) | 12.14 | 1.98 | -2.30 | 22.11 |

**Table 3.**

Descriptive statistics: Control variables.

| **Dichotomous** |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Variable** | **Model** | **Measuring** | **0** | **1** | **Mean** |  |
| Cabinet department | Both | Department characteristics | 3,084 | 21,312 | 0.87 |  |
| Distributive | Both | Department characteristics | 6,236 | 18,160 | 0.74 |  |
| Redistributive | Both | Department characteristics | 22,368 | 2,028 | 0.08 |  |
| Regulatory | Both | Department characteristics | 18,344 | 6,052 | 0.25 |  |
| Constituent services | Both | Department characteristics | 9,766 | 14,630 | 0.60 |  |
| Fourth quarter | Both | Procurement conditions | 14,260 | 10,136 | 0.42 |  |
| Recession | Both | Procurement conditions | 19,153 | 5,243 | 0.21 |  |
| Emergency | Both | Procurement conditions | 24,263 | 133 | 0.01 |  |
| NPO | 2 | Vendor characteristics | 23,146 | 1,250 | 0.05 |  |
| Small business | 2 | Vendor characteristics | 17,615 | 6,781 | 0.28 |  |
| Woman-owned | 2 | Vendor characteristics | 20,987 | 3,409 | 0.14 |  |
| Minority-owned | 2 | Vendor characteristics | 18,763 | 5,633 | 0.23 |  |
| Veteran-owned | 2 | Vendor characteristics | 22,060 | 2,336 | 0.10 |  |
| Continuous |  |  |  |  |  |  |
| Variable | Model |  | Mean | Std. Dev | Min | Max |
| Percent agency budget | Both | Contract importance (gov) | 0.00 | 0.02 | -0.14 | 0.84 |
| Percent firm revenue | Both | Contract importance (firm) | 2.31 | 6.97 | 0 | 30 |
| Professional staff ratio | Both | Department characteristics | 0.27 | 0.16 | 0.02 | 0.71 |
| Budget ($ mns) | Both | Department characteristics | 25162.82 | 21924.07 | -1215 | 155408 |
| Number of bids | 2 | Procurement conditions | 13.32 | 85.15 | 1 | 999 |
| Length (months) | 2 | Contract requirements | 27.78 | 24.14 | 0.70 | 182 |
| Change orders | 2 | Contract requirements | 0.36 | 1.84 | 0 | 207 |

To assess how financial structures are used and affect performance, the analysis uses two multinomial logistic (MNL) regression models. Each is described in detail below, including broad specifications. Both models use an unordered, categorical variable of interest, which is appropriate for MNL methods. Hausman tests indicate that the assumption of independence of irrelevant alternatives (IIA) is not violated in either model.

**Model 1: What affects the selection of financial structures?**

The first model assesses how federal contracting officials use different financial structures to respond to transaction costs and market conditions. The previous hypotheses hold that when markets are competitive and contracts involve low levels of asset specificity and uncertainty, contracting officials are more likely to use fixed-price pricing structures that shift the risk of performance to the contractor. When contracts are more complex and transaction costs are higher, contracting officials are more likely to use the other financial structures to incentivize bids and increase the exchange of information to facilitate contract management. To test this, the analysis models the effect of market characteristics, transaction costs, and control variables on the selection of contract financial structures. The model is specified conceptually below:

**Model 1: Pr | Contract financial structures = competitive sourcing + transaction costs + department characteristics + contract importance + procurement conditions + e**

In this model, the variable of interest is the financial structure used on the contract, operationalized as a “0” for fixed-price contracts, a “1” for cost-reimbursement contracts, and a “2” for time/labor contracts. The primary explanatory variables are competition and transaction costs (uncertainty and asset specificity). Competitive sourcing is a dichotomous indicator of whether the contract used competitive procedures or not. Competitive mechanisms include full and open competition, competition after exclusion of sources, and competition under simplified acquisition procedures.

This analysis focuses on two types of transaction cost: uncertainty and asset specificity. Consistent with literature in economics which finds that buyers are less likely to bid on riskier contracts ( Joskow, 1988; Lajili et al., 1997; Mithas, Jones, and Mitchell, 2008), asset specificity is operationalized as two dichotomous indicators based on the number of bids received. Contracts receiving just one bid, or sole source contracts, are indicators of high asset specificity, as market interest in the contract was low. Contracts receiving five or more bids are indicators of low asset specificity, as many bidders were interested in the project. Since previous researchers have found that government contracts are likely to receive approximately three bids, five bids suggests high competitiveness (Girth et al., 2012).

Uncertainty is related to the length of the contract, the complexity of the work performed on the contract, and the resources expended (Kim and Brown, 2012). Length is operationalized as a dichotomous indicator for contracts that last more than two years. A dichotomous indicator is used instead of the continuous measure of length for two reasons. First, previous findings have indicated that longer contracts are more likely to use cost-reimbursement and time/labor financial structures (Kim and Brown, 2012), so the indicator highlights these contracts. Second, an indicator variable makes interpretation of relative risks much easier, allowing for substantive discussion of findings. Total expenditure on the contract is operationalized as the natural logarithm of the total amount of funding obligated to the contract over its duration. To capture the complexity of contract requirements, the analysis includes a dichotomous indicator for all services, which are generally more complex to deliver than goods. 4 Also included are dichotomous indicators for professional services contracts, research contracts, and information technology contracts, each of which is acknowledged to be particularly complex types of work (Anderson and Dekker, 2005; Girth and Lopez, 2018). Contracts for these particular types of product can involve weaker markets, challenging requirements, and difficult evaluation criteria. To provide a foil for complex services, there is an indicator for construction contracts that have a strong market and clearer performance measures (Kagioglou, Cooper, and Aouad, 2001).

In this model, I use a number of control variables to account for contextual factors that might influence contract decision making. First, there are variables designed to control for differences between the contracting departments and agencies. This includes dichotomous indicators for cabinet departments, distributive agencies, redistributive agencies, regulatory agencies, and constituent services agencies. Due to the different types of work that these departments do, we might expect them to procure different types of things and to use slightly different procedures. In addition, I include the professional staff ratio of the agencies, which is calculated as the percentage of professional employees to total employees in the year of the contract’s initiation using data from OPM’s FedScope. Organizations require more professional staff to deal with more complex policy areas (Chun and Rainey, 2006). I also include the agency’s budget to capture size differences between federal organizations. Together, this group of variables controls for the impact of department-specific variation in contracting behavior, work requirements, and policy-area complexity.

Second, I include variables that account for the relative importance of the contract for the agency and the contractor: percent agency budget and percent firm revenue. To calculate these values, I divided the total value of the contract into the agency’s annual discretionary budget (from the Government Publishing Office) and the firm’s annual earnings (as reported in FPDS-NG). Contracts which account for a higher percentage of total spending are likely to be of greater importance to the agency, as well as to receive greater attention from political actors (Brown, Potoski, and Van Slyke, 2013).

Finally, I include variables that account for the practical context of each contract, particularly the political, economic, and managerial constraints placed on the public manager. These include dichotomous indicators for recession years, contracts signed in the fourth quarter, and emergency contracts. The Great Recession occurred during the period of this study. In response, federal government spending rose in a Keynesian attempt to counteract macro-economic forces stifling American economic growth (Gosling and Eisner, 2013), so both the downturn and the uptick in federal spending could affect my analysis. The federal budget cycle runs from 1 October to 30 September each year. Public finance literature suggests that in the final quarter of each year, there is pressure on public managers to spend their remaining budget to ensure similar funding levels in future years, and contracting is thought to be a common method used to do this (Lewis and Hildreth, 2011; Rubin, 2013). Finally, some contracts are written in response to emergency conditions. These contracts are not just for emergency response activities, but for other types of emergency, including repairs and other contingency contracts. Such contracts are not subject to all FAR requirements (FAR 1.602-603, 2014). In emergency conditions, requirements generation and contract ***planning*** may be less thorough, relying on contracting officials to make quick decisions using their expertise to preserve public values (Cooper, 2003). These three variables control for macro-level contextual factors that could influence federal contract managers.

**Model 2: Does financial structure affect contractor performance?**

The second model analyzes whether the financial structure of a contract influences contractor performance. The variable of interest for this model is the status of the contract at its conclusion. Federal contracts can end in closeout, termination for convenience, termination for default, and termination for cause. Termination for cause and termination for default are similar, indicating extremely poor performance. The distinction between the two relates to the type of good or service procured. Early termination for poor performance is catalogued as “for cause” when non-commercial goods are procured and as “for default” when commercial goods are procured. Terminations for convenience indicate that the contractor was performing poorly or that the government decided to change direction. Normal closeout reflects a wide range of performance, all of which are, at worst, acceptable. To address variations within the closeouts, the financial transactions on the contract are used to indicate performance. Previous studies have found that managers of poorly performing closeouts will reclaim funds for the government—that is, contracting officials opt to de-obligate much of the contract’s funding to preserve public value (Svabek, 2011; Wicecarver, 2012). Low-performing closeouts are those where more than half of the total obligations were taken back by the government. High-performing contracts, by comparison, are identified as those that did not have any money de-obligated. Essentially, the way that the contracting official handles the funding provides some insight into the performance across closeouts.

This variable of interest allows the comparison of contracts across a variety of types, purposes, agencies, and durations. Measures of a contract’s financial activity and end result rely on the contract manager’s decisions. Since the manager makes financial decisions and ends the contract based on the best information immediately available at the moment of the modification, he or she is best suited to judge the contractor’s performance. Modifications also have the benefit of carrying legal weight; these are not simply perceptual measures, but rather official determinations about what is necessary for contract management. Much of the previous research on government contracting has struggled to find ways to compare across large numbers of contracts. This measure allows greater comparability as it focuses directly on the manager’s documented assessment of vendor performance. There is no question that contracts terminated early for convenience, default, or cause represent poorly performing federal contractors. As a result, it is possible to make better claims about truly bad performance than about what leads to good or exceptional performance.

The primary explanatory variable of interest in this study is the financial structure of each contract, operationalized as dichotomous indicators for cost-reimbursement and time/labor contracts. Fixed-price contracts are the reference category for the variables of interest in this analysis. This approach facilitates the comparison of the less common contract structures with fixed-price contracts.

**Model 2: Pr | Contractor performance = financial structure + contract requirements+ procurement conditions + department characteristics + vendor characteristics + e**

The second statistical model incorporates all of the control variables used in the first model, and also controls for vendor characteristics, contract requirements, and procurement conditions during the period of performance. Characteristics of the contractor are also potentially important for contractor performance (Brown, Potoski, and Van Slyke, 2006; Smith and Fernandez, 2010). Recent work indicates that nonprofit organizations may have goals that are more closely aligned with public organizations, resulting in cultural similarities that could improve performance (Brown, Potoski, and Van Slyke, 2006; Van Slyke, 2007). At the same time, small-, minority-, veteran-, and woman-owned businesses are given preference in the source selection process, potentially influencing performance (Snider, Kidalov, and Rendon, 2013). To account for these different types of contractor, I employ the dichotomous variables for non-profit organizations, SBA-designated small businesses, woman-owned firms, minority-owned firms, and veteran-owned firms. To capture experience, I include a dichotomous indicator of whether the contractor has previous contracts with the same department or agency during the period of the study. Previous work suggests an existing relationship that may ease some of the tensions of contract management for both the vendor and the government, but can also create knowledge-based asset specificity that benefits existing contractors (Williamson, 1981).

Additionally, I include three variables to account for the complexity of contract once it is being managed: a count of the number of bids received, the number of change orders made to the contract, and the contract’s duration (in months). The number of bids received is a commonly used measure of market competitiveness (Brown, Potoski, and Van Slyke, 2013; Girth et al., 2012; Savas, 1977). Contracts that receive more bids are leveraging more competitive marketplaces. FPDS-NG includes information on the total number of bids received for each contract. To add granularity to the analysis, I include dichotomous indicators for contracts that receive only one bid (i.e., where markets are particularly weak), and for contracts that receive five or more bids (i.e., where markets are likely strong). Change orders are modifications that alter a contract’s requirements, scope of work, or other managerial elements. Change orders are common, but more change orders generally indicate that the contractor is in need of redirection (Kerzner, 2013). As such, more change orders may indicate a more difficult contract. Contract duration is an indicator of the complexity of the contract (Anderson and Dekker, 2005; Girth and Lopez, 2018), as well as of the duration of the relationship between the parties (Bertelli and Smith, 2010).

**Results**

Complete results for the two models are presented in Tables 4 and 5. 5 Table 4 has results pertinent to hypotheses 1–7, dealing with the effect of transaction costs on the decision to use risker financial structures. Table 5 has results pertinent for H8, addressing the relationship between financial structures and contractor performance.

**Table 4.**

Effect of transaction costs on selection of contract financial structure. Reference category: Fixed-price contracts.

| **Variable** | **Cost-reimbursement** | **Time/labor** |
| --- | --- | --- |
| **RR (z)** | **RR (z)** |  |
| Competed | 0.59 (-3.41)\*\*\* | 0.38 (-12.24)\*\*\* |
| Only one bid | 1.24 (2.95)\*\* | 1.47 (3.86)\*\*\* |
| Five or more bids | 0.74 (-9.91)\*\*\* | 0.64 (-3.36)\*\*\* |
| Service | 1.61 (2.64)\*\* | 2.78 (5.50)\*\*\* |
| Professional services | 5.09 (17.07)\*\*\* | 7.93 (24.65)\*\*\* |
| Research | 6.71 (19.32)\*\*\* | 2.12 (6.30)\*\*\* |
| IT | 2.02 (4.30)\*\*\* | 4.44 (12.67)\*\*\* |
| Construction | 0.25 (-7.29)\*\*\* | 0.17 (-9.01)\*\*\* |
| Value (ln) | 1.14 (3.49)\*\*\* | 1.18 (2.34)\* |
| Two years or more | 4.88 (15.24)\*\*\* | 1.67 (7.29)\*\*\* |
| Cabinet department | 5.93 (15.83)\*\*\* | 14.25 (18.34)\*\*\* |
| Distributive | 1.01 (0.22) | 0.43 (-12.82)\*\*\* |
| Redistributive | 0.28 (-7.96)\*\*\* | 1.26 (-2.67)\*\* |
| Regulatory | 0.22 (-20.49)\*\*\* | 0.69 (-5.83)\*\*\* |
| Constituent services | 1.15 (1.64) | 1.41 (3.95)\*\*\* |
| Professional staff ratio | 9.43 (9.72)\*\*\* | 5.79 (9.45)\*\*\* |
| Budget ($ mns) | 1.00 (1.13) | 0.99 (-13.11)\*\*\* |
| Percent agency budget | 3.85 (1.16) | 3.24 (1.30) |
| Percent firm revenue | 1.00 (-1.51) | 1.00 (-0.38) |
| Fourth quarter | 1.22 (3.69)\*\*\* | 1.15 (0.97) |
| Recession | 0.62 (-6.45)\*\*\* | 1.58 (8.11)\*\*\* |
| Emergency | 0.46 (-0.77) | 1.14 (0.20) |
| Constant | 0.01 (-27.44)\*\*\* | 0.01 (-25.79)\*\*\* |
| n = 24,396 Ps. R2 = 0.36 |  |  |

**Table 5.**

Effect of contract financial structure on contractor performance. Reference category: Normal closeout.

| **Variable** | **Low closeout** | **High closeout** | **Termination for convenience** | **Termination for default** | **Termination for cause** |
| --- | --- | --- | --- | --- | --- |
| **RR (z)** | **RR (z)** | **RR (z)** | **RR (z)** | **RR (z)** |  |
| Cost contracts | 0.75 (-2.20)\* | 0.60 (-7.52)\*\*\* | 1.54 (4.50)\*\*\* | 2.28 (4.19)\*\*\* | 3.56 (3.34)\*\* |
| Time/labor contracts | 1.65 (6.18)\*\*\* | 0.44 (-12.08)\*\*\* | 0.94 (-0.72) | 0.32 (-3.07)\*\* | 0.57 (-0.91) |
| Incentive contracts | 0.63 (-1.00) | 1.93 (4.54)\*\*\* | 1.39 (2.59)\*\* | 0.48 (-0.94) | 0.00 (35.58)\*\*\* |
| Experience | 0.87 (-2.77)\*\* | 1.10 (2.98)\*\* | 0.73 (-6.36)\*\*\* | 0.87 (-2.62)\*\* | 0.49 (-2.67)\*\* |
| Service | 1.96 (5.39)\*\*\* | 1.01 (-0.25) | 0.97 (-0.26) | 0.38 (-5.84)\*\*\* | 0.80 (-0.45) |
| Professional services | 1.21 (2.72)\*\* | 0.78 (-4.45)\*\*\* | 0.81 (-2.82)\*\* | 0.61 (-2.83)\*\* | 0.83 (-0.21) |
| Information technology | 0.37 (-5.53)\*\*\* | 0.76 (-3.11)\*\* | 0.34 (-6.29)\*\*\* | 0.13 (-2.77)\*\* | 0.88 (-0.15) |
| Research | 0.55 (-4.28)\*\*\* | 1.62 (8.26)\*\*\* | 0.44 (-6.78)\*\*\* | 0.30 (-3.69)\*\*\* | 0.21 (-1.73) |
| Construction | 0.60 (-5.18)\*\*\* | 1.29 (5.33)\*\*\* | 0.62 (-6.29)\*\*\* | 01.13 (0.79) | 0.22 (-2.79)\* |
| Length (months) | 0.99 (-8.80)\*\* | 0.99 (-5.95)\*\*\* | 0.99 (7.89)\*\*\* | 0.99 (-2.72)\* | 0.98 (-3.37) |
| Change orders | 0.80 (-5.86)\*\*\* | 0.94 (-1.67) | 1.00 (0.32) | 1.01 (0.64)\* | 0.83 (-0.87) |
| Number of bids | 1.00 (1.15) | 1.00 (5.01)\*\*\* | 0.99 (-1.26) | 0.99 (-1.59) | 0.99 (-0.67) |
| One bid only | 1.54 (5.86)\*\*\* | 1.09 (-2.41)\* | 0.66 (-7.09)\*\*\* | 0.55 (-4.49)\*\*\* | 0.24 (-3.12)\*\* |
| More than five bids | 1.15 (2.44)\* | 1.03 (0.76) | 1.39 (4.92)\*\*\* | 1.84 (4.34)\*\*\* | 3.33 (3.78)\*\* |
| NPO | 0.78 (-1.85) | 0.92 (-1.08) | 0.74 (-2.31)\* | 0.10 (-2.38)\* | 0.00 (-60.27)\*\*\* |
| Small business | 0.59 (-6.74)\*\*\* | 0.84 (-3.52)\*\*\* | 0.90 (-1.36) | 0.44 (-4.19)\*\*\* | 0.79 (-0.44) |
| Woman-owned | 1.12 (1.28) | 0.99 (-0.13) | 0.89 (-1.56) | 1.14 (0.80) | 0.70 (-0.64) |
| Minority-owned | 1.06 (0.63) | 1.08 (1.53) | 1.14 (1.71) | 1.91 (3.51)\*\*\* | 3.71 (2.73)\*\* |
| Veteran-owned | 0.93 (-0.67) | 1.11 (2.04)\* | 1.70 (7.01)\*\*\* | 4.03 (11.07)\*\*\* | 4.36 (4.93)\*\*\* |
|  | Low closeout | High closeout | Termination for convenience | Termination for default | Termination for cause |
| Variable | RR (z) | RR (z) | RR (z) | RR (z) | RR (z) |
| Cabinet department | 0.79 (-1.83) | 0.68 (-5.77)\* | 0.95 (-0.52) | 0.52 (-3.33)\*\*\* | 2.86 (1.67) |
| Distributive | 0.51 (-9.32)\*\*\* | 1.01 (0.18) | 1.06 (0.99) | 2.46 (5.40)\*\*\* | 1.18 (0.41) |
| Redistributive | 1.61 (4.49)\*\*\* | 1.35 (4.25)\*\*\* | 2.78 (10.11)\*\*\* | 0.51 (-2.18)\* | 0.00 (-40.75)\*\*\* |
| Constituent services | 1.17 (1.68) | 2.90 (20.63)\*\*\* | 9.68 (31.03)\*\*\* | 2.85 (6.84)\*\*\* | 11.44 (7.65)\*\*\* |
| Regulatory | 1.21 (2.48)\* | 0.61 (-10.58)\*\*\* | 0.73 (-4.89)\*\* | 0.55 (-3.80)\*\*\* | 0.79 (-0.75) |
| Professional staff ratio | 1.08 (0.35) | 2.90 (6.98)\*\*\* | 17.51 (14.34)\*\*\* | 1.26 (0.45) | 16.32 (6.69)\*\*\* |
| Agency budget ($ mns) | 1.00 (1.61) | 1.00 (13.07)\*\*\* | 0.99 (-0.90) | 0.99 (-2.45)\* | 1.00 (1.65) |
| Percent agency budget | 0.59 (-0.24) | 0.14 (-1.28) | 0.04 (-0.78) | 1.22 (0.12) | 1.00 (-3.15\*\* |
| Percent firm revenue | 1.00 (-1.01) | 1.00 (0.45) | 1.00 (0.75) | 1.00 (-1.17) | 1.00 (-1.03) |
| Fourth quarter | 0.93 (-1.22) | 0.96 (-1.15) | 1.01 (0.13) | 1.01 (0.15) | 1.26 (0.80) |
| Recession | 0.78 (-3.57)\* | 0.65 (-11.13)\*\*\* | 1.07 (1.10) | 1.19 (1.51) | 0.49 (-1.50) |
| Emergency contract | 0.91 (-0.27) | 0.63 (-2.19)\* | 0.41 (-1.86) | 0.00 (-95.58)\*\*\* | 0.00 (-43.48)\*\*\* |
| Constant | 0.17 (-9.51)\*\*\* | 0.65 (-4.13)\*\*\* | 0.12 (-15.06)\*\*\* | 0.12 (-6.59)\*\*\* | 0.00 (-7.84)\*\*\* |

Contracts that use competitive sourcing procedures are 40% less likely to use cost-reimbursement financial structures and nearly one-third as likely to use time/labor structures. This indicates that contracting officials prefer to use fixed-price payment structures when they competitively source contracts. In this way, contract managers hope to shift risk for performance to the contractor when possible, benefiting from the presence of competition and the profit motive. This may also indicate that requirements generation and price-ceiling estimation are easier in competitive markets, as market research is possible. Hypothesis 1 is supported.

Contracts that receive only one bid are nearly 25% more likely to use cost-reimbursement structures and 50% more likely to use time/labor payments. This indicates that when markets are weaker, managers are more likely to select financial structures that ensure information sharing to reduce the chances of shirking and facilitate performance evaluation. Contracts that receive five or more bids are approximately 25% less likely to use cost-reimbursement or time/labor financial structures, indicating that managers are more willing to let market forces guide performance when markets are competitive. Taken together, these findings indicate that when there are few bidders, contracting officials employ financial structures that are more likely to attract contractors by guaranteeing cost reimbursement at bare minimum. This supports the idea that the number of bids received can be used to estimate asset specificity. Hypotheses 2 and 3 are supported.

Across the board, contracts for more complex services are more likely to use cost-reimbursement and time/labor payment structures. Contracts for services are 60% more likely to use cost-reimbursement and nearly three times as likely to use time/labor. Professional services contracts are more than five times as likely to adopt cost-reimbursement payments and eight times as likely to employ time/labor structures. Research contracts are nearly seven times as likely to reimburse costs and more than twice as likely to pay based on time/labor expended. IT contracts are twice as likely to use cost-reimbursement payments and more than four times as likely to make payments based on hours worked or labor expended. This is strong and substantive evidence that contracting officials react to uncertainty by employing financial structures that increase the exchange of information to ease oversight. On the other hand, construction contracts, where markets are strong and management procedures are well-established, are one-quarter to one-fifth as likely to employ either cost-reimbursement or time/labor financial structures. This provides both significant and substantive evidence that when contract requirements are well-defined and process uncertainty is low, contracting officials rely on market forces to hold contractors accountable. Hypotheses 4 and 5 are supported.

Other measures of contract uncertainty include the length of the contract and the amount spent on the contract. Contracts lasting more than two years are nearly five times as likely to use cost-reimbursement payments and nearly 70% more likely to use time/labor remuneration. As the value of contracts increases, they are also slightly more likely to use non-fixed-price payment structures. As a result, there is support for hypotheses 6 and 7.

Taken together, these findings provide substantive (not just statistically significant) evidence that contract managers use different financial structures in response to market conditions and transaction costs. This is consistent with theoretical work that indicates that this is how these mechanisms should be used ( Brown, Potoski, and Van Slyke, 2006; Williamson, 1979). In addition, it augments descriptive work that indicates that contracts with high transaction costs might use financial steps to reduce risk and encourage information sharing (Brown and Potoski, 2003b; Johnston and Girth, 2012; Kim and Brown, 2012). These findings demonstrate that contract managers are assessing market conditions and transaction costs prior to designing contracts, and that the decisions that they are making are consistent with the recommendations in public administration and economics.

The second model, displayed in Table 5, assesses the relationship between financial structure and contractor performance. Results indicate that cost-reimbursement contracts are more than one-and-a-half times as likely to terminate for convenience, more than twice as likely to terminate for default, and more than three times as likely to terminate for cause. Cost-reimbursement contracts are also 40% less likely to result in a high-performing closeout. These are both substantively and statistically significant findings, indicating a clear and meaningful relationship between cost-reimbursement contracts and performance problems. The first model indicated that cost-reimbursement financial structures are used on complex contracts where markets are weak and transaction costs are high. Such contracts are longer, involve higher levels of expenditure, and are more difficult to oversee. The financial structure used to reduce these concerns does not seem to improve performance. Instead, cost-reimbursement contracts are much more likely to terminate early, regardless of reason. This is evidence that contracting officials considering cost-reimbursement contracts might want to carefully review the decision to make or buy, as there is no evidence that such contracts perform well. Fixed-price contracts are much less likely to terminate early than cost-reimbursement contracts. Thus, there is some evidence supporting hypothesis 8.

However, time/labor hours contracts are one-third as likely to end in termination for default and do not significantly differ from fixed-price contracts with regard to terminations for convenience and default. This suggests that information exchange may be important for some types of risky contract. In these data, time/labor contracts are most commonly used for personal services, administrative and management support, technical assistance, and technical services. These broad categories include contracts for expert witnesses, subject matter experts, project managers, and ***program*** analysts. For services of this nature, contractors may perform a specific complex task that is related to a particular ***program*** or project. In these cases, although the work itself requires great expertise, the contract may blend into the government workforce as part of a larger team working on the initiative (Voelz, 2010). In many cases, the contract is with a single individual or very small organization. Time/labor contracts seem to allow public officials the ability to manage these kinds of relationship better. This provides evidence against hypothesis 8, showing that information sharing can be more effective than market forces in certain contexts.

Of the control variables, contract duration is statistically significant in four of the five outcomes, but not substantively important (relative risks approach one, meaning that there is no greater or lesser risk of termination associated with longer contracts). Experience seems to matter, as more experienced contractors are between 15% and 50% less likely to terminate early across all three categories. Incentive contracts are also interesting, as they appear to be more likely to terminate for convenience, perhaps giving credence to contractor fears that governments may be unwilling to pay their incentive fees or subject to unpredictable budgetary environments (Girth, 2017; Smith and Lipsky, 1993). Contracts that receive more than five bids are likely to terminate early, which makes sense given the ready supply of substitute firms available to take the place of the poorly performing contractor. Consistent with this finding, sole source contracts are much less likely to terminate early. Contractor ownership demographics have little substantive effect on performance, except in the case of nonprofits and veteran-owned firms. NPOs seem to be much less likely (30–90%) to terminate early, perhaps providing some credence to the stewardship arguments that other scholars have advanced about the benefits of goal-alignment between government and social sector organizations. Veteran-owned firms seem to be consistently more likely to terminate early. More research into veterans’ preference procurement ***programs*** is necessary to better interpret this finding.

**Discussion**

This analysis finds that transaction costs influence both the selection of contract financial structures and contractor performance. Specifically, contracts that have high levels of asset specificity and uncertainty are more likely to employ financial structures that facilitate the exchange of information and enable improved oversight. When transaction costs are high, managers select payment structures that either a) incentivize contractors to bid on risky work, or b) increase the information exchanged between the partners to improve performance assessment. Financial structures are used to overcome asset specificity problems by guaranteeing that the costs will be covered, limiting the risk associated with contract-specific investments. Cost-reimbursement and time/labor contracts are comparatively low-risk for contractors, as they know that their investments will be covered. For public managers, these structures require the regular exchange of information on how resources are being spent, making performance assessment easier. For complex contracts where work processes are perhaps unknown and the behavior of contractors might be suspect, regular information exchanges about financial management can reduce uncertainty. Findings indicate that federal contract managers employ cost-reimbursement and time/labor structures in ways that reduce transaction costs and manage risk associated with complex contracts.

It is worth noting the substantive meaning of the findings in this analysis. Cost-reimbursement contracts are associated with very high chances of early termination when compared to fixed-price contracts, ranging from one-and-a-half times to nearly four times as likely, depending on the type of termination. This means that engaging in such contracts is incredibly risky for public agencies, and provides evidence that the financial structure of the contract does not seem to address problems associated with weaker markets through information exchange. Despite efforts to lower transaction costs through financial structure, contracts that employ cost-reimbursement structures are much more likely to terminate early than other kinds of contracts.

However, time/labor contracts are much less likely to terminate early. Since the contract mechanisms are so similar—reimbursing contractors for incurred costs—this suggests that something specific to the cost-reimbursement financial structure might actually influence the likelihood of termination. In these data, the major differences between these two financial structures are the sourcing mechanism and the experience of the contractor used. Seventy-three percent of cost-reimbursement contracts were competitively sourced, while just 30% of time/labor contracts used competitive mechanisms. Sixty-eight percent of contractors working on time/labor contracts had previous experience with the agency, but only 27% of cost-reimbursement contracts went to experienced contractors. This indicates that time/labor contracts, although used for complex services, tend to rely on experienced contractors via sole sourcing. When sole sourced, time/labor contracts can include profit limitations, a fixed-price-like ceiling mechanism that leverages profit motive to spur performance (FAR, 16.601(c)(2)(ii), 2014). Cost-reimbursement contracts tend to attempt to use competitive mechanisms, but receive few bids; more than 42% of contracts received only a single bid. In addition, cost-reimbursement contracts tend to use less experienced contractors. Despite attempting to leverage market forces, cost-reimbursement contracts fail to do so. Time/labor contracts leverage financial incentives, information exchange, and inter-organizational relationships to reduce transaction costs as much as possible. Cost-reimbursement contracts are not able to leverage the financial structure or the experience of contractors to improve performance, and as a result are likely to terminate early.

Taken in sum, this discussion indicates that the financial structure of a contract is important for its performance. Although the structure selected is based on the presence of transaction costs, the findings indicate that subtle differences between the structures have meaningful effects on how contracts end. As a result, both the make-or-buy decision and contract design are particularly important. Existing literature suggests that such an examination should include an assessment of the values relevant to the contract (efficiency, effectiveness, innovation, etc.), the organizational structures that affect the contract, market characteristics, and the contract’s design (Brown, Potoski, and Van Slyke, 2006). The present findings indicate that if contracting officials cannot find ways to avoid cost-reimbursement methods, a careful look at the appropriateness of the contract is necessary. It might be less risky to make the good or service internally, instead of hiring a contractor. Market mechanisms, such as profit motive and competitiveness, are able to reduce the likelihood of termination more than processes that reduce information asymmetries.

**Conclusion**

This analysis finds that contract financial structures can be used to hold contractors accountable. Depending on the type of contract, both internal and external accountability mechanisms can be useful for public managers. When markets are strong and transaction costs are low, contracting officials can rely on competitive forces and profit motivation to hold contractors accountable. Fixed-price structures, which shift the burden of performance to the contractor, blend internal and external accountability mechanisms. External organizations, including market competitors and the government agency, hold that contractor accountable for their performance. At the same time, internal pressures to complete the work according to professional standards while preserving a wide profit margin motivate performance. This is consistent with findings in public administration that indicate that using a combination of accountability mechanisms is most likely to preserve public value (Gilmour and Jensen, 1998; Mulgan, 2000; Rhodes, 1997).

When markets are not as strong or when transaction costs are high, managers are forced to hold contractors accountable in other ways. When asset specificity is high, managers may need to encourage vendors to bid on contracts through financial guarantees. Cost-reimbursement contracts and time/labor contracts both offer more security to vendors, as any effort or investment made will be covered financially. When contract requirements are unclear or information asymmetries are large, these financial structures provide managers regular reports on contractor activities and expenditures. Under such structures, profit motivation actually encourages shirking and inefficiency, as more charging to the contract results in greater earnings. To make up for this negative incentive, public contracting officials require detailed information about performance. The findings indicate that information exchange has mixed effects. When regular communication is paired with financial incentives that encourage attentiveness in time/labor contracts, early termination is extremely unlikely. However, when information is exchanged without financial incentives, as occurs in cost-reimbursement contracts, performance suffers. Thus, contractor accountability is best when market forces can be leveraged, or when they can be paired with information exchanges that reduce uncertainty. Information exchange on its own does little to hold contractors accountable.

Kim and Brown called on public administration scholars to investigate how contract design affects contractor performance (Kim and Brown, 2012). This paper indicates that financial structures can influence performance in both predicted and unexpected ways. Public managers can use payments to hold contractors accountable, exchange information, and leverage market forces to influence performance. Market mechanisms seem to be more effective methods of ensuring performance than information exchange, but their simultaneous application may be the best way to preserve accountability while getting the best execution from vendors.

**Notes**

Declaration of Conflicting InterestsThe author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.; FundingThe author(s) received no financial support for the research, authorship, and/or publication of this article.; 1.Asset specificity refers to the need to invest in infrastructure or other resources for the completion of the contract, but which have limited use beyond the contract itself. Although both parties to a contract can experience asset specificity, this paper focuses largely on the way asset specificity affects contractors.; 2.As in this study, incentive contracts in Girth and Lopez’s study account for just 1% of the total contracts analyzed (Girth and Lopez, 2018: 5). Incentive contracts are rarely used for many reasons, including preferences and guidelines provided in the FAR, executive-led pressures to use fixed-price contracts, and the management capacity required to implement such contracts (Girth and Lopez, 2018). Nonetheless, they remain important contract design tools that public managers could possibly use more frequently to affect contractor performance.; 3.These tables provide basic statistics that describe the different explanatory and control variables used in the quantitative analysis that follows. Explanatory variables are those which are theorized to affect the outcome variables of interest; in this research, the outcome variables are contract financial structure (model 1) and contractor performance (model 2). To interpret the table, examine each row. The first column lists the variable names. The second column identifies the statistical model that uses the variable. The third column identifies what is being measured. Nearly all of the explanatory variables in these models are dichotomous (coded as either a “0” or a “1”), which allows me to capture a yes/no quality about the contract. For these dichotomous variables, the next columns provide total counts of how many “0”s and “1”s were coded for each variable, and their mean. For example, 62% of the contracts in this data set were competitively sourced (15,205 out of the total 24,396 definitive contracts in the sample). For the final variables, which are continuous, I include the mean, standard deviation, and minimum and maximum values for each variable used in the analysis.; 4.This study incorporates both goods and services intentionally. Including both allows for comparison across goods and services to determine how contracting officers apply financial structures to both goods and services. Incorporating this indicator variable (“1” if a service, “0” if not a service) also acts as a statistical control for the different challenges inherent in managing contracts for commodities and services.; 5.Both results tables present the relative risk coefficients generated from multinomial logistic statistical models. In Table 4, the dependent variable is the selection of cost-reimbursement and time/labor contracts (as compared to the selection of fixed-price contracts). In Table 5, the dependent variable is contractor performance, as measured by closing status of the contract (reference category is normal closeout). The relative risk can be thought of as the comparative likelihood of selecting one outcome versus another reference outcome (also called the “reference category”). Relative risks permit easier interpretation of the statistical results than the raw coefficients that multinomial models generate. For example, in Table 4, the first row can be read as indicating that competitively sourced contracts are 0.59 times as likely (that is, around 40% less likely) to use cost-reimbursement structures and 0.38 times as likely (that is, around 60% less likely) to use time/labor structures than they are to have fixed-price structures. This means that, as expected, when there are competitive markets, government officials are more likely to attempt to use fixed-price contracts to shift risk to contractors. Relative risk values greater than 1 indicate that the outcome is more likely than selecting the reference category, while values between 0 and 1 show that the outcome is less likely than choosing the reference category.

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**Length:** 3618 words

**Body**

MANAVIGATOR-May 18, 2018-M and A Navigator: Deal pipeline -18 May

The following is a list of deals covered in detail by M and A Navigator this week:

-CALIFORNIA CRYOBANK STEM CELL SERVICES ACQUIRES CORD BLOOD AMERICA

California Cryobank Stem Cell Services LLC (FamilyCord) has acquired the assets of Nevada, US-based Cord Blood America Inc. (CBAI), a provider of cord blood and cord tissue stem cell storage services, in a transaction that unites two stem cell companies, the company said.

FamilyCord will maintain the long-term cryogenic storage of the stem cell units in its state-of-the-art biorepository. California Cryobank and FamilyCord have extensive experience in clinical laboratory management, cord blood banking and frozen tissue storage.

Status: Closed

-SHERPASHARE ACQUIRES DATA PIONEER GIGXL TO ENHANCE REVENUE FOR RIDESHARE DRIVERS

California, US-based ride-sharing technology platform SherpaSharehas acquired the data engine and other technology assets of California-based driving economy data specialist GigXL, the company said.

Technology veteran and GigXL co-founderChi-Chao Changwill join SherpaShare as an independent board member. SherpaShare said the acquisition will help the company broaden its array of tools that help Uber and Lyft drivers.

Status: Closed

-SPINDLETOP CAPITAL ACQUIRES AUSTIN, TEXAS-BASED DERMATILOGY PROVIDERS TO FORM SANOVA DERMATOLOGY

Texas, US-basedhealthcare growth equity and growth buyout firm Spindletop Capital Management (SCM) has acquired Sanova Dermatology, Austin Dermatology Associates, Steiner Ranch Dermatology, Pflugerville Dermatology and Aesthetic Center, the Austin Institute for Clinical Research,Bonnie Furner, MD, the DermaSurgery Centerand Old Metairie Dermatology to create of a new dermatology practice management platform, Sanova Dermatology, the company said.

Sanova is partnering with well-respected medical and cosmetic dermatologists across the Sunbelt states to focus solely on providing exceptional care to medical and cosmetic dermatology patients.

Status: Closed

-DUNNHUMBY ACQUIRES APTARIS TO ENHANCE PRICING/PROMOTIONS SOLUTIONS FOR RETAILERS

London, UK-based customer data science company dunnhumby has acquiredNew York, US-based enterprise marketing and promotions management company Aptaris Software, to power more effective, efficient pricing and promotions leveraging dunnhumby's customer data science, the company said.

The acquisition is the culmination of a ***strategic*** partnership that embedded dunnhumby customer data science into the Aptaris solution, providing retailers with the only end-to-end promotions management platform in the market.

Status: Closed

-SAVAGE, BARTLETT MERGE TO SUPPORT ENERGY AND ***AGRICULTURAL*** INDUSTRIES

Utah, US-based supply chain provider Savage Companies has merged with Missouri, US-based grain and milling firm Bartlett to form a new combined entity, Savage Enterprises, the company said. Savage and Bartlett provide transportation, logistics and materials management services for customers across multiple industries, with a focus on energy and ***agriculture***.

By combining ***strategic*** capabilities and assets, the new venture will be a leading single-source provider of a range of supply chain and industrial services enabling Savage and Bartlett customers and partners to feed the world, power our lives, and sustain the planet.

Status: Closed

-BLUE WOLF CAPITAL ACQUIRES SHARE IN KNIFE MANUFACTURER TOW

New York-based private equity firm Blue Wolf Capital Partners LLC has acquired a majority stake in UK-based industrial knife manufacturer TGW (Holdings) Ltd., the company said. The company is acquiring TGW through an affiliate of Blue Wolf Capital Fund IV, L.P.

Blue Wolf said it looks forward to working with the TGW team to build on the company's legacy and continue to grow the business. Blue Wolf's acquisition of TGW is the third investment by Blue Wolf Capital Fund IV, L.P., which began investing in January 2018.

Status: Closed

-RESURGENS TECHNOLOGY ACQUIRES SUNGARD ASSURANCE BUSINESS CONTINUITY MANAGEMENT SOFTWARE

Atlanta, US-based private equity investor Resurgens Technology Partnershas acquired Pennsylvania, US-based IT production and recovery services provider Sungard Availability Services' Assurance Business Continuity Management ***Planning*** software business to positions Assurance for further growth and expansion of its market leadership position, the company said.

Resurgens said Assurance is already well positioned with over 650 global customers using its SaaS platform in a wide-open BCMP market. As a standalone entity, coupled with Resurgens' focus and expertise in developing software businesses, Assurance will further establish itself as the go-to solution for lowering risk, improving resilience and better managing business continuity.

Status: Closed

-ODIN PROPERTIES SELLS NEW JERSEY WOODLAND VILLAGE APARTMENTS

In a deal brokered by Eli Rosen and Joseph Brecher of Gebroe-Hammer Associates, an affiliate of Philadelphia-based real estate investorPhilip Balderston'sOdin Propertieshas sold New Jersey, US-based Woodland Village Apartments forUSD 32.1m, the company said.

Odin purchased the property for USD 15.875m in March 2014. Odin Properties said Woodland Village is an excellent asset with great scale in proximity to the PATCO Train Station, Philadelphia, and Camden employment hubs.

Status: Closed

-MOHEGAN ENERGY TRUSTEES ACQUIRES METALLURGICAL COAL OPERATION FROM MET RESOURCES

North Carolina, US-based Cornerstone Minerals LLC, a wholly owned subsidiary of coal operations company Mohegan Energy Trustees, LLC, has acquired a low vol metallurgical coal operation and related equipment in West Virginia from Met Resources, LLC, the company said.

Following the acquisition, Mohegan is focused on ramping-up production, lowering costs, improving existing infrastructure, and constructing a 350 ton/hour processing plant and additional rail out facility.

Status: Closed

-VITRISA THERAPEUTICS ACQUIRES RIGHTS TO MAKO CLINICAL TRIAL DATA FROM OHR PHARMACEUTICALS

California, US-based Vitrisa Therapeutics, Inc., a company focused on developing a suite of platform technologies optimized for ocular therapeutics, has entered into an option agreement with US-based Ohr Pharmaceutical to acquire certain rights to MAKO study in wet-AMD data, the company said.

Through an upfront payment, Vitrisa will gain initial non-exclusive access to summary data for the Lucentis monotherapy arm in the MAKO study and the option to acquire worldwide exclusive ownership of the entire clinical database for a period of 90 days following initial access.

Status: Agreed

-NATIONAL RESPONSE ACQUIRES FLORIDA-BASED SWS ENVIRONMENTAL SERVICES

New York, US-based specialty compliance and environmental services provider National Response Corp. (NRC), a portfolio company of an investment affiliate of J.F. Lehman and company, has completed the acquisition of Florida, US-based SWS Environmental Services, Inc., the company said.

SWS is NRC's10th add-on acquisition and represents another step in executing this element of NRC's strategy.

Status: Closed

-BROOKFIELD PARTNERS COMPLETES ACQUISITION OF GERMANY'S SCHOELLER GROUP

Germany based Schoeller Group, specialising in returnable packaging solutions, supply chain systems and intellectual property services, has completed the previously announced acquisition by Bermuda-based Brookfield Business Partners L.P. together with institutional partners of JP Morgan's shares in Schoeller Allibert, the company said.

Brookfieldwill enter into a partnership with the Schoeller Group in Schoeller Allibert held in a joint holding company called Schoeller Packaging. Schoeller Group will hold 30% of Schoeller Allibert and 48% of the voting shares.

Status: Closed

-WEATHER ANALYTICS, ATHENIUM MERGE TO FORM ATHENIUM ANALYTICS

Washington, DC-based risk information provider to insurance carriers Weather Analytics LLC has acquired and merged with Massachusetts, US-based Athenium Inc., a software provider to insurance carriers, the company said.

The newly merged company will be named Athenium Analytics. Weather Analytics said it ***plans*** to invest more thanUSD 25mto build new decision-support software for insurers, enabled by artificial intelligence and computer-vision capabilities.

Status: Closed

-DIALPAD ACQUIRES TALKIQ TO ENHANCE BUSINESS COMMUNICATIONS WITH AI CAPABILITIES

California, US-based business communications providerDialpad has acquired California-based real time speech recognition and artificial intelligence provider TalkIQ, the company said.

By combining TalkIQ's real-time speech recognition and natural language processing technologies with Dialpad's leading communications solutions, Dialpad will deliver VoiceAI to help business teams capture and learn from conversations as they happen.

Status: Closed

-ORACLE ACQUIRES DATASCIENCE TO EXPAND MACHINE LEARNING CAPABILITIES

California, US-based computer technology corporation Oracle has signed an agreement to acquire US-based machine learning platform DataScience.com, which centralises data science tools, projects and infrastructure in a fully-governed workspace, the company said.

Data science teams use the platform to organise work, easily access data and computing resources, and execute end-to-end model development workflows, improve productivity, reduce operational costs and deploy machine learning solutions faster to power digital transformations.

Status: Agreed

-CGI ACQUIRES FACILITE INFORMATIQUE TO STRENGTHEN POSITION IN CANADIAN MARKET

Canada-based information technology company CGI (TSX: GIB.A) (NYSE: GIB) has acquired Québec, Canada-based IT consulting services firm Facilité Informatique to increase CGI's extensive capabilities in order to best meet client needs, the company said.

Through the merger, 350 professionals will join approximately 11,000 CGI professionals inCanadafrom coast-to-coast and 73,000 worldwide.

Status: Closed

-REED TECH ACQUIRES PATENTSIGHT TO EXPAND PATENT ANALYTICS

Pennsylvania, US-based patent and data analytics company Reed Tech has acquired Germany based PatentSight GmbH, a provider of analytics solutions that help patent professionals gain insight into patents and patent portfolios, the company said.

PatentSight will become a part of the LexisNexis IP division of Reed Tech. Reed Tech said the addition of PatentSight to its LexisNexis IP product portfolio enables the company to offer more complete patent workflow solutions, ***producing*** the most comprehensive range of IP offerings available from a single company.

Status: Closed

-INVICTUS TO ACQUIRE BRITISH COLUMIBIA-BASED PROPERTY IN CASH/STOCK DEAL

Canada-basedcannabis operator Invictus MD Strategies Corp. (TSX Venture: GENE) (OTC: IVITF) (FRA: 8IS1) has entered into a binding letter of intent to acquire 100% of the outstanding shares of an applicant under the Access to Cannabis for Medical Purposes Regulations (ACMPR) from current shareholders of OptionCo, the company said.

OptionCo has two properties. One is located inDelta, British Columbiaand is a pharmaceutical grade, cannabis production and research facility, which has been submitted to Health Canada for final review and approval under the ACMPR.

Status: Agreed

-CI CAPITAL'S MAROON GROUP ACQUIRES CHEMICAL DISTRIBUTOR J TECH SALES

Ohio, US-based specialty chemicals distributor Maroon Group LLC has acquired Florida, US-based chemicals and ingredients distributor J. Tech Sales, the company said.

Maroon said this represents a ***strategic*** acquisition as the company builds upon existing positions in several core end-markets and continues expanding its value-add service offering. Maroon Group is majority-owned by CI Capital Partners. This is Maroon Group's eighth add-on acquisition under CI Capital's ownership.

Status: Closed

-EXEMPLIS ACQUIRES SYMMETRY OFFICE TO EXPAND PRODUCT OFFERINGS

California, US-basedfurniture manufacturer Exemplis Corp. has acquired Florida, US-based Symmetry Office, a provider of training, multi-purpose and height-adjustable tables and workspace accessories, the company said.

The acquisition expands Exemplis' product offerings beyond seating into adjacent categories and enables the company to meet its customers' evolving needs with new, innovative business solutions. Both Symmetry Office and the SitOnIt Seating and IDEON brands will continue to operate independently for the balance of 2018.

Status: Closed

-SHERIDAN LANDSCAPING ACQUIRES MASSACHUETTS-BASED WHITBECK'S TREESCAPE

Massachusetts, US-based landscape companySheridan Landscaping has acquired Massachusetts-based landscaping, property maintenance and tree services provider Whitbeck's Treescape, the company said.

Sheridan says the acquisition came about because Sheridan's own customers have long been interested in contracting his company for maintenance work. The company can offer maintenance services as a package deal for larger projects.

Status: Closed

-CHEGG ACQUIRES AI-ENHANCED WRITING PLATFORM WRITELAB FOR USD 15M

California, US-basedlearning platform Chegg, Inc. (NYSE: CHGG), a Smarter Way to Student, has acquired AI-enhanced writing platform WriteLab, Inc., located in California, the company said.

Chegg acquired WriteLab for approximatelyUSD 15m, in an all cash transaction. An additional payment ofUSD 5.0m may be paid to key employees over the next three years, in cash or stock at Chegg's sole discretion, contingent upon the continued employment of such key employees.

Status: Closed

-ASSUREDPARTNERS ACQUIRES PEOPLES INSURANCE TO EXPAND INTO IOWA

Florida, US-based AssuredPartners, Inc. has acquired Iowa, US-based Peoples Insurance Agency (PIA), headquartered in Waverly, Iowa, the company said.

PIA said joining AssuredPartners will allow PIA to remain in its community, keep its family involved in the business, while giving it the opportunity to be a part of a national organisation. Assured Partners said entering Iowa as a new marketplace is an exciting time for AssuredPartners and the company is thrilled for the opportunity to become further involved in the community.

Status: Closed

-QUIP TO ACQUIRE AFORA ACCELERATE ACCESSTO AFFORDABLE DENTAL CARE ***PLANS***

New York, US-based oral health company Quip has announced it is acquiring New York, US-based dental care membership ***plan*** Afora, to open access to affordable dental care ***plans***, the company said.

To support quip's expansion of their oral health offerings, quip has struck a financing deal with Silicon Valley Bank worth up to USD 10m. This financing comes on the heels of quip's recent USD 10m series A in 2017 from multiple parties including Sherpa Capital, Blue Scorpion VC, and Demi Lovato. Additional terms of the transaction were not disclosed.

Status: Agreed

-MIXED DIGITAL, EQUESTRIAN MARKETING MERGE TO STRENGTHEN PRESENCE IN SPORTS MARKETING

North Carolina, US-based digital agency Mixed Digital LLC has merged with New York, US-based boutique agency Equestrian Marketing, LLC, specialising in sports marketing and management, the company said.

The merger will enable Mixed Digital to launch a niche sports brand marketing arm. Mixed Digital said Equestrian Marketing's roster of professional athlete clients presents new opportunities for endorsement and sponsorship agreements.

Status: Closed

-TURNKEY CAPITAL TO ACQUIRE HEALTHSPAN MEDICAL

Florida, US-based business advisory Turnkey Capital Inc. (TKCI) has signed a letter of intent to acquire Florida-based biotechnology company HealthSpan Medical Systems, Inc., a TBG Holdings company that had previously been operating a medical clinic specialising in IV therapies, medical marijuana registrations and hormone replacement therapies, the company said.

Status: Agreed

-CAMEO RESOURCES TO ACQUIRE LABRADOR COBALT IN CASH/STOCK DEAL

Canada-basedmineral exploration company Cameo Resources Corp.(TSX Venture: CRU) (OTC: CRUUF) (FWB: SY7D) has entered into an agreement to acquire Canada-based cobalt exploration company Labrador Cobalt Corp to further to its focus on cobalt, the company said.

As consideration for 100% of the issued shares of Labrador Cobalt Corp., the company paid CDN 40,000 on signing of the agreement and will issue 500,000 common shares upon closing of the transaction. Closing of the transaction is subject to regulatory approval.

Status: Agreed

-CALIBRESCIENTIFIC FINALISES ACQUISITION OF GERMANY BASED BIOZOL DIAGNOSTICA

California, US-based life sciences solutions provider CalibreScientific has completed the acquisition of Germany based life sciences products distributor Biozol Diagnostica Vertrieb GmbH, the company said.

CalibreScientific said adding Biozol to the CalibreScientific family presents actionable growth opportunities for the two companies. Biozol has a product portfolio of more than six m SKUs, which includes antibodies, proteins, ELISAs, detection kits, biochemicals, reagents and diagnostics kits.

Status: Closed

-INTERNET OF THINGS TO ACQUIRE WEATHER TELEMATICS FOR CDN 2.53M

Canada-basedInternet of Things Inc.(TSX Venture: ITT)(OTC: INOTF) (FRANKFURT: 71T) an investor in growth-oriented companies offering IoT, AI and Blockchain solutions has entered into a letter agreement to acquireCanada-based data science company Weather Telematics Inc.(WTX Inc.), offering real-time advanced artificial intelligence-based predictive road condition weather analytics, the company said.

The company intends to acquire 100% of the issued and outstanding shares of WTX Inc. for CDN 2.53m (USD 1.96m) on the following terms: CDN 230,000 (USD 178,270) in cash payable at closing; CDN 300,000 (USD 232,530)in cash payable on the six-month anniversary post-closing; and CDN 2.0m (USD 1.55m) in IoT Inc. treasury shares.

Status: Agreed

-BROWN AND BROWN ACQUIRES AUTOMOTIVE DEVELOPMENT GROUP ASSETS

Florida, US-based insurance company Brown and Brown, Inc. (NYSE: BRO) subsidiary Brown and Brown of Kentucky, Inc has acquired substantially all of the assets of US-based performance improvement company Automotive Development Group (ADG), the company said.

The ADG team will become part of the Brown and Brown auto, RV and powersports practice. Brown and Brown said as the company's presence in the auto/F and I space has continued to grow, it saw the need for a well-developed platform to enhance that growth.

Status: Closed

-CENTURY NEXT FINANCIAL, ASHLEY BANCSTOCK TO MERGE IN DEAL VALUED AT USD 12.8M

Louisiana, US-based Century Next Financial Corp. (OTC: CTUY), the holding company of Bank of Ruston, and Arkansas, US-based Ashley Bancstock Company, the holding company of First National Bank of Crossett, have executed a definitive agreement whereby Century Next and Ashley Bancstock will combine in a ***strategic*** merger, the companies said.

Under the terms of the agreement, Ashley Bancstock will be merged with and into Century Next and First National Bank of Crossett will be merged with and into Bank of Ruston.

Status: Agreed

-BGTV DIRECT ACQUIRES INTEREST IN INDIANA-BASED BUCK LAKE RANCH

Tennessee, US-based REIT LIG Assets, Inc. (OTC: LIGA) has announced that its president has enabled LIG Assets' subsidiary BGTV Direct to acquire controlling interest in the historic music venue Buck Lake Ranch located in Indiana, the company said.

LIGA said BGTV Direct has launched BGTV LIVE events and experiential agency whose primary focus will be onlive eventsand experiential marketing for global brands. BGTV LIVE Company's business will be built around consolidating key historic venues and live events, such as festivals, into a national company that focusses on what our global advertising brands want.

Status: Agreed

-RISK STRATEGIES ACQUIRES COSTELLO BENEFITS TO EXPAND NATIONAL EMPLOYEE BENEFITS PRACTICE

Boston, US-based insurance brokerage Risk Strategies has acquired Massachusetts, US-based employee benefits brokerage firm Costello Benefits Group(CBG Benefits, Inc.), the company said. CBG Benefits helps human resources and corporate finance departments on a number of fronts, including development and implementation of health and welfare benefits ***programmes***, workplace wellness ***programmes***, regulatory compliance, employee communication, and benefits technology.

Risk Strategies said as it continues to build national practice, it seeks to add partners with technical expertise and experience that will translate nationally across industries.

Status: Closed

-DEL FRISCO'S TO ACQUIRE SPANISH FOOD RESTAURANT OPERATOR BARTECA FOR USD 325M IN CASH

Texas, US-based Del Frisco's Restaurant Group, Inc. (NASDAQ: DFRG) has entered into a definitive agreement to acquire Spanish food restaurant chain Barteca Restaurant Group for USD 325m in cash, the company said.

Del Frisco's board of directors has unanimously approved the transaction, which is expected to be completed by the end of Del Frisco's second quarter. The proposed transaction does not require approval by Del Frisco's shareholders.

Status: Agreed

-DARE BIOSCIENCE TO ACQUIRE PEAR TREE PHARMACEUTICAL PRODUCT PT-101

California, US-based clinical-stage women's biopharmaceutical companyDaré Bioscience, Inc.(NASDAQ: DARE) has entered into a merger agreement with development-stage women's biopharmaceuticals company Pear Tree Pharmaceuticals, Inc. to secure the rights to develop PT-101, a proprietary vaginal formulation of tamoxifen, the company said.

The closing of the merger with Pear Tree is subject to a number of conditions, including approval of the merger by Pear Tree's stockholders.

Status: Agreed

-EURONET EXPANDS PRESENCE IN IRELAND WITH ACQUISITION OF EASYCASH ATMS

Kansas, US-based electronic payments provider Euronet Worldwide, Inc. (NASDAQ: EEFT) has acquired approximately 400 Easycash-branded ATMs in Ireland, from Ireland-based Ulster Bank, the company said.

The Easycash ATMs are deployed nationwide in prime retail locations and will be a substantial addition to Euronet's Irish market presence.

Status: Closed

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**End of Document**



[***Register of Commission documents: Cuba relations: a new chapter begins Document date: 2017-07-18 EXPO\_IDA(2017)570485 In-Depth Analysis***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PG5-BBV1-F0YC-N4GV-00000-00&context=1516831)

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DIRECTORATE-GENERAL FOR EXTERNAL POLICIES POLICY DEPARTMENT DG EXPO/B/PolDep/Note/2017\_195 EN July 2017 - PE 570 .485 © European Union, 2017 IN-DEPTH ANALYSIS EU-Cuba relations: a new chapter begins Author: Jesper TVEVAD ABSTRACT The Political Dialogue and Cooperation Agreement (PDCA) between the EU and Cuba, endorsed by the European Parliament (EP) on 5 July 2017, opens a new phase in EU-Cuba relations. Until now Cuba was the only country in Latin America without a cooperation or political dialogue agreement with the EU. The PDCA creates a framework for political dialogue and closer bilateral cooperation, including in trade. The parts of the agreement (mostly related to cooperation and trade issues) that fall within EU competence can already be applied provisionally, but the agreement will only enter into force in full after it has been ratified in all the EU Member States. Since negotiations on the PDCA began in 2014, Cuba’s relations with the EU and individual Member States have intensified considerably.

For the EU, the PDCA is a tool for supporting a process of change and modernisation in Cuba, while for Cuba it represents the ‘normalisation’ of the relationship with an important economic and trade partner and helps it to diversify its external relations. Parliament will focus, in monitoring the implementation of the PDCA, on two areas of particular concern to the EP: human rights and civil liberties on Cuba, and the role of Cuban civil society. Policy Department, Directorate-General for External Policies This paper is an initiative of the Policy Department, DG EXPO. English-language manuscript was completed on 11 July 2017. Printed in Belgium. Editorial Assistant: Ifigeneia ZAMPA Feedback of all kind is welcome. Please write to the author: [*jesper.tvevad@europarl.europa.eu*](mailto:jesper.tvevad@europarl.europa.eu) To obtain copies, please send a request to: [*poldep-expo@europarl.europa.eu*](mailto:poldep-expo@europarl.europa.eu) This paper will be published on the European Parliament's online database, 'Think tank'. The content of this document is the sole responsibility of the author and any opinions expressed therein do not necessarily represent the official position of the European Parliament. It is addressed to the Members and staff of the EP for their parliamentary work. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. EU-Cuba relations: a new chapter begins 3 Table of contents 1 European Parliament–Cuba: Milestones 4 2 The EU and Cuba: an overview 6 2.1 EU-Cuba relations 6 2.2 The human rights dialogue 9 3 The Political Dialogue and Cooperation Agreement 12 3.1 Summary of the agreement 13 3.2 Expectations and criticism 19 4 Cooperation 22 5 Trade and investment relations 24 6 Parliamentary links 26 7 The European Parliament and the PDCA 27 8 Map 31 Policy Department, Directorate-General for External Policies 4 1 European Parliament–Cuba: Milestones 5 July 2017 The European Parliament (EP) gave its consent to the conclusion of the Political Dialogue and Cooperation Agreement (PDCA) by a huge majority. On the same day, the EP adopted a resolution welcoming the PDCA as a new framework for relations between the EU and Cuba and affirming their ***strategic*** value. The resolution also stresses the importance of the EU-Cuba human rights dialogue, encouraging both parties to establish guarantees for the active participation of all civil society and opposition political actors, without restrictions, in the political dialogue. 12 October 2016 The 2010 Sakharov Prize laureate Guillermo Fariñas participated in an exchange of views on EU-Cuba relations in a joint meeting of the Committee on Human Rights and the Committee on Foreign Affairs in association with the Delegation to the Euro-Latin American Parliamentary Assembly. 13 December 2013 In its resolution on the Annual Report on Human Rights and Democracy in the World in 2012, the EP about the continuing repression of independent journalists and human rights activists and the suppression of political dissent in Cuba. It called on the European External Action Service (EEAS) and the EU High Representative/Vice-President (HR/VP) to promote an international and independent committee of inquiry to investigate the circumstances in which the human rights defenders and dissidents Oswaldo Payá (Sakharov laureate 2002) and Harold Cepero died in July 2012. 21 October 2010 The Cuban human rights activist and political dissident Guillermo Fariñas was declared the winner of the 2010 Sakharov Prize. He received the prize in Strasbourg on 3 July 2013. 11 March 2010 In a resolution on prisoners of conscience in Cuba, the EP condemned the death of political prisoner Orlando Zapata and asked the EU to step up action to demand the release of prisoners and to begin a structured dialogue with civil society and democrats in Cuba. 21 June 2007 The EP passed a resolution urging the EU institutions to give unconditional support to a peaceful transition process to a multi-party democracy in Cuba and demanding the release of political prisoners. 2 February 2006 In a resolution on the EU position towards the Cuban Government, the EP regretted the absence of significant signs on the part of the Cuban authorities in response to the EU's calls for full respect for fundamental freedoms and condemned the worsening repression and the increase in the number of prisoners of conscience. It also stressed that human rights issues should be raised by every high-level EU visitor. 26 October 2005 The EP announced that the Sakharov Prize for 2005 would be awarded to the human rights activist group ‘Ladies in White’ (Damas de Blanco). The group received the prize in Brussels on 23 April 2013. EU-Cuba relations: a new chapter begins 5 17 November 2004 The EP adopted a resolution calling for the immediate release of all political prisoners and prisoners of conscience and reiterating that the objectives of the EU's policy towards Cuba continued to be respect for human rights and fundamental freedoms, encouragement of a transition to pluralist democracy and lasting economic recovery. 4 September 2003 In a resolution, the EP reiterated its condemnation of the continuing flagrant violation of the civil and political human rights and fundamental freedoms of members of the Cuban opposition and of independent journalists, noting that the human rights situation has severely deteriorated. 10 April 2003 The EP resolution on human rights in Cuba strongly condemned the wave of arrests and sentences involving the Cuban opposition and called on the Cuban authorities to release those arrested immediately. 19 December 2002 Cuban dissident Oswaldo José Payá, founder of the Varela Project, received the Sakharov Prize for 2002 in Strasbourg. 15 May 2002 In a resolution on the transatlantic relationship, the EP called for an end to the embargo against Cuba and the rescinding of the extraterritorial 'Helms-Burton' law. In a resolution passed the same day on the second European, Latin-American and Caribbean Summit, the EP urged both Cuba and the EU to pursue their relations and renewed political dialogue. 18-22 July 2001 The EP Delegation for relations with the countries of Central America and Mexico visited Cuba. 11 March 1999 In a resolution on the situation of human rights in Cuba, the EP called on the Cuban authorities to release all political prisoners and condemned the imprisonment and house arrest of dissidents and members of the opposition. It also called on the Council and the Commission to continue efforts to achieve positive change in Cuba through constructive dialogue. 20-23 May 1998 The EP Delegation for relations with the countries of Central America and Mexico visited Cuba. 25-29 June 1996 The EP Delegation for relations with the countries of Central America and Mexico visited Cuba. 14 March 1996 In a resolution, the EP condemned the shooting down of two civilian aircraft by the Cuban airforce, stating that actions of this kind could delay the process of normalising relations between the EU and Cuba. 18 January 1996 In a resolution on Cuba, the EP considered that dialogue between the EU and Cuba could have a positive influence on political and economic reforms and that the EU should support the democratisation process in Cuba on all levels. 29 September 1994 The EP passed a resolution calling on the US administration to reinstate full economic, trade and financial relations with Cuba and on the Cuban government to introduce political changes to deepen democracy and increase respect for human rights. Policy Department, Directorate-General for External Policies 6 2 The EU and Cuba: an overview The European Parliament (EP) endorsed the conclusion of the EU-Cuba Political Dialogue and Cooperation Agreement (PDCA) by a large majority on 5 July 2017. The agreement can only be applied in full when it has been ratified in all the EU Member States. The PDCA opens a new phase in relations between the EU and Cuba. The European Parliament (EP) gave its consent by a large majority (567 votes to 65, with 31 abstentions) on 5 July 2017 to the conclusion of the Political Dialogue and Cooperation Agreement (PDCA) between the EU and Cuba. With the Parliament’s endorsement of the agreement, signed by the High Representative / Vice President of the Commission (HR/VP), Federica Mogherini, and the Cuban minister of foreign affairs, Bruno Rodríguez, in Brussels on 12 December 2016, the parts of the agreement that fall within EU competence (mostly related to cooperation and trade issues) can be applied on a provisional basis. As a ‘mixed agreement, the EU-Cuba PDCA can only be applied in full when it has been ratified in all the EU Member States. The signing of the PDCA and the EP’s consent to the agreement mark the culmination of three years of intensifying relations between Cuba and the EU, and at the same time opens a new phase in relations between them. It is the first such agreement between the two parties. Up to now, Cuba was the only country in Latin America that had not concluded a cooperation or political dialogue agreement with the EU. The agreement creates a new framework for political dialogue and strengthened bilateral cooperation, including in trade. For the EU, the PDCA is a tool for 'accompanying' and 'supporting' a process of change and modernisation in Cuba, supporting economic and social development and European values, including the promotion of democracy and respect for human rights. For Cuba, the agreement represents the ‘normalisation’ of its relationship with an important economic and trade partner and contributes to the diversification of its external relations. 2.1 EU-Cuba relations The EU and its Member States have maintained full diplomatic and economic relations with Cuba throughout recent decades although the relationship has at times been fraught. In contrast to the USA, the EU and its Member States have maintained full diplomatic and economic relations with Cuba throughout recent decades although the relationship has at times been fraught. Cuba has received humanitarian and development aid from the EU since 1984 and the EU and Cuba first established diplomatic ties in 1988. The EU opened a representation office in Havana in March 2003 — which operated as part of the delegation to the Dominican Republic — and upgraded it to a fully-fledged delegation in 2008. Similarly, Cuba has attended all the summits between the EU and Latin American and the Caribbean since the first summit in June 1999 in Rio de Janeiro. Relations were largely frozen in the five years between 2003 and 2008, due to the Cuban government’s crackdown on dissidents and the democratic opposition and the EU’s response — mainly a number of ‘diplomatic sanctions’, including the limitation of high-level visits. A rapprochement began when the EU decided in June 2008 to remove the sanctions applied EU-Cuba relations: a new chapter begins 7 The possibility of a cooperation agreement between the EU and Cuba was on the table several times over the years. The EU’s policy on Cuba was based on its 1996 Common Position until it was superseded by the PDCA. The Common Position stated that the EU’s objectives in its relations with Cuba was to encourage a transition to pluralist democracy and an improvement in the living standards of the Cuban people. The Common Position also stipulated that full cooperation with Cuba would depend on improvements in human rights and political freedoms. The Council formally repealed the Common Position on 6 December 2016, in parallel with its decision to sign the PDCA. since 2003 and to pursue a 'comprehensive and open political dialogue' with the Cuban government1. Development aid to Cuba, which the country had refused since July 2003, resumed in October 2008. Since then, seven high-level political dialogue meetings have taken place — although at irregular intervals — and different European Commissioners have met several times with representatives of the Cuban government, including at the highest level. The possibility of concluding a cooperation agreement with Cuba was on the table several times over the years. Back in 1988l, when Cuba established diplomatic relations with the then European Community, its ambassador announced that Cuba would ask for negotiations on a cooperation agreement. However, progress towards closer relations and their possible formalisation in an agreement on dialogue and cooperation — bilateral or through Cuba’s access to the Cotonou Agreement between the EU and the ACP countries — was thwarted by political divergences and the situation of human rights and civil liberties in Cuba. Examples include the 'crisis of the embassies' in 1990, the 'airplane crisis' and the adoption of the EU's Common Position on Cuba in 1996 and the multiple arrests of Cuban dissidents in 2003. From 1996 until the PDCA was signed, the EU’s policy on Cuba was based on the Common Position on Cuba, first adopted by the Council on 2 December 1996.2 The Common Position set out a number of basic principles for the EU's relations with Cuba, notably the following: - the EU’s objective in its relations with Cuba was to encourage a transition to pluralist democracy and respect for human rights and fundamental freedoms, as well as an improvement in the living standards of the Cuban people; - the EU wished to be Cuba's partner in the progressive and irreversible opening-up of the Cuban economy; - full cooperation with Cuba would depend on improvements in human rights and political freedoms; - the EU would support progress towards democracy in Cuba and would examine the use of different means for that purpose, including the intensification of political dialogue and of cooperation and exploring the possibilities for negotiating a cooperation agreement. The Common Position was superseded by the PDCA. It was formally repealed by the Council on 6 December 2016,3 in parallel with the decision to sign the agreement. The Cuban government had sharply rejected the Common Position since it was adopted for the first time, seeing it as unilateral, discriminatory and an unacceptable interference in the country’s internal affairs. The abolition of the Common Position had therefore always 1 [*http://www.consilium.europa.eu/uedocs/cms\_data/docs/pressdata/en/agricult/101422.pdf*](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/agricult/101422.pdf) 2   [*http://eur-lex.europa.eu/legal-*](http://eur-lex.europa.eu/legal-) content/EN/TXT/PDF/?uri=CELEX:31996E0697&qid=1482250607125&from=EN 3   [*http://data.consilium.europa.eu/doc/document/ST-15205-2016-INIT/en/pdf*](http://data.consilium.europa.eu/doc/document/ST-15205-2016-INIT/en/pdf) Policy Department, Directorate-General for External Policies 8 The abolition of the Common Position had been a central Cuban demand. EU-Cuba relations intensified when negotiations on the PDCA began in 2014. The HR/VP’s visit to Cuba in March 2015 was the highest-level EU visit there for several years. The EU and Cuba re-launched their formal political dialogue in April 2015 after a four-year break. been a central Cuban demand. The Cuban government officially welcomed ‘with satisfaction’ the decision to repeal the Common Position, noting the ‘political significance’ of the decision, which created the conditions for signing the PDCA as a ‘reciprocal contractual framework´, based on respect and mutual benefit.4 The start of negotiations on the PDCA in 2014 saw a general intensification of EU-Cuba relations: • Coinciding with the start of the negotiations on a PDCA, Cuba and the European Commission concluded in August 2014 the Multiannual Indicative ***Programme*** (MIP), which regulates bilateral cooperation in the 2014-2020 period. • The HR/VP visited Cuba for the first time on 23 and 24 March 2015 — the highest-level EU visit in several years. During her stay, Ms Mogherini met President Castro, the ministers for foreign relations, foreign trade and investment and the economy, the president of the National Assembly, Cardinal Jaime Ortega y Alamino (the Archbishop of Havana) and representatives of Cuban cultural life. The visit was reportedly very positive and the Cuban side demonstrated a sincere commitment to change. During the visit, the parties decided to intensify negotiations on the PDCA. • Cuba's minister of foreign affairs, Bruno Rodríguez, visited Brussels on 22 April 2015 and met with the HR/VP. At the meeting, the EU-Cuba formal political dialogue was re-launched after a four-year interruption. Notably, the parties also agreed to establish a special structured dialogue on human rights, and set the first meeting for June 2015. Mr Rodríguez's visit to Brussels formed part of a wider visit that also took in France, Luxembourg and the Netherlands. • On the sidelines of the EU-CELAC summit on 10 and 11 June 2015 in Brussels, HR/VP Mogherini held a bilateral meeting with the Cuban vice president Miguel Díaz-Canel (who also met with the prime ministers of Luxembourg and Slovenia). • The HR/VP’s second visit to Cuba within a year took place on 10 and 11 March 2016. During the visit, Ms Mogherini held a formal political dialogue meeting with the foreign minister Bruno Rodríguez. This was the seventh such meeting overall and the second between the two. The HR/VP also met with President Raúl Castro and initialled the PDCA. Also visiting Cuba on the same dates was the European Commissioner for International Cooperation and Development, Neven Mimica. He met with various ministers to address the EU's cooperation with Cuba and visited EU-funded cooperation projects. Closer political and economic links with Cuba at Member State level have accompanied and reinforced the intensification of relations at EU level. 4   [*http://www.minrex.gob.cu/es/declaracion-del-viceministro-de-relaciones-exteriores-abelardo-moreno*](http://www.minrex.gob.cu/es/declaracion-del-viceministro-de-relaciones-exteriores-abelardo-moreno) EU-Cuba relations: a new chapter begins 9 Individual Member States have also stepped up their political and economic links with Cuba. President Raúl Castro visited Italy in May 2015 (and also met with Pope Francis) and the then French President François Hollande visited Cuba from 10 to 12 May 2015. Mr Hollande's visit received significant press coverage due to its level and historic nature — he was the first French president and the first Western European political leader to visit Cuba in almost 30 years — but he was preceded and followed by a number of other European ministers or high-level officials, usually accompanied by business delegations.5 Three other European heads of state, the president of Austria, Heinz Fischer, of Portugal, Marcelo Rebelo de Sousa, and of Ireland, Michael D. Higgins visited Cuba in March 2016, October 2016 and February 2017, respectively. The Greek prime minister, Alexis Tsipras, visited Cuba in November 2016 (speaking at a ceremony to honour Fidel Castro a few days after his death). President Castro paid a state visit to France in February 2016, his first official visit to Europe as president and the first such visit by a Cuban leader in 20 years. Other high-level visits included the meeting between the then German foreign minister, Frank-Walter Steinmeier, and his Cuban counterpart Bruno Rodríguez in Havana in July 2015. They discussed options for developing bilateral relations. This visit led to the signing of agreements on cooperation between the two countries and on political consultations between the two ministries.6 The German vice-chancellor and then minister for economic affairs, Sigmar Gabriel, visited Cuba in January 2016 and the prime minister of the Netherlands, Mark Rutte, in June 2016. Other EU Member State foreign ministers (UK, Spain, Belgium, Luxembourg and Poland) paid official visits to Cuba between April 2016 and June 2017. Likewise, Bruno Rodriguez has visited several EU Member States during the past two years. The agreement reached in December 2015 with 14 countries of the ‘Paris Club’, 10 of them EU Member States (Austria, Belgium, Denmark, Finland, France, Italy, the Netherlands, Spain, Sweden and the United Kingdom), on the restructuring of USD 11.1 billion of outstanding Cuban debt was another expression of the closer relations between Cuba and most EU countries in recent years. 2.2 The human rights dialogue Notwithstanding the conclusion of the PDCA and the positive dynamic in EU-Cuba relations in recent years — at both EU and individual Member State level — the EU and the Cuban government continue to have fundamentally different perceptions on a number of issues. These relate in 5   [*http://www.cubaminrex.cu/es/arribo-cuba-canciller-de-italia*](http://www.cubaminrex.cu/es/arribo-cuba-canciller-de-italia) ;   [*http://www.cubaminrex.cu/es/concluyo-con-resultados-positivos-la-mision-empresarial-britanica-formada-por-32-companias-que;*](http://www.cubaminrex.cu/es/concluyo-con-resultados-positivos-la-mision-empresarial-britanica-formada-por-32-companias-que;)   [*http://www.cubaminrex.cu/es/viaja-cuba-secretario-de-estado-portugues-al-frente-de-una-mision-empresarial-del-sector-alimentario;*](http://www.cubaminrex.cu/es/viaja-cuba-secretario-de-estado-portugues-al-frente-de-una-mision-empresarial-del-sector-alimentario;)   [*http://www.cubaminrex.cu/es/delegacion-empresarial-danesa-realiza-visita-cuba*](http://www.cubaminrex.cu/es/delegacion-empresarial-danesa-realiza-visita-cuba) 6   [*http://www.cubaminrex.cu/es/sostienen-conversaciones-oficiales-ministros-de-relaciones-exteriores-de-alemania-y-cuba*](http://www.cubaminrex.cu/es/sostienen-conversaciones-oficiales-ministros-de-relaciones-exteriores-de-alemania-y-cuba) Policy Department, Directorate-General for External Policies 10 Despite the PDCA and the positive dynamic in EU-Cuba relations in recent years, the EU and the Cuban government still have different perceptions of issues concerning democracy and fundamental freedoms. The EU and Cuba held their first high-level dialogue on human rights in Brussels on 25 June 2015. The EU statement on the meeting referred to their 'frank and respectful' exchange, which demonstrated the parties' commitment to deepening relations in support of respect for human rights. Cuba stressed its interest in dialogue based on reciprocity, respect for the sovereignty of the parties and non-interference in their internal affairs. particular to the principles that lie at the heart of the EU's external action: democracy and the rule of law and fundamental freedoms, including civil liberties and political rights. Although the Cuban government is willing to address such issues and has accepted dialogue and cooperation on human rights and democracy as an integral part of the PDCA — even embarking on a specific human rights dialogue with the EU, similar to the EU’s dialogues with countries such as China and Vietnam — these differences are unlikely to disappear any time soon. The differences are reflected in official communiqués and statements. For example, the joint statement following the third round of the PDCA negotiations (on 4 and 5 March 2015 in Havana) referred to 'elements of divergence' on issues such as the role of civil society in cooperation, the transposition of international legal obligations and differences in political and legal systems, particularly in the areas of governance and human rights7. Nevertheless, the mere creation of a dialogue focusing on human rights issues and, more specifically, Cuba’s acceptance of the visit to Cuba by the EU's Special Representative on Human Rights, Stavros Lambrinidis, in connection with the second dialogue meeting in June 2016 could be considered an achievement. The EU and Cuba held their first high-level dialogue on human rights in Brussels on 25 June 2015. The delegations were headed by Stavros Lambrinidis, for the EU, and by the director -general for multilateral issues and international law in Cuba's ministry for foreign affairs. According to the EU statement issued after the meeting, the parties focused on the objectives of the new dialogue. These are: to improve mutual understanding on human rights issues, to exchange experiences and best practices and to seek to identify areas of cooperation, basic principles and issues of mutual interest (including gender and violence against women, children's rights, sustainable development, health, education, freedom of expression and association, migration and the rule of law). The European External Action Service (EEAS) said in the statement that the meeting had allowed for a 'frank and respectful' exchange, demonstrating both parties' commitment to deepening relations in support of respect for human rights. Issues such as the universality, indivisibility and interdependence of human rights were discussed. Somewhat in contrast with the EU’s emphasis on the political importance of human rights issues, the Cuban government's communiqué described the meeting as a 'technical dialogue'.8 It stressed Cuba's interest in holding the dialogue on a basis of reciprocity, respect for the sovereignty of the parties and non-interference in their internal affairs. It made clear that the Cuban delegation emphasised the need to maintain an 'adequate balance' between 7   [*http://collections.internetmemory.org/haeu/content/20160313172652/http://eeas.europa.eu/delegations/cuba/documents/press\_corner/20150305\_press\_lines\_3rdround\_negotiations\_en.pdf*](http://collections.internetmemory.org/haeu/content/20160313172652/http://eeas.europa.eu/delegations/cuba/documents/press_corner/20150305_press_lines_3rdround_negotiations_en.pdf) 8   [*http://www.cubaminrex.cu/es/comunicado-de-prensa-sobre-el-dialogo-tecnico-en-temas-de-derechos-humanos-entre-cuba-y-la-union*](http://www.cubaminrex.cu/es/comunicado-de-prensa-sobre-el-dialogo-tecnico-en-temas-de-derechos-humanos-entre-cuba-y-la-union) EU-Cuba relations: a new chapter begins 11 At their third high-level dialogue on human rights, in Brussels in May 2017, the parties had an ‘extensive discussion’ on elections in the EU and Cuba, on freedom of association and expression and on the role of civil society in public life. civil and political rights, on the one hand, and economic, social and cultural rights, on the other. In line with this, Cuba expressed its interest in addressing issues such as racial discrimination, the rights of vulnerable groups such as migrants, the protection of human rights in the context of the fight against terrorism and the right to privacy. The second high-level dialogue meeting on human rights took place in Havana on 6 June 2016. It addressed the constitutional, legal and administrative aspects of freedom of association and the possibilities for civil society to participate freely in public life. The meeting also discussed gender equality, racism and xenophobia, as well as the treatment of vulnerable groups, such as migrants, refugees and asylum seekers. According to an EEAS statement, the meeting demonstrated both sides’ ‘firm commitment’ to discuss openly and constructively issues of interest and of concern to each side, seeking to enhance mutual understanding and explore options for joint action and cooperation, including through further engaging at technical level9. The Cuban government’s press statement highlighted that the meeting discussed specific human right issues defined in advance, regarding both civil and political rights and economic, social and cultural rights. The statement referred to ‘deep differences of opinion’ on various substantive issues, but said that they were addressed in a ‘respectful’ atmosphere and with ‘full respect for sovereign equality, independence and the non-interference in the parties’ internal matters’.10 The third and most recent high-level dialogue on human rights took place in Brussels on 22 May 2017. The parties had an ‘extensive discussion’ on different aspects of elections in both the EU and in Cuba, notably the 2017 municipal elections and the election of a new Cuban president foreseen for 2018. According to the EU press release, the EU representatives underlined the need to comply with international human rights electoral standards, including the freedoms of expression, association and assembly and to ensure free access to media and information, so that voices from different parts of the political spectrum can be heard and participate in the election.11 The two parties also discussed the situation of freedom of association and expression in Cuba and in the EU, including the issue of how to engage with civil society activists and the possibilities for civil society to participate freely in public life. The EU and Cuba addressed economic and social rights, including the coverage of social protection systems, the promotion of social dialogue, respect for core labour standards, the fight against discrimination and the inclusion of disadvantaged groups, as well as the protection of the human rights of refugees and migrants. 9   [*https://eeas.europa.eu/csdp-missions-operations/eucap-sahel-niger/5024/eu-cuba-human-rights-dialogue-in-havana\_en*](https://eeas.europa.eu/csdp-missions-operations/eucap-sahel-niger/5024/eu-cuba-human-rights-dialogue-in-havana_en) 10   [*http://www.minrex.gob.cu/es/comunicado-de-prensa-sobre-los-resultados-del-dialogo-de-derechos-humanos-entre-cuba-y-la-union*](http://www.minrex.gob.cu/es/comunicado-de-prensa-sobre-los-resultados-del-dialogo-de-derechos-humanos-entre-cuba-y-la-union) 11   [*https://eeas.europa.eu/headquarters/headquarters-homepage/26653/eu-cuba-high-level-discussion-human-rights-brussels\_en*](https://eeas.europa.eu/headquarters/headquarters-homepage/26653/eu-cuba-high-level-discussion-human-rights-brussels_en) Policy Department, Directorate-General for External Policies 12 The Cuban foreign ministry’s statement referred to ‘deep differences’ between the parties’ positions on several issues, but also to the ‘respectful and constructive’ climate of the meeting. The Cuban foreign ministry’s statement on the meeting referred to ‘deep differences’ between the two parties’ positions and in their approach to several of the issues discussed. However, it also referred to the ‘respectful and constructive’ climate of the meeting and to the parties’ willingness to address all issues in ‘full respect for the sovereign equality and the independence’ of the other and without interfering in internal affairs. According to the statement, the Cuban side reiterated the wish for the dialogue to contribute to addressing human rights issues in an ‘effective, constructive and no-discriminatory’ way, serving to improve relations between Cuba and the EU. On the specific issue of elections, the Cuban delegation pointed to the reportedly low turnout in European elections, reflecting the crisis of confidence and the limitations of ‘bourgeois representative democracy’, and the strength of Cuba’s socialist democracy, based on the full participation of citizens and the organisations of civil society.12 3 The Political Dialogue and Cooperation Agreement The negotiations on the PDCA opened in April 2014. They concluded in March 2016, after seven negotiation rounds. The process leading up to the negotiation of the PDCA began with the Council decision in October 2010 to ask the HR/VP, in the framework of the 1996 Common Position, to explore possible options for the way forward for relations with Cuba. This step is to be viewed in the context of the incipient economic reform process in Cuba and the growing number of bilateral cooperation agreements between Cuba and EU Member States. The reflection process concluded with a proposal to the Council for negotiating directives for a bilateral PDCA with Cuba and their adoption on 10 February 2014. After a relatively slow start to the negotiations, which opened in April 2014 with a first round of talks (in Havana) focused on the organisation of the negotiations, followed by a second round (in Brussels) in August 2014 dealing mainly with cooperation, the negotiations gained new momentum in the first half of 2015. The third round, in March 2015, ***produced*** provisional agreements on many articles of the cooperation chapter of the PDCA and allowed for exchanges on the PDCA’s two other main chapters

, on political dialogue and trade, clarifying concepts and the ambitions of the two parties. During the next three negotiation rounds, in June, September and December 2015, the trade chapter of the agreement was closed, the chapter on cooperation was nearly completed and ‘substantial progress’ was made on the chapters on political dialogue. Although the goal of concluding the negotiations before the end of 2015 proved to be too optimistic, the outstanding issues related to political dialogue and cooperation, as well as the institutional arrangements and 12 [*http://www.minrex.gob.cu/es/comunicado-sobre-tercera-ronda-de-dialogo-de-derechos-humanos-entre-cuba-y-la-union-europea*](http://www.minrex.gob.cu/es/comunicado-sobre-tercera-ronda-de-dialogo-de-derechos-humanos-entre-cuba-y-la-union-europea) EU-Cuba relations: a new chapter begins 13 The Council decided on 6 December 2016 to sign the agreement. general provisions of the agreement, were solved during the seventh negotiation round, held on 3 and 4 March 2016 in Havana. The PDCA was initialled a week later, on 11 March, by the chief negotiators. The Council decided on 6 December 2016 to sign the agreement and to apply on a provisional basis the parts of the PDCA that fall within EU competence. 3.1 Summary of the agreement13 The PDCA sets out a number of fundamental, shared principles. These are: respect for Cuba’s sovereignty, territorial integrity and political independence; commitment to effective multilateralism, universal human rights and the principles of democracy, good governance and the rule of law; and, promotion of international peace and security. Article One establishes the respect for and promotion of democratic principles and respect for all human rights and fundamental freedoms as an essential element of the agreement. A central objective is to create a framework for dialogue and cooperation to ‘accompany the process of updating the economy and society in Cuba’. The PDCA refers to a number of fundamental, shared principles in the preamble and Article One. It beings with respect for the sovereignty, territorial integrity and political independence of the Republic of Cuba, followed by references to the commitment to effective multilateralism, universal human rights and the principles of democracy, good governance and the rule of law, as well as the promotion of international peace and security. The preamble also underlines the parties’ opposition to unilateral coercive measures with extraterritorial effect and their commitment to promote their abrogation. This is a clear reference to US legislation imposing sanctions on Cuba with an extraterritorial scope, such as the 1996 Helms-Burton Act. Similarly, Article One of the PDCA establishes that the central basis for relations between the EU and Cuba is equality, reciprocity and mutual respect. It also establishes that an essential element of the agreement is the respect for and the promotion of democratic principles and respect for all human rights and fundamental freedoms. It refers to both parties’ recognition that all peoples have the right to determine freely their political system and to pursue freely their economic, social and cultural development. The PDCA sets out a number of shared objectives. It sets the overall aim of consolidating and strengthening EU-Cuba relations in the areas of political dialogue, cooperation and trade and defines various specific objectives. These are: reinforcing bilateral cooperation in international fora with the aim of strengthening human rights and democracy; achieving sustainable development and ending discrimination in all its aspects; supporting efforts to achieve the goals of the 2030 Agenda for Sustainable Development; promoting trade and economic relations in conformity with WTO rules and principles; enhancing regional cooperation in the Caribbean and Latin America; and, encouraging contact, dialogue and cooperation between the societies of Cuba and EU countries at all levels. Notably, the PDCA states that a central objective is to create a comprehensive framework for dialogue and cooperation to “accompany the process of updating the economy and society in Cuba”. The agreement has three main sections: political dialogue, cooperation and sector policy dialogue, and trade and trade cooperation. 13   [*http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52016JC0043&from=EN*](http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52016JC0043&from=EN) Policy Department, Directorate-General for External Policies 14 The PDCA identifies a wide range of areas for political dialogue, exchanges of views or cooperation. They include human rights and sustainable development. Political dialogue This chapter covers a wide range of areas where the parties agree to establish a political dialogue, exchange views or cooperate. In addition to agreeing on a regular political dialogue at senior officials and political level, it includes the following areas: Human rights. The dialogue is established with a view to enhancing practical cooperation, at multilateral and bilateral levels. The agreement stipulates that the agenda for the dialogue sessions shall ‘address in a balanced fashion civil and political rights and economic, social and cultural rights’. Illicit trade in small arms. The EU and Cuba agree to cooperate at bilateral, regional and international level and to ensure coordination of their efforts to ensure effective control of the production, exports and imports of small arms and light weapons, and to prevent, combat and eradicate illicit arms trade. A regular political dialogue shall accompany this cooperation. Disarmament and non-proliferation. The parties agree to cooperate and to contribute to international efforts on disarmament and the non-proliferation of weapons of mass destruction, and to establish a regular dialogue to accompany cooperation in this area. The fight against terrorism. Cuba and the EU agree to cooperate in exchanges of experience and information on terrorist groups and their support networks, in accordance with international and internal law, and on means, methods and best practices to counter terrorism. Serious crimes of international concern. The parties agree to cooperate to strengthen the legal framework aimed at preventing and punishing the ‘most serious crimes of concern to the international community’, stating that these crimes should be prosecuted at either internal or international level, including the International Criminal Court (ICC). Unilateral coercive measures. In this provision, which is clearly aimed at the 1996 Helms-Burton Act, the parties agree to pursue a regular dialogue on the application of such measures and the prevention and mitigation of their effects. Trafficking of persons. The parties agree to exchange views on preventing and combating the smuggling of migrants and trafficking in persons with a view to identifying areas for joint action, focusing on best practices and activities to identify and prosecute criminal networks. Drug trafficking. In this provision, the EU and Cuba reaffirm the importance of exchanging views and best practices to identify areas for joint action to prevent and combat the production, trafficking and consumption of illicit drugs. They also agree to cooperate with third countries in reducing the production and trafficking of illicit substances. Combating xenophobia and racism. This point includes a commitment to fight racism, racial discrimination, xenophobia and related intolerance, including through ratification and implementation of the International EU-Cuba relations: a new chapter begins 15 The PDCA sets out a range of areas for future cooperation between the EU and Cuba. Actions should complement Cuba’s development efforts, promote sustainable development and contribute to the goals of the 2030 Agenda for Sustainable Development. Cooperation should take place in five main sectors. Cooperation on democracy and human rights should be based on general principles including the promotion of human rights and fundamental freedoms and the recognition that democracy is based on the freely expressed will of the people to determine their own political, economic, social and cultural systems. Convention on the Elimination of all forms of Racial Discrimination. In addition to exchanging best practices on strategies and policies in this regard, the parties shall consider undertaking actions on combating racial discrimination in the framework of the UN and other fora. Sustainable development. Based on their shared commitment to implementing the 2030 Agenda for Sustainable Development, the EU and Cuba agree to exchange views on the best ways to work together in order to achieve the sustainable development goals, for instance by identifying ways to improve practical cooperation between them. Cooperation and policy dialogue The comprehensive chapter on cooperation and sector policy dialogue (Part III of the PDCA) sets out a range of areas for future cooperation between the EU and Cuba. Actions in this area should complement ‘the efforts of Cuba in its economic and socially sustainable development’, in addition to promoting inclusive sustainable development, contributing to attaining the goals of the 2030 Agenda for Sustainable Development and promoting mutual trust. Similarly, bilateral cooperation must be based on agreed priorities for furthering and complementing Cuba's development strategies and policies. The PDCA establishes that cooperation must be developed through financial and technical assistance, dialogue and exchanges of views, as well as Cuba’s participation in EU regional and thematic cooperation ***programmes*** and as an associated partner in EU framework ***programmes***. The definition of the actors of cooperation includes civil society entities — including social organisations, trade unions and cooperatives — in addition to Cuban government institutions and local authorities, international organisations and EU Member States’ development agencies. Cooperation should take place in five main sectors: Democracy and human rights, good governance, the rule of law, modernisation of public administration and conflict prevention and resolution. The parties define the overall principles for cooperation in this area and declare that the protection and promotion of human rights and fundamental freedoms is the first responsibility of governments. They acknowledge that it is their duty to protect all human rights and fundamental freedoms regardless of their political, economic and cultural systems. The text also recognises that democracy is based on the freely expressed will of the people to determine their own political, economic, social and cultural systems and their full participation in all aspects of life. However, it also refers to the significance of ‘national and regional particularities’ and of various historical, cultural and religious backgrounds. Cooperation on human rights may include activities seeking inter alia to promote and protect civil, political, economic, social and cultural rights for all; address human rights globally; and effectively implement international human-rights instruments and integrate the promotion and protection of human rights into internal policies and development ***plans***. It may also aim Policy Department, Directorate-General for External Policies 16 It may include activities to promote and protect civil, political, economic, social and cultural rights; address human rights globally; and implement international human-rights instruments effectively. In the section on justice, citizen security and migration, the parties agree to promote greater participation by civil society in cooperation activities. Cooperation on social development and social cohesion can include policies to reduce inequality, social protection schemes, inclusive and well-functioning labour markets, the promotion of social dialogue and respect for core labour standards. to raise awareness and promote education in human rights and strengthen democratic and human rights related institutions and legal and institutional frameworks. Under the PDCA, cooperation activities can be agreed with the aim of respecting the rule of law, promoting transparent, responsible, efficient and democratic institutions, promoting exchanges of best practices on good governance, accountability and transparent management and of working for more inclusive political processes that allow for genuine participation by all citizens. The EU and Cuba also agree to attach particular importance to the consolidation of the rule of law, including access to justice and a fair trial, as well as to the reinforcement of institutions related to enforcement and the administration of justice. Cooperation on the modernisation of public administration should aim, inter alia, to increasing the effectiveness of public institutions and improving the transparent management of public resources and capacity building. Finally, cooperation on conflict prevention and resolution should aim to strengthen capacities, including support for mediation, negotiation and reconciliation processes. Under the title ‘promotion of justice, citizen security and migration’, the PDCA establishes mechanisms for cooperation in many areas that are also included in the political dialogue chapter. They include: protection of personal data; preventing and combating drug trafficking, money laundering and organised crime; the fight against corruption; preventing and combating illicit trafficking in small arms and light weapons; the fight against terrorism; migration, trafficking of persons and smuggling of migrants. This section includes an article in which the parties recognise the contribution of civil society, including academia, think tanks and media, to the fulfilment of the objectives of the PDCA. They agree to promote greater civil society participation in the formulation and implementation of cooperation activities, including through capacity building. Cooperation on social development and social cohesion may cover areas such as economic policies to reduce inequality and inequity; trade and investment policies; fair trade; and the development of rural and urban state and non-state enterprises. The PDCA also mentions the promotion of efficient social policies and equitable access to social services for all, employment policies and more inclusive and comprehensive social-protection schemes. In the area of employment and social protection, the parties agree to cooperate to create more inclusive and well-functioning labour markets, extend social protection, promote social dialogue and ensure respect for core labour standards. One the first sectoral dialogue under the PDCA could address social issues. At the human rights dialogue meeting in May 2017, the two sides agreed to explore this possibility. EU-Cuba relations: a new chapter begins 17 The PDCA also includes cooperation to promote the equal participation of women in political, economic, social and cultural life. It stipulates that the gender perspective must be included in all the relevant fields of cooperation. The PDCA establishes an array of cooperation activities to foster economic development in areas such as ***agriculture*** and fisheries, tourism, science and technology, transport and energy, including renewables. The agreement contains a provision stating that EU-Cuba cooperation must support activities aimed at developing regional cooperation between Cuba and its Caribbean neighbours, in the context of CARIFORUM. On education, the EU and Cuba agree to support the development of human resources at all levels, particularly higher education, including through promoting exchanges of students, researchers and academics. The PDCA also sets out cooperation in the health sector, consumer protection and in the field of culture, including fostering ‘balanced’ cultural exchanges and contact with civil society organisations. This part of the PDCA also deals with cooperation to promote the equal participation of women in political, economic, social and cultural life. It stipulates that the gender perspective must be included in all the relevant fields of cooperation, and that cooperation must facilitate equal access for men and women to all services and resources allowing them to exercise their fundamental rights. The parties agree to give particular attention to ***programmes*** aimed at preventing violence against women. Similarly, the EU and Cuba agree to promote the active participation of young people in society and foster cooperation between youth organisations. The fourth title of this chapter sets out cooperation in the area of the environment, disaster risk management and climate change. Actions may include measures related, inter alia, to the transfer and use of sustainable clean technology and know-how, the promotion of sustainable production and consumption patterns, increasing the resilience of Cuba to disasters and the sustainable management of the water supply and of sanitation. Under the heading ‘economic development’, the PDCA establishes a wide range of cooperation activities in the areas of ***agriculture*** and fisheries, sustainable tourism, science, technology and innovation, technology transfers, energy, including renewables, transport, statistics and good governance in taxation. Notably, this section includes a specific article on cooperation to support the modernisation of Cuba’s public administration and its economy through supporting the development of enterprises and cooperatives, with special emphasis on local development. This form of cooperation may take place in areas such as macroeconomic policies, statistics, trade facilitation measures, agro-industrial development, state control and oversight and the organisation of enterprises, including public enterprises. The EU and Cuba also agree to promote contacts between companies to support their insertion into ‘international markets, investments and technology transfer’. Finally, a provision on regional integration and cooperation states that EU-Cuba cooperation shall support activities aimed at developing regional cooperation between Cuba and its Caribbean neighbours, in the context of CARIFORUM (the Caribbean states that have signed the EU-ACP Partnership Agreement). Similarly, the parties agree to promote activities aimed at developing active cooperation between Cuba and other Latin American countries and/or regions and the Caribbean in all areas included in the PDCA, paying special attention to the EU regional cooperation ***programmes*** in research and education. Policy Department, Directorate-General for External Policies 18 As well as boosting trade and economic ties between the EU and Cuba, the PDCA aims to promote the integration of Cuba into the world economy and support the diversification of the Cuban economy. The PDCA confirms the parties’ commitment to WTO rules on trade facilitation, technical barriers to trade and trade defence. The EU and Cuba agree to encourage greater flows of investment, including by promoting a ‘stable, transparent and non-discriminatory’ business and investment regime. A Joint Council, at ministerial level, and a Joint Committee, at the level of senior officials, will supervise the implementation of the PDCA. Trade and investment relations The PDCA’s third main chapter, on trade and trade cooperation, sets out the objectives of not only strengthening trade and economic relations, but also of promoting the integration of Cuba into the world economy, supporting the diversification of the Cuban economy and promoting an ‘appropriate’ business climate. Another central aim is to increase investment flows by developing a stable environment for reciprocal investment, including through cooperation on investment issues and promoting a non-discriminatory investment regime. On trade, the EU and Cuba recognise that the reduction of barriers to trade is a vehicle for promoting growth and economic diversification, reaffirming their interest in a rules-based multilateral trading system. In this respect, the PDCA outlines the parties’ obligations under GATT rules (most-favoured-nation treatment and national treatment) and confirms their commitment to the WTO agreements on trade facilitation, technical barriers to trade and trade defence. The second part of this section includes provisions on various forms of trade-related cooperation, including between customs services, on trade facilitation, intellectual property, rules of origin, technical barriers to trade, trade defence, food safety, sanitary and phytosanitary issues, animal welfare, and cooperation to promote the production of traditional and artisanal goods. The agreement also includes a provision recognising the contribution of trade to the goal of sustainable development. Finally, in a relatively short article on investment, the EU and Cuba agree to encourage greater flows of investment through mutual knowledge of relevant legislation, a dialogue aimed at enhancing understanding and cooperation on investment issues and the promotion of a ‘stable, transparent and non-discriminatory’ business and investment regime. Institutional provisions The PDCA creates two institutions to oversee the implementation of the agreement. A Joint Council, meeting at ministerial level at least every second year, will oversee the fulfilment of the objectives of the PDCA and supervise its implementation. The Council will examine any major issue arising within the framework of the PDCA, as well as ‘any other’ bilateral, multilateral or international issue of common interest. The Joint Council will adopt its decisions, which are binding on the parties, by mutual agreement. A Joint Committee, including senior officials, will assist the Joint Council and be responsible for the general implementation of the PDCA. The Committee will meet once a year for an overall review of the implementation. It can also be convened for special meetings if the parties agree. The Joint Committee can decide to create sub-committees to deal with specific issues. The PDCA creates one such sub-committee, on cooperation-related issues. EU-Cuba relations: a new chapter begins 19 The PDCA does not create a joint parliamentary body or contain any references to parliamentary dialogue. The EU and Cuba are bound to adopt any measure needed to fulfil their obligations under the PDCA. If the ‘essential elements’ of the PDCA are violated, including respect for democracy, human rights and fundamental freedoms, either party can take steps to suspend the PDCA — however, this should be a measure of last resort. Unlike other cooperation agreements signed by the EU, the PDCA does not create a joint parliamentary body or include references to parliamentary dialogue. Similarly, the agreement does not include provisions on the participation of representatives of civil society in its institutional structure or on consultation with civil society as regards the implementation of the PDCA. In this respect, the agreement recognises the potential contribution of civil society to the fulfilment of its objectives but largely confines its role to being one of several actors of cooperation. However, the parties agree to support greater civil society participation in development and sectorial cooperation activities. The EU and Cuba are bound to adopt any measure needed to fulfil their obligations under the PDCA and are obliged to ensure that they comply with its objectives. If either party considers that the other has failed to fulfil its obligations under the agreement, it can take certain specific measures. Except in cases of ‘special urgency’, it should first take the case to the Joint Council for examination and in order to seek a mutually acceptable solution. In any event, any measures taken must be those that are the least disruptive to the implementation of the agreement. The parties also agree that suspension of the PDCA should be a last resort. Cases of ‘special urgency’ are defined as cases where one of the parties is in material breach of the agreement, consisting of either a repudiation of all or part of it or a violation of two of its essential elements: respect for democratic principles, human rights and fundamental freedoms and the rule of law, together with the commitment to disarmament and non-proliferation of weapons of mass destruction. 3.2 Expectations and criticism A central goal of the EU is to accompany and support reforms and economic and social modernisation in Cuba. The PDCA is also a step towards completing the EU’s ‘map’ of political dialogue, cooperation and trade agreements with countries and sub-regional groups in Latin America. A fundamental and frequently mentioned motive for the EU in concluding the PDCA has been the need for constructive engagement with Cuba with a view to on-going and future reforms in the country. In this respect, the EU sees its role as accompanying and supporting economic and social modernisation and change in Cuba, through the PDCA and other forms of engagement. As HR/VP Mogherini stated when the agreement was signed, the PDCA provides an instrument to support Cuba’s reforms and modernisation process, politically and with technical assistance.14 Equally, the PDCA allows the EU to take a further step towards completing its ‘map’ of political dialogue, cooperation and trade agreements with countries and sub-regional groups in Latin America. As such, the conclusion of the PDCA with Cuba — a member of all the most important regional and sub-regional organisations, including the Community of Latin American and Caribbean States (Comunidad de Estados Latinoamericanos y Caribeños, CELAC) and the Association of Caribbean States (ACS) — is part of the 14   [*https://eeas.europa.eu/headquarters/headquarters-homepage/16936/intervencion-de-la-alta-representante-vice-presidente-federica-mogherini-en-el-acto-de-firma\_en*](https://eeas.europa.eu/headquarters/headquarters-homepage/16936/intervencion-de-la-alta-representante-vice-presidente-federica-mogherini-en-el-acto-de-firma_en) Policy Department, Directorate-General for External Policies 20 By expanding and consolidating EU-Cuba relations, the PDCA is expected to contribute not only to bringing about economic reform in Cuba, but ultimately also to creating a democratic opening. For Cuba, the PDCA represents the ‘normalisation’ of relations with the EU, by abolishing the much-criticised 1996 Common Position. Stable contractual relations with the EU are a key plank in Cuba’s diversification of its external relations. Reactions to the PDCA from parts of the opposition in Cuba and human rights defenders have largely been very critical. Critics have argued that the EU has put economic interests before democratic values in signing the PDCA. development of the overall ***strategic*** partnership with Latin America and the Caribbean. Despite the intensifying EU-Cuba relationship, stronger links to Cuba will not lead to immediate or radical economic and social transformation in the country, and still less to immediate political changes or a democratic opening. EU representatives have made it clear that the reform process in Cuba is likely to proceed at its own pace and is not likely to respond to pressure from external actors. Nonetheless, the expectation in the medium and long-term is that by expanding and consolidating EU-Cuba relations, the PDCA may serve as a vehicle for promoting European interests and values and thereby contribute not only to facilitating economic reform, but ultimately also to creating a democratic opening. From the Cuban government’s perspective, the PDCA is a means to ‘normalise’ the country’s relations with the EU, by abolishing the much-criticised 1996 Common Position and by ending Cuba’s status as the only country in Latin America without a dialogue and cooperation agreement with the EU. In view of the current uncertainties about Cuba’s future relationship with the USA and the country’s economic and political alliance with Venezuela, achieving stable contractual relations with the EU is a central element in Cuba’s diversification of its external relations. Statements by the Cuban government have also welcomed the PDCA as a contribution to a multi-polar world. Similarly, the Cuban government has highlighted the importance of economic relations with Europe in Cuba’s efforts to achieve efficient and sustainable economic development. It has emphasised that the PDCA should help to enhance trade and financial relations and create favourable conditions for Europe to be present in Cuba’s economic development.15 In contrast, reactions to the PDCA from parts of the Cuban opposition and human rights defenders have largely been negative or very critical — just as they have been to the changing Cuba-US relations in recent years. Critics emphasise that the EU (and the USA) have opened up towards Cuba without any conditions or concessions from the Cuban government in the form of political reforms or attenuation of the repression of the opposition. They argue that strengthening economic relations to the benefit of the Cuban economy will only serve to reinforce the position of the government. Some have seen the negotiations with the EU and the conclusion of the PDCA as unjustifiably extending a hand to a regime that has no intention to change. Some have claimed that in signing the PDCA the EU has put economic interests before its democratic values and the consideration of the freedom of the Cuban people. Some have used expressions such as 'betrayal' regarding the EU´s position. Among the critics of the PDCA and the rapprochement between the EU and Cuba in general are prominent dissidents such as Guillermo Fariñas, the 2010 Sakharov Prize laureate, members of the 'Ladies in White', who won the Sakharov Prize in 2005, and 15   [*http://www.cubanews.acn.cu/economy/6189-cuba-says-economic-links-with-europe-are-a-priority*](http://www.cubanews.acn.cu/economy/6189-cuba-says-economic-links-with-europe-are-a-priority) EU-Cuba relations: a new chapter begins 21 Opposition groups have rejected the PDCA on the grounds that it lacks conditions that would allow the Cuban people to exercise individual and collective freedoms. Members of the Cuban opposition, including Sakharov Prize laureates, have deplored the PDCA’s lack of democratic guarantees and called on the EP to make its endorsement of the agreement conditional on the establishment by the Cuban government of a ‘roadmap’ for progress on the respect for rights and civil liberties. Elizardo Sánchez of the NGO 'Cuban Committee for Human Rights and National Reconciliation (Comisión Cubana de Derechos Humanos y Reconciliación Nacional, CCDHRN). The clearest expression of Cuban opposition groups’ rejection of the PDCA has been the open letter addressed by representatives of 37 of these groups — some based in Cuba, some abroad, mostly in the USA — to HR/VP Federica Mogherini on 9 December 2016.16 In the letter, they commended the EU´s interest in forging closer ties with Cuba but rejected the content of the PDCA as lacking conditions that would allow the Cuban people to exercise individual and collective freedoms and regretted that the agreement did not reflect the values of respect for human rights, democracy, and the rule of law. Furthermore, the signatories to the letter asked all EU entities to make the ratification and the implementation of the PDCA conditional on six steps that would lead to a democratic transition in Cuba. These steps include free elections, ratification by Cuba of international human rights instruments and an end to political repression and violence against members of the peaceful opposition movement. The letter also demanded that Cuban citizens have the right to enter into joint investment ventures with EU citizens or companies and that enterprises they form have the right to attain legal status and to import and export directly. Similarly, the opposition coalition Cuban National Encounter (Encuentro Nacional Cubano) and representatives of other opposition groups held a press conference in Miami on 15 December 2016, at which they strongly criticised the PDCA. Among other things, they reportedly criticised the agreement for abandoning fundamental democratic and ethical principles.17 Members of the Cuban opposition have also rejected the PDCA in person in the EP. Guillermo Fariñas and Alejandro González Raga of the NGO Cuban Human Rights Observatory (Observatorio Cubano de Derechos Humanos, OCDH) addressed the Committee on Foreign Affairs (AFET) and the Subcommittee on Human Rights (DROI) on 12 October 2016. They both emphasised that the EU should guarantee democracy above any other consideration and that human rights violations in Cuba had continued throughout the PDCA negotiations. They regretted that the agreement had been negotiated ’behind the back’ of the Cuban population and did not include any democratic guarantees, and they MEPs to vote against ratifying the PDCA. A declaration delivered on behalf of the Ladies in White characterised the agreement as a concession to a government without democratic legitimacy. It was also suggested that the EP should make its endorsement of the PDCA conditional on the establishment by the Cuban government of a ‘roadmap’ for progress on respect for rights and civil liberties.18 16   [*http://www.cubaarchive.org/files/Carta\_de\_opositores\_cubanos\_a\_la\_UE\_%28ENG-3%29.pdf*](http://www.cubaarchive.org/files/Carta_de_opositores_cubanos_a_la_UE_%28ENG-3%29.pdf) 17   [*http://dhcuba.impela.net/2016/12/grupos-del-exilio-y-la-oposicion-se-sienten-traicionados-por-el-primer-acuerdo-entre-la-ue-y-el-regimen/*](http://dhcuba.impela.net/2016/12/grupos-del-exilio-y-la-oposicion-se-sienten-traicionados-por-el-primer-acuerdo-entre-la-ue-y-el-regimen/) 18   [*https://www.martinoticias.com/a/cuba-berta-soler-carta-a-la-ue-parlamento/146919.html*](https://www.martinoticias.com/a/cuba-berta-soler-carta-a-la-ue-parlamento/146919.html) Policy Department, Directorate-General for External Policies 22 On the other hand, solidarity and friendship groups with Cuba in EU Member States have welcomed the PDCA and the removal of the 1996 Common Position. Similar criticism of the agreement has been expressed in Europe, for instance by the Swedish NGO Civil Right Defenders. In a report on the EU’s policy towards Cuba, the organisation stated that the PDCA will not promote democracy and human rights in Cuba, but rather complement and legitimise the Cuban government’s political and economic strategy. It also condemned the international community’s alleged defence of the status quo in Cuba as delegitimising the democratic opposition and recommended the EP not to give its consent to the PDCA.19 On the other hand, solidarity and friendship groups with Cuba in EU Member States have welcomed the PDCA and the removal of the 1996 Common Position. The 17th European Meeting of Solidarity with Cuba, which took place in Stockholm in November 2016 with representatives from 30 countries, called on the EU to lift the Common Position and to maintain a ‘respectful’ position in its relations to Cuba.20 4 Cooperation Cuba has received humanitarian and development aid from the EU since 1984, particularly since the mid-1990s, when the European Commission stepped up its cooperation with Cuba and gave it access to the EU's regional cooperation ***programmes*** for Latin America. Despite being an upper middle-income country, Cuba continues to be eligible for bilateral development cooperation from the Commission until 2020. Cuba has benefited from different forms of European assistance for more than 30 years. Since 1984, the country has received humanitarian and development aid from the EU, particularly since the mid-1990s, when the European Commission stepped up its cooperation with Cuba and granted the country access to the EU's regional cooperation ***programmes*** for Latin America. Between 1993 and 2003, the Commission provided EUR 145 million in assistance to Cuba, mostly for humanitarian assistance, food security, co-financing of NGOs and economic cooperation. The EU suspended its development cooperation with Cuba in 2003, but resumed it in October 2008. Since then, the Commission has allocated around EUR 140 million to cooperation ***programmes*** in Cuba, covering areas such as disaster preparedness and the response to hurricanes, ***agriculture*** and food security, the environment and renewable energy, exchanges of experts and culture and education, including NGO initiatives. Overall, the EU contributed to the funding of some 80 projects between 2008 and 2013.21 Despite being an upper middle income country, Cuba continues to be eligible for bilateral development cooperation from the Commission until 2020, under an 'exceptional clause' in the Development Cooperation Instrument (DCI). Cuba and the European Commission concluded the Multiannual Indicative ***Programme*** (MIP), which regulates bilateral cooperation for the 2014-2020 period, in August 2014, coinciding with the start of the negotiations on the PDCA. The MIP, which was signed during Federica Mogherini's visit to Havana in March 2015, allocated EUR 50 million for cooperation with Cuba in 2014-2020, and defined three priority sectors22: 19   [*https://www.civilrightsdefenders.org/files/Nothing-but-a-Dialogue-on-Human-Rights.pdf*](https://www.civilrightsdefenders.org/files/Nothing-but-a-Dialogue-on-Human-Rights.pdf) 20   [*http://misiones.minrex.gob.cu/es/articulo/celebrase-en-estocolmo-xvii-encuentro-europeo-de-solidaridad-con-cuba*](http://misiones.minrex.gob.cu/es/articulo/celebrase-en-estocolmo-xvii-encuentro-europeo-de-solidaridad-con-cuba) 21   [*https://eeas.europa.eu/delegations/cuba/651/node/651\_en*](https://eeas.europa.eu/delegations/cuba/651/node/651_en) 22   [*http://ec.europa.eu/europeaid/sites/devco/files/mip-cuba-2014-2020\_en.pdf*](http://ec.europa.eu/europeaid/sites/devco/files/mip-cuba-2014-2020_en.pdf) EU-Cuba relations: a new chapter begins 23 Cooperation with Cuba in 2014-2020 will focus on three sectors: sustainable ***agriculture*** and food security; better use of natural resources; and support for economic and social modernisation. Through ECHO, the European Commission has given Cuba emergency relief and assistance to reduce the risk of natural disasters. - sustainable ***agriculture*** and food security; - support for a better use of key natural resources for sustainable development; and - support for economic and social modernisation. These three focal areas respond to the Cuban government’s priorities, as set out in the 2011 ‘Guidelines’ for Cuba’s economic and social development. Sustainable ***agriculture*** and food security should receive EUR 21 million over the seven years. The indicative amount for the second focal sector is EUR 18 million and EUR 10 million will be allocated to actions promoting sustainable economic and social modernisation. In addition, the EU has allocated some EU 5 million to social projects, targeting vulnerable groups in particular, and cultural projects. Local authorities in Cuba or civil society organisations will carry out these projects.23 The on-going EU-funded cooperation projects in Cuba include AGROCADENAS (Fortalecimiento de cadenas agroalimentarias, or ***Agriculture*** value-chain development), which is co-funded with an EU contribution of EUR 8 million and is scheduled to end in 2018. It aims to strengthen the capacities of farmers, ***agricultural*** cooperatives and other non-state entities, and to improve the management of the value chains of a number of ***agricultural*** products. Also in the field of ***agriculture*** and food security, the goal of the BASAL (Bases ambientales para la sostenibilidad alimentaria local) ***programme*** is to reinforce the capacity to gather, analyse, understand and use environmental and scientific information on the impact of climate change and to promote adaptation strategies and actions. BASAL is co-financed with an EU contribution of EUR 6.3 million. Two more priority ***programmes*** aim at capacity building in the Cuban institutions and public administration. They are: the ***programme*** for the exchange of experts (with EU funding of EUR 3.5 million for the 2014-2017 period), including public officials, in various areas, and the FORGEC (Fortalecimiento de las capacidades de gestión cubanas) ***programme*** aimed at strengthening management capabilities in Cuban institutions, with EU funding of EUR 2.2 million for the period 2013-2016. In addition to bilateral cooperation, Cuba has access to cooperation under the regional cooperation ***programmes*** covering all of Latin America, such as AL-INVEST, EUROCLIMA, Erasmus+ and Copolad, although the country’s participation in these ***programmes*** has been limited. The European Commission’s Directorate General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) has given Cuba emergency relief and assistance to reduce the risk of natural disasters. For the period 2015 to 2017, the Commission has granted EUR 700 000 to Cuba to help reducing the impact of the current drought, caused by the El Niño weather phenomenon, on food security, nutrition and health and to strengthen resilience to future droughts. 23   [*http://ec.europa.eu/europeaid/countries/cuba\_en*](http://ec.europa.eu/europeaid/countries/cuba_en) Policy Department, Directorate-General for External Policies 24 5 Trade and investment relations Cuba was the EU’s third trading partner in the Caribbean in 2016 and its thirteenth in Latin America. According to European Commission data, the EU was Cuba's first trading partner in 2016, ahead of China and Russia. Although the value of trade in goods between the EU and Cuba is relatively modest, Cuba was the EU’s third trading partner in the Caribbean in 2016, after the Cayman Islands and the Dominican Republic, and was the 13th in Latin America.24 According to European Commission data, the EU was Cuba's first trading partner in 2016, ahead of China and Russia, representing 31.2 % of Cuba’s total external trade. The EU was both Cuba's most important export market (29.1 % of all exports), and its top provider of imports (31.5 % of all imports). However, according to Cuban official data for 2015 (trade figures for 2016 have not yet been published), the EU was Cuba’s second trading partner after Venezuela, representing around 24 % of the country’s total foreign trade. Similarly, the EU was the second most important market for Cuban goods, absorbing 23.8 % of Cuban exports, after Venezuela, which was the destination for 43 %. These figures show that the EU was the main supplier of imports, representing 24.2 % of Cuba’s imports, while Venezuela and China supplied 23.9 % and 19.9 %, respectively.25 Figure 1: EU trade with Cuba (EUR millions) 2006-2016 Figure 2: Cuba’s trade in goods with the EU Imports from EU: Exports to EU: Value 2016: EUR 2 254 million EUR 338 million EU's rank (for Cuba), 2016: 1 1 Cuba's rank (for EU), 2016: 99 63 % Cuba’s total, 2016: 31.5 % 29.1 % % EU total, 2016: 0.0 % 0.1 % Source: DG Trade The value of EU-Cuba trade reached EUR 2.46 billion in 2016 (a drop of 9.5 % from 2015, when it reached a record EUR 2.72 billion, according to the 24   [*http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\_122460.pdf*](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122460.pdf) 25   [*http://www.one.cu/aec2015/08%20Sector%20Externo.pdf*](http://www.one.cu/aec2015/08%20Sector%20Externo.pdf) EU-Cuba relations: a new chapter begins 25 The value of EU-Cuba trade reached EUR 2.46 billion in 2016, a drop of 9.5 % from 2015, when it reached a record EUR 2.72 billion. The EU has a huge trade surplus with Cuba. Nearly 83 % of the EU's imports from Cuba in 2016 were primary products, while manufactures represented 79 % of the EU’s exports of goods to Cuba. The EU’s imports of services from Cuba reached EUR 1.3 billion in 2015, almost half the value of goods imports. Cuba had a balance in services surplus of EUR 0.8 billion with the EU, which partially offset the deficit in the balance of trade in goods. The EU is the main source of foreign investment in Cuba, although reliable data is not available. European investment in Cuba could increase further with loans in the future from the European Investment Bank (EIB). European Commission.26 However, over the past decade, the value of bilateral trade has largely stagnated at almost the same level in 2016 as in 2006. Trade exchanges dropped substantially on 2009 and 2010, recovering gradually in the following years. Reflecting the overall structure of Cuba’s foreign trade, the EU has a huge trade surplus with Cuba. Exports to the country reached EUR 2.04 billion in 2016 (down by 6 % from the previous year but up by 26 % compared to 2014), while EU imports from Cuba were only EUR 418 million — a drop of 23 % from 2015. The value of EU’s imports from Cuba has generally fluctuated considerably over the years. Primary products accounted for 82.5 % of the EU's imports from Cuba in 2016, according to EU statistics. Food and live animals represented the most important group of products (38 % of all imports), followed by beverages and tobacco (29 %) and raw materials (12 %). Similarly, manufactures represented 79 % of the EU’s exports of goods to Cuba. The most important product category was machinery and transport equipment. However, ***agricultural*** products, mainly food, represented almost 18 % of the Union’s exports to Cuba. Cuban exports to the EU benefited from the trade preferences granted by the EU in the framework of the Generalised System of Preferences (GSP) up to the end of 2013, when the reform of the GSP excluded upper-middle income countries from the scheme. One result of this was that the EU’s customs fees on imports of tobacco from Cuba increased. EU-Cuba trade in services is relatively important compared to the trade in goods. According to Eurostat figures, the EU’s imports of services reached EUR 1.3 billion in 2015, nearly half the value of imports of goods. EU exports of services to Cuba stood at EUR 0.4 billion. Consequently, Cuba had a surplus in its services balance with the EU of EUR 0.8 billion, which partially offset the deficit in its balance of trade in goods. The EU is the main source of foreign investment in Cuba, although reliable data is not available. Most European investment in Cuba has gone into the tourism industry, the construction sector and agro-industrial production. Among the most important recent European investment projects in Cuba are the renovation and expansion of Havana’s international José Martí airport by a French consortium including the companies Bouygues and Aéroports de Paris under a concession agreement.27 European investment in Cuba could be increased further with future loans from the European Investment Bank (EIB). The PDCA has made it possible for the EIB to provide loans to projects in Cuba, and contacts with the Cuban 26   [*http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\_122460.pdf*](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122460.pdf) 27   [*http://en.granma.cu/cuba/2016-08-04/french-firms-granted-concession-to-expand-havanas-jose-marti-airport*](http://en.granma.cu/cuba/2016-08-04/french-firms-granted-concession-to-expand-havanas-jose-marti-airport) Policy Department, Directorate-General for External Policies 26 The EU accounts for a substantial and growing share of the foreign tourists visiting Cuba. government have reportedly been taking place to explore the options and prepare the EIB for financing investment projects in the country.28 The EU also accounts for a substantial and growing share of the foreign tourists visiting Cuba. Of the approximately 3.5 million visitors to Cuba in 2015, 24 % — or around 860 000 — came from the 11 EU Member States that sent the most tourists to Cuba, according to official Cuban data.29 Equally, in the first half of 2016, tourists from the five biggest EU Member States (Germany, France, the UK, Italy, Spain and Poland) plus the Netherlands represented 25 % of all tourists entering Cuba. The number of tourists from these seven countries was 536 821, or 41 % more than in the same period in 2015 (when their share of all tourists was 20 %).30 The PDCA is unlikely to have any direct and immediate impact on trade and investment relations between the EU and Cuba because it does not include trade preferences or other steps to liberalise trade, or investment protection measures. However, the launch of actions for trade-related cooperation, including trade facilitation and technical barriers to trade, is expected to have a positive impact on EU-Cuba trade and, in consequence, on the diversification of the Cuban exports sector. Similarly, dialogue and cooperation on investment issues should help to create a more attractive and predictable environment for economic operators, thereby stimulating investment operations. 6 Parliamentary links Formal contacts between the EP and the Cuban parliament have been limited. No EP delegation or committee has visited Cuba since July 2001. However, there have been many recent contacts at the level of political groups and informal groups of MEPs. Institutionalised contacts between the EP and the Cuban parliament, the National Assembly of People’s Power (Asamblea Nacional del Poder Popular, ANPP) have been limited. However, Cuban parliamentarians, through their membership of the Latin American Parliament (Parlamento Latinoamericano, or Parlatino) have been involved in parliamentary dialogue with the EP since 1985, first through the bi-annual interparliamentary conferences and since 2006 in the framework of the Euro- Latin American Parliamentary Assembly, EuroLat. No EP delegation or committee has visited Cuba since July 2001, when the Delegation for relations with the countries of Central America and Mexico visited the country. However, groups such as the EP’s Group for Friendship and Solidarity with the People of Cuba, the informal group for Friendship with the People of Cuba and the Friends of Free Cuba Informal Group have maintained relations with different Cuban interlocutors. 28   [*http://www.tradingtopnews.com/forex/european-investment-bank-fumbles-entry-into-cuba-as-soon-as-possible/;*](http://www.tradingtopnews.com/forex/european-investment-bank-fumbles-entry-into-cuba-as-soon-as-possible/;)   [*http://www.cubaencuentro.com/cuba/noticias/banco-europeo-de-inversiones-explora-entrada-en-cuba-327521*](http://www.cubaencuentro.com/cuba/noticias/banco-europeo-de-inversiones-explora-entrada-en-cuba-327521) 29   [*http://www.one.cu/aec2015/15%20Turismo.pdf*](http://www.one.cu/aec2015/15%20Turismo.pdf) 30   [*http://www.one.cu/publicaciones/06turismoycomercio/indturismointernac/trimestral/4.pdf*](http://www.one.cu/publicaciones/06turismoycomercio/indturismointernac/trimestral/4.pdf) EU-Cuba relations: a new chapter begins 27 Similarly, the ANPP has created ‘friendship groups’ (grupos parlamentarios de amistad) with 17 EU Member States.31 Recent contacts between MEPs and representatives of Cuba include the visit to Cuba in January 2016 of a delegation from the Group of Socialists and Democrats (S&D) led by the Group’s chair, Giovanni Pitelli, which met with the Deputy President of the ANPP, Ana María Mari Machado, among others.32 A delegation from the ANPP, led by Ms Machado, paid a return visit in October 2016.33 A delegation from the European United Left / Nordic Green Left (GUE/NGL) visited Cuba in July 2016 and also met with the ANPP deputy president and representatives of the Cuban government. A delegation of six Cuban dissidents and human rights defenders, led by the Sakharov Prize laureate Guillermo Fariñas, visited the EP in October 2016. In addition to a participating in a joint meeting of the foreign affairs committee and human rights subcommittee, the delegation met with various MEPs and attended a meeting organised by the Friends of Free Cuba. 7 The European Parliament and the PDCA The EP has always been heavily engaged with the situation in Cuba, adopting numerous resolutions and awarding the Sakharov Prize to Cuban human rights activists three times since 2002. The EP has repeatedly condemned the lack of democracy, respect for human rights and fundamental freedoms in Cuba. The EP has been heavily engaged with the situation in Cuba throughout the past four decades, adopting numerous resolutions, tabling parliamentary questions, visiting Cuba and maintaining contacts with representatives of the Cuban government and society — inside and outside the country — and awarding the Sakharov Prize to Cuban human rights activists three times since 2002.34 The EP has condemned the lack of democracy, respect for human rights and fundamental freedoms in Cuba on a number of occasions, and has regretted the absence of economic and social reforms. It has called on the Cuban government to release all prisoners of conscience and to stop the harassment of political opponents and human rights defenders. At the same time, the EP has rejected the US embargo imposed on Cuba and called for it to be lifted. The resolution on prisoners of conscience in Cuba, passed on 11 March 2010,35 is a clear statement of the position of a majority of the EP on Cuba. The resolution deplored the absence of significant signs of response by the Cuban authorities to the calls by the EU and the international community for all political prisoners to be released and for fundamental freedoms, especially freedom of expression and political association, to be fully 31   [*http://www.parlamentocubano.cu/index.php/asamblea-nacional-del-poder-popular/grupos-parlamentarios-de-amistad/*](http://www.parlamentocubano.cu/index.php/asamblea-nacional-del-poder-popular/grupos-parlamentarios-de-amistad/) 32   [*http://www.cubanews.acn.cu/cuba/4336-european-delegation-meets-with-cuban-mps*](http://www.cubanews.acn.cu/cuba/4336-european-delegation-meets-with-cuban-mps) 33   [*http://www.parlamentocubano.cu/index.php/delegacion-de-la-asamblea-nacional-encabezada-por-su-vicepresidenta-visita-parlamento-europeo/*](http://www.parlamentocubano.cu/index.php/delegacion-de-la-asamblea-nacional-encabezada-por-su-vicepresidenta-visita-parlamento-europeo/) 34 Oswaldo Payá in 2002; Ladies in White (Damas de Blanco) in 2005 and Guillermo Fariñas in 2010. 35   [*http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2010-63*](http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2010-63) Policy Department, Directorate-General for External Policies 28 The EP’s resolution of 5 July 2017 on the conclusion of the PDCA, which accompanies the endorsement of the agreement, welcomes the PDCA as a turning point in EU relations with Cuba. It emphasises that closer political and economic ties can help advance political reforms and urges the EU and its Member States to assist ‘the economic and political transition’ in Cuba. respected. The EP also called on the Cuban government to release immediately and unconditionally all political prisoners and prisoners of conscience and urged the Council and Commission to step up actions in support of this demand. It urged the EU institutions to give their unconditional support to a peaceful process of political transition to multi-party democracy in Cuba. More specifically, it called on the HR/VP and the European Commissioner responsible for cooperation to begin a structured dialogue with Cuban civil society and with those who support a peaceful transition in Cuba, using the Community's development cooperation mechanisms, in particular the European Initiative for Democracy and Human Rights (EIDHR). Equally, in its resolution on the Annual Report on Human Rights and Democracy in the World in 2012, passed in March 2013, the EP expressed concern about the continuing repression of independent journalists and human rights activists and the suppression of political dissent in Cuba. In its resolution on the EU priorities for the 25th session of the UN Human Rights Council, adopted in March 2014, Parliament again expressed its concern about human rights abuses in Cuba. The debate in plenary on 8 July 2015 on future EU-Cuba relations36 demonstrated Parliament’s broad support for constructive EU engagement towards Cuba and the negotiations for the PDCA. However, it also highlighted the absence of any signs of a democratic opening or improvement in the human rights situation in Cuba. Many speakers insisted in that the need to respect human rights and fundamental freedoms must be at the centre of the EU’s relations with Cuba in the new phase opened by the PDCA. While several Members supported the repeal of the 1996 Common Position, others favoured some form of conditionality in establishing closer relations with Cuba. Parliament’s resolution of 5 July 2017 on the conclusion of the EU-Cuba PDCA, which accompanies its endorsement of the agreement, clearly reflects the concerns of a majority in the EP over the human rights situation in Cuba. In the resolution (which was approved by 487 votes against 107, with 79 abstentions), Parliament welcomes the signing of the PDCA as a new framework and as a turning point for relations between the EU and Cuba and affirms the ***strategic*** value of the relationship, but it also notes that its success will depend on its implementation and on the parties’ compliance, underlining their responsibility in this regard.37 Overall, the resolution places the PDCA in the context of political and economic change in Cuba. It states that the PDCA can contribute to reforms and modernisation in Cuba, emphasises that closer political and economic relations between the EU and Cuba could help advance political reforms and urged the EU and its Member States to assist ‘the economic and 36   [*http://www.europarl.europa.eu/sides/getDoc.do?type=CRE&reference=20150708&secondRef=ITEM-011&language=EN#top*](http://www.europarl.europa.eu/sides/getDoc.do?type=CRE&reference=20150708&secondRef=ITEM-011&language=EN#top) 37 The resolution (provisional edition) can be found at:   [*http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P8-TA-2017-0297*](http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P8-TA-2017-0297) EU-Cuba relations: a new chapter begins 29 The resolution points to respect for human rights and fundamental freedoms as one of the objectives of the EU’s policy on Cuba. It encourages both Cuba and the EU to provide guarantees for the work of human rights defenders and it urges the Cuban government to meet international standards in its human rights policy. The EP encouraged both parties to promote ‘an active role’ for Cuban civil society in the implementation of the PDCA. The EP welcomes the PDCA as a platform for expanding trade and investment. The Parliament defended the continuation of EU development aid to Cuba, despite the country’s status as upper-middle-income country. political transition’ in Cuba. It defines this as the evolution towards ‘democratic and electoral standards’ that respect the basic rights of all citizens. The resolution underlines the importance of the political and the human rights dialogue with Cuba and reiterated that the respect for human rights and fundamental freedoms is one of the objectives of the EU’s policy on Cuba. Noting that the human rights dialogue initiated in 2015 did not end ‘arbitrary politically motivated detentions in Cuba’, the resolution calls on the EU to endorse the EP’s views on democracy, universal human rights and fundamental freedoms and its policy of support for human rights defenders in the dialogue with the Cuban authorities. It also encourages both Cuba and the EU to establish guarantees for the work of human rights defenders. The EP urges the Cuban government to meet international standards in its human rights policy and to respect the instruments it has signed. More specifically, noting Cuba’s efforts to incorporate fundamental UN principles on human and labour rights into its national legislation, it urges Cuba to ratify the UN human rights conventions that have not yet been ratified. The role of Cuban civil society is another key issue in the EP resolution. Parliament points to its role in the economic and democratic development of the country and its own support for Cuban civil society in ‘promoting human rights and democracy in Cuba’, and stresses that civil society should be a ‘leading player’ in all the areas covered by the agreement. It encourages both parties to promote ‘an active role’ for Cuban civil society in the implementation of the PDCA, welcomes the references in the PDCA to civil society as an actor of cooperation and also calls for the ‘active and unrestricted participation’ of all actors from civil society and the political opposition in Cuba in the political dialogue. It recommends the use of EU foreign policy instruments, particularly the EIDHR, to strengthen the EU’s dialogue with Cuban civil society and ‘those who support a peaceful transition in Cuba’. On trade, the resolution welcomes the PDCA as a platform for expanding trade and investment relations and for facilitating a more predictable and transparent business environment. It advocates EU cooperation with Cuba to support the diversification of Cuban exports and emphasises that to build a competitive production system Cuba needs further economic and financial measures that create legal certainty and economic stability, pointing out that Cuba can draw on the experience of EU Member States in this respect. Specifically, the EP calls for Cuba to be made eligible for lending from the EIB, provided it meets the requirements set out in the EU’s mandate. On development cooperation, the EP resolution expresses concerns that the Cuba’s status as an upper-middle-income country could lead to the phasing out of development aid under the DCI regulation. It argues that Cuba’s situation as a developing island state and its economic circumstances, which are ‘exacerbated by the adverse impact of unilateral coercive measures — a clear reference to the US economic embargo Policy Department, Directorate-General for External Policies 30 In monitoring the implementation of the EU-Cuba PDCA the EP will focus on human rights and civil liberties in Cuba, and the role of Cuban civil society — its two main concerns. The ANPP’s Committee on International Relations strongly rejected the EP resolution as ‘unacceptable’ and running counter to the ‘principles of respect, equality and reciprocity’ set out in the PDCA. against the country —justify the continuation of EU aid to Cuba. More specifically, the resolution notes that the PDCA is an opportunity for Cuba to boost its participation in EU research and education ***programmes***, such as Horizon 2020 and Erasmus+. In monitoring the implementation of the EU-Cuba PDCA the EP will focus overall on its two areas of particular concern: human rights and civil liberties and the role of Cuban civil society. Accordingly, the 5 July resolution urges the EEAS to follow closely the situation of human rights and fundamental freedoms in Cuba and report back to the EP. It calls on the European Commission and the EEAS to have regular exchanges with the Parliament on the implementation of the PDCA and the fulfilment of the mutual obligations it sets out, particularly regarding human, environmental and labour rights. However, the strong reaction from the Cuban side to the EP resolution on the agreement underlined the divergence of views on the PDCA. Immediately after the EP vote on the resolution, the Committee on International Relations (Comisión de Relaciones Internacionales) of the ANPP issued a declaration strongly rejecting the ‘unacceptable’ resolution which it branded as ‘unnecessary, inopportune’ and with a ‘remarkable colonialist content’, promoted by MEPs with ‘an extensive anti-Cuban record’, opposed to the advancement of relations between Cuba and the EU.38 The committee further criticised the resolution for running counter to the ‘principles of respect, equality and reciprocity’ contained in the PDCA and for standing in contrast to the positive development of Cuba’s relations to the Commission, the EEAS and Member States. It also accused the EP’s resolution of distorting the reality of Cuba, suggesting unwarranted ‘recipes’ and interfering in Cuba’s internal affairs, which it said was ‘extremely harmful’ to the sovereignty of the Cuban people. The Cuban Parliament committee of the recommended its EU counterpart to be concerned instead about the ‘deep and increasing deterioration of confidence in the institutions of the Community’, the increasing xenophobia and ‘segregationist practices’ against minorities in the Union, the lack of solidarity with which the EU handles the ‘waves of refugees’ arriving from Africa and the Middle East, political corruption in Europe, the deterioration of social security, the high unemployment rates and the lack of progress in Europe in terms of gender equality. 38   [*http://www.parlamentocubano.cu/index.php/declaracion-de-la-comision-de-relaciones-internacionales-de-la-anpp-en-respuesta-a-la-resolucion-sobre-cuba-adoptada-por-el-parlamento-europeo/*](http://www.parlamentocubano.cu/index.php/declaracion-de-la-comision-de-relaciones-internacionales-de-la-anpp-en-respuesta-a-la-resolucion-sobre-cuba-adoptada-por-el-parlamento-europeo/) EU-Cuba relations: a new chapter begins 31 8 Map Source:   [*http://www.mapsopensource.com/cuba-political-map.html*](http://www.mapsopensource.com/cuba-political-map.html)

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HINA Digest

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**Body**

Zagreb, 14 May 2018 (Hina) - PM: Light will be shed on all issues, if there was any wrongdoing we will seek responsibilityZAGREB, May 13 (Hina) - Prime Minister and Croatian Democratic Union (HDZ) president Andrej Plenkovic said on Sunday that light would be shed on all issues regarding the email correspondence between Economy Minister Martina Dalic and consultants and lawyers who worked on Lex Agrokor, and that if there was any wrongdoing, he would ask for responsibility."If there was any wrongdoing, we will seek responsibility and correct the mistakes, if there were any," the PM told the press when asked if Dalic was politically harming the government and the HDZ.Underlining that light would be shed all the way on all issues, Plenkovic said the HDZ was the strongest and the most responsible party and that everything that it was done was done with best intentions.Plenkovic said he had not read the email correspondence between Dalic and the consultants and lawyers thoroughly."I will take some time, I will read it, analyse it and after that I will comment on it," said Plenkovic.Asked if seeking responsibility he was referring to would have to wait until 10 July when a settlement in Agrokor was expected to be reached or if he was ready to act before that,Plenkovic said: "We will asses it." Asked who this would depend on, Plenkovic said: "On me."Plenkovic and Parliament Speaker Gordan Jandrokovic attended a ceremony marking the 96th anniversary of the birth of the first Croatian president and HDZ president Franjo Tudjman.

Theylaid wreaths and lit candles at the Altar of the Homeland and earlier on Sunday they laid wreaths and lit candles at Tudjman's grave at Zagreb central Mirogoj cemetery.SDP chief says emails discredit Minister DalicZAGREB, May 13(Hina) - The president of the Social Democratic Party (SDP), Davor Bernardic, on Saturday once again commented on email correspondence between Economy Minister Martina Dalic and consultants and lawyers who worked on the so-called Lex Agrokor, saying that those emails discredit Dalic and that the Prime Minister must not run away from his responsibility in the Agrokor case.Bernardic claims Minister Dalic continued to lie by saying that she hadno connections with the Savoric law firm."The obvious connection between Minister Dalic and Savoric cannot be disputed and their relationship is based only on creating favourable conditions for extracting money from Agrokor," Bernardic said.He added it was shocking that Prime Minister Andrej Plenkovic "was more concerned about the timing of the emails being released to the public, instead of answering the critical question: What is his opinion about the content of the emails."He reiterated that the prime minister should not run away from his responsibility in the Agrokor case. "Croatia must not be the hostage to one man."Pupovac: Initiative to change election legislation unconstitutional and segregationistZAGREB, May 14 (Hina) - Milorad Pupovac, who represents the Serb minority in the Croatian Parliament, said on Sunday that the position of proponents of the referendum to change election legislation, who want the parliamentary representatives of ethnic minorities excluded from votes of confidence in the government and decisions on the budget, was unconstitutional and segregationist.Pupovac said that "The People Decide" initiative was launched "when the position of ethnic minorities has deteriorated, at the time of animosity and intolerance which started four or five years ago, so that they could get support from disillusioned people and lay the groundwork for segregation."If this initiative succeeds, it will create an environment in which some people will not have the same rights and the same opportunities as others and "they will be marked as people who are not welcome to participate in decisions on important affairs of the state and important state policies," Pupovac said in response to questions from the press at a memorial ceremony on Mount Petrova Gora.The civil initiative "The People Decide" on Sunday started gathering signatures for a referendum to change election legislation. They demand preferential voting without any limits, postal or electronic voting for voters who live abroad and the restriction of the right of the representatives of ethnic minorities to vote on key issues such as the budget. Signatures will be gathered until May 27.Pupovac was also asked to comment on the leaked emails between Deputy Prime Minister and Economy Minister Martina Dalic and the consultants and lawyers who had been involved in the drafting of the law on the indebted Agrokor food and retail group, and whether it would be good if Dalic resigned before a settlement with Agrokor's creditors was reached.He said that his position was that what was damaged should be repaired and not destroyed. "This is not about the prime minister or the government. The damage should be repaired as soon as possible, and an agreement on repairing the damage should be reached in the coming days," he added.He said that the case of Minister Dalic would be discussed by the coalition partners and a decision would be announced by the prime minister himself."Prime Minister Andrej Plenkovic and the coalition partners know our opinion, which is that the shadow that has been cast is not good for the process. The government must rid itself of the burden of omissions and serious mistakes," Pupovac said.HDZ officials attend ceremony marking 96th anniversary of Tudjman's birthZAGREB, May 13(Hina) - The first president of Croatia and the Croatian Democratic Union (HDZ), Franjo Tudjman, achieved the fundamental objectives he had been dreaming of for years -- he created a free, independent and modern Croatian state at times of "tectonic changes" in Europe, and Croatia's challenges today are similar to some of the challenges Dr Tudjman was faced with, this was said at a ceremony marking the 96th anniversary of Tudjman's birth on Sunday.Prime Minister AndrejPlenkovic and Parliament Speaker Gordan Jandrokovic attended the ceremony and laid wreaths and lit candles at the Altar of the Homeland. Earlier on Sunday they laid wreaths and lit candles at Tudjman's grave at Zagreb central Mirogoj cemetery.Plenkovic said the HDZ now had to demonstrate how devoted it was to the Tudjman doctrine.Plenkovic underscored that the the HDZ would give its contribution to create a better life for the Croat people, to achieve economic growth and development and to position Croatia o the European political, economic, transport and tourism map.76th anniversary of Partisan operation on Mount Petrova Gora markedZAGREB, May 14 (Hina) - A ceremony was held on Mount Petrova Gora on Sunday to mark 76 years since Partisan resistance fighters broke through the siege at Biljeg laid by pro-Nazi Ustasha forces and saved tens of thousands of civilians.Delegations of the Croatian parliament and government laid wreaths and lit candles at the devastated monument commemorating the event. Serbian Ambassador Mira Nikolic also lit a candle.The ceremony was organised by the Serb National Council and the Alliance of Antifascist Fighters and Antifascists of Croatia (SABA), whose representatives called on the government to reinforce the values of antifascism through cultural, educational and political institutions.During the night between 13 and 14 May 1942 about 700 Partisans mounted an operation to break through the lines held by several thousand Ustasha and Home Guard soldiers, forcing the Ustasha forces to withdraw. Petrova Gora was also the location of a Partisan hospital that operated throughout World War II.Speaking of that event, Ratimir Bosnjak of the SABA said that the operation at Biljeg was a reaction to months of persecution, killing and deportation of civilians - women, children and elderly people in the Kordun region - to death camps set up by the fascist regime of the Ustasha-led Independent State of Croatia (NDH)."How is it possible that no one has been called to account for 3,500 devastated monuments to the glorious antifascist struggle, that the authorities in Zagreb and Karlovac have renamed the squares named after Marshal Tito, that the Ustasha salute has been made legal by decision of a government commission, and for how long will the authorities in Croatia raise young generations on the lies of a distorted history, religious fanaticism and hatred of antifascists and other democratic forces?" Bosnjak asked.He called on the government and state institutions to "change this retrograde policy into a modern, people's democracy that will be at the service of all and not just a select elite of reactionary pro-fascist groups.""Croatia will not survive unless such retrograde policy is changed, and politicians will continue to refuse to see the real reasons why young people are leaving the country," he added.The head of the Serb National Council, Milorad Pupovac, said that the purpose of this gathering was to save from oblivion the glorious victory over the fascist regime of the NDH, which had started to set up concentration camps from its inception and clearly showed that its aim was to exterminate the Serbs, Jews, Roma, left-wing Croats, communists and left-leaning members of the Croatian Peasant Party (HSS).Pupovac said that memorial ceremonies like this were not enough and that it was necessary to work through educational, cultural and political institutions to ensure that "antifascism gets back the strength that belongs to it." He called for renovation of the devastated memorial complex at Petrova Gora.Speaking to the press after his address, Pupovac said that the Partisans' struggle had put Croatia on the victorious side against fascism.Asked about the five-point star as a symbol under which Croatia had been attacked in the 1991-1995 Homeland War, Pupovac said that people had also been killed under the sign of the cross but that was no reason to ban the cross."These symbols brought much more positive than negative. In the Homeland War it was not the five-point star that led the war, the war was led by those who belonged to ultranationalist and pro-fascist groups, who used guns, violence and crime. These things need to be distinguished," Pupovac said.According to police estimates, about 800 people attended the event. Among them were also representatives of antifascist organisations from Velika Kladusa in neighbouring Bosnia and Herzegovina.Petrova Gora is located about 100 kilometres south of Zagreb.Vucic: Croats proud of Bleiburg and Serbs can't understand itZAGREB, May 13(Hina) - Serbian president Aleksandar Vucic said on Sunday, commenting on a commemoration in Bleiburg for the Croat victims of the Communist regime, that this rally was neither first nor the last one, but that people in Serbia do not understand it, adding at the same time that Serbs and Croats would have much better relations in the future ."Neither the first, not the last one...Every year they will be gathering (in Bleiburg). They are proud of it and we do not understand it," Vucic told the press in Belgrade.He said that "only by joining forces we can survive and remain, although this is difficult to hear for many Croats and for some Serbs it is even more difficult."Warning about the global changes, Vucic said that "things and circumstance in the world are changing.""Some do not understand that Serbs and Croats willlive in much better relations, although some want quite the opposite," Vucic said, reiterating his recent statement that both Serbs and Croats are small peoples and they are disappearing."Only by joining forces we can survive and remain, although this is difficult to hear for many Croats and for some Serbs it is even more difficult," Vucic said adding that he advocated a macroeconomic union in the region.Vulin: Croatia in Bleiburg "has chosen which side it is on"Serbian Defence Minister Aleksandar Vulin on Saturday evening commented a commemoration in Bleiburg, saying that "Croatia has once again chosen which side it is one", the media in Belgrade reported.In response to the Croatian state leadership's participation in the commemoration in Bleiburg, Vulin said in a press release that "this was the image of Europe that Croatia wants.""Between the Jasenovac victims and the Bleiburg executioners they've chosen to pay their respects to the executioners. Bleiburg is the picture of Europe that Croatia wants," the media in Belgrade cited Vulin as saying.The media in Belgrade also carried the statement by top Nazi hunter Efraim Zuroff who said he tried to persuade Austria's conservative government to ban the rally, but without success."It's absolutely outrageous that Austrian authorities allow an event like this to happen," Zuroff told The Associated Press by phone from Jerusalem. "In Austria, you are not allowed to brandish Nazi symbols, but they allow Ustasha symbols."Parliament Speaker says crimes committed in wake of WW2 used to be glossed overCroatian Parliament Speaker Gordan Jandrokovic on Saturday said that the national legislature would continue providing patronage for the annual mid-May central commemoration of victims killed in the Austrian Bleiburg field in the wake of the Second World War, and underscored that those developments in the aftermath of the WW2 were a difficult chapter of the complex Croatian history.He called on the Croatians to continue building a democratic pluralistic future of their country with the same responsibility with which they founded the independent Republic of Croatia.The ceremony was held at Bleiburg, southern Austria on Saturday to commemorate tens of thousands of Croatian civilians and soldiers of the defeated Nazi-allied Independent State of Croatia (NDH) who surrendered to allied forces there in May 1945, but were handed over by British troops to Yugoslav forces. Many were executed on the spot, while many perished during so-called death marches back to Yugoslavia.Addressing this year's Bleiburg commemoration, Jandrokovic recalled that last year he had given a promise that the commemorations would be held under the patronage of the Sabor and added that he would stick to his decision."Primarily, it is our moral, human and civilisation obligation to remember the victims of the crimes committed out of revenge, hatred intolerance and ideological reasons," the Croatian official said.Annual commemorations are held in mid-May to commemorate the tribulations of fleeing Croatian Ustasha soldiers and civilians who were disarmed and handed over by allied forces in Austria to Tito's Partisans at the end of the Second World War. Many of them were executed on a mass-scale by Yugoslav Partisans without trial in the Bleiburg field and during death marches back to Yugoslavia.Jandrokovic recalled in his speech that those atrocities used to be glossed over and perpetrators were not held to account."Today, at this place, we pay tribute to the victims - civilians and disarmed soldiers and all lost lives and also to those who survived and to their families whose testimonies must not fall into oblivion."This chapter of Croatia's history was the downfall of humanity and human dignity, freedoms and rational action, Jandrokovic said.After crimes perpetrated by the Fascists during the WW2, committing systematic and well-***planned*** crimes against members of the Croatian people in Bleiburg, the Communist authorities paved the way for totalitarianism, and restriction of freedoms as well as persecutions of those who had different opinions and thus killed the hope about building a democratic society, he added.For decades, the Croatian people used to be hostage to the totalitarian Communist regime and subjected to mass-scale violations of human rights, physical and mental terror, Jandrokovic said.Croatian president attends Feast of Our Lady of FatimaZAGREB, May 13(Hina) - Croatian President Kolinda Grabar-Kitarovic in the night between Saturday and Sunday attended Mass in the Portuguese shrine of Fatima where, as she said, in her thoughts "she was with everyone in Croatia.""I am grateful to the Portuguese president for inviting me to the 101st anniversary of the apparition in Fatima. These are special moment for me, moments when we think about ourselves, but most of all about others. Moments when we look deep down into ourselves, into things we've done rightand into the things that we need to do better," Grabar-Kitarovic told Croatian press after leaving the shrine. "Tonight in my thoughts I was with all of you in Croatia, in my prayers I was also with you," she added.Fatima, a town located some 100 kilometres from Lisbon, is one of the well-known Catholic Marian shrines in Europe, where three local shepherds reported the apparition in 1917.The Mass in the shrine to the Virgin Mary at Fatima was held in commemoration of the 101st anniversary of its recognition by the Catholic Church as a pilgrimage site.Portuguese President Marcelo Rebelo de Sousa said it was an honour to have the Croatian president attend the event.Croatian president arrives in MostarZAGREB, May 13(Hina) - Croatian President Kolinda Grabar-Kitarovic on Sunday afternoon arrived in the southern Bosnia and Herzegovina city of Mostar where she is expected to meet the Croat member of the Bosnian collective presidency, Dragan Covic, and give a talk on Southeast European countries on their journey to the EU on Monday.The president will also attend a ceremony of presenting the person of the year award, organised by the Vecernji List daily.Croatia to be promoted in Germany as ideal wedding destinationZAGREB, May 13(Hina) - The Rijeka-based wedding agencyWedding2Book has initiated cooperation with the GermanAgentur Traumhochzeit agency in order to promoteCroatia as an ideal wedding destination.Apromotional video about Croatiawill be shown during fairs and other similar events in Germany, presenting desirable destinations for wedding ceremonies such as Durbovnik's Walls, Lopud, Brijuni National Park, the islands of Solta and Hvar, and the Kvarner coastal area.Advertisements with the similar contents will be published in the Dream-Z magazine.A crew of the German VOX television is also expected to shoot a video about Croatia as an ideal place to get married.Germania launches new flight connecting Zadar and ZurichZAGREB, May 13, 2018 (Hina) - Zadar Airport and the German airline Germania have set up a new route connecting the central Adriatic city of Zadar and Zurich, Switzerland, with flights three times a week, Zadar Airport authorities said in a press release Sunday.Zadar Airport director Joisp Klismanic expressed satisfaction with the new flight connecting Croatia and Switzerland.Airbus A319 was welcomed at the Zadar Airport with the traditional firing of the water cannons.Rural tourism stands good chance of developing in CroatiaZAGREB, May 13(Hina) - There are currently about 500 family-run farms which also cater for tourists, and this is still insufficient in comparison to the potential for developing agritourism, which will require a broader support, including an improved legislative framework, Dijana Katica, the head of the Croatian association for tourism and rural development has recently said in an interview with Hina.Katica says that out of those 500 family farms that also have agritourism as non-core business, only 20 per cent of them have farmhouse guest rooms for farmstay while other can provide visitors only with food and have no accommodation capacities.She explains that for the services to be broadened, it is necessary to provide those farms with cheaper loans and with the support of local authorities.Rural tourism has excellent prospects in Croatia considering the fact that 90% of Croatia is the countryside, she underscores.So far, this type of tourism has been developed to the largest scale where tourism has already been enhanced: Istria and the hinterland of Dubrovnik, she notes.In recent years, the eastern region of Baranja has been developing rural tourism, she says.In Baranja, there are ***plans*** to develop a strategy for branding rural tourism.There are similar ***plans*** by family farms in the Dalmatian hinterland, while farms in the Hrvatsko Zagorje region in the northwest of Croatia are going to brand their tourist trade under the motto " 'Fairy tale on the palm'.In the neighbouring region of Medjimurje, local family farms cooperate well with Sv. Martin na Muri spa that includes local food and ***agricultural*** ***produce*** into its menu. Thus, local food products account for 60% of the food offered in the spa hotel.The spa also provides guests with bicycles who can ride them while sightseeing the countryside and then have an opportunity to buy local products on farms.A majority of family-run farms that carry out tourist trade are profitable, however, they need more money for promotion and they have a lot of difficulty to obtain loans from commercial lenders that still do not recognise this activity as payable, Katica says.Most Croatians satisfied with their job, survey showsZAGREB, May 13(Hina) - About 70 percent of Croatians are satisfied with their job, the Federation of Independent Trade Unions (SSSH) said earlier this week while presenting the results of a survey on job satisfaction.About 70 percent of Croatian respondents said they were pleased with their job, while the EU average in 2015 was 86 percent,SSSH associate Suncica Brnardic said ahead of a conference on job quality, organised by the SSSH and the Friedrich Ebert Foundation.One in five Croatians said they were very pleased with their job, while in Germany one in three said so.There was a drastic difference between respondents working on fixed-term contracts and those on open-ended contracts, with the former saying they were dissatisfied because it was more difficult for them to ***plan*** their future and ensure their income. Fixed-term contracts were also seen as a source of job insecurity."Those respondents expressed drastically less satisfaction on all elements, saying that they had no influence on their work conditions or training and were less satisfied with their working hours," Brnardic said.The survey showed that the strongest reason for job satisfaction was pay, followed by working in their profession, the level of education, coverage by a collective agreement and the existence of trade unions.SSSH leader Mladen Novosel said that Croatian workers were relatively satisfied with their job and work conditions, noting that this mostly depended on the terms of their contract.Currently slightly over 20 percent of Croatian workers work on fixed-term contracts, while the European average is 14.4 percent, and the biggest problem is that almost all newly-employed workers are hired on fixed-term contracts, Novosel warned."All fixed-term contract workers, with contracts of less than six months' duration, have by far less favourable work conditions, lower wages and more problems with employers honouring their working hours," the SSSH leader said.Job satisfaction ranges between 65 and 67 percent, but compared with other EU countries, Croatian workers rank second to last, above Greeks. "That's why one should not be satisfied with the survey results," Novosel said.The survey was carried out by Hendal agency, covering 500 people who in the past year had been in some kind of paid employment for at least three months.Number of Instagram users in Croatia increases fivefold in three yearsZAGREB, May 13(Hina) - Some 970,000 Croatians use the Instagram photo and video-sharing social networking service, up from 190,000 three years ago, a survey carried out by the Arbona digital marketing firm shows."The number of Instagram users in Croatia is growing tremendously fast. There were over 190,000 users in 2015 and over 390,000 in January 2017. Last May the number of Instagram users increased to 730,000 and this May, according to our survey, 970,000 Instagram users were active," Arbona CEOSandro Lazaric said.Women are the biggest Instagram fans. They prevail in all age groups and make up53 percent of the service's users.Of the 970,000 users in Croatia, 520,000 are women, and the most represented age group is between 18 to 24 years, with 340,000 users. The 25-34 age group has 300,000 users and the 35-44 group has 160,000.Third edition of Design District Zagreb to be held June 14-17 in "Marticeva zone"ZAGREB, May 13(Hina) - The third edition of the interdisciplinary, multimedia open-air festival dedicated to design, architecture, art and other creative industry-driven branches -- Design District Zagreb -- will be held on June 14-17 in Zagreb's "Marticeva zone".The festival covers the district of Lower City, spreading on Draskoviceva, Subiceva, Vlaska, Zvonimirova and Marticeva streets, with Marticeva Street playing the central role. Within the district, the organisers of have recognised an exceptional potential for the development of cultural and tourist products and services in the local context owing to favourable urban infrastructure and the tradition of modern urban culture that has been continuously sustaining itself in its contemporary variant.The ***programme*** includes exhibitions (both interior and exterior, within public and private premises, inside of galleries and abandoned and unused facilities), discussions and lectures (with guest lecturers from Croatia and abroad pertaining to the fields of design, architecture, urbanism and other fields), workshops (focusing on various fields of interest in design and creativity, both for children and adults), spatial ***interventions*** and installations (taking place in parks, on the streets and unused shops and shop windows in collaboration with partners and sponsors of the festival as well as municipal institutions), various events (promotions, panel discussions, screenings, public readings, etc.), open doors days (when visitors have the opportunity to visit and get a direct insight in design and architect studios within the district) alongside with the rich music and gastronomic ***programme***.The ***programme*** of Design District Zagreb 2018 is a combination of very specific understandings of what design might be and the way it can progressively impact complex and multi-layered social relations within a selected and representative urban community.Long-term objective of the Design District Zagreb project is to develop into a broad, inclusive and participatory platform for gathering and creating networks of cultural professionals active in the district, people living there and those visiting it so to achieve a more simplified and creative communication with the overall urban community as well and national and foreign one, and to propose and organise projects of ***strategic*** interest for the district and the City of Zagreb- starting from the Festival and beyond.One of the objectives is also to affirm the understanding of design as a methodological and reflexive field providing tools for analytical research and creative ***planning*** applicable to different spheres of living. Urban development with all its specificities is certainly one of those tools. This way of understanding design brings us closer to the definition of "social design", i.e. design that makes a composing element of thinking and organising interpersonal relationships within a particular social community.Long-term objectives of the project imply continuity in content production as well as the continuation of development and growth of already established collaborations, ***programmes*** and communication channels, together with further strengthening of partnership relations with municipal institutions, sponsors and participants of the Festival. Also, the Festival strives to permanently maintain some of the contents developed in the district during the Festival and make them an additional value in the public space of the City of Zagreb.G.Ivanisevic and M. Bahrami to star in exhibition match at Umag tournamentZAGREB, May 13 (Hina) - The Plava laguna Croatia Open Umag ***plans*** to once again prepare and unforgettable experience with an exhibition match between tennis legends Goran Ivanisveic and Mansour Bahrami who will test their skills on July 14, the tournament's organising committee said earlier this week.Explaining that it was in fact these two tennis legends that started the tradition of exhibition matches at the 25th edition of the tournament when they played against Thomas Muster and Henri Leconte, the organisers said that the exhibition match has become and unavoidable attraction during the tournament, providing tennis lovers with lots of laughs, entertainment and fond memories."I'm glad that I will once again be playing an exhibition match with Bahrami and you can be assures that it will be full of brilliant entertainment," Ivanisevic said.This year, the 29th edition of the Plava laguna Croatia Open Umag will be held between July 13 to 22.THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HRS MONDAY. (Hina) its Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulicev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentic, DirectorEditor in Chief: Serdo Obratov Bulletin Editor: Marija Sestan

ZAGREB, May 13 (Hina) - Prime Minister and Croatian Democratic Union (HDZ) president Andrej Plenkovic said on Sunday that light would be shed on all issues regarding the email correspondence between Economy Minister Martina Dalic and consultants and lawyers who worked on Lex Agrokor, and that if there was any wrongdoing, he would ask for responsibility.

ZAGREB, May 13(Hina) - The president of the Social Democratic Party (SDP), Davor Bernardic, on Saturday once again commented on email correspondence between Economy Minister Martina Dalic and consultants and lawyers who worked on the so-called Lex Agrokor, saying that those emails discredit Dalic and that the Prime Minister must not run away from his responsibility in the Agrokor case.

ZAGREB, May 13(Hina) - The first president of Croatia and the Croatian Democratic Union (HDZ), Franjo Tudjman, achieved the fundamental objectives he had been dreaming of for years -- he created a free, independent and modern Croatian state at times of "tectonic changes" in Europe, and Croatia's challenges today are similar to some of the challenges Dr Tudjman was faced with, this was said at a ceremony marking the 96th anniversary of Tudjman's birth on Sunday.

ZAGREB, May 13(Hina) - Croatian President Kolinda Grabar-Kitarovic in the night between Saturday and Sunday attended Mass in the Portuguese shrine of Fatima where, as she said, in her thoughts "she was with everyone in Croatia."

ZAGREB, May 13(Hina) - Croatian President Kolinda Grabar-Kitarovic on Sunday afternoon arrived in the southern Bosnia and Herzegovina city of Mostar where she is expected to meet the Croat member of the Bosnian collective presidency, Dragan Covic, and give a talk on Southeast European countries on their journey to the EU on Monday.

ZAGREB, May 13(Hina) - The Rijeka-based wedding agencyWedding2Book has initiated cooperation with the GermanAgentur Traumhochzeit agency in order to promoteCroatia as an ideal wedding destination.

ZAGREB, May 13, 2018 (Hina) - Zadar Airport and the German airline Germania have set up a new route connecting the central Adriatic city of Zadar and Zurich, Switzerland, with flights three times a week, Zadar Airport authorities said in a press release Sunday.

ZAGREB, May 13(Hina) - There are currently about 500 family-run farms which also cater for tourists, and this is still insufficient in comparison to the potential for developing agritourism, which will require a broader support, including an improved legislative framework, Dijana Katica, the head of the Croatian association for tourism and rural development has recently said in an interview with Hina.

ZAGREB, May 13(Hina) - About 70 percent of Croatians are satisfied with their job, the Federation of Independent Trade Unions (SSSH) said earlier this week while presenting the results of a survey on job satisfaction.

ZAGREB, May 13(Hina) - Some 970,000 Croatians use the Instagram photo and video-sharing social networking service, up from 190,000 three years ago, a survey carried out by the Arbona digital marketing firm shows.

THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HRS MONDAY.

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**End of Document**



[***-PotashCorp Reports Second Quarter Earnings of $ 0.24 per Share***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P4T-J3P1-F0K1-N0GF-00000-00&context=1516831)

ENP Newswire

July 31, 2017 Monday

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**Length:** 3114 words

**Body**

'In the second quarter, we continued to benefit from stronger potash market conditions and our improved cost position in this nutrient,' said PotashCorp President and Chief Executive Officer Jochen Tilk.

'Robust potash demand - especially in offshore markets, where Canpotex2 achieved its second highest first-half shipment total - supported a constructive market and is expected to carry through the remainder of the year. We anticipate more subdued nitrogen and phosphate markets in the second half to offset strength in potash and, as a result, have maintained our full-year earnings guidance range.

'During the second quarter, we safely and successfully completed our capacity audit at Rocanville. The results exceeded our expectations as nameplate capacity reached 6.5 million tonnes, increasing our Canpotex sales entitlement to approximately 55 percent effective July 1. This result is a significant accomplishment that would not have been possible without the steadfast commitment of our Rocanville employees to safe and efficient production. With our lowest cost operation now ramped up, we are on track to reduce potash cost of goods sold by $ 10 per tonne this year.

'We continued to work through regulatory and integration ***planning*** processes related to our merger with Agrium3 and we expect the transaction to close late in the third quarter of 2017. We also announced that following the expected closure, the newly formed company will be named Nutrien.4 We are excited for the opportunities of the combined company and the value Nutrien can provide to all of its stakeholders,' said Tilk.

Saskatoon, Saskatchewan - Potash Corporation of Saskatchewan Inc. (PotashCorp) reported second-quarter earnings of $ 0.24 per share ($ 201 million), which included an $ 0.08 per share income tax provision recovery, bringing the first-half total to $ 0.42 per share ($ 350 million). Results for both the quarter and the first six months surpassed the $ 0.14 per share ($ 121 million) and $ 0.23 per share ($ 196 million) earned in the respective periods of 2016.

Gross margin for the quarter ($ 255 million) and first six months ($ 523 million) exceeded 2016 levels ($ 243 million and $ 477 million, respectively), as higher potash contributions more than offset weaker nitrogen and phosphate prices. Despite higher earnings in the second quarter and first six months of 2017, cash from operating activities of $ 328 million and $ 551 million trailed last year's totals, primarily due to changes in accounts receivable and the non-cash impact of our income tax provision recovery.

Investments in Arab Potash Company (APC) in Jordan, Israel Chemicals Ltd. (ICL) in Israel and Sociedad Quimica y Minera de Chile S.A. (SQM) in Chile contributed $ 51 million to our second-quarter earnings, bringing first-half totals to $ 97 million. Totals for both the second quarter and first half exceeded the respective amounts generated last year, which also included a dividend from Sinofert Holdings Limited (Sinofert) in China. The market value of our investments in these four publicly traded companies was approximately $ 4.8 billion, or $ 6 per PotashCorp share, at market close on July 26, 2017.

Market Conditions

Global potash markets continued to improve through the second quarter as agronomic need and affordability supported demand, especially offshore, and contributed to modestly higher prices. In North America, a good spring application season led to healthy shipment levels - although below the particularly robust second quarter of 2016 - and reduced inventory throughout the supply chain. Offshore imports to the US reached record levels through the first half, resulting in lower domestic ***producer*** sales volumes.

In nitrogen, the startup of new global capacity had a negative impact on market fundamentals during the quarter. Notwithstanding strong consumption in most key regions, new supply outpaced growth in demand and pressured prices. As this supply transition unfolded, US urea prices fell to multi-year lows while ammonia and UAN were pushed to their lowest prices of the year.

Despite strong demand in Latin America, global phosphate markets remained subdued in the second quarter, largely due to increased supply and lower shipments to India. In this environment, prices for most phosphate fertilizer products declined slightly. While prices for feed and industrial products were modestly higher than in the first quarter, they remained well below prior-year levels, due primarily to increased supply from offshore ***producers***.

Potash

Potash gross margin of $ 213 million for the second quarter and $ 373 million for the first six months of 2017 reflected increased prices, reduced per-tonne costs and higher offshore sales volumes. Results in both periods were well above the respective totals of $ 123 million and $ 211 million generated in 2016.

Sales volumes for both the quarter (2.4 million tonnes) and first half (4.5 million tonnes) exceeded those for the comparable periods in 2016 (2.1 million tonnes and 3.9 million tonnes, respectively). While North American volumes were 23 percent lower than in the comparatively strong second quarter of 2016, offshore shipments increased by 34 percent, led by strong demand in Brazil. The majority of Canpotex's volumes for the quarter were sold to Latin America (40 percent) and Other Asian markets outside of China and India (40 percent), while India and China accounted for 10 percent and 3 percent, respectively.

Our average realized potash price of $ 174 per tonne for the second quarter reflected a continued recovery in global spot prices and exceeded the $ 154 per tonne realized in the same period last year ($ 169 per tonne in 2016's second quarter excluding PotashCorp's share of Canpotex's Prince Rupert project exit costs).

Manufactured cost of goods sold for the quarter averaged $ 82 per tonne - including $ 23 per tonne of depreciation - down from $ 91 per tonne in the same period last year due to a greater share of production from our lower-cost mines, particularly Rocanville.

Nitrogen

Weaker nitrogen prices and higher US natural gas costs resulted in gross margin of $ 68 million for the quarter and $ 165 million for the first six months, trailing last year's comparable periods by 48 percent and 30 percent, respectively. Our US operations accounted for 51 percent of our nitrogen gross margin for the quarter, with our Trinidad operations providing the remainder.

Sales volumes of 1.6 million tonnes for the quarter were 6 percent higher than those in the same period of 2016, largely due to stronger fertilizer demand. For the first half, shipments of 3.2 million tonnes were relatively flat compared to 2016.

Our average realized price of $ 223 per tonne during the quarter declined from $ 244 per tonne in the same period last year as increased global supply weighed on benchmark pricing, pulling down realizations for nearly all our products.

Cost of goods sold for the quarter averaged $ 182 per tonne, up from $ 160 per tonne in 2016's second quarter, driven primarily by higher US natural gas costs.

Phosphate

In phosphate, weaker prices more than offset the benefit of lower input costs, resulting in negative gross margin of $ 26 million for the second quarter and negative $ 15 million for the first half of 2017. Both totals trailed those of the prior year and included non-cash notable charges of $ 28 million for the quarter and $ 32 million for the first half of 2017, which were lower than the comparative periods in 2016.

Sales volumes of 0.6 million tonnes for the quarter were higher than the 0.5 million tonnes sold in the prior year's second quarter, mainly due to stronger North American ***agriculture*** demand, while first-half deliveries of 1.2 million tonnes were flat when compared to the same period in 2016.

Our average realized phosphate price for the quarter was $ 407 per tonne, down from $ 485 per tonne in the same period last year as prices for nearly all products decreased - most notably, liquid fertilizers.

Cost of goods sold was $ 452 per tonne for the second quarter, lower than $ 506 per tonne in the same period of 2016, primarily due to lower input costs and non-cash notable charges.

Financial

Provincial mining and other taxes for the quarter totaled $ 44 million, higher than the $ 26 million in last year's corresponding period, predominantly due to higher potash prices.

A $ 68 million non-cash income tax provision recovery relating to provincial tax changes that will be realized in future years led to an overall income tax recovery for the second quarter of $ 62 million, compared to a $ 24 million income tax expense realized in 2016's second quarter.

Potash Market Outlook

We expect strong potash demand to continue in the second half of 2017 and have increased our anticipated global shipment range to 62-65 million tonnes for 2017, well above the 60 million tonnes shipped last year.

In North America, we had a very successful summer fill ***program*** and are now fully committed through the end of September. We believe supportive crop prices and the need to replenish soil nutrients will support consumption through the remainder of the year and continue to anticipate total demand to this market of 9.3-9.8 million tonnes, similar to 2016.

In Latin America, supportive crop economics are expected to maintain a positive demand environment for the remainder of 2017. Following robust first-half deliveries, we now expect record full-year shipments of 12.0-12.5 million tonnes.

With recently settled contracts in China - including those with Canpotex - we expect strong deliveries in the second half of 2017. We now estimate demand for the full year in the range of 15.5-16.5 million tonnes, above 2016 levels, as nutrient affordability and a move to balanced fertility continue to drive robust consumption.

In India, we anticipate that a good monsoon, agronomic need and increased acreage will offset the impact of lower subsidies. Following strong first-half shipments, we now expect deliveries of 4.0-4.5 million tonnes for the year, above 2016 levels.

In Other Asian markets, we expect healthy palm oil prices, improved moisture conditions and favorable economics for other key crops to support demand for the remainder of 2017. We maintain our estimated shipment range of 9.0-9.5 million tonnes for the full year, higher than last year's total.

Financial Outlook

Taking the above market factors into consideration, we have raised the bottom end of our guidance range for potash sales volumes (9.0-9.4 million tonnes) and increased the range for potash gross margin ($ 650-$ 850 million). Our estimates include the benefit of the Rocanville capacity audit results, which increased our Canpotex sales entitlement to approximately 55 percent for the second half of 2017.

In nitrogen, we expect recent capacity additions to continue to pressure prices and alter trade flows, keeping margins below those of 2016. In phosphate, we anticipate that challenging market fundamentals will continue to impact prices and our profitability. Given these considerations, we have lowered the top end of our combined nitrogen and phosphate gross margin range and now estimate $ 150-$ 300 million in 2017.

With lower annual earnings forecast in the US, we now anticipate an income tax recovery and have adjusted our effective income tax rate to a negative range of 3-6 percent.

We now expect higher provincial mining and other taxes in the range of 19-22 percent of potash gross margin for 2017, primarily due to an increased profit tax forecast resulting from lower estimated capital depreciation.

Income from equity investments is now anticipated in the range of $ 170-$ 190 million, above the previous guidance range, largely due to the strength of SQM earnings.

Due to the recent strength of the Canadian dollar, we have revised our full-year foreign exchange rate assumption to CDN$ 1.32 per US dollar.

Based on these factors, we have maintained our full-year 2017 earnings guidance of $ 0.45-$ 0.65 per share, including merger-related costs now expected to be $ 0.06 per share.

PotashCorp is the world's largest crop nutrient company and plays an integral role in global food production. The company ***produces*** the three essential nutrients required to help farmers grow healthier, more abundant crops. With global population rising and diets improving in developing countries, these nutrients offer a responsible and practical solution to meeting the long-term demand for food. PotashCorp is the largest ***producer***, by capacity, of potash and one of the largest ***producers*** of nitrogen and phosphate. While ***agriculture*** is its primary market, the company also ***produces*** products for animal nutrition and industrial uses. Common shares of Potash Corporation of Saskatchewan Inc. are listed on the Toronto Stock Exchange and the New York Stock Exchange.

Contact:

Tel: (306) 933-8521

Fax: (306) 933-8844

This release contains 'forward-looking statements' (within the meaning of the US Private Securities Litigation Reform Act of 1995) or 'forward-looking information' (within the meaning of applicable Canadian securities legislation) that relate to future events or our future performance. These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. These statements often contain words such as 'should,' 'could,' 'expect,' 'forecast,' 'may,' 'anticipate,' 'believe,' 'intend,' 'estimates,' '***plans***' and similar expressions. These statements are based on certain factors and assumptions as set forth in this document, including with respect to: foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, including the completion of the proposed merger of equals with Agrium, and effective tax rates. While we consider these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are subject to risks and uncertainties that are difficult to predict. The results or events set forth in forward-looking statements may differ materially from actual results or events. Several factors could cause our actual results or events to differ materially from those expressed in forward-looking statements including, but not limited to, the following: our proposed merger of equals transaction with Agrium, including the failure to satisfy all required conditions, including required regulatory approvals, or to satisfy or obtain waivers with respect to all other closing conditions in a timely manner and on favorable terms or at all; the occurrence of any event, change or other circumstances that could give rise to the termination of the arrangement agreement; certain costs that we may incur in connection with the proposed merger of equals; certain restrictions in the arrangement agreement on our ability to take action outside the ordinary course of business without the consent of Agrium; the effect of the announcement of the proposed merger of equals on our ability to retain customers, suppliers and personnel and on our operating future business and operations generally; risks related to diversion of management time from ongoing business operations due to the proposed merger of equals; failure to realize the anticipated benefits of the proposed merger of equals and to successfully integrate Agrium and PotashCorp; the risk that our credit ratings may be downgraded or there may be adverse conditions in the credit markets; any significant impairment of the carrying value of certain assets; variations from our assumptions with respect to foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, and effective tax rates; fluctuations in supply and demand in the fertilizer, sulfur and petrochemical markets; changes in competitive pressures, including pricing pressures; risks and uncertainties related to any operating and workforce changes made in response to our industry and the markets we serve, including mine and inventory shutdowns; adverse or uncertain economic conditions and changes in credit and financial markets; economic and political uncertainty around the world; changes in capital markets; the results of sales contract negotiations within major markets; unexpected or adverse weather conditions; risks related to reputational loss; the occurrence of a major safety incident; inadequate insurance coverage for a significant liability; our inability to obtain relevant permits for our operations; catastrophic events or malicious acts, including terrorism; certain complications that may arise in our mining process, including water inflows; risks and uncertainties related to our international operations and assets; our ownership of non-controlling equity interests in other companies; our prospects to reinvest capital in ***strategic*** opportunities and acquisitions; risks associated with natural gas and other hedging activities; security risks related to our information technology systems; imprecision in reserve estimates; costs and availability of transportation and distribution for our raw materials and products, including railcars and ocean freight; changes in, and the effects of, government policies and regulations; earnings and the decisions of taxing authorities which could affect our effective tax rates; increases in the price or reduced availability of the raw materials that we use; our ability to attract, develop, engage and retain skilled employees; strikes or other forms of work stoppage or slowdowns; rates of return on, and the risks associated with, our investments and capital expenditures; timing and impact of capital expenditures; the impact of further innovation; adverse developments in pending or future legal proceedings or government investigations and violations of our governance and compliance policies. These risks and uncertainties are discussed in more detail under the headings 'Risk Factors' and 'Management's Discussion and Analysis of Results and Operations and Financial Condition' in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in other documents and reports subsequently filed by us with the US Securities and Exchange Commission and the Canadian provincial securities commissions. Forward-looking statements are given only as of the date hereof and we disclaim any obligation to update or revise any forward-looking statements in this release, whether as a result of new information, future events or otherwise, except as required by law.

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

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**End of Document**



[***M and A Navigator: Deal pipeline ""18 May***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SC0-R4D1-F0K1-N4P6-00000-00&context=1516831)

FinancialWire

May 18, 2018 Friday

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**Body**

The following is a list of deals covered in detail by M and A Navigator this week:

-CALIFORNIA CRYOBANK STEM CELL SERVICES ACQUIRES CORD BLOOD AMERICA

California Cryobank Stem Cell Services LLC (FamilyCord) has acquired the assets of Nevada, US-based Cord Blood America Inc. (CBAI), a provider of cord blood and cord tissue stem cell storage services, in a transaction that unites two stem cell companies, the company said.

FamilyCord will maintain the long-term cryogenic storage of the stem cell units in its state-of-the-art biorepository. California Cryobank and FamilyCord have extensive experience in clinical laboratory management, cord blood banking and frozen tissue storage.

Status: Closed

-SHERPASHARE ACQUIRES DATA PIONEER GIGXL TO ENHANCE REVENUE FOR RIDESHARE DRIVERS

California, US-based ride-sharing technology platform SherpaShare has acquired the data engine and other technology assets of California-based driving economy data specialist GigXL, the company said.

Technology veteran and GigXL co-founder Chi-Chao Chang will join SherpaShare as an independent board member. SherpaShare said the acquisition will help the company broaden its array of tools that help Uber and Lyft drivers.

Status: Closed

-SPINDLETOP CAPITAL ACQUIRES AUSTIN, TEXAS-BASED DERMATILOGY PROVIDERS TO FORM SANOVA DERMATOLOGY

Texas, US-based healthcare growth equity and growth buyout firm Spindletop Capital Management (SCM) has acquired Sanova Dermatology, Austin Dermatology Associates, Steiner Ranch Dermatology, Pflugerville Dermatology and Aesthetic Center, the Austin Institute for Clinical Research, Bonnie Furner, MD, the DermaSurgery Center and Old Metairie Dermatology to create of a new dermatology practice management platform, Sanova Dermatology, the company said.

Sanova is partnering with well-respected medical and cosmetic dermatologists across the Sunbelt states to focus solely on providing exceptional care to medical and cosmetic dermatology patients.

Status: Closed

-DUNNHUMBY ACQUIRES APTARIS TO ENHANCE PRICING/PROMOTIONS SOLUTIONS FOR RETAILERS

London, UK-based customer data science company dunnhumby has acquired New York, US-based enterprise marketing and promotions management company Aptaris Software, to power more effective, efficient pricing and promotions leveraging dunnhumby's customer data science, the company said.

The acquisition is the culmination of a ***strategic*** partnership that embedded dunnhumby customer data science into the Aptaris solution, providing retailers with the only end-to-end promotions management platform in the market.

Status: Closed

-SAVAGE, BARTLETT MERGE TO SUPPORT ENERGY AND ***AGRICULTURAL*** INDUSTRIES

Utah, US-based supply chain provider Savage Companies has merged with Missouri, US-based grain and milling firm Bartlett to form a new combined entity, Savage Enterprises, the company said. Savage and Bartlett provide transportation, logistics and materials management services for customers across multiple industries, with a focus on energy and ***agriculture***.

By combining ***strategic*** capabilities and assets, the new venture will be a leading single-source provider of a range of supply chain and industrial services enabling Savage and Bartlett customers and partners to feed the world, power our lives, and sustain the planet.

Status: Closed

-BLUE WOLF CAPITAL ACQUIRES SHARE IN KNIFE MANUFACTURER TOW

New York-based private equity firm Blue Wolf Capital Partners LLC has acquired a majority stake in UK-based industrial knife manufacturer TGW (Holdings) Ltd., the company said. The company is acquiring TGW through an affiliate of Blue Wolf Capital Fund IV, L.P.

Blue Wolf said it looks forward to working with the TGW team to build on the company's legacy and continue to grow the business. Blue Wolf's acquisition of TGW is the third investment by Blue Wolf Capital Fund IV, L.P., which began investing in January 2018.

Status: Closed

-RESURGENS TECHNOLOGY ACQUIRES SUNGARD ASSURANCE BUSINESS CONTINUITY MANAGEMENT SOFTWARE

Atlanta, US-based private equity investor Resurgens Technology Partners has acquired Pennsylvania, US-based IT production and recovery services provider Sungard Availability Services' Assurance Business Continuity Management ***Planning*** software business to positions Assurance for further growth and expansion of its market leadership position, the company said.

Resurgens said Assurance is already well positioned with over 650 global customers using its SaaS platform in a wide-open BCMP market. As a standalone entity, coupled with Resurgens' focus and expertise in developing software businesses, Assurance will further establish itself as the go-to solution for lowering risk, improving resilience and better managing business continuity.

Status: Closed

-ODIN PROPERTIES SELLS NEW JERSEY WOODLAND VILLAGE APARTMENTS

In a deal brokered by Eli Rosen and Joseph Brecher of Gebroe-Hammer Associates, an affiliate of Philadelphia-based real estate investor Philip Balderston's Odin Properties has sold New Jersey, US-based Woodland Village Apartments for USD 32.1m, the company said.

Odin purchased the property for USD 15.875m in March 2014. Odin Properties said Woodland Village is an excellent asset with great scale in proximity to the PATCO Train Station, Philadelphia, and Camden employment hubs.

Status: Closed

-MOHEGAN ENERGY TRUSTEES ACQUIRES METALLURGICAL COAL OPERATION FROM MET RESOURCES

North Carolina, US-based Cornerstone Minerals LLC, a wholly owned subsidiary of coal operations company Mohegan Energy Trustees, LLC, has acquired a low vol metallurgical coal operation and related equipment in West Virginia from Met Resources, LLC, the company said.

Following the acquisition, Mohegan is focused on ramping-up production, lowering costs, improving existing infrastructure, and constructing a 350 ton/hour processing plant and additional rail out facility.

Status: Closed

-VITRISA THERAPEUTICS ACQUIRES RIGHTS TO MAKO CLINICAL TRIAL DATA FROM OHR PHARMACEUTICALS

California, US-based Vitrisa Therapeutics, Inc., a company focused on developing a suite of platform technologies optimized for ocular therapeutics, has entered into an option agreement with US-based Ohr Pharmaceutical to acquire certain rights to MAKO study in wet-AMD data, the company said.

Through an upfront payment, Vitrisa will gain initial non-exclusive access to summary data for the Lucentis monotherapy arm in the MAKO study and the option to acquire worldwide exclusive ownership of the entire clinical database for a period of 90 days following initial access.

Status: Agreed

-NATIONAL RESPONSE ACQUIRES FLORIDA-BASED SWS ENVIRONMENTAL SERVICES

New York, US-based specialty compliance and environmental services provider National Response Corp. (NRC), a portfolio company of an investment affiliate of J.F. Lehman and company, has completed the acquisition of Florida, US-based SWS Environmental Services, Inc., the company said.

SWS is NRC's 10th add-on acquisition and represents another step in executing this element of NRC's strategy.

Status: Closed

-BROOKFIELD PARTNERS COMPLETES ACQUISITION OF GERMANY'S SCHOELLER GROUP

Germany based Schoeller Group, specialising in returnable packaging solutions, supply chain systems and intellectual property services, has completed the previously announced acquisition by Bermuda-based Brookfield Business Partners L.P. together with institutional partners of JP Morgan's shares in Schoeller Allibert, the company said.

Brookfield will enter into a partnership with the Schoeller Group in Schoeller Allibert held in a joint holding company called Schoeller Packaging. Schoeller Group will hold 30% of Schoeller Allibert and 48% of the voting shares.

Status: Closed

-WEATHER ANALYTICS, ATHENIUM MERGE TO FORM ATHENIUM ANALYTICS

Washington, DC-based risk information provider to insurance carriers Weather Analytics LLC has acquired and merged with Massachusetts, US-based Athenium Inc., a software provider to insurance carriers, the company said.

The newly merged company will be named Athenium Analytics. Weather Analytics said it ***plans*** to invest more than USD 25m to build new decision-support software for insurers, enabled by artificial intelligence and computer-vision capabilities.

Status: Closed

-DIALPAD ACQUIRES TALKIQ TO ENHANCE BUSINESS COMMUNICATIONS WITH AI CAPABILITIES

California, US-based business communications provider Dialpad has acquired California-based real time speech recognition and artificial intelligence provider TalkIQ, the company said.

By combining TalkIQ's real-time speech recognition and natural language processing technologies with Dialpad's leading communications solutions, Dialpad will deliver VoiceAI to help business teams capture and learn from conversations as they happen.

Status: Closed

-ORACLE ACQUIRES DATASCIENCE TO EXPAND MACHINE LEARNING CAPABILITIES

California, US-based computer technology corporation Oracle has signed an agreement to acquire US-based machine learning platform DataScience.com, which centralises data science tools, projects and infrastructure in a fully-governed workspace, the company said.

Data science teams use the platform to organise work, easily access data and computing resources, and execute end-to-end model development workflows, improve productivity, reduce operational costs and deploy machine learning solutions faster to power digital transformations.

Status: Agreed

-CGI ACQUIRES FACILITE INFORMATIQUE TO STRENGTHEN POSITION IN CANADIAN MARKET

Canada-based information technology company CGI (TSX: GIB.A) (NYSE: GIB) has acquired Québec, Canada-based IT consulting services firm Facilité Informatique to increase CGI's extensive capabilities in order to best meet client needs, the company said.

Through the merger, 350 professionals will join approximately 11,000 CGI professionals in Canada from coast-to-coast and 73,000 worldwide.

Status: Closed

-REED TECH ACQUIRES PATENTSIGHT TO EXPAND PATENT ANALYTICS

Pennsylvania, US-based patent and data analytics company Reed Tech has acquired Germany based PatentSight GmbH, a provider of analytics solutions that help patent professionals gain insight into patents and patent portfolios, the company said.

PatentSight will become a part of the LexisNexis IP division of Reed Tech. Reed Tech said the addition of PatentSight to its LexisNexis IP product portfolio enables the company to offer more complete patent workflow solutions, ***producing*** the most comprehensive range of IP offerings available from a single company.

Status: Closed

-INVICTUS TO ACQUIRE BRITISH COLUMIBIA-BASED PROPERTY IN CASH/STOCK DEAL

Canada-based cannabis operator Invictus MD Strategies Corp. (TSX Venture: GENE) (OTC: IVITF) (FRA: 8IS1) has entered into a binding letter of intent to acquire 100% of the outstanding shares of an applicant under the Access to Cannabis for Medical Purposes Regulations (ACMPR) from current shareholders of OptionCo, the company said.

OptionCo has two properties. One is located in Delta, British Columbia and is a pharmaceutical grade, cannabis production and research facility, which has been submitted to Health Canada for final review and approval under the ACMPR.

Status: Agreed

-CI CAPITAL'S MAROON GROUP ACQUIRES CHEMICAL DISTRIBUTOR J TECH SALES

Ohio, US-based specialty chemicals distributor Maroon Group LLC has acquired Florida, US-based chemicals and ingredients distributor J. Tech Sales, the company said.

Maroon said this represents a ***strategic*** acquisition as the company builds upon existing positions in several core end-markets and continues expanding its value-add service offering. Maroon Group is majority-owned by CI Capital Partners. This is Maroon Group's eighth add-on acquisition under CI Capital's ownership.

Status: Closed

-EXEMPLIS ACQUIRES SYMMETRY OFFICE TO EXPAND PRODUCT OFFERINGS

California, US-based furniture manufacturer Exemplis Corp. has acquired Florida, US-based Symmetry Office, a  provider of training, multi-purpose and height-adjustable tables and workspace accessories, the company said.

The acquisition expands Exemplis' product offerings beyond seating into adjacent categories and enables the company to meet its customers' evolving needs with new, innovative business solutions. Both Symmetry Office and the SitOnIt Seating and IDEON brands will continue to operate independently for the balance of 2018.

Status: Closed

-SHERIDAN LANDSCAPING ACQUIRES MASSACHUETTS-BASED WHITBECK'S TREESCAPE

Massachusetts, US-based landscape company Sheridan Landscaping has acquired Massachusetts-based landscaping, property maintenance and tree services provider Whitbeck's Treescape, the company said.

Sheridan says the acquisition came about because Sheridan's own customers have long been interested in contracting his company for maintenance work. The company can offer maintenance services as a package deal for larger projects.

Status: Closed

-CHEGG ACQUIRES AI-ENHANCED WRITING PLATFORM WRITELAB FOR USD 15M

California, US-based learning platform Chegg, Inc. (NYSE: CHGG), a Smarter Way to Student, has acquired AI-enhanced writing platform WriteLab, Inc., located in California, the company said.

Chegg acquired WriteLab for approximately USD 15m, in an all cash transaction. An additional payment of USD 5.0m may be paid to key employees over the next three years, in cash or stock at Chegg's sole discretion, contingent upon the continued employment of such key employees.

Status: Closed

-ASSUREDPARTNERS ACQUIRES PEOPLES INSURANCE TO EXPAND INTO IOWA

Florida, US-based AssuredPartners, Inc. has acquired Iowa, US-based Peoples Insurance Agency (PIA), headquartered in Waverly, Iowa, the company said.

PIA said joining AssuredPartners will allow PIA to remain in its community, keep its family involved in the business, while giving it the opportunity to be a part of a national organisation. Assured Partners said entering Iowa as a new marketplace is an exciting time for AssuredPartners and the company is thrilled for the opportunity to become further involved in the community.

Status: Closed

-QUIP TO ACQUIRE AFORA ACCELERATE ACCESSTO AFFORDABLE DENTAL CARE ***PLANS***

New York, US-based oral health company Quip has announced it is acquiring New York, US-based dental care membership ***plan*** Afora, to open access to affordable dental care ***plans***, the company said.

To support quip's expansion of their oral health offerings, quip has struck a financing deal with Silicon Valley Bank worth up to USD 10m. This financing comes on the heels of quip's recent USD 10m series A in 2017 from multiple parties including Sherpa Capital, Blue Scorpion VC, and Demi Lovato. Additional terms of the transaction were not disclosed.

Status: Agreed

-MIXED DIGITAL, EQUESTRIAN MARKETING MERGE TO STRENGTHEN PRESENCE IN SPORTS MARKETING

North Carolina, US-based digital agency Mixed Digital LLC has merged with New York, US-based boutique agency Equestrian Marketing, LLC, specialising in sports marketing and management, the company said.

The merger will enable Mixed Digital to launch a niche sports brand marketing arm. Mixed Digital said Equestrian Marketing's roster of professional athlete clients presents new opportunities for endorsement and sponsorship agreements.

Status: Closed

-TURNKEY CAPITAL TO ACQUIRE HEALTHSPAN MEDICAL

Florida, US-based business advisory Turnkey Capital Inc. (TKCI) has signed a letter of intent to acquire Florida-based biotechnology company HealthSpan Medical Systems, Inc., a TBG Holdings company that had previously been operating a medical clinic specialising in IV therapies, medical marijuana registrations and hormone replacement therapies, the company said.

Status: Agreed

-CAMEO RESOURCES TO ACQUIRE LABRADOR COBALT IN CASH/STOCK DEAL

Canada-based mineral exploration company Cameo Resources Corp. (TSX Venture: CRU) (OTC: CRUUF) (FWB: SY7D) has entered into an agreement to acquire Canada-based cobalt exploration company Labrador Cobalt Corp to further to its focus on cobalt, the company said.

As consideration for 100% of the issued shares of Labrador Cobalt Corp., the company paid CDN 40,000 on signing of the agreement and will issue 500,000 common shares upon closing of the transaction. Closing of the transaction is subject to regulatory approval.

Status: Agreed

-CALIBRESCIENTIFIC FINALISES ACQUISITION OF GERMANY BASED BIOZOL DIAGNOSTICA

California, US-based life sciences solutions provider CalibreScientific has completed the acquisition of Germany based life sciences products distributor Biozol Diagnostica Vertrieb GmbH, the company said.

CalibreScientific said adding Biozol to the CalibreScientific family presents actionable growth opportunities for the two companies. Biozol has a product portfolio of more than six m SKUs, which includes antibodies, proteins, ELISAs, detection kits, biochemicals, reagents and diagnostics kits.

Status: Closed

-INTERNET OF THINGS TO ACQUIRE WEATHER TELEMATICS FOR CDN 2.53M

Canada-based Internet of Things Inc. (TSX Venture: ITT) (OTC: INOTF) (FRANKFURT: 71T) an investor in growth-oriented companies offering IoT, AI and Blockchain solutions has entered into a letter agreement to acquire Canada-based data science company Weather Telematics Inc. (WTX Inc.), offering real-time advanced artificial intelligence-based predictive road condition weather analytics, the company said.

The company intends to acquire 100% of the issued and outstanding shares of WTX Inc. for CDN 2.53m (USD 1.96m) on the following terms: CDN 230,000 (USD 178,270) in cash payable at closing; CDN 300,000 (USD 232,530)in cash payable on the six-month anniversary post-closing; and CDN 2.0m (USD 1.55m) in IoT Inc. treasury shares.

Status: Agreed

-BROWN AND BROWN ACQUIRES AUTOMOTIVE DEVELOPMENT GROUP ASSETS

Florida, US-based insurance company Brown and Brown, Inc. (NYSE: BRO) subsidiary Brown and Brown of Kentucky, Inc has acquired substantially all of the assets of US-based performance improvement company Automotive Development Group (ADG), the company said.

The ADG team will become part of the Brown and Brown auto, RV and powersports practice. Brown and Brown said as the company's presence in the auto/F and I space has continued to grow, it saw the need for a well-developed platform to enhance that growth.

Status: Closed

-CENTURY NEXT FINANCIAL, ASHLEY BANCSTOCK TO MERGE IN DEAL VALUED AT USD 12.8M

Louisiana, US-based Century Next Financial Corp. (OTC: CTUY), the holding company of Bank of Ruston, and Arkansas, US-based Ashley Bancstock Company, the holding company of First National Bank of Crossett, have executed a definitive agreement whereby Century Next and Ashley Bancstock will combine in a ***strategic*** merger, the companies said.

Under the terms of the agreement, Ashley Bancstock will be merged with and into Century Next and First National Bank of Crossett will be merged with and into Bank of Ruston.

Status: Agreed

-BGTV DIRECT ACQUIRES INTEREST IN INDIANA-BASED BUCK LAKE RANCH

Tennessee, US-based REIT LIG Assets, Inc. (OTC: LIGA) has announced that its president has enabled LIG Assets' subsidiary BGTV Direct to acquire controlling interest in the historic music venue Buck Lake Ranch located in Indiana, the company said.

LIGA said BGTV Direct has launched BGTV LIVE events and experiential agency whose primary focus will be on live events and experiential marketing for global brands. BGTV LIVE Company's business will be built around consolidating key historic venues and live events, such as festivals, into a national company that focusses on what our global advertising brands want.

Status: Agreed

-RISK STRATEGIES ACQUIRES COSTELLO BENEFITS TO EXPAND NATIONAL EMPLOYEE BENEFITS PRACTICE

Boston, US-based insurance brokerage Risk Strategies has acquired Massachusetts, US-based employee benefits brokerage firm Costello Benefits Group (CBG Benefits, Inc.), the company said. CBG Benefits helps human resources and corporate finance departments on a number of fronts, including development and implementation of health and welfare benefits ***programmes***, workplace wellness ***programmes***, regulatory compliance, employee communication, and benefits technology.

Risk Strategies said as it continues to build national practice, it seeks to add partners with technical expertise and experience that will translate nationally across industries.

Status: Closed

-DEL FRISCO'S TO ACQUIRE SPANISH FOOD RESTAURANT OPERATOR BARTECA FOR USD 325M IN CASH

Texas, US-based Del Frisco's Restaurant Group, Inc. (NASDAQ: DFRG) has entered into a definitive agreement to acquire Spanish food restaurant chain Barteca Restaurant Group for USD 325m in cash, the company said.

Del Frisco's board of directors has unanimously approved the transaction, which is expected to be completed by the end of Del Frisco's second quarter. The proposed transaction does not require approval by Del Frisco's shareholders.

Status: Agreed

-DARE BIOSCIENCE TO ACQUIRE PEAR TREE PHARMACEUTICAL PRODUCT PT-101

California, US-based clinical-stage women's biopharmaceutical company Daré Bioscience, Inc. (NASDAQ: DARE) has entered into a merger agreement with development-stage women's biopharmaceuticals company Pear Tree Pharmaceuticals, Inc. to secure the rights to develop PT-101, a proprietary vaginal formulation of tamoxifen, the company said.

The closing of the merger with Pear Tree is subject to a number of conditions, including approval of the merger by Pear Tree's stockholders.

Status: Agreed

-EURONET EXPANDS PRESENCE IN IRELAND WITH ACQUISITION OF EASYCASH ATMS

Kansas, US-based electronic payments provider Euronet Worldwide, Inc. (NASDAQ: EEFT) has acquired approximately 400 Easycash-branded ATMs in Ireland, from Ireland-based Ulster Bank, the company said.

The Easycash ATMs are deployed nationwide in prime retail locations and will be a substantial addition to Euronet's Irish market presence.

Status: Closed

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**End of Document**



[***New investment opportunities open up across a range of sectors in Kuwait***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-735G-00000-00&context=1516831)

Oxford Business Group: Articles

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**Body**

With billions of dinars worth of short-term spending ***plans*** and a new vision for economic transformation over the next two decades, Kuwait offers opportunities for investment across a range of sectors. While the country adopted a save and prosper approach during the oil boom years of 2010-14, the prolonged reduction in oil prices experienced since then has coincided with a renewed appetite for investment and reform that bodes well for private sector players.

"While government revenues in the GCC have been impacted by falling oil prices, the financial resources of most private institutions are much further removed from oil price fluctuations and do not depend on state budgets," Abdulwahab A Al Bader, director-general of the Kuwait Fund for Arab Economic Development (KFAED), told OBG. "Therefore, many private institutions, including development operations at the KFAED, have not been adversely affected."

**Wealth & Welfare**

Kuwait's oil industry was nationalised in the 1970s and for the subsequent four decades its small but growing population of citizens has enjoyed the fruits of its hydrocarbons endowment. On a per capita basis, Kuwait is far wealthier than its larger neighbour Saudi Arabia, for instance. In 2017, when the two countries agreed to curb crude oil production as part of the strategy of the Organisation of the Petroleum Exporting Countries (OPEC) to drawdown global oil supplies, Kuwait agreed to cut its output to 2.7m barrels per day (bpd), while Saudi Arabia reigned back its output to just over 10m bpd. Kuwait has 1.34m citizens compared to just over 20m citizens in Saudi Arabia, so at the start of 2017 crude oil output in the two countries was the equivalent to two bpd for every Kuwaiti and half a barrel for every Saudi national.

When Kuwait and Saudi Arabia nationalised their oil industries in 1975 and 1980, respectively, their citizen populations were much smaller and at those times the per capita production was 6.5 barrels per Kuwaiti citizen and 1.6 barrels per Saudi national. Kuwait has distributed this oil wealth through the establishment of a welfare state that provides its citizens with free health care and education, highly subsidised water, electricity and petrol charges, and the promise of free land on which to build a home. Public sector employment is another means through which the authorities have sought to redistribute the country's wealth. In 2017 the average monthly tax-free pay for the 343,340 Kuwaitis on the government pay roll was KD1470 ($4863), or KD17,640 ($58,400) per annum. That works out to the equivalent of $163 a day - a little over the value of three barrels of Brent crude in March 2017 - for an occupation with a generous pension, long holidays and other perks. About 80% of Kuwaitis in the workforce work for the public sector, according to the Public Authority for Civil Information, with fewer than 90,000 Kuwaiti nationals in the private sector, accounting for 4% of the 2.2m people employed by businesses in the country.

**Private Enterprise**

However, government salaries are not the only income stream for many Kuwaiti citizens. The law prohibits foreigners from owning property, so the 3m non-Kuwaitis living in the country pay rent to Kuwaiti landlords, as are their employers for business premises. Many Kuwaitis also earn money from overseas investments.

According to the most recent 2013 Kuwait Central Statistical Bureau (KCSB) survey, the average monthly household income for Kuwaitis was approximately KD3351 ($11,100) in 2013, with 72% of income from salaries, 3% from business activities, 2% from non-financial investments, 21% from transfers from the government and 2% from other sources. A report from the Dubai Land Department revealed that Kuwaitis invested $544m in the emirate's real estate market in 2016 alone. Further afield, London has been a favourite market for investment property purchases by both individuals and institutions. According to Reuters, the Kuwait Investment Authority (KIA) spent $24bn on London property in the 10 years leading up to 2013.

**Sovereign Wealth Funds**

The KIA, which is chaired by Kuwait's minister of finance, Anas Khalid Al Saleh, administers two sovereign wealth funds (SWFs) that distribute the benefits of the country's oil wealth. The General Reserves Fund (GRF), which was established in 1952, plays a crucial role in day-to-day fiscal management, while the Future Generations Fund (FGF), established in 1976, manages a portfolio of investments outside Kuwait and by law receives 10% of net income each year, as well as 10% of government revenues. From 2011 to 2013, during the spike in oil prices, Parliament approved a transfer of 25% of government revenues to the FGF. Although the figure has not been verified by the KIA, the Sovereign Wealth Fund Institute estimates the SWFs have combined assets of $592bn (see analysis).

**Traditional Discourse**

Despite its vast wealth, there have been delays in recent years when it comes to major development projects, with the state's bureaucracy often cited as a significant concern. The World Economic Forum's "Global Competitiveness Report 2016-17" ranked Kuwait 38th out of 138 economies, but cited government bureaucracy, restrictive labour regulations and corruption as among the most problematic factors for businesses in the country. However, it is worth noting that these outside perspectives can fail to take into account that Kuwait's decision-making processes are a key aspect of its traditions.

Kuwait is very proud of its culture of *diwaniah*, an ancient tradition in which men gather to socialise and discuss a range of issues from family matters and current affairs to business and politics. One eminent Kuwaiti sociologist and diplomat, Fahad Al Naser, has published academic articles on the importance of the institution, explaining that diwaniah helped citizens to cope during the Iraqi occupation. Drawing on a network of family and social ties, the diwaniah system reflects a Kuwaiti belief in free speech, which in the political arena sets it apart from many of its neighbours.

Since independence in 1961, Kuwait has had 16 parliamentary terms. In the most recent election in November 2016, 483,000 Kuwaiti men and women were able to vote in the contest to elect 50 representatives. Women were given the right to vote and run in elections in 2005, and in the most recent poll one woman, Safa Al Hashem, was elected from 15 female candidates. In Kuwait Cabinet ministers and the prime minister are appointed and many are members of the ruling family. Ministers can be questioned and held to account by members of parliament, who can also demand amendments to new legislation. The 2016 election saw 24 seats out of 50 going to parliamentarians representing opposition groups, who had boycotted the previous two elections. While the parliamentary system, which is unique in the Gulf states, has been cited as a source of stability, it has also been described as a reason for delay in the delivery of ***strategic*** policy objectives.

**Development *Plans***

Although this stop-start approach to project implementation has caused delays to several major development projects in the country, many are now moving ahead as ***planned***. A report by the Public Authority for Housing Welfare indicates that 36,000 homes will be built in 2017 to ease the pressure associated with the growing number of citizens waiting to benefit from the free home, apartment or plot of land awarded by the state to Kuwaiti citizens when they marry. Meanwhile, the construction of a new airport terminal at Kuwait International Airport with three times the capacity of the current airport is now moving ahead after the KD1.3bn ($4.3bn) contract was re-awarded to Turkey's Limak Holding following the original contract's withdrawal in 2015. The Amiri Diwan has in the meantime granted a KD52m ($172m) contract to build a passenger support terminal capable of handling 4.5m people annually while the larger airport is being built, and stipulating that the passenger support terminal would have to be completed in 450 days from the contract signing in November 2016.

In 2014, as global oil prices dramatically fell, Kuwait awarded KD7.5bn ($24.8bn) worth of contracts for major projects, which National Bank of Kuwait noted was almost four times the value of awards the previous year and equivalent to all the projects given the go-ahead in 2011 to 2013. In 2015 the value of projects awarded rose to KD12bn ($39.7bn), while in 2016 KD5.6bn ($18.5bn) worth of contracts were signed. Many of these projects came under the auspices of the 2015/16-2019/20 National Development ***Plan*** (NDP), which included provisions of KD34bn ($112.5bn) for expenditure on 521 projects, 421 of which had been carried over from the previous five-year ***plan***. The combined total of approved development schemes in 2014, 2015 and 2016 came to just over KD25bn ($82.7bn), suggesting that almost KD10bn ($33.1bn) of funding is in the pipeline over the final three years of the NDP. "The NDP has a specific focus and a clear objective to position Kuwait in the top 35th percentile of global competitiveness indices and major international indicators by 2035," Khaled Mahdi, secretary-general of the Supreme Council for ***Planning*** and Development, told OBG. "Effective prioritisation and methodology as it is carried out will enable the mid-range ***plan*** to provide a unified national direction for ***strategic*** ***planning*** in Kuwait within the longer-term goals of the New Kuwait vision." The generation of so many schemes in recent years has created multi-billion-dollar deals for international companies including Spain's Tecnicas Reunidas, US's Schlumberger, Petrofac from the UAE and Turkey's Limak Holding, as well as for firms from South Korea and China, including Hyundai Heavy Industries and Sinopec.

**PPP Projects**

However, there is scope for deeper investment by foreign firms and private businesses in Kuwait thanks to a new administrative and legislative framework that has enabled Kuwait's first two public-private partnership (PPP) agreements to deliver tangible results. In December 2016 two key milestones were achieved by PPPs in Kuwait: the Al Zour North phase one independent water and power project (IWPP), which is 40% owned by private companies, became fully operational, supplying the country with electricity and water; and Health Assurance Hospitals Company, known as Dhaman, in which Arabi Holding Group has a 26% stake, signed a KD162m ($535.9m) deal with the China Metallurgical Group Corporation to build, equip and operate two hospitals with a combined total of 600 beds by 2019. National Bank of Kuwait (NBK) estimates there is a pipeline of PPP projects with a total value of KD10bn ($33.1bn) in the tendering or pre-tendering stage in Kuwait. PPPs are administered by the Kuwait Authority for Partnership Projects, which took over the function, with additional powers from the Partnerships Technical Bureau.

**Capital Market**

The equity agreement underpinning the Al Zour North phase one IWPP plant saw the Kuwait government holding a 60% stake during the construction phase, with a mandate to offer 50% of the equity in the scheme to the people of Kuwait through an initial public offering (IPO) restricted to Kuwaiti citizens. In March 2017 NBK Capital was selected to lead the advisory team for the IPO, which is expected to take place before the end of 2017. With the second phase of Al Zour North in the project pipeline, along with another IWPP, Al Khairan, the PPP model could lead to a number of new IPOs in the years ahead. Among them will be the body that owns the exchange itself. The Kuwait Stock Exchange (KSE) became the first public entity to be privatised in April 2016 when ownership was transferred to Kuwait Bourse Company, known as Boursa Kuwait, in line with the Capital Markets Authority Law No. 7 of 2010. Boursa Kuwait subsequently took over the operation of the KSE in October 2016. Boursa Kuwait has announced it will itself be the subject of an IPO available to Kuwaiti citizens in due course. According to KAMCO Research, there were 14 IPOs in Kuwait from 2001 to 2016, and so the PPP strategy may also serve to reinvigorate interest in Kuwait's exchange.

**Taking Stock**

In early 2017 Kuwait was also taking stock of its own financial position as it assessed export revenues, fiscal balances and the effectiveness of the historic cuts implemented at the start of the year by OPEC members in partnership with some nonOPEC countries, including Russia. Data from the KCSB showed oil revenues in 2016 had fallen to their lowest level in more than 10 years, to KD12.5bn ($41.4bn), or 93% of total national exports, and 53% lower than the KD26.8bn ($88.7bn) in oil exports the country had sold in 2014. According to the IMF, crude oil accounted for 82% of government revenues in 2013, but fell to 67.5% in 2016. However, oil revenues are expected to rise to 70% in 2017, anticipating a rise in crude prices.

Kuwait, a founder-member of OPEC, chaired the committee formed to monitor the implementation of promised reductions by those party to the Vienna agreement - OPEC's first production reduction since 2008. As the ministers gathered for their meeting, Brent crude was trading at around $54 a barrel, above the price being quoted for Brent crude futures for January delivery on the day the Vienna deal was struck in November 2016. Although that price was not far below Kuwait's fiscal breakeven oil price of $52.80 for 2017 estimated by the IMF in April 2016, it was below the estimates for other GCC states with the breakeven figures for Qatar, Saudi Arabia and the UAE put at $54.70, $70.20 and $71.70, respectively. By the end of May 2017 OPEC had agreed to continue the output reduction for a further nine months in order to reduce global inventories and ***produce*** an increase of crude oil prices.

**Deficit Controls**

The OPEC meeting took place a month after the start of Kuwait's new fiscal year in April, and its budget was anticipating a deficit of KD7.9bn ($26.1bn) after mandatory transfers to the FGF. The budget forecast oil revenues of KD11.7bn ($38.7bn) based on a price of $45 a barrel. After covering the previous two years of deficit through drawdowns from the GRF and domestic debt, in March 2017 Kuwait tapped international debt markets for the first time, raising $8bn. Despite the ongoing uncertainty over oil prices, the savings in Kuwait's SWFs portfolio, and the manageable size of the deficit, have left the IMF and ratings agencies confident it can ride out a period of reduced oil prices over several years and maintain its "AA" credit status. The IMF stated in January 2017 that if Kuwait kept up the recent pace of project implementation, non-oil GDP growth of up to 4% could be expected until 2021, assuming there was no further volatility in global oil prices or increased regional instability.

**Reform Agenda**

The IMF also welcomed the government's long-term reform agenda, New Kuwait, which sets wide-reaching goals for socio-economic change to be achieved by 2035. In its 2017 Article IV report, the IMF lauded ***plans*** to promote a greater role for the private sector to create more employment opportunities for citizens, and said ongoing efforts to reduce subsidies on fuel and utilities were a "step in the right direction". However, in April 2016, under the last Parliament, lawmakers refused to pass a bill reducing subsidies on electricity and water tariffs. Subsequently, they agreed to implement the reforms if they were only applied to the homes and businesses of the country's 3m expatriates and exempted 1.34m Kuwaiti citizens. The change meant electricity charges in apartment buildings rising from KD0.002 ($0.001) per KWh to KD0.015 ($0.05), and reaching KD0.025 ($0.08) for commercial premises. Water charges were to be doubled, with the changes taking effect from September 2017.

**Subsidies & Oil Prices**

On September 1, 2016, prices of petrol rose by between 40% and 80%, depending on the grade, in another subsidy reform. According to IMF estimates, the average price went up to $0.31 a litre, cheaper than anywhere else in the Gulf, except Saudi Arabia. However, a month later the law was challenged in court and the government ordered to abolish the increase, a move that was followed by the dissolution of Parliament and a snap election. Many of the 24 opposition parliamentarians subsequently elected had campaigned against the removal of subsidies, and by March 2017 they had issued a demand to cross examine the prime minister and three ministers over the reforms. During the earlier debate in April 2016, local media reported that the Ministry of Electricity and Water had told parliament that if subsidies remained and consumption of electricity and water continued to grow, subsidies would cost the government $25bn by 2035. In an October 2016 report, the IMF calculated that the implicit cost of energy subsidies as a proportion of GDP was 7.2% in Kuwait, compared to 4.2% in Saudi Arabia, 3.6% in Bahrain and 3.5% in Qatar, with the cost in the UAE, where subsidy reductions have been imposed more rigorously, amounting to 0.8%. In monetary terms, the IMF said the explicit cost of subsidies across all six GCC countries in 2016, excluding the UAE, was $10.9bn, with Kuwait's share accounting for $7.8bn.

The increase in fuel prices does appear to have contributed to a significant decline in consumer confidence, according to an economic report ***produced*** by NBK. The bank noted that despite growth in employment and salaries in the government sector, the Ara Research and Consultancy consumer confidence index fell markedly in August 2016, and had remained quite low going into the first quarter of 2017, particularly among Kuwaiti households.

**Taxation**

The changes in policy on subsidies were part of a wider package of fiscal reforms agreed on by the Cabinet in 2016. The government announced it was ***planning*** to introduce a 10% corporate income tax to replace existing levies on foreign businesses and a number of smaller fees for Kuwaiti firms. Value-added tax (VAT) at 5% is set to be introduced in GCC countries. The UAE have announced the tax will be introduced on January 1, 2018, while NBK expects the levy will not be introduced in Kuwait until 2019. It predicts the combined impact of new taxes and subsidy reform could reduce the fiscal deficit by 4-5% of GDP within five years. The IMF has estimated that if Kuwait introduces a 5% VAT rate, as well as new taxes on sugary drinks and tobacco, government revenues could be increased by 1.75% of GDP, which would mitigate, to some extent, against recent falls caused by lower oil prices.

**Employment Reform**

Another element of the government's reform strategy involves public sector employment, skills and training. Kuwait has not reacted to the decrease in oil prices by reducing pay or benefits for public sector staff, but the government did announce a two-year-long ***programme*** including changes to civil service salaries and the introduction of performance evaluations.

This forms part of a broader move to ensure more Kuwaiti citizens have a skill set that is compatible with private sector work, while also attempting to introduce structural reforms that encourage a more flourishing private sector. The IMF estimates that in the five years from 2017, the private sector will only be able to provide employment roles for a quarter of young citizens entering the job market. This suggests the government will have to offer them jobs at a greater cost to the state, or risk rising unemployment among young nationals. Majeed Al Turkait, chairman and CEO of the Gulf Business Services and Recruitment Group (Kanee), told OBG, "Kuwait is working to shift the focus of the economy from the public sector to the private, and the labour force is at the heart of this transition. In addition to encouraging people to look for private sector employment rather than seeking government jobs, there has to be recognition of the cultural differences between these work spaces."

**National Fund**

In 2013 Kuwait sought to address part of this issue by establishing the National Fund for Small and Medium Enterprise Development as an independent public corporation with funding of KD2bn ($6.6bn). Its mission is to fund up to 80% of capital for small and medium-sized enterprises (SMEs) that employ 1-50 Kuwaitis and have financing requirements of up to KD500,000 ($1.7m). Its role is to lay the foundations for economic opportunities in the private sector for Kuwaitis, and to help nurture SMEs to contribute to economic growth. In partnership with local banks, the first funding round began in March 2016, with 59 projects successfully raising capital, including 24 commercial enterprises, 21 service sector companies, 12 light manufacturing firms and two ***agricultural*** businesses. In October 2016 the Manpower and Government Restructuring ***Programme*** agreed to accept responsibility for paying salaries equivalent to similar public sector posts to all Kuwaiti entrepreneurs setting up SMEs through the fund. The fund's next objective is to establish sector-specific hubs and incubators focusing on light manufacturing, ICT and creative industries.

**Outlook**

While efforts are being made to transform Kuwait's economy, the government faces short-term challenges to persuade members of Parliament and citizens that the social contract between them and state is not being eroded. However, through funding mechanisms such as PPP agreements, as well as capital projects funded by state-owned enterprises, there are opportunities for international firms. The government is actively seeking to attract foreign direct investment and is highlighting ICT, renewable energy and finance as sectors it would like to see developed by using international expertise over the following two decades.

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RR\1137736EN.docx PE606.307v02-00 EN United in diversity EN European Parliament 2014-2019 Plenary sitting A8-0334/2017 24.10.2017 REPORT on the EU-Africa Strategy: a boost for development (2017/2083(INI)) Committee on Development Rapporteur: Maurice Ponga PE606.307v02-00 2/40 RR\1137736EN.docx EN PR\_INI CONTENTS Page MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION ............................................ 3 OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS ............................................... 17 OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE ................................... 26 OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS ................................................................................................................................. 33 INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE ................................ 39 FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE .................................... 40 RR\1137736EN.docx 3/40 PE606.307v02-00 EN MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION on the EU-Africa Strategy: a boost for development (2017/2083(INI)) The European Parliament, – having regard to Article 21 of the Treaty on European Union (TEU) and Article 208 of the Treaty on the Functioning of the European Union (TFEU), – having regard to the ‘Global Strategy for the European Union’s Foreign and Security Policy – Shared Vision, Common Action: a stronger Europe’ presented to the European Council at its meeting of 28 and 29 June 2016, – having regard to the joint statement of 7 June 2017 by Parliament, the Council and the representatives of the governments of the Member States meeting within the Council, and the Commission on the New European Consensus on Development – Our World, Our Dignity, Our Future, – having regard to the United Nations Summit on Sustainable Development and the outcome document adopted by the UN General Assembly on 25 September 2015, entitled ‘Transforming our world: the 2030 Agenda for Sustainable Development’, and the 17 Sustainable Development Goals (SDGs), – having regard to the Principles for Responsible Investment in ***Agriculture*** and Food Systems that were developed in the Committee on World Food Security (CFS-RAI) in order to contribute to the attainment of SDGs one and two, – having regard to the Addis Ababa Action Agenda on Financing for Development of 2015, – having regard to the Paris Agreement on climate change of 2015, – having regard to the Africa Action Summit which took place on 16 November 2016, consolidating the African dimension of COP 22, – having regard to the Commission Communication of 26 February 2016 on the EU Action ***Plan*** against Wildlife Trafficking (COM(2016)0087), – having regard to the Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 (the Cotonou Agreement)1, and to its revisions of 2005 and 2010, – having regard to the Joint Africa-EU Strategy (JAES) adopted by African and European Heads of State and of Government at the Lisbon summit of 9 December 2007, and the two action ***plans*** adopted in Accra in October 2007 (for the period 2008-2010) and Tripoli in November 2010 (for the period 2011-2013), 1 OJ L 317, 15.12.2000, p. 3. PE606.307v02-00 4/40 RR\1137736EN.docx EN – having regard to the conclusions of the 4th EU-Africa summit held in Brussels on 2 and 3 April 2014, the roadmap for the format of the meetings (Cairo format) and the areas of cooperation between the two continents for the period 2014-2017 and the EU-Africa declaration on migration and mobility, – having regard to the Agenda 2063 of the African Union (AU) adopted in May 2014, – having regard to the report on the draft recommendations on the institutional reform of the African Union, prepared by H.E Paul Kagamé, with the title ‘The Imperative to Strengthen our Union’, – having regard to the 3rd Civil Society Intercontinental Forum which took place in Tunis from 11 to 13 July 2017, calling for greater engagement of civil society organisations and for individuals from civil society to be placed at the centre of the EU-Africa strategy, – having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 7 June 2017 entitled ‘A ***Strategic*** Approach to Resilience in the EU’s external action’ (JOIN(2017)0021), – having regard to Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund1, – having regard to the proposal for a regulation of the European Parliament and of the Council of 5 July 2016 amending Regulation (EU) No 230/214 establishing an instrument contributing to stability and peace, – having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 22 November 2016 entitled ‘A renewed partnership with the countries of Africa, the Caribbean and the Pacific (ACP)’ (JOIN(2016)0052), – having regard to the various communications from the Commission on relations between the EU and Africa, particularly that of 27 June 2007 entitled ‘From Cairo to Lisbon - The EU-Africa ***Strategic*** Partnership’ (COM(2007)0357), that of 17 October 2008 entitled ‘One year after Lisbon: The Africa-EU partnership at work’ (COM(2008)0617) and that of 10 November 2010 on the consolidation of EU Africa relations: 1.5 billion inhabitants, 80 countries, two continents, one future (COM(2010)0634), – having regard to the joint communication to the European Parliament and the Council from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 5 May 2017 entitled ‘A renewed impetus for the Africa-EU partnership’ (JOIN(2017)0017), and the Council conclusions of 19 June 2017 on the subject, 1 OJ L 249, 27.9.2017, p. 1. RR\1137736EN.docx 5/40 PE606.307v02-00 EN – having regard to its previous resolutions on relations between the Union and Africa and the ACP countries, and particularly that of 4 October 2016 on the future of ACP-EU relations beyond 20201, – having regard to its resolution of 13 September 2016 on the EU Trust Fund for Africa: implications for development and humanitarian aid2, – having regard to its resolution of 7 June 2016 on the 2015 Report on policy coherence for development3, – having regard to its resolution of 22 November 2016 on increasing the effectiveness of development cooperation4, – having regard to Rule 52 of its Rules of Procedure, – having regard to the report of the Committee on Development and the opinions of the Committee on Foreign Affairs, the Committee on International Trade and the Committee on Civil Liberties, Justice and Home Affairs (A8-0334/2017), A. whereas the ties between the European Union (EU) and African countries are historic and their destinies are intimately linked; whereas the EU is Africa’s main partner in the fields of economic activity and trade as well as development, humanitarian aid and security; B. whereas there is a need to provide the Africa-EU partnership with a new vision that reflects the evolution of the political, economic, environmental and social situations of both continents; whereas there is a need to adapt to new players on the international scene – including China – and to move towards an enhanced, modernised and more political partnership, with a focus on defending our key common interests; C. whereas relations between the EU and Africa must be guided by the principles of mutual interest and understanding and by shared common values within the framework of a reciprocal partnership; D. whereas relations between the EU and the continent of Africa are based on various legal instruments and political strategies and whereas it is important to step up synergies and coherence between them in order to make the partnership more effective and sustainable; E. whereas the Cotonou Agreement with the EU, to which 79 ACP States are parties, including 48 in sub-Saharan Africa, governs the main partnership between the EU and Africa; whereas the EU has also established relations with African countries that are not parties to the Cotonou Agreement; whereas the EU-ACP partnership was established at a time when ACP countries had not yet formed their current regional or continental cooperation structures; whereas the emergence of the AU in 2003 and of the JAES in 2007 makes it essential to streamline the various policy frameworks between the EU 1 Texts adopted, P8\_TA(2016)0371. 2 Texts adopted, P8\_TA(2016)0337. 3 Texts adopted, P8\_TA(2016)0246. 4 Texts adopted, P8\_TA(2016)0437. PE606.307v02-00 6/40 RR\1137736EN.docx EN and Africa; whereas the objective to ‘treat Africa as one’ is clearly stated in the preamble of the JAES; F. whereas the EU is engaged with the African countries in a political and institutional dialogue advanced through the EU-Africa summits, the intergovernmental organisation the ‘Union for the Mediterranean’ (UfM) and the ACP-EU cooperation bodies, including at parliamentary level via the ACP-EU Joint Parliamentary Assembly, the EU Delegation to the UfM Parliamentary Assembly and with the Pan-African Parliament; G. whereas the 11th European Development Fund (EDF) has a budget of EUR 30.5 billion, of which EUR 900 million are reserved for the African Peace Facility, and whereas EUR 1.4 billion of the EDF will be used for the EU Trust Fund for Africa; whereas more than EUR 5 billion have been spent on the needs of African countries in the context of the European Neighbourhood Instrument (ENI), and whereas EUR 845 million have been allocated to the Pan-African ***Programme*** under the Development Cooperation Instrument (DCI) to implement the JAES; H. whereas the next Africa-EU Summit, which will take place in Abidjan on 29 and 30 November 2017 on the topic of ‘Investing in Youth’, is an opportunity to create, support and develop economic conditions of true equality between partners wishing to defend key common interests; I. whereas the new JAES must be included in the future post-Cotonou agreement; J. whereas the EU is a long-standing partner and a major guarantor of the security of the continent of Africa, which is a subject of the utmost importance; whereas the security and sustainable growth of the European continent closely and immediately depend on the stability and development of the African continent and vice versa; K. whereas constant support for the effective implementation of the African Peace and Security Architecture and the commitment of the EU, the AU and other international players present in Africa are essential for the development and stability of the African continent; L. whereas migration features prominently in the EU global strategy on foreign and security policy and constitutes a priority topic in the EU’s external relations, including its relations with Africa; whereas Africa and Europe have a shared interest and responsibility when it comes to migration and mobility, including in the fight against human trafficking and smuggling, and whereas managing migration calls for global solutions based on solidarity, the sharing of responsibility, respect for migrant rights and international law, as well as the effective use of development cooperation instruments; M. whereas more than 218 million people live in extreme poverty in Africa; whereas the share of the population living in extreme poverty in sub-Saharan Africa has fallen from 56 % in 1990 to 43 % in 2012; whereas 33 of the 47 least developed countries are in Africa, which makes the EU-Africa partnership a vital tool for the implementation of the 2030 Agenda for Sustainable Development and the attainment of the sustainable development goals, particularly the eradication of poverty; RR\1137736EN.docx 7/40 PE606.307v02-00 EN N. whereas, in Africa, infrastructure requirements are estimated at EUR 75 billion annually, the value of the consumer market is likely to reach USD 1 000 billion in 2020, foreign direct investment is set to increase steadily to an estimated USD 144 billion in 2020, and the population is currently 1 billion; O. whereas exports from Africa are still dominated by unprocessed products, and whereas a high proportion of these exports are covered by trade preference arrangements; whereas free market access for most African products increases the capacities of African countries and enhances their competitiveness and participation in global markets when accompanied, among other things, by policies aimed at lasting sustainable industrialisation and rural productivity as key paths for development; P. whereas demographic trends will have to be taken into account, bearing in mind that by 2050, according to some estimates, Africa could have a population of 2.5 billion, most of them young people, while Europe is expected to have a significantly older population; whereas it is therefore crucial to generate millions of jobs and to help with and support the empowerment of women and young people, particularly by means of education, access to healthcare and training on the African continent; Intensifying the political dialogue between the EU and Africa: a precondition for a renewed ***strategic*** partnership 1. Takes note of the new communication entitled ‘For a Renewed Impetus of the Africa-EU Partnership’ which aims to lend fresh impetus to the Africa-EU partnership in order to broaden and intensify it, gearing it to prosperity and stability on the two continents in accordance with the commitments undertaken by subscribing to the SDGs, the New European Consensus for Development, which serves as a set of guidelines for European development policy, the EU Global Strategy on Foreign and Security Policy and Agenda 2063; 2. Recalls that Africa is a key ***strategic*** partner for the EU and considers it vital to intensify relations between the EU and the AU via a revised and broadened dialogue, which includes the principles of transparency and good governance, in order to establish a ‘win-win’ situation, and equal and sustainable cooperation to respond to shared challenges and secure common benefits, while ensuring the principle of ownership and taking into account the specific circumstances and level of development of each partner country; 3. Invites the future partnership to focus on the priority areas identified by both the AU and the EU, such as: economic development (via trade, Economic Partnership Agreements (EPAs), enhanced regional integration, economic diversification, sustainable industrialisation and the creation of quality jobs), good governance, including human rights, human development via public services covering basic needs, such as education, health, access to water and sanitation, gender equality, science, technology and innovation, security and the fight against terrorism, PE606.307v02-00 8/40 RR\1137736EN.docx EN migration and mobility, environment – including climate change; 4. Recalls that budget support is the best way to carry out appropriation, providing governments with the means to determine their needs and priorities; recalls that general or sector-specific budget support enables development policies to be supported and ensures maximised take-up; 5. Welcomes the fact that the main topic of the 5th EU-Africa Summit, which will take place in Côte d’Ivoire in November 2017, is youth, given its importance for the future of both continents; 6. Recalls the importance and effectiveness of ACP-EU cooperation and the results achieved in the field of development; stresses that this legally binding framework must be maintained after 2020; stresses the need to step up this cooperation, while developing its regional dimension, including by means of increased cooperation with the AU, the regional economic communities and other regional organisations; calls for a more ***strategic***, pragmatic, comprehensive and structured approach to political dialogue within the framework of negotiations for the post-Cotonou agreement; 7. Calls for the parliamentary dimension of the ACP-EU to be stepped up; stresses that the ACP-EU Joint Parliamentary Assembly is a unique platform for interaction and plays a key role in strengthening democracy, the rule of law and respect for human rights; 8. Stresses that the European neighbourhood policy (ENP) review provides opportunities for improving the coordination of neighbourhood policy and policy on other African states through the creation of extended cooperation frameworks on regional issues such as security, energy, and even migration; 9. Reaffirms the need to adopt, within the Africa-EU partnership, an approach coordinated among the EU Member States themselves, and between the EU and its Member States, as provided for by Article 210 TFEU; recalls, likewise, that respect for the EU principle of policy coherence for development is necessary in European and African policies and initiatives alike in order to attain the SDGs; 10. Calls for the principle of policy coherence for development to be fully incorporated into the EU’s trade relationship with Africa, which entails the inclusion of enforceable Trade and Sustainable Development (TSD) clauses in all EU trade agreements with African countries, in line with the commitment undertaken by the Commission in the ‘Trade for All’ strategy; 11. Reiterates the importance of the Member States fulfilling their commitment to directing 0.7 % of their GDP to official development assistance to strengthen cooperation with Africa; 12. Endorses the stated desire to intensify alliances between the EU and Africa to tackle global governance issues; stresses, in this context, the need to step up the dialogue with the AU and the importance of ensuring its financial autonomy, in accordance with the Kigali Decision on Financing, by reducing its dependence on external financing; takes note of the proposals put forward in the report drawn up by Paul Kagamé which aims at RR\1137736EN.docx 9/40 PE606.307v02-00 EN strengthening the AU in order to give impetus to the process of political African integration; 13. Stresses the role played by civil society – including NGOs, faith-based organisations, youth and women’s rights organisations, the private sector, trade unions, parliamentary assemblies, local authorities and the diaspora, each one of them with its own specific features – in consolidating the political dialogue between the EU and Africa to ensure a people-focused partnership; 14. Stresses the need to increase the participation of civil society in the Africa-EU Partnership, promoting the reinforcement of its capacities, especially by transferring expertise and ensuring its involvement in the design and implementation of relevant reforms and policies; considers that the engagement of civil society organisations (CSOs) is essential for public accountability; supports the various platforms established to make civil society a key actor in the partnership, particularly the Joint Annual Forum (JAF), whose aim is to implement the EU-Africa roadmap; regrets, nonetheless, the fact that the JAF has never been held and calls for the EU and the AU to immediately put in place the financial and political means needed to ensure the meaningful participation of all stakeholders in the partnership, including in the framework of this 5th AU-EU Summit; Building more resilient states and societies for the benefit of all people, particularly young people, in order to attain the SDGs 15. Considers it necessary to make resilience – in all its five dimensions – a major component of the new EU-Africa strategy; Political resilience 16. Emphasises the need to promote good governance, democracy, the rule of law and respect for human rights, but also to undertake efforts to combat corruption on both continents, as they are indispensable elements of sustainable development; 17. Calls, therefore, for a frank and inclusive dialogue, based on mutual respect, making these values and principles a major component of cooperation, particularly by extending the conditionality of development aid to their strict respect; 18. Stresses that addressing governance challenges in both continents with greater determination is of paramount importance for building fairer, more stable and more secure societies; underlines the need to continue to uphold and promote human rights and governance on the basis of existing international legal instruments, laws, principles and mechanisms, including those of African regional governance bodies such as the African Charter on Human and Peoples’ Rights and its protocols, the African Charter on Democracy, Elections and Governance, the African Commission on Human and Peoples’ Rights and the African Court on Human and Peoples’ Rights, so as to strengthen ownership; 19. Recalls the importance of the role of the International Criminal Court in tackling impunity and in upholding the values of peace, security, equality, fairness, justice and compensation that it serves as a vehicle for; calls for the European Union and African PE606.307v02-00 10/40 RR\1137736EN.docx EN states to continue supporting the Rome Statute and the International Criminal Court; urges all signatories of the Rome Statute to ratify it as soon as possible; 20. Supports the organisation of a joint high-level AU-EU conference on electoral processes, democracy and governance in Africa and Europe, and calls for the European Parliament, the Pan African Parliament, the ACP-EU Joint Parliamentary Assembly and the Euro-Mediterranean Parliamentary Assembly (PA-UfM) to be fully involved in it; calls for the links between the different assemblies to be strengthened with a view to fostering synergies and the consistency of joint measures; Security resilience 21. Reiterates the close interlinkage between security and development; points out the need to better integrate security concerns and development aims to address the specific problems of fragile states and to foster more resilient states and societies; notes that this should be done through specific instruments and additional funding; 22. Calls for stronger cooperation between the EU and Africa in the field of security and justice in respect of the international legal framework in order to take a holistic approach to tackling problems and to better combat organised crime, human trafficking and smuggling particularly in relation to children, and terrorism; considers that EU action should be in synergy with the strategies adopted by African countries, particularly those related to peace and security expressed in Agenda 2063; 23. Stresses the need for cooperation between the EU, AU, regional organisations and other relevant political players in Africa in the field of security in order to increase the capacities of developing countries, to reform their security sectors, to support activities in the field of disarmament, demobilisation and reintegration (DDR) of former combatants; 24. Recalls that terrorism is a global threat affecting regional peace and stability, sustainable development and internal security, which needs to be tackled in a coordinated effort by national governments, regional and international organisations, and European Agencies; calls for enhanced cooperation within the EU-Africa Strategy aimed at preventing impunity, promoting the rule of law and the expansion of police and judicial capacities in order to facilitate the exchange of information and best practices, and preventing, countering, and combating the financing of terrorism as well as prosecuting it; notes that anti-terrorism strategy should also include measures for promoting interfaith dialogue and preventing radicalisation in Africa and Europe, especially among young people, which leads to violent extremism; 25. Reiterates the importance of the various EU missions and operations deployed in Africa; welcomes the creation of the Group of Five Sahel joint force; calls for European peace and security actions to be stepped up in cooperation with African and international partners and for support for the full operationalisation of the African Peace and Security Architecture (APSA); calls for an initial EU contribution to the AU Peace Fund for activities under the ‘mediation and diplomacy’ window; Environmental resilience RR\1137736EN.docx 11/40 PE606.307v02-00 EN 26. Recalls that Africa is particularly vulnerable to the impact of climate change; considers it essential for the EU to develop a ***strategic*** approach to building climate resilience and to support African countries, in particular the least developed countries (LDCs), in their efforts to reduce greenhouse gas emissions and to adapt; stresses the importance of climate change as a risk multiplier for conflict, drought, famine and migration, as exemplified in the recent outbreak of famine in South Sudan, Nigeria and Somalia; recalls, in this context, that it is vital to promote and respect the commitment given in Paris in 2015 to allocate USD 100 billion to developing countries by 2020; calls for new kinds of EU-Africa collaboration to lower the barriers to funding and technology transfer; 27. Stresses that Africa has a rich and diverse natural environment; calls for the protection of biodiversity to be put at the core of the AU-EU political agenda; calls for the EU-Africa strategy to work in conjunction with the priorities of the EU Action ***Plan*** against Wildlife Trafficking and to protect natural heritage and, in particular, nature parks; 28. Encourages greater investment in the fields of renewable energy and the circular economy in order to further stimulate actions which contribute to respect for the environment and create job opportunities; recalls that ensuring access to affordable, reliable, sustainable and modern energy for all is crucial for the satisfaction of basic human needs, is essential for virtually all kinds of economic activity and is a key driver of development; calls for continued EU support for the Africa Renewable Energy Initiative (AREI) and welcomes the Commission’s proposal to launch a new EU-Africa Research and Innovation Partnership on climate change and sustainable energy; 29. Calls on the Africa-EU partnership to focus on ***agriculture*** and food security in a long-term perspective and to promote synergies between food security and climate measures; urges the EU, in this context, to scale up its assistance to sustainable ***agriculture***, agro-forestry and agro-ecological practices respecting traditional land use, and ensuring access to land, water and open source seeds; calls, in addition, on the EU to support small-scale ***producers***/farmers and pastoralists to attain food security through building up and investing in infrastructure in line with the Principles for Responsible Investment in ***Agriculture*** and Food Systems of the CFS, and to support the establishment of cooperatives; underlines also the capacity and experience that CSOs have gained at community level in relation to sustainable ***agriculture***; 30. Welcomes the EU initiatives demanding better management of, and more transparent trade in, natural resources; believes that the sustainable management of and trade in natural resources, such as minerals, timber and wildlife, would allow resource-rich countries and their populations to further benefit from them; recalls the need, under EU legislation on conflict minerals, to introduce accompanying measures following an integrated approach that encourages the application of international standards on due diligence, as defined by the OECD Guidance; calls for a joint EU-Africa charter on sustainable management of natural resources to be drawn up; Economic resilience 31. Considers that a stable regulatory and institutional environment and a healthy economy are essential elements for ensuring competitiveness, investments, job creation, a higher standard of living and sustainable growth; stresses, in this context, the need to increase PE606.307v02-00 12/40 RR\1137736EN.docx EN the online accessibility of corporate law information; recalls that economic growth without an impartial state does not systematically guarantee social development or progress and insists on the need to assure the redistribution of wealth, the provision of services for citizens and to improve equal opportunities; 32. Calls for increased cooperation between the European and African private sectors and for the concentration of investment, particularly by means of public-private partnerships, based on a strict ethical code and on the principles of social responsibility, in key sectors such as: – sustainable energy including electricity access for all, – basic infrastructure, notably in the transport sector, including maritime transport, – sustainable use of natural resources, – sustainable ***agriculture***, – the ‘blue economy’ – including the maritime industry, – research, science, technology and innovation, both around subjects of common interest and around those which particularly affect one of the continents, such as poverty-related and neglected diseases, – digitalisation as a key factor in ensuring the development of the African economy, but also in connecting people; 33. Stresses the fact that regional integration drives economic development and is a necessity in a globalised world; calls for support for South-South Cooperation which reflects the gradual transformation of the African continent; supports the establishment of a continental free trade area in Africa as well as the goal of increasing intra-African trade to 50 % by 2050; recalls also the development prospects offered by Economic Partnership Agreements (EPAs) and trade agreements between the EU and African countries, which allow the promotion of sustainable development, human rights and fair and ethical trade; stresses the need to provide for development-supportive rules of origin, effective safeguard clauses, asymmetrical liberalisation schedules, protection for infant industries, and the simplification and transparency of customs procedures; recalls that EPAs are intended to help the ACP countries to expand their markets, to encourage trade in goods and to boost investment and that they anticipate a slow, gradual and asymmetric opening up of trade in goods between the EU and the ACP countries; 34. Calls for transparency in trade agreements and for the full participation of all relevant stakeholders, including the civil societies of the countries concerned, through formal consultations, in future negotiations and in the implementation of agreements currently under negotiation; 35. Calls for the EU and its Member States to better coordinate their aid for trade ***programmes*** and to boost synergies with their Africa investment policies; calls, furthermore, for an increase in their financial commitments to Aid For Trade as well as technical assistance and capacity-building initiatives, which are essential for African RR\1137736EN.docx 13/40 PE606.307v02-00 EN countries, in particular in LDCs; 36. Considers that the private sector, from micro to small and medium-sized enterprises (SMEs), to cooperatives and multinational companies, plays a decisive role in job creation and the development process, and that it helps to finance the latter; stresses the specific role of SMEs and small family-run establishments, and calls for support for individual initiative; welcomes in this regard the establishment of the European Fund for Sustainable Development, which should aim to support the private sector in African countries, particularly local business and SMEs in fragile countries, and thus promote investment and the creation of sustainable jobs, particularly for women and young people; 37. Recalls the obligations that the private sector is required to fulfil under the United Nations and OECD Guidelines, and reiterates its call on EU and AU Member States to constructively parti

cipate in the UN intergovernmental working group on transnational corporations and other business enterprises with respect to human rights to work towards the setting-up of an international binding treaty, based on the UN Guiding Principles on Business and Human Rights, on the way corporations comply with human rights obligations and obligations with respect to social, labour and environmental standards; 38. Underlines the necessity of creating decent jobs and of linking them to investment, both of which should be done within the framework of the Africa-EU partnership; calls for compliance with ILO standards in this regard; stresses the importance of interaction between social, economic and institutional persons and calls for the role of social partners to be strengthened by boosting the effectiveness of social dialogue at all relevant levels, which is conducive to collective bargaining; 39. Deplores the fact that, each year, some USD 50 billion is drained out of Africa in the form of illicit financial flows, which exceeds the total annual amount of Official Development Assistance (ODA) and undermines efforts in the field of domestic revenue mobilisation; calls, therefore, on both parties to: – create effective tools to combat tax evasion, tax fraud and corruption, including public transparency on ultimate beneficial ownership of legal entities, trusts and similar arrangements, – promote the UN-supported Principles for Responsible Investment (PRI), – support initiatives to increase the efficiency and transparency of public financial management systems; 40. Calls, moreover, for the effective implementation of the UN Guiding Principles on Debt and Human Rights and the United Nations Conference on Trade and Development (UNCTAD) Principles on Promoting Responsible Sovereign Lending and Borrowing; welcomes the UN’s work towards an international sovereign debt workout mechanism; 41. Calls for greater financial inclusion in Africa, including that of women, through the development of electronic banking in order to fight against the polarisation of African society; recalls that remittances make up a larger flow of money to developing countries PE606.307v02-00 14/40 RR\1137736EN.docx EN than the total of ODA and can significantly contribute to achieving the 2030 Agenda; calls, therefore, on the EU to further support the AU’s efforts in improving remittance mechanisms; Social resilience 42. Recognises the importance of demographic dynamics in Africa, which necessitate a long-term ***strategic*** vision for developing sustainable, inclusive and participatory societies; stresses, equally, the need to ensure non-discrimination against vulnerable groups, including persons with disabilities and indigenous peoples; recognises that the increasing population in Africa is both a challenge for the local economy and an opportunity for the continent; calls, therefore, on the EU to show commitment in promoting appropriate public policies and investments in education and health, including sexual and reproductive health and rights (SRHR), to ensure that young people are equipped to make informed decisions about their SRH, gender equality and children’s rights without which social, economic and environmental resilience cannot be reached; 43. Emphasises that the urbanisation rate in Africa is on the rise and poses social, economic and environmental challenges; calls for solutions to relieve this urban pressure and to alleviate the problems of uncontrolled urbanisation; 44. Calls for the EU and the AU to strengthen African national education systems, including the capacity of its administrative structure, by investing at least 20 % of their national budgets in education and by scaling up the EU’s support for the global partnership for education (GPE) and the Education Cannot Wait (ECW) fund; 45. Stresses the need for universal, inclusive, equitable and long-term access to high-quality education at all levels, from early childhood onwards and for all, with a special focus on girls, and including in emergency and crisis situations; 46. Stresses the need to invest in human capital and for young people to be connected to global realities and to have skills which meet the current and future needs of the job market by strengthening educational and vocational learning systems – both formal and informal – self-employment and entrepreneurship; 47. Considers it important to support African countries in establishing effective public health systems and ensuring affordable access to quality health services for all, while, in particular, breaking down the barriers faced by women and other vulnerable groups, including children, people with disabilities and LGBTI people; 48. Calls for the introduction of minimum universal coverage by setting up horizontal national health systems; underlines the need to train an additional one million skilled health professionals than originally ***planned*** on the basis of current trends to meet the minimum WHO standard by 2030; 49. Stresses that infectious diseases pose a significant threat to social resilience; calls on the Commission to step up scientific and medical cooperation efforts between the two continents, such as the European and Developing Countries Clinical Trials Partnership, EDCTP2, and to invest in science, technology and innovation (STI) to tackle the still RR\1137736EN.docx 15/40 PE606.307v02-00 EN huge burden of poverty-related and neglected diseases (PRNDs) through its development cooperation; 50. Recalls the need for greater investment in access to maternal healthcare and sexual and reproductive health in order to reduce maternal and infant mortality and to tackle traditional practices, such as female genital mutilation and forced and/or child marriage; 51. Emphasises the importance of gender equality and women’s empowerment in EU-Africa cooperation; stresses the positive role and participation of women in the political and economic spheres, as well as in conflict prevention and building sustainable peace; 52. Notes that culture is both an enabler and an important component of development and may facilitate social inclusion, freedom of expression, identity building, civil empowerment and conflict prevention while strengthening economic growth; calls, therefore, on the EU and the AU to promote intercultural political dialogue and cultural diversity and to support strategies protecting culture and heritage; stresses that democracy is a universal value which can be part of any culture; acknowledges, equally, the role of sport as a source and driver of social inclusion and gender equality; Establishing a strategy for mobility and migration which contribute to the development of the two continents 53. Recalls that migration and mobility between and within Europe and Africa have an economic, social, environmental and political impact, and that this challenge must be tackled in a coordinated and holistic manner between the two continents and in cooperation with countries of origin, transit and destination, maximising synergies and making use of the relevant EU policies, instruments and tools, based on solidarity, responsibility sharing, respect and human dignity; recalls, in this context, that it is desirable to step up the Africa-EU dialogue in advance of the negotiations on the two global compacts on migration and refugees, respectively, to be drawn up by 2018 under the auspices of the United Nations in order to identify shared priorities, where possible; 54. Recalls the need to enhance the positive impact of migration and mobility so that these phenomena are seen as reciprocal development tools for the two continents; stresses that this requires a carefully designed, balanced, evidence-based and sustainable policy response with a long-term strategy which takes into account demographic perspectives and the root causes of migration; 55. Recognises that violent conflicts, persecution, inequality, infringements of human rights, weak governance, corruption, terrorism, repressive regimes, natural disasters, climate change, unemployment and chronic poverty have led to population movements and an increase in migration to Europe in recent years; recalls, nevertheless, that more than 85 % of African people leaving their country remain within the continent itself; 56. Supports the various initiatives adopted at European level to tackle the underlying causes of irregular migration: migration partnerships, trust funds for Africa and the European Fund for Sustainable Development; calls for their implementation to be ensured and continued in a flexible, efficient, coherent and transparent manner while enhancing possible synergies among different instruments, ***programmes*** and activities, both in internal and external action; highlights the need for increased cooperation in the PE606.307v02-00 16/40 RR\1137736EN.docx EN field of border management; 57. Reiterates its call for the promotion of legal migration, in line with the recommendations of the Valletta Action ***Plan***; stresses, further, that development aid should not be made conditional on cooperation in migration matters; 58. Calls on the Member States to offer their resettlement places to a significant number of refugees; calls, in this context, for the establishment of a European resettlement framework which can easily be acted upon by Member States; calls, in addition, for the EU and its Member States to cooperate with and provide assistance to African countries that are faced with movements of refugees or prolonged crises, with a view to increasing their asylum capacities and protection systems; 59. Urges Member States to step up their financial contribution to trust funds and other instruments aiming to foster inclusive and sustainable growth and stimulate job creation thus contributing to addressing the root causes of migration; also asks for a stronger scrutiny role of the European Parliament to ensure that migration partnerships and funding tools are compatible with EU legal basis, principles and commitments; 60. Calls for the EU and the AU to promote exchanges between students, teachers, entrepreneurs and researchers between the two continents; welcomes the Commission’s proposal to launch an African Youth Facility, expanding the scope of Erasmus+, and an EU vocational education and training facility; calls for a discussion on the recognition by the EU of certificates and diplomas issued by African schools and universities; notes that ensuring circular migration is essential for sustainable development; and for preventing a brain drain from Africa; 61. Recognises the special position of the diaspora in both the receiving countries and the countries of origin in sending considerable funds and as a development partner at national and regional levels; expresses its wish that the diaspora might act as a source of information tailored to respond to the real needs of the people, addressing the dangers linked to irregular migration, as well as the challenges linked to integration in host countries; ° ° ° 62. Instructs its President to forward this resolution to the Council, the Commission, the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the Commission of the African Union, the ACP Council, the Pan-African Parliament and the Bureau of the ACP-EU Joint Parliamentary Assembly. RR\1137736EN.docx 17/40 PE606.307v02-00 EN 5.9.2017 OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS for the Committee on Development on the EU-Africa Strategy: a boost for development (2017/2083(INI)) Rapporteur: Fabio Massimo Castaldo SUGGESTIONS The Committee on Foreign Affairs calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution: 1. Stresses the increasing importance of political, security and economic relations between the EU and Africa at a time when both are experiencing profound changes, and recognises the contribution made by the Joint Africa-EU Strategy to building a stronger partnership over the past 10 years; emphasises the need to build on these achievements and work towards the development of an equal, sustainable and mutually beneficial relationship with Africa, in a spirit of shared ownership and responsibility, while at the same time respecting the independence and sovereignty of African countries; salutes, in this regard, the active involvement and engagement of African states with the EU in recent international fora, such as the negotiations for the Paris Agreement at the 2015 UN Climate Change Conference (COP 21); 2. Stresses that today the EU collectively is Africa’s main foreign investor, trading partner, source of remittances and partner in development and humanitarian assistance, and a key security provider on the continent; expects the upcoming AU-EU Summit to provide fresh impetus and new ideas for adapting the strategy to a fast-changing environment, given the pivotal importance of African developments for the EU and its ***strategic*** interests; 3. Underlines the need for a stronger and more political partnership between the EU and Africa, based on shared values and interests, in order to foster peace, tackle global issues such as climate change, food insecurity, access to water, environmental degradation, the unsustainable exploitation of natural resources, population growth, the urbanisation of large cities, youth unemployment, impunity, the attainment of the UN sustainable development goals (SDGs), terrorism, radicalisation, organised crime, and PE606.307v02-00 18/40 RR\1137736EN.docx EN migratory flows, while building on our joint principles of the rule of law, the social market economy, good governance and respect for human rights, and promote a rule-based global order based on a strong UN; 4. Welcomes the fact that the focus of the upcoming AU-EU Summit is on youth, as the demographic dynamics of both continents place the topic at the heart of relations between Africa and the EU; points out that according to projections, sub-Saharan Africa will need to create 18 million new jobs each year up to 2035 to absorb new labour market entrants and thus prevent serious consequences for social stability; stresses the need to prioritise job creation and economic development across societies more generally and to harness the role of the private sector on the African continent; 5. Welcomes the Commission’s proposal to launch an African Youth Facility expanding the scope of Erasmus+ and an EU vocational education and training (VET) facility to help target countries bridge the gap between the needs and opportunities of the labour market and the qualifications of graduates, while at the same time promoting the inclusion of vulnerable groups; 6. Calls for increased support for quality education at all levels, especially for girls, through improved bilateral ***programmes***, and continued support for global initiatives such as the Global Partnership for Education; stresses the importance of investing more heavily in schools, universities and research, promoting mobility partnerships, tackling the brain drain phenomenon, supporting ***programmes*** such as Erasmus+ and harmonising higher education through cross-border ***programmes*** and the recognition of qualifications; 7. Recalls that never before have EU security interests been so intertwined with Africa; calls for stronger EU support to African partners and regional organisations in the area of peace and security and conflict prevention, including through specific instruments such as common security and defence policy (CSDP) operations, European military and police contributions to UN missions, EU measures to implement UN Security Council resolution 1325, and the African Peace Facility, providing the assistance and aid required in the global fight against jihadist terrorism and fostering peace and security for the affected populations; highlights the important role of past and current CSDP missions in, for example, combating piracy, fostering capacity building and strengthening maritime security and border assistance in Africa; calls on the European External Action Service (EEAS) and the Council to ensure that CSDP missions in Africa can continue to operate effectively; 8. Highlights the importance of fostering security and stability by helping our partners to build more resilient states and societies, including through capacity building and security sector reforms, with a particular focus on good governance in the sector, parliamentary oversight and accountability, and boosting activities in the field of disarmament, demobilisation and reintegration (DDR) of former combatants; 9. Calls for continued EU support for the increasingly proactive approach taken by the African Union (AU) and relevant regional organisations towards the full operationalisation of the African Peace and Security Architecture (APSA); calls for an initial EU contribution to the AU Peace Fund for activities under the ‘mediation and diplomacy’ window; RR\1137736EN.docx 19/40 PE606.307v02-00 EN 10. Points out the need to better integrate security concerns and development aims to address the specific problems of fragile states and to foster more resilient states and societies, including through capacity building for food security, notably in small-scale farming, climate change adaptation, the creation of more and better jobs, especially for young people, the empowerment of women and the support of education; 11. Stresses that addressing governance challenges in Africa with greater determination is of paramount importance for building fairer, more stable and more secure societies, and calls for efforts to tackle the state capture phenomenon, characterised by oligarchic control and extractive practices by sections of state bureaucracies, which lies at the root of many of Africa’s socio-economic problems and political conflicts; 12. Stresses that the pursuit of common interests and cooperation on security must be totally consistent with international law, the EU’s fundamental values and the objectives of supporting democracy and good governance and promoting human rights and the rule of law; believes that these objectives should be pursued, as far as possible, in synergy with and with the coherent commitment of other relevant economic and political players in Africa, such as China and India; 13. Stresses that respect for human rights and fundamental freedoms constitutes an invariable element of the EU’s engagement with third-country partners; calls for the EU to strengthen its support for democracy, the promotion of human rights, the rule of law, media freedom and accountable, transparent and responsive governance, which are vital elements for ensuring a stable and inclusive political, social and economic environment in Africa; calls for the EU to step up its support for Africa’s own human rights instruments, such as the African Commission on Human and Peoples’ Rights and the African Court on Human and Peoples’ Rights; 14. Calls for a more ***strategic***, pragmatic, comprehensive and structured approach to political dialogue under the Cotonou Partnership Agreement, with the greater involvement of civil society and a stronger people-to-people dimension; underlines the importance of political dialogue under Article 8 of the agreement, of the inclusion as essential elements of the agreement of respect for human rights, democratic principles and the rule of law under Article 9, and of the ‘appropriate measures clause’ under Article 96; calls on the Commission, within the framework of the negotiations for the post-Cotonou agreement, to adopt a more structured and ***strategic*** approach to human rights dialogues by establishing permanent interparliamentary committees, following the example of those included in the EU’s association agreements, with a mandate to monitor the implementation of the essential element clauses in order to move beyond an emergency approach and engage in a more comprehensive and systematic dialogue; 15. Stresses the importance of fostering dialogue, information exchange and cooperation in a number of fields, such as public finance management, fair and efficient tax systems, the fight against corruption, transparent and accountable public administration, the participation of civil society and citizens in decision-making processes, and the sustainable management of natural resources; 16. Deems an effective Africa-EU partnership essential for addressing the common challenges of fighting terrorism, extremism and radicalisation; recalls that trade in illegal arms, drugs and people is often a primary source of income for radical and terror PE606.307v02-00 20/40 RR\1137736EN.docx EN organisations in the region; stresses the devastating impact of terrorist groups such as Daesh and Boko Haram on local populations and long-term economic development; highlights the need, therefore, to boost long-term cooperation in the field of security and to increase investment in education and rehabilitation ***programmes***; stresses that a well-functioning democracy enhances stability and constitutes a powerful tool against terrorism; 17. Stresses the need to counter the root causes of radicalisation, such as social exclusion, poverty and the lack of education, and to conduct targeted security and counter-terrorism dialogues with African partners to jointly address grassroots issues that may lead to radicalisation and acts of terrorism; highlights the importance of improving interfaith dialogue, supporting initiatives aimed at integrating young people into society, countering terrorist propaganda while taking into account the role of the internet and social media in radicalisation processes, countering the financing of terrorism and reinforcing judicial cooperation; 18. Stresses that the European neighbourhood policy (ENP) review provides opportunities for improving the coordination of neighbourhood policy and policy on other African states through the creation of extended cooperation frameworks; calls, therefore, for these thematic frameworks to be set up to boost cooperation between the EU, the Southern Neighbourhood partner countries and third countries in Africa on regional issues such as security, energy, and even migration; 19. Recalls the importance of the effective implementation of external EU policies that are able to address the real root causes of migration and to better fight criminal organisations involved in human trafficking; calls for increased joint efforts to implement the Valetta Action ***Plan*** based on a fair and true partnership with third countries of origin and transit; recalls the importance of a balanced and holistic approach in the new partnership framework and underlines, in this connection, the importance of democratic scrutiny by Parliament; stresses that the new partnership framework with third countries must not become the only pillar of EU action on migration and should extend beyond a narrow focus on border management, to include, for example, fairer trade relations, the fight against climate change and illegal financial transfers from Africa, the establishment of safe and legal channels for migration, and the introduction of initiatives to render the transfer of remittances easier and less costly; 20. Recalls that the root causes of migration include conflicts, weak governance, governmental instability, the violation of human rights, corruption, the lack of the rule of law, impunity, inequality, unemployment or underemployment, the lack of livelihoods and resources, and climate change; 21. Considers that Africa and Europe have a shared interest and responsibility when it comes to migration and that the crisis calls for global solutions based on solidarity, the sharing of responsibility, respect for migrant rights, the principle of non-refoulement, and the fulfilment of the obligations of states to properly manage migration flows throughout their territory, to welcome back their citizens and to grant them their full constitutional rights if they are unable to achieve legal resident status abroad; 22. Stresses that strong cooperation between African countries and the EU, and in particular between countries on either side of the Mediterranean, is key to combating the RR\1137736EN.docx 21/40 PE606.307v02-00 EN trafficking of human beings and the smuggling of migrants; supports, in this regard, the implementation of comprehensive policy and legal frameworks based on the UN Convention against Transnational Organised Crime and its protocols; 23. Notes that Member State contributions to the Emergency Trust Fund for Africa remain low; expects the European External Investment ***Plan*** (EIP) to deliver on its commitments to mobilise investment in Africa, support inclusive and sustainable growth and stimulate job creation, thereby helping to address the root causes of migration; 24. Notes with great concern the lack of central state authority in parts of the African continent, in particular when it comes to border management, and recalls the negative repercussions this has on the fight against terrorism and drug trafficking; highlights the need, therefore, for increased cooperation in the field of border management and migration policy; 25. Recognises the importance, the significant potential and the transformative power of regional, trans-regional and continental integration for growth and development in Africa and the need to avoid constructing new barriers to trade, mobility and security cooperation; considers an AU encompassing the entirety of the African continent a very positive step in the direction of pan-African integration and welcomes the renaming of the ‘Africa-EU Summit’ to the ‘AU-EU Summit’; 26. Notes the need for the EU to support the strengthening of intra-African trade and sustainable investment, where possible in local currency, and the cross-regional, continental and global dimension of projects and ***programmes*** in fields ranging from sustainable ***agriculture*** and the environment to higher education, ICT, research, and physical infrastructure networks; 27. Takes the view that regional integration projects, such as those in Southern, West or East Africa, must be supported in a way that complements and strengthens pan-African integration processes in the framework of the AU; contends that the EU should also pursue ***strategic*** bilateral ties, based on respect for human rights and the rule of law, with pivotal African states as leaders and enablers of the respective integration projects; underscores, in addition, the need to revive the Union for the Mediterranean as a vehicle for the pursuit of shared security and prosperity in North Africa; 28. Acknowledges the importance of interparliamentary relations and encourages African partners to continue to make interparliamentary cooperation at bilateral, regional and international level a political priority; highlights the constructive role of interparliamentary delegations and regional assemblies in advancing the Africa-EU Partnership, promoting common interests and a genuine dialogue between equals, and proposes working more closely with African parliaments to strengthen them in their key democratic role; 29. Recalls the important role of responsible investment and trade, a responsible private sector that fulfils international health, safety, labour and environmental standards, and a favourable business environment in the creation of long-term economic development; calls on the Commission and the Member States to foster cooperation with international partners to prevent, investigate and halt non-compliance with those standards or cases in PE606.307v02-00 22/40 RR\1137736EN.docx EN which European companies cause or contribute to human rights violations and infringe upon the rights of vulnerable groups, such as minorities, indigenous people, women and children; calls on the EU and the AU member states to participate actively and work towards the productive outcome of the negotiations on the draft Treaty on transnational corporations and human rights at the UN Human Rights Council; 30. Calls for increased EU support for Africa in the area of debt reduction and debt sustainability and underlines the need for international legislation and the creation of debt auditing commissions on cases of odious debt; calls for Member States to implement effectively the UN Guiding Principles on foreign debt and human rights and the UN Conference on Trade and Development (UNCTAD) Principles on Promoting Responsible Sovereign Lending and Borrowing by making them legally binding; 31. Emphasises the added value of transport infrastructures in boosting the economy and trade between the EU and Africa; underlines the ***strategic*** importance of ports, harbours and airports; 32. Recognises that Africa suffers from a massive energy shortfall as 645 million people do not have access to affordable electricity; takes the view that sustainable solutions based on renewable energies and mini-grid and off-grid systems should be prioritised, and calls for the EU to assist its African partners in overcoming the financial, technical and political challenges of this process; recognises the need for improvements to governance in the energy sector and to stimulate public and private investment, whether internal or cross-border, in renewable energy at all levels, and believes that the new EIP could represent an outstanding opportunity in this regard; calls for continued EU support for the Africa Renewable Energy Initiative (AREI) and welcomes the Commission proposal to launch a new EU-Africa Research and Innovation Partnership on climate change and sustainable energy; 33. Underlines the importance of small-scale development projects, which have a direct effect on people’s lives; urges the Commission to continue supporting them; 34. Calls on the Commission to present a legislative proposal on accompanying measures for the Conflict Minerals Regulation (Regulation (EU) 2017/821)1 in line with the relevant Joint Communication (JOIN(2014)0008); 35. Recognises the importance of effective systems of social protection for human security, conflict prevention and mitigating the impact of protracted conflicts and forced displacement; points out the disproportionate impact of violent conflict and forced displacement on women and children; 36. Emphasises the fundamental role of women in development and considers that women’s participation in governance constitutes a precondition for socio-economic progress, social cohesion and equitable democratic governance; calls for positive measures to be taken to ensure progress towards the equal participation of women in society, including in decision-making positions at all levels; calls, at the same time, on African countries to encourage and support increased female participation in the labour market and to take 1 OJ L 130, 19.5.2017, p. 1. RR\1137736EN.docx 23/40 PE606.307v02-00 EN all necessary measures to prevent gender discrimination in the workplace; 37. Urges the Commission to devote special attention to the sexual and reproductive rights of women and girls in its external development ***programmes***; 38. Calls on the EEAS to continue raising the issue of LGBTI people in its human rights and political dialogue with African countries and to provide support for LGBTI rights defenders through the appropriate instruments; 39. Reiterates its support for the commitment of the International Criminal Court (ICC) and the EU to full cooperation on the prevention of serious crimes falling under the jurisdiction of the court; calls for the EU to remain open to constructive discussion where concerns are raised within the framework of the Rome Statute and to keep supporting African countries transitioning from conflicts in their fight against impunity and in ensuring accountability for international crimes; 40. Stresses that the upcoming AU-EU Summit will provide an opportunity to stress the EU’s priorities for EU-Africa relations in the post-Cotonou process; 41. Considers that Africa, the Caribbean and the Pacific are very different regions with specific interests and challenges that cannot easily be accommodated under the overarching Cotonou structure; takes the view, therefore, that future cooperation with Africa should be based on existing regional and sub-regional organisations, the AU in particular. PE606.307v02-00 24/40 RR\1137736EN.docx EN INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION Date adopted 30.8.2017 Result of final vote +: –: 0: 54 7 5 Members present for the final vote Lars Adaktusson, Petras Auštrevičius, Mario Borghezio, Klaus Buchner, James Carver, Fabio Massimo Castaldo, Lorenzo Cesa, Andi Cristea, Georgios Epitideios, Knut Fleckenstein, Anna Elżbieta Fotyga, Eugen Freund, Michael Gahler, Iveta Grigule, Sandra Kalniete, Manolis Kefalogiannis, Tunne Kelam, Janusz Korwin-Mikke, Andrey Kovatchev, Ilhan Kyuchyuk, Ryszard Antoni Legutko, Barbara Lochbihler, Sabine Lösing, Andrejs Mamikins, Alex Mayer, David McAllister, Tamás Meszerics, Francisco José Millán Mon, Javier Nart, Pier Antonio Panzeri, Demetris Papadakis, Ioan Mircea Paşcu, Alojz Peterle, Julia Pitera, Cristian Dan Preda, Jozo Radoš, Sofia Sakorafa, Alyn Smith, Jordi Solé, Jaromír Štětina, Dubravka Šuica, Charles Tannock, Ivo Vajgl, Elena Valenciano, Hilde Vautmans, Anders Primdahl Vistisen, Boris Zala Substitutes present for the final vote Elisabetta Gardini, Neena Gill, Ana Gomes, András Gyürk, Takis Hadjigeorgiou, Liisa Jaakonsaari, Marek Jurek, Urmas Paet, Mirosław Piotrowski, Miroslav Poche, José Ignacio Salafranca Sánchez-Neyra, Bodil Valero, Marie-Christine Vergiat, Janusz Zemke, Željana Zovko Substitutes under Rule 200(2) present for the final vote Seb Dance, Jean-Luc Schaffhauser, Marie-Pierre Vieu, Ivan Štefanec RR\1137736EN.docx 25/40 PE606.307v02-00 EN FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION 54 + ALDE Petras Auštrevičius, Iveta Grigule, Ilhan Kyuchyuk, Javier Nart, Urmas Paet, Jozo Radoš, Ivo Vajgl, Hilde Vautmans ECR Anna Elżbieta Fotyga, Ryszard Antoni Legutko, Charles Tannock, Anders Primdahl Vistisen EFDD Fabio Massimo Castaldo PPE Lars Adaktusson, Lorenzo Cesa, Michael Gahler, Elisabetta Gardini, András Gyürk, Sandra Kalniete, Manolis Kefalogiannis, Tunne Kelam, Andrey Kovatchev, David McAllister, Francisco José Millán Mon, Alojz Peterle, Julia Pitera, Cristian Dan Preda, José Ignacio Salafranca Sánchez-Neyra, Željana Zovko, Ivan Štefanec, Jaromír Štětina, Dubravka Šuica S&D Andi Cristea, Seb Dance, Knut Fleckenstein, Eugen Freund, Neena Gill, Ana Gomes, Liisa Jaakonsaari, Andrejs Mamikins, Alex Mayer, Pier Antonio Panzeri, Demetris Papadakis, Ioan Mircea Paşcu, Miroslav Poche, Elena Valenciano, Boris Zala, Janusz Zemke Verts/ALE Klaus Buchner, Barbara Lochbihler, Tamás Meszerics, Alyn Smith, Jordi Solé, Bodil Valero 7 - EFDD James Carver GUE/NGL Takis Hadjigeorgiou, Sabine Lösing, Marie-Christine Vergiat, Marie-Pierre Vieu NI Georgios Epitideios, Janusz Korwin-Mikke 5 0 ECR Marek Jurek, Mirosław Piotrowski ENF Mario Borghezio, Jean-Luc Schaffhauser GUE/NGL Sofia Sakorafa Key to symbols: + : in favour - : against 0 : abstention PE606.307v02-00 26/40 RR\1137736EN.docx EN 27.9.2017 OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE for the Committee on Development on the EU-Africa Strategy: a boost for development (2017/2083(INI)) Rapporteur: Maria Arena SUGGESTIONS The Committee on International Trade calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution: A. whereas in Africa, infrastructure requirements are estimated at EUR 75 billion annually, the value of the consumer market is likely to reach USD 1 000 billion in 2020, foreign direct investment is set to increase steadily to an estimated USD 144 billion in 2020, and the population is currently 1 billion; B. whereas the economic security and prosperity of Europe and Africa are linked, and whereas these two continents must face their shared challenges and opportunities together; C. whereas there is a need to create an environment which is conducive to investment and which prioritises improvements in health and education above all else; D. whereas the share of the population living in extreme poverty in Sub-Saharan Africa has fallen from 56 % in 1990 to 43 % in 2012; E. whereas there are large disparities in the economic development and growth of African countries, and whereas, according to the United Nations, 33 of the 47 least developed countries are in Africa; whereas more than 218 million people live in extreme poverty in Africa; F. whereas exports from Africa are still dominated by unprocessed products, and whereas a high proportion of these exports are covered by trade preference arrangements; whereas free market access for most African products increases the capacities of African countries and enhances their competitiveness and participation in global markets when accompanied, among other things, by policies aimed at lasting RR\1137736EN.docx 27/40 PE606.307v02-00 EN sustainable industrialisation and rural productivity as key paths for development; G. whereas preferential access to the EU market has provided scope to enhance the export performance of African beneficiary countries depending on their ability to actually take advantage of such preferences; H. whereas good governance and transparency cut the cost of trade and boost commerce, investment and economic development; whereas fair and responsible trade and investments play an essential role in development and could help create more than the 18 million new sustainable jobs per year needed in Africa to absorb the growing labour force, which is also beneficial for the EU; I. whereas sustainable and responsible management of raw materials and natural resources should be at the heart of the EU-Africa strategy, and should be a priority in cooperation between the European Union and the African Union in particular to contribute to tackling and dismantling the resource curse; whereas Europeans and Africans should take a strong, united stance on this matter at the relevant international fora and summits such as the G20, the United Nations General Assembly or the WTO; J. whereas universal access to electricity is a major development issue for Africa; K. whereas, hitherto, actions have failed to fully integrate Africa into world trade and have also failed to bring about the eradication of poverty or a reduction in inequality in African countries, and whereas most African countries still stand to gain a lot from fuller participation in world trade and its potential benefits; L. whereas the 2015 ‘Trade for All’ strategy sets out the EU’s commitment to binding and enforceable trade and sustainable development (TSD); 1. Calls for the EU to support sustainable and inclusive development in Africa and to focus on supporting projects which will have a real and positive impact on the creation of decent jobs for men and women, the fight against poverty, promotion of human development, and protection of the environment, while having a positive impact on sustainable economic growth, beneficial value- and rules-based trade in goods and services, industrialisation and capacity-building, a high-quality and predictable business climate, the management of public finances to enhance tax justice, transparency in the management of natural resources (in particular in mining and energy production), and the fight against corruption and illegal capital flows away from the continent, as well as the promotion of human rights, gender equality, good governance and the rule of law, and while helping to create stability and security; stresses, in particular, EU initiatives focused on mobilising the private sector which accounts for 90 % of jobs in developing economies; 2. Calls for the EU to reinforce its development-oriented trade policy and to increase its financial commitment to Aid For Trade and technical assistance and capacity building initiatives, which is essential for African countries, in particular in LDCs, to take full advantage of the EU’s trade preferences; asks furthermore that the Commission and Member States coordinate the implementation of their ***programmes*** in order to maximise the effectiveness of Aid for Trade; welcomes, in this respect, the entry into force in February 2017 of the WTO Trade Facilitation Agreement which should PE606.307v02-00 28/40 RR\1137736EN.docx EN facilitate customs procedures, thereby decreasing trade costs; 3. Calls for the EU and its Member States to better coordinate their aid for trade ***programmes*** and further boost synergies with their investment policies for Africa; 4. Considers that Economic Partnership Agreements (EPAs), largely supported by the parliaments of the countries concerned, if properly implemented and accompanied by appropriate structural measures, have the potential to be an important tool to promote regional development and the inclusion of the continent into world trade; 5. Stresses that EU-Africa relations must be articulated on a fair and balanced framework among equal partners and based on mutual respect and recognition of interests aimed at the promotion of human rights and the realisation of the UN’s Sustainable Development Goals; 6. Calls on the Commission to support the integration of African countries into global and regional trade through building critical infrastructures, access to energy, financial services and business training; 7. Calls on the Commission to help African countries develop and integrate into the world economy, including through global and regional value chains, to allow different countries to contribute to production through intermediate and finalised products; calls, in this context, on the EU to give greater support to the ambitions in Africa to create a continental free-trade zone favouring the reduction of local income inequalities, to assist with economic diversification and technology transfer and to contribute to greater African participation in international trade, and to further cooperate with the countries concerned with a view to achieving this objective; acknowledges that, although the EU’s policies are crucial in assisting them in pursuing such objectives, the political commitment of African countries is, of course, essential; 8. Urges the EU to always take account of the different levels of development among African countries and regions as well as their varying expectations when defining and implementing its trade polices vis-à-vis Africa, and to therefore adopt targeted and specific trade preferences or measures which enhance production and processing capacity, regional integration and foster small-scale and sustainable ***agriculture***, by promoting local food on local markets; stresses also the need for any trade agreement or unilateral trade arrangement between the EU and African countries or regional groupings to provide for sufficiently asymmetrical liberalisation schedules, protections for infant industries, development-supportive rules of origin and effective safeguard clauses; 9. Takes the view that effective implementation of the WTO trade facilitation agreement and the simplification and transparency of customs procedures will help to boost trade between Europe and Africa, which will particularly benefit SMEs and innovation; 10. Calls on the EU to focus, by means of its commercial and investment policies, on the growth of the private sector, support for innovation, competitiveness and entrepreneurship in Europe and Africa, and to conduct its affairs with Africa in accordance with the principles of sustainability and social responsibility; RR\1137736EN.docx 29/40 PE606.307v02-00 EN 11. Takes the view that ‘public-private partnerships’ have a fundamental role to play in economic development, insofar as they make the private sector more dynamic and boost synergies between institutions and economic operators, and that they should therefore be supported in this strategy; 12. Calls for European development and investment projects in Africa to be guided by the principle of ownership, so that beneficiary countries can take charge of their own development models; 13. Expects the EU to make ***strategic*** ***plans*** for cooperation in a dialogue with Africa in the future; 14. Calls on the EIB and the Commission, in particular via the External Investment ***Plan*** (EIP), to invest in projects with high job-creation potential and in the priority areas of clean energy, infrastructure, health and medical research; 15. Stresses that support for investment projects should be made conditional on economic effectiveness and expected economic outcomes, in an effort to boost trade on the African market and with third countries and regions, and to boost the processing capacity of industries in African countries; 16. Recalls that EU investment policy, especially when involving public money, must contribute to the realisation of the Sustainable Development Goals; recalls the need to enhance transparency and accountability of development finance institutions (DFIs) and public-private partnerships (PPPs) to effectively track and monitor the money flows, debt sustainability and the added value for the sustainable development of their projects; 17. Takes the view that digital development could lead to growth opportunities in Africa – via e-commerce or telephone payments, for example – and that the development policies of the EU and Africa should help to improve access to electricity and the internet in Africa; 18. Calls for transparency in trade agreements and for the full participation of all relevant stakeholders including the civil societies of the countries concerned, through formal consultations, in future negotiations and the implementation of agreements currently under negotiation; 19. Calls for the principles of policy coherence for development to be fully incorporated in the EU’s trade relationship with Africa, which entails the inclusion of enforceable TSD clauses in all EU trade agreements with African countries, in line with the commitment undertaken by the Commission in the ‘Trade for All’ strategy; 20. Welcomes the efforts made by the EU in recent years aimed at promoting social corporate accountability; calls on the EU to continue taking steps in order to ensure that companies are fully accountable for human rights violations and environmental crimes; shares, in this regard, the view that the UN Guiding Principles on Business and Human Rights should be part of any future agreements between African countries and the EU, and asks both sides to include them in any revisions; calls, in addition, for the EU to effectively promote due diligence obligations to ensure global supply chains sustainability; PE606.307v02-00 30/40 RR\1137736EN.docx EN 21. Expects in addition the development of a strategy for the fight against corruption and illegal capital flight from Africa and insists that the development of the regional African markets is taken into consideration in the future; 22. Takes the view that it is essential for the EU-Africa strategy to take account of the importance of the role of women in economic development and the resilience of societies both in Europe and in Africa, and that projects should be set up with that in mind. RR\1137736EN.docx 31/40 PE606.307v02-00 EN INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION Date adopted 25.9.2017 Result of final vote +: –: 0: 32 2 0 Members present for the final vote William (The Earl of) Dartmouth, Laima Liucija Andrikienė, Maria Arena, Tiziana Beghin, Santiago Fisas Ayxelà, Eleonora Forenza, Karoline Graswander-Hainz, Heidi Hautala, France Jamet, Bernd Lange, David Martin, Emma McClarkin, Anne-Marie Mineur, Sorin Moisă, Alessia Maria Mosca, Franck Proust, Godelieve Quisthoudt-Rowohl, Viviane Reding, Inmaculada Rodríguez-Piñero Fernández, Tokia Saïfi, Helmut Scholz, Adam Szejnfeld, Hannu Takkula, Iuliu Winkler, Jan Zahradil Substitutes present for the final vote Klaus Buchner, Edouard Ferrand, Agnes Jongerius, Sajjad Karim, Sander Loones, Paul Rübig, Jarosław Wałęsa Substitutes under Rule 200(2) present for the final vote Massimiliano Salini, Bogdan Brunon Wenta PE606.307v02-00 32/40 RR\1137736EN.docx EN FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION 32 + ALDE Hannu Takkula ECR Emma McClarkin, Jan Zahradil, Sajjad Karim. Sander Loones EFDD Tiziana Beghin, William (The Earl of) Dartmouth GUE/NGL Anne-Marie Mineur, Eleonora Forenza, Helmut Scholz PPE Adam Szejnfeld, Bogdan Brunon Wenta, Franck Proust, Godelieve Quisthoudt-Rowohl, Iuliu Winkler, Jarosław Wałęsa, Laima Liucija Andrikienė, Massimiliano Salini, Paul Rübig, Santiago Fisas Ayxelà, Tokia Saïfi, Viviane Reding S&D Agnes Jongerius, Alessia Maria Mosca, Bernd Lange, David Martin, Inmaculada Rodríguez-Piñero Fernández, Karoline Graswander-Hainz, Maria Arena, Sorin Moisă Verts/ALE Heidi Hautala, Klaus Buchner 2 - ENF Edouard Ferrand, France Jamet 0 0 – – Key to symbols: + : in favour - : against 0 : abstention RR\1137736EN.docx 33/40 PE606.307v02-00 EN 29.9.2017 OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS for the Committee on Development on the EU-Africa Strategy: a boost for development (2017/2083(INI)) Rapporteur: Cécile Kashetu Kyenge SUGGESTIONS The Committee on Civil Liberties, Justice and Home Affairs calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution: A. whereas Africa and the EU are linked by issues of migration and mobility and face common challenges with regard to security and measures to tackle organised and cross-border crime; whereas these issues must be tackled together and in a practical way; 1. Stresses that, once implemented, the EU-Africa strategy should address all aspects of migration, international protection and forced displacement, with a focus on the principles of solidarity, partnership and shared responsibility, and mutual accountability in respect of human rights; 2. Observes that the climate of insecurity linked to the conflicts raging in Africa is detracting from good governance and creates an environment that is not conducive to growth, employment, investment and development; emphasises that democratic and transparent state structures, the rule of law, respect for human rights, gender equality and good governance are crucial elements for the development of African countries; considers Africa to be a key partner on the international scene and takes the view that the EU should step up its cooperation and political dialogue with that continent, empowering its African partners through mutual confidence; emphasises that EU development funding and aid should foster the sustainable development and good governance of African countries; calls for a stronger and more political partnership between the EU and Africa and a specific financial framework to tackle these issues; 3. Emphasises that the Africa-EU strategy must be able to take into account the considerable diversity of African countries and therefore to adapt to the specific PE606.307v02-00 34/40 RR\1137736EN.docx EN circumstances of each partner country; 4. Recognises the disparities in development among the various countries in Africa; encourages the EU to cooperate with ***strategic*** partners and leading countries which, politically, economically and socially, can create in Africa a climate conducive to growth and development, particularly by means of bilateral agreements and regional strategies, thus making it possible to combat the underlying causes of migration between Africa and Europe; 5. Considers that, while the Africa-EU Partnership should be a central element in our development aid policies and action taken in Africa, it is the African countries and their leaders that remain primarily responsible for the future of their own continent; considers, therefore, that the EU should support efforts by African leaders to promote a stable and prosperous environment in Africa and cooperation based on our shared interests in peace, security and good governance; 6. Points out that migration and mobility within Africa and between Africa and the EU are beneficial to both continents, and that a holistic approach to migration and mobility is paramount for boosting sustainable development and promoting democracy, the rule of law, good governance and human rights; encourages the Commission to develop new mobility and migration partnerships with African partner countries; 7. Recognises that Africa’s population is projected to reach 2.4 billion by 2050 and will consist predominantly of young people1; welcomes the willingness to place the emphasis on youth within the Africa-EU Partnership; encourages the EU to further identify and support initiatives inspired by young people that promote democracy, the rule of law and human rights, and to step up its cooperation with African countries to combat child militarisation, female genital mutilation, forced marriage and any other breaches of children’s rights; recalls that one mobile student in ten worldwide is African, of whom half come to Europe; stresses the importance of emphasising the exchange of knowledge, in order to prevent, under all circumstances, a brain drain from Africa; 8. Calls, in particular, for the implementation of Directive (EU) 2016/801 on the conditions of entry and residence of third-country nationals for the purposes of research, studies, training, voluntary service, pupil exchange schemes or educational projects and au pairing for the benefit of African students; 9. Recognises that violent conflicts, persecution, inequality, infringements of human rights, terrorism, repressive regimes, natural disasters, climate change and chronic poverty have led to population movements and an increase in migration to Europe in recent years; recalls nevertheless that, in Africa, international migration concerns fewer than 35 million people and that more than 85 % of migration occurs within Africa itself; stresses that refugees and migrants have the same universal human rights and fundamental freedoms; 10. Recalls that the majority of refugees and migrants find refuge in developing countries and that population movements primarily take place within and between those 1 UN, World population prospects, 2015. RR\1137736EN.docx 35/40 PE606.307v02-00 EN countries; stresses that those countries’ aid systems face major challenges, which have the potential to seriously compromise the protection of a growing displaced population; 11. Highlights, in particular, violence against and the persecution of people on grounds of race, ethnicity, religion/beliefs, sexual orientation, gender identity and sex characteristics, which violate international human rights obligations and fundamental freedoms, hinder development and lead to the large-scale movement of refugees and migrants; 12. Considers terrorism a global threat to regional peace and stability, sustainable development and internal security, that needs to be tackled in a coordinated manner by national governments, regional and international organisations and EU agencies; recalls that organised crime, money laundering, drug and wildlife trafficking and piracy have an undeniable impact on African countries; calls for enhanced cooperation within the EU-Africa Strategy with a view to preventing impunity, promoting the rule of law and the expansion of police and judicial capacities in order to facilitate the exchange of information and best practices, and preventing, countering, combating the financing of and prosecuting terrorism and organised crime; believes that the anti-terrorism strategy should also include measures for the prevention of radicalisation leading to violent extremism in Africa and Europe, among young people in particular; 13. Draws attention to the fact that the Africa-EU Migration and Mobility Dialogue should facilitate mobility and the free movement of people, not only the highly skilled, in Africa and between Africa and the EU on the basis of a well-managed rights-based approach, including the strengthening of safe and legal channels for migration; calls on the EU and its Member States to facilitate family reunification; 14. Reiterates its call for the reinforcement of legal channels for people who need international protection; urges the Member States to offer their resettlement places to a significant number of refugees, considering the overall number of refugees hosted in African countries; calls, in this context, for the establishment of an EU resettlement framework that can easily be acted upon by Member States and that encourages the EU and its Member States to play a crucial and exemplary role with regard to resettlement worldwide; reminds the Member States to make all the necessary facilities available and a ***plan*** to open new and safe routes for asylum seekers, particularly for vulnerable persons, at EU embassies and consular offices in countries of origin or transit countries; 15. Calls, in addition, on the EU and its Member States to cooperate with and provide assistance to African countries that are faced with movements of refugees or prolonged crises, with a view to increasing their asylum capacities and protection systems; recalls that all cooperation with regard to migration and asylum must have the aim of promoting respect for the principles concerning fundamental rights that govern the EU’s migration and asylum policies; 16. Recalls the importance of providing the maximum amount of information to potential migrants regarding the dangers inherent in irregular migration routes, but also their prospects within the EU, particularly in the fields of employment and training; 17. Recalls that two global compacts, for migration and refugees respectively, are to be drawn up by 2018 under the auspices of the UN following the New York Declaration PE606.307v02-00 36/40 RR\1137736EN.docx EN for Refugees and Migrants adopted by the UN General Assembly on 19 September 2016, and that dialogue between Africa and the EU should be stepped up in advance in order to identify shared priorities, where possible; 18. Emphasises that returns can only take place after the assessment of each individual case in full respect of the rights of those concerned, and that any attempt at the refoulement of migrants is contrary to EU and international law; believes that the return of migrants should only be carried out safely, that voluntary return should be prioritised over forced return and that the reintegration of migrants should be addressed systematically; 19. Calls for effective, strengthened and systematic cooperation with African countries, including a strong and real resettlement policy and financial investigation, in the fight against trafficking in migrants and the smuggling of human beings; calls on the EU and African countries to step up their cooperation and efforts to put an end to the trafficking and smuggling of human beings between the two continents; 20. Recognises the ***strategic*** potential of African diasporas worldwide in terms of both financial remittances and non-financial value, as regards the capacity to build and promote peace, democracy, good governance and social stability; draws attention to the importance of engaging with those diasporas and linking them with development projects, so as to ensure that they contribute to the effectiveness of development policies; 21. Recalls that African leaders made a pledge to accelerate growth, development, prosperity and good governance on the African continent by 2063; calls on the EU and its Member States to support developing countries so that they can adopt long-term policies that respect the right to freedom of movement, education, health and employment; stresses the need for the EU and its Member States in particular to support the least developed countries (LDCs) in their efforts to combat climate change, so as to avoid aggravating poverty in those countries; 22. Recommends further efforts to implement the Valletta Action ***Plan*** for humane and sustainable management of migration on both sides of the Mediterranean; recalls the importance of initiatives to increase dialogue and cooperation on migration issues, such as the Rabat Process and the Khartoum Process; 23. Calls for greater parliamentary scrutiny of working arrangements agreed with third countries and the external cooperation activities of the relevant EU agencies. RR\1137736EN.docx 37/40 PE606.307v02-00 EN INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION Date adopted 28.9.2017 Result of final vote +: –: 0: 41 2 6 Members present for the final vote Jan Philipp Albrecht, Heinz K. Becker, Malin Björk, Michał Boni, Caterina Chinnici, Rachida Dati, Agustín Díaz de Mera García Consuegra, Frank Engel, Cornelia Ernst, Tanja Fajon, Laura Ferrara, Lorenzo Fontana, Kinga Gál, Ana Gomes, Nathalie Griesbeck, Sylvie Guillaume, Monika Hohlmeier, Brice Hortefeux, Sophia in ‘t Veld, Dietmar Köster, Barbara Kudrycka, Cécile Kashetu Kyenge, Marju Lauristin, Juan Fernando López Aguilar, Roberta Metsola, Louis Michel, Péter Niedermüller, Soraya Post, Judith Sargentini, Birgit Sippel, Branislav Škripek, Helga Stevens, Traian Ungureanu, Marie-Christine Vergiat, Josef Weidenholzer, Cecilia Wikström Substitutes present for the final vote Marina Albiol Guzmán, Anna Hedh, Lívia Járóka, Sylvia-Yvonne Kaufmann, Jean Lambert, Gilles Lebreton, Angelika Mlinar, Emil Radev, Christine Revault d’Allonnes Bonnefoy, Jaromír Štětina Substitutes under Rule 200(2) present for the final vote Andrea Bocskor, Maurice Ponga, Cristian Dan Preda PE606.307v02-00 38/40 RR\1137736EN.docx EN FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION 41 + ALDE Nathalie Griesbeck, Sophia in ‘t Veld, Louis Michel, Angelika Mlinar, Cecilia Wikström ECR Branislav Škripek, Helga Stevens EFDD Laura Ferrara PPE Heinz K. Becker, Andrea Bocskor, Michał Boni, Rachida Dati, Agustín Díaz de Mera García Consuegra, Frank Engel, Kinga Gál, Monika Hohlmeier, Brice Hortefeux, Lívia Járóka, Barbara Kudrycka, Roberta Metsola, Maurice Ponga, Cristian Dan Preda, Jaromír Štětina, Traian Ungureanu S&D Caterina Chinnici, Tanja Fajon, Ana Gomes, Sylvie Guillaume, Anna Hedh, Sylvia-Yvonne Kaufmann, Cécile Kashetu Kyenge, Marju Lauristin, Juan Fernando López Aguilar, Péter Niedermüller, Soraya Post, Christine Revault d’Allonnes Bonnefoy, Birgit Sippel, Josef Weidenholzer VERTS/ALE Jan Philipp Albrecht, Jean Lambert, Judith Sargentini 2 - ENF Lorenzo Fontana, Gilles Lebreton 6 0 GUE/NGL Marina Albiol Guzmán, Malin Björk, Cornelia Ernst, Marie-Christine Vergiat PPE Emil Radev S&D Dietmar Köster Key to symbols: + : in favour - : against 0 : abstention RR\1137736EN.docx 39/40 PE606.307v02-00 EN INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE Date adopted 10.10.2017 Result of final vote +: –: 0: 19 5 3 Members present for the final vote Beatriz Becerra Basterrechea, Ignazio Corrao, Nirj Deva, Doru-Claudian Frunzulică, Enrique Guerrero Salom, Maria Heubuch, György Hölvényi, Teresa Jiménez-Becerril Barrio, Arne Lietz, Linda McAvan, Norbert Neuser, Vincent Peillon, Maurice Ponga, Lola Sánchez Caldentey, Eleftherios Synadinos, Eleni Theocharous, Paavo Väyrynen, Bogdan Brunon Wenta, Anna Záborská, Joachim Zeller, Željana Zovko Substitutes present for the final vote Marina Albiol Guzmán, Thierry Cornillet, Brian Hayes, Cécile Kashetu Kyenge, Florent Marcellesi Substitutes under Rule 200(2) present for the final vote France Jamet PE606.307v02-00 40/40 RR\1137736EN.docx EN FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE 19 + ALDE Beatriz Becerra Basterrechea, Thierry Cornillet, Paavo Väyrynen ECR Nirj Deva, Eleni Theocharous PPE Brian Hayes, György Hölvényi, Teresa Jiménez-Becerril Barrio, Maurice Ponga, Bogdan Brunon Wenta, Joachim Zeller, Željana Zovko S&D Doru-Claudian Frunzulică, Enrique Guerrero Salom, Cécile Kashetu Kyenge, Arne Lietz, Linda McAvan, Norbert Neuser, Vincent Peillon 5 - EFDD Ignazio Corrao ENF France Jamet GUE/NGL Marina Albiol Guzmán, Lola Sánchez Caldentey NI Eleftherios Synadinos 3 0 PPE Anna Záborská Verts/ALE Maria Heubuch, Florent Marcellesi Key to symbols: + : in favour - : against 0 : abstention

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HINA Digest

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**Body**

Zagreb, 01 June 2018 (Hina) - Croatia committed to protecting minorities, vulnerable groups, says FMZAGREB, June 1 (Hina) - During its chairmanship of the Council of Europe (CoE), Croatia will be committedto an active and leading role in the protection and promotion of human rights, democracy and the rule of law, Foreign and European Affairs Minister Marija PejcinovicBuric said at a meeting of the Standing Committee of the Parliamentary Assembly of the Council of Europe (PACE), held in the Croatian parliament on Friday."During its chairmanshipCroatia will becommitted to an active and leading role in the protection and promotion of human rights, democracy and the rule of law," the minister said.Croatia recognises that the Council of Europe has had a key role in building Europe ever since it was established in 1949, she underscored.For us, the Council of Europe represents the fundamental organisation to set the standards in promoting human rights, democracy and rule of law in Europe, she added."By applying those standards in our societies, we, the member states, confirm our commitment to our common values," she underscored.The Croatian government strongly supports the need for the continuation of the reform of the Council of Europe, an organisation that is also facing huge challenges, she said in her address."During its chairmanship, Croatia intends to closely cooperate with the Parliamentary Assembly and the secretary-general with regard to defining clear and long-term perspectives and strategies.

In that regard, it is very important to achieve a greater unity of member states based on dialogue and mutual cooperation," she said.The four main priorities of Croatia's chairmanship will be the fight against corruption, efficient protection of national minorities and vulnerable groups, decentralisation in the context of strengthening local government, and the protection of cultural heritage and cultural routes, said the minister.As far as corruption is concerned, the minister said that not one institution or legal body is immune to that negative phenomenon and announced a ministerial conference on the topic of strengthening transparency and responsibility with the aim of preventing corruption, to be held on October15 and 16 in cooperation with the Council of Europe's Group of States against Corruption (GRECO).During its chairmanship, Croatia will hold several conferences on the protection of the rights of minoritiesand vulnerable groups, including a conference marking the 20th anniversary of the Framework Convention for the Protection of National Minorities, to be held on June 18 and 19 in Strasbourg, Pejcinovic Buric added.She also announced a special conference on the Roma, "From education to employment", which is scheduled to take place onBrijuni Island on September 25-26.Croatia took over the chairmanship of the Council of Europe from Denmark on May 18, and this is the first time that it is chairing this pan-European organisation since it joined it in 1996.Croatian parliament speaker meets with PACE presidentZAGREB, June 1 (Hina) - Croatian Parliament Speaker Gordan Jandrokovic met in Zagreb on Friday with the visiting President of the Parliamentary Assembly of the Council of Europe (PACE),MicheleNicoletti.The PACE Bureau, Presidency and Standing Committee were meetingin the Croatian Parliament as part of the Croatian chairmanship of the Council of Europe Committee of Ministers.Jandrokovic emphasised the importance of the oldest pan-European organisation for Croatia since it became a member in 1996 and the importance of the Parliamentary Assembly in whose work the Croatian Parliament had participated even before Croatia formally joined the organisation.Jandrokovic expressed satisfaction with Croatia's first chairmanship ofthe Committee of Ministers in the 22 years of its membership, saying that the focus of the Croatian chairmanship would be on priorities shared by all European countries, namely combating corruption and organised crime, protecting the rights of ethnic minorities and vulnerable social groups, strengthening local and regional government, and protecting and promoting cultural heritage.Nicoletti thanked the Croatian Parliament for its hospitality and for the excellent organisation of the PACE meetings, saying that during its membership Croatia had become an example and model to other member states.The two officials also discussed the role of national parliaments in strengthening the work of the Parliamentary Assembly, particularly the conventional system of the Council of Europe and its implementation, Jandrokovic's office said in a press release.Croatia assumed the Council of Europe chairmanship from Denmark on May 18.Earlier in the day, while opening the meeting of the PACE Standing Committee, Jandrokovic said that accession to the Council of Europe had been among Croatia's first major ***strategic*** goals and the result of its successful foreign policy.By joining the organisation, Croatia clearly showed that it belonged to the circle of European countries with the highest values and democratic standards."Croatia has become a country fully committed to the democratic foundation on which contemporary Europe is built: democracy, rule of law and human rights protection," Jandrokovic said.He said that Croatia wanted to continue actively contributing to the search for solutions to the many issues being faced by Europe today.Council of Europe Parliamentary Assembly president meets PM PlenkovicPrime Minister Andrej Plenkovic, too, today received for talks the visiting president of the Council of Europe Parliamentary Assembly, and informed him of the priorities of Croatia's six-month presidency of the Council of Europe, noting that Croatia would work to contribute to overcoming problems the organisation was currently faced with, the government said in a statement.Plenkovic said that as the presiding country Croatia would work to promote dialogue and contribute to overcoming the problems the Council of Europe was faced with.President says political elite has alienated itself from the peopleZAGREB, June 1 (Hina) - President Kolinda Grabar-Kitarovic on Friday criticised the political elite, sayingthat it has alienated itself from the peopleand that many citizens feel injustice because the system is not treating everyone the same. She called for joint effort to resolve the problems in Croatian society, underscoring that the demographic issue was crucial.Grabar-Kitarovictemporarily relocated her office to Osijek and in her address at the start of her stay there she saidthat the "Croatian people wanta decent and normal life," without havingto think about whether they can support one, two or more children and whether they can make ends meet, a life in which workers will earn a decent pay and employers will be relieved of unnecessary levies.She added that these were the problems and reasons because of which young people wereemigrating, particularly from Slavonia.Grabar-Kitarovic once again reiterated that the demographic issue wascrucial for Croatia and that there wasno more time to defer resolving the demographic crisis. The president stressed it washigh time for an action ***plan*** to be adopted and concrete comprehensive measures to be implemented which would last longer than one government term.She commended the Bridge party'sinitiative aimed at encouraging Croatians to stay in their country, saying that synergy in resolving critical issues wasimportant in orderto restore citizens' trust in state institutions.The president reiterated that she was sorry the government had rejected her proposal for a joint meeting."I will continue to work on these problems and on June 11, I will present the measures that I have prepared with my advisers and will discuss them with all the relevant stakeholders in the political and social life, in order to achieve agreement on their implementation," she underscored.She recalled and welcomed the government's "Slavonia, Baranja and Srijem" project as part of the Competitiveness and Cohesion operational ***programme*** and Rural Development ***programme***, which has resulted in the absorption of more than HRK 6 billion in funding.Parliament speaker calls for defusing tensionsZAGREB, June 1(Hina) - Commenting on the latest criticism of the government by President Kolinda Grabar-Kitarovic regarding depopulation trends and reforms, Parliament Speaker Gordan Jandrokovic on Friday called for defusingtensions.Answering questions from reporters in the parliament, Jandrokovic declined to give any political commentafter earlier this week unofficial sources at the office of the president accused him of lying.In recent days, "harsh words were used that should not be used by senior office-holders", Jandrokovic said, calling for defusing tensions and dealing with challenges faced by Croatia."Today I will not engage in any political squabbles. I was attacked the last time and I only defended myself," said Jandrokovic, declining to say if he had recognised himself in Grabar-Kitarovic's statement that the political elite had alienated itself from the people.As for the president's criticism that the government was not implementing reforms, Jandrokovic said that the government was working a lot, that it had good results and that it should continue that way."The settlement agreement in the Agrokor case has been reached, there is a budget surplus, GDP has grown, there is an entire set of EU-related projects, from the Peljesac bridge to the LNG terminal, which I believe will be implemented," Jandrokovic said.Gov't not responsible for growing populismJandrokovic went on to say that the government was doing a good job, that Croatia needed more political peace and that ideological and political struggles should be toned down and attention turned to improving citizens' living standards.Jandrokovic does not believe that the government is responsible for the growth of populist parties in Croatia."That trend has affected many countries and it requires a political, sociological and legal analysis. This is a new trendand we will have to find answers to it. Responsible politicians must offer solutions and fight for the Constitution, parliamentary democracy, the rule of law, freedom, and for the protection of human and minority rights. Those are serious challenges that we have to start dealing with," said Jadrokovic.Asked about the referendum questions proposed by the civic groups "The Truth about the Istanbul Convention" and "The People Decide", Jandrokovic said that he was surprised that the signatures collected in the referendum campaign by The People Decide civic group had not been submitted to the parliament so that the objections that could be heard lately, namely that signatures were still being collected, could be removed."I have no information on that but handing in the signatures would be good for the sake of the transparency of the procedure," said Jandrokovic."The parliamentary Committee on the Constitution, Standing Orders and Political System will discuss the referendum questions and, considering the opposed views of experts on constitutional law, I expect the Committee to ask the Constitutional Court for its opinion on the questions," Jadrokovic said.PM says president's praise of Bridge party possibly aimed at expanding her voter baseZAGREB, June 1 (Hina) - Prime Minister Andrej Plenkovic said on Friday that President Kolinda Grabar-Kitarovic obviously liked what the Bridge party was doing and that her statement praising that party was possibly aimed at expanding her voter base."She obviously fancies what Bridge has been doing, my experience with Bridge was bad, but maybe she has been trying to broaden her voter base," Plenkovic said while answering questions from the press in Kutina, where he attended a ceremony marking the 50th anniversary of the local artificial fertiliser factory Petrokemija."I can see that Bridge is bragging about having authored the referendum question that is deeply discriminating against members of parliament representing ethnic minorities," Plenkovic said, adding that Bridge was trying to drag Croatia decades backward.He said that he was "somewhat surprised that the president is praising a team like that.""There are no such politicians here, I can't see them," he said when asked to comment on the statement Grabar-Kitarovic made earlier in the day in Osijek, when she criticised the political elite for having alienated itself from the people."If someone is among the people, then that's us," he said, adding that it was his government that had secured a two billion kuna worth project for Osijek.Answering questions about depopulation trends, Plenkovic said that that problem had been burdening Croatia for 70 years and that neither the president nor the incumbent government were responsible for demographic problems that had started after World War II.He noted that Croatia was not the only country with negative demographic trends.That is a huge problem but the government has been dealing with it practically since its second session, he said, adding that economic progress was not the only way to reverse negative demographic trends.Demographic revitalisation requires a mentality change and optimism in society, he said, adding that constantly insisting on negative trends would not result in anything good and could only cause despondency.The government cannot cope with the problem of negative demographic trends alone, depopulation trends are a broader phenomenon that requires all stakeholders assuming their share of responsibility, said Plenkovic.PM praises Agrokor emergency administration's effortsPlenkovic was also asked to comment on a letter sent by the Franck company to the Commercial Court, in which it says that it will use all legal means available to protect its rights as a creditor of the ailing Agrokor food and retail conglomerate."I believe that a lot has been done, we have found an optimal solution to an extremely complex problem," the PM said, adding that the settlement agreement with Agrokor's creditors would be published next week.He said that Agrokor's creditors were satisfied with the agreement to a large extent.It is unrealistic to expect all stakeholders to be entirely satisfied, he said, adding that the emergency administration had done a huge job and that most of Agrokor's suppliers and companies had a future and had saved jobs.Speaking of Petrokemija, which is expected to be recapitalised, Plenkovic said that he was confident that his government's measures had enabled the continuation of production in Petrokemija.The fifty years of Petrokemija and its importance for production, employment and exports in Croatia is a basis for the continuation of its modernisation and the reason for the government's clear commitment to finding a long-term, sustainable model for its future operation, the PM said.Police capture migrant smuggler at Donji SrbZAGREB, June 1 (Hina) - Croatian police have captured a person suspected of smuggling illegal migrants at Donji Srb, Interior Minister Davor Bozinovic announced on Friday."According to the latest information from the ground, police have arrested the suspected smuggler. At this point I cannot say more than that he has been arrested in Croatia," Bozinovic told the RTL commercial television station.He said that police could not have known that they were shooting at a van full of people and that they followed the standard procedure.Police stopped a van with Austrian licence plates in the Donji Srb area near the border with Bosnia and Herzegovina on Wednesday and found that it was carrying 29 illegal migrants from Iraq and Afghanistan.Among the migrants were 15 children. Two 12-year-olds suffered gunshot wounds after the driver ignored three orders from the police to stop the vehicle. He stopped only after the police opened fire, after which he jumped out of the vehicle and escaped.The injured children were taken to hospital inZadar and their condition is stable, while the others received medical attention in the Zadar and Gospic hospitals, the police said.Minister says police followed procedure in catching illegal migrantsCommenting on the case earlier in the day, Bozinovic saidthat the police followed procedure and that their actions were justified as they acted in self-defence and the Croatian law allowedthe use of firearms in such situations."This was a truly tragic event. I am sorry, especially because children were injured in the incident, but at the same time my thoughts are with all police officers who are protecting the Croatian border 24 hours a day, preventing illegal migrations and implementing Croatian and European laws in the protection of the EU's external borders," Bozinovic said, recalling that the Croatian border was one of the longest external borders of the bloc.Increased pressure of illegal migrationsAsked if this meant there would be no further investigation into a possible unjustified use of firearms, Bozinovic said an investigation was being conducted within the Interior Ministry."I am talking about what the investigation hasrevealed so far. The fact is that there is increased pressure from illegal migrations on a new route through Bosnia and Herzegovina. The Croatian police reacted in the way that was already discussed in the European Commission several months ago, precisely because of the possibility of such scenarios," Bozinovic said.Croatia has developed intensive diplomatic activitywith the most important EU member states and countries on this route and is trying to explain to everyone how important it is for every country to protect its borders in order to secure lawful and sustainable migrations and prevent illegal ones,said Bozinovic.The minister confirmed that the migrants caught on Wednesday have sought asylum, namely international protection.Four Croatian nationals arrested for trying to smuggle 35 foreignersZAGREB, June 1 (Hina) - Croatian police have arrested four Croatian nationals in Vojnic and Ozalj, in Karlovac County, after they tried to smuggle 35 foreign nationals through Croatia and further on to other EU countries, the county police department reported on Friday.The Croatian nationals, aged 24, 29, 34 and 36, were arrested for two separate cases of people smuggling.Vojnic is a municipality on the border with Bosnia and Herzegovina from where migrants are illegally entering Croatia, while Ozalj is a town on the border with Slovenia, a country signatory to the agreement on the Schengen area of passport-free travel which migrants are trying to reach on their journey to EU countries where they want to settle.The police have pressed charges against the suspects and they were remanded in custody.Serbian van driver and 11 Afghan migrants detained in ZagrebZAGREB, June 1 (Hina) - A Serbian national was arrested in Zagreb on Friday for transporting 11 Afghans in a van with German licence plates, police said in a statement.Police stopped the van in Zagreb's Tresnjevka district at 1.45am on Friday, after which the 47-year-old Serbian driver and the other people in the van tried to escape, but failed. They were all taken to a police station for questioning.The driver will be remanded in custody for entering the country illegally.USKOK dismisses complaint against border police in death of Afghan girlZAGREB, June 1 (Hina) - The USKOK anti-corruption office has dismissed a criminal complaint against police officers in the death of a minor Afghan girl.Seven Afghan nationals have filed a criminal complaint against unidentified Croatian border police officers for several criminal offences committed on 21 November 2017 near a border crossing with Serbia which resulted in the death of the Afghan girl Madina Hosseini on Serbian territory.An investigation has not found that the police officers committed the crimes listed and the complaint is therefore dismissed, USKOK said in a statement on Friday.JUSP Jasenovac condemns denial of Ustasha crimes on public televisionZAGREB, June 1 (Hina) - The public institution running the Jasenovac memorial complex (JUSP) on Friday condemned the views presented by journalist and writer Igor Vukic in a Croatian public television (HRT) ***programme*** earlier this week, saying that he denied the crimes committed in the WWII Jasenovac concentration camp.Vukic is known for his claims that Jasenovac was a labour camp and labour collection point and that no mass-scale crimes were committed there. His book, Radni logor Jasenovacor The Jasenovac Labour Camp, was presented in the ***programme***, and he again contested the figure of about 80,000 people killed in the camp by the pro-Nazi Ustasha regime which ruled Croatia during World War II.In a statement, JUSP Jasenovac condemned and expressed concern about the views expressed by Vukic and the ***programme***'s hosts Marina Medved Pulic and Frano Ridjan, saying thata person who denies the crimeswas presented as an authority on the subject of the Jasenovac concentration camp.By inviting Vukic as a guest, the HRT and the editors of the "Good afternoon, Croatia" ***programme*** gave him a platform to deny the crimes committed in the Ustasha concentration camp. Vukic said that Jasenovac had served as a labour camp or a prison for active opponents of the state and for Jews excluded from deportation to Germany, and described Ustasha leader Ante Pavelic as the most responsible person for rescuing camp inmates, according to the statement.During his 15-minute appearance, Vukic never once used terms such as crime, racial laws, the Holocaust or forced labour. The ***programme***'s hosts did not distance themselves from the views of their guest and even called on viewers to buy his book, thus showing "a lack of professionalism and sympathy for the victims and generally a lack of knowledge of the subject at hand," the statement said.JUSP Jasenovac once again recalled that the Jasenovac concentration camp had been the largest concentration camp in the territory of the Ustasha-run Independent State of Croatia (NDH) and the site of mass-scale executions of Serbs, Roma, Jews and political opponents of the Ustasha movement's racial ideology.The HRT issued a statement on Thursday distancing itself from the views presented in the ***programme***, aired on May 30, but did not mention any sanctions against those responsible.The HRT ***Programming*** Council has convened a special meeting for June 4 to discuss this case.People Decide civil initiative condemns statements by minority MP, PMZAGREB, June 1 (Hina) - The People Decide civil initiative on Friday condemned what it described asminority MP Furio Radin's blackmail attempt and Prime Minister Andrej Plenkovic's attack on the initiative, announcingthat itwould submit signatures collected in its campaign for areferendum to change the election system to Parliament Speaker Gordan Jandrokovic on June 13.The NGO's coordinator, Zvonimir Troskot, told a press conference that in an interview with the HTV broadcasterRadinblackmailed Prime Minister Andrej Plenkovic by saying that "if thisreferendum passes"he would simply "no longer support the government.""That's political blackmail, political racketeering and the kind of absurdity that led to the civil initiative being formed," Troskot said, accusing Radin of trying to use his 1,600 preferential votes to prevent 3.7 million voters from expressing their opinion ina referendum.Troskot believesthat Plenkovic has given in to such political racketeering and made astatement, which, he says,is actually an instructionto the Constitutional Court. "That is why in fact this civil initiative emerged, to prevent political blackmail and racketeering as done by Radin, and instructions, as those given by Plenkovic," Troskot said.Another representative of the initiative, Luka Mlinaric, said that the signature-collection campaign ended at midnight on Sunday, May 27 and that volunteers were checking petition lists and recounting signatures in order to preparethe petition forms for submission to the parliament."We have collected 780,000 signatures that need to be counted againand prepared forsubmission to the parliament," he said and added that the initiative was preparing its request for the referendum to be called.Asked about the constitutionality of the referendum questions,Troskot said that they were in line with the Constitution and that that had been confirmed by a number ofconstitutional law experts."If you look at Article 15 of the Constitution, which defines national minorities, or the Constitutional Law on National Minority Rights, you can see that our proposal doesn't change even one comma," Troskot said."The constitutional law specifies that national minorities should have five to eight seats in parliament. We have proposed six and that is in fact a 25% reduction, which is in proportion to the 25% decrease in the number of seats in parliament overall," he added.The initiative on Thursday said that it had collected 397,024 signatures for the question referring to general regulations of the election system and 390,189 signatures for the question related to minority representation in parliament.At least 10% of the electorate or 374,740 voters have to sign a petition for a referendum to be called.Press freedom in Croatia: Hate speech and hope for changeZAGREB, June 1 (Hina) - An international mission of press associations and organisations promoting freedom of speech, who visited Zagreb in January for a second time to examine the state of press freedom in Croatia, has released a report "Croatia: Hate speech and hope for change", the Croatian Journalists' Association (HND) said on Friday.After a joint mission found in June 2016 that the situation was bad, a new delegation, including representatives of the South East Europe Media Organisation (SEEMO), the Association of European Journalists (AEJ), the European Broadcasting Union (EBU), the European Federation of Journalists (EFJ), the European Centre for Press and Media Freedom (ECPMF) and Reporters Without Borders (RSF), found at the start of 2018 that things had improved.The latest report says that the ***programme*** of the new conservative-liberal ruling coalition includes freedom of the media as an important issue for Croatia as an EU member, and that politicians clearly speak out against endangering journalists' lives.It says that last year Prime Minister Andrej Plenkovic and the parliamentary Committee on the Media condemned attacks and threats against journalists, and the police were faster in their response to such cases. Although the number of physical assaults on journalists had decreased, attacks and threats, especially those made online, are still a big problem, as is the destructive impact of hate speech on society, which had increased since 2016.The mission noted that Croatia had moved up from 74th to 69th place in the 2018 World PressFreedom Indexand welcomed the improvement, but added that there was still a lot of work to do. It recommended that authorities conduct comprehensive investigations into all unsolved cases of physical attacks on journalists."Politicians, journalists and public individuals must refrain from participating in, supporting or being perceived as supporting smear campaigns or hateful rhetoric against journalists and media. Politicians must condemn such campaigns and rhetoric when it occurs," the report says, adding thatpolitical parties must refrain from interfering with the editorial policy of the public broadcaster HRT.The mission recommends that lawmakers include HRT's own journalists in debates around a new HRT law and increase the role of those journalists, civil society and consumers in the selection of HRT's management. It says that the method of appointing the HRT director general and other HRT governing structures should be changed in line with European public broadcasting standards, and that HRT should consider the creation of an internal council to serve as a watchdog over HRT's independence.Journalist organisations (associations and unions) should refrain from political activism and should uphold standards of professionalism and collegiality in their public activities.HRT management and journalists should act in the long-term best interest of the broadcaster and show solidarity in rejecting interference by political parties of all stripes, the mission recommends.The matter of hate speech and fake news must be taken more seriously, more comprehensively and more pro-actively. The initiative of a regulation,although announced, should not wait for EU regulation.Rules cannot be a threat against press freedom and freedom of speech, and the Croatian Parliament must fully repeal Article 148 of the Criminal Code on 'shaming', and should also repeal Articles147, 149, 349 and 356, the mission said.Legal provisions providing for transparency of media ownership must be updated to ensure a sufficient framework for monitoring and compliance, and the Electronic Media Council should be more active in cases where electronic media are not respecting professional standards,especially in cases of use of hate language in local media.The mission also recommends preparinga media strategy with active work and feedbacks from all media players.Divjak: Amendments to Education Act are in ParliamentZAGREB, June 1 (Hina) - Science and Education Minister Blazenka Divjak said on Friday that the proposed amendments to the Primary and Secondary Education Act were in parliament and that they included references to curricular documents that were being developed.Initial training sessions for mentors, held by international experts, covered problem solving, teaching students with difficulties and teaching talented students. The mentors are now integrating that with the approaches they have developed in Croatia and are transferring this knowledge to thousands of students and teachers."This means that no one is left out, what's more, the approaches to work with special groups of students have been upgraded and are being applied," Divjak said in a statement.The introduction of the "School for Life" pilot project in 72 schools as part of the comprehensive curricular reform was financed with 200 million kuna (27 million euros) from the state budget, the European Social Fund and the European Commission, according to the statement.The statement was prompted by a protest rally held outside the Science and Education Ministry's building earlier in the day by representatives of the GOOD initiative who accused the ministry of abandoning the reform.Divjak suggested to the GOOD initiative a constructiveexchange of views and ideas, saying that "problem solving and critical thinking form the basis of changes that we want in our schools and in the approach to the education reform."Petrov critcises gov't for ignoring Bridge-sponsored billsZAGREB, June 1 (Hina) - The leader of the opposition Bridge party, Bozo Petrov, said on Friday that he was pleased that President Kolinda Grabar-Kitarovic had commended the party's work, and criticised the government for ignoring bills that Bridge had put forward to parliament."We consider that today when Croatia is suffering under politicians who are looking out for their own interests and positions, it is exceptionally important to show that it can and should be different. That is why a large number of experts are working on the Stay Movement, Bridge's platform which consists of a series of legislative initiatives aimed at stopping people from emigrating," Petrov said.He added that one of the demographic measures was a well paid job and that apart from demographic measures, Bridge's initiativeis also aimed at entrepreneurship, economic measures, efficient public administration and the fight against corruption and clientelism.He recalled that they have been presenting the measures around the country for months now."I am glad that many experts, and it seems that the president also noticed this, have recognisedthe constructiveness of our measures while the government is continuing to ignore bills that we have put forward to parliament," Petrov said.Grabar-Kitarovic on Friday criticised the government and Prime Minister Andrej Plenkovic for rejecting a joint meeting to discuss the problems of demography and citizens with blocked bank accounts, while commending Bridge's Stay Movement initiative.Croatia to get EUR 4.5bn from EU Common ***Agricultural*** Policy budgetZAGREB, June 1 (Hina) - In the EU's next seven-year budget Croatia is expected to get, as part of the EU's common ***agricultural*** policy (CAP), 4.0345 billion euros, expressed in prices from 2018, or 4.544 billion euros expressed in current prices that take into account projected inflation, with slightly more funds for direct payments to farmers and less funds for rural development.The European Commission on Friday published a draft regulation on CAP for the period 2021-2027, envisaging EUR 365 billion for 27 member states.The CAP has two pillars - direct payments to farmers and rural development. Under the present multiannual financial framework, Croatia has access to two billion euros for rural development and 1.48 billion for direct payments, expressed in prices from 2014.In the next multiannual framework, the EC proposes that Croatia should have at its disposal 4.0345 billion euros expressed in fixed prices from 2018 or 4.5446 billion euros, expressed in current prices (taking into account projected inflation until 2027).Of that amount, 2.2077 billion euros (expressed in fixed prices from 2018) or 2.489 billion euros, expressed in current prices, is to be allocated for direct payments. Rural development is to be financed with 1.7501 billion euros (expressed in fixed prices) or 1.9694 billion in current prices. Market support measures total EUR 76.7 million in fixed prices or 86.3 million in current prices. Those payments account for less than 10% of the CAP.In the present multiannual framework Croatia has slightly less than 3.5 billion euros at its disposal for direct payments and rural development, and for the next multiannual financial framework the EC proposes slightly more than four billion in fixed prices or slightly more than 4.5 billion euros in current prices.However, the amount of 3.5 billion euros for the present multiannual financial framework is expressed in fixed prices from 2014 while the amount expressed in prices from 2018 is not available so a comparison of allocations from the two multiannual financial frameworks does not show the real gain or loss of funding as 3.5 billion euros is not of the same value in 2014 and 2018.Many stakeholders have accused the EC of manipulating the figures by not stating the amounts in prices for 2018 in the present multiannual financial framework, thus preventing a precise comparison.With regard to cohesion policy, the EC has been pressured into giving amounts both in fixed and current prices for both budgets, which enables a more precise calculation of how much more or less money a country has been given.Under the EC daft proposal, Croatia will get less for rural development even in the nominal amount of 1.750 billion euros in fixed prices from 2018 as against two billion euros in prices from 2014.The nominal amount for direct payments is slightly bigger - 2.207 billion euros, expressed in prices from 2018 as against 1.48 billion, but the reasons for this are different.As was the case with other new member states, Croatia too was granted a transitional period of ten years during which the share of EU funds in the established annual limit for the financing of direct payments is gradually increased.Over that ten-year period, the difference up to the established limit is covered from the Croatian budget, and as of 2023 the entire amount will be provided from the EU budget, with EU funds for direct payments consequently increasing.Cohesion and ***agricultural*** policies account for almost two-thirds of the EU budget.Two days ago, the EC published a proposal for cohesion policy under which in the 2021-27 financial period Croatia would get around six percent less money in real terms than in the present budget, but it continues to be among the countries that receive the most in terms of per capita allocations.Croatia is expected to be allocated 8.767 billion euros under cohesion policy for the period 2021-2027, or 9.888 billion euros if inflation is taken into account, the European Commission said on Tuesday.In the present multiannual financial period 2014-2020, Croatia has 8.6 billion euros at its disposal, expressed in prices from 2014. If inflation is taken into account, Croatia has 9.3 billion euros at its disposal in the 2014-2020 multiannual framework. This means that in the 2021-2027 financial framework, it has been given 500 million euros or 5.5% less than in the present financial period.In the period from 2021 to 2027 Croatia should have at its disposal under cohesion and ***agricultural*** policies 12.8 billion euros, expressed in fixed prices, or 14.4 billion expressed in current prices.The draft multiannual budget, as well as the accompanying sectoral legislative proposals are only the first step in the process of negotiating the final budget and figures from the EC draft should therefore be taken with reservation as changes are certain to happen in negotiations among member states.The multiannual financial framework should be supported unanimously by all member states and the European Parliament and as in previous years, each budgetary item is expected to be fought over intensively.Croatia's unemployment rate down again, among biggest drops in EUZAGREB, June 1 (Hina) - Croatia's unemployment rate fell again in April for the sixth consecutive month and the country recorded one of the biggest annual decreases in unemployment in the European Union, the European statistical office Eurostat reported on Friday.The seasonally adjusted unemployment rate in the European Union was 7.1% in April 2018, stable compared with March 2018 and down from 7.8% in April2017. This remains the lowest rate recorded since September 2008, Eurostat reported.The euro area seasonally-adjusted unemployment rate was 8.5% in April 2018, down from 8.6% in March2018 and 9.2% in April 2017, the report said.Eurostat estimates that 17.462 million men and women in the EU, of whom 13.880 millionin the euro area, were unemployed in April 2018. Compared with March 2018, the number of persons unemployed decreased by 53,000 in the EU and by 56,000 in the euro area.Compared with April 2017, unemployment fell by 1.633 million in the EU and by 1.088 million in the euro area.The seasonally-adjusted unemployment rate in Croatia in April fell to its lowest level in nine years at 9.1%. In March it was 9.3%.There were 164,000 citizens without work in Croatia in April, down 4,000 from March.Compared to April last year their number was reduced by 47,000.Only Italy and Estonia had the same or higher unemployment rates compared to April 2017. In Italy unemploymentstayedat the April 2017 level and in Estonia it went up by 0.3 pp.The annual unemployment rate dropped the most in Cyprus, by 3.1 pp, followed by Croatia, with a drop of 2.4 pp, and Portugal, with a drop of 2.1 pp.In April 2018, the youth unemployment rate was 15.3% in the EU and 17.2% in the euro area, compared with 17.2% and 19.3% respectively in April 2017.There werea total of 3.426 million young persons unemployed in the EU in April of whom2.433 million were in the euro area.Compared with April 2017, youth unemployment decreased by 464,000 in the EU and by 306,000 in the euro area.Croatia doesn't record monthly youth unemployment figures. In the first quarter of 2018 the youth unemployment rate was 23.5%, with 36,000 young people under 25 being out of work, Eurostat's report notes.326,000 individuals and 24,000 businesses with blocked accounts at end-AprilZAGREB, June 1 (Hina) -At the end of April 2018, there were 326,057 citizens and slightly fewerthan 24,000 businesses with blocked bank accounts, owingHRK 43.51 billion and HRK 12.7 billion respectively, the FINA financial agency reported on Friday.FINA's data indicates that the number of individuals with blocked accounts increased on the month but decreased on the year while their debt continues to grow.There were 803 more individuals with blocked accounts in April compared with March whereas theirnumber fell by almost 3,000 or one percent on the year. Theirdebt in April amounted to HRK 43.51 billion, which is0.3% more on the month and 3.1% higher compared to April 2017 when it amounted to HRK 42.19 billion.There were 23,748 businesses with blocked accounts at the end of April with their debtamounting to HRK 12.68 billion. That is 1% less on the month and a 1.2% decrease in the amount owed.These numbers were significantly lower on the annual level. At the end of April 2018 there were 4,461 fewer businesses with blocked accounts than there were in April 2017 with the amount owed decreasing by HRK 4 billion or by 24%.The number of business entities with accounts blocked for more than 360 days and with higher amounts involved are still the most numerous among those with blocked accounts.HUB: Lending recovers strongly in first four months of 2018ZAGREB, June 1(Hina) - In the first four months of 2018, bank lending in Croatia recovered strongly in all segments, following the negative impact of the Agrokor crisis last year, with the gross amount of newly granted housing loans jumping on the year by close to 15% and other loans increasing by close to 30%, according to the latest issue of the Croatian Banking Association (HUB) publication "Reviews".Following last year's disruption in loan demand caused by the Agrokor crisis, the first four months of 2018 saw a significant increase in both corporate and household lending, notes HUB.Smaller corporate loans as well as those thatbelong in the category of the highest loans have been growing at a faster rate, "which is an encouraging sign in terms of further economic growth and changes in the economy's structure,"HUB says, noting that the share of new loans with the currency clause has been on the rise as well.The gross amount of newly-approved housing loans rose in the first four months by close to 15% from the same period of 2017, with loans with the currency clause going up faster, while kuna-denominated loans granted went down."Households are obviouslyreacting more strongly to differences in interest rates which have continued to godown for loans with the currency clause and are now well below 4%, at levels that are comparable with countries in the euro area. As for the loan offer, banks are increasingly limited by a shortage of kuna funds, which is particularly evident in the granting of long-term housing loans, with those in kuna registering a sharp drop. As for other loans, whose growth is faster than that of housing loans, of close to 30%, kuna-denominatedloans are still on the rise even though they are growing at a slower rate than loans with the currency clause," says HUP.As for corporate loans, kuna-denominated loans are being gradually replaced by loans with the currency clause, especially in the segment of loans with a higher value, of above HRK 7.5 million."The segment of loans with a higher value was affected relatively more strongly by the Agrokor crisis last year and now it is growing the fastest. At the same time, the continuation of growth in the segment of loans of up to two million kuna, at a rate of 6%, is encouraging," HUB says.Similar to household loans, corporate loans, especially those of higher value, are being increasingly tied to a foreign currency.HUB notes that the recovery of lending operations created room for reducing the interest margin, and that its annual moving average dropped from 2.87% in the last quarter of 2017 to 2.83% in Q1 2018, which is the first drop in five years.It also notes that the lending expansion, coupled with stronger demand and competition, results in a lower interest margin. In such a situation, the growth of bank profits can only result from an increased volume of operations if value adjustments are excluded.In the first quarter of this year, the banks' net profits grew from 432 million in Q1 2017 to around 1.4 billion kuna, and HUB explains that almost the entire growth can be attributed to fewer net value corrections and adjustments, which dropped byalmost 95% as this year there was no "effect of the Agrokor crisis"."The annual moving average of return on capital has thus risen to 7.9% and it will probably continue to grow mildly as the impact of value corrections for loans to Agrokor is no longer taken into account when calculating the time average. With such a rate of return on capital, the Croatian banking system is still in the lower half of the global comparative ranking according to IMF statistics," HUB says.In the first four months of this year, the banks' main source of profit - net interest revenues and net revenues from commissions and fees - saw a drop of 5.8% and 4.3% respectively.In other news:Minister opens int'l conference on forensic medicineZAGREB, June 1(Hina) - Croatian Interior Minister Davor Bozinovic opened the 26th International Meeting on Forensic Medicine Alpe-Adria-Pannoniain the northern Adriatic city of Pula on Friday.Bozinovic said the conference, attended by approximately 100 participants from 20 countries, including forensic medicine experts, would focus on the issue of persons who went missing amid increased migration waves, their identification as well as issuesof clinical forensic medicine.Bozinovic expressed satisfaction with the fact that this wasthe fourth time Croatia was hosting the conference. He recalled that Croatia had a modern forensic institute -- the Ivan Vucetic Institute in Zagreb -- which is a leading forensic institute in this part of Europe with more than 60 accredited methods from all forensic areas.Bozinovic also said the Croatian police was up to the challenge of illegal migrations, recalling a large migrant wave between September 2015 and March 2016, whenmore than 650,000 people passed through Croatia."Stronger Schengen Area" conference starts in DubrovnikZAGREB, June 1 (Hina) - The international conference "Stronger Schengen Area - Schengen as a guarantee of security for European citizens" started in Dubrovnik on Friday in preparation for Croatia's accession to the passport-free travel zone.The introductory talks were given by the conference organiser, Dubravka Suica, head of the Croatian EPP/HDZ delegation in the European Parliamentand Vice President of the EP Committee on Foreign Affairs, and Dubrovnik MayorMato Frankovic."There is no better place for a conference on this topic than Dubrovnik. We will endeavour to answer questions with regard to what still needs to be done to access the Schengen Area," Suica said.European Commissionerfor Migration, Home Affairs and CitizenshipDimitris Avramopoulos and Commissioner for Digital Economy Mariya Gabriel addressed the conference via video link.Several state officials are attending the conference, including aState Secretary atthe Ministry of Foreign and European Affairs, Andreja Metelko Zgombic, Director of the Intelligence-Security Agency (SOA) Daniel Markic, and Chief-of-Police Nikola Milina.ZSE indices end week in redZAGREB, June 1 (Hina) - The main Zagreb Stock Exchange (ZSE) indices fell on Friday, the Crobex dropping by 0.41% to 1,846.38 points and the Crobex10 by 0.57% to 1,065.53 points.The Crobex ended the week in the red for the first time in six weeks, while the Crobex10 was down for the second consecutive week.Turnover at the close of regular trading was HRK 8.3 billion, roughly the same as on the previous trading day, and an additional HRK 6.96 million was generated in block transactions with shares of the sugar ***producer*** Viro and the HT telecommunications company.The block transaction with Viro shares was HRK 4.6 million, with shares sold at HRK 140. In regular trading, Viro shares turned over HRK 52,100 and closed up 3.38% at HRK 153.HT shares turned over HRK 2.3million in the block transaction, trading at HRK 155 per share. In regular trading, they turned over HRK 1.1 million and ended the day at HRK 154 per share, down 1.91%.Two more stocks crossed the million kuna mark in regular trading - the preferred stock of the Adris tourism and insurance group and the ordinary stock of the Valamar Riviera hotel company, turning over HRK 2.7 million and HRK 1.2 million respectively. The price of Adris's stock fell by 1.61% to HRK 427, while that of Valamar rose by 1.46% to HRK 41.60.(EUR 1 = HRK 7.383103)THIS BULLETIN INCLUDES ITEMS RELEASED BY 2100 HRS FRIDAY. (Hina) rml Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulicev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentic, DirectorEditor in Chief: Serdo Obratov Bulletin Editor: Marija Sestan

ZAGREB, June 1 (Hina) - During its chairmanship of the Council of Europe (CoE), Croatia will be committedto an active and leading role in the protection and promotion of human rights, democracy and the rule of law, Foreign and European Affairs Minister Marija Pejcinovic

Buric said at a meeting of the Standing Committee of the Parliamentary Assembly of the Council of Europe (PACE), held in the Croatian parliament on Friday.

ZAGREB, June 1 (Hina) - Croatian Parliament Speaker Gordan Jandrokovic met in Zagreb on Friday with the visiting President of the Parliamentary Assembly of the Council of Europe (PACE),MicheleNicoletti.

Council of Europe Parliamentary Assembly president meets PM Plenkovic

Prime Minister Andrej Plenkovic, too, today received for talks the visiting president of the Council of Europe Parliamentary Assembly, and informed him of the priorities of Croatia's six-month presidency of the Council of Europe, noting that Croatia would work to contribute to overcoming problems the organisation was currently faced with, the government said in a statement.

Plenkovic said that as the presiding country Croatia would work to promote dialogue and contribute to overcoming the problems the Council of Europe was faced with.

ZAGREB, June 1 (Hina) - President Kolinda Grabar-Kitarovic on Friday criticised the political elite, sayingthat it has alienated itself from the peopleand that many citizens feel injustice because the system is not treating everyone the same. She called for joint effort to resolve the problems in Croatian society, underscoring that the demographic issue was crucial.

ZAGREB, June 1(Hina) - Commenting on the latest criticism of the government by President Kolinda Grabar-Kitarovic regarding depopulation trends and reforms, Parliament Speaker Gordan Jandrokovic on Friday called for defusingtensions.

ZAGREB, June 1 (Hina) - Prime Minister Andrej Plenkovic said on Friday that President Kolinda Grabar-Kitarovic obviously liked what the Bridge party was doing and that her statement praising that party was possibly aimed at expanding her voter base.

"She obviously fancies what Bridge has been doing, my experience with Bridge was bad, but maybe she has been trying to broaden her voter base," Plenkovic said while answering questions from the press in Kutina, where he attended a ceremony marking the 50th anniversary of the local artificial fertiliser factory Petrokemija.

"I can see that Bridge is bragging about having authored the referendum question that is deeply discriminating against members of parliament representing ethnic minorities," Plenkovic said, adding that Bridge was trying to drag Croatia decades backward.

He said that he was "somewhat surprised that the president is praising a team like that."

"There are no such politicians here, I can't see them," he said when asked to comment on the statement Grabar-Kitarovic made earlier in the day in Osijek, when she criticised the political elite for having alienated itself from the people.

"If someone is among the people, then that's us," he said, adding that it was his government that had secured a two billion kuna worth project for Osijek.

Answering questions about depopulation trends, Plenkovic said that that problem had been burdening Croatia for 70 years and that neither the president nor the incumbent government were responsible for demographic problems that had started after World War II.

He noted that Croatia was not the only country with negative demographic trends.

That is a huge problem but the government has been dealing with it practically since its second session, he said, adding that economic progress was not the only way to reverse negative demographic trends.

Demographic revitalisation requires a mentality change and optimism in society, he said, adding that constantly insisting on negative trends would not result in anything good and could only cause despondency.

The government cannot cope with the problem of negative demographic trends alone, depopulation trends are a broader phenomenon that requires all stakeholders assuming their share of responsibility, said Plenkovic.

PM praises Agrokor emergency administration's efforts

Plenkovic was also asked to comment on a letter sent by the Franck company to the Commercial Court, in which it says that it will use all legal means available to protect its rights as a creditor of the ailing Agrokor food and retail conglomerate.

"I believe that a lot has been done, we have found an optimal solution to an extremely complex problem," the PM said, adding that the settlement agreement with Agrokor's creditors would be published next week.

He said that Agrokor's creditors were satisfied with the agreement to a large extent.

It is unrealistic to expect all stakeholders to be entirely satisfied, he said, adding that the emergency administration had done a huge job and that most of Agrokor's suppliers and companies had a future and had saved jobs.

Speaking of Petrokemija, which is expected to be recapitalised, Plenkovic said that he was confident that his government's measures had enabled the continuation of production in Petrokemija.

The fifty years of Petrokemija and its importance for production, employment and exports in Croatia is a basis for the continuation of its modernisation and the reason for the government's clear commitment to finding a long-term, sustainable model for its future operation, the PM said.

ZAGREB, June 1 (Hina) - Croatian police have captured a person suspected of smuggling illegal migrants at Donji Srb, Interior Minister Davor Bozinovic announced on Friday.

"According to the latest information from the ground, police have arrested the suspected smuggler. At this point I cannot say more than that he has been arrested in Croatia," Bozinovic told the RTL commercial television station.

He said that police could not have known that they were shooting at a van full of people and that they followed the standard procedure.

Police stopped a van with Austrian licence plates in the Donji Srb area near the border with Bosnia and Herzegovina on Wednesday and found that it was carrying 29 illegal migrants from Iraq and Afghanistan.

Among the migrants were 15 children. Two 12-year-olds suffered gunshot wounds after the driver ignored three orders from the police to stop the vehicle. He stopped only after the police opened fire, after which he jumped out of the vehicle and escaped.

The injured children were taken to hospital inZadar and their condition is stable, while the others received medical attention in the Zadar and Gospic hospitals, the police said.

Minister says police followed procedure in catching illegal migrants

Commenting on the case earlier in the day, Bozinovic saidthat the police followed procedure and that their actions were justified as they acted in self-defence and the Croatian law allowedthe use of firearms in such situations.

ZAGREB, June 1 (Hina) - The public institution running the Jasenovac memorial complex (JUSP) on Friday condemned the views presented by journalist and writer Igor Vukic in a Croatian public television (HRT) ***programme*** earlier this week, saying that he denied the crimes committed in the WWII Jasenovac concentration camp.

ZAGREB, June 1 (Hina) - The People Decide civil initiative on Friday condemned what it described asminority MP Furio Radin's blackmail attempt and Prime Minister Andrej Plenkovic's attack on the initiative, announcingthat itwould submit signatures collected in its campaign for areferendum to change the election system to Parliament Speaker Gordan Jandrokovic on June 13.

ZAGREB, June 1 (Hina) - An international mission of press associations and organisations promoting freedom of speech, who visited Zagreb in January for a second time to examine the state of press freedom in Croatia, has released a report "Croatia: Hate speech and hope for change", the Croatian Journalists' Association (HND) said on Friday.

ZAGREB, June 1 (Hina) - Science and Education Minister Blazenka Divjak said on Friday that the proposed amendments to the Primary and Secondary Education Act were in parliament and that they included references to curricular documents that were being developed.

ZAGREB, June 1 (Hina) - The leader of the opposition Bridge party, Bozo Petrov, said on Friday that he was pleased that President Kolinda Grabar-Kitarovic had commended the party's work, and criticised the government for ignoring bills that Bridge had put forward to parliament.

ZAGREB, June 1 (Hina) - In the EU's next seven-year budget Croatia is expected to get, as part of the EU's common ***agricultural*** policy (CAP), 4.0345 billion euros, expressed in prices from 2018, or 4.544 billion euros expressed in current prices that take into account projected inflation, with slightly more funds for direct payments to farmers and less funds for rural development.

The European Commission on Friday published a draft regulation on CAP for the period 2021-2027, envisaging EUR 365 billion for 27 member states.

The CAP has two pillars - direct payments to farmers and rural development. Under the present multiannual financial framework, Croatia has access to two billion euros for rural development and 1.48 billion for direct payments, expressed in prices from 2014.

In the next multiannual framework, the EC proposes that Croatia should have at its disposal 4.0345 billion euros expressed in fixed prices from 2018 or 4.5446 billion euros, expressed in current prices (taking into account projected inflation until 2027).

Of that amount, 2.2077 billion euros (expressed in fixed prices from 2018) or 2.489 billion euros, expressed in current prices, is to be allocated for direct payments. Rural development is to be financed with 1.7501 billion euros (expressed in fixed prices) or 1.9694 billion in current prices. Market support measures total EUR 76.7 million in fixed prices or 86.3 million in current prices. Those payments account for less than 10% of the CAP.

In the present multiannual framework Croatia has slightly less than 3.5 billion euros at its disposal for direct payments and rural development, and for the next multiannual financial framework the EC proposes slightly more than four billion in fixed prices or slightly more than 4.5 billion euros in current prices.

However, the amount of 3.5 billion euros for the present multiannual financial framework is expressed in fixed prices from 2014 while the amount expressed in prices from 2018 is not available so a comparison of allocations from the two multiannual financial frameworks does not show the real gain or loss of funding as 3.5 billion euros is not of the same value in 2014 and 2018.

Many stakeholders have accused the EC of manipulating the figures by not stating the amounts in prices for 2018 in the present multiannual financial framework, thus preventing a precise comparison.

With regard to cohesion policy, the EC has been pressured into giving amounts both in fixed and current prices for both budgets, which enables a more precise calculation of how much more or less money a country has been given.

Under the EC daft proposal, Croatia will get less for rural development even in the nominal amount of 1.750 billion euros in fixed prices from 2018 as against two billion euros in prices from 2014.

The nominal amount for direct payments is slightly bigger - 2.207 billion euros, expressed in prices from 2018 as against 1.48 billion, but the reasons for this are different.

As was the case with other new member states, Croatia too was granted a transitional period of ten years during which the share of EU funds in the established annual limit for the financing of direct payments is gradually increased.

Over that ten-year period, the difference up to the established limit is covered from the Croatian budget, and as of 2023 the entire amount will be provided from the EU budget, with EU funds for direct payments consequently increasing.

Cohesion and ***agricultural*** policies account for almost two-thirds of the EU budget.

Two days ago, the EC published a proposal for cohesion policy under which in the 2021-27 financial period Croatia would get around six percent less money in real terms than in the present budget, but it continues to be among the countries that receive the most in terms of per capita allocations.

Croatia is expected to be allocated 8.767 billion euros under cohesion policy for the period 2021-2027, or 9.888 billion euros if inflation is taken into account, the European Commission said on Tuesday.

In the present multiannual financial period 2014-2020, Croatia has 8.6 billion euros at its disposal, expressed in prices from 2014. If inflation is taken into account, Croatia has 9.3 billion euros at its disposal in the 2014-2020 multiannual framework. This means that in the 2021-2027 financial framework, it has been given 500 million euros or 5.5% less than in the present financial period.

In the period from 2021 to 2027 Croatia should have at its disposal under cohesion and ***agricultural*** policies 12.8 billion euros, expressed in fixed prices, or 14.4 billion expressed in current prices.

The draft multiannual budget, as well as the accompanying sectoral legislative proposals are only the first step in the process of negotiating the final budget and figures from the EC draft should therefore be taken with reservation as changes are certain to happen in negotiations among member states.

The multiannual financial framework should be supported unanimously by all member states and the European Parliament and as in previous years, each budgetary item is expected to be fought over intensively.

ZAGREB, June 1 (Hina) - Croatia's unemployment rate fell again in April for the sixth consecutive month and the country recorded one of the biggest annual decreases in unemployment in the European Union, the European statistical office Eurostat reported on Friday.

ZAGREB, June 1 (Hina) -At the end of April 2018, there were 326,057 citizens and slightly fewerthan 24,000 businesses with blocked bank accounts, owingHRK 43.51 billion and HRK 12.7 billion respectively, the FINA financial agency reported on Friday.

ZAGREB, June 1(Hina) - In the first four months of 2018, bank lending in Croatia recovered strongly in all segments, following the negative impact of the Agrokor crisis last year, with the gross amount of newly granted housing loans jumping on the year by close to 15% and other loans increasing by close to 30%, according to the latest issue of the Croatian Banking Association (HUB) publication "Reviews".

ZAGREB, June 1(Hina) - Croatian Interior Minister Davor Bozinovic opened the 26th International Meeting on Forensic Medicine Alpe-Adria-Pannoniain the northern Adriatic city of Pula on Friday.

ZAGREB, June 1 (Hina) - The international conference "Stronger Schengen Area - Schengen as a guarantee of security for European citizens" started in Dubrovnik on Friday in preparation for Croatia's accession to the passport-free travel zone.

ZAGREB, June 1 (Hina) - The main Zagreb Stock Exchange (ZSE) indices fell on Friday, the Crobex dropping by 0.41% to 1,846.38 points and the Crobex10 by 0.57% to 1,065.53 points.

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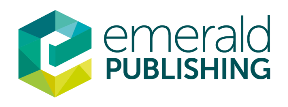


[***Alliance success factors and performance in social economy enterprises***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5V6X-0HW1-JB00-310M-00000-00&context=1516831)

Management Decision

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**ABSTRACT**

Purpose

Establishing alliances between social economy enterprises (SEEs) is considered to be a solution to the problem of providing enough resources and knowledge to compete in the global market and, at the same time, to maintain identity and ownership. Nevertheless, an important number of alliances breaks up after several years. Therefore, the purpose of this paper is to study the key factors that affect alliances’ development and outcome. In this study, the success factors that have been extensively tested in investor-owned companies are assessed in SEEs, which present important differences in organizational issues and corporate principles and values.

Design/methodology/approach

This study defines a scale that includes the most important factors that might be controlled by SEE managers to develop successful alliances. These factors are grouped into three categories: relational capital, relationship governance and the partner selection process. The study also assesses the impact of these factors on alliance performance.

Findings

Statistical analysis through structural equation modelling shows that relationship governance and the partner selection process have a significant impact on performance. Therefore, they can be considered success factors in alliances among SEEs.

Originality/value

Taking into account the relevant contribution of the SEEs to the European economy, and having noted the scarce number of studies about alliances success factors in the social economy sector, this study offers a significant contribution to this research field. Moreover, findings will be also interesting for SEE managers and social economy authorities when designing ***programmes*** to empower and support alliances.

1.

**Introduction**

The study of alliances between enterprises is a broad field of study. Scholars define alliances as partnerships of two or more corporations or business units that work together to achieve significant objectives that are mutually beneficial (Bronder and Pritzl, 1992; Elmuti and Kathawala, 2001; Tanganelli, 2004). In that sense Todeva and Knoke (2005) pointed out that an alliance might involve at least two partner firms that: remain legally independent after the alliance is formed; share benefits and managerial control over the performance of assigned tasks; and make continuous contributions in one or more ***strategic*** areas, such as technology or products.

According to the resource-based view theory, frequently cited objectives include the sharing of resources (Das and Teng, 2000) and the exchange of complementary skills and talents that cover different aspects of the know-how needed (Rothaermel and Deeds, 2006). According to the transaction cost economics theory, the use of alliances is a means to reduce risks and costs (Williamson, 1985). These are two of the most commonly used theories in the alliance research field. Nevertheless, other theories exist and present alliances as a way of gaining legitimacy in the market (institutional theory) and aligning the goals of different agents (agent theory). All these theories have been linked and tested in the investor-owned company (IOC) context (MNEs, SMEs, etc.). The authors note a lack in the literature, both theoretical and empirical, regarding testing these theories on alliance success factors among social economy enterprises (SEEs).

SEEs have a long tradition of creating and managing alliances and cooperation agreements, although they have rarely been studied. SEEs are ruled according to the ICA principles (ICA, 1995). One of these principles is inter-cooperation, which empowers enterprises to establish relationships between them. This principle is considered to be a business strategy without which cooperatives and other SEEs would remain economically vulnerable (Birchall and Ketilson, 2009). From a normative perspective, the definition of formal inter-cooperation agreements may be exemplified by second-level cooperatives, consortia, network contracts, public-private partnerships, social capital networks, financial linkages, subcontracting and market relations (Sachetti and Tortia, 2016). These forms of collaboration can be compared with the ones set up by IOCs because they look for similar goals, although important differences might appear because of the specific characteristics that SEEs present.

Identification of the SEEs as they are known today began in France in the 1970s. The National Liaison Committee for Mutual, Cooperative and Associative Activities (CNLAMCA) published the Social Economy Charter, which defines SEEs as organizations that do not belong to the public sector, operate democratically with members having equal rights and duties, and practise a particular regime of ownership and distribution of profits, employing surpluses to expand the organization and improve its services to its members and to society (Économie sociale, 1981). These defining features have been widely disseminated in economics literature and outline an social economy sphere that hinges on three main families – cooperatives, mutual societies and associations – which have recently been joined by foundations. The main difference between SEEs and IOCs is that decision making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote. Therefore, all events take place through democratic and participative decision-making processes. Voluntary non-profit organizations that are ***producers*** of services for households can also be defined as SEEs, even if they do not possess a democratic structure, as this allows very prominent social action third sector organizations that ***produce*** social or merit goods of unquestionable social utility to be included in the social economy (Monzón and Chaves, 2008).

In the EU there are two million of SEEs, accounting for approximately 10 per cent of all European businesses. The social economy employs over 14.5 million people, equivalent to 6.5 per cent of the EU entire working population (Social Economy Europe, 2015).

In this paper the alliance success factors that have been extensively tested in IOCs are assessed in SEEs. Two objectives are set. The first objective is to define and validate a scale of the key factors that affect SEEs alliances’ development and outcome. As far as we know, no other validated scale dealing with alliance success factors in a social economy context exists. Thus, the introduction of a validated scale in this field of research will be a contribution of this study. The second objective is to assess the impact of these key factors on SEEs alliance performance. Accordingly, the main contribution of this study will be to identify the key factors that might help SEEs to set up successful alliances.

The paper is structured as follows. The next section summarizes the current state of the art. The third and fourth sections contain the hypothesis and the methodology conducted in the analysis, respectively. In the next sections, results are presented and discussed. The paper ends with concluding remarks for both academics and practitioners.

2.

**Literature review**

2.1

**Alliances’ success factors in investor-owned companies**

This section shows the main alliance success factors according to Krathu et al. (2015), who reviewed 177 publications dealing with factors influencing inter-organizational relationships (IORs). In this study, we refer to SEE alliances instead of IORs, but as Franco and Haase (2015) stated, different terms have been used to refer to relationships between enterprises, although relevant differences do not exist between them. Regarding the broad range of publications reviewed in this study and the recent publication of the literature selected, the alliance success dimensions obtained represent a reliable base on which to build up the research. Krathu et al. classified success factors into five main constructs:Relationship orientation: it represents the tendency of an organization to maintain relationships with partners (Cheng and Sheu, 2012). The measurement of relationship orientation typically gauges the attitude of business players towards their relationships in the long run (Fantazy et al., 2010; Prajogo and Chowdhury, 2010). According to Cheng and Sheu (2012), relationship orientation can be determined based on relationship quality, connectedness among partners and performance.Relational capital or social capital: it is described in the literature as relationships with dimensions such as trust, shared goals, open interaction, feelings of shared destiny and togetherness (Kohtamäki et al., 2012). Thus, relational capital is presented as a construct formed by trust, shared vision and connectedness.Relational norms: Liu et al. (2009) defined them as the expected norms shared by a group of decision makers and directed towards collective goals. Doucette (1996) defined relational norms as solidarity, information exchange and role integrity. Relational norms are presented as a construct formed by communication, cooperation and integration.Atmosphere: according to Woo and Ennew (2004), atmosphere is described in terms of a relationship that is dependent on power, conflict, cooperation, closeness or distance of the relationship and mutual expectations between business partners. Atmosphere is divided into four main dimensions: conflict, cooperation and integration, power and connectedness.Others: other factors that do not have any major similarities and that cannot be grouped have been identified. These dimensions are compatibility, commitment, top management support, relationship learning, contract, investment, complementarity and opportunism (Cheung et al., 2010; Liu et al., 2009, 2012; Gil-Saura et al., 2009). They are included in the study because it was considered that that they would improve the quality of the findings.

These five success factors’ constructs include the majority of the dimensions presented in the IOC alliances research literature. We will adopt them in order to analyse them as potential alliance key factors in the SEE context. Furthermore, apart from the dimensions introduced by Krathu et al., another key factor, named “partner selection process”, has been added to this study. This factor is described by the actions that an enterprise develops in order to find a suitable partner. The partner selection process is assessed by having a partner selection ***plan***, compiling a short list of potential candidates, or analysing the partner before setting the alliance, among others (Cummings and Holmberg, 2012; Bierly and Gallagher, 2007; Wu et al., 2009; Wuyts and Geyskens, 2005). Considering the large amount of research that has dealt with this factor and the specific characteristics of SEEs already explained in the introduction, we expect that the partner selection process will be one of the most influential factors of success in alliances among SEEs. Thus, we have added the partner selection process as a potential key factor in this study.

2.2

**Alliance success factors in SEEs**

Fulton et al. (1996) assessed several hypotheses concerning the success of cooperative business arrangements. Data were collected by in-person interviews with general managers of grain marketing cooperatives. The results showed that the most-cited success factors were: trust; commitment; managers who work well together; agreements in which the benefits of joint efforts are visible; good, open communication; not intruding on the business territory of others; and staying involved in the business agreement.

Vandeburg et al. (2000) examined the relative importance of factors in the success of business arrangements. In total, 70 local ***agricultural*** cooperatives in Indiana and Colorado, 35 in each state, were surveyed during May and June 2000. The results showed that the important success factors were those factors related to inter-personal dynamics: trust, communication, commitment and managers who can work together as a team. Both cited studies concluded that factors such as trust, commitment, communication and managers’ relationship are crucial for the success of alliances.

Banaszak (2008) tested six hypotheses based on the factors affecting the likelihood of success of ***producer*** groups. Data were collected from 62 Polish farmer cooperative organizations called ***producer*** groups. The findings showed that the key to the success of hybrid modes of governance, such as ***producer*** groups, is the selection of partners based on previous experience in market relationships. In the same vein, Roth and Menguy (2015) explored the framework of the alliances among SEEs in France. They found three main success factors involving inter-organizational agreements: the integration degree with the partner; the socio-psychological criteria used to choose the partner; and the speed of the integration. In that sense previous studies have confirmed that partner selection is an important issue in alliances’ formation and development.

Mazzarol et al. (2013) studied different cases of ***strategic*** networks formed through cooperatives in Australia and France. They found that the ability to maintain the unity and stability of the network requires the fostering of a common sense of purpose and the commitment of the cooperative to focussing on delivering value to the members. In that sense encouraging a strong sense of community identity based on trust and a sense of common purpose is very important.

Pesämaa et al. (2013) examined inter-personal and inter-organizational commitment in the context of small business cooperatives in Northern Minnesota. The findings showed that the success of small business cooperatives ultimately depends on the level of inter-organizational commitment. In that sense firms should develop cooperative strategies that focus on enhancing trust, which in turn builds inter-personal commitment, thereby ultimately helping to strengthen inter-organizational commitment and successful alliances. However, the findings also showed that encouraging reciprocity in the short term is important to enhance inter-organizational commitment.

There are several similarities between success factors in SEE and IOC alliance literature. Success factors identified in SEE alliances such as trust, commitment, or managers’ relationships have also been found to be success factors in IOC alliances. Partner selection has also been found as a success factor in SEE and IOC alliance literature, which confirms the importance of adding it into this study. Other success factors seem to be specific for each type of alliance, and they include sense of community in SEE alliances and relationship learning or compatibility in IOC alliances.

3.

**Hypotheses**

Considering the previous literature, three hypotheses have been predicted in order to test the relationship between the SEE alliance key factor constructs and performance. To set up these hypotheses, only constructs included in the SEE alliance key factors scale have been used. In that sense, when a positive relationship exists, we can confirm that the key factor construct becomes a success factor in SEE alliances.

Research on trust and performance has increasingly suggested that trust-inspired relational behaviours enhance performance by reducing the transaction costs and increasing the transaction value. Robson et al. (2008) argued that inter-partner trust is positively related to alliance performance. Khalid and Larimo (2012) assessed the relationship between a common vision and alliance performance. The findings suggested a positive significant relationship between these two dimensions.

Considering the previous literature, this paper predicts the following:H1. Relational capital, formed by trust, shared vision, communication and cooperative integration, is positively related to SEE alliance performance.

This section introduces a new dimension called relationship governance, which has not been presented in the literature review. However, it includes several factors that have already been presented in Section 2.1, such as top management support and commitment, relationship learning and compatibility.

Yang et al. (2008) studied the relationship between relational commitment and performance in supply chain alliances. This study revealed that the relational commitment is important for firms developing stable relationships with their suppliers in a supply chain alliance, which in turn is critical for alliance performance.

Considering relationship learning, Jiang and Li (2008) examined the relationship between organizational learning and firm-level financial performance in the context of ***strategic*** alliances. The results from a survey of 127 German partnering firms suggested a significant, positive and strong relationship between organizational learning and financial performance.

Considering the previous literature, this paper predicts the following:H2. Relationship governance, formed by compatibility, relationship learning, commitment, top management support and atmosphere, is positively related to SEE alliance performance.

As far as the authors know, there are no previous studies about the relationship between the partner selection process and the alliance performance. In that sense the findings will be a step further in this field of research and will help practitioners and scholars to understand better the importance of the partner selection process in obtaining satisfactory alliance performance.

In this study the relationship between the partner selection process and the alliance performance outcome is assessed. The partner selection process is analysed with four items related to different activities that companies might develop to choose the partner that fits best with them, for example, ***planning*** the partner selection process, preparing a short list of potential partners, starting to look among the companies with which they already conduct business and analysing the partner before starting the alliance (Anand and Khanna, 2000; Schaan and Kelly, 2007).

Considering the importance of the partner selection process in alliance success, the following is posited:H3. The partner selection process is positively related to SEE alliance performance.

The three hypotheses taken together permit a further step to be taken in analysing the impact of key factors identified in alliances among IOCs as success factors, on performance in alliances among SEEs.

4.

**Methodology**

4.1

**Questionnaire structure, data collection and sampling**

To capture data regarding the alliance success factors among SEEs, an online survey was launched, in June 2016, to 450 SEEs that have been involved in alliances in the last ten years (2006-2016). These enterprises have registered their alliances in the Catalan Cooperation Register or have received funds from ***programmes*** focussed on the promotion of cooperation in Catalonia. The cooperatives’ contact details were obtained through the Catalan Social Economy Authorities. The survey was sent twice to the cooperative database (June-July 2016), and 160 questionnaires were collected. After the data review process, we had a rate of valid reply of 22.4 per cent, corresponding to 101 questionnaires.

The questionnaire is shown in the Appendix. It included a section to collect 24 items related to the alliance success and failure factors. The items were gathered into the previously described five dimensions used by Krathu et al. (2015). Moreover, the questionnaire was completed with new items obtained through a complementary literature review of the alliance research field and 15 interviews with cooperative managers, alliance advisors, cooperative authorities and scholars developed during the first semester of 2016. As a consequence of this process, another factor was identified as the partner selection process, and several new items were introduced. All the items were presented as statements to which the respondents indicated their agreement/disagreement on a five-point Likert-type scale (from 1=strongly disagree to 5=strongly agree).

4.2

**Assessing the reliability and validity of the alliance key factors scale**

The items were gathered a priori under the aforementioned dimensions. However, these dimensions had to be proven to be consistent in the SEE context. Therefore, an array of four different exploratory factor analyses (EFA) through the principal component analysis was performed to explore the six different set of items. Two different sets of criteria were used to debug these dimensions. The resulting scale is named from now on the “SEE Alliance K-Factors” scale (Appendix).

The resulting scale is analysed according to the current methodology, assessing its psychometric characteristics. The statistics for reliability (Cronbach’s α and composite reliability (CR)) and convergent validity (average variance extracted (AVE)) of the six factors were calculated alongside the discriminant analysis of the dimensions within the scale, comparing the square of its AVE with the correlations with the remaining dimensions.

Once all of the dimensions displayed the correct psychometric properties, two confirmatory factor analyses (CFA) were performed with the remaining items, obtaining the validated “SEE Alliance K-Factors” scale.

4.3

**Assessing the research model: the alliance key factors’ impact on performance**

The proposed model was applied to the alliance key factors scale. For this purpose the dependent variable was the item “SEE alliance performance”, regressed by a second-order factor (which in its turn reflects the three dimensions of the scale).

5.

**Results**

5.1

**Sample characteristics**

Tables I and II show the characteristics of the sample as well as the characteristics of the alliances analysed.

The alliance typologies, objectives and number of participants are also presented in Table II.

5.2

**Assessing the reliability and validity of the “SEE Alliance K-Factors” scale**

Three EFAs using principal component analysis were performed to investigate the unidimensionality of each of the three success factor dimensions. The Kaiser-Meier-Olkin statistic and the Bartlett test for the three cases forecasted a good result for these analyses. These results confirmed the linear dependence between the variables and supported the authors’ view that the results were sound (Hair et al., 2010). Table III shows the suggested factors including the percentage of variance extracted.

As mentioned earlier, a scale to assess the alliance key factors is presented. The “SEE Alliance K-Factors” scale contains the items that loaded at 0.64 or more, and they did not load more than 0.26 on other items. Considering the previous criteria, the “SEE Alliance K-Factors” scale contained: a set of six items for relational capital; a set of six items for relational behaviour; and a set of three items for the partner selection process. Table IV presents the loads of the three CFAs for the “SEE Alliance K-Factors” scale as well as the statistics for their reliability analysis.

The internal reliability of the factors was assessed and confirmed, as the retained indicators exhibited loadings of 0.674 or higher. The internal consistency of the constructs reaffirmed the approach, obtaining values that exceeded the recommended threshold value of 0.7 for both the Cronbach’s α coefficient and the CR. The AVEs also surpassed the cut-off point of 0.5 (Nunnally and Bernstein, 1994) for all the factors. An exception was the Cronbach’s α for the partner selection process, which was lower than expected. Despite this result, the CR and AVE results were positive and sufficient to confirm the internal consistency of the construct. Thus, it was decided to maintain this third factor.

The next step consisted of analysing the discriminant validity, which was performed using linear correlations or standardized covariances between latent factors by examining whether the inter-factor correlations were less than the square root of the AVE (Fornell and Larcker, 1981). Table V provides the results of this analysis for the “SEE Alliance K-Factors” scale.

As shown in Table V, the values in the off-diagonal elements were higher than the square roots of each AVE. Therefore, discriminant validity was confirmed in the “SEE Alliance K-Factors” scale.

A first-order CFA was estimated using the robust maximum likelihood method from the asymptotic variance-covariance matrix. The standardized solutions for the scale (as reflective second-order factors) are summarized in Table VI. As can be observed, the fit indices obtained in the measurement model estimation showed that the variables converged towards the factors established in the CFAs. The fit was assessed through the Satorra-Bentler χ2 statistic, which was 145.88 with 87 degrees of freedom and a p-value of 0.00008. The χ2/df was 1.677, which was below the acceptable limit of 5, the RMSEA was 0.082 and the CFI was 0.872. Taking the significance of the robust χ2 statistic with caution and noting the global indicators, the global fit was acceptable (Hair et al., 2010).

5.3

**Assessing the research model: the alliance key factors’ impact on performance**

The entire research model was estimated again with the robust maximum likelihood method from the asymptotic variance-covariance matrix. The fit was also good, taking into account the aforementioned considerations. Table VII provides the analysis alongside the goodness of fit summary. The model has significant explanatory power according to the determinant coefficient of 0.24, proving that it explains one-quarter of the performance variance. Nevertheless, further research is needed to gain broader information about the performance variance in alliances.

The impact of the alliance key factors on performance was tested. The findings do not confirm H1 that relational capital has a positive impact on alliance performance. According to Table VII, the standardized coefficient is 0.281 and the impact (1.836) is not significant at the 5 per cent level. In that sense it is agreed that the impact should be at least 1.936 to be significant. H2 has been successfully confirmed. The results verified that relationship governance has a positive impact on alliance performance. According to Table VII, performance is directly influenced by relationship governance factors, and the standardized coefficient is 0.273. Finally, H3 has been confirmed according to the standard solution. This means that the partner selection process factor might affect alliance performance. However, according to the robust method, H3 cannot be confirmed. According to Table VII, the standardized coefficient is 0.269 and the impact (1.808) is not significant at the 5 per cent level. A larger sample would permit the confirmation of these results.

6.

**Discussion**

The first objective was to define and validate a scale of key factors in alliances among SEEs (SEE Alliance K-Factors Scale). Considering the results obtained, the following three factors determined the alliance outcome: relational capital; relationship governance; and the partner selection process. These factors are formed by dimensions such as trust, shared vision, commitment, and partner selection ***planning***, among others. The results are sound with the previous literature presented in the literature review section, where all these dimensions are stated as success factors in alliances among IOCs and SEEs. However, findings confirmed that two success factor constructs identified in IOCs such as relational orientation and relational norms were not included in the SEE alliance key factors scale. Regarding this result, we can affirm that SEE managers do not consider as key factors dimensions linked to the attitudes of alliance partners in the long term, and to the norms shared by the partners of the alliance. An explanation of the first fact can be that SEE managers do not have long term vision because alliances are launched for a concrete aim and duration. Another explanation can be that managers’ day-to-day duties and obligations do not permit them to put efforts into reinforcing their partnerships in the long term. Therefore, they do not consider this aspect as a key factor for the success of an alliance.

Considering the second fact, results indicate that SEE managers do not consider the level of integration and communication as a key factor in alliance success. An explanation can be that SEE managers and members prefer to be independent and do not create joint teams to share information and have fluent communication with partners. Another explanation can be the lack of professionalization in management positions because they have volunteers in some cases and because they offer lower salaries than IOCs in others (Encinas Duval et al., 2011; Giagnocavo et al., 2014). Consequently, an increase in management professionalization might help to increase alliance success possibilities.

The second objective was to assess the impact of these three SEE alliance key factors on performance. According to the results, findings confirmed that relationship governance and partner selection process factors have a significant impact on alliance performance, although H3 is confirmed using the standardised method. This means that the partner selection process influences the alliance performance outcome if the significance index is relaxed. In that sense the results are in line with previous studies that affirmed that several dimensions included in relationship governance, such as top management support, commitment and relationship learning, exert an impact on alliance performance (Jiang and Li, 2008; Yang et al., 2008). The results also confirmed that the partner selection process is an influential factor for the success of SEE alliances.

However, relational capital has not been confirmed as a success factor in SEE alliances. According to the results, SEE managers do not consider dimensions such as trust or shared vision as important factors for alliance success. These findings do not fit with the previous literature (Fulton et al., 1996; Vandeburg et al., 2000). One possible explanation for this result is that in this study alliance performance has been measured, basically, according to financial results, and SEE managers do not consider that relational capital aspects have much influence on alliance financial performance. Accordingly, further research might be needed to confirm this result.

7.

**Conclusions**

SEEs are gaining importance in today’s economy. Nowadays, they represent approximately 10 per cent of European business and employ 14.5 million people. Alliances are a key issue for SEEs, because they are mainly SMEs and need to collaborate to improve their access to resources and knowledge. This study assessed the alliance success factors identified in IOCs using a sample of SEEs. SEEs are guided by principles and values based on social aspects, such as preserving community interests, giving priority to members instead of capital in decision making (one member, one vote) or in sharing potential benefits. The main findings are discussed in the following paragraphs; first regarding the first objective (the scale definition and validation) and next, some considerations regarding the second objective (assessing the impact of the key success factors on performance).

Considering the first objective, findings confirmed that three key factors constructs out of six identified in IOCs alliances can be included in the SEEs alliance key factors scale. The three factors are: relational capital, formed by dimensions such as trust or shared vision; relationship governance, formed by commitment or relationship learning; and partner selection process, formed by partner selection ***planning*** or candidates shortlist development.

Considering the second objective, the three key factors constructs were test in order to assess their positively impact on SEE alliance performance. Findings confirmed that relationship governance and partner selection process constructs have a positive impact on alliance outcomes. In that sense, we can affirm that these constructs can be considered as success factors in SEEs alliances. However, relational capital construct does not seem to have a positive impact on performance in SEEs alliances.

The findings have important implications for practitioners and scholars. SEE managers might use these results to identify alliance key factors and define methods to control them to increase the probabilities of alliance success. Social economy authorities might also use these results to develop ***programmes*** to promote and mentor alliances, defining the alliance key factors on which enterprises might focus. Considering scholars, this study takes one step further in the research on alliance success and failure factors between SEEs, which is definitely scarce if compared with the importance of this type of enterprise in today’s economy.

Although this study has been conducted carefully, some limitations should be mentioned. First, the authors consider that the sample used to analyse alliance success and failure factors was large enough to test the research model, and the reliability and validity tests were also satisfactory. However, the generalizability of the research results could be limited, because only 101 questionnaires were completed satisfactorily. Second, the paper assessed performance using financial indicators, such as an increase in sales, benefits or the number of customers. In that sense it would be useful to introduce other items related to the operational or global performance. Future research should consider the limitations described above.

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[***Agriculture is the key to a prosperous Africa***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R44-4SW1-F039-623V-00000-00&context=1516831)

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**Length:** 1139 words

**Byline:** Agnes Kalibata

**Body**

***Agriculture*** captures the African story like no other economic activity — both the ties and traditions of the past, and the promise of a bright future. Etched in our history, farming tugs us back to the land in our villages while offering the promise of a modern, vibrant and prosperous future.

Its value goes beyond providing our basic human need for food. It grows our economies and, more importantly, it changes society.

I am not only convinced about this: I know it to be true, having spent my entire life in ***agriculture***. As a young girl, I grew up with my siblings on a small farm tilled by my parents. Their hard work afforded us, like many sons and daughters of African farmers, an education that gave us a shot at a decent life.

I have since been privileged to hold different leadership positions in ***agriculture***, shaping decisions and driving action. I have witnessed the changes in places where investment has happened and am convinced that success can stretch across the African continent if we are ***strategic*** and committed.

Why does ***agriculture*** hold such promise? It’s all in the numbers. For starters, the sheer number of Africans — 70 per cent of the population — who depend directly on ***agriculture*** for their livelihood, means that we should and must give the sector more attention.

If we invest in these farmers, mostly smallholders, by giving them access to appropriately adapted seeds and fertiliser, and by ensuring availability of information on proper farming practices, yields will double and even triple in many instances. Going a step further to link these farmers to functional national and regional markets will, at the bare minimum, double their incomes.

What does this look like in reality? Let’s take Uganda as an example. With a population of 40m, doubling incomes would raise per capita income to about $1,200 from the current $600. This would not only bring Uganda closer to its aspiration of becoming a middle-income nation by 2020, it would also improve the lives of millions of farmers significantly, while enlivening rural economies and securing them access to otherwise hard to reach services such as good quality education, health services and off-farm jobs.

The good thing is that we are starting to see evidence of this, in real time, in countries where investment has been made in ***agriculture***. According to the International Food Policy Research Institute, in countries such as Burkina Faso, Côte d’Ivoire, Ethiopia, Ghana, Kenya, Rwanda and others that are making big investments in ***agriculture***, productivity on existing farmlands has risen by up to 6 per cent a year, spurring an average annual GDP increase of more than 4 per cent.

However, for ***agricultural*** transformation to really shift the continent’s economic needle and deliver prosperity for all, many more countries need to join in. The urgency for Africa and its people is that we lack the luxury of time. Recent news of the drowning of more than 20 young girls in the Mediterranean, like many before them, broke my heart — young lives with endless potential snuffed out. And they are gone because they had lost hope in this continent to deliver their aspirations for a decent future. Sadly, they join grim and growing statistics of young Africans who have perished making the perilous journey to Europe.

If we sit and do nothing, young Africans will continue making this journey to look for jobs — jobs that we have, ironically, largely exported through our inordinate food imports, which cost the continent a staggering $40bn annually. Inaction will see this cost almost triple to an estimated $110bn by 2025.

Fortunately, these trends can be reversed — and they should be. Indulge me here, in my back-of-the envelope calculation, which indicates that if that same $40bn a year was invested to ***produce*** food within Africa, we would create employment for more than 11m young people each year, paying them wages equivalent to what they would get in Europe. This would transform the lives of almost all the 10m-12m young people entering the job market in Africa every year — 70 per cent of whom cannot find employment.

Our choices are, therefore, clear cut: continue as a net food importer, and face peril; or seize the business opportunities presented by the continent’s food market — valued at $300bn, and projected to rise to $1tn by 2030 — to build wealth and prosperity through ***agriculture***.

For me, there is only one logical choice: taking charge of our destiny. To do this, we must improve systems, infrastructure, policies and institutions that support ***agriculture***. There are no excuses for not doing so. Multiple lessons abound from regions that have launched their economic success on the back of a strong foundation in ***agriculture***.

The most recent examples are from Southeast Asia, where governments that consistently invested 15 to 20 per cent of their national budgets in ***agriculture*** for 10 to 15 years ushered in a period of rapid economic growth that quickly diversified to industries and services. At this level of investment, it is possible to unlock private sector potential in ways that would sustain the ***agriculture*** sector with minimal public ***intervention***.

I am encouraged by the many positive signs of progress that we are seeing across the continent. The private sector is stepping up to the plate in a big way. As an example, the partnership between DSM, the government of Rwanda and a number of other partners including the UN World Food ***Programme*** and CHI comes to mind. This joint venture saw the setting up of a $60m, baby food factory in Kigali. Besides improving access to nutritious food for babies and mothers, the company has directly created jobs for hundreds of Rwandans and offered a market for close to 9,000 local farmers, giving them a stable and sustainable income. DSM is also in very good business; in fact, they cannot satisfy the regional demand right now.

This success can be attributed directly to strong leadership in the public and private sectors. I could cite similar examples in other countries including Ethiopia where, due to committed investment in ***agriculture***, poverty is reducing at a rate of 5 per cent a year.

For avoidance of any doubt, I am not trying to downplay the complexity of issues that underpin a successful ***agriculture*** sector. The emphasis is on possibilities and, more importantly, on the need for determined, visionary and unwavering leadership that is critical to making ***agriculture*** work.

There will be no shortcuts out of the poverty that grips a majority of our people. Whatever choices we make, a population with some spending power is critical for the success of Africa’s economies — and, right now, for the majority of our people, a thriving ***agricultural*** sector would provide that opportunity.

*Agnes Kalibata is president of*  [*AGRA*](https://agra.org/) *and a former Rwandan minister of* ***agriculture****.*

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[***-PotashCorp Reports Second Quarter Earnings of $ 0.24 per Share***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P45-MJF1-F0K1-N4N9-00000-00&context=1516831)

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**Body**

'In the second quarter, we continued to benefit from stronger potash market conditions and our improved cost position in this nutrient,' said PotashCorp President and Chief Executive Officer Jochen Tilk.

'Robust potash demand - especially in offshore markets, where Canpotex2 achieved its second highest first-half shipment total - supported a constructive market and is expected to carry through the remainder of the year. We anticipate more subdued nitrogen and phosphate markets in the second half to offset strength in potash and, as a result, have maintained our full-year earnings guidance range.

'During the second quarter, we safely and successfully completed our capacity audit at Rocanville. The results exceeded our expectations as nameplate capacity reached 6.5 million tonnes, increasing our Canpotex sales entitlement to approximately 55 percent effective July 1. This result is a significant accomplishment that would not have been possible without the steadfast commitment of our Rocanville employees to safe and efficient production. With our lowest cost operation now ramped up, we are on track to reduce potash cost of goods sold by $ 10 per tonne this year.

'We continued to work through regulatory and integration ***planning*** processes related to our merger with Agrium3 and we expect the transaction to close late in the third quarter of 2017. We also announced that following the expected closure, the newly formed company will be named Nutrien.4 We are excited for the opportunities of the combined company and the value Nutrien can provide to all of its stakeholders,' said Tilk.

Saskatoon, Saskatchewan - Potash Corporation of Saskatchewan Inc. (PotashCorp) reported second-quarter earnings of $ 0.24 per share ($ 201 million), which included an $ 0.08 per share income tax provision recovery, bringing the first-half total to $ 0.42 per share ($ 350 million). Results for both the quarter and the first six months surpassed the $ 0.14 per share ($ 121 million) and $ 0.23 per share ($ 196 million) earned in the respective periods of 2016.

Gross margin for the quarter ($ 255 million) and first six months ($ 523 million) exceeded 2016 levels ($ 243 million and $ 477 million, respectively), as higher potash contributions more than offset weaker nitrogen and phosphate prices. Despite higher earnings in the second quarter and first six months of 2017, cash from operating activities of $ 328 million and $ 551 million trailed last year's totals, primarily due to changes in accounts receivable and the non-cash impact of our income tax provision recovery.

Investments in Arab Potash Company (APC) in Jordan, Israel Chemicals Ltd. (ICL) in Israel and Sociedad Quimica y Minera de Chile S.A. (SQM) in Chile contributed $ 51 million to our second-quarter earnings, bringing first-half totals to $ 97 million. Totals for both the second quarter and first half exceeded the respective amounts generated last year, which also included a dividend from Sinofert Holdings Limited (Sinofert) in China. The market value of our investments in these four publicly traded companies was approximately $ 4.8 billion, or $ 6 per PotashCorp share, at market close on July 26, 2017.

Market Conditions

Global potash markets continued to improve through the second quarter as agronomic need and affordability supported demand, especially offshore, and contributed to modestly higher prices. In North America, a good spring application season led to healthy shipment levels - although below the particularly robust second quarter of 2016 - and reduced inventory throughout the supply chain. Offshore imports to the US reached record levels through the first half, resulting in lower domestic ***producer*** sales volumes.

In nitrogen, the startup of new global capacity had a negative impact on market fundamentals during the quarter. Notwithstanding strong consumption in most key regions, new supply outpaced growth in demand and pressured prices. As this supply transition unfolded, US urea prices fell to multi-year lows while ammonia and UAN were pushed to their lowest prices of the year.

Despite strong demand in Latin America, global phosphate markets remained subdued in the second quarter, largely due to increased supply and lower shipments to India. In this environment, prices for most phosphate fertilizer products declined slightly. While prices for feed and industrial products were modestly higher than in the first quarter, they remained well below prior-year levels, due primarily to increased supply from offshore ***producers***.

Potash

Potash gross margin of $ 213 million for the second quarter and $ 373 million for the first six months of 2017 reflected increased prices, reduced per-tonne costs and higher offshore sales volumes. Results in both periods were well above the respective totals of $ 123 million and $ 211 million generated in 2016.

Sales volumes for both the quarter (2.4 million tonnes) and first half (4.5 million tonnes) exceeded those for the comparable periods in 2016 (2.1 million tonnes and 3.9 million tonnes, respectively). While North American volumes were 23 percent lower than in the comparatively strong second quarter of 2016, offshore shipments increased by 34 percent, led by strong demand in Brazil. The majority of Canpotex's volumes for the quarter were sold to Latin America (40 percent) and Other Asian markets outside of China and India (40 percent), while India and China accounted for 10 percent and 3 percent, respectively.

Our average realized potash price of $ 174 per tonne for the second quarter reflected a continued recovery in global spot prices and exceeded the $ 154 per tonne realized in the same period last year ($ 169 per tonne in 2016's second quarter excluding PotashCorp's share of Canpotex's Prince Rupert project exit costs).

Manufactured cost of goods sold for the quarter averaged $ 82 per tonne - including $ 23 per tonne of depreciation - down from $ 91 per tonne in the same period last year due to a greater share of production from our lower-cost mines, particularly Rocanville.

Nitrogen

Weaker nitrogen prices and higher US natural gas costs resulted in gross margin of $ 68 million for the quarter and $ 165 million for the first six months, trailing last year's comparable periods by 48 percent and 30 percent, respectively. Our US operations accounted for 51 percent of our nitrogen gross margin for the quarter, with our Trinidad operations providing the remainder.

Sales volumes of 1.6 million tonnes for the quarter were 6 percent higher than those in the same period of 2016, largely due to stronger fertilizer demand. For the first half, shipments of 3.2 million tonnes were relatively flat compared to 2016.

Our average realized price of $ 223 per tonne during the quarter declined from $ 244 per tonne in the same period last year as increased global supply weighed on benchmark pricing, pulling down realizations for nearly all our products.

Cost of goods sold for the quarter averaged $ 182 per tonne, up from $ 160 per tonne in 2016's second quarter, driven primarily by higher US natural gas costs.

Phosphate

In phosphate, weaker prices more than offset the benefit of lower input costs, resulting in negative gross margin of $ 26 million for the second quarter and negative $ 15 million for the first half of 2017. Both totals trailed those of the prior year and included non-cash notable charges of $ 28 million for the quarter and $ 32 million for the first half of 2017, which were lower than the comparative periods in 2016.

Sales volumes of 0.6 million tonnes for the quarter were higher than the 0.5 million tonnes sold in the prior year's second quarter, mainly due to stronger North American ***agriculture*** demand, while first-half deliveries of 1.2 million tonnes were flat when compared to the same period in 2016.

Our average realized phosphate price for the quarter was $ 407 per tonne, down from $ 485 per tonne in the same period last year as prices for nearly all products decreased - most notably, liquid fertilizers.

Cost of goods sold was $ 452 per tonne for the second quarter, lower than $ 506 per tonne in the same period of 2016, primarily due to lower input costs and non-cash notable charges.

Financial

Provincial mining and other taxes for the quarter totaled $ 44 million, higher than the $ 26 million in last year's corresponding period, predominantly due to higher potash prices.

A $ 68 million non-cash income tax provision recovery relating to provincial tax changes that will be realized in future years led to an overall income tax recovery for the second quarter of $ 62 million, compared to a $ 24 million income tax expense realized in 2016's second quarter.

Potash Market Outlook

We expect strong potash demand to continue in the second half of 2017 and have increased our anticipated global shipment range to 62-65 million tonnes for 2017, well above the 60 million tonnes shipped last year.

In North America, we had a very successful summer fill ***program*** and are now fully committed through the end of September. We believe supportive crop prices and the need to replenish soil nutrients will support consumption through the remainder of the year and continue to anticipate total demand to this market of 9.3-9.8 million tonnes, similar to 2016.

In Latin America, supportive crop economics are expected to maintain a positive demand environment for the remainder of 2017. Following robust first-half deliveries, we now expect record full-year shipments of 12.0-12.5 million tonnes.

With recently settled contracts in China - including those with Canpotex - we expect strong deliveries in the second half of 2017. We now estimate demand for the full year in the range of 15.5-16.5 million tonnes, above 2016 levels, as nutrient affordability and a move to balanced fertility continue to drive robust consumption.

In India, we anticipate that a good monsoon, agronomic need and increased acreage will offset the impact of lower subsidies. Following strong first-half shipments, we now expect deliveries of 4.0-4.5 million tonnes for the year, above 2016 levels.

In Other Asian markets, we expect healthy palm oil prices, improved moisture conditions and favorable economics for other key crops to support demand for the remainder of 2017. We maintain our estimated shipment range of 9.0-9.5 million tonnes for the full year, higher than last year's total.

Financial Outlook

Taking the above market factors into consideration, we have raised the bottom end of our guidance range for potash sales volumes (9.0-9.4 million tonnes) and increased the range for potash gross margin ($ 650-$ 850 million). Our estimates include the benefit of the Rocanville capacity audit results, which increased our Canpotex sales entitlement to approximately 55 percent for the second half of 2017.

In nitrogen, we expect recent capacity additions to continue to pressure prices and alter trade flows, keeping margins below those of 2016. In phosphate, we anticipate that challenging market fundamentals will continue to impact prices and our profitability. Given these considerations, we have lowered the top end of our combined nitrogen and phosphate gross margin range and now estimate $ 150-$ 300 million in 2017.

With lower annual earnings forecast in the US, we now anticipate an income tax recovery and have adjusted our effective income tax rate to a negative range of 3-6 percent.

We now expect higher provincial mining and other taxes in the range of 19-22 percent of potash gross margin for 2017, primarily due to an increased profit tax forecast resulting from lower estimated capital depreciation.

Income from equity investments is now anticipated in the range of $ 170-$ 190 million, above the previous guidance range, largely due to the strength of SQM earnings.

Due to the recent strength of the Canadian dollar, we have revised our full-year foreign exchange rate assumption to CDN$ 1.32 per US dollar.

Based on these factors, we have maintained our full-year 2017 earnings guidance of $ 0.45-$ 0.65 per share, including merger-related costs now expected to be $ 0.06 per share.

Contact:

Denita Stann

Tel: (306) 933-8521

Fax: (306) 933-8844

This release contains 'forward-looking statements' (within the meaning of the US Private Securities Litigation Reform Act of 1995) or 'forward-looking information' (within the meaning of applicable Canadian securities legislation) that relate to future events or our future performance. These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. These statements often contain words such as 'should,' 'could,' 'expect,' 'forecast,' 'may,' 'anticipate,' 'believe,' 'intend,' 'estimates,' '***plans***' and similar expressions. These statements are based on certain factors and assumptions as set forth in this document, including with respect to: foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, including the completion of the proposed merger of equals with Agrium, and effective tax rates. While we consider these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are subject to risks and uncertainties that are difficult to predict. The results or events set forth in forward-looking statements may differ materially from actual results or events. Several factors could cause our actual results or events to differ materially from those expressed in forward-looking statements including, but not limited to, the following: our proposed merger of equals transaction with Agrium, including the failure to satisfy all required conditions, including required regulatory approvals, or to satisfy or obtain waivers with respect to all other closing conditions in a timely manner and on favorable terms or at all; the occurrence of any event, change or other circumstances that could give rise to the termination of the arrangement agreement; certain costs that we may incur in connection with the proposed merger of equals; certain restrictions in the arrangement agreement on our ability to take action outside the ordinary course of business without the consent of Agrium; the effect of the announcement of the proposed merger of equals on our ability to retain customers, suppliers and personnel and on our operating future business and operations generally; risks related to diversion of management time from ongoing business operations due to the proposed merger of equals; failure to realize the anticipated benefits of the proposed merger of equals and to successfully integrate Agrium and PotashCorp; the risk that our credit ratings may be downgraded or there may be adverse conditions in the credit markets; any significant impairment of the carrying value of certain assets; variations from our assumptions with respect to foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, and effective tax rates; fluctuations in supply and demand in the fertilizer, sulfur and petrochemical markets; changes in competitive pressures, including pricing pressures; risks and uncertainties related to any operating and workforce changes made in response to our industry and the markets we serve, including mine and inventory shutdowns; adverse or uncertain economic conditions and changes in credit and financial markets; economic and political uncertainty around the world; changes in capital markets; the results of sales contract negotiations within major markets; unexpected or adverse weather conditions; risks related to reputational loss; the occurrence of a major safety incident; inadequate insurance coverage for a significant liability; our inability to obtain relevant permits for our operations; catastrophic events or malicious acts, including terrorism; certain complications that may arise in our mining process, including water inflows; risks and uncertainties related to our international operations and assets; our ownership of non-controlling equity interests in other companies; our prospects to reinvest capital in ***strategic*** opportunities and acquisitions; risks associated with natural gas and other hedging activities; security risks related to our information technology systems; imprecision in reserve estimates; costs and availability of transportation and distribution for our raw materials and products, including railcars and ocean freight; changes in, and the effects of, government policies and regulations; earnings and the decisions of taxing authorities which could affect our effective tax rates; increases in the price or reduced availability of the raw materials that we use; our ability to attract, develop, engage and retain skilled employees; strikes or other forms of work stoppage or slowdowns; rates of return on, and the risks associated with, our investments and capital expenditures; timing and impact of capital expenditures; the impact of further innovation; adverse developments in pending or future legal proceedings or government investigations and violations of our governance and compliance policies. These risks and uncertainties are discussed in more detail under the headings 'Risk Factors' and 'Management's Discussion and Analysis of Results and Operations and Financial Condition' in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in other documents and reports subsequently filed by us with the US Securities and Exchange Commission and the Canadian provincial securities commissions. Forward-looking statements are given only as of the date hereof and we disclaim any obligation to update or revise any forward-looking statements in this release, whether as a result of new information, future events or otherwise, except as required by law.

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[***P8\_TA(2016)0061 Opening of negotiations for an EU-Tunisia Free Trade Agreement European Parliament resolution of 25 February 2016 on the opening of negotiations for an EU-Tunisia Free Trade Agreement (2015/2791(RSP))***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RK3-P7W1-JDG9-Y0WM-00000-00&context=1516831)

Impact News Service

February 3, 2018 Saturday

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**Length:** 4620 words

**Body**

Brussels: Official Journal of the European Union has issued the following notice:

P8\_TA(2016)0061

Opening of negotiations for an EU-Tunisia Free Trade Agreement

European Parliament resolution of 25 February 2016 on the opening of negotiations for an EU-Tunisia Free Trade Agreement (2015/2791(RSP))

(2018/C 035/20)

The European Parliament,

—

having regard to the opening on 13 October 2015 of negotiations on an EU-Tunisia Free Trade Agreement,

—

having regard to Article 21 of the Treaty of the European Union (TEU) and Articles 3, 207 and 218 of the Treaty on the Functioning of the European Union (TFEU),

—

having regard to the statements made by Commissioner Malmström on 13 October 2015 in Tunis at the opening of the negotiations on a Deep and Comprehensive Free Trade Agreement between the EU and Tunisia,

—

having regard to the decision of 9 October 2015 to award the 2015 Nobel Peace Prize to the National Dialogue Quartet representing Tunisian civil society,

—

having regard to the EU Council conclusions of 20 July 2015 on Tunisia (1),

—

having regard to Recommendation No 1/2015 of the EU-Tunisia Association Council of 17 March 2015 on the implementation of the EU-Tunisia Action ***Plan*** (2013-2017) implementing the privileged partnership within the framework of the European Neighbourhood Policy (2),

—

having regard to Decision No 534/2014/EU of the European Parliament and of the Council of 15 May 2014 providing macro-financial assistance to Tunisia (3), and to the making available of a first instalment on 26 April 2015,

—

having regard to the trade sustainability impact assessments carried out by Ecorys in support of negotiations on a Deep and Comprehensive Free Trade Area (DCFTA) between the European Union and Tunisia (4),

—

having regard to the sustainability impact assessment on the Euro-Mediterranean Free Trade Area, Final Report of the SIA-EMFTA Project, Consultation Draft September 2007, carried out by the Impact Assessment Research Centre Institute for Development Policy and Management, University of Manchester (5),

—

having regard to the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Tunisia, of the other part (6),

—

having regard to the Joint Communication of the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 18 November 2015 entitled ‘Review of the European Neighbourhood Policy’,

—

having regard to its previous resolutions on the Union for the Mediterranean and the countries of the Southern Neighbourhood, and in particular that of 10 May 2012 on ‘Trade for Change: the EU trade and investment strategy for the Southern Mediterranean following the Arab Spring revolutions’ (7),

—

having regard to the motion for a resolution by the Committee on International Trade,

—

having regard to Rule 123(2) of its Rules of Procedure,

A.

whereas Euro-Tunisian relations are close and date back a very long time, whereas the EU is Tunisia’s largest trading partner, and whereas Tunisia is the EU’s 34th largest trading partner;

B.

whereas the first trade cooperation agreement between the two partners was concluded in 1969, and whereas in 1995 Tunisia was the first of the countries on the southern shore of the Mediterranean to sign an association agreement with the European Union;

C.

whereas on 13 October 2015 the EU and Tunisia opened negotiations on an ambitious free trade agreement on the basis of the mandate unanimously adopted on 14 December 2011 by the EU Member States, and whereas the first round took place from 19 to 22 October 2015;

D.

whereas the preliminary discussions between the European Union and Tunisia on the DCFTA lasted four years, and whereas Tunisia set up a national commission to identify its priorities;

E.

whereas the deepening of EU-Tunisia trade relations through the conclusion of an ambitious trade partnership represents an opportunity for growth and closer ties between the economies of Tunisia and the EU; whereas this partnership must contribute to the political and democratic stabilisation of Tunisia;

F.

whereas the trade partnership is part of the wider framework of neighbourhood relations between the EU and Tunisia governed by the 1995 Mediterranean Association Agreement, which provides for the establishment of a free trade area and contains provisions on ***agriculture*** and services; whereas on 17 March 2015 the EU-Tunisia Association Council adopted a new action ***plan*** implementing the privileged partnership, with a view to achieving a significant measure of economic integration; whereas the review of the European Neighbourhood Policy must promote the EU’s and Tunisia’s common values and interests and seek to support inclusive social and economic development, bring about job creation for young people and lead to economic stabilisation;

G.

whereas Tunisia, the birthplace of the events known as the ‘Arab Spring’, is the only country in the Middle East/North Africa region to have implemented a process of democratic and political transition and, as such, represents an example for the entire region;

H.

whereas political stability and economic development go hand in hand, and whereas this trade agreement must seek to offer real prospects for the economies of Tunisia and the EU;

I.

whereas, in parallel with these negotiations, the EU must continue and increase its aid to Tunisia and provide the country with appropriate financial and technical assistance, during the negotiations and, subsequently, during the implementation of the agreement’s provisions, by developing a genuine partnership in which the interests of people on both shores of the Mediterranean can be taken into account;

J.

whereas Tunisia and the EU have every interest in promoting and strengthening ‘South-South’ regional integration processes between Tunisia and its neighbours, in particular through the Agadir Agreement, and whereas the EU-Tunisia free trade negotiations must complement those efforts;

K.

whereas Tunisia’s democratic transition remains an example for other countries in the region; whereas on 26 January 2014 the National Constituent Assembly adopted a new Constitution for Tunisia; whereas that Constitution provides exemplary protection of rights and freedoms; and whereas on 21 December 2014 Mohamed Beji Caid Essebsi was elected President of the Republic of Tunisia in a free, pluralist and transparent election;

L.

whereas Tunisian civil society, through its dynamism and level of education, has played a vital role in the country’s transition to democracy; whereas it should continue to be closely involved in the process of political decision-making, including in the DCFTA negotiations;

M.

whereas the award of the Nobel Peace Prize to the Tunisian National Dialogue Quartet represents an acknowledgement of the efforts made to consolidate democracy, and an incentive to continue on that path; whereas it is vital that an exemplary agreement should be concluded in order to allay the concerns voiced by civil society;

The economic, political and social situation in Tunisia

1.

Condemns in strong terms the terrorist attacks committed in Tunisia in recent months, which have claimed many lives; considers that Tunisia faces a very serious terrorist threat, and notes that the attack carried out on the presidential guard bus on 24 November 2015 and the terrorist attacks of 26 June 2015 in Sousse and of 18 March 2015 at the Bardo Museum caused a collapse in the tourism prospects for the summer of 2015 when tourism and related sectors account for 15 % of the country’s GNP; expresses its full solidarity with Tunisia and reaffirms its support for the efforts of the Tunisian authorities in their fight against terrorism, in compliance with human rights standards and the rule of law;

2.

Notes that the Tunisian economy faces major difficulties, that GDP grew by 2,3 % in 2014, that the unemployment rate in 2015 was 15 % of the active population, that 28,6 % of graduates have no jobs and that unemployment among young Tunisians is rising;

3.

Notes that there is a clear demographic and economic imbalance between the European Union and Tunisia, and that this justifies an asymmetric and progressive approach in the negotiations;

4.

Notes that in Tunisia there are significant regional disparities between the capital, Tunis, and other parts of the country, with very significant development gaps between the coast and the central areas of the country, in particular with regard to the unemployment rate and access to healthcare and education, and that these disparities could be worsened by climate change;

5.

Notes the employment gap in Tunisia today between the various sectors covered by the trade agreement, and points out that if this is not corrected, it will lead to over-employment in the ***agricultural*** sector, while other sectors important to the diversification of Tunisia’s economy, such as manufacturing and mining, will disappear;

6.

Notes that Tunisia’s democratic transition process is the most successful in the region and that the country has opted for a political and economic development model which is unique among the countries of the southern shore of the Mediterranean, and calls on the Commission to take account of these facts in the negotiations; considers it essential that the EU should take all possible measures to support Tunisia’s democratic transition to a stable pluralist society;

7.

Notes that Tunisia faces a very unstable regional environment, particularly as a result of the conflict in Libya and the sporadic violence in Algeria, both of which are neighbouring countries;

8.

Notes that Tunisia has taken in more than 1,8 million Libyan refugees, which is equivalent to 16 % of the total population of Tunisia;

Criteria for a successful trade agreement between the EU and Tunisia

9.

Welcomes the opening of negotiations in the autumn of 2015 with a view to the conclusion of a free trade agreement between the EU and Tunisia, on the basis of the mandate adopted by the Council in 2011 in the wake of the Arab Spring; notes that since 2011 Tunisia has consolidated its democratic transition, with the proclamation of the new Constitution on 26 January 2014 and with parliamentary and presidential elections held on 26 October and 23 November 2014 respectively;

10.

Considers that this agreement has more than just a trade dimension, and that it should seek to contribute to the stability of Tunisia, to the consolidation of its democracy and to the reinvigoration of its economy by having a positive impact on consumer prices, employment and the wages of skilled and unskilled workers and by reducing inequalities; urges that no agreement which does not address these issues should be concluded;

11.

Urges the negotiators to conclude a progressive and asymmetrical agreement which takes account of the significant economic disparities between the parties, to demonstrate flexibility, responsiveness, openness to innovation, transparency and adaptability in the negotiations, and to bear in mind that the agreement must benefit the economies and societies of Tunisia and the EU, while taking proper account of the specific differences and sensibilities, and socioeconomic and cultural contexts, of both parties and without distorting Tunisia’s intra-regional trade;

12.

Welcomes the presentation by the Tunisian Government of a five-year ***plan*** (2015-2020) of economic reforms designed to reduce unemployment and regional disparities in the country and to diversify the economy; believes that the free trade agreement must be consistent with the objectives of this ***plan***;

13.

Points out that this is the first trade negotiation of this magnitude for Tunisia, and that it is important, therefore, that the various sectors of the country’s economy should be opened up gradually and asymmetrically, that transitional periods should be provided for sensitive sectors and that certain products which the parties deem sensitive should be excluded from the negotiations;

14.

Considers it essential that Tunisia should receive substantial financial and technical assistance from the EU so that it can properly implement the provisions of the free trade agreement; calls for the financial aid to be granted in a transparent manner and for steps to be taken to ensure that it actually benefits its recipients;

15.

Welcomes the support provided by the European Investment Bank to numerous projects in Tunisia; stresses that this support is contributing to Tunisia’s economic diversification and helping to create jobs, particularly for young people;

16.

Welcomes the fact that the EU has made Tunisia one of the priority countries in its neighbourhood policy vis-à-vis the countries of the southern Mediterranean, and that it has granted Tunisia a loan of EUR 300 million in the form of macro-financial aid to carry out economic reforms;

17.

Calls, nevertheless, on the EU, as well as the Member States, the EIB and the EBRD, to continue to stand alongside the Tunisians and to step up aid and assistance ***programmes***, including through the introduction of exceptional autonomous trade measures, to help Tunisia consolidate its democratic process; welcomes the establishment by some Member States of ‘partnerships for the transformation’ of Tunisia; calls on the EU to continue its ***programme*** to reduce regional inequalities in access to basic medical care in Tunisia;

18.

Calls on the EU to take account of Tunisia’s specific situation in these negotiations, in particular as regards the fragile nature of the democratic transition and the difference in economic development between the EU and Tunisia, always bearing in mind that solutions that benefit both partners are best;

19.

Calls on the Commission to ensure that the negotiations quickly ***produce*** tangible gains for the EU and Tunisian economies in key sectors and for all stakeholders, including SMEs and VSEs;

20.

Emphasises that this agreement must contribute to the development and diversification of the Tunisian economy, which is currently heavily dependent on ***agriculture***, and to a reduction in regional disparities, and must provide tangible benefits for all Tunisians and Europeans;

21.

Welcomes the fact that Tunisia has launched significant social and economic reforms; insists that these reforms continue even during the negotiation period so that the country can draw maximum benefit from the future agreement;

22.

Considers that the agreement should contribute to the deepening of economic cooperation between the EU and Tunisia, which is already well advanced thanks to the abolition of tariffs on industrial goods in accordance with the association agreement; proposes, therefore, the new name of ‘economic partnership between the EU and Tunisia’;

23.

Strongly encourages the Commission and the Tunisian Government to implement a clear and detailed process for involving Tunisian and European civil society throughout the negotiations, and to take an innovative approach to this issue; in that connection, declares itself satisfied with the role played by Tunisian civil society in the first round of negotiations, and calls for the consultation process to be open and transparent and to take greater account of the diversity of Tunisian civil society, drawing on best practices employed in similar negotiations;

24.

Welcomes, in that connection, the setting-up by the Ministry of Trade and Crafts of a website to provide information about the DCFTA to the public and the willingness of the negotiators to publish a trilingual version of the final text; considers that Tunisian civil society could also be involved in the negotiations through an impact assessment supervisory committee;

25.

Urges the Council to make public the negotiating mandate unanimously adopted by the Member States on 14 December 2011;

26.

Hopes for regular dialogue to be established between Tunisian and European parliamentarians and to continue throughout the negotiations; with that aim in view, welcomes the setting-up of an EU-Tunisia Joint Parliamentary Committee (JPC), which will play a central role and enable European and Tunisian parliamentarians to meet regularly and monitor effectively the negotiations on the free trade agreement;

27.

Hopes that this dialogue will make it possible to assess more effectively the expectations and concerns of both parties, and thus to improve the terms of the agreement;

28.

Points out that the Union for the Mediterranean supports the development of practical projects in the region and can therefore provide expertise during the negotiation of the agreement;

29.

Calls for impact assessments and sectoral evaluations to be carried out, on both sides, including by the European Parliament working with Tunisian experts, of the impact of the agreement in various areas, including services, public procurement, SME competitiveness, employment, ***agriculture***, the environment or any other priority sector; notes Tunisia’s wish to involve its own experts from the outset in order to ensure that the impact assessment figures are credible in Tunisia itself;

30.

Calls for these impact assessments and sectoral evaluations to be funded by the European Union and, as requested by a number of Tunisian civil society organisations, for them possibly to be preceded by an ex-post evaluation of the socio-economic impact of the 1995 Association Agreement;

31.

Urges the Commission to determine as soon as possible whether the agreement is to be mixed or exclusive, and calls on it to involve the Member States’ national parliaments in the debate from the start of the discussions;

32.

Emphasises that environmental conditions in the Mediterranean basin, in particular the shortage of water, which makes farming more difficult, must be taken into account in the negotiations and that an economic model must be promoted which is environmentally sustainable and makes for sustainable management of natural resources;

33.

Stresses that the trade negotiations with Tunisia form part of the wider context of Euro-Mediterranean trade relations; insists that the 10th Conference of Trade Ministers of the Union for the Mediterranean, postponed indefinitely since 2013, take place soon in order to reconsider trade issues in the region and the work priorities to be established for the next few years;

Sectoral approach to the negotiations

34.

Calls for the agreement to accord proper importance to the services sector, which offers significant growth potential for the Tunisian economy and which should attract ***strategic*** investments; considers, in light of the fact that this is the first trade negotiation of this magnitude for Tunisia, that negotiations on the services chapter should be based on a positive-list approach for both market access and national treatment;

35.

Notes that the public sector is of fundamental importance for Tunisia and is the biggest provider of skilled employment in the country;

36.

Notes that Tunisia has many start-ups, micro-enterprises and highly dynamic SMEs in high-tech fields, and calls for the agreement to promote their capacity to develop and internationalise; notes the call made by the Tunisians that the agreement should incorporate ambitious and balanced provisions concerning online trade;

37.

Calls on both parties to boost employment levels, including through joint initiatives, as this is essential to Tunisia’s economic recovery and political stability;

38.

Believes that the agreement should be beneficial to small-scale ***producers*** and entrepreneurs in Tunisia, who are vital to the country’s economy; calls for regular dialogue to be developed between entrepreneurs, professional organisations and training bodies, so that good practices can be promoted and the difficulties and expectations of each side better understood;

39.

Believes that it is important to take a cautious, progressive and flexible approach to the negotiations on the competition chapter, given the ***strategic*** significance of State aid for Tunisia’s economic development;

40.

Draws attention to the importance of setting up bilateral chambers of commerce to provide permanent forums in which the stakeholders can establish partnerships and develop their economic and commercial activities;

41.

Calls on the Commission to facilitate the granting of short-term visas for performing ‘Move IV’-type services requiring the movement of natural persons for a limited period of time in accordance with precise conditions stipulated by contract and by domestic legislation; emphasises that nothing in the agreement should prevent the EU and its Member States from applying measures to regulate the entry of natural persons into, or their temporary stay on, its territory, including those measures required to ensure the orderly movement of natural persons beyond its borders, such as admission conditions;

42.

Hopes that the agreement will help permanently establish in Tunisia a favourable climate which acts as an incentive to long-term investments in key and dynamic economic sectors, such as tourism, energy, including renewable energy sources, high-tech services, the digital economy and data exchange; urges the Commission to include a chapter on investment, with a view to facilitating direct foreign investment between the EU and Tunisia, and to speed up the implementation of the Euro-Mediterranean trade and investment facilitation mechanism, which will make it possible for relevant data to be collected, strengthen trade partnerships and benefit Tunisia in particular;

43.

Takes the view that the agreement should incorporate provisions on public procurement which reflect a cautious approach to the opening-up of markets on both the European and the Tunisian side and which take account of the structure of and specific conditions in the Tunisian economy;

44.

Believes that the EU and Tunisia have everything to gain from better reciprocal access to their ***agricultural*** markets and that the agreement should help to reduce customs tariffs, eliminate non-tariff barriers and improve export procedures;

45.

Notes that Tunisia has focused on developing organic farming, and stresses that the agreement should provide opportunities for Tunisian organic farming products to gain access to new markets;

46.

Urges that the negotiations should not harm the economy of either of the parties; Calls on the EU and Tunisia to take into account the fact that there are several sensitive ***agricultural*** products on both sides of the Mediterranean, for which exhaustive lists will have to be agreed upon in the negotiation process, and to provide for transitional periods and appropriate quotas for these sensitive products, or even for their exclusion from the negotiations;

47.

Encourages the Commission to negotiate the establishment of rigorous, stringent standards in the fields of health and plant health and the resolution of veterinary problems and problems relating to checks on meat and fruit and vegetables in Tunisia; calls on the Commission to include in the agreement specific technical assistance provisions to help Tunisian ***producers*** meet the EU’s stricter health and plant health standards;

48.

Believes that the agreement should help to define stringent standards in the area of sustainable development, particularly with regard to social standards;

49.

Looks to the Tunisian Government and the EU institutions to establish suitable provisions on the identification of the origin and provenance and on the traceability of Tunisian products, providing greater transparency for ***producers***, middlemen and consumers;

50.

Hopes that the agreement will include an ambitious chapter on intellectual property rights, including the recognition and enhanced protection of geographical indications, ensuring full recognition of the geographical indications of the EU and Tunisia, traceability of the products concerned and the protection of manufacturers’ know-how;

51.

Calls on the Commission to extend the protection of geographical indications to non-***agricultural*** products, including for this agreement, given that, for its part, Tunisia recognises them;

52.

Hopes that the agreement will enable Tunisian industry to modernise and gain expertise, so that it can cover more of the supply chain for manufactured goods and therefore make use of higher skill levels and employ better qualified staff locally;

53.

Urges the Commission to include in the agreement an ambitious chapter on energy and raw materials, so that research and cooperation can be stepped up in the electricity, gas, wind, solar and other renewables sectors;

54.

Hopes that the agreement will contain provisions to help strengthen scientific cooperation, particularly between universities and research centres in Europe and Tunisia, in the areas of research, innovation, the development of new technologies and, more generally, culture and education, and that these initiatives may also play a part in supporting the Tunisian labour market;

55.

Welcomes the fact that Tunisia has been included in the Horizon 2020 European research ***programme***, and urges the Commission and the Tunisian Government to include in the agreement an ambitious chapter on sustainable development, promoting high social and labour standards in accordance with International Labour Organisation (ILO) conventions and the environmental standards laid down in the relevant multilateral agreements;

56.

Points out that Tunisia has ratified all the ILO conventions, but that, according to an independent monitoring body, it must step up its efforts to promote high labour standards; hopes that the DCFTA will help Tunisia develop more protective social and labour standards, particularly as regards trade union rights; expects the DCFTA, in the Tunisian context of democratic transition and terrorist threat, to encourage a strengthening of the rule of law and fundamental freedoms, including the freedoms of association, expression and information;

57.

Calls on the Commission to include in the agreement the human rights clause, on the strength of which the EU may suspend the agreement unilaterally should the other contracting party commit any breach of human rights;

58.

Calls on the parties to consider introducing a tax good governance clause, based on the work of the Commission’s Platform for Tax Good Governance, to rule out any instance of double non-taxation;

59.

Welcomes the shared interest in deepening the Mobility Partnership established on 3 March 2014, and hopes that a visa facilitation agreement and a readmission agreement will be finalised;

60.

Calls on the EU institutions to introduce appropriate compensation measures in the event that actual or possible damage is done to one or more of the trade sectors covered by the agreement;

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61.

Instructs its President to forward this resolution to the Council and to the Commission.

(1)  Conclusions 11076/15 RELEX 626 of the Council of the European Union of 20 July 2015.

(2)  OJ L 151, 18.6.2015, p. 25.

(3)  OJ L 151, 21.5.2014, p. 9.

(4)  [*http://www.trade-sia.com/tunisia/the-study/?lang=fr*](http://www.trade-sia.com/tunisia/the-study/?lang=fr).

(5)  [*http://www.sia-trade.org/emfta*](http://www.sia-trade.org/emfta).

(6)  OJ L 97, 30.3.1998, p. 2.

(7)  OJ C 261 E, 10.9.2013, p. 21.

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**End of Document**



[***Free trade, Brexit and the customs union***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RRY-G2V1-JCJY-G53P-00000-00&context=1516831)

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**Section:** COMMENT; Version:1

**Length:** 2292 words

**Byline:** LETTERS TO THE EDITOR SHOULD BE SENT TO , [*LETTERS@THETIMES.CO.UK*](mailto:LETTERS@THETIMES.CO.UK)

**Body**

Sir, I am grateful to Matt Ridley for explaining the free-trade argument in favour of Brexit ("Corbyn's customs union would hurt the poor", Feb 26). There is certainly a case to be made. However, free trade is an academic ideal that is elusive in practice. Free trade requires a degree of reciprocity if it is to be sustainable. This requires regulatory structures and standards if it is to endure. It is therefore almost impossible to achieve this on a global basis as conflicts of interest arise, as Ridley himself infers. It may be achievable on a more local basis, in which members of the free-trade area have a degree of commonality and are willing to be bound by the necessary constraints. We are already members of such an area - it is called the EU.Anthony Browne Datchet, Berks

Sir, While coming out of the customs union would indeed permit the UK to implement the sort of unilateral tariff-free and quota-free import regime that Matt Ridley favours, it is not just a question of cheaper food and trainers. It is disingenuous to ignore the wider impacts of such shock therapy - for instance, on the exchange rate, on inflation, on industry and ***agriculture***, on employment and on government revenue and public services. Whether the poor would be better off overall is very much open to question. Richard KinchenFarnham, Surrey

Sir, Matt Ridley is correct to observe that a customs union would harm the UK and, in particular, the poor. However, he fails to observe both that it also harms other European states and that the law of comparative advantage, which has been described as the most important non-trivial social truth, can be proved mathematically. Consideration should be given as to why politicians so often pursue policies completely opposed to the interests of those they seek to represent.

The Pulitzer-prizewinning author Barbara Tuchman dealt with that question in her book The March of Folly, a title that adequately describes what those who strive for a customs union are doing. Timothy Straker, QC Gray's Inn, London WC1

Sir, By sticking inside its comfort zone of the customs union, the CBI displays the lack of enterprise that has characterised much of British business over several decades. Brexit or no Brexit, Britain's prosperity will always depend on inventiveness, courage and a certain amount of risk- taking. The CBI, though, seems incapable of seeing beyond the end of its nose.Michael JackamanChairman, Allied Domecq 1991-96

Sir, Liam Fox rebukes the CBI for not prioritising trading opportunities of the future over existing EU economic ties. I spent 40 years developing EU business as a UK export manager. "Trade deals" do not of themselves provide instant export business, which from my own experience required many years of hard work but benefited from the markets' proximity.David CleggDoorus, Co Galway'EARLY VACCINATION' CALLSir, Brenda Clarke, RGN (letter, Feb 27), bemoans the anti-vaxxers and gives the example of people dying from head and neck cancer caused by the human papilloma virus (HPV), for which vaccines are available.

However, the Joint Committee on Vaccination and Immunisation (JCVI), which is the committee responsible for advising the government, has persistently denied the HPV vaccine to males. Only females are routinely offered this (to prevent cervical cancer).

Ear, nose and throat surgeons and many related bodies have been campaigning for equal treatment for both sexes for several years, but apparently male vaccination is not "cost-effective". The JCVI has very recently agreed to offer it to men who have sex with men. However, this is too little and is offered too late.

Perhaps the pro-vaccine message needs to penetrate the higher echelons of the NHS and not just the deprived communities that are usually blamed for poor levels of uptake.Tony Narula, FRCSPast president, British Association of ENT SurgeonsBETTER TREATMENT OF ENDOMETRIOSISSir, Further to your report "Delays force endometriosis suffers abroad for treatment" (Feb 24), I too had a hysterectomy at the age of 31 after suffering years of agonising pain that at times left me barely able to function as a wife, mother or teacher. Indeed it was often so excruciating that I wondered how I was going to survive, as even the strongest painkillers were no help at all. I remember my total despondency when, after waiting months to see a consultant, he took one look at the graph of my pain diary and said: "That's a pretty pattern you've made there."

It took years for me to obtain a diagnosis and treatment. I had hoped that with the passing of three decades young women were not suffering the way I did. It appears, however, that nothing has changed and I can only speculate that if men were suffering such agony and in such numbers then medical science might have taken this condition more seriously.Sandra NoakesChesterFRACTIOUS DEBATESir, Paul Beckwith (letter, Feb 24) suggests that landowners who oppose fracking under their land in North Yorkshire should instead consent, thereby benefiting the local community by increased employment and financial emoluments. His own village of Bourton on the Water is an historic village in glorious countryside. Would he so gladly give over his and his neighbours' environment to impairment by HGV traffic as well as by air, light, noise and water pollution? Cecily F ChadwickChichester, W SussexWELSH HERITAGE UNDER THREAT Sir, Wales has almost 30,000 listed buildings, ranging from castles and cottages to railway stations. All are threatened by proposed changes to heritage protection. Under ***plans*** suggested by the Law Commission, listed building consent - which is required for demolition or alteration to listed buildings - would be abolished and merged with ***planning*** permission. The unintended consequence would be the dilution of the special status of listed buildings in the ***planning*** process and their potential future loss.

To have a single regime for the construction of an industrial shed and the demolition of a listed building would downgrade the importance of listed buildings. The change would also exacerbate the problem of the under-resourcing of conservation officers in ***planning*** authorities. We urge the Law Commission and the Welsh Assembly to reconsider these damaging proposals.Henrietta Billings, SAVE Britain's Heritage; Lucie Carayon, Ancient Monuments Society; Dr Mike Heyworth, Council for British Archaeology; Cyllene Griffiths, Council for British Archaeology Wales; David McKinstry, Georgian Group; Matthew Slocombe, Society for the Protection of Ancient Buildings; Catherine Croft, Twentieth Century Society; Christopher Costelloe, Victorian Society; John Darlington, World Monuments Fund BritainZOMBIE HEDGESSir, I disagree with Melissa Harrison (Nature Notebook, Feb 24) about triennial hedge-cutting. This practice, which is compulsory on farms claiming subsidy under Rural Payments Agency rules, is having a catastrophic effect on hedges. As gardeners know, to create a thick hedge regular cutting is crucial - ideally two or three times a year. Leaving cutting to every three years encourages bushes to branch out ever wider, leaving an open centre that is less useful for nesting as predators can gain easy access. It is easy for the Centre for Ecology to say that farmers should set trimmers a little higher and wider, but this would mean hedges expanding by several feet a year.

As farmers have a very restricted window to trim these bushes, the result is a ghastly mess because flails are often cutting into branches two inches in diameter. The upshot is a skeleton of a bush, with few places to nest. Further, it encourages ivy growth, which will eventually kill the hedge.Stephen CollettIxworth, SuffolkRISE (AND FALL) OF SILVER SKIERSSir, Apropos your article "The rise (and falls) of the silver skier" (Times2, Feb 27), when I learnt it was the norm to attend ski school every day until you were competent enough to ski with control and confidence. The young today appear to eschew ski school in favour of hitting the slopes as hard as possible from day one. During the past five skiing trips I have fallen twice owing to my own incompetence. I have, though, been "wiped out" by others on six occasions, one of which resulted in a broken thumb.Lynette RoyleLondon W4

Sir, As an older skier I was going to respond to your article, but there's no time - it's a powder day!Carol Chambers-WorkmanBorovets, BulgariaCHANNEL 4 RELOCATION CAMPAIGN Sir, The government's recent review of Channel 4 and its contribution to the regions has generated significant interest. Channel 4 has always been an innovator, and the nation needs this to continue. We believe that a base in the West Midlands, which has one of the youngest and most diverse populations in Europe, will ensure that Channel 4 better reflects the face of modern Britain, and ultimately that it will create better television.

Coventry will become UK city of culture in 2021, and Birmingham will host the Commonwealth Games in 2022; Channel 4 will be at the heart of a creative and cultural revolution. Should the channel decide to invest in the West Midlands, its impact would be significant: by 2030 it could generate an extra £5 billion to our economy. More importantly, it would provide a new generation with the chance to have their voice and make their mark. We would be delighted to welcome Channel 4.Andy Street, West Midlands Mayor; Deborah Cadman, Chief Executive, West Midlands Combined Authority; Cllr Ian Ward, Leader of Birmingham City Council; Cllr George Duggins, Leader of Coventry City Council; Cllr Patrick Harley, Leader of Dudley Metropolitan Borough Council; Cllr Bob Sleigh, Leader of Solihull Metropolitan Borough Council; Jonathan Browning, Chair of Coventry and Warwickshire Local Enterprise Partnership; Tim Pile, Chair of Greater Birmingham and Solihull Local Enterprise Partnership; Stewart Towe CBE DL, Chairman of the Black Country Local Enterprise Partnership; Sarah Middleton, Chief Executive of Black Country Consortium Ltd; Ian Austin, MP for Dudley North; Richard Burden, MP for Birmingham Northfield; Rt Hon Liam Byrne, MP for Birmingham Hodge Hill; Philip Dunne, MP for Ludlow; Michael Fabricant, MP for Lichfield; Preet Kaur Gill, MP for Birmingham Edgbaston; Eddie Hughes, MP for Walsall North; Marcus Jones, MP for Nuneaton; Julian Knight, MP for Solihull; Jeremy Lefroy, MP for Stafford; Rachel Maclean, MP for Redditch; Steve McCabe, MP for Selly Oak; Pat McFadden, MP for Wolverhampton South East; Andrew Mitchell, MP for Sutton Coldfield; James Morris, MP for Halesowen and Rowley Regis; Mark Pawsey, MP for Rugby; Jess Phillips, MP for Birmingham Yardley; Emma Reynolds, MP for Wolverhampton North East; Caroline Spelman, MP for Meriden; Craig Tracey, MP for North Warwickshire & Bedworth; Matt Western, MP for Warwick & Leamington; Bill Wiggin, MP for North Herefordshire; Mike Wood, MP for Dudley South; Fiona Allan, Artistic Director and Chief Executive, Birmingham Hippodrome; Judith Armstrong, CEO, Millennium Point; Steve Ball, Associate Director, Birmingham Repertory Theatre; Mark Beardmore, Senior Partner, Eversheds Sutherland; Mike Bradley, Chair, Campaign for Regional Broadcasting Midlands; Paul Bramwell, Managing Director, MediaCom; Robert Bray, Chief Executive, Edgbaston Priory Club; David Burbidge, Chairman, Burbidge & Son Ltd; Professor Alec Cameron, Vice-Chancellor and Chief Executive, Aston University; Sajida Carr, ***Programme*** Director, Creative Black Country; Andrew Cleaves, Principal & Chief Executive, Birmingham Metropolitan College; James Craig, Founder, Oval Real Estate Limited; Corin Crane, Chief Executive, Black Country Chamber of Commerce; Paul Davies, ***Producer***/Managing Director, VYKA Ltd; Charles de Rohan, CEO, The Binding Site Group; Monique Deletant, Director, Dance Hub Birmingham; Sir David Eastwood, Vice-Chancellor, University of Birmingham; Adam Ellis-Morgan, Managing Partner, Rider Levett Bucknall; Paul Faulkner, CEO, Greater Birmingham Chambers of Commerce; Liv Garfield, CEO, Severn Trent; Anisa Haghdadi, Founder and CEO, The Beatfreeks Collective; Dr David Hardman MBE, CEO, Innovation Birmingham; Richard Hayhow, Director, Open Theatre; Sam Hope, Associate Dean, University of Wolverhampton; Richard Howle, Director, The Ticket Factory/NEC; Paul James, Chief Commercial Officer, Birmingham Royal Ballet; Debbie Jardine, Interim Chief Executive, DanceXchange; Deborah Kermode, Chief Executive, mac Birmingham; Chris Loughran, Deputy Chair, Greater Birmingham and Solihull Local Enterprise Partnership; Andrew Lovett, Chief Executive, Black Country Living Museum; Stephen Maddock, Chief Executive, City of Birmingham Symphony Orchestra; Lisa Mart, General Manager, The New Alexandra Theatre; Laura McMillan, Director of Operations and Legacy, Coventry City of Culture Trust; Michael Penn, Theatre Director, The Old Rep Theatre; Neil Rami, Chief Executive, West Midlands Growth Company; Nick Reed, CEO, Town Hall Symphony Hall; Marc Reeves, Editor, Trinity Mirror Midlands; Alan Rivett, Director, Warwick Arts Centre; David Roberts, Pro-Vice-Chancellor, Birmingham City University; Stuart Rogers, Executive Director, Birmingham Repertory Theatre; Roger Shannon, Executive ***Producer*** and Professor of Film, Edge Hill University; Liam Smyth, Creative ***Producer***, Creative Black Country and Sandwell Council of Voluntary Organisations (SCVO); Professor Robert J Stone, Chair in Interactive Multimedia Systems, University of Birmingham; Paul Thandi, CEO, NEC Group; Gary Topp, CEO, Culture Central; Jonnie Turpie MBE, Founder, Maverick TV; Nathan Wallis, Head of ***Strategic*** Communications, Wesleyan; Jonathan Watkins, Director, Ikon Gallery; Michael Whitby, Pro-Vice-Chancellor, University of Birmingham

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[***Democratic tensions in decentralised planning – Rhetoric, legislation and reality in England***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BGY-HK51-JBMY-H3R1-00000-00&context=1516831)

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Michael Gordon

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**ABSTRACT**

The shifting of power from the central state to local and sub-local arenas of governance (labelled as localism or decentralisation) is a common feature of many 21st-century democracies, popular with both the “left” and “right” in political terms. A common justification for this is that it is assumed to be “more democratic” than the alternative. The superficiality of this assumption, however, conceals much tension and complexity, not least potential tensions between different variants of “democracy”. This paper explores this tension and complexity using the example of the new neighbourhood ***planning*** powers in England, introduced through the 2011 Localism Act, which combine representative and direct forms of democracy, and promote public participation. We will argue that whilst opening up new channels for democratic participation by citizens, the reforms introduced in 2011, and similar moves towards decentralisation of (***planning***) powers elsewhere, may be insufficiently cognisant of power dynamics at the local and community scales, leading to various sets of tensions between the actors involved. We conclude that how the actors respond to these tensions will have a strong influence on the success or otherwise of this experiment with ***planning*** and democracy.

**FULL TEXT**

**Introduction**

As has been discussed previously in this journal, devolution and decentralisation of power and/or finance to sub-national tiers of government has been “a global trend” (Rodriguez-Pose and Gill, 2003) for a number of years. More recently, England appeared to have begun, in rhetorical terms at least, to follow the trend – the 1997–2010 UK Labour Government,1 towards the end of its tenure, began to consult upon decentralisation measures (DCLG, 2009); and following the 2010 general election, the Conservative-Liberal Democrat coalition Government stressed in its “Coalition Agreement” that decentralisation was a source of common ground between the two parties: “We share a conviction that the days of big government are over; that centralisation and top-down control have proved a failure” (HM Government, 2010: 7). How long this approach may last is unclear – the 2015 general election brought in a solely Conservative Government, whose manifesto mentioned localism only once and decentralisation not at all (The Conservative Party, 2015). The example of decentralisation discussed in this paper may then be a short-lived experiment, but it provides valuable insights into the issues at play regardless of how long it remains in place.

The 2010–2015 UK Government set about delivering upon their rhetoric around decentralisation with, *inter alia*, the 2011 Localism Act (hereafter, the 2011 Act) which, it was claimed, “sets out a series of measures with the potential to achieve a substantial and lasting shift in power away from central government and towards local people” (DCLG, 2011b: 1). Various justifications were made for this, generally in line with the three forms of discourse used to justify decentralisation (not the same as localism, as we will go on to elucidate, but related to it) identified by Rodriguez-Pose and Sandall (2008) – Identity, Good Governance and Efficiency. The second of these received the most emphasis in the various policy and political statements made in support of the 2011 Act. A “Plain English Guide” to the Act, published alongside it, exemplifies this, claiming a problem with what had gone before, wherein “central government has hoarded and concentrated power” (DCLG, 2011b: 1), was that it “leaves people feeling ‘done to’ and imposed upon – the very opposite of the sense of participation and involvement on which a healthy democracy thrives” (DCLG, 2011b). Referring back to the work of Rodriguez-Pose and Sandall shows that this emphasis is unsurprising, because the discourse of good governance, or “the democratic discourse” is popular with both the right and left, and “it is self-evidently almost impossible to challenge the value of ‘good’ governance” (Rodriguez-Pose and Sandall, 2008: 57).

The superficiality of this discourse, however, conceals much complexity. In particular, we must be sensitive to the differing variants of “democracy” that might be engaged as part of a good governance narrative. Of greatest significance for this paper will be the well-known distinction between representative and direct democracy, and the nature of the relationship between these two differing conceptions (see, e.g. Dahl, 1998; Weale, 1999). Specifically, we aim to explore some practical concerns: in what circumstances is it appropriate to establish decision-making processes which engage *both* representative and direct democratic mechanisms in generating outcomes? And if such democratic mechanisms are combined in a decision-making process, how can this effectively be done?

This interdisciplinary paper takes the English ***planning*** system, which has been substantially amended by provisions contained in the 2011 Act, as a case study through which to explore these challenges, drawing on a distinctive combination of insights from theory and practice, and exploiting the perspectives of ***planning*** and legal scholarship. It has been argued that “the legitimacy of public participation has become an unassailable pillar of the ***planning*** system” (Inch, 2012: 523), due largely to criticisms of representative democracy as an “incomplete form of procedural legitimacy” (Davoudi, 2013: 4). The 2011 Act might be seen to respond to these criticisms, altering the ***planning*** process in a way which engages new mechanisms for representative and direct democracy in the creation and approval of neighbourhood development ***plans***. Yet in so doing, we will argue that whilst opening up new channels for democratic participation by citizens, the Localism Act 2011 has also created democratic and legal tensions in the neighbourhood ***planning*** system, specifically because these new channels lead to the production of ***plans*** with *statutory weight*, quite different from previous “bottom-up” ***plans*** in England or most other contexts. It is far from clear from the early stages of implementation of the Act, we suggest, how these tensions will be balanced in, and impact upon, decision-making.

**Localism, democracy, participation and power (in *planning*)**

It is common to treat *decentralisation* and *localism* as synonyms – indeed, the 2011 Act was initially the Localism and Decentralisation Bill. For us, decentralisation refers to some movement of power (and we will return to what we mean by *power* below) from the central state to other, “lower” tiers of government/governance – this could be, depending on the national context, to the state, province, region, sub-region, local or sub-local tier(s). Localism, conversely, is more specifically associated with power being held by specific tiers – the local and sub-local. In practical terms in England, since the Government abolished the regional tier of government/governance (DCLG, 2010), decentralisation and localism are, de facto, the same. As noted above, one of the discourses used to support moves to decentralisation and localism is that of “good governance: the democratic discourse” (Rodriguez-Pose and Sandall, 2008: 57). It is important to unpack this discourse, and understand in more detail the justifications for it.

One such justification is that it is desirable to broaden the ways in which “democracy happens”, beyond the representative democracy which remains the principle by which the UK is governed, by opening up different ways for people to participate (Pratchett, 2004). This does not necessarily equate to an argument for localism, of course – these multiplicities of channels and opportunities could happen at the central level, but it may be easier at the local level (Lowndes and Sullivan, 2008). Localism should also facilitate different forms of political engagement and discussion between people and service providers (Pratchett, 2004; Stoker, 2004).

In the case of England the previous, 1997–2010 New Labour, Government’s version of localism was criticised as being ineffective at deepening democracy. It has been claimed on the one hand that enhanced public participation was central to that administration’s reforms of local government (Lowndes et al., 2001), but on the other that such participation was only considered acceptable if it delivered outcomes in line with centrally set objectives (Mooney and Fyfe, 2006); that Labour gave power to local authorities with one hand whilst introducing a range of tools to restrict local autonomy on the other (Pratchett, 2004) – something which Evans et al (2013a, 2013b) have referred to as “Managerial” localism. More critically, some have argued that the New Labour emphasis on participation and decentralisation was intended to build support for policies that were at heart neoliberal in nature (Davies, 2012).

Excepting the latter point, similar criticisms were core to the 2010–2015 Government’s critique of the ***planning*** system, and, by extension, the previous Government’s centralising tendency. The new approach was presented as being far more radical: The Localism Act sets out a series of measures with the potential to achieve a substantial and lasting shift in power away from central government and towards local people. They include: new freedoms and flexibilities for local government; new rights and powers for communities and individuals. (DCLG, 2011b: 1)Many of the reforms in the 2011 Act related to the ***planning*** system. Regional ***plans***, an integral part of the system up to that point, were the subject of particularly powerful criticism – they “robbed local people of their democratic voice, alienating them and entrenching opposition against new development” (DCLG, 2010). The abolition of regional ***plans***, and the introduction of neighbourhood ***plans***, were two of the key components in the 2011 Act, which is the latest example of regulatory change in relation to the ***planning*** system in recent years, often focusing on “democracy”. Indeed, attempts to deepen the democracy in ***planning*** in England have focussed almost exclusively on improving participation in decision-making. Whilst there has been a parallel process of local government reform that has sought to improve the transparency of representative democratic structures (Coaffee and Johnston, 2005), this has not focussed on ***planning*** per se.

Despite the fact that since the 1960s “ministers have consistently expressed their desire to see local communities making their own decisions on ***planning*** matters” (Cullingworth and Nadin, 2006: 433), and an ongoing pursuit of greater/more effective participation by ***planning*** theorists over the same period (see, amongst many others, Forester, 1989; Healey, 2006; Jacobs, 1961), it remains the case today that ***planning*** and planners in England continue to be accused of adopting the “decide-announce-defend” model of decision-making (Bell et al., 2005: 462). That model of decision-making has been accused of both being insufficiently participatory, and, by its nature, encouraging an adversarial and oppositional attitude amongst communities – this is problematic because: “To be invariably told, rarely asked, infrequently consulted, and be expected not to participate in the formation of collective goals is hardly a secure basis for obtaining commitment to these goals” (Clegg, 1989: 135).

To address this lack of participation in the formation of collective goals, various changes have been made in previous years to the process and format of ***plan***-making in England. In rural England, for example, documents known as *Parish* ***Plans*** have been ***produced*** since 2000, in response to a 1995 rural White Paper which, in an interesting precursor to localism, noted that “People … do not expect Government to solve all their problems for them … local decision making is likely to be more responsive to local circumstances” (DoE and MAFF, 1995: 16). There is a great deal of work exploring Parish ***Plans*** and related documents (see for example Gallent et al., 2008; Owen and Moseley, 2003; Owen et al., 2007; Parker and Murray, 2012) which we do not have space to explore here. One of the distinctive elements of the neighbourhood ***plans*** introduced by the 2011 Act which sets it apart from Parish ***Plans*** and other community-driven ***planning*** initiatives, is that neighbourhood ***plans*** will have statutory weight – they become part of the *development* ***plan***, in line with which local ***planning*** authorities are obliged by law to determine ***planning*** applications. This means that a key finding of research into Parish ***Plans*** may assume greater significance – that such ***plans*** “tended to reflect more the priorities of the ‘haves’ than those of the ‘have nots’ of the local community” (Moseley, 2002: 400).

This potential tendency for the “haves” to dominate the “have nots” in more localist forms of governance has been highlighted by others, with questions raised about how effectively participation can safeguard minority groups from the so-called “tyranny of the majority”, without the calming hand of the central state (Parvin, 2009). Further, others have noted that participatory governance can be dominated by vocal, active or powerful local voices (Clifford and Warren, 2005; Curry, 2012; Gallent and Robinson, 2012). This illustrates that the rhetoric cited above, with its emphasis on devolving *power* from the centre to the local, and giving new *powers* to communities, ignores the variable ability of communities, and individuals within them, to exercise that power. It is also unclear what is meant by power in this context, as it is a far from uncontested term. There is a long and sophisticated literature addressed to unpicking power as a concept, but particularly in terms of ***planning*** and democracy a number of key themes can be briefly highlighted.

The first is that there is not “a single, unified concept of power” (Pansardi, 2012: 73); rather two twin concepts, “power over” and “power to”. The two are not mutually exclusive, indeed Clegg et al. (2006) pointed out that to exercise the power *to* do something can often involve asserting power *over* others. Nevertheless, the distinction is useful and we use it in our discussion below. From the rhetoric above, it seems that those advocating localism see it as transferring (some of the) power *to* do things to the sub-local level. This approach, it has been argued, is flawed, because the power *over* is more common and of more relevance to “many policy issues in contemporary British politics” (Hickson, 2013: 410). As we will discuss below, whilst the 2011 Act does give the “power to” ***plan*** to communities, local authorities and the central state retain a great deal of “power over” those communities to frame and limit their ***planning*** activities (cf. Featherstone et al., 2012; Gallent and Robinson, 2012 and others). This is in part because in ***planning***, where knowledge about society is integral to ***planning*** for its future, “power defines what counts as knowledge and rationality, and ultimately … what counts as reality” (Flyvbjerg, 1998: 27).

Flyvbjerg, in common with others drawing on the work of Michel Foucault, rejects the idea that power is hierarchical, instead arguing that power is multi-dimensional and complex (Jacobs and Manzi, 1996). This, of course, may undermine the thesis of the 2011 Act that devolving power “down” the hierarchy of state structures will empower “local people” in a straightforward manner. A number of authors have drawn on Foucault, Pierre Bourdieu and Stephen Lukes to explore how power has been used to effect outcomes *within* as well as *across* tiers of state authority both internationally (Flyvbjerg, 2002, 2004) and in an English context before the 2011 Act (Sturzaker, 2010; Sturzaker and Shucksmith, 2011). Similar speculations have been made about the post-2011 Act English context, with some concluding that any power which is devolved is likely to be to the benefit of “the dominant classes” (Hastings and Matthews, 2015: 556).

The “localist” agenda influencing the English ***planning*** system therefore raises complex questions about the distribution of power and control in democratised decision-making, which must be appreciated when considering the impact of the 2011 Act. In the next section, we discuss the changes made by the Act in more detail, before, in the section “Tensions in neighbourhood ***planning*** scheme”, analysing some of the early outcomes of the neighbourhood ***planning*** powers created by it, informed by the discussion in the preceding paragraphs.

**Democracy, representation and participation in the neighbourhood *planning* scheme**

**Overview of *planning* scheme**

The Localism Act 2011 amended the Town and Country ***Planning*** Act 1990 (TCPA) and the ***Planning*** and Compulsory Purchase Act 2004 (PCPA) to allow for the creation of neighbourhood development orders (by which approval can be given for certain forms of development, by s.61E(2) TCPA) and neighbourhood development ***plans*** (in which policies for development in a particular area can be set out, by s.38A(2) PCPA). Such orders or ***plans*** can be developed by two kinds of representative bodies: a Parish Council2 for the neighbourhood area (s.61F(1)-(2) TCPA), or, where no such Parish Council exists, a “neighbourhood forum” specially constituted for ***planning*** purposes (s.61F(3)-(4) TCPA).

A neighbourhood forum must be designated as such by the local ***planning*** authority, on the satisfaction of certain statutory conditions. Amongst these conditions are: (i) the requirement that the forum be constituted “for the express purpose of promoting or improving the social, economic and environmental wellbeing” of the neighbourhood area (s.61F(5)(a) TCPA); (ii) that membership of the forum is open to those who live or work, or are elected council members, in the area (s.61F(5)(b) TCPA); and (iii) that at least 21 members of the forum fall into one of these three categories (s.61F(5)(c) TCPA). The forums are intended to represent the population in the area, but they are not legally required to include any elected representatives. When determining an application for designation as a neighbourhood forum, the local ***planning*** authority must have regard to the desirability of designating a body which has taken reasonable steps to ensure it has a membership running across the area, and from “different sections of the community in that area” (s.61F(7)(a) TCPA). Only one neighbourhood forum may be designated in each area (s.61F(7)(b) TCPA).

The local ***planning*** authority is responsible for the designation of the neighbourhood area, and this can only be done in conjunction with an application from a Parish Council or neighbourhood forum to be designated for a specified area (s.61G(1) TCPA). Neighbourhood areas must not overlap (s.61G(7) TCPA), and a local ***planning*** authority is not obliged to designate the whole area requested as a neighbourhood area, if this would not be appropriate (s.61F(4)-(5) TCPA). The local ***planning*** authority *is* obliged to designate at least some part of an area covered by an application as a neighbourhood area, if it is not already covered (s.61F(5) TCPA).

Once a neighbourhood area is designated the local ***planning*** authority must take appropriate steps to facilitate the neighbourhood ***planning*** process (Schedule 4B, para.3 TCPA). The local ***planning*** authority will receive proposals from designated bodies (Schedule 4B, para.1 TCPA), and must establish whether any proposal is eligible for consideration (Schedule 4B, para.5-6 TCPA). If the proposal is fit for consideration, the local ***planning*** authority must submit it for independent examination (Schedule 4B, para.7 TCPA), with the examiner to recommend whether the proposal is fit to progress to the next stage of the approvals process, should be modified, or refused (Schedule 4B, para.10 TCPA). The local ***planning*** authority must respond to these recommendations, and be satisfied that the proposal meets the basic conditions (Schedule 4B, para.8(2) TCPA). This will include having regard to the appropriateness of the proposal in light of national policies (Schedule 4B, para.8(2)(a) TCPA), and the requirement that it “is in general conformity with the ***strategic*** policies contained in the development ***plan*** for the area of the authority” (Schedule 4B, para.8(2)(e) TCPA).

If the basic conditions are deemed satisfied, the local ***planning*** authority must submit the proposal for approval at a referendum (Schedule 4B, para.12(4) TCPA). The electorate for such a referendum must constitute at least all those registered voters in the designated neighbourhood area (Schedule 4B, para.12(7) TCPA), but the local ***planning*** authority may extend this to include other areas where appropriate (Schedule 4B, para.12(8) TCPA). If the proposal is approved by a majority of those voting in the referendum, the local ***planning*** authority *must* make the neighbourhood development order (s.61E(4) TCPA) or ***plan*** (s.38A(4) PCPA).

**Analysis of actors and processes**

The ***planning*** process established under the Localism Act 2011 is therefore a complex statutory scheme, engaging multiple actors with different mandates, expertise and legitimacy in the creation, scrutiny and approval of neighbourhood development orders or ***plans***. Representative democratic decision-makers, in the form of local ***planning*** authorities, remain central and crucially responsible for the designation of neighbourhood areas, initial determinations as to the fitness of proposals for further consideration, their submission to independent examination, and ultimately, a referendum before a local electorate defined by the authority itself. The local ***planning*** authority also retains the legal power to make an approved neighbourhood development order or ***plan***.

Where in existence, a further representative democratic decision-maker is engaged directly in the neighbourhood ***planning*** process: a Parish Council, which has the power to lead proposals for a substantive development ***plan*** or order. There has been criticism of the robustness of this form of representative democracy (Gallent and Robinson, 2012; Tewdwr-Jones, 1998), centring on Parish Council candidates running for election unopposed, and/or the co-option of Parish Councillors in the absence of elections. We do not seek to minimise these problems, but nonetheless Parish Councillors are in general elected to represent constituents and Parish Councils are bound by similar rules and regulations as local authorities regarding probity and transparency of decision-making. Parish Councils are, however, present largely only in rural parts of England – for the majority of urban England there is no system of Parish Councils. Whilst it is possible for new parishes to be established in urban areas – indeed, the first Parish Council in London has recently been inaugurated (Future of London, 2014) – the 2011 Act empowers a representative – but, significantly, not democratic – institution instead to fulfil these functions: a neighbourhood forum. Again, the (representative and democratic) local ***planning*** authority retains a key role, allocated the statutory responsibility for the designation of an appropriately constituted forum. But the differing underlying character (and potentially, legitimacy) of Parish Councils and neighbourhood forums, whilst fulfilling a common function in the statutory scheme, is important to appreciate, as it provides an initial example of the way in which a delicate balance must be sought in this context between democratic, representative, and participatory inputs into policy-making. That there is no obligation for neighbourhood forums to be democratically elected bodies (or contain otherwise democratically elected representatives amongst their members) indicates that, at this stage of the reformed neighbourhood ***planning*** process, ideas of representation and participation have been given priority. Oversight and management of the process remains with the democratic local ***planning*** authority, but the scheme opens up space in which interested citizens may participate directly and definitively in the formulation of substantive proposals to govern ***planning*** decisions in their local area.

The possibility of direct participation by more active citizens in the policy formulation stage of the neighbourhood ***planning*** process, channelled through local representative bodies, clearly reflects the government’s intention to give people a “meaningful say” (DCLG, 2011a: 1) in ***planning***. However, there is nothing in the 2011 Act to make active participation by citizens compulsory. Part 5 of the 2012 Neighbourhood ***Planning*** regulations specifies the requirements for publicity and consultation, which are effectively the same as for the extant system of local ***plans***. So the Localism Act and accompanying regulations could simply decentralise the power to make ***plans*** to an unaccountable/unrepresentative body at neighbourhood rather than local authority level, which may be no more likely to give people a “meaningful say” – smaller geographical areas can be just as readily dominated by elite individuals or groups as larger areas. Yet the potential lack of democratic legitimacy of the local representative bodies, and the lack of mandated broader participation, is arguably compensated for by the direct democratic component of the reformed ***planning*** scheme. The statutory requirement that a neighbourhood ***plan*** or order be approved by a majority of voters in a local referendum provides a further, and decisive, democratic input into the ***planning*** process, with the representative local ***planning*** authority obliged to act to implement the wishes of a majority of citizens voting to approve any proposals ultimately put to them. In principle, this might be thought to limit (or mitigate) the possibility of the elite or the interested capturing the policy formation process, and imposing their own priorities on the local community at large.

Finally, the enduring role in the neighbourhood ***planning*** scheme of actors and processes which are not democratic, representative, or inherently participatory, must also be recognised. The independent scrutiny of ***planning*** proposals provided by examiners appointed by the local authority remains fundamental in establishing the potential suitability of neighbourhood development orders or ***plans*** – that such proposals derive from representative or participatory bodies does not invest them with immunity from traditional forms of expert oversight. Further, the possibility of judicial review of ***planning*** decisions and processes in the courts is no less excluded by the participatory nature of the policy formulation process, or the democratic character of the local electorate’s decision directly to approve the outcome.

We therefore have a ***planning*** scheme which engages actors that are democratically representative (local ***planning*** authorities and Parish Councils) and representative but not necessarily democratic (neighbourhood forums). We have opportunities for representative bodies to participate directly in policy formulation (Parish Councils and neighbourhood forums), and for the wider electorate definitively to decide whether to accept those proposals (neighbourhood referendums). And we have democratic bodies vested with overarching responsibility for facilitation and oversight of the operation of this participatory decision-making (local ***planning*** authorities), and non-democratic, independent actors retaining a key role in ensuring the appropriateness (independent examiners) and legality (courts) of the outcomes of the neighbourhood ***planning*** process.

In this sense, the neighbourhood ***planning*** scheme represents a sophisticated attempt to mix representative and direct democracy, to create opportunities for varied, but potentially meaningful, participation by citizens, and as a result, to push beyond more formal means of providing democratic legitimation for decisions taken to establish local ***planning*** frameworks – to shift some of the “power to” make ***plans*** to community groups. Nevertheless, whilst the participatory ambitions of the neighbourhood ***planning*** process will be laudatory to many, the competing and overlapping ideas of democracy, representation and participation which the statutory scheme invokes offers the potential to create tensions in practice. Having mapped the nature of these competing and overlapping claims and functions as they exist in principle in the legislative architecture, in the next section we explore a number of these tensions as manifested in practice in the early operation of the neighbourhood ***planning*** scheme.

**Tensions in neighbourhood *planning* scheme**

Through an analysis of emerging Neighbourhood ***Planning*** practice, we identify three sets of tensions between and within the different forms and types of democracy, representativeness and participation discussed above, and differing patterns of power (re)distribution: first, the extent to which Neighbourhood ***Planning*** can be said to possess a democratic or representative mandate, and whether there are “intra-representative” issues; secondly, the competition between different representative bodies – Local Authorities and Neighbourhood Forums; and thirdly, the role of independent actors in the Neighbourhood ***Planning*** process, reflecting different views on the balance between “power to” and “power over”. In what follows, we expand upon and illustrate these three sets of tensions.

**The nature of the popular mandate(s)**

As of August 2016, there have been 206 referendums under the Localism Act; most in relation to Neighbourhood ***Plans***. All of these have been successful, in most cases with a “yes” vote of over 80%, but average turnout has been 32.4% (Carpenter, 2016), so in most cases an absolute majority of the eligible electorate have not voted in favour of the neighbourhood ***plan*** being adopted. Regardless of the turnout, referendums are clearly what Scharpf (1999) referred to as “output” rather than “input” based legitimacy, so whilst voting in a referendum is arguably bringing citizens closer to the point at which decisions are made, it is not necessarily involving them in the broader work of developing options, etc. That would require more effective participatory democracy. Davoudi and Cowie (2013), drawing on the work of Pitkin (1967), consider the extent to which the new neighbourhood forums are “representative” in a broader sense than simple “formalistic” representation through electoral democracy. They conclude that the requirements for forum members to live in, work in, or be elected councillors for the area offers some guarantees about Pitkin’s *descriptive* representation, albeit based on very broad categories of person that do not necessarily reflect the diversity of a population; that low turnouts in the referendums are indicative of a lack of his *symbolic* representation, in that local communities have not accepted the neighbourhood forums as representing them; and that a high Yes vote in a referendum indicates a reasonable degree of his *substantive* representation, but there is a lack of evidence on whether ***plans*** satisfy “the interest and values of those who are outside the ***planned*** area … [or] the wider social and environmental issues and values” (Davoudi and Cowie, 2013: 564). Two examples of Neighbourhood ***Plans*** in practice illustrate these concerns.

Thame, a town in South Oxfordshire, was one of the first areas to reach the referendum stage, on 1 May 2013. This referendum was passed, with 76% of the 40% turnout voting “Yes”. However, there is some evidence of tension between citizen participation, representative and direct democracy, with a letter to the trade journal ***Planning*** magazine on 14 June 2013 complaining that “What started as a ***planning*** process soon became a political process”. ***Planning*** theorists now argue that ***planning*** is an *inherently* political process, so this in itself is perhaps neither a surprise nor a concern, but the content of the letter suggests a more nuanced set of issues. According to the letter, the main form of participation used by those writing the neighbourhood ***plan*** was to engage with residents’ associations, but these do not appear to have had comprehensive coverage, with the letter alleging that areas without a residents’ association have had development proposed adjacent to them, whilst the areas covered by associations “were able to reduce the previous threat of development near their areas” (Earley, 2013).

This seems to provide evidence in support of the arguments explored above, that such participatory decision-making processes can be dominated by particular voices, in this case in particular geographical areas. Subsequently, a further controversy arose in Thame, with a campaign group being established to lobby for the removal of one of the other housing sites, currently a field, from the neighbourhood ***plan***. That group “questions the way [the site] was ‘quietly slipped into’” (Geoghegan, 2014a) the ***plan***, raising questions about the participatory processes in relation to the Thame ***plan***, the broader “fantasies of the consensus that a fit-for-purpose ***planning*** process will create” (Inch, 2012: 532) and perhaps the extent to which more powerful voices have been able to dominate the neighbourhood ***plan***-making process, ensuring they benefit (or at least do not lose out) as a result of it.

Concern over powerful voices dominating the locality appears to be behind a different example from inner-city London. Hackney Metropolitan Borough Council rejected two bids from competing neighbourhood forums, the Stamford Hill Neighbourhood Forum (SHNF) and the North Hackney Neighbourhood Forum. The first of these was described as “being ‘a front organisation’ for the local Conservatives and Liberal Democrats” (Geoghegan, 2013). A great deal of activity was generated by these two bids, with many letters and petitions of support and opposition to each, and to both being ***produced*** (Geoghegan, 2013). In addition to illustrating the problems of “intra-representative” body issues, the Hackney example also therefore illustrates a second issue: that of competition between competing representative bodies, as the local authority had the power to reject both bids and propose an alternative ***plan***.

**Local authorities vs. neighbourhood forums**

Daws Hill Neighbourhood Forum sought judicial review after Wycombe District Council (WDC) amended their application for a neighbourhood ***plan*** area, omitting two “key ***strategic*** sites” (Wycombe District Council, 2012: 1). In the notice explaining their decision to reduce the size of the neighbourhood area, WDC stated that it was necessary to omit these sites because development on them would involve “larger than local impacts and larger ‘communities of interest’” (Wycombe District Council, 2012). Section 61G(5) of the TCPA gives local ***planning*** authorities the discretion to vary, or refuse, applications for neighbourhood areas. In refusing the application for judicial review of the decision of the WDC (a decision subsequently affirmed in the Court of Appeal, [2014] EWCA Civ 228), Supperstone J held: the discretion given to the authority is a broad one. The exercise of discretion turns on the specific factual and policy matrix that exists in the individual case at the time the determination is made. In my judgment the Council properly had regard to the specific circumstances that existed at the time.(*R (Dawes Hill Neighbourhood Forum) v Wycombe District Council* [2013] EWHC 513 (Admin) at [57])A case in Exeter St James, another early referendum success, illustrates that even after adoption of a neighbourhood ***plan***, the local authority remains the arbiter of ***planning*** issues. In that case, the Exeter St James Forum had applied for “a judicial review against Exeter City Council’s ***planning*** permissions” for a housing scheme at Exeter cricket club (Geoghegan, 2014b). The Forum argued that the permissions contravened the neighbourhood ***plan***, adopted in July 2013. After negotiations with the developer concerned, the application for judicial review was dropped, but the case illustrates neighbourhood ***plan*** policies, as with any policy in development ***plans***, are open to interpretation. The Forum complained that “‘the council did not have to formally consult us or check whether we were satisfied with their interpretation of neighbourhood ***plan*** policies … And they didn’t’” (Geoghegan, 2014b).

These examples, along with the Hackney case in the preceding section, illustrate that traditional representative democratic institutions, in the form of local authorities, retain considerable powers to “trump” the more strongly participatory components of the local ***planning*** regime in the initial framing of, and subsequent implementation of, neighbourhood ***plans***. This can be seen as evidence both of “Managerial” localism Evans et al (2013a, 2013b); and the use of power by the local authority to define what is “rational” (Flyvbjerg, 1998).

**The role(s) of independent actors**

One of the several checks and balances built into this localist system is the role of independent actors to check the appropriateness and legality of putative Neighbourhood ***Plans***, which has in practice ensured that such actors continue to play a key role in ***planning*** decision-making. Whilst the latter – legality – is the function of the courts, the former – appropriateness – is the function of independent examiners, whose role is to decide whether draft Neighbourhood ***Plans*** should go forward to referendums. On four occasions so far (from a total of more than 200), the Neighbourhood ***Plan*** examiners have recommended that their ***plans*** should not be subject to the direct democracy of a referendum. Two of these are of particular interest to us.

In Dawlish, which was the first Neighbourhood ***Plan*** to be examined, the examiner recommended that the Neighbourhood ***Plan*** not proceed to referendum because the local ***plan***, with which Neighbourhood ***Plans*** must be in accordance, had not been adopted, so it was impossible to judge whether the ***Plan*** was in accordance with it (Balch, 2012). The second Neighbourhood ***Plan*** to be terminated at examination stage was in Slaugham, Mid Sussex, where the issue in question was the ***Strategic*** Environmental Assessment (SEA) of the Neighbourhood ***Plan***. SEA requires, as a matter of EU law (in accordance with Directive 2001/42/EC, which has been transposed into domestic law by the Environmental Assessment of ***Plans*** and ***Programmes*** Regulations 2004) an assessment of the environmental impact of policies, ***plans*** and ***programmes***. In the Slaugham case, the examiner found that the Neighbourhood ***Plan*** required an SEA, and the one that had been ***produced*** was insufficiently rigorous (Skippers, 2014). These two cases are highlighted because the opposite view was taken in relation to both issues by a later examiner, of the Tattenhall and District Neighbourhood ***Plan*** in Cheshire. In relation to the conformity with a local ***plan*** that has not been ***produced***, the examiner in that case concluded, tongue firmly in cheek, as follows: A number of housebuilders … agreed with one another that Policy 1 did not meet the Basic Conditions because it could not be in general conformity with a policy that doesn’t exist. Whilst I have read Sartre, I struggled a little with the existentialist nature of this. However, after contemplation with a cold towel on my head, I am satisfied that not being in general conformity with something that doesn’t exist is not a test relevant to this examination. (McGurk, 2013: 18)Similarly, McGurk concluded that a comprehensive SEA was not required for the Tattenhall and District Neighbourhood ***Plan***. Both conclusions were challenged by judicial review in *BDW Trading Ltd (t/a Barratt Homes) v Cheshire West and Chester BC* [2014] EWHC 1470 (Admin). In this case, two national house building companies, due to be adversely affected by the introduction of the neighbourhood ***plan***, sought to have the decision to proceed to a local referendum reversed, on the basis of flaws in the conclusions reached by the examiner. The court rejected, amongst others, two claims of relevance here. First, Supperstone J held that the examiner was entitled to reach the conclusion that the neighbourhood ***plan*** was compatible with the SEA Directive, notwithstanding the fact that an environmental and sustainability assessment of alternative ***planning*** options had not been exhaustively carried out. Assessment of the environmental and sustainability implications of the Tattenhall ***plan*** had been conducted throughout the process of its development (and would continue to be assessed in the future), was but one part of a matrix of relevant ***planning*** policy documents directing development decisions (each of which would individually be subject to environmental and sustainability assessments), and the compatibility of the neighbourhood ***plan*** with the requirements of the SEA was therefore a matter of ***planning*** judgement for the examiner to determine in context ([70]-[75]). Secondly, the court upheld the decision of the examiner that the ***plan*** was compatible with the basic conditions. The issue to be assessed was the *general* conformity of the ***plan*** with, amongst other things, the national policy framework, and in establishing this matter, it was not necessary for the examiner to determine whether one part of the neighbourhood ***plan*** was compatible with one part of an eventual emerging local ***plan*** ([81]-[89]).

The court in *Barratt Homes* therefore seemed keen to allow a reasonable degree of latitude to the independent examiner to form a judgement as to the appropriateness of the ***plan*** to go forward to a local referendum. Indeed, this is a tendency which appears to be reflected in subsequent case law, albeit a tendency which is still embryonic. Similar legal challenges brought to the decision of a local authority to allow a local neighbourhood ***plan*** to proceed to a referendum have been both rejected (*R. (Larkfleet Homes Ltd) v Rutland CC* [2014] EWHC 4095 (Admin), and upheld [2015] EWCA Civ 597; *R. (Gladman Developments Ltd) v Aylesbury Vale DC* [2014] EWHC 4323 (Admin); *R. (DLA Delivery Ltd) v Lewes DC* [2015] EWHC 2311 (Admin)). Also upheld was a challenge to the decision of the Secretary of State to refuse ***planning*** permission on the basis of the incompatibility of the proposed development with a neighbourhood ***plan*** (*Crane v Secretary of State for Communities and Local Government* [2015] EWHC 425 (Admin); although see also *Woodcock Holdings Ltd v Secretary of State for Communities and Local Government* [2015] EWHC 1173 (Admin), where unjustified weight had been placed on an emerging neighbourhood ***plan*** in the Secretary of State’s flawed rejection of a ***planning*** application). Yet whilst the courts have continued to reach decisions which seem facilitative of neighbourhood ***plans***, which are not open to challenge on the basis that they have one element which is incompatible with broader regional or national ***planning*** frameworks (e.g. *R. (Kebbell Developments Ltd) v Leeds City Council* [2016] EWHC 2664 (Admin)), a referendum result has been quashed on the basis that one aspect of the ***plan*** voted on had been unlawfully altered by the local authority, contrary to the recommendation of the independent examiner (*R. (Maynard) v Chiltern DC* [2015] EWHC 3817 (Admin)). However, this decision might be seen as a constraint on the power of the representative local authority – which could not lawfully modify a single aspect of a draft neighbourhood ***plan*** on the basis that it was not in conformity with broader ***planning*** policies – as much as a constraint on the local electorate. There are also limits to the courts’ facilitation of other neighbourhood ***planning*** actors: the SEA Directive has provided the basis for a successful challenge to a neighbourhood ***plan*** in circumstances where alternative options were rejected “unsupported by anything other than guesswork” by Henfield Parish Council (*R. (Stonegate Homes Ltd) v Horsham DC* [2016] EWHC 2512 (Admin), [74]).

Given the complexity of the statutory scheme – especially evident in the discussions in *Dawes Hill* as to the proper interpretation of the provisions related to the designation of neighbourhood areas and their interaction with the rules relating to the designation of neighbourhood forums – that the courts appear largely willing to avoid an excessively technical approach to the neighbourhood ***planning*** rules is significant. It is perhaps most interesting to consider, although at this stage very difficult to assess, whether the democratic character of the decisions taken to approve neighbourhood ***plans*** – most particularly, through local referendums – is informing the approach taken by the courts, especially given the sensitivity non-democratic judicial actors could (and arguably should) feel when called to review the legality of developments ***plans*** approved by direct popular vote. If this trend persists, and the courts continue to take a generous approach to the interpretation of the neighbourhood ***planning*** rules – especially in cases where the legality of a decision to proceed to a local referendum is challenged *after* that referendum has been held, and a positive result achieved, as in *Barratt Homes* and *Gladman Developments* – it may be that this provides (implicit, and after *Maynard*, to some extent qualified) judicial recognition of the democratic tensions we identify in this paper, and establishes a relatively limited role for the courts within this scheme. It may be that the courts are attempting to interpret the law, where possible, in such a way as to maximise the “power to” of communities to make ***plans***, and minimise the “power over” such ***plan***-making by developers seeking to bring challenges via judicial review.

**Conclusions**

For most theorists, decentralisation and localism do not simply imply moving the locus of decision-making from the central tier of government downwards/outwards – though this is clearly inherent to the concept – but somehow “broadening” the sphere of decision-making beyond elected politicians (Pratchett, 2004; Stoker, 2004), consequently “deepening” in some way democracy itself (Davoudi, 2013), and thus redistributing power. We have demonstrated in this paper that this is very easy to say, but somewhat more difficult to do, through exploring one example of localism in practice (the 2011 Localism Act in the UK, and specifically its Neighbourhood ***Planning*** powers). Drawing upon evidence regarding the legislation and the interpretation thereof, we have identified three sets of tensions in the Neighbourhood ***Planning*** scheme: the extent to which Neighbourhood ***Planning*** can be said to reflect a democratic or representative mandate, and whether there are “intra-representative” issues; the competition between different representative bodies – Local Authorities and Neighbourhood Forums; the role of independent actors in the Neighbourhood ***Planning*** process.

We have explored how each of these sets of tensions is playing out in reality via an analysis of early practice around Neighbourhood ***Planning***. We have noted examples wherein the democratic and/or representative nature of Neighbourhood ***Planning*** can be questioned, bearing out concerns in the literature about the potentially exclusionary nature of localism (Parvin, 2009), that localism does not automatically make decision-making more democratic (Evans et al., 2013b) and that it could benefit those who are already most powerful in society (Hastings and Matthews, 2015). We have identified conflicts between different bodies that each claim to represent people: traditional representative democracy, in the form of elected local authorities; and neighbourhood forums, which are representative in a non-democratic participatory way. These conflicts can come about because of different understandings of representativeness (Lowndes and Sullivan, 2008), and because much power “over” (Hickson, 2013) remains with local authorities, casting doubt to the extent to which we can call this example of localism “genuine” (Evans et al., 2013b). Yet in contrast, we have also found that the courts appear willing to avoid an excessively technical approach to Neighbourhood ***Planning***. We have hypothesised that this may be due to an (implicit) view that local democracy should be given substantial space in the decision-making process, whilst perhaps also reflecting judicial sensitivity about the courts’ own position when attempting to navigate and accommodate the tensions between bodies with competing democratic characters.

Even if the neighbourhood ***planning*** scheme is attractive as a matter of participatory or democratic theory, the tensions which we map in this paper are likely to condition, at least in part, how substantial a success (if a success at all) this English ***planning*** experiment may be. And as the different actors further establish their places within this emerging framework, how effectively they respond to the challenges these democratic tensions pose will be a crucial factor in shaping the potential of this decentralised ***planning*** framework, as we move beyond rhetoric and legislation, to reality.

**Notes**

1UK Governments hold responsibility for ***planning*** law in England.; 2Parish and Town Councils are elected bodies with limited powers that have historically focused attention on administering the daily affairs of towns and villages (the former are usually called town councils, the latter parish councils, an almost entirely semantic difference, as both types of council have the same powers). For brevity, we use Parish Councils in this paper to refer to both Parish and Town Councils.

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**Body**

**ABSTRACT**

This article provides a comparative analysis of the political economy of Chinese and Indian economic engagement strategies in Nigeria. It argues that although China is becoming increasingly prominent in Nigeria partly because of its state-led economic engagement strategy, India’s private sector-led engagement strategy chimes with Nigeria’s neoliberal economic reforms. However, the article maintains even though both Chinese and Indian strategies are not mutually exclusive to either of the two giants in the pursuit of their interests on the continent, African leaders and policymakers need to develop more ***strategic*** engagement ***plans*** in their dealings with China and India.

**FULL TEXT**

**Introduction**

During the past two and half decades, China and India have increased their economic activities in Africa (Broadman, 2007, 2008). In particular, the aid, trade and investments flows between African countries and the two Asian giants have witnessed significant increments in recent years. But the increase in economic relations has sparked controversies between two broad camps of scholars and analysts: optimists/proponents and sceptics/opponents. While optimists celebrate the increase in economic relations as a positive development for African countries, sceptics argue the relationship represents a (re)colonisation of the continent. Although the literature on China and India in Africa is now replete with contributions from members of both camps, much of the literature concentrates on Chinese activities on the continent (see for instance Alden, 2007; Alden et al., 2008; Harniet-Sievers et al., 2010; Taylor 2006, 2009; Wang 2007). The role of India unfortunately has received less attention (Taylor, 2012) and attempts to offer comparative analysis on the subject are few (Cheru and Obi, 2010; Goldstein et al., 2006). To this end, this article seeks to contribute to the comparative literature on China and India in Africa by providing a nuanced analysis of the strategies adopted by both countries in their engagements on the continent. It specifically focuses on their aid, trade and investment relations in Nigeria.

To be sure, the identified strategies relate to China’s state-led capitalism and India’s private sector-led liberal internationalism. The article addresses the question: how do the adopted strategies of China and India advance/impede their aid, trade and investment activities in Nigeria? While the article contains descriptive quantitative data of the volumes of Chinese and Indian aid, trade and investments in Nigeria, it mainly utilises a qualitative approach in its analysis using mainly secondary data sourced from publications in the literature on the subject. This allows for more reflective and interpretive analysis of the numbers and the political and economic power plays behind them.

On one hand, the article argues that despite some mistakes, Chinese state-led capitalist strategy has so far provided Chinese companies and businesses in Nigeria some economic advantage over their Indian counterparts. This is due, amongst other things, to financial support from institutions like the China Export Import Bank (Exim Bank) and political support from the Chinese government. On the other hand, India’s private sector-led engagement strategy so far enables it to dexterously navigate the murky waters of Nigeria’s political economy in an attempt to take advantage of ongoing market-based economic reforms in Nigeria. Nevertheless, the article concurs with Cheru and Obi (2011: 91) that ‘the differences between Chinese and Indian strategies of engagement are more of form than intent, underscoring the primacy of the competing national interests that do not completely foreclose mutually reinforcing strategies’. The article proceeds in three sections. The first section discusses the rise of the two Asian giants within the context of the global political economy and their relations with Africa in the post-Cold War era. The second section focuses on the trade component of the engagements between Nigeria and the two Asian countries. The third section explains the aid and investment aspects of the engagements. The article concludes that there is a need for African countries to develop ***strategic*** engagement ***plans*** in order to meaningfully benefit from their engagements with both India and China.

**The political economy of China and India in Africa: rhetoric and realities**

It is now widely acknowledged that the rise of China and India in the past three decades makes them major players on the global economic and political scene (Engardio, 2007; Modi, 2011). As Lum et al., (2009) observe about the rise of China, its presence across the globe has been bolstered because of its increasing economic and financial power. Similarly, in the case of India, Wulf (2013) notes the rise of India on the global stage is something successive Indian governments are eager to leverage in their bid to improve India’s economic and political relations globally. The two Asian giants are effectively utilising their political and economic strengths to enhance their position across the world. Moreover, to attract more friends globally, both countries are using their ‘soft power’ (Huiyun 2009; Hunter 2009; Taylor 2012). While the global rise of China and India is no longer in doubt, their presence has been remarkably visible on the African continent, as they now compete not only with each other, but also with other major Western powers for Africa’s natural resources and markets. Although African responses to the involvement of the Asian giants remains mixed, the increasing activities of Chinese and Indian engagements on the African continent attests to the positive approval of their presence (Cheru and Obi, 2010; Harniet-Sievers et al., 2010; Manji and Marks, 2007).

**China in Africa**

Within the purview of its renewed engagements in Africa, China has moved away from the communist-inspired ideological engagements of the Cold War era. Despite communism’s strong influence on China’s foray into Africa in the 1940s (see for instance Hevi 1967; Larkin 1971; Ogunsanwo, 1974), the days when China encouraged projects like the building of the Tan-Zam railway to foster communism are now considered to effectively over. In recent years, a new era of ***strategic*** engagements and partnerships has emerged as part of Chinese ‘going out’ policy. In order to promote its economic and political interests on the continent since the end of the Cold War, China utilises a pragmatic external engagement policy epitomised by state-backed capitalist expansion. But this strategy is not without its critics, some of whom argue it negatively affects Africa’s development. A mixture of ‘fact and fiction’ about Chinese engagements in Africa (Downs, 2009) often generates controversies amongst scholars and observers (Sautman and Hairong 2009: 732).

Beyond the controversies, deciphering Chinese engagements in Africa without paying attention to the rhetoric used in promoting them further obfuscates understanding China’s strategy on the continent. In this regard, China’s ‘five principles of peaceful coexistence’ as conceived in the 1950s still serve as a template for framing Chinese rhetoric in Africa (Alden and Alves, 2008). The five principles are non-interference in other countries’ internal affairs, peaceful coexistence with other states, equality and mutual respect for others, mutual non-aggression and respect for others territorial integrity. Admittedly, these five principles have sometimes been breached since their conceptualisation in the mid-1950s (Strauss, 2009: 777). Yet, they continue to feature prominently in framing Chinese diplomatic rhetoric on the African continent today (Alden and Hughes, 2009; Strauss and Saavedra, 2009).

The principles are used to emphasise what many Chinese officials consider a ‘win–win’ and ‘no-strings-attached’ cooperative engagement strategy between African countries and China. Notably, the ‘win–win’ mantra seeks to reassure Africans of the non-zero sum nature of Chinese engagements on the continent. This reassurance occasionally borders on Chinese responses to Western critics of China’s engagements in Africa; distinguishing its engagements in Africa from those of Western powers is a priority for the Chinese government. China’s claim of a ‘no-strings-attached’, ‘win–win’ module of engagement with many African countries is a common rhetoric. As a result, in addition to serving as a platform for announcing new aid, trade and investment ***plans*** for Africa, the tri-annual meetings of the Forum of China–Africa Cooperation (FOCAC) also serves the purpose of reinforcing the ‘no strings attached’, ‘win–win’ rhetoric in relation to the five principles.

In reality, the effects of the exponential increases in China–Africa trade, aid and investments are noticeable in increased revenues for African states and higher prices for African goods and commodities. China’s rising demands for minerals and commodities from Africa is partly responsible for increases in African countries economic growth rates so far witnessed in the past decade (Broadman, 2008). The economic growth rates on the continent in recent years have been around 5–6%. In concrete terms, as at 1999 the value of China–Africa trade stood at approximately $2 billion dollars, it increased to $29.6 billion in 2004 and was at $39.7 billion in 2005 (Taylor, 2006: 937). By 2010, it had surpassed the $100 billion dollar target the Chinese officials promised during the 2006 FOCAC meeting in Beijing. Although the trade is mostly in raw materials and ***agricultural*** products, the opportunities provided for less developed African countries, especially those whose commodities fall under the tariff exemption that China offers, have proven to be an elixir for some of these countries.

Furthermore, oil-***producing*** countries such as Angola, Sudan and Nigeria enjoy particular advantages due to China’s high demand for energy resources. Despite not importing up to 1% of its oil supplies from Africa in 1989, 30% of Chinese oil imports in 2009 came from Africa (Cao and Bluth, 2013: 384). The imperative of meeting its energy needs, occasioned by its domestic industrial and consumer demands, as well as the necessity to keep pace with its own economic development and growth, makes it almost certain that the volume of global oil exports to China will increase to over 20% by 2020 (Trinh et al., 2006: 7). Africa’s oil ***producers*** are likely to increase their current shares of Chinese oil imports. Yet, with the exception of Angola and Sudan where Chinese oil firms are very much in business, gaining access to the oil sector in Nigeria has proven to be challenging. As explained later in this article, this is partly due to the presence of established Western multinational oil companies.

In terms of African imports from China, most African countries import manufactured products. These range from machinery to finished consumer goods at cheaper and affordable prices. Chinese imports nonetheless occasionally ***produce*** tenuous trade relationships between China and many African countries. The major contention often revolves around the importation of substandard goods from China into the continent. The negative impacts of such imports, and the volume with which they come, have destroyed local capacity in the production of items such as textiles where they once existed. The 2006 closure of Chinatown in Lagos, Nigeria, where Chinese nationals sell most goods from China is one instance of such tenuous relationships. Another instance is the suspension of imports of textiles from China into South Africa in the mid-2000s.

Similarly, the realities of Chinese aid and investments have had their impact on the continent. For instance, in infrastructural development, Chinese aid and investments have been quite remarkable in fixing Africa’s infrastructure deficit. Roads are being built, railroads constructed, schools, hospitals and power (electricity) projects now dot the continent. The biggest beneficiaries with over 70% share are Nigeria, Angola, Sudan and Ethiopia (Foster et al., 2008: 19–22). Intuitively, the first three are oil ***producers*** and their ability to strike the now famous ‘oil-for-infrastructure’ deals with China is a major contributor in this regard (Asche and Schuller, 2008: 36). Nevertheless, what constitutes ‘pure’ Chinese aid and what represents Chinese investments in Africa is quite blurred given the interwoven nature of the two. Distinguishing between what constitutes Chinese aid as opposed to investment can be a Herculean task (Wang and Bio-Tchane, 2008: 45). Estimates of the exact figures of Chinese aid and investments in Africa are hard to come by, as the Chinese government hardly discloses its disbursements (Brautigam, 1998, 2009). Chinese aid figures, according to Brautigam (2009: 12), are ‘state secrets … There are no official figures on aid allocations to individual countries or regions, no breakdown by sector or purpose.’

Consequently, Chinese aid and investment figures are mostly based on approximations of various figures gotten from sources that are sometimes unverified (Lum et al., 2009). As Lum et al., (2009: 1) note, Chinese economic assistance can appear in a combination of ways that combine government-sponsored investments, debt relief and cancellation, concessionary loans and grants, and in-kind aid. These may also embed the cost of economic exchanges and educational training ***programmes*** as well as scholarships (Van De Looy, 2006: 7). Overall, it is well acknowledged that Africa’s share of Chinese aid and investment has increased. Also noteworthy is the diversified nature of Chinese investments. They cover a broad range of areas from infrastructure development to telecommunications, mining, oil and gas, light manufacturing, construction and so on.

**India in Africa**

India has a long history in Africa. Well before Mahatma Gandhi made his trip to South Africa in the late 1800s, Indian traders have always exchanged commodities with Africans. But the colonial interlude expanded the involvement of Indians on the continent. Thus, the role of British colonialism in facilitating such migration between its colonies cannot be overemphasised. Today, it is estimated that almost 8% of People of Indian Origin (PIO) globally are residents and/or citizens of African countries (Taylor, 2012: 781). The fact that African citizens of Indian ancestry have successfully settled in different parts of Africa, in spite of persecutions they once faced in the hands of tyrants such as the former Ugandan despot President Idi Amin, attests partly to the strong historical links between India and Africa. Indeed, the inspirations drawn from Indian independence from the British in 1947 (Taylor, 2012: 781) and the subsequent leadership role assumed by India in the Non-Aligned Movement (NAM) after World War II (Harshe, 2010: 348) encouraged decolonisation struggles in many African countries. The rhetorical arguments of being a former European colony and one of the first to gain independence from colonial rule have been used to the advantage of India in its engagements in Africa in recent years.

Like China’s rise, the rise of India as a major power in the global south has far-reaching effects on global politics and economics. Dating back to the active days of the NAM, India’s approach to global affairs reflects its status as the world’s largest democratic state (Banik, 2011: 90). Its prominent role in NAM allows it to sometimes serve as the ‘voice’ of developing countries in international relations especially on north–south issues. Its rise in the post-Cold War era has forced a redefinition and reconsideration of what constitutes Indian interests in global political and economic relations. Moreover, how India goes about pursuing such interests has also received more realistic assessments and considerations with respect to its renewed foray into Africa since the early 1990s.

India’s vigorous attempts to further its presence in Africa in the post-Cold War era reflects the imperative of securing unhindered access to Africa’s resources for its own economic growth and development. It is important to note that despite its rising status as an economic power, India, like China and many other developing countries, is still a place where there is a lot to be done to reduce endemic poverty and socioeconomic underdevelopment. In the aftermath of India’s neoliberal reforms and the adoption of its neoliberal capitalist-induced foreign economic policies in the late 1980s and early 1990s, market forces, more than the state, are responsible for informing and directing India’s engagement policies. While successive Indian governments play a residual role in encouraging the expansion of private Indian industries and companies abroad, they nevertheless keep a close eye on the latters’ activities.

In general terms, there has been a gradual and steady upsurge in trade between India and Africa since the early 1990s. In 1991 for instance, the value of trade was around $967 million, it increased to $25 billion in 2007–2008 and was raised to around $40 billion in 2008–2009, it was between $45 and $53 billion in 2010–2011, and is projected to reach $75 billion by 2015 (Harshe 2010: 355; Taylor, 2012: 789). The patterns of trade involve Africa’s export of primary commodities such as oil, minerals such as gold, iron ore and metal, as well as ***agricultural*** products. Manufactured fabrics and textiles dominate imports, machinery, pharmaceuticals and other finished products from India (Broadman, 2008: 97).

Indian aid to Africa has also witnessed increases lately. But the lack of a central agency responsible for aid disbursement makes it challenging to ascertain the exact amounts that have been disbursed to Africa (Taylor, 2012: 786). The 2011 India–Africa summit that brought Indian and African leaders together to improve their relations ended with India promising to provide over $700 million in aid for Africa (Taylor, 2012: 786). Indian aid has contributed to building the capacity of Africans in the areas of information technology and education (Harshe, 2010: 357). These areas also occupy a special place in the investments of India in Africa. Several Indian Information and Communication Technology (ICT) companies and education services institutions are active on the continent.

Between 1995 and 2004, Africa accounted for 16% of Indian FDI and the value of the continent’s share in the same period is estimated to be $2.6 billion (Broadman, 2007: 97). Even though some observers have expressed views about the size of Indian FDI in Africa, owing to its concentration in Mauritius that serves as a transit country for Indian FDI to other parts of the world, estimates vary on India’s actual FDI on the continent (Taylor, 2012: 789; Vines and Sidiropolous, 2008: 26). Nevertheless, with Indian oil companies such as the oil and natural gas company (ONGC) Videsh gradually making its way into the oil industry in Nigeria, Angola and Sudan, the value of Indian FDI in Africa is likely to rise significantly in the coming years. Yet, how India, as well as China, engages individual African countries depends on what is at stake. This invariably requires some high-level engagements and immersion in the domestic political economy of these countries.

The complex nature of the interactions between politics and economics in African countries create a huge challenge to engaging with governments and private businesses on the continent. In the case of Nigeria, the presence of oil and the state’s dependence on it raises the stake for different domestic and international state and non-state actors and institutions (Amundsen, 2012: 1). Unsurprisingly, Nigeria’s political economy partly reflects the interplay of various factions. As Amuwo (2010: 430) explains, [M]embers of different factions – military-commercial, bureaucratic, political, intellectual, cultural, chiefly estate and so on – smart and lucky enough to access and stay in power for only a couple of years are assured handsome and rounded dividends from the use of the state as a private resource.

Since the return of democratic rule in 1999, Nigeria has been moving more in the direction of neoliberal market economics with an emphasis on private sector-led growth. The economic reforms that began in 1986 with the introduction of a Structural Adjustment ***Programme*** under the aegis of the World Bank and International Monetary Fund (IMF) have continued with successive national governments (Adejumobi, 2011). Thus, privatisation and liberalisation policies have been prominent in the country. Decision-making on the (re)direction of an oil dependent economy towards a seemingly elusive quest for diversification continues to be made mainly by the federal government, its institutions and actors (Eme and Onwuka, 2011). However, Nigeria’s political economy reflects the influence of state and non-state actors and institutions at federal, state and local government levels who engage in making crucial trade, aid and investment decisions. As a federal state with 36 sub-national state governments, a federal capital territory, and 774 local governments, engaging various actors and institutions across all levels of government in Nigeria is challenging. The weak capacity of state institutions and their inability to effectively perform their statutory functions create additional difficulties in navigating Nigeria’s political economy landscape (Aiyede, 2009; Uzonwanne, 2013). More so, despite efforts to promote economic growth with the help of the private sector, Nigeria continues to be plagued by economic mismanagement and corruption. In fact, the privatisation process of public enterprises since 1999 has been riddled with allegations of corruption and bribery. This has ***produced*** a dent on the integrity of the entire process. Even though potential and actual gains abound in engaging Nigeria as Africa’s most populous country and largest economy, both India and China have been confronted by difficult decisions relating to their trade, aid and investments in Nigeria.

**Chinese and Indian trade with Nigeria: some important observations**

Trade relations between China and Nigeria commenced more than four decades ago. According to records compiled by Mtembu-Salter (2009: 10), as at 1969, the volume of trade between Nigeria and China was £2.3 million, it increased to £5 million in 1970 and by 1971 when official diplomatic relations commenced, it reached £10.3 million. By 1994, the volume of trade had reached $90 million, increased in 1995 to $210 million, reached $830 million in 2000 and between 2001 and 2008 it grew to $7,268 million (Mtembu-Salter, 2009: 10). Like Angola and Sudan, Nigeria’s main export to China is oil and it imports mostly finished goods.

The lack of diversification of Nigerian exports to China is noteworthy and merits some explanations. The discovery of oil and its status as the state’s main foreign exchange earner since the late 1960s has been a bane to the development of other sectors of the Nigerian economy. Ever since oil and gas became its main export products, Nigeria’s former role as the main exporter of ***agricultural*** products such as groundnut, palm oil and cocoa in the late 1950s and early 1960s has gradually eroded. Its manufacturing sector has also suffered great setbacks since the emergence of oil and gas as major export commodities. The manufacturing sector currently contributes less than 4% to the country’s GDP. The much-discussed diversification of the Nigerian economy has not ***produced*** any positive results and the export of oil remains the major trade Nigeria engages in with the rest of the world. Notwithstanding the manufacturing fiasco, one of the areas where the country has tried to maintain some modicum of diversified manufacturing export is in the textiles industry. Unfortunately, conflicts with Chinese traders and manufacturers have featured in Nigeria’s attempt to continually keep its textile industry functional; this is chiefly due to the ‘dumping’ of cheap textile imports from China.

In a broad sense, the production of textiles has always been a thriving and lucrative enterprise in West Africa from a historical perspective. Countries such as Nigeria, Ghana, Togo, Benin, Senegal, Cote d’Ivoire and others along the West African coastal corridor, whose societies and citizens have participated actively in the propagation of textile production for centuries, have been forced into a retreat due to cheap Chinese textile imports. In some instances, some West African textile manufacturers have closed their shops and businesses. In response, the Nigerian authorities have reacted angrily to such developments even as various trade unions in Nigeria, not least the Manufacturing Association of Nigeria (MAN), have all called upon the government to take decisive actions against Chinese textile importers and manufacturers.

Early indications of tensions in China–Nigeria trade relations emerged in 2001 when the government of former President Olusegun Obasanjo listed textiles and other clothing products coming mainly from China as contraband goods. These contraband goods were subject to confiscation upon discovery. To the contrary, the influx of textiles from China only increased afterwards. As tensions rose, discussions between Nigerian and Chinese officials failed to reduce the influx of the contraband goods and the Nigerian authorities began raiding Chinese warehouses around the country. In 2003, a Chinese warehouse was sealed owing to the discovery of contraband goods but this did not deter other importers of the contraband. Another raid in 2006, which actually affected a major Chinatown shopping centre in Ojota, Lagos, Nigeria, forced the entire market to be closed for days as Nigerian government officials insisted on applying stiffer punishments for violating importers and traders. To date, the effects of the 2006 closure are still been felt as the place is now considered a ‘ghost town’ by many. The shops are empty and some Chinese traders have relocated back to China or other parts of Nigeria.

The failure to peacefully resolve the impasse over textile imports and exports reveals how frosty Nigeria–China trade relations can be. Unlike South Africa that was able to manage similar conflicts with Chinese traders and importers in 2006, dialogue completely broke down in the Nigerian case. In the case of South Africa, Chinese officials agreed to implement a moratorium on Chinese textile imports for some years so that South African textile manufacturers and traders could find their feet and be prepared for competition in future. But in Nigeria, the response of the Chinese has been to point accusing fingers at Nigerian importers and traders who specialise in smuggling cheap Chinese textiles into Nigeria via unsupervised and porous borders (Mtembu-Salter, 2009: 11). Corrupt Nigerian customs agents have also been identified as been complicit in allowing the import of Chinese textiles. Interestingly, some of the banned ‘made-in-China’ textiles sometimes come with designs and patterns usually used by their West African counterparts. In such circumstances, Nigerian authorities and textile manufacturers accuse their Chinese counterparts of colluding to destroy the Nigerian textile industry. However, regardless of the controversy over textiles, China–Nigeria trade continues to grow and the export of some Nigerian commodities such as cassava have increased. More so, many Nigeria traders now live and work in the Chinese city of Guangzhou, a city fast becoming the trade hub for many Africans and Chinese. This is likely to encourage more trade relations between the two countries on a people-to-people basis.

With respect to trade relations between Nigeria and India, it seemed to have followed an evolutionary path and in 2013 India became Nigeria’s topmost trading partner. The presence of Indian businesses in Nigerian cities such as Kano, Kaduna and Lagos pre-date Nigeria’s independence in 1960. Although the trade between the two countries have always existed, on the eve of Nigeria’s transition to democracy in 1998/1999, the value of trade totalled $1425.82 million and increased to $2916.21 million in 2002–2003 (Kura, 2009: 21). In the early 1960s, Indian imports from Nigeria comprised oil and textiles and India enjoyed a trade surplus with Nigeria. But since the oil boom of the 1970s, the trade surplus has been in favour of Nigeria; between 22 and 25% of Indian oil requirements are from Nigeria (Vasudevan, 2010: 3–4). Apart from oil, Nigeria exports items such as wood, pearls, plastics and textiles to India and imports mainly pharmaceuticals (Vasudevan, 2010: 4). Unlike its dealings with China in non-oil products such as textiles, Nigeria’s trade engagement with India has so far remained peaceful.

The political economy of Nigeria’s external trade with China and India shows that the options for Nigerian politicians and policymakers in effectively deciding the direction of trade are not much. The lack of a ***strategic*** trade policy is a major bane in this regard. The country’s overdependence on oil makes it imperative to always take oil to the market as a main commodity. As it stands, even if diversification of the economy will take place, revenues from oil will be instrumental in facilitating such redirections, provided the necessary policies are put in place and corruption is reduced in the process. But given Nigeria’s adopted neoliberal reforms, such diversification may take a while to materialise. This is because it appears unlikely that any real ‘developmental’ efforts on the part of the Nigerian state, similar to anything China or even India did to manage their own economic diversification through state-directed development, will take place anytime soon.

Notably, crucial to understanding Chinese and Indian trade with Nigeria is the role of their trade-supporting institutions. In the case of China, the establishment of state-sponsored financial institutions such as China Exim Bank, China Development Bank and the China Export and Credit Insurance Corporation has enhanced China’s trade relations globally. Bolstered by large financial support from the Chinese government, these institutions have facilitated the trade relations between Nigeria and China through their loans and grants for Chinese state-owned and private businesses. Similarly, but to a far lesser degree, India’s attempt to extend lines of credit to its companies through its own Exim Bank has not influenced Nigeria–India trade significantly. Not even the India Focus Africa ***programme***, launched in 2002 to encourage trade relations amongst others things (Harshe, 2010: 355), has been quite successful compared to any of the Chinese institutions. Nonetheless, considering India is now Nigeria’s number one trading partner due mainly to increases in Indian oil imports from Nigeria, it can safely be suggested that India–Nigeria trade will be enhanced if lines of credit are extended to companies, traders and manufactures involved in facilitating trade between the two countries.

**Navigating murky waters: Chinese and Indian aid and investments in Nigeria**

After the return to democracy in 1999, the administration of President Olusegun Obasanjo inherited a Nigeria with dilapidated infrastructure, high youth unemployment, systemic corruption, huge national debt and a private sector that mainly lived off the public sector. The situation has not improved in many aspects: poverty remains high at over 60%, life expectancy is low and level of illiteracy is still high. Crime and insecurity across the country and terrorism in the northern parts continue to be challenges that Nigerians confront daily. Finding solutions to these problems has been quite difficult for various stakeholders. Government officials therefore consider the increasing relations between Nigeria, China and India as an opportunity for solving some of Nigeria’s socioeconomic problems, not least through the creation of job opportunities for the teeming number of unemployed youths in the country. To be precise, although revenues accruing from the sale of various export commodities allow the government to stay afloat, additional resources are needed for rapid national development. Aid and investment from China and India are important sources for financing socioeconomic development in Nigeria. Yet, in providing aid and investment to Nigeria, caution needs to be applied in order to avoid potentially debilitating and catastrophic mistakes. The politically turbulent years of President Obasanjo’s administration (1999–2007) witnessed twists and turns in the aid and investment relations between China, India and Nigeria. As earlier mentioned in the case of China, delineating Chinese aid and investment into clearly distinguishable parts can be quite onerous in real terms due to the interwoven nature of aid and investments in Chinese state-led capitalist expansion strategies. China uses its aid to facilitate investments in many African countries and Nigeria has not been an exception. Considering Nigeria’s enormous socioeconomic challenges, Chinese companies have been able to make some in-roads into the country with aid from the Chinese government. Although Chinese companies are visible in almost all sectors in Nigeria, their presence is greatest in the construction, telecommunications and oil sectors. Nigeria is one of the major beneficiaries of China’s infrastructural investments in Africa (Foster et al., 2008: 20). In the areas of building hydro and gas-powered stations, highways and railroads, Chinese investments are rising. For instance, the China Civil Engineering Construction Corporation (CCECC) has won many contracts in Nigeria. This includes the rehabilitation of some existing railroads and the construction of the $50.5 million 5000 housing units used for the eighth all-African games held in Abuja, Nigeria in 2003 (Mtembu-Salter, 2009: 16).

In addition, given the Chinese preference for government-to-government or state-to-state bilateral public sector engagements, Chinese companies have been supported by Beijing to bid for national and sub-national government contracts in Nigeria. The contract awarded to CCECC by the Lagos state government in Nigeria to build the Lekki Free Trade Zone is a good example (Mtembu-Salter, 2009: 16). Moreover, Nigeria’s status as a major oil ***producer*** on the one hand, and China’s desire to meet its own domestic energy needs on the other, makes getting into the Nigeria oil industry a priority target for the Chinese. But utilising Chinese aid to enhance investments in Nigeria’s oil industry has not entirely ***produced*** the desired results. In fact, if investment in the oil sector is considered the ‘holy grail’ for China in Nigeria, some miles still need to be covered before China has a strong footing in the Nigerian oil industry. Not even the much discussed and somewhat celebrated ‘oil-for-infrastructure’ approach of China in Africa has been able to deliver significant parts of the Nigerian oil sector to Chinese oil companies. China’s ‘oil-for-infrastructure’ project signed with President Obasanjo during his second term in office (2003–2007) entailed that China provides $2.5 billion for the rehabilitation of the Lagos to Kano railway road. This was supposed to be in exchange for four oil blocs with proven reserves given to the China National Offshore Oil Corporation (CNOOC). But immediately after the expiration of Obasanjo’s tenure as president in 2007, the deal fell apart amidst controversies over numerous irregularities in the negotiations (Vines et al., 2009: 21). The disagreement with the Chinese also bordered on the fuzzy amount of loan components and interests to be paid on the deal (Downs, 2009: 54). President Umaru Yaradua, who succeeded Obasanjo, suspended the deal a few weeks after been sworn in as president in 2007. The deal was subsequently renegotiated and split into bits for the construction of parts of the railroad. The oil blocs were withdrawn and other offers made.

In their effort to enter Nigeria’s oil industry where Western multinational oil companies representing the ‘seven sisters’ dominate (see Sampson, 1993), Chinese companies did not envisage any situation that could adversely affect their entrance. Indeed, by the time the Chinese companies realised what had gone wrong with their hasty approach at acquiring oil blocs in Nigeria, powerful Western companies and their local elite partners, both in and out of government, had been provoked. Moreso, the period of hasty negotiations and fuzzy terms of agreement by the Chinese in the mid- to late 2000s coincided with the end of oil concession licences and contracts hitherto held by the major Western oil companies. Local power elites and the multinational oil companies interpreted the oil-for-infrastructure deal as an attempt by the former president to redistribute oil contracts in favour of Chinese companies.

Also around this time, Western multinational oil companies and their local allies had expressed concerns about the implicit redistributive aspects of Nigeria’s proposed Petroleum Industry Bill during the administration of the former president. Rather unsurprisingly, even until today, the Bill remains to be passed by the national parliament. This is despite arguments in favour of its transformative elements with respect to promoting transparency and accountability in Nigeria’s opaque oil industry. Concisely, the vicissitudes of Nigeria’s elite politics and the influence of the oil companies on Nigerian politicians and policymakers have made it problematic for Chinese companies to find a strong footing in the Nigerian oil industry. A reality that the Chinese government now appears to recognise, as it seems to take a more gradual approach to its engagements and entrance into Nigeria.

Equally important, the ‘privatisation of politics and power’ under President Obasanjo during the eight years of his administration (1991–2007) created a lot of turbulence in Nigerian politics (Adejumobi, 2011: 3). Alliances were formed for and against him and some of those who appeared to have been favoured under his administration were up against those against him. This made it even more difficult for the Chinese to successfully find a way to enter the Nigerian oil industry with the former president’s support. The latter’s widely reported attempt to elongate his constitutionally circumscribed two-term limit as president to three terms raised tensions within the Nigerian polity in the build up to the 2007 general elections.

Perhaps if the Nigerian parliament had not voted against the third term ambition of the former president, China might have ‘surreptitiously’ gained access into Nigeria’s oil industry with his support. This in itself might have created further problems for the Chinese in future once he left office. The setback suffered by CNOOC as a result of the revoked ‘oil-for-infrastructure’ project notwithstanding, Chinese oil companies such as the China National Petroleum Company (CNPC) and China Petrochemical Corporation (Sinopec) are now making gradual progress. Indeed, Sinopec’s $7.22 billion purchase of a Canadian oil firm, Addax, in 2009 is sometimes considered a possible model for Asian companies to get into the Nigerian/African oil markets (Vines et al., 2009: 1). This, according to Vines et al. (2009), means purchasing existing companies and operations rather than bidding for new oil blocs.

Away from the oil sector, the telecommunications sector in Nigeria has witnessed some Chinese investments. Chinese companies such as Huawei and Zhong Xing Telecommunications Equipment Company (ZTE) have made their presence felt by engaging in a wide range of activities relating to the expansion of Nigeria’s telecommunications services. Huawei has collaborated with GV Telecoms/Prestel in a deal worth $250 million for the expansion of its activities while the China Development Bank has provided $20 million to support Reliance Telecommunications Limited through Huawei (Baah and Jauch, 2009). Nigeria also solicited the assistance of China in launching a satellite into orbit. The launch of NIGCOMSAT-1R from China in May 2007 was applauded as a success, but the satellite disappeared into space in November 2008, embarrassing both Chinese and Nigerian officials in the process. It was, however, replaced soon afterwards (Mtembu-Salter, 2009: 18). Nevertheless, the entrance of China into Nigeria’s telecommunications arena has been positive.

In the case of India, Indian aid and investments in Africa tend to go into capacity building of Africans and Nigeria has been a beneficiary of many training ***programmes***, including security-related training of military and police personnel. In the ICT sector, India supports the training of ICT experts and Indian ICT companies continue to expand their franchise in Nigeria. More than 150,000 Nigerians have received training from such franchises since 1990 (Vasudevan, 2009: 5). In addition, considering Nigeria and India have vibrant film industries (Nollywood and Bollywood respectively), investments have gradually begun to rise in the movie sector as well (Harshe, 2010: 356). Beyond the telecommunications and entertainment sectors, Indian companies, like those of China, have emerged in the construction, power and pharmaceutical sectors. However, it is in the oil sector that India, unlike China, has applied a meticulous approach and made informed decisions without running into problems with the Nigerian authorities.

From India’s perspective, efforts geared towards securing reliable and affordable access to oil are necessary for India’s economic and industrial progress. Considering its ‘late comer’ status to African oil markets, securing access in Nigeria’s oil industry is crucial for India. For this reason, Indian oil companies have signed agreements with the Nigerian National Petroleum Corporation (NNPC) for the import of oil (Beri, 2010: 905). Indian oil companies such as ONGC Videsh have successfully won contracts in oil licensing and prospecting in Nigeria. India’s demand for Nigerian oil is high and Nigeria supplies 10% of India’s global imports. It is also a major beneficiary of ONGC Videsh’s foreign investments (Vines and Sidoropolous, 2008: 26). Apart from ONGC Videsh, other leading Indian companies such as the ONGC Mittal Energy Limited, a joint venture company made up of ONGC Videsh and Mittal Steel Limited, the Gas Authority of India limited (Gail), and Indian Oil Corporation (IOC), have all shown interest in investing heavily in Nigeria. Yet, despite their keen interest in Nigeria, successive Indian governments and oil companies have been very careful in entering the Nigerian oil and gas sector without due considerations of the possible setbacks that can arise from unscrutinised purchases.

A case that proves their meticulous approach is ONGC Videsh’s 2005 successful bid to purchase a 45% stake worth $2 billion in South Atlantic Petroleum Limited, a company owned by a former Nigerian army general (Vasudevan, 2010: 6). Despite its successful bid, the Indian government blocked the deal, citing the unprofitable nature of the agreement. This quick ***intervention*** by the Indian government some observers maintain saved India from what could have become a major error. However, the dexterous attributes of Indian engagements go beyond the perceptive decisions in cases such as the oil deal cancellation. Indian oil companies have shown their capabilities in taking part in Nigeria’s oil exploration activities and have made progress in the downstream sector. In all, Indian aid and investments in Nigeria have been used to acquire greater access into the Nigerian economy and Indian businesses continue to thrive in Nigeria. The purchase of Zain Nigeria by the Bharti Airtel Limited of India puts Indian telecommunication investments ahead of those of China in Nigeria. But more importantly, the neoliberal economic reforms the Nigerian government is pursuing avails Indian businesses and individuals the opportunities to invest in Nigeria beyond the oil sector. Whether or not these investments will help cure some of Nigeria’s numerous socioeconomic maladies in the near future remains to be seen.

**Conclusion**

From the discussions above, it is clear that both China and India are rising and making their impact felt globally. The impact of their rise is particularly been felt on the African continent where the scramble for access to raw materials and investment opportunities continue to illustrate the importance of Africa to the economic equations of the two Asian giants. Gaining access into the continent has been facilitated with the tacit and explicit combination of rhetoric and reality in their engagements with individual African countries and the continent as a whole. Interestingly, while the strength of their engagements varies across the continent, the patterns and forms of their engagements have so far ***produced*** different results, with China maintaining the upper hand overall. However, similarities still exist in their strategies. For instance, the FOCAC and the India-Africa Forum Summit are used as avenues for coordinating Chinese and Indian Africa policies and ***programmes*** respectively (Anshan and April, 2013; Taylor, 2012). The FOCAC meetings that began in 2000 in Beijing, China, have subsequently been held in Addis Ababa, Ethiopia in 2003, Beijing in 2006, Sharm el-Sheik, Egypt in 2009, Beijing in 2012. And Johannesburg, South Africa in 2015 in South Africa. Likewise, India also held the first, second, and third India-Africa Forum Summits in 2008 in New Delhi, India, 2011 in Addis Ababa, Ethiopia, and 2015 in New Delhi, India.

Furthermore, the establishment of the Chinese and Indian Exim Banks have aided the increases in the trade, aid and investment engagements between China, India and Africa. The role of the Chinese Exim Bank has been very influential in supporting Chinese businesses and companies on the continent. The establishment of the Indian Exim Bank was done partly to facilitate trade and investment between India and Africa, but it has so far not matched that of China. This is despite the fact that in the five years leading up to 2008, India extended approximately $2 billion to eight African countries (Vines and Sidiropolous, 2008: 26)

Regardless of their successes so far on the continent, navigating through the murky waters of African politics and complex economic layouts has not been an easy ride for the Asian giants; mistakes have been made, lessons learnt and challenges remain. Nigeria has arguably been a learning field for China and India in Africa. The challenges involved in engaging complex and divided societies such as Nigeria are no doubt enormous. The increasing presence of China and India in Africa has the potential of providing the opportunities for African politicians and policymakers to utilise the resources the Asian giants can provide to develop the continent. But in the absence of ***strategic*** engagement ***plans*** in many African countries and sectors for engaging the Asian giants, many African countries may not get what they really need. Quite tellingly, as the former Governor of the Central Bank of Nigeria and current Emir of Kano, Sanusi Lamido Sanusi, expressed in an article in the *Financial Times* on 11 March 2013, ‘Africa must get real with China’. Need anyone add India as well?

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HINA Digest

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**Body**

Zagreb, 24 January 2018 (Hina) - Croatian PM to take part in World Economic Forum in DavosZAGREB, Jan23(Hina) - Croatian Prime Minister Andrej Plenkovic will take part in the WorldEconomic Forum in Davos, Switzerlandon Thursday and Friday and hold a number of bilateral meetings with world political and business leaders.The 48th World Economic Forum Annual Meeting, which kicked off on Tuesday, brought together over 2,500 participants and 70 world leaders, including all European leaders -- French President Emmanuel Macron, German Chancellor Angela Merkel, British Prime Minister Theresa May and Italian Prime Minister Paolo Gentiloni. On Tuesday, theForumwas addressed by the Prime Minister of India, Narenda Modi. U.S. President Donald Trump is scheduled to address the event on Friday.Plenkovic is scheduled to arrive in Davos early on Thursday and hold a bilateral meeting with Israeli Prime Minister BenjaminNetanyahu, sources in the Croatian government told Hina.Apart ofNetanyahu, Plenkovic will also hold bilateral meetings with Greek Prime MinisterAlexisTsipras, Dutch Prime Minister MarkRutte, AlbanianPM Edi Rama and Ukrainian President Petro Poroshenko.On Thursday, the Croatian PM will also hold talks with global business leaders.On Friday, he will meet European Investment Bank presidentWernerHoyer, European Trade Union Confederation secretary general Luca Visentini and Bulgarian Prime MinisterBoykoBorissov.Plenkovic is scheduled to take part in three debates at the Forum. He will also be present when U.S. President Trump is scheduled to address the event.Istria leaders believe in Uljanik's futureZAGREB, Jan 23 (Hina) - Istria County prefect Valter Flego, Pula mayor Boris Miletic and member of the European Parliament Ivan Jakovcic held talks in Brussels on Tuesday with representatives of the European Commission Directorate-General for Competition after the Commission approved state aid to rescue the Uljanik shipyard in Pula.All three thanked the Commission for approving the aid and commended the Croatian government's efficiency in issuing a guarantee to bail outthe shipyard, voicing confidence that Uljanik would find a ***strategic*** partner and undergo a successful restructuring.Miletic said he was grateful the Commission recognised the importance of shipbuilding for Croatia's economy.

He said it was necessary to think about how to ensure its sustainability in the long term in competition with Southeast Asian shipyards.Asked by the press how likely it was to find a ***strategic*** partner soon, Mileticsaid certain letters of intent had already been sent to Uljanik. He said he believed in Uljanik, its workers and management as well asthe know-how acquired in over 160 years, and that he was sure a good ***strategic*** partner willing to inject fresh capital and enable the company to operate, grow and develop without state aid would be found.Flego said the approval of the state aid would result in the payment of wages and resumption of production. The priority is to preserve production in Pula and Rijeka in the interest of Croatia's shipbuilding and exports, he added.Jakovcic said he would initiate a debatein the European Parliament on the future of Europe's shipbuilding, which he said was faced with unequal competition from Southeast Asia.European Commission approves rescue aid for dockThe European Commission on Monday cleared rescue aid for theshipbuilder Uljanik in the northern Adriatic city of Pula."The European Commission has found Croatian ***plans*** to grant Uljanik shipyard a State guarantee for a €96 million loan are in line with EU State aid rules. The measure will allow the company to meet urgent liquidity needs while preparing a restructuring ***plan***, whilst competition distortions are limited," a press release said.The Croatian government authorised the Finance Ministry on January 11 to issue a state guarantee amounting to EUR 96 million in favour of the Croatian Postal Bank and/or other commercial banks in the country and abroad for a loan to rescue Uljanik. The guarantee was to become active upon approval by the European Commission.Uljanik exec tells disgruntled workers to stop protestingZAGREB, Jan23(Hina) - The director of Uljanik'sBusiness Information Systems. Hrvoje Markulincic, on Tuesday told reporters that he was sorry to see that some 200 workers of the Pula-based shipyard, disgruntled by the striking committee's decision to put astrike ***plan*** on hold, had gathered outside the shipyard administration building demanding the management's resignation, andcalled on the protestersto stop their"unlawful activities".Earlier in the morning, the unions operating in the shipyard informed the workers that they had relayed their demands to the management and called on them to return to work, which some of them did, while a group of them continued to protest.The management reassured the unionists that the salaries for December and the Christmas bonus will be paid to the employees of this ailing dock on Wednesday.We regretthe situation outside the administration building of Uljanik, because it did not depictthe real picture of Uljanik, whereas 2,400 workers have been working at the dock allday, Markulincic said in his comment on the protest staged by some 200 employees.The protesters were joined by a dozen activists from the Human Shield and Workers' Front parties, who also demanded the resignation of the management.Markulincicsaid that unauthorised persons had forcibly entered the premises of Uljanik on Tuesday and this would not be allowed to happen again on Wednesday.On Tuesday morning, a13-member striking committee met once again, but some of the members walked out due to differences of opinion."I am a legalist and I stand by my decision. We should wait 48 hours for the workers to be paid their December wages, as announced by the management. If the wages are not paid, we are going out on strike," Djino Sverko of the Croatian Metal Workers' Union told Hina. He said that most of the workers were at their workplaces doing their work.The striking committee decided early on Tuesday morning to put their strike on hold for the next 48 hours and if their wages were not paid during that time, they would go on strike on Friday.SDP official questions responsibility of Uljanik Group managementZAGREB, Jan 23 (Hina) - The Social Democratic Party (SDP) vice-president and member of Parliament, Pedja Grbin, on Tuesday questioned the responsibility of the Uljanik Group's management for the present situation at the Uljanik shipyard in Pula, wondering whether the same people who put the company in financial difficulty could get it out of trouble and lead it through restructuring."The company's management has the obligation to prepare a restructuring ***plan*** for the general assembly, but the restructuring ***plan*** is much more serious than current speculation and statements by senior executives at Uljanik that an investor will miraculously appear and provide the money without asking anything inreturn, which is ridiculous. After all, the prime minister, in one of the few statements where we in the SDPagree with the HDZ, also raised the question of management responsibility," Grbin told a press conference in Pula.He welcomed the European Commission's approval of astate guarantee for a EUR 96 million loan for the shipyard, but noted that it was only a temporary solution."The European Commission's rules clearly say that such guarantees can last no longer than six months, ... so during that time a serious restructuring ***plan*** will need to be prepared," Grbin said.He said that the company management, owners, trade unions, the potential ***strategic*** partner and the government should be involved in restructuring the Uljanik Group, adding that the SDP insisted on the transparency of the process.Istria County prefect Valter Flego, Pula mayor Boris Miletic and member of the European Parliament Ivan Jakovcic, who are officials of the regional Istrian Democratic Party, on Tuesdaycommended the Croatian government's efficiency in issuing a guarantee to bail out the shipyard.BAT announces new investment in Kanfanar factoryZAGREB, Jan23(Hina) - British American Tobacco's (BAT) Adria region, which is managed from Croatia, will make new investments in its factory in Kanfanar, Istria, in 2018, which will raise its total investments to EUR 40 million,the company said on Tuesday.Over the past two years, after taking over the Tvornica Duhana Rovinj (TDR) tobacco factory, BAT's Croatian team has made major progress in business, which has strongly positioned TDR within the BATsystem, Antal Bekefi, BAT's new director for the Adria region, has said.In October 2017 the Adria region expanded to new markets and now covers, apart from Slovenia,Croatia and Bosnia and Herzegovina, the markets of Serbia, Montenegro, Macedonia, Albania and Kosovo.Together with the Bulgarian and Romanian markets, the Adria region is now becoming a part of BAT's new organisation area South and Central Europe.BAT is one of the biggest private investors and exporters in Croatia, with 80% of its production in Kanfanar being exported.The Croatian section of BAT's Adria region currently employs 1,650 workers.FinMin issues treasury notes at interest rate of only 0.1%ZAGREB, Jan23(Hina) - The Ministry of Finance issued HRK 1.4 billion worth of treasury notes at an auction on Tuesday.The treasury notes mature one year from today, carrying an average interest rate of 0.1%, which is 0.1percentage points lower than at the previous auction, held on December 5.Given that HRK 928 millionworth of treasury notes is falling due, the ministry offered for subscription HRK 900 million worth of treasury notes.The ministry accepted offers worth HRK 1.4 billion, while financial institutions offered HRK 3.8billion.The next auction is set for January 30.IJF: VAT can be reduced after state spending is rationalisedZAGREB, Jan23(Hina) - Room to reduce the standard VATrate in Croatia can be createdonly if state spending is rationalised in the long run, and even then it is possibly wiser to reduce labour and capital taxes, reads a Public Finance Institute (IJF) publication entitled "Proposals for New VAT Rates in the EU".The author of the publication, Marina Kesner-Skreb, saysthat VAT revenues constitutethe heftiest portion of budget revenues (HRK 45 billion or 63% of budget revenues in 2016), and that even a small change would cause major changes in thoserevenues."Roomto reducethe standardVAT rate will be created only if long-term and sustainable rationalisation of state spending is achieved. But even then it would possibly be wiser to reduce the 'harmful' taxation of labour and capital, thus encouraging growth and employment," saysKesner-Skreb.She recalledthat the European Commission on January 18 proposed introducing a new VAT system giving member-statesmore autonomy while simplifying the current VAT system.The new proposal for the system of VAT, which is considered one of the least harmful ways of taxation and especially 'friendly' towards economic growth, envisages a standard rate of minimum 15% and gives member-statesthe possibility to introduce also two separate, lower rates of between 5% and the standard rate; one zero rate;and an additional lower rate of between 0% and the lower rates.The EU's current complex list of products and services to which lower rates may be applied would be abolished and replaced by a new, so-called negative list, which would cover products such as weapons, alcoholic drinks, gambling, tobacco products etc. and those products would always have to be taxed by the standard rate.One of the changes is that the average weighted VATrate would have to amount to at least 12% in order to secure sufficient funds in the member states' and EU's budgets. The new regime also envisages continuing the use of all rates different than the standard rate.The bill on the new VATregime will be submitted to the European Parliament and the European Economic and SocialCommittee for consultation and to the Council for adoption.Croatia among EU countries with highest VAT rate, highest share of VAT in GDPStandard VAT rates in the EU range from 17% in Luxembourg to 27% in Hungary, with most countries using standard rates of between 20% and 24%.Together with Denmark, Sweden and Hungary, Croatia is at the very top in that regard, says Kesner-Skreb.Croatia applies lower VATrates, of 5% and 13%, to 20 groups of products and services, and those rates do not depart significantly from rates applicable in other EU member-countries.In 2014, the share of VAT in GDP in Croatia was 12.5%, which is much higher than the EU average, which in 2015 was 7.8% of GDP, and the highest inall EU members.The flexibility in setting VAT rates as proposed by the European Commission will contribute to adjusting VAT in Croatia to domestic economic priorities in the best possible way, says Kesner-Skreb.Union federation against IMF executives' recommendations to gov'tZAGREB, Jan23(Hina) - The MHS trade union federation said on Tuesdaythe recommendations which International Monetary Fund executives gave the Croatian government last week were contrary to the opinion of many international institutions as well as IMF researchers.Senior IMF clerks recommend that the government resist pressures to raise salaries in the public sector and the further increase in war veterans' rights, which means they put salaries and those entitlementsat the same level, MHS president Vilim Ribic said in a press release, adding that the IMF equatescompensation for past achievements and the cost of labourwhich contributeto acountry's future.The IMF feels it cannot criticise governments for financing their costs to stay in power and is very careful and considerate about that, but it can ruthlessly advise the additional belittling of the work of hundreds of thousands of people after eight years of salary cuts and freezes, of cost of labour cuts and mass emigration, Ribic said.Advising the government not to raise salaries in the public sectoris contrary to the opinion of the European Central Bank, theOrganisation for Economic Cooperation and Development, theInternational Labour Organisation and the United Nations Conference on Trade and Development, Ribic said, adding that IMF researchers recently warned about the need to raise salaries in Europe.The IMF is primarily a political institution which follows the policies and agreements of the member states, whose governments do not care about researchers' recommendations but about the interests of the financial, media and industrial moguls that brought them to power, Ribic said.The IMF bureaucrats recommendto countries what those in power in those countries wish to hear, provided that it fits into the IMF's doctrines, he added.Average net wage in Nov HRK 6,190ZAGREB, Jan 23 (Hina) -The average monthly net pay in legal entities in Croatia in November 2017 was HRK 6,190(approx. EUR 830), a nominal increase of almost 3% on the month and an increase of 6.6% year on year, according to the latest statistics published by the national statistical office (DZS) on Tuesday .Compared to October,the average take-home pay in November was HRK 176 or nominally 2.9% higher.Year on year, the median net paywas HRK 385 or 6.6% higher.The average gross pay in November amounted to HRK 8,381.That is a monthly nominal increase of 3.7% or HRK 300, and an annual nominal increase of 5.3% or HRK 422.December sees slightmonthly increase, annual dropin unemploymentZAGREB, Jan23(Hina) - The registered unemployment rate in December 2017 grew for the third consecutive month, to 12.2%from 12.1% in November, but on the year it recorded a decrease, according to preliminary figures released by the national statistical office (DZS) on Tuesday.DZS figures show that the unemployment rate in December of 12.2% was 2.5 percentage points down from December 2016.The monthly growth of unemployment is common for the end of the year given that in the period from the spring until after the peak tourist season unemployment declines andstarts rising in the autumn.In June 2017 unemployment slid to 10.8%, the lowest level since 2000, when the DZS started keeping record of unemployment indicators, and it remained around that level during the summer months.Data released previously by the Croatian Employment Service (HZZ) show that at the end of December 187,363 persons were registered with the HZZ,which is 693 persons fewer or 0.4% down compared to theend of November.Currently, there are 195,437 job-seekers and 20,095 vacancies.Residential property prices up 3.8% year on yearZAGREB, Jan23 (Hina) - Residential propertyprices in Croatia increased by 0.6% in the third quarter of 2017 compared with the previous quarter and by 3.8% in comparison with the third quarter of 2016, according to figures from the National Bureau of Statistics (DZS).Newly-built residential properties increased in prices by an average of 1.1% both in relation to the second quarter of 2017 and the third quarter of 2016. Prices of the existing residential properties rose by 0.5% on average compared with the second quarter of 2017 and by 4.3% against the third quarter of 2016.In the third quarter of last year compared with the second quarter, residential property prices were up 3.7% in Zagreb, while in the Adriatic region and elsewhere in the country they were down 1.1% and 0.7% respectively.Compared with the third quarter of 2016, residential property prices rose by an average of 4.4% in Zagreb, 3.6% in the Adriatic region and 2.5% in other areas.Contracts inked with Croatian companies for procurement of police uniformsZAGREB, Jan 23 (Hina) - Executives of Croatian textile and footwear companies on Tuesday signed contracts and framework agreements with Interior Minister Davor Bozinovic for the procurement of police uniforms and equipment with a total value of HRK 112.6 million (approximately 15 million euro).Minister Bozinovic said that at the end of last year, the ministry adopted a procurement and financial ***plan*** which "clearly, precisely and transparently," incorporatesdocuments that were posted on the ministry's web site so that companies could have an insight into the ministry's intended procurement ***plans***."With these agreements, we have made it possible for Croatian police to be equipped from head to toe with Croatian products," Bozinovic said and added that all the companies were selected in an international bid and that the ministry would work within its possibilities to contribute to developing the economy.The contracts were signed with the Omis-based Galeb textile company and the Borovo footwear company from Vukovar.Even though they are satisfied with today's contracts, police unionistsnoted that Croatian police arestill not "completely equipped with new equipment," and that their pays should be increased.Union leader, Dubravko Jagic said that he hoped that the new equipment would be "adequate and that it does not need to be the latest fashion," and that regardless of pay increases, more investmentsare needed in the police.The ministry informed that in addition to the latest procurement, procedures were underway for investments for vehicle and helicopter maintenance and the construction of new premises.Zagreb has more than 62,000 residents with frozen bank accounts, owing HRK 12.3bnZAGREB, Jan 24 (Hina) - At the end of November 2017, there were 322,782 Croatians whose bank accounts had been frozen due to default payments, owing a total of HRK 42.80 billion, and Zagreb had the largest number of debtors - 63,316, owing HRK 12.36 billion.At the end of last November, 11.60% of the working-age population in the capital city had their bank accounts frozen. In Split-Dalmatia County 30,160 people had their bank accounts frozen, owing slightly more than HRK 3.9 billion and accounting for 9.89% of the county's working-age population.In Zagreb County, 26,085 residents had their bank accounts frozen, with their debt exceeding HRK 3.9 billion, a 12.11% share in the working-age population.Lika-Senj County had the fewest residents with frozen bank accounts - 2,887. They owed HRK 289.7 million and their share in the county's working-age population was 9.19%.In relation to the total population, Koprivnica-Krizevci County had the most residents with frozen bank accounts, 9.38%, followed by Sisak-Moslavina County, with a 9.29% share. The two counties were also on top of the list in terms of the share of residents with frozen bank accounts in the working-age population - 14.1% and 14.08% respectively.Zagreb, Split, Rijeka, Osijek and Zadar are on top of the list of cities with the largest number of residents with frozen bank accounts. In Zagreb, there were 62,316 such residents, in Split 11,972, in Rijeka 10,210, in Osijek 8,539 and in Zadar 5,261.At the bottom of the list were Dugo Selo, with 1,979 residents with frozen bank accounts, Djakovo (2,253) and Koprivnica (2,265).However, in terms of the share of people with frozen bank accounts in the total population, Dugo Selo stands out with 11.3%, followed by Krizevci, with 11.23%, Sisak, with 10.98% and Cakovec, 10.29%.In terms of the share of residents with frozen bank accounts in the working-age population, Benkovac is on top of a list of 25 cities, with a 16.97% share, followed by Dugo Selo, with a 16.66% share and Krizevci, with 16.59%.In terms of the average amount owed, Cakovec residents owe the most - HRK 359,000, followed by residents of Benkovac, with their average debt amounting to HRK 340,000, Samobor, with HRK 250,000, and Sveta Nedelja, with an average debt of HRK 239,000.Minister says Croatian schools must finally enter 21st centuryZAGREB, Jan23(Hina) - Croatian Science and Education Minister Blazenka Divjak spoke at a panel at the Education World Forum in London on Tuesday about Croatia's curriculum reform and the importance of innovation and digital technology in education, saying Croatian schools finally had to "enter the 21st century."The forum's topic was "Preparing students for success: thinking, doing, well-being and learning" and Divjak spoke at the"Computing Curriculum, Coding or Computational Thinking" panel.Speaking to Hina, Divjak said "90% of jobs in the future willdemand digital skills and we must adapt to that, soit's important that our schools finally enter the 21st century. We must all work together on encouraging quality and creating equal opportunities for our students. Away of teaching focused on problem-solving and not cramming facts has become a necessity."Divjak was the first Croatian minister to address theEducation World Forumtaking place on January 22-24.Committee recommends Croatia to get one more seat in European ParliamentZAGREB, Jan 23 (Hina) -The European Parliament Committee on Constitutional Affairs on Tuesday voted on the future composition of the parliament after 73 seats are vacated following Brexit, suggesting that Croatia be allocated with one more seat.According to the committee's proposal, the number of members in the 2019 - 2024 European Parliament would be reduced from the current 751 to 705.Of the 73 seats held by Great Britain, 46 would be kept in reserve to be reallocated to new countries joining the EU and toMEPs elected on all-European slates. The remaining 27 British seats would be redistributed among 14 member states that are currently underrepresented in the parliament.An additional seat is supposed to be alloted to Croatia, bringing the total number of Croatian MEPs to 12. France would be given the most additional seats increasing from 74 to 79.The Lisbon Agreement defines that the highest number of MEPs in the European Parliament can be 751 as many as there is currently.The European Parliament will take a vote on the committee's proposal next month and member states have to unanimously uphold that decision.PM receives Croat minority delegation from SerbiaZAGREB, Jan 23 (Hina) -Prime Minister AndrejPlenkovic on Tuesday received a delegation of the Croat minority community in Serbia to talk about their status as well as projects and ***programmes*** being implemented with the support of the Croatian government, and the prime minister expressed hope thatSerbia would fulfill its obligations,the government's public relations office said in a press release.Plenkovic spoke with the president of the CroatNational Council in Serbia, Slaven Bacic, and the president of the Democratic Alliance of Croats in Vojvodina and Croat MP in the Serbian Assembly, Tomislav Zigmanov.They welcomed the news that after many years, the combined committee for monitoring the agreement on the protection of minorities signed with Serbia would finally meet again on 30 and 31 January 2018. Plenkovic underscored that the status of the Croat national minority is an important issue for the Croatian government and he expressed hope that Serbia would fully meet bilateral obligations.These matters refer to the political representation of Croats at all levels, their cultural rights and education and information provided in the Croatian language and script.Bacic and Zigmanov thanked the prime minister for the support and constant contact with Croatia's most senior government officials and expressed satisfaction with the recent visit Croatia's Science and Education Minister Blazenka Divjak paid to Subotica during a conference organised by the HNV marking the 15th anniversary of HNV's first sitting in Serbia and the 15th anniversary of education in Croatian in schools in Vojvodina where ethnic Croats live.Hooligans from Split take plea deal in BelgradeZAGREB, January 23, 2018 (Hina) - Five Croatian nationals who took part in a massive fan brawl during a football match between Partizan and Crvena Zvezda in Belgrade on Tuesday tookaplea bargain with the prosecution,acceptingprison sentences ranging from four to six months, the media in Belgrade reported.Negotiations are under way with the remaining sixthparticipantin the fight regarding their plea bargain, the Belgrade-based Blic news portal.All the defendants will serve their prison terms in Serbia. After they finish serving their sentences, each of them will be given a five-year entry ban to Serbia."This is the fastest and cheapest way to end this criminal procedure," attorney Djordje Kalanj, who represents three of the six defendants, told Blic.A total of 26 persons were arrested after violence erupted between Partizan and Crvena Zvezda fans on 13 December, including six Croatian nationals.At least 20 people were injured in the mass fight that broke out on the southern stands of the Partizan stadium during the first half of the game, after which a group of fans was escorted out of the stadium under tight police security.According to media reports, the fight was a conflict between factions of Partizan fans.The Belgrade press said the Croatian nationals were from Split and had been paid to take part in the rioting.Deal with Kosovo could be prerequisite for Serbia's EU membership - VucicZAGREB, Jan 23 (Hina) -Kosovo has once again become one of majortopicsin Serbia's European integration process and is more openly being observed through the prism of messages sent by European officials that authorities in Belgrade will not be able to count on membership to the European Union without a legally binding agreement with Pristina.Most electronic media in Belgrade on Tuesday reported on President Aleksandar Vucic's interview for a commercial pro-government television that an agreement with Pristina, among other things means a solution of the border dispute and that in the next few months he would present the "least worst solution," for the issue of Kosovo."They will not allow Serbia to access the EU without a clear solution to the border issue," Vucic said in the interview with the Happy broadcaster and underscored that everyone in Serbia has to agree about what will be done in the future.Vucic underscored that the dispute with the Albanians "is useless and unfortunate," buthe did not wish to specifyhow the Kosovo issue would be resolved."Whether we will resolve it or not? The people will have to at one stage say in a referendum what they think about that," Vucic said, adding "there is no good solution."Kosovo has once again come to the fore following the murder of Kosovo Serb leader, Oliver Ivanovic and Serbia's consequent decisionnot to continue the dialogue with Pristina until Kosovo authorities solve that assassination.EU optimism in Serbia risingZAGREB, Jan23(Hina) - Over a half of Serbia's citizens would support the country's European Union accession at a referendum, and two in three believethe reforms necessary for membership should be carried out regardless of the accession requirements, according to a poll whose findings were presented in Belgrade on Tuesday.If tomorrow they were asked at a referendum if they supported Serbia's EU entry, 52% would say they did, 24% would be against and 12% were not interested in the topic.The poll was conducted in late December by the European Integration Ministry, using Eurobarometer standards. It covered 1,050 respondents above 18.As in previous years, support for reforms is very high, the ministry said, with 65% of respondents saying they should be carried out regardless of EU membership, "for the benefit of citizens" and "for creating a better and more functioning Serbia."Fifty-six percent of respondents said Serbia-Kosovo problems should be resolved independently of EU demands, and over a half supported the continuation of thedialogue with Pristina and the Serbian government's willingness to arrive at acceptable and sustainable solutions through negotiations.The poll showed that "all positive European Union associations" are on the rise, with 18% of respondents, as against 10% in December 2016, associate the EU with better living, higher standards, prosperity and travel.EU optimism in Serbia rose in comparison to December 2015, when 51% of respondents were for accession, and December 2014, when 41% were in favour.Bosnia expects to join WTO by end of JulyZAGREB, Jan 23 (Hina) -Bosnia andHerzegovina could become a full member of the World Trade Organisation (WTO) by the end of July, Trade Minister Mirko Sarovic and the chairman of WTO's Working Party for negotiations with Bosnia and Herzegovina, Atanas Paparizov, announced in Sarajevo on Tuesday.Paprizov, who is the head of Bulgaria's Permanent Mission to WTO, headed aWTO delegation on a visit to Bosnia and Herzegovina, which is in the final phase of negotiations to join the organisation.The negotiations were launched in 1999 when Bosnia and Herzegovina was granted observer status.Bosnia and Herzegovina's accession is conditioned with the resolution of several outstanding issues such as trade relations with Brasil, Ukraine and Russia. Sarovic and Paparizov both said that bilateral negotiations regarding this issuewere progressing and that it was realistic to expect the negotiations to be concluded with relevant agreements by June this year."The main obstacles have been overcome and the final steps are being taken to join the WTO and next month final negotiations are to follow with Brasil, Ukraine and Russia," according to a joint press release circulated to local media.The WTO delegation believes that Bosnia and Herzegovina has recently made great progress in negotiations and ismeeting the membership conditions thanks to Sarovic's efforts.Now we can say that Bosnia and Herzegovina's accession to the WTO is very close and Bosnia and Herzegovina will have our full support in that, said Paparizov, whobelieves that a final decision on the country's membership could be taken in late July this year.In other news:***Agriculture*** Cluster established in Vukovar-Srijem CountyZAGREB, Jan 23 (Hina) - Vukovar-Srijem County, five municipalities in that county, the University of Osijek Faculty of ***Agriculture*** and the Vinkovacka Sparoga fruit and vegetable production cooperative signed an agreement to establish the ***Agriculture*** Cluster on Tuesday.The cluster's initial capital is 760,000 kuna (102,000 euros) and it will operate on the Triple Helix model, which connects the production and education sectors."This is an excellent opportunity to create conditions for ***agricultural*** ***producers*** and to bring them together in order to facilitate their access to the market and make it easier for them to sell their products," Vukovar-Srijem County head Bozo Galic said.He said that the aim was to connect as many ***producers*** as possible to compete on the domestic and European markets together.President to relocate her office to Krapina-Zagorje County on 24-26 JanZAGREB, Jan23(Hina) - Croatian President Kolinda Grabar-Kitarovic will relocate her office to Krapina-Zagorje County from Wednesday to Friday, and this will be the 13th relocation of the presidential office during her term.Her visit tothe northwestern Croatian county will begin with the displaying of thepresidential flag outside the building housing the offices of the local authorities in the town of Krapina.On Thursday, Grabar-Kitarovic will visit Veliko Trgovicse, the birth placeof the first Croatian president Franjo Tudjman, and she will hold talks with local businessmen in the county.On Friday, she will visit Gornja Stubica and pay tribute to Croatian pilot Rudolf Peresin who was born there. Peresin wasa fighter pilot in the former Yugoslav People's Army (JNA) who on 25 October 1991 defected from a military air base in Bihac, Bosnia and Herzegovina, landing with his MIG 21 jet in Klagenfurt, Austria.Upon landing, Peresin said that he was a Croat and did not want to shoot at his people, a statement that resonated strongly in Croatia as well as in other countries. After defecting from the JNA, he joined Croatian defence forces. He participated in the Croatian army liberation operation "Flash" of May 1995, when his plane was shot down and he was taken prisoner by Serb rebel forces. His remains were handed over only three years later and they were buried at Zagreb's Mirogoj cemetery.During her tour of this county, the president will also pay a visit to the national Marian shrine in Marija Bistrica.HTZ attending Duesseldorf boat showZAGREB, Jan23(Hina) - The Croatian Tourism Board (HTZ) is participatingin the Boot boat show, which istaking place in Duesseldorf on January 20-28, the HTZ said on Tuesday.HTZ Main Office head Kristjan Stanicic, who visited the show, said that Croatian marinas recorded more than 470,000 arrivals and more than three million overnight stays in 2017, an annual increase of 15% both in arrivals and overnight stays.German visitors accounted for the largest number of arrivals (76,000) and overnight stays (569,000), an increase of 15% compared to 2016, he said."This year we expect the positive trends on the German market to continue and Croatia to position itself even better as an attractive boating destination," he said.The HTZ also reported about its attendance at the OTM business fair in Mumbai, India, held on January 18-20, where Croatia was named the most promising new destination.The fair was attended by 1,300 exhibitors from 60 countries.More than 56,000 Indian tourists visited Croatia in 2017, making 128,000 overnight stays.UNICEF and Slavonski Brod work together to integrate Roma children in school systemZAGREB, Jan23(Hina) - Representatives ofUNICEF and the City of Slavonski Brod on Tuesday presented the second stage of a ***programme*** for the inclusionof childrenin the education process, whereby six classrooms in the primary school "Hugo Badalic" were equipped for the pre-schoolpreparation of42 children, 22 of whom are Roma.The focus of the HRK 520,000 ***programme*** isthe integration of children from that ethnic minority.Ivana Cosic ofUNICEF Croatia said that UNICEF was committed to helping efforts aimed at creatingequal possibilities for each child.During two years of pre-school education, children attend500 hours of lessons.ZSE indices downZAGREB, Jan23(Hina) - The Zagreb Stock Exchange (ZSE) main indices slid -- the Crobex was down for the fifth trading day, droppingby 0.13% on Tuesday to 1,867.09 points, while the specialised Crobex10 decreased for the second trading day to1,086.11 points, down 0.05%.Regular turnover was HRK 5.3 million or approximately HRK 200,000 less than on Monday. Another HRK 2.67 million was generated in ablock transaction with HT telecom shares.The higest turnover in regular tradingwas generated by the Podravka food company which turned over HRK 1.16 million. The price of Podravka shares was down 0.37%, closing at HRK 269 per share.(EUR 1 = HRK7.436730)Marko Bijac voted best European water polo playerZAGREB, Jan 23 (Hina) - The European Swimming League (LEN) has selected Croatia's national water polo goal keeper and captain of Dubrovnik's CO Jug team, Marko Bijac, as the best European water polo player, while Spanish national women's water polo team goal keeper Laura Ester was named the best female player.This is the tenth year that LEN has awarded this title and the first time that goalkeepers were selected as the best players in both categories.This is also the second time a Croatian water polo player has been named best player after Miho Boskovic was granted the title in 2012.THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 0830 HRS ON WEDNESDAY (Hina) ms Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

ZAGREB, Jan 23 (Hina) - Istria County prefect Valter Flego, Pula mayor Boris Miletic and member of the European Parliament Ivan Jakovcic held talks in Brussels on Tuesday with representatives of the European Commission Directorate-General for Competition after the Commission approved state aid to rescue the Uljanik shipyard in Pula.

ZAGREB, Jan23(Hina) - The director of Uljanik'sBusiness Information Systems. Hrvoje Markulincic, on Tuesday told reporters that he was sorry to see that some 200 workers of the Pula-based shipyard, disgruntled by the striking committee's decision to put astrike ***plan*** on hold, had gathered outside the shipyard administration building demanding the management's resignation, andcalled on the protestersto stop their"unlawful activities".

On Tuesday morning, a13-member striking committee met once again, but some of the members walked out due to differences of opinion.

"I am a legalist and I stand by my decision. We should wait 48 hours for the workers to be paid their December wages, as announced by the management. If the wages are not paid, we are going out on strike," Djino Sverko of the Croatian Metal Workers' Union told Hina. He said that most of the workers were at their workplaces doing their work.

The striking committee decided early on Tuesday morning to put their strike on hold for the next 48 hours and if their wages were not paid during that time, they would go on strike on Friday.

ZAGREB, Jan 23 (Hina) - The Social Democratic Party (SDP) vice-president and member of Parliament, Pedja Grbin, on Tuesday questioned the responsibility of the Uljanik Group's management for the present situation at the Uljanik shipyard in Pula, wondering whether the same people who put the company in financial difficulty could get it out of trouble and lead it through restructuring.

Istria County prefect Valter Flego, Pula mayor Boris Miletic and member of the European Parliament Ivan Jakovcic, who are officials of the regional Istrian Democratic Party, on Tuesdaycommended the Croatian government's efficiency in issuing a guarantee to bail out the shipyard.

ZAGREB, Jan23(Hina) - British American Tobacco's (BAT) Adria region, which is managed from Croatia, will make new investments in its factory in Kanfanar, Istria, in 2018, which will raise its total investments to EUR 40 million,the company said on Tuesday.

ZAGREB, Jan23(Hina) - The Ministry of Finance issued HRK 1.4 billion worth of treasury notes at an auction on Tuesday.

ZAGREB, Jan23(Hina) - Room to reduce the standard VATrate in Croatia can be createdonly if state spending is rationalised in the long run, and even then it is possibly wiser to reduce labour and capital taxes, reads a Public Finance Institute (IJF) publication entitled "Proposals for New VAT Rates in the EU".

ZAGREB, Jan23(Hina) - The MHS trade union federation said on Tuesdaythe recommendations which International Monetary Fund executives gave the Croatian government last week were contrary to the opinion of many international institutions as well as IMF researchers.

ZAGREB, Jan 23 (Hina) -The average monthly net pay in legal entities in Croatia in November 2017 was HRK 6,190(approx. EUR 830), a nominal increase of almost 3% on the month and an increase of 6.6% year on year, according to the latest statistics published by the national statistical office (DZS) on Tuesday .

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ZAGREB, Jan23 (Hina) - Residential propertyprices in Croatia increased by 0.6% in the third quarter of 2017 compared with the previous quarter and by 3.8% in comparison with the third quarter of 2016, according to figures from the National Bureau of Statistics (DZS).

ZAGREB, Jan 23 (Hina) - Executives of Croatian textile and footwear companies on Tuesday signed contracts and framework agreements with Interior Minister Davor Bozinovic for the procurement of police uniforms and equipment with a total value of HRK 112.6 million (approximately 15 million euro).

ZAGREB, Jan23(Hina) - Croatian Science and Education Minister Blazenka Divjak spoke at a panel at the Education World Forum in London on Tuesday about Croatia's curriculum reform and the importance of innovation and digital technology in education, saying Croatian schools finally had to "enter the 21st century."

ZAGREB, Jan 23 (Hina) -The European Parliament Committee on Constitutional Affairs on Tuesday voted on the future composition of the parliament after 73 seats are vacated following Brexit, suggesting that Croatia be allocated with one more seat.

ZAGREB, Jan 23 (Hina) -Prime Minister AndrejPlenkovic on Tuesday received a delegation of the Croat minority community in Serbia to talk about their status as well as projects and ***programmes*** being implemented with the support of the Croatian government, and the prime minister expressed hope thatSerbia would fulfill its obligations,the government's public relations office said in a press release.

ZAGREB, January 23, 2018 (Hina) - Five Croatian nationals who took part in a massive fan brawl during a football match between Partizan and Crvena Zvezda in Belgrade on Tuesday tookaplea bargain with the prosecution,acceptingprison sentences ranging from four to six months, the media in Belgrade reported.

ZAGREB, Jan 23 (Hina) -Kosovo has once again become one of majortopicsin Serbia's European integration process and is more openly being observed through the prism of messages sent by European officials that authorities in Belgrade will not be able to count on membership to the European Union without a legally binding agreement with Pristina.

ZAGREB, Jan23(Hina) - Over a half of Serbia's citizens would support the country's European Union accession at a referendum, and two in three believethe reforms necessary for membership should be carried out regardless of the accession requirements, according to a poll whose findings were presented in Belgrade on Tuesday.

ZAGREB, Jan 23 (Hina) -Bosnia andHerzegovina could become a full member of the World Trade Organisation (WTO) by the end of July, Trade Minister Mirko Sarovic and the chairman of WTO's Working Party for negotiations with Bosnia and Herzegovina, Atanas Paparizov, announced in Sarajevo on Tuesday.

ZAGREB, Jan 23 (Hina) - Vukovar-Srijem County, five municipalities in that county, the University of Osijek Faculty of ***Agriculture*** and the Vinkovacka Sparoga fruit and vegetable production cooperative signed an agreement to establish the ***Agriculture*** Cluster on Tuesday.

ZAGREB, Jan23(Hina) - Croatian President Kolinda Grabar-Kitarovic will relocate her office to Krapina-Zagorje County from Wednesday to Friday, and this will be the 13th relocation of the presidential office during her term.

ZAGREB, Jan23(Hina) - The Croatian Tourism Board (HTZ) is participatingin the Boot boat show, which istaking place in Duesseldorf on January 20-28, the HTZ said on Tuesday.

ZAGREB, Jan23(Hina) - Representatives ofUNICEF and the City of Slavonski Brod on Tuesday presented the second stage of a ***programme*** for the inclusionof childrenin the education process, whereby six classrooms in the primary school "Hugo Badalic" were equipped for the pre-schoolpreparation of42 children, 22 of whom are Roma.

ZAGREB, Jan23(Hina) - The Zagreb Stock Exchange (ZSE) main indices slid -- the Crobex was down for the fifth trading day, droppingby 0.13% on Tuesday to 1,867.09 points, while the specialised Crobex10 decreased for the second trading day to1,086.11 points, down 0.05%.

ZAGREB, Jan 23 (Hina) - The European Swimming League (LEN) has selected Croatia's national water polo goal keeper and captain of Dubrovnik's CO Jug team, Marko Bijac, as the best European water polo player, while Spanish national women's water polo team goal keeper Laura Ester was named the best female player.

THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 0830 HRS ON WEDNESDAY

**Load-Date:** January 24, 2018

**End of Document**



[***Sirius Minerals plc Full Year 2017 Results -2-***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RTD-KRX1-F0CC-S0N2-00000-00&context=1516831)

London Stock Exchange Aggregated Regulatory News Service (ARNS)

March 6, 2018 Tuesday 7:01 AM GMT

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**Length:** 1621 words

**Body**

Global

For me, it is very important that POLY4 can contribute to easing the challenge of global food security. Fertilizers are fundamental to improving ***agricultural*** yields and helping to address the forecasted imbalance between food supply and demand. Global population is growing at a rapid rate, and with it, the requirement for more food. Unless more effective, more efficient and sustainable practices are adopted, farmers and food ***producers*** will struggle to bridge the gap between supply and demand. Our global research and development ***programme*** is demonstrating that POLY4 delivers greater nutrient uptake and improves both yield and quality on multiple crops in varying geographic conditions across the world.

Sirius' team has already demonstrated their ability to deliver successful outcomes in the face of challenges others have considered overwhelming. In order to achieve our vision and ensure the potential benefits for all stakeholders come to fruition, the tenacity and determination which has defined our Company to date, will continue to stand us in good stead as we progress further into this current phase of developing our world class mining operation.

2017 Construction commences

After 5 years of exploration, preparation, obtaining ***planning*** approval and having delivered many significant project milestones, I am pleased to report that the construction of our North Yorkshire polyhalite project is well underway.

At the Woodsmith Mine site all initial site works to enable the construction of the key infrastructure components are complete. The working platforms for the main mine shaft and MTS shaft were completed early to ensure shaft related activities could commence as soon as possible.

At Lockwood Beck, Initial site works are now complete, including the upgrade and repositioning of the existing road junction. The new junction provides safe entry to the site and has also greatly improved the access to the existing road infrastructure. The shaft sinking platform and associated drainage has been installed and the site is ready for shaft sinking activities to get underway in 2018.

Supply agreements

Market acceptance of POLY4 in the form of long term supply agreements as evidenced through our partnership with leading agri-business Wilmar reinforces and validates that POLY4 will earn its place in the global fertilizer market. Our partnership with Wilmar enables access to key markets with huge prospects for POLY4 across South East Asia. Wilmar is the latest addition to our existing group of industry leading customers with whom we expect to help drive further global demand for POLY4.

Our People

People are critical to the success of our business and I am particularly pleased with the expanding team of highly motivated, diverse and experienced individuals who have joined the business in 2017. The last year has seen our team more than double in size and the successful move in late 2017 to Resolution House, our new office headquarters in Scarborough, has provided the space, technology and environment to support our workforce.

I am particularly pleased with the overall quality of people who have joined us from the local area. To date, the majority of our head office team in Yorkshire has been sourced from the local labour market. I also take great satisfaction from the fact that many of our younger team members who joined us as apprentices are now integral members of the team. Our strong values of responsibility, ownership, belief and urgency, based on the solid foundations of safety and teamwork has propelled the team to achieve more than many people thought would ever be possible.

Move to the Main Market and Premium Listing

Following the completion of Stage 1 financing, we announced our intention to apply for admission to listing on the premium listing segment of the Official List of the UK Listing Authority ("Premium Listing") and admission to trading on the main market of the London Stock Exchange (the "Main Market"). While AIM has provided us with an excellent platform to progress the Company through the various approval phases of the Project, the Company directors believe that a Premium Listing better supports the long-term strategy and potential of the Company by providing us with a more appropriate platform for growth, access to broader international investor audiences and deeper pools of investment capital that reflects the world class nature of the Project and Sirius' long term potential as a global supplier of multi-nutrient fertilizer. This important milestone was accomplished in April 2017 and Sirius finished 2017 as a FTSE 250 constituent.

Executive Director and Senior Non-Executive Director appointments

Early in 2017 we announced the appointment of Thomas Staley to the Board as Finance Director. Thomas played an instrumental role in securing the stage 1 financing and he will play a pivotal role in a successful execution of the stage 2 debt raising. Thomas' appointment adds to an already very strong complement of Board members who have the credentials and experience required to lead the Company through the next phase of development.

We also announced the elevation of one of our very experienced Non-Executive Board members, Noel Harwerth, to the role of Senior Independent Director. Noel has a wide array of Board experiences across several industries, including mining and finance. Over the last few years she has provided us with wise counsel on a regular basis, and I am very pleased she has agreed to add this expanded role to her duties.

Outlook

2018 will be a pivotal year for us as we seek the remaining financing required to complete this transformational project. The construction of the first new fertilizer mine in the UK for a generation is an opportunity to create thousands of jobs and bring significant economic benefits to both national and local economies. In order to fully realise this transformational opportunity for the UK, a partnership with the UK Government, in the form of a Treasury Guarantee under the Infrastructure Project Authority's scheme, is essential.

Securing this guarantee and our stage 2 financing will be our core focus for the year ahead and I am comforted by our excellent progress made to date. With preparations well underway to secure commitments for financing, we are confident in our ability to deliver these goals and look forward to taking on the challenges which lie ahead.

The short, medium and long-term benefits from our project are significant and will not be diminished by Britain's decision to leave the EU. I believe that our ongoing success is a clear demonstration of the growing local and national public and political support for realising the full potential of the Woodsmith Mine.

I would l like to thank all our shareholders and supporters and suppliers for their ongoing support.

Kind regards

Russell Scrimshaw

Chairman

CEO Statement

2017 was a milestone year for us, with commencement of construction, incremental supply agreements signed, bringing the total to 4.4 million tonnes per annum, a move to the main market of the London Stock Exchange and inclusion in the FTSE 250 among the highlights. Our numerous successes along the development journey drive us to approach this next phase of development with the same ownership, belief and urgency which are some of the key values which define who we are. For those who have supported us over the years I hope the commencement of construction provides further validation of our commitment to succeed.

Safety

Safety is paramount to the success of our business. Our culture places safety at the forefront of everything we do and we are continuously engaged with our contractors and consultants to ensure they adopt our safety culture and company values. Two recordable incidents have occurred during the first year of construction and we are constantly working to improve our processes and find safer ways of working in order to ensure that we all return home to our families at the end of each day.

Our strategy

The Company has a clear and robust strategy and is focused on executing this strategy successfully.

Our strategy is to:

- Build a world-class, long-life, low-cost production facility;

- Develop an industry leading product;

- Penetrate existing markets & drive long term value; and

- Execute a financing ***plan*** that delivers returns for shareholders.

Along our journey we have made ***strategic*** decisions within this framework, whether it be switching to a more efficient, low impact transport system or even the nature of our product. Optimisation through evolution will always be at the heart of ***strategic*** decision-making process. Through this process, we believe that the Sirius value proposition continues to grow and be further enhanced.

Build a world class, long-life, low-cost production facility

It has always been our intention to construct a production facility which enables us to maximise the potential of our unique polyhalite resource. The scale, thickness and quality of the deposit means highly efficient, bulk mining methods can be employed to maximise output over hundreds of years and these considerations are at the forefront of our approach to mine design and construction. We believe the asset we are constructing will be among the most cost-competitive multi-nutrient fertilizer ***producers*** globally.

For those of you who have driven past the Woodsmith Mine site over the past 12 months you will be impressed with its transformation. Formal commencement of construction started officially on 4 May 2017 and the work completed over the course of the year is the first step in executing on this part of our strategy.

Develop an industry leading product

**Load-Date:** March 6, 2018

**End of Document**



[***M and A Navigator: Deal pipeline â(EURO)"20 July***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P2M-VKP1-F0K1-N4S8-00000-00&context=1516831)

FinancialWire

July 20, 2017 Thursday

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**Length:** 4234 words

**Body**

The following is a list of deals covered in detail by M and A Navigator this week:

-PANASONIC CLOSES ACQUISITION OF BELGIAN MOBILITY SOLUTIONS FIRM ZETES INDUSTRIES

Japanese consumer electronics company Panasonic Corp. has completed the acquisition of 100% of outstanding shares of Belgian technology company Zetes Industries SA and the de-listing of Zetes shares from Euronext Brussels, the company said.

Zetes is headquartered in Brussels, Belgium and has a leading position in goods and people identification and mobility solutions in Europe. Panasonic acquired 50.95% of the firm last December, for EUR 149.6m (USD 172.33m). It then launched a EUR 54.50 per share tender offer for the remaining shares.

Status: Closed

-ADM CLOSES ACQUISITION OF CONTROLLING STAKE IN ISRAELI ***AGRICULTURAL*** FEED DISTRIBUTOR

Chicago, US-based ***agricultural*** processors Archer Daniels Midland Company (NYSE: ADM) has closed the acquisition of a controlling stake in Israel-based ***agricultural*** feed product importers and distributors Industries Centers to enter new markets and provide opportunities for expansion, the company said.

This deal was announced in May. Archer Daniels Midland said with this investment, it continues to expand and enhance its core value chain, including the ability to deliver direct to the customer. Industries Centers offers an entry point into an established Israeli market.

Status: Closed

-DARE BIOSCIENCE CLOSES ACQUISITION OF MAJORITY STAKE IN US DRUGMAKER CERULEAN PHARMA

US-based pharmaceutical company Daré Bioscience, Inc. has closed the acquisition of a majority stake in US-based pharmaceutical company Cerulean Pharma Inc. (NASDAQ: CERU), the company said. The transaction and sales of Cerulean assets would result in a NASDAQ-listed company with a focus on the development and commercialisation of products for women's reproductive health.

With the move, the combined company has a new stock symbol, "DARE". Cerulean said that in connection with these transactions, it is paying off its debt facility with Hercules Capital, Inc.

Status: Closed

-KEENER INVESTMENTS ACQUIRES 321-UNIT PROPERTY TO STRENGTHEN PRESENCE IN HOUSTON, TEXAS US

Texas US-based real estate investment company Keener Investments has acquired a 321-unit Pasadena, Texas-based property to be renovated by Keener Construction and managed by Keener Management, the company said.

The property was through a negotiated off-market transaction. Terms of the transaction were not disclosed. Keener Investments said the property represents an opportunity to grow its existing presence in the greater Houston Bay Area, which benefits from the recent expansion of the Panama Canal. The company said when combined with growth in the petrochemical sector, it sees a strong employment base in Pasadena.

Status: Closed

-AXALTA COATING SYSTEMS MAKES BID FOR IVA'S EUROPEAN AND CHINESE OPERATIONS

Pennsylvania, US-based liquid and powder coating supplier Axalta Coating Systems (NYSE: AXTA) has made an offer to acquire European and Chinese operations of Georgia, US-based Superior Essex's company IVA, a France-based wire enamel ***producer***, the company said.

The transaction is expected to be completed in late 2017 or early 2018, subject to clearance by applicable regulatory authorities, consultation with IVA's French employee works council and other customary closing conditions.

Status: Bidding

-AVX TO ACQUIRE TRANSPORTATION, SENSING AND CONTROL DIVISION OF UK-BASED TT ELECTRONICS

South Carolina, US-based electronic component supplier AVX Corp. (NYSE: AVX) has agreed to acquire the transportation, sensing and control division (TS and C) of UK-based TT Electronics PLC (LSE: TTG.L) to expand product offering to include sensors, LED lighting and control modules, the company said.

In accordance with the agreement, AVX will acquire TS and C for a consideration of GBP 118.8m (USD 155.5m) in cash, subject to normal working capital adjustments at closing. The transaction is subject to approval of the TT Electronics PLC shareholders, and other conditions, including regulatory approvals, that are customary for transactions of this type.

Status: Agreed

-AVAST ACQUIRES UK PERFORMANCE OPTIMISATION SOFTWARE SPECIALIST PIRIFORM

US-based digital security products supplier Avast, backed by global private equity firms CVC Capital Partners and Summit Partners, has acquired UK-based performance optimisation software provider Piriform, the company said.

This deal includes Piriform's CCleaner, which is designed to improve performance of computers and Smartphones. Avast said Piriform's technology will allow the company to advance solutions for the needs for speed and high-performance security products. The Piriform team will be a part of the Avast consumer business unit.

Status: Closed

-BOYNE CAPITAL PARTNERS ACQUIRES HOME HEALTH AGENCY AMERIBEST HOME CARE

Miami, US-based private equity firm Boyne Capital Partners (BCM), in partnership with management, has acquired Pennsylvania, US-based Medicare-certified home health agency AmeriBest Home Care, Inc. from BCM Fund I, the company said.

BCM said its investment in AmeriBest follows its thesis that healthcare delivery will continue to migrate to a home setting. With continued financial pressures at the federal, state, and local levels, the company said it sees long-term value in organisations, like AmeriBest, that partner with managed-care systems and local agencies to ensure low-cost, quality care to the communities they serve.

Status: Closed

-GAMUT CAPITAL TO ACQUIRE TOOL MAKER JPW INDUSTRIES FROM TENEX CAPITAL

Funds managed by New York, US-based private equity firm Gamut Capital Management, LP has agreed to acquire Tennessee, US-based machinery and equipment manufacturer and distributor JPW Industries, Inc. and its global affiliates from Tenex Capital Management, the firm said.

Gamut said it expects the partnership with JPW will accelerate its development. Gamut Capital Management manages USD 1.0bn in assets focused on the middle market. Gamut has executed investments in over 30 companies in North America and Europe. JPW's branded specialty shop tools include JET, Powermatic, Wilton, Edwards and Promac brands that serve a broad range of applications and end markets.

Status: Agreed

-NETSMART ACQUIRES HEALTHCARE TECHNOLOGY FIRM DEVERO

Kansas, US-based healthcare technology provider Netsmart has acquired US-based healthcare technology company DeVero, to advance home healthcare offerings, the company said. The acquisition reinforces Netsmart as a technology platform for post-acute care. Digitising and integrating behavioral health with its physical health counterparts, Netsmart extends its expertise and best practices into home care and long-term care.

Netsmart merged with the Allscripts Homecare business unit in 2016, and has expanded its national health information exchange, which now connects more than 68,000 human services and post-acute provider organisations and more than 1m individual providers.

Status: Closed

-IDERA ACQUIRES CROSS-PLATFORM DATABASE TOOL PROVIDER AQUAFOLD

Texas, US-based database, development and test management tools provider Idera has agreed to acquire California, US-based cross-platform database tool provider AquaFold, to expand multi-platform support, including Cloud and NoSQL, to database professionals, the company said.

AquaFold will join Idera's database development and management portfolio, enabling the company to significantly expand its multi-platform support, and meet the needs of nearly all database professionals. With the acquisition of AquaFold, Idera expands its footprint to address the bulk of the database tools market with products for multiple platforms and use cases, including data analytics.

Status: Closed

-IMPERIAL DADE CLOSES ACQUISITION OF US PAPER, PACKAGING SUPPLIER JPC

New Jersey, US-based distributor of disposable food service and janitorial supplies Imperial Dade has completed its 11th acquisition with the acquired ownership of New Jersey, US-based paper, packaging supplier JPC Enterprises, Inc. (trading as Jersey Paper Plus), the company said.

For Imperial Dade, the acquisition of Jersey Paper will provide both Imperial Dade and Jersey Paper's customers with an expanded product offering and enhanced customer service.

Status: Closed

-HILTON GRAND VACATIONS PARTNERS WITH BLACKSTONE TO ACQUIRE LAS VEGAS TIMESHARE RESORT ELARA

Florida, US-based timeshare company Hilton Grand Vacations Inc. (NYSE: HGV) has partnered with affiliates of New York, US-based investment firm Blackstone Real Estate Partners VIII L.P., in a joint venture to acquire the 1,201-unit Las Vegas, US-based Elara resort, a Hilton Grand Vacations Club, the company said.

HGV will assume a 25% stake in the joint venture for approximately USD 40m, which is expected to be accretive to HGV's total adjusted EBITDA and EPS. The transaction is expected to be funded by existing cash on HGV's balance sheet. HGV said by taking an ownership stake in Elara, which has more than 500 units of sellable inventory remaining, the company is receiving a strong consumer loan portfolio and unfinished penthouse floors.

Status: Agreed

-NIVALIS THERAPEUTICS WINS SHAREHOLDER NOD FOR MERGER WITH ALPINE

Shareholders of Colorado-based pharmaceutical company Nivalis Therapeutics, Inc. (NASDAQ: NVLS) have approved the company's ***plan*** to merge with Seattle, US-based biotechnology company Alpine Immune Sciences, Inc., the company said.

In April, the companies announced a deal to combine as Alpine Immune Sciences, a company that will trade on the NASDAQ Global Market under the ticker "ALPN", the companies said. The merger is an all-stock transaction. Seattle Times reported Frazier Healthcare Partners, Alpine BioVentures, and OrbiMed Advisors will invest a combined additional USD 17m into Alpine Immune Sciences prior to the close of the transaction.

Status: Agreed

-ACCENTURE CLOSES ACQUISITION OF INFORMATICS CONSULTANCY LABANSWER

Irish professional services company Accenture (NYSE: ACN) has closed the acquisition of Texas, US-based informatics consultancy LabAnswer to establish Accenture Scientific Informatics Services, the company said. The company said combining LabAnswer's industry knowledge and experience in scientific and laboratory informatics with Accenture's consulting expertise, industry platforms, innovation capabilities and global scale, the acquisition will enhance Accenture's ability to apply digital technologies to revolutionise scientific and laboratory processes across a variety of industries.

Accenture Scientific Informatics Services will combine the capabilities and resources acquired through LabAnswer with Accenture's existing R/D informatics capabilities.

Status: Closed

-TELEDYNE INSTRUMENTS CLOSES ACQUISITION OF INSTRUMENT MAKER SCIENTIFIC SYSTEMS

Teledyne Instruments, Inc., a subsidiary of California, US-based Teledyne Technologies Inc. (NYSE: TDY), has closed the acquisition of the assets of Pennsylvania, US-based analytical and diagnostic instrumentation manufacturer Scientific Systems, Inc. to gain access to life science markets, the company said.

Headquartered in State College, Pennsylvania SSI manufactures precision components and specialised subassemblies used primarily in analytical and diagnostic instrumentation, such as High Performance Liquid Chromatography systems and specific medical devices.

Status: Closed

-EXELON'S MERGER WITH PEPCO HOLDINGS IS AFFIRMED BY DC COURT OF APPEALS

The District of Columbia Court of Appeals has affirmed the Public Service Commission of the District of Columbia's approval of US-based utility operator Exelon Corp. (NYSE: EXC) closed merger with Pepco Holdings, which combined Exelon's three electric and gas utilities BGE, ComEd and PECO with PHI's three electric and gas utilities, Atlantic City Electric, Delmarva Power and Pepco,

The court's action upholding the Public Service Commission's order, resolving all legal challenges in the District of Columbia. The USD 6.8bn merger was agreed in April 2014. It closed on 23 March 2016. In between came pushback - primarily from The Public Service Commission for the District of Columbia Representatives.

Status: Closed

-NORSAT CLOSES BUYOUT BY CHINA'S HYTERA COMMUNICATIONS

Canadian communication solutions provider Norsat International Inc.'s (TSX: NII) (NYSE MKT: NSAT) acquisition by Hytera Project Corp. a subsidiary of Chinse radio systems maker Hytera Communications Co., Ltd, has finally closed, the company said.

There was a bidding war for Norsat, with suitor Hytera in June making a sweetened, USD 11.50 per share bid for Norsat just after being informed of a sweetened, likely superior rival bid from US-based Privet Fund Management.

Status: Closed

-MICHELIN CLOSES ACQUISITION OF COMMERCIAL FLEET TELEMATICS PROVIDER NEXTRAQ

France-based tire manufacturer Michelin Group has closed the acquisition of Georgia, US-based commercial fleet telematics provider NexTraq, a subsidiary of fuel cards supplier Fleetcor Technologies, Inc. (NYSE: FLT), to expand fleet management capabilities for commercial trucks, the company said.

Michelin acquired NexTraq in an all-cash transaction. The purchase agreement was announced on June 14. NexTraq will maintain its principal offices in Atlanta. The unit has approximately 7,000 fleet customers and 116,000 subscribers nationwide. NexTraq would operate independently within South Carolina, US-based Michelin North America.

Status: Closed

-CUSTODIAN REIT BUYS STOCKPORT, UK CAR DEALERSHIP PROPERTY

UK property investment company Custodian REIT (LSE: CREI) has acquired a 42,289 sq ft car dealership, located at the 'Pyramid Roundabout', Stockport one mile from the town centre on Junction 1 of the M60. Nearby occupiers include Audi, Volkswagen, Lexus, Hyundai and Mazda, the company said.

The property is let to Benham (Specialist Cars) Ltd. (t/a Williams Stockport BMW and Williams Stockport Mini) on a lease expiring on 23 August 2057 with break options every 10 years and RPI rental uplifts every five years. The agreed purchase price of GBP 8.84m (USD 11.46m) was funded from the company's existing cash resources, resulting in net gearing increasing to 20.0% loan to value.

Status: Closed

-JUDGES SCIENTIFIC ACQUIRES OXFORD CRYOSYSTEMS, CRYSTALLON

UK-based scientific instrument group Judges Scientific plc (LSE: JDG) has acquired 100% of the issued share capital of UK-based Crystallon Ltd, the holding company of Oxford Cryosystems Ltd, the company said. Oxford Cryosystems is based in Long Hanborough, Oxfordshire and manufactures cryogenic cooling systems used for X-Ray crystallography and other applications.

The purchase price of Crystallon amounted to GBP 4.495m (USD 5.83m) in cash. An additional payment will be made to reflect any excess cash and working capital over and above the ongoing requirements of the business and the board expects such payment to be covered by the cash inherited at the completion date.

Status: Closed

-HORIZON DISCOVERY TO BUY RNAI, GENE EXPRESSION TECHNOLOGY SPECIALIST DHARMACON FROM GE HEALTHCARE

UK-based gene editing technologies company Horizon Discovery Group plc (LSE: HZD) has agreed to acquire US-based RNAi and gene expression technology specialist Dharmacon, Inc from GE Healthcare (NYSE: GE) for USD 85m, the company said.

The acquisition consideration of USD 85m includes USD 50m cash consideration and USD 35m equity consideration). A subsidiary of General Electric is expected to own 8.8% of Horizon following the acquisition and the placing.

Status: Agreed

-REDEFINE TO UP STAKE IN INTERNATIONAL HOTEL PROPERTIES

UK REIT Redefine International (LSE: RDI) has submitted a proposal to BVI-based hotel operator International Hotel Properties Ltd. to increase its shareholding in IHL from 17.24% to 50%, the company said.

Redefine International said it ***plans*** to increase its current shareholding in IHL to 50% by acquiring 18,343,166 IHL shares from the minority shareholders by way of a scheme of arrangement under the BVI Business Companies Act, 2004. Consideration for the IHL shares will be made through the issue of 2.5 Redefine International shares for every 1 IHL share held, for which an additional 45,857,915 new Redefine International shares will be allotted.

Status: Bidding

-ASHTEAD GROUP ACQUIRES CANADIAN EQUIPMENT RENTER CRS CONTRACTORS RENTAL SUPPLY

UK-based industrial equipment rental company Ashtead Group plc's (LSE: AHT) North American business, Sunbelt Rentals, has signed an agreement to acquire Canadian equipment renter CRS Contractors Rental Supply, the company said.

The deal calls for initial cash consideration of CDN 275m (USD 218.43m) with an additional earn out of up to CDN 20m dependant on future performance. CRS is a provider of rental equipment in Ontario, Canada employing over 400 people across 28 locations. The acquisition, which is subject to certain regulatory approvals, is expected to complete in the next few weeks.

Status: Closed

-RUSSIA'S SEVERSTAL ACQUIRES THE DEBT OBLIGATIONS OF YAKOVLEVSKY MINE FROM GAZPROMBANK

Russian steel and steel-related mining company PAO Severstal has acquired from Gazprom bank rights for loans and accrued interest of Metal-Group LLC worth over RUB 12bn (USD 200m) as well as collateral for the loans, the company said.

Metal-group LLC is the owner of the mining license for the central part of Yakovlevsky iron-ore deposit. Severstal paid 6 bn roubles as part of the transaction. Yakovlevsky mine is located in Yakovlevo, 40 km north from Belgorod in the Kursk Magnetic Anomaly basin. PAO Severstal said the total resource base of the Yakovlevsky deposit exceeds 9.6bn tons.

Status: Closed

-ORIGO PARTNERS TO SELL PORTFOLIO BY NOVEMBER 2018

Isle of Man-based closed-end investment company Origo Partners plc (LSE: OPP) is seeking, through an orderly realisation ***programme***, to divest its entire portfolio by November 2018, the company said.

Origo holds a portfolio of investments in unquoted, and illiquid, publicly traded companies based or principally active in China and Mongolia. The company announces that it has entered into binding agreements with ChinaEquity International Holding Co., Ltd for the disposal of Origo's 2% equity stake in Rising Technology Corp. Ltd and Origo's 1.6% beneficial interest in Beijing Rising Information Technology Ltd to ChinaEquity for a cash consideration of USD 1m.

Status: Agreed

-NAVY FEDERAL MERGES WITH FORT MEADE COMMUNITY CREDIT UNION

Virginia, US-based financial institution Navy Federal Credit Union has joined with Maryland, US-based Fort Meade Community Credit Union (FMCCU), in a voluntary merger that took effect July 17, the company said.

Navy Federal said the combination of Fort Meade Community Credit Union and Navy Federal brings together the work of serving the military and their families, and provides former FMCCU members with expanded products, services and convenience, including over 300 branches worldwide and Navy Federal's mobile and online services.

Status: Closed

-OIL AND GAS INDUSTRY WATER SERVICES FIRM SELECT ENERGY, ROCKWATER ENERGY TO MERGE

Texas, US-based oil and gas industry  water solutions provider Select Energy Services, Inc. (NYSE: WTTR) has agreed to acquire Texas, US-based water management solutions company Rockwater Energy Solutions, Inc. to strengthen pre-frac and other water-related service lines, the company said.

Select will acquire Rockwater in a stock-for-stock transaction. Select will issue 37.95m shares of common stock in exchange for all outstanding shares of Rockwater common stock. Upon consummation of the transactions, current Select shareholders will own approximately 64.4% of the combined company and Rockwater shareholders will own approximately 35.6%, with a total of 106.73m Select common shares outstanding.

Status: Agreed

-MCCORMICK TO ACQUIRE FOOD DIVISION OF UK-BASED RECKITT BANCKISER FOR USD 4.2M

Maryland, US-based seasoning and condiment manufacturer McCormick and Co Inc. (NYSE: MKC) has agreed to acquire the food division of UK-based home products supplier Reckitt Benckiser Group plc (RB) for USD 4.2bn, to advance its position in the US condiments category, the company said.

The transaction is expected to be completed in McCormick's fiscal 3Q17 or 4Q17. McCormick has obtained committed bridge financing and expects to finance the transaction permanently through a combination of debt and equity. McCormick said it will integrate RB Foods into its consumer and industrial segments and will retain the brand names of French's, Frank's RedHot and Cattlemen's.

Status: Agreed

-LCM PARTNERS ACQUIRES UK NPL PORTFOLIO SERVICED BY LINK FINANCIAL FOR GBP 1.75BN

UK-based European alternatives investment manager LCM Partners, investment manager of LCM Credit Opportunities III, has acquired a GPB 1.75bn (USD 2.27m) portfolio of non-performing loans originated by prime lenders, the company said.

The company said this is a portfolio that generates strong and consistent cash flows. LCM said Link Financial Oursourcing, its sister company, has been servicing the loans since their origination and knows the payment profiles. LCM said its relationship with Link as in-house servicer is a key advantage for LCM Partners in terms of investment origination, access to static pool data for underwriting and the enhanced due diligence it can conduct on the portfolios.

Status: Closed

-SOLIX ACQUIRES CONSULTING AND SYSTEMS SERVICES PROVIDER SIVIC SOLUTIONS

New Jersey, US-based ***program*** and process management provider Solix, Inc. has acquired New York, US-based consulting and systems services provider Sivic Solutions Group, LLC (SSG) to expand market footprint, the company said.

The company said the combined expertise and business solutions from the two providers offers customers a partner with a suite of solutions that are supported by personalised customer attention. As a wholly owned subsidiary of Solix, Inc., SSG will continue to be headquartered in New York. SSG said joining Solix will expand future offerings and enhance and develop services.

Status: Closed

-ALGOMIZER TO ACQUIRE ONLINE ADVERTISING GROUP LINKURY FOR USD 11M

Israel-based newspaper publishers Algomizer, (TASE: ALMO) has finalised the acquisition of Israel-based online advertising company Linkury Ltd. and its subsidiaries to accelerate growth and drive increased sales, the company said.

Algomizer acquired the company for USD 11m to hold Linkury's entire capital stock. To finance the transaction, the company signed investment agreements of approximately USD 11m with leading investors, including the Yedioth Internet Group, institutional bodies, a Canadian fund and private Israeli and American investors. Algomizer said it sees in Linkury an immediate and future growth engine that will allow it to expand its offering to customers, through both organic growth and further such mergers.

Status: Agreed

-LIGHTSTONE ACQUIRES ALABAMA, US RENTAL PROPERTY PORTFOLIO FOR USD 70.5M

New York, US-based real estate investor and developer Lightstone has established its footprint in the southern region of the US through the acquisition of a portfolio of Mobile Alabama, US-based multi-family rental properties for USD 70.5m, the company said.,

The three properties add 1,327 units to Lightstone's national holdings. Lightstone said some of the best growth opportunities are in secondary markets like Mobile, Alabama. The company said these acquisitions further grow its position in the region. Lightstone operates in all sectors of the real estate market.

Status: Closed

-***STRATEGIC*** STORAGE ACQUIRES SOUTH CAROLINA'S FACILITY FOR USD 5.7M

California, US-based real estate investment trust ***Strategic*** Storage Growth Trust, Inc. (SSGT) has acquired a South Carolina, US-based self storage facility for USD 5.7m, the company said. The company said with the acquisition of the 500-unit newly constructed facility, its portfolio expands to more than 20 operating facilities with 12,900 self storage units in nine US states.

SST, sponsored by real estate company SmartStop Asset Management, LLC, said the property presents an opportunity to add significant value to the SST portfolio as it leases up the facility, which is currently 16% leased. ***Strategic*** Storage Growth Trust, Inc. focuses on the acquisition, development, redevelopment and lease-up of self storage properties.

Status: Closed

-SEEMAN HOLTZ ACQUIRES CALIFORNIA'S BEHROOZ MEIMAND INSURANCE

Florida, US-based insurance firm Seeman Holtz Property and Casualty, Inc. has acquired California, US-based Behrooz Meimand Insurance Services to continue its expansion of services and geographic presence in Southern California, the company said.

The company said the addition of Meimand will add a solid book of quality client relationships to the Seeman Holtz portfolio. Seeman Holtz Property and Casualty, Inc. remains focused on targeting high-quality independent agencies for geographic expansion and continued growth.

Status: Closed

-DIGITAL MARKETING AGENCY HEART HAMMER MERGES WITH STADIUM ANIMATION

North Carolina, US-based digital marketing agency Heart+Hammer has merged with US-based sports animation company Stadium Sports Animation to strengthen marketing reach and expand opportunities in the sports world, the company said.

SSA comes to H+H with more than 20 years of experience in professional sports animation, and has worked with a roster of clients from the NFL, NHL, NBA and MLB including the Atlanta Falcons, Pittsburgh Penguins, Cleveland Cavaliers and the Texas Rangers.

Status: Closed

(Distributed by M2 Communications ([*www.m2.com*](http://www.m2.com)))

**Load-Date:** July 21, 2017

**End of Document**



[***Government bodies promote innovation in Peru***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-72Y4-00000-00&context=1516831)

Oxford Business Group: Articles

June 2017

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**Length:** 3593 words

**Body**

Investment in research and development (R&D) and innovation has been increasing in recent years in Peru, partly as a result of greater government commitment to science, technology and innovation issues. This investment seems to be paying off in terms of institutional strengthening, sector incentives and increased funding, as well as an overall improved standing in global rankings in innovation and innovation-related issues.

However, there is still much to accomplish as Peru continues to lag behind regional standards in many respects, with improvements still required in key areas such as availability and access to funding, limited public policies and instruments, inadequate infrastructure, insufficient human capital, and intellectual property protection.

**Measuring R&D**

Created in 1995, the Ibero-American and Inter-American Network of Science and Technology Indicators (Red de Indicadores de Ciencia y Tecnología Iberoamericana e Interamericana, RICYT), provides tools for measuring science, technology and innovation in Ibero-American and Latin American and Caribbean countries.

While data for Peru is limited, the latest available information on investment in R&D for 2011-14, indicates that the circumstances appear to have improved in both absolute and relative terms. As measured by RICYT in current prices, spending on science and technology R&D increased 93.6% between 2011 and 2014, from $142.23m to $275.37m. Relative to GDP, it rose from 0.08% to 0.14% in the period.

Though this certainly reflects an improvement in performance over the last few years, Peru continues to lag behind average levels in Ibero-America and Latin America and the Caribbean. In 2014 R&D investment in Ibero-America accounted for 0.86% of GDP, while in Latin America it represented 0.75% of GDP. However, in Latin America and the Caribbean, significant disparities persisted in 2014, as reflected by the fact that Argentina, Brazil and Mexico together accounted for over 90% of investment in R&D, as measured by RICYT in US dollars adjusted for purchasing parity (US$ PPP). Moreover, as compared to the rest of the world, Latin America and the Caribbean represented 3.5% of total global investment in R&D, in US$ PPP.

Considered in absolute terms, spending in R&D in Ibero-America decreased by 4.77% between 2011 and 2014, falling to $62.15bn at the latter date, down from $65.27bn in 2011. In Latin America and the Caribbean it increased 3.25% to a total of $43.39bn in 2014, up from $42.02bn in 2011. The weaker performance of Ibero-America can be attributed to the slowdown in economic growth following the 2009 crisis, whereas the stronger record in Latin America and the Caribbean can be read against the background of higher economic growth in this period.

**Policy *Planning***

True to its legalist tradition, Peru holds a vast legal framework for science, technology and innovation issues. This robust set of legislation reportedly can prove cumbersome due to such factors as overregulation and duplication of functions among state institutions.

Article 14 of the Constitution endows the state with various functions and responsibilities in the development of science and technology, while the National Agreement, signed in 2002, sets the foundation for the development of a consensus-based public policy for science, technology and innovation.

Based on this, the Framework Law for Science, Technology and Technological Innovation, published in 2004, establishes the role of the state in these endeavours, defining the National System of Science, Technology and Technological Innovation (Sistema Nacional de Ciencia, Tecnología e Innovación Tecnológica, SINACYT) and its components. It further determines the roles and attributions of the National Council for Science, Technology and Technological Innovation (Consejo Nacional de Ciencia, Tecnología e Innovación Tecnológica, CONCYTEC), which is the directing body of SINACYT.

**New Regulations**

This legislation also creates the National Fund for Scientific, Technological, and Technological Innovation Development (Fondo Nacional de Desarrollo Científico Tecnológico y de Innovación Tecnológica, FONDECYT); establishes the National Consultative Council of Research and Development for Science, Technology and Technological Innovation; specifies the roles of regional authorities and universities; grants responsibilities to CONCYTEC in the development of a National Network of Scientific Information and Telematic Interconnexion, as well as in the elaboration of a National Policy for the Development of Science, Technology and Technologic Innovation; and lays down national norms for financing and incentives.

Launched in July 2016, Peru's National Policy sets out, as a general objective, the improvement and strengthening of the performance of science, technology and technological innovation in Peru with six ***strategic*** objectives. In short, Peru aims to: promote the generation and transfer of scientific and technological knowledge, aligning research results with the country's needs as defined by the sectors involved; promote and develop new incentives that stimulate and increase SINACYT activities; promote the generation of qualified human capital; improve the quality of research and technological development centres; generate quality information on SINACYT member performance; and strengthen science, technology and technological innovation institutions.

**Key Policy Instruments**

As described by CONCYTEC, a number of policy instruments offer direct financing for R&D innovation, based on a mix of funding sources from government and international cooperation instruments. The government provides grants through transfers to public research institutes and universities. FONDECYT, the primary public instrument to fund innovation, is in charge of capturing, managing and channelling national and foreign resources into SINACYT activities in Peru.

Backed by a loan from the Inter-American Development Bank (IDB), the ***Programme*** of Innovation for Competitiveness (Programa de Innovación para la Competitividad, FINCyT) supports projects contributing to raising competitiveness through innovation. The Fund for Research and Development for Competitiveness, managed by the Ministry of Production, backs initiatives targeting the promotion of R&D in productive innovation, the development and strengthening of the generation and implementation of technological knowledge for innovation, and the development of productive capacities and business management in micro-sized firms.

In addition to the innovation grants, the government also supports educational initiatives to further entrepreneurship. CONCYTEC professorships, supported through FONDECYT funding, are aimed at the establishment of excellency centres in Peruvian regions. The professorships aim to attract human capital from abroad, develop applied research and train high-level human resources.

FONDECYT and FINCyT offer postgraduate scholarships for Master's and PhD-level studies in Peruvian and foreign universities. Mining royalties are channelled in part towards the financing of research capabilities in regional universities.

Lastly, the National ***Programme*** for Scholarships and Student Loans is responsible for designing, implementing and managing national and international scholarships, including the allocation of scholarships and student loans, adding a social focus to the country's human capital development.

In addition to direct financing instruments, there are also indirect regulatory catalytic financial actions, and combined or mixed measures: the first of these are run by the National Institute for the Defence of Competition and the Protection of Intellectual Property (Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual, INDECOPI); the second, by the Financial Corporation for Development; and third, the Regional Science, Technology and Technological Innovation Councils and Technological Innovation Centres.

**Tax Incentive**

Recognising the existing difficulties many entrepreneurs encounter in accessing financing for R&D and innovation in Peru, Congress approved a tax incentive in this area in 2015. Law No. 30309 for the Promotion of Scientific Research, Technological Development and Innovation, offers any taxpayer investing in scientific research, technological development and innovation a tax deduction of up to 175% of spending, though takes into account an annual spending limit established by the Ministry of Finance and Economy. Previous legislation, namely Law No. 30056, allowed for a 100% deduction declared as current expenses. The extra incentive of up to 75% that is now in place is valid until 2019.

***Agricultural* Innovation**

Adding to the central supportive network, a large variety of other state actors also contribute to the design, funding and implementation of public policy and actions in innovation in their specific sectors.

In ***agriculture***, the National Institute of Agrarian Innovation (Instituto Nacional de Innovación Agraria, INIA) is responsible for directing the National System of Agrarian Innovation. Its goal is to promote and execute activities that facilitate both the development and strengthening of national agrarian technological innovation, which is expected to improve food security and increase competitiveness in national agrarian production, oriented in particular towards the inclusion of small and medium-sized ***producers***. To this end, INIA integrates four directorates which respectively focus on the management of agrarian innovation, genetic resources and biotechnology, technological development, and the supervision and monitoring of experimental agrarian stations.

Peru's Agrarian Innovation Policy, with a five-year execution range and national coverage, has a budget of PEN494.38m ($146.5m); financed largely by an IDB loan of $40m (24.2%) and a World Bank loan of $85.4m (51.6%), both of which were signed in 2014.

**Industrial Innovation**

The 2015 National Poll on Innovation in the Manufacturing Industry, published in February 2017, provides a clearer picture of innovation in this key sector of the economy.

According to the National Institute for Statistics and Computing (Instituto Nacional de Estadística e Informática, INEI), the institution responsible for this poll, 61.2% of Peruvian manufacturing firms executed at least one type of innovation activity in the period studied, 2012 to 2014. Transport equipment, food products, beverages, and pharmaceuticals and medicinal products featured among the most innovative subsectors in 2014. Computing, electronics and optics products, and wood products, meanwhile, came in at the bottom of the list.

The majority of companies (72.3%) carried out innovation activities by acquiring capital goods. This was followed by capacity building (carried out by 38.8% of companies); marketing expenditure (36.4%); organisation (34%); hardware acquisition (32.8%); and internal R&D activities (31.8%). Meanwhile, external R&D activities surfaced as the least employed innovation type, with a rate of only 8.8%.

**Sources Of Financing**

Investment in innovation in Peruvian manufacturing, as measured by the INEI poll, increased 11.5% between 2012 and 2014, reaching a total of PEN3.7bn ($1.1bn) in 2014. Spending on the acquisition of capital goods accounted for the larger part of spending on innovation at 73.8%, contrary to external R&D activities which took up the smallest share with 0.7%.

In terms of funding sources, 83.4% of firms financed their innovations mainly through their own resources; however, 64.8% received at least some funding from private commercial banking. As for the rest, 4% relied on government support and 1.3% found funds through less formal means.

Despite the diversity of financing sources displayed, lack of available capital and high financing costs are reported to be the chief obstacles to innovation in the manufacturing sector, among innovative and non-innovative companies alike.

Indeed, 37.3% of polled innovative companies say that innovation is too costly, while 33.7% admit that the lack of funding from their company or group of companies is an obstacle to innovation. Non-innovative companies experience these challenges as well: 43.4% find innovation too costly, while 32.3% reported that the lack of company or company group funds is an obstacle to innovation.

**Other Challenges**

The INEI poll identifies four main types of obstacles to innovation: those which are knowledge-related, market-related, financing and cost-related, and other factors.

When looking at knowledge-related obstacles, lack of qualified personnel surfaces as the main challenge, setting back 30.7% of innovative and 24.3% of non-innovative companies. Concerning market-related aspects, 30.1% of innovative and 32% of non-innovative companies see a market dominated by established actors as a challenge. Lastly, if considering other factors, 19.5% of innovative and 21.9% non-innovative companies reported being restricted by the limitations of public policies on science and technology. Inadequate physical infrastructure came a close second, cited by 19.4% of innovative companies, whereas 19.9% of non-innovative companies are also concerned about the insufficient flexibility of regulation and market norms.

**Human Capital**

The quality and availability of human capital is seen as one of the chief obstacles to innovation. More specifically, these include difficulties in the attraction and retention of talent, the quality of education and training ***programmes***, and education infrastructure. CONCYTEC estimates suggest that there is a significant gap to be filled in human resources if Peru is to fulfil its ambitions of economic growth by its bicentennial anniversary in 2021. Indeed, according to CONCYTEC, to achieve its GDP per capita goal by then, Peru should have an average 1600 researchers for each 1m inhabitants.

Achieving this target, CONCYTEC maintains, would entail covering a gap of about 15,700 PhD-level research graduates in basic sciences and engineering, and having an additional 22,000 PhD graduates by 2021. Given the country's estimated workforce needs in this period, Peru would require 7000 PhD graduates in engineering and technology, 4000 graduates in the natural sciences, 3300 graduates in health and medical sciences, and approximately 2500 graduates in the ***agricultural*** sciences.

According to the latest available data from CONCYTEC, Peru has approximately 1848 PhD-level researchers, of which 527 are in engineering and technology, 550 are in the natural sciences, 262 are in health and medical sciences, and 177 are working in ***agricultural*** sciences. More generally, based on UNESCO statistics, Peru had a total of 185.22 researchers for each 1m inhabitants in 2014.

**Publications**

Evaluating the evolution of publications provides a different lens for the quality of human capital in Peru. Information on Peruvian participation in a variety of publication databases, as well as figures available in RICYT, serve as a gateway to understanding some of the current trends in R&D and innovation taking place in the country.

Peruvian publications in Science Citation Index (SCI), for example, have displayed a steady increase in recent years, rising from 331 in 2004 to 1008 in 2014, with a single drop registered during this period, that is, 388 SCI publications in 2012, down from 788 in 2011. This translates to an increase of 204.5% between 2004 and 2014, as compared to a rise of 178.3% and 167.55% for Latin America and the Caribbean and Ibero-America, respectively.

In another case, the growth streak for Scopus publications is longer, harking back to 1998. Peru had 182 publications in Scopus in 1998; by 2014, there were 1609 publications, representing growth of 784%. By comparison, Scopus publications in Latin America and the Caribbean and Ibero-America, respectively, increased 331.9% and 276.6% in this period.

Though Peru has shown steady improvement in this area, outpacing regional averages in terms of absolute growth numbers, in relative terms it continues to lag behind both Latin America and the Caribbean and Ibero-America by such indicators as publications relative to GDP. In 2014 Peru's rate by this measure for Scopus publications was 7.9, against 27 in Ibero-America and 20.4 in Latin America and the Caribbean; while the rate for SCI publications in 2013 was 4.5, as compared to 19.4 in Ibero-America and 14.1 in Latin America and the Caribbean.

**Intellectual Property Protection**

Intellectual property protection is a key factor in the promotion of innovation, yet there remain many improvements to be made until intellectual property can be properly protected in Peru. As CONCYTEC itself points out, Peru faces two difficulties in this area: on the one hand, there is a lack of incentives for the registration of new knowledge and technologies; on the other hand, despite INDECOPI's efforts, the institutional capacity for managing intellectual property protection is limited. More to the point, INDECOPI has focused the majority of its efforts on promoting awareness about intellectual property tools and database access, while at the same time neglecting the fight against piracy.

In this context, only 39.4% of innovating manufacturing industry companies polled in Peru between 2012 and 2014 admitted to either having their intellectual property rights recognised, or to employing formal methods of protection domestically or on an international basis. The chief methods of protection being used locally included brands (92.7%), patents (23.1%) and employee confidentiality clauses (21.2%).

Despite these difficulties, Peru's performance in global rankings seems to suggest improvements in recent years, especially regarding patents. The World Economic Forum (WEF) Global Competitiveness Index employs Patent Cooperation Treaty (PCT) patent applications per million inhabitants as one of seven criteria for the evaluation of a country's progress in terms of innovation. Peru's ranking and score improved, moving from 84th out of 140 countries, with 0.3 out of seven possible points in the 2015-16 edition, to 79th of 138 countries with 0.5 out of seven points in the 2016-17 edition.

**Global Rankings**

Peru's gradual progress and lingering shortcomings in this sector are generally reflected in global innovation rankings. In the 2016-2017 Global Competitiveness Index, innovation stands out as Peru's worst category out of the total 12 criteria evaluated for each country. Therein, Peru ranks 119th of 138 countries assessed, with a 2.8 score out of seven possible points, as compared to 116th in 140 countries assessed and a steady score of 2.8 points in the 2015-2016 edition.

The Global Innovation Index (GII) 2016 - co-published by Cornell University, INSEAD and the UN's World Intellectual Property Organisation - ranks Peru 71st in 128 economies, scoring an overall mark of 32.5 out of 100 possible points. In 2015 GII ranked Peru 71st out of a total of 141 economies, evaluated with an overall mark of 34.9 points.

When looking into subcategories, Peru's three top categories in innovation, as measured by WEF rankings in 2016-2017, were: PCT patent applications per million people (79th), university-industry collaboration in R&D (110th) and capacity for innovation (111th). However, if ordering the criteria by their scores - which were marked out of a possible seven points - then Peru scored highest in capacity for innovation with 3.7, second in availability of scientists and engineers with 3.4, and third in quality of scientific research institutions with 3.1.

Similarly, according to GII 2016 data, Peru performed best in market sophistication, with a rank of 35th, business sophistication at 54th and infrastructure at 57th. If the scores are considered, then institutions come out on top with 60.4 out of a possible 100 points, followed by market sophistication with 50 points and infrastructure with 45 points.

According to the WEF, Peru has improved in terms of its capacity for innovation, the quality of its scientific research institutions and the availability of its scientists, engineers and PCT patents. However, the WEF reported that Peru had fallen in terms of university-industry collaborations in R&D, as well as in government procurement of advanced technology products. Meanwhile, company spending on R&D and innovation remained unchanged.

In the GII Peru improved in terms of human capital and research, infrastructure and business sophistication - yet its score fell in market sophistication, knowledge and technology outputs, and creative outputs - and remained unchanged in institutions.

**Outlook**

While there has been a rise in the quality of R&D and innovation in recent years, there is still a significant margin for improvement in Peru. Notwithstanding this, a stronger government commitment to R&D and innovation is a welcome move. The challenge is sustaining it and increasing overall support for the advancement of R&D and innovation in the country. Recent IDB and World Bank loans, backed up by government funding, seem to signal a continued interest in supporting this sector.

Going forward, Peru's strong entrepreneurial base and network of international trade and cooperation agreements can serve as positive push factors. As companies endure a greater amount of international exposure and face a higher level of competitiveness, innovation may surface not only as a means of remaining competitive in global markets, but also as a path toward diversifying export destinations and achieve a greater degree of business sustainability.

**Load-Date:** March 12, 2020

**End of Document**



[***Washington: Remarks at the Kuwait Reconstruction Conference for Iraq***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RP3-61T1-F0YC-N187-00000-00&context=1516831)

Impact News Service

February 16, 2018 Friday

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**Body**

Washington: U.S Department of State Diplomacy in Action has issued the following news release:

 Thank you, your Highness Sheikh Sabah al-Sabah, the Kuwaiti Government, and the Kuwait Chamber of Commerce and Industry for hosting this important event on behalf of Iraq; Prime Minister Abadi and the Iraqi National Investment Commission for prioritizing the areas of new investment for reconstructing Iraq; and the EU and World Bank for supporting the conference.

On Monday, the Government of Iraq, with the support of the World Bank, rolled out its 10-year Reconstruction and Development Framework. This framework compliments its ten-year Vision 2030 and National Development ***Plan***. It boldly combines government reforms, anti-corruption ***programs***, incentives for private sector investment, and international contributions, all to effectively rebuild the Iraqi economy and identify sustainable long-term solutions to foster economic stability after Iraq's historic victory over ISIS.

I want to commend the Government of Iraq for the breadth of this ***program***, its honesty, ambition and prioritization. We particularly welcome its focus on private sector investment and a clear articulation of Iraqi government intent to utilize its own funding to support Iraq's long journey to recovery.

As Secretary General Guterres noted this morning, 80% of Iraq’s urgent humanitarian needs were funded by the Iraqis themselves. Iraq is not seeking a handout, it seeks a hand up after fighting the scourge of ISIS on behalf of all of us.

The Government of Kuwait’s leadership in this historic meeting follows its hosting of the 2016 Pledging Conference in Support of Iraq, co-hosted with Canada, Germany, Japan, Kuwait, the Netherlands, and the United States. That meeting raised $2.3 billion for the Iraqi people.

In the wake of this 2016 pledging conference, Kuwait offered to host this follow-on conference, one focused on the transition from stabilization to longer-term recovery and reconstruction, given the enormity of needs facing Iraq after ISIS’s defeat.

All of us in this room today understand that it will take years for Iraq to recover from the devastation caused by ISIS. What we have seen this week in Kuwait, nearly 100 countries, and more than 1500 private sector representatives from around the world, and dozens of NGOs, sets the foundation for this process: from here to 2030 and a stable and secure Iraq integrated into the region and into the global economy.

The United States endorses Iraq's National Reconstruction Framework and its Vision 2030 ***program***, and we are prepared to support them through our unique capabilities.

The U.S Government is already the largest humanitarian donor for Iraq, and the largest donor for stabilization assistance in areas liberated from ISIS. This support is ongoing, together with our partners in the Global Coalition to Defeat ISIS. Just yesterday, Secretary Tillerson called on our Global Coalition to fill remaining gaps in stabilization funding. Our Coalition will meet that challenge.

To enable the defeat and stability in the wake of ISIS, the United States has also contributed more than $2.2 billion for Iraq in economic and security assistance since 2014. In June 2016, we provided a $2.7 billion Foreign Military Financing (FMF) loan to support the professionalization of Iraq's security forces. We are currently finalizing the details on a second FMF loan to build on the historic gains these forces have made -- with much sacrifice -- over the past three years. This week, the Department of Defense announced an additional nearly $1B to further support, train, and equip Iraqi forces over the coming year. This is in addition to the significant support from our Global Coalition.

The United States has also supported Iraq to leverage billions more from international financial institutions and support essential Iraqi reforms. We secured a $1 billion Sovereign Loan Guarantee in January 2017, enabling the Government of Iraq to successfully complete a $1 billion unenhanced bond sale in August 2017. These efforts, together with Iraq's essential work with the World Bank, and IMF, have helped maintain its macro-economic stability even throughout the terrible war against ISIS over the last three years.

Iraq's long-term reconstruction, however, will not come from the largess of donations – as its own development ***plans*** make clear – but rather through reforms, public and private investment, economic growth, and smart financing.

The private sector will be critical, and promoting U.S business interests in Iraq is a top priority for the Trump Administration. As Secretary Tillerson discussed yesterday, we are working to mobilize the innovative capabilities of U.S companies to expand economic ties and increase foreign investment in support of Iraq's reconstruction in the wake of ISIS.

The United States, of course, brings some of the best companies in the world to the table. Over the past few months, American companies have completed several commercial agreements to supply Iraq with nearly $2 billion worth of ***agricultural*** products, electricity equipment, and renewable energy technologies. Boeing, General Electric, ExxonMobile, Chevron, Constellis, Sally Port, Hillwood, Halliburton, and Honeywell are a few American brand name companies already doing business in Iraq.

GE, for example, has signed billions of dollars’ worth of contracts with Iraq’s Ministry of Electricity. GE equipment now supports an estimated 60 percent of Iraq’s electricity needs.

Other American companies, such as Orion, Trac Development Group, and Blue Sky Energy are also finalizing or currently implementing new investment projects around the country, including capturing flared gas to provide additional revenue for reconstruction and investment.

This is what we now seek to unleash, the power of the private sector — with some of the most innovative companies in the world— to help identify sustainable long-term solutions to the challenges identified in the Iraq's reconstruction framework and Vision 2030 ***program***.

At the private sector event yesterday, Secretary Tillerson announced that the United States is committed to supporting the U.S private sector in Iraq through the work of the Export-Import Bank (EXIM) and the Overseas Private Investment Corporation (OPIC).

Last night, the EXIM Bank and Iraq’s Ministry of Finance signed a $3 billion Memorandum of Understanding that will set a stage for the future cooperation across key sectors of Iraq’s economy including oil and gas, transportation, and commodities.

The Iraqi Ministry of Finance has agreed to identify potential projects in Iraq for procurement of goods manufactured in the United States and services ***produced*** by American workers including infrastructure, rail and road transportation, aircraft, energy, health care, and security, among others.

Similarly, OPIC, which supports development through a model of investment rather than aid, has five active projects in Iraq totaling $250 million and is currently reviewing over $500 million in new project proposals. These projects are helping increase the supply of affordable housing in the country, and helping entrepreneurs and small businesses access financing to start and expand their businesses. This will create jobs and economic opportunity.

And this is only the beginning; as this financing is utilized, there will be more behind it.

In total, with this new $3 billion in financing, and nearly $1 billion in security sector support, announced this week, the United States has contributed over $10 billion in security, economic, and commercial sector support since 2014.

These contributions, all pursued under our ***Strategic*** Framework Agreement with Iraq, helped set the foundation on which the impressive 10-year Iraqi ***program*** introduced this week rests, and from which Iraq can now work towards sustainable growth and long-term recovery.

In conclusion, Prime Minister Abadi and the Government of Iraq’s vision is impressive; it is ambitious; and, it is right. We are proud to support it, and we are encouraged by this historic gathering here today in Kuwait.

Thank you for your attention and your partnership.

**Load-Date:** February 19, 2018

**End of Document**



[***Back to her native roots; Jean Franczyk is viewing her birthplace with fresh eyes as the new head of Chicago Botanic Garden. By A.K. Thomson***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PXP-3GG1-JBVM-Y28B-00000-00&context=1516831)

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**Byline:** A.K. Thomson

**Body**

F or many foreigners, the return home after living in London would come with a strong dose of reluctance. The UK capital has earned a reputation in recent years for being one of the world's most cosmopolitan and culturally vibrant cities.

But for Jean Franczyk, her move back to Chicago after more than a decade at the Science Museum Group, where she was deputy director of London's Science Museum, was an opportunity not only to see her birthplace with fresh eyes but also to witness the transformations that have taken place during her absence.

Today, for example, she is looking out from her office at the Chicago Botanic Garden, where she is president and chief executive, at a crisp and sunny autumn day with a sky that appears to go on forever. "My husband, who is British, always said that he loved the bright, blue sky of Chicago in winter," says Franczyk. "After all that time in London, I finally get what he means." The Chicago Botanic Garden, which she has led for the past year and a half, is only 45 years old but it has gained an international reputation thanks to its scientific work specialising in conservation and restoration. "It is also a museum," says Franczyk, drawing parallels with her previous employer. "But it's a living museum ... this collection grows, reproduces, grows ill, dies."

The 385-acre site, which attracts more than 1m visitors a year, has more than 2.6m living plants and 11,000 individual types of plants. The garden also has its own school, offering a wide range of classes for adults as well as full-year "nature-based" pre-school for three and four-year-olds. Windy City Harvest, its urban-***agriculture*** initiative, helps educate the city's youth and adults to build healthier communities by growing their own food, and offers training for everyone - from people wanting to start their own ***agriculture*** business to exoffenders and others facing a challenging path to employment. Last year, the initiative ***produced*** more than 100,000lbs of fresh ***produce***.

"It shows what you can do within a community to build a sense of place," says Franczyk.

The garden's 10-year "Keep Growing" ***strategic*** ***plan*** to 2020 centres on areas such as science and community and education ***programmes***. But Franczyk has her sights set on additional goals.

One is to continue to increase visitor numbers - and to continue spreading them more evenly throughout the year rather than just the summer months. Another is to mark the Botanic Garden's 50th anniversary in 2022 by achieving what she calls "a point of maturity. I i / INSIDE KNOWLEDGE Franczyk's favourite places ... The Chicago Architecture Foundation River Cruise, which takes you down the Chicago River while guides talk about more than 50 buildings, "is a must-do and it gets you to some of my favourite views Anteprima, an Italian restaurant in the neighbourhood of Andersonville on North Clark St, known for its shops and eateries For Mexican cuisine, head to 5 Rabanitos in the Pilsen Historic District on the Lower West Side. The restaurant is also just one block away from the National Museum of Mexican Art A visit to Chicago would not be complete without a walk along the lake front. "It's breathtaking," says Franczyk would like, by year 50, the person in the street saying, 'what an extraordinary place, they have really shown me what I can do in my own back garden' ".

Beyond her native roots, Franczyk was chief of staff for the Chicago Board of Education in the late 1990s, and was a policy adviser to Richard Daley, the mayor who held office for more than two decades until 2011. She studied journalism at the University of Illinois at Urbana-Champaign and early on worked as a journalist for the Chicago Reporter and the Miami Herald.

Since her return, she has rediscovered the strong neighbourly bonds that she says are a characteristic of the city. "People born here have a toughness and kindness built in," she explains. "You get four serious seasons, two of them with extremes, which means that you have to help your neighbours."

Helping to clear snow drifts out of driveways is one example. Another, she says, came during the summer when the Botanic Garden had to close for two days due to flooding. "We put the word out; I got an onslaught of calls," she says. "That is the kind of response that you get."

When Franczyk returned to Chicago, she got a note from the book club she was in before leaving more than 10 years ago. "It said, 'heard you're back, here's what we're reading, come on back'. "

During her London years, Franczyk loved the access to the city's intellectual circles that her job afforded. Does she miss it? After all, she describes Chicago as the world's largest small town.

Not really. "There is lots of overlap between sectors - the civic overlaps with the academic, and the legal with the arts - so people move among them with more ease," she explains.

One thing she does miss about London life is being carless. "I tried to get around on public transportation when I first arrived back but it is very hard to get things done here without a car," she says.

Franczyk, who grew up in Chicago's South Side, an area whose tough, bluecollar image masks a wide variety of neighbourhoods, points out at least four things that define her city. One is the lake, which provides a stunning backdrop for walking, biking and - August only, she warns - swimming.

The second is the Forest Preserve District of Cook County, almost 70,000 acres of oak woodland, tallgrass prairies and wetlands that comprise the largest forest preserve district in the US. Franczyk describes it as "an incredible asset". The other two, she argues, define the city but also exemplify its changing nature: the river; and the urban skyline. Since Franczyk left for London, city authorities have increased access to the river flowing through the city, creating pedestrian and bike paths, as well as stunning areas to sit, rest and play.

"It was always a great place but you couldn't walk along it because of the bridges that go across," says Franczyk of the river. "This is a transition since I've been away, and it has become a cultural icon for the city."

Chicago's skyline needs no introduction. Franczyk loves how it has evolved in recent years, as typified by her new favourite building: 150 North Riverside, a 54-storey office building on the river bank that rises up - and outwards - from a seemingly impossibly thin base. "You look at it and say, wow. Is that really going to stand up?" she says. "I always like to see the old and the new juxtaposed."

i / BUYING GUIDE Property taxes in Chicago are byzantine, and prospective buyers will soon discover that a $1.5m home can carry an annual tax bill of $30,000 or more whereas another property of the same value can have taxes as low as $15,000. The difference is often explained by neighbourhood but also by the fact that many homeowners successfully appeal their property tax bills and manage to get them lowered What you can buy for ... $500,000 A two-bedroom, twobathroom penthouse in South Loop. $2m A four-bedroom fully remodelled townhouse in Lincoln Park.

$5m An expansive four-bedroom apartment in a new development in Chicago' Gold Coast More homes at [*www.propertylistings.ft.com*](http://www.propertylistings.ft.com)

**Graphic**

Roof garden - Chicago Botanic GardenNature lessons at the pre-schoolThe Trellis Bridge connects two of the gardens - Robin CarlsonThe fruit of the sorbus alnifolia treeJean Franczyk, president and chief executive of the Chicago Botanic Garden, stands among the living exhibits - Kristen NormanA Moth orchidThe urban-***agriculture*** initiative is aimed at the communityWindy City Harvest Youth FarmChicago cityscape - Zhangying Huang/Getty Images/EyeEmSomme Woods in Autumn

**Load-Date:** November 10, 2017

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[***Summary of Russian press for Tuesday 15 August 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P7Y-TTJ1-DYRV-316K-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

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**Length:** 3245 words

**Body**

By BBC Monitoring

North Korean crisis

Newspapers continue to cover confrontation between the USA and North Korea

Moskovsky Komsomolets: Lyubov Glazunova article headlined "Nuclear war postponed" says that according to an expert, Washington's statements about its willingness to settle the North Korean crisis with the help of diplomacy bear a clear message aiming to show Russia and China that if they refuse to exert pressure on Pyongyang, the USA will use military force. Washington is too impatient, the expert says: the UN Security Council's anti-North Korean sanctions have just been imposed, but the USA wants them to ***produce*** effect immediately; p 2 (533 words).

Izvestia: Vasily Kashin report "Korean aggravation" says that the "situation surrounding North Korea is unique in terms of a degree of danger for the Asian-Pacific region and the whole world". The USA's previous policy of "***strategic*** patience" in relation to North Korea has failed. However, "amid the domestic crisis, the USA is incapable of creating a new course towards North Korea" despite the fact that known US experts have called for accepting new reality of North Korea being a nuclear state, author says; p 3 (1,000 words).

Nezavisimaya Gazeta: Alexander Sharkovsky article headlined "Confrontation of USA and North Korea is source of major concern to Moscow" says that amid the USA's aggressive statements regarding probable military strike on North Korea, Russia has put its missile defence systems on alert in the Far East; p 7 (820 words).

Vedomosti: Editorial by Pavel Aptekar and Andrei Sinitsyn headlined "Donald Trump and missile" says that another rise in tension around the North Korean nuclear ***programme*** has two characteristics that make it different from previous ones. Pyongyang has apparently got a missile able to hit Japan, or even the USA, while the latter has almost an unpredictable president. Washington is seeking direct talks with North Korea through the intermediary of Beijing, the article says; pp 1, 6 (450 words).

Vedomosti: Alexei Nikolsky article headlined "Missiles with Ukrainian accent" focuses on an article published by Michael Elleman, Senior Fellow for Missile Defence in the International Institute for ***Strategic*** Studies, which states that North Korea's success in testing an intercontinental ballistic missile, that appears to be able to reach the USA, has been made possible by black market purchases of powerful rocket engines probably from a Ukrainian factory with historical ties with Russia's missile ***programme***. Russian expert Vladimir Khrustalev speaks critically about the conclusions made in the article; p 3 (650 words).

Rossiyskaya Gazeta: Yevgeny Shestakov article headlined "Did Kiev help Kim Jong-un?" says that the US intelligence service believes that the engines built on a Ukrainian plant have been installed in North Korean intercontinental ballistic missiles; p 6 (1,000 words).

Kommersant: Nadezhda Krasnushkina article headlined "USA exchanges technology for sanctions" says that the USA has made trade with China dependent on the North Korean problem. China has called on the USA not to politicise trade and avoid ill-considered decisions able to "spoil" the two countries' relations. Beijing regards the move as a "demarche for the sake of stepping up pressure on North Korea", the article says; p 2 (600 words).

Kommersant: Alyona Akimova article headlined "USA will try and make Russia and China tighten stance on North Korea" looks at an article written by US Secretary of State Rex Tillerson and Pentagon head James Mattis and published in The Wall Street Journal. Tillerson and Mattis have stated that the USA will continue demanding that Russia and China tighten their policy towards North Korea; p 6 (350 words).

Rossiyskaya Gazeta: Op-ed by political analyst Leonid Radzikhovsky headlined "Out of clear sky" mulls the "sudden aggravation" in US-North Korean relations. Nothing is going to happen since there are no particular reasons for a war, the expert says; p 3 (800 words).

Russia-Syria

Vedomosti: Alexei Nikolsky article headlined "Russia helps landing forces with advice" says that the Defence Ministry has reported on a successful landing of the Syrian landing troops during their offensive on ISIS positions near Deir Al-Zour in eastern Syria with the help of Russian helicopters; p 3 (400 words).

Rossiyskaya Gazeta: Yuri Gavrilov report "They hit enemy from rear" says that "Al-Assad's troops have used tactical landing units against the Islamic State group for the first time" with the help of the Russian military advisers and pilots; p 5 (450 words).

Russia-Libya

Nezavisimaya Gazeta: Ravil Mustafin article headlined "Haftar asks Russia for support and weapons" looks at a meeting of the head of the self-styled Libyan National Army (LNA), Field Marshal Khalifa Haftar, with Foreign Minister Sergei Lavrov and Defence Minister Sergei Shoigu. Haftar has asked Russia for weapons, the article reports viewing prospects for Russia's further moves on Libya; p 3 (729 words).

Kommersant: Georgy Stepanov and Elena Chernenko report headlined "Peaceful Libya lined out for field marshal" looks at Field Marshal Khalifa Haftar's visit to Russia and says that the Russian authorities hope to carry out talks between Haftar and his key opponent Fayez Sarraj on the Russian territory in autumn; pp 1, 6 (900 words).

FSB detains militants who allegedly ***planned*** bombings in Moscow

Moskovsky Komsomolets: Eva Merkacheva et al. article headlined "Household chemicals of jihad" says that the Federal Security Service (FSB) has managed to prevent a "series of terrorist attacks" in Moscow. Law enforcers have detained two groups of militants: one prepared suicide bombers and the other one made explosive devices, the article says noting that the leaders of both groups, reportedly ISIS members, managed the operation from Syria; pp 1, 3 (834 words).

Kommersant: Sergei Mashkin and Nikolai Sergeyev article headlined "Suicide bomber school organises laboratory" gives a detailed look at the detention of three natives of Tajikistan who are said to be preparing terrorist attacks in Moscow Region allegedly following ISIS orders; p 4 (850 words).

Rossiyskaya Gazeta: Ivan Egorov report "They did not let them blow up" says that "members of a terrorist group, an emissary from the Islamic State group, an explosive device expert and two suicide bombers among them, have been detained during a special operation carried out by the FSB in Moscow Region"; p 3 (500 words).

Komsomolskaya Pravda: Alexander Grishin report "Terrorists wanted to blow up 'satan's mother' in Moscow" says that the "FSB has stopped the activities of a cell of the Islamic State group in Moscow Region that ***planned*** to create chaos on public transport and in shopping areas". Suicide bombers from Central Asia were "specially brought from their country", article says; pp 1, 3 (400 words).

Opposition

Nezavisimaya Gazeta: Editorial headlined "Do Russian leftists need fresh face?" says that the systemic opposition does not need to cooperate with Left Front movement head Sergei Udaltsov because "streets" have no weight in politics anymore. The Russian youth is ideologically amorphous, that is why Alexei Navalny, who manages to be a leftist, a nationalist and a liberal at once, is closer to young people than leftist Udaltsov, the article says; p 2 (529 words).

Nezavisimaya Gazeta: Daria Garmonenko article headlined "Navalny gathers internet-opposition" says that opposition activist Alexei Navalny has carried out a forum of software developers to choose internet technology in his political campaign. The developed software is likely to be used to coordinate volunteers and ensure their security, the article says noting that internet technology experts have been given such tasks for the first time; pp 1, 3 (630 words).

Vedomosti: Elena Mukhametshina and Olga Churakova article headlined "Communists starve" looks at a conflict between the regional branch of the Communist Party of the Russian Federation (CPRF) in the Republic of North Ossetia and the Communists of Russia party, whose candidates have been banned from standing in the regional parliamentary elections due to allegedly fake signatures of candidates. The Communists of Russia party has tried to challenge the corresponding court ruling and gone on hunger strike; p 2 (600 words).

September elections

Nezavisimaya Gazeta: Daria Garmonenko and Ivan Rodin article headlined "Hostages to 'Crimean consensus'" says that experts from the Civil Initiatives Committee led by former Finance Minister Alexei Kudrin have published a report assessing governor election campaigns in 16 Russian regions. It appears that the systemic opposition has not even tried to overcome the municipal filter, the report says. The State Duma opposition has given up political struggle to preserve the "Crimean consensus" and prove loyalty to the Kremlin, the article says; pp 1, 3 (1,006 words).

Kommersant: Article by the paper's department for politics headlined "Governor elections switched to impersonal mode" says that many little-known candidates have managed to find themselves in voting papers in the upcoming regional elections scheduled for 10 September. The paper gives comments of municipal deputies who gave their signatures so that those candidates could overcome the municipal filter. The majority of municipal deputies in various regions say that candidates did not ask for their signatures personally; p 3 (950 words).

Military

Nezavisimaya Gazeta: Oleg Vladykin report "Troops to receive T-50 fighter jets as Su-57" says that fifth-generation T-50 fighters (Future Frontline Aviation Aircraft System PAK FA) have officially been named Su-57. The article also notes "qualitative changes in the Russian military aviation"; p 7 (800 words).

Izvestia: Dmitry Litovkin et al. report "Borey and Yasen submarines to turn into 'black holes'" says that the Borey and Yasen nuclelar-powered submarines will be fitted out with new equipment that will make them "almost invisible for hydroacoustic stations"; p 3 (650 words).

Energy

Nezavisimaya Gazeta: Gleb Tukalin article headlined "Energy sector stripped of room for manoeuvre" says that according to the Energy Ministry's forecast, Russia banks on atomic energy in its ***plans*** to develop the electrical energy industry. The strategy has both "pros and cons", the article says noting that Russia may face problems with regulating power load; p 4 (1,082).

Controversial film

Vedomosti: Ksenia Boletskaya article in the Quote of Week regular column headlined "'Censorship is prohibited in Russia. We suggest that one should wait for Matilda's premiere, let viewers assess the film'. The Culture Ministry's cinematography department director Vyacheslav Telnov" looks at a row over a film about ballerina Mathilde Kschessinska and tsar Nicholas II; p 7 (400 words).

Crypto-currency

Moskovsky Komsomolets: Nikolai Vardul article headlined "Plus bitcoinisation of whole country" explores crypto-currency in Russia and wonders if it is a new pyramid scheme or a new economy; p 4 (592 words).

Demographic situation

Moskovsky Komsomolets: Irina Seliverstova article headlined "Childless Russia" says that according to the Audit Chamber, as from the beginning of 2017 Russians have applied for only 23 per cent of maternity capital against the same period of 2016. A dramatic decline in the birth rate is observed in Russia even now, the article says noting that the situation is likely to last until 2030; pp 1, 4 (516 words).

Domestic political

Rossiyskaya Gazeta: Kira Latukhina report headlined "To stick to line" looks at Vladimir Putin discussing dilapidated housing and wage arrears in Pskov Region with the region's governor Andrei Turchak; p 2 (650 words).

Kommersant: Maxim Ivanov and Sofya Samokhina article headlined "Advisor on free elections" says that Maxim Leskov, aide to head of the Central Electoral Commission (CEC) Ella Pamfilova, is to become head of the CEC's Russian Foundation for Free Elections. Experts say that the organisation is likely to focus on the "reform of the electoral system", the article says; p 3 (500 words).

Domestic economic

Moskovsky Komsomolets: Inna Degotkova article headlined "Forge, sell, go to prison!" says that the Russian consumer rights watchdog Rospotrebnadzor has come up with an initiative to impose harsh punishment for product counterfeiting. The bill has been approved by the Federation Council, the Industry and Trade Ministry and customer rights organisations, while the Economic Development Ministry stated that the bill suggested excessive restrictions; pp 1, 4 (618 words).

Nezavisimaya Gazeta: Anastasia Bashkatova article headlined "Citizens move from white sector into informal one" says that according to the Labour Ministry, it has legalised more than 5 million employees over two and a half years. However, experts from the Russian Presidential Academy of National Economy and Public Administration (RANEPA) say that it does not mean that the informal economic sector is reducing in Russia; pp 1, 4 (926 words).

Nezavisimaya Gazeta: Olga Solovyeva article headlined "Farmers do not get loans" focuses on beneficial loans in the ***agricultural*** sector, saying that the authorities prefer to back major ***agricultural*** holding companies and not small ***agricultural*** businesses; pp 1, 5 (1,144 words).

Vedomosti: Tatiana Lomskaya and Elizaveta Bazanova article headlined "Crisis no longer causes trouble" says that according to the Social Analysis and Forecasting Institute of the RANEPA, more Russians believe that the economic situation has improved in Russia and stop saving money. Experts warn that reasons for optimism are yet to come; pp 1, 5 (850 words).

Rossiyskaya Gazeta: Nina Yegorsheva interview with Oleg Rybak, head of the Federal Statistics Service Statistics Research Institute, headlined "Prices are straight", who speaks about inflation rates in various Russian regions; p 9 (1,200 words).

Moskovsky Komsomolets: Olga Bozhyeva article headlined "Motherland's limp wings" explores the state and challenges of the light aviation in Russia and says that without proper state policy it has turned into "entertainment for the rich"; pp 1, 6 (2,610 words).

Russia-Ukraine

Kommersant: Svetlana Samuseva and Yulia Polyakova article headlined "Debts officially forgiven for Crimea" says that head of the Republic of Crimea Sergei Aksenov has approved a bill allowing Crimean residents not to pay debts worth less than R5m to Ukrainian banks; p 8 (700 words).

USA

Nezavisimaya Gazeta: Vladimir Ivanov article headlined "Pentagon wants to buy weapons in new way" says that the US Department of Defence has suggested that the defence acquisition system should be reformed and modernised. The document on such modernisation has been submitted for the Congress's consideration; p 7 (673 words).

Kommersant: Dmitry Butrin article headlined "From Russia with model" looks at an analysis published by US economists on the prospects and probable consequences of the corporate tax reform offered by US President Donald Trump and the Republicans. The experts used the global economy model designed by the Gaydar Institute, the article says; pp 1-2 (950 words).

Aftermath of Charlottesville violence

Rossiyskaya Gazeta: Maxim Makarychev article headlined "General Lee catches it again" says that a wave of criticism of US President Donald Trump over his "half-hearted" stance on the recent developments in Charlottesville has become stronger; p 6 (750 words).

Eurasian Economic Union

Kommersant: Elizaveta Kuznetsova article headlined "EAEU erases boundaries in air" says that the Eurasian Economic Union member states - Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia - have agreed to establish common air space by 2020; p 9 (650 words).

Rossiyskaya Gazeta: Vladimir Kuzmin report headlined "Union shifts to digit" looks at a session of the Eurasian intergovernmental council held in Astana on 14 August. The EAEU countries are stepping up trade, the report says noting that Prime Minister Dmitry Medvedev represented Russia at the meeting; p 2 (750 words).

Russia-Moldova

Nezavisimaya Gazeta: Svetlana Gamova article headlined "Moldovan factories work for EU, while gardens and farmlands for Russia" says that while the EU is providing jobs for Chisinau, Russia ensures the commodity market. The latter is supposed to be more promising in Moldova, the article says; p 6 (597 words).

Russia-Turkey

Moskovsky Komsomolets: Lyudmila Alexandrova and Ekaterina Sveshnikova article headlined "Coxsackie has hundred eyes" says that the Federal Tourism Agency's announcement about the spread of the coxsackie viral infection in Turkey has not made Russian tourists give up ***planned*** trips there. Meanwhile, the Russian Association of Tour Operators has stated that the Federal Tourism Agency's statement about compensation for the Russians who will give up trips to Turkey over the spread of the infection, is just a recommendation and not an order; pp 1-2 (791 words).

Russia-Kazakhstan

Moskovsky Komsomolets: Ekaterina Pichugina article headlined "Russian ice breakers furrow Kazakh deserts" looks at Prime Minister Dmitry Medvedev visiting the International Exposition Expo 2017 which is underway in Astana. The expo's theme is "Future Energy", the article says focusing on the Russian team participating in the event; p 2 (635 words).

Foreign political

Nezavisimaya Gazeta: Yuri Roks article headlined "Israeli drone operators refuse to kill Armenians" looks ahead at a meeting of Armenian and Azerbaijani foreign ministers aimed at settling the Nagorny Karabakh conflict. Preparation for the meeting is underway against a scandalous backdrop, the article says, since an Israeli newspaper has published an article stating that Baku demanded that Israeli drone suppliers prove their production effectiveness by striking Armenian facilities in Nagorny Karabakh; pp 1-2 (560 words).

Nezavisimaya Gazeta: Yuri Paniyev article headlined "Michael Pence gets into Latin American mousetrap" says that US Vice President Mike Pence has started his Latin American trip with Columbia aiming to settle the Venezuelan crisis. Latin American countries disapprove of the USA's idea of using military force against Venezuela, the article says; pp 1-2 (795 words).

Nezavisimaya Gazeta: Tatiana Ivzhenko article headlined "Parade of new parties in Ukraine" looks at the political situation in Ukraine where new opposition parties are on the rise. Early parliamentary elections are likely to be held in Ukraine in 2018, the article says; p 6 (966 words).

Nezavisimaya Gazeta: Yevgeny Pudovkin article headlined "Macron disappoints French" says that the approval rating of French President Emmanuel Macron is decreasing. Only 36 per cent of the French population approves his activity, the article says noting that even members of his party blame him for ignoring their interests; p 6 (526 words).

Vedomosti: Op-ed by pundit Konstantin Sonin headlined "Teacher Maduro" looks at the political and economic developments in Venezuela and says that a key lesson that one should learn from Nicolas Maduro's regime is the following: even the hardest economic turmoil and crisis caused by ill economic policy do not necessarily affect the leader's weight and authority in the population's eyes; p 7 (450 words).

Sources: as listedInclusion of items in this list of significant reports from some of the day's main Russian newspapers does not necessarily mean that BBC Monitoring will file further on them

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[***Belgium - Q2 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RDY-W5T1-JD33-J2TM-00000-00&context=1516831)

Belgium Pharmaceuticals & Healthcare Report

April 1, 2018 Sunday

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**Length:** 2929 words

**Highlight:** Belgium has a favourable geographical location at the heart of the EU and this, combined with its highly skilled workforce and favourable tax regime, means that many multinationals base their European operations in the country. Further attractions include a well-developed healthcare system that enjoys high government contributions towards overall costs, a large drug market and high per capita spending on medicines, along with a stringent regulatory climate (which is recognised by the US and in line with the EU legislation), large demand for patented products and a stable and transparent business environment.

**Body**

Research-Based Industry

Belgium has a favourable geographical location at the heart of the EU and this, combined with its highly skilled workforce and favourable tax regime, means that many multinationals base their European operations in the country. Further attractions include a well-developed healthcare system that enjoys high government contributions towards overall costs, a large drug market and high per capita spending on medicines, along with a stringent regulatory climate (which is recognised by the US and in line with the EU legislation), large demand for patented products and a stable and transparent business environment.The pharmaceutical industry association, Pharma.be, had 130 members in 2016, jointly representing around 84% of people employed by the pharmaceutical industry in the country. Overall, Belgium is a relatively modest ***producer*** of pharmaceutical products, despite being a world leader in the production of vaccines. The majority of indigenous ***producers*** are small companies and only a handful of multinationals have made Belgium a key manufacturing site.According to Pharma.be, after Germany, Belgium is the largest exporter of biopharmaceutical products.

However, we caution that trade figures are not indicative of pharmaceutical production or consumption in Belgium. The country has a long tradition as a trading nation - its export strength coming from excellent infrastructure and a central location, making it an ideal access point to the rest of Europe. With a free trade agreement agreed between Canada and the EU, there is further scope to boost exports. In addition, Belgium is stepping up efforts to build more of an international array of trading partners, and recent commemoration 70 years of trading and diplomatic ties with India was commemorated with a state visit to India by the Belgian King between November 5 2017 and November 11 2017. In March 2016 Belgian Ambassador Frederic Verheyden visited the Islamabad Chamber of Commerce and Industry to discuss bringing a trade mission to Pakistan, in a bid to explore new business avenues between the countries in the areas of pharmaceuticals, energy and ***agriculture***. Already Pakistan's fifth largest trading partner, the two parties agreed that the less than USD1bn of bilateral trade is not reflective of their true partnership potential.We note that domestically ***produced*** pharmaceutical products contribute significantly to Belgium's pharmaceutical exports. About 40% of domestic output - mostly manufactured by small companies - is intended for the local market, with the remainder exported. One of the strongest local pharmaceutical industry sectors is the production of vaccines. As an example, about 90% of GlaxoSmithKline's Belgian output is exported, accounting for about 25% of the country's pharmaceuticals exports.Belgium is an important R&D base for many multinational companies, which makes the sector particularly important to the country's economy. In June 2009, Pharma.be highlighted the potential of R&D to boost the country's economic recovery. The association outlined three main strategies that need to be pursued: government encouragement of the use of medicines in order to boost productivity and avoid absenteeism; provision of R&D incentives for companies in Belgium; and the budgeting of healthcare mirroring the growth rates of other expenditure items including hospital costs and wages.We welcome the association's focus on ensuring Belgium remains an attractive location for pharmaceutical R&D. Our Country Risk team highlights the opportunities for Belgium to develop a niche role in high-tech R&D industries at the European level. However, risks are on the downside, given the climate of cost-containment and subdued economic growth.The leading local companies in terms of market capitalisation are UCB Pharma (USD6.56bn) and Omega Pharma (USD1.25bn). Other smaller local players include Besins, Laboratoires SMD (which focuses on over the counter drugs (OTCs) and prescription areas of the respiratory tract, the cardiovascular system, and pain management), Sterop (which also manufactures food supplements) and Sanico.A large number of foreign pharmaceutical firms are also present on the Belgian market, including Pfizer, GlaxoSmithKline, Janssen, part of Johnson & Johnson and Novartis (which owns Alcon). Most pharmaceutical companies in the market operate through their own Belgium-based subsidiaries, while a few use the services of indigenous manufacturers.

**Multinational Market Activity**

| **Company** | **Operations** |
| --- | --- |
| Novartis | 1,800 associates work for the Novartis group in Belgium: Production, Clinical Studies, Sales & Mar3keting and Support Functions. Some 80 associates supporting 117 clinical studies involving more than 1,500 patients. Alcon-Couvreur N.V. is established in Puurs since 1977 and is the largest viscoelastics and eye drops manufacturer in the world. In October 2017, Novartis invested EUR100mn in a new line of biotechnological products at its Puurs site, as well as an analytical laboratory at its specialist ophthalmology branch at Alcon. |
| Pfizer | The company's Belgian headquarters are in Ixelles, Brussels. Present in Belgium since 1952, Pfizer currently employs about 2,500 staff there. The company operates four manufacturing units in Belgium: Bornem (for gelatine capsules), Louvain-la-Neuve, Puurs (the company's largest production facility outside the US) and Zaventem, which export almost all of their annual production. In March 2017, Pfizer announced the expansion of its clinical research unit in the Erasme One-Day Hospital in Brussels. The increase in capacity will see the creation of a dedicated screening area outside the hospital for ambulatory visits, and another within the hospital for in-house studies. In May 2017, A leak of hydrochloric acid was reported at the Pfizer site in Puurs. Although the leakage was not significant, residents living north of the settlement were advised to keep doors and windows closed as a preventative measure. |
| Roche | Roche has been present in Belgium since 1897 and currently operates two divisions. The headquarters of Roche is in Basel, Switzerland. The two main divisions of the Group are both represented in Belgium, namely Roche Diagnostics Belgium nv-sa in Vilvoorde NV Roche SA (Pharmaceuticals) in Anderlecht. |
| Sanofi | As Europe's largest pharmaceuticals company and the fourth largest company in Belgium (according to its own figures), Sanofi also operates a Belgian distribution office. The company is engaged in clinical development, registration, marketing, sales and distribution of both ethical and over-the-counter products, but has no direct manufacturing presence in Belgium. Sanofi employs around 300 staff in the country. In April 2016, Sanofi announced its EUR300mn expansion to its biologics site in Geel, Belgium, to help shore up its pipeline of monoclonal antibodies. In June 2014, Sanofi unveiled ***plans*** to integrate digital technology into all production of biotechnology medicines. Sanofi is equipping its factory in Geel with a battery of sensors for real-time data monitoring and analysis that will allow processes to be monitored automatically. In July 2017, Sanofi announced a research collaboration and a global license agreement with Belgium-based biotech Ablynx to develop and commercialise therapies against inflammatory diseases related to immune disorders. |
| Merck & Co | Present in the country since the 1960s, Merck & Co operates four sites in Belgium, with a focus on the Brussels region. Medical research, sales and marketing are concentrated in Merck Sharp & Dohme Belgium BVBA/SPRL, while Merck Sharp & Dohme Europe Inc, also in Brussels, controls drug registration in Europe, early clinical trials in Europe, the Middle East and Africa and houses IT management. A total of 550 employees work for the company in Belgium, including at the production site run by Schering Plough Labo NV in Heist-op-den-Berg, which has been incorporated into Merck & Co following the merger. Merck Sharp & Dohme markets 21 drugs in Belgium, with *Benelux* distribution managed by Senitpharm. |
| Johnson & Johnson | Janssen Pharmaceutica has been part of US healthcare giant Johnson & Johnson since 1961. The parent group invests more in pharmaceutical R&D in Belgium than any other company. Janssen's operations are conducted at three main sites in the north of the country: two facilities in Beerse (of around 300 dosage forms in over 1,700 presentations, mostly liquids and semi-solids), Geel and Olen (production of drugs in pellet forms). The Geel facility, which was inaugurated in 1992, is responsible for ***producing*** around 70% of the active ingredients for all Johnson & Johnson pharmaceutical products. The facilities in Beerse also undertake R&D activities.Belgium is also home to Johnson & Johnson's global pharmaceutical HQ for its preclinical development, clinical, chempharm, chemical production and pharmaceutical production businesses. In fact, the Jan Palfijn hospital in Merksem has a dedicated clinical trials unit, which is specifically focused on phase I studies. The country also hosts Johnson & Johnson's European HQ for Discovery R&D and for EMEA sales and marketing. In a show of faith in European biomedical research, Johnson & Johnson announced in March 2016 the extension of its open innovation approach by setting up a bioincubator at its campus in Beerse. The initiative called JLINX, aims to catalyse innovation by offering flexible ways to grow and collaborate across the European life science ecosystem and start-ups using the facility will have access to expertise, equipment and funding.Janssen announced its ***strategic*** partnership with the University of Cape Town's Drug Discovery and Development Centre (H3D) in April 2016. The project is aimed at jointly identifying and addressing the issues of tuberculosis, malaria and other diseases through advanced drug development in Africa. |
| GlaxoSmithKline | GlaxoSmithKline has two subsidiaries on the Belgian market, GlaxoSmithKline Pharma (including the GlaxoSmithKline Consumer Healthcare branch) and GlaxoSmithKline Biologicals. The first is concerned with ethical pharmaceuticals, while GlaxoSmithKline Biologicals is the company's vaccines business. Their operations employ more than 7,000 people and hold a local market share of about 10%. About 90% of GlaxoSmithKline's Belgian output is exported, representing about 25% of the country's pharmaceuticals exports.GlaxoSmithKline Pharma is based in Wavre and distributes ethical pharmaceuticals in Belgium and Luxembourg. The subsidiary also undertakes clinical trials for products on these markets and operates a production plant near Charleroi, Belgium, which is its European manufacturing centre for antibiotics.GlaxoSmithKline Biologicals is one of the world's leading vaccine manufacturers, with almost a quarter of its staff involved in R&D. The main vaccine production unit at Rixensart exports over 98% of output, with other facilities in Wavre and Gembloux. GlaxoSmithKline Biologicals undertakes research in four disease areas: viral & allergy vaccines, bacterial vaccines, emerging diseases & HIV and cancer vaccines. |
| AstraZeneca | AstraZeneca employs about 200 people in Belgium and in the Grand Duchy of Luxembourg, on two sites: at Uccle (Belgium) and Ehlange (Grand Duchy of Luxembourg). |
| Takeda | Nycomed, a Norwegian pharmaceutical company acquired by Takeda Pharmaceutical in September 2011, was originally developed from two pharmaceutical companies - N V Christiaens established in 1835, and N V Sanders Probel, founded in 1910. In 2007, after the Altana Group joined Nycomed, the company's market position has gained considerable strength on the Belgian market. Takeda Belgium provides a broad portfolio of products for hospital specialists, general practitioners and pharmacists. The office of Takeda Belgium is located in Brussels. In July 2016, Takeda announced it entered into a licencing agreement with Belgian cell therapy company TiGenix, for Ex-US rights to Cx601 for the Treatment of Complex Perianal Fistulas in Patients with Crohn's Disease. In December 2016, Takeda exercised the option granted under a licensing agreement between it and TiGenix to make a EUR10mn (USD10.4mn) equity investment in TiGenix. In February 2017, Takeda announced the reorganisation of its operations in Belgium, resulting in the loss of 43 jobs. The move is part of the company's new international strategy focusing on specialised care, which includes innovative treatments against cancer and inflammatory bowel diseases. |
| AbbVie | The subsidiary AbbVie Belgium and Luxembourg has been present in Belgium since 1948. It is located in Wavre (Walloon Brabant). The company employs 170 people in the country.In March 2016, AbbVie announced it would pay Boehringer Ingelheim GmBH USD595mn to collaborate for the development of two drugs aimed at treating psoriasis, Crohn's disease, asthma and other immune system illnesses. In April 2016, Ghent-based Argenx announced a partnership with AbbVie to develop a novel antibody derived from llamas. In May 2016, AbbVie expanded its expanded its cystic fibrosis deal with Galapagos by positioning itself to benefit from a greater share of profits should it meet all its milestones following a shift in focus from double to triple combinations of cystic fibrosis drugs. In March 2017, AbbVie organized the distribution of approximately 6,000 information leaflets at stations across Belgium about Verneuil's skin disease, a chronic inflammation of the skin which manifests itself in painful red patches and odorous folds of the body. The aim was to publicise this dermatological pathology to the general public and the medical profession in order to reduce therapeutic wandering and diagnosis times. |

Source: BMI Pharmaceutical Distribution

Wholesalers in Belgium are represented by the National Association of Full-line Pharmaceutical Wholesalers (AnGR - L'Association Nationale des Grossistes-Repartiteurs). The association is part of Comeos, which represents distributors in all sectors.Belgium is emerging as a major logistics and distribution centre in this field, which explains the impressive export profile of medicines and vaccines. While Belgium has no fewer than 32 production sites on its territory, it has 10 global European distribution centres dedicated to the pharmaceutical sector. Pharmaceutical Retail Sector

After Spain's, Belgium's is the second largest pharmaceutical network in Europe, with 44 pharmacies per 100,000 inhabitants. However, according to recent figures from the Association Pharmaceutique Belge (APB), the National Federation of Independent Pharmacies, the number of pharmacies across Belgium peaked in 1999 with 5,277, and this number has been continually declining ever since due to the moratorium on opening new pharmacies imposed in that year. Consequently, mergers and closures reduced the number of pharmacies to an estimated 4,950 as of 2016, the same level as 1975.A study released in May 2017 by Libre Belgique revealed that from 2011 to 2016, 169 pharmacies closed, the equivalent of one every 10 days. Government actions aimed at curbing the further expansion of the pharmaceutical retail sector have resulted in the emergence of groups of large pharmacy chains such as Medi-Market, Multipharma or LloydsPharm buying out smaller independents. In March 2017, Health Minister Maggie De Block and representatives of the Office of the Cooperative Pharmacies of Belgium (OPHACP) and the Belgian Pharmaceutical Association (APB) signed a 'Multi-Year Framework for the Patient with the Pharmacies'; it encourages mergers but also reinforces the agency of the individual pharmacists who are to be remunerated for advising patients on how to use their medications correctly.Independent pharmacies make up 75-80% of the total, with the remainder owned by cooperatives. The development of pharmacy chains, which are also increasingly offering private label products, has accelerated on account of vertical integration with wholesalers. For example, Lloyds Pharma, owned by Celesio, has more than 110 outlets across the country.Paramedicines can be sold in outlets such as pharmacies, health food shops, supermarkets, and also by mail order. Pharmacies do not offer self-service for OTCs, as per the Code of Ethics published by the Belgian Order of Pharmacists. Around 70% of pharmacy income comes from prescription products, with OTC products and parapharmaceuticals contributing the remainder.Pharmacy chains in Belgium are represented by the Office Pharmacy Cooperative of Belgium (L'Office des Pharmacies Cooperatives de Belgique, OPHACO), which has some 17 members, thus representing around 600 pharmacies.With the Belgian retail pharmaceutical infrastructure in need of a revamp due to a paucity of government funding, the private sector is increasingly stepping in to fill the void. For example, it was announced that iDklic was awarded a network of 260 pharmacies in Belgium owned by the Belmedis Group, Belgium's second biggest wholesaler distributor. iDklic, a Brussels-based company specialising in digital media and signage at points of sales in the pharmaceutical industry, will roll out its PharmaSeen TV which enables each pharmacist to operate and ***program*** their own screen via iDklic's dedicated web-based platform. Already an international success, PharmaSeen TV is deployed in over 1,300 Pharmacies across continental Europe and is now also in operation across 150 Irish pharmacies and 50 pharmacies in Luxembourg.

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GLOBAL TRENDOMETER Essays on medium- and long-term global trends Summer 2017 Study September 2017 Global Trends Unit PE 603.253 2 AUTHORS Danièle Réchard, Head of Unit Eamonn Noonan Freya Windle-Wehrle Marcin Cesluk-Grajewski, Strategy and Coordination Unit Agnieszka Widuto, Structural Policies Unit Anne Altmayer, Economic Policies Unit Tara Riva (Trainee; Supervisor: Eamonn Noonan) Kaisa Alliksaar (Trainee; Supervisor: Leopold Schmertzing) ABOUT THE PUBLISHER This paper has been drawn up by the Global Trends Unit of the Directorate for Impact Assessment and European Added Value within the Directorate–General for Parliamentary Research Services (DG EPRS) of the European Parliament. To contact the Global Trends Unit please write to:

[*EPRS-GlobalTrends@europarl.europa.eu*](mailto:EPRS-GlobalTrends@europarl.europa.eu) ADDITIONAL CONTRIBUTIONS Tatjana Evas, Roderick Harte, Patryk Pawlak, Amandine Scherrer, Rosamund Shreeves and Gaby Umbach, Policy Analysts, DG EPRS. LINGUISTIC VERSION Original: EN Manuscript completed in August 2017 Brussels, © European Union, 2017 Cover photo: Johannes Vermeer, The Astronomer, Public Domain, Wikimedia Commons. DISCLAIMER This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. PE 603.253 Print: ISBN 978-92-846-1495-0 ISSN 2529-6337 DOI:10.2861/249451 QA-JA-17-001-EN-C PDF: ISBN 978-92-846-1496-7 ISSN 2529-6345 DOI:10.2861/782776 QA-JA-17-001-EN-N Global Trendometer - Summer 2017 3 PE 603.253 Table of Contents Introduction.....................................................................................................................................................5 Essays Sub-Saharan Africa: Demography is not destiny... if women are empowered......................................7 The return of redistributive tax policies.....................................................................................................15 Between multilateralism and protectionism: Prospects for International Trade.................................23 Vignettes Disappearing sand: A limit on the development of urban infrastructure?.......................................... 32 Water re-use................................................................................................................................................... 34 The digital future of news media................................................................................................................ 36 The surplus of men in China: A gender issue or a social threat?........................................................... 38 Automated weapons: Making wars “safer”?............................................................................................ 40 Towards a post-GDP world? New measures of socio-economic progress........................................... 42 The hollowing of the western middle class...............................................................................................44 Bibliographies................................................................................................................................................ 47 Global Trends Unit PE 603.253 4 Global Trendometer - Summer 2017 5 PE 603.253 Introduction κράτιστοι δ᾽ ἂν τὴν ψυχὴν δικαίως κριθεῖεν οἱ τά τε δεινὰ καὶ ἡδέα σαφέστατα γιγνώσκοντες καὶ διὰ ταῦτα μὴ ἀποτρεπόμενοι ἐκ τῶν κινδύνων. Θουκυδίδης (2.40.3) The bravest are surely those who have the clearest vision of what is before them, glory and danger alike, and yet notwithstanding, go out and meet it. Thucydides (2.40.3) The European Union has just come through some difficult years. A succession of crises, often interlinked, have been the major concern of European leaders for much of the past decade. This experience has driven home the lesson that prevention is better than the cure, and that more can be done to identify and prepare for future challenges. The EU as a whole has worked to enhance its foresight capacity, notably through the work of the inter-institutional ESPAS process (see box below). For its part, the European Parliament is placing greater emphasis on agenda-setting and on horizon-scanning, both to support its work in shaping the future through legislation and to improve the quality of public policy discussion of key challenges and choices ahead. European Strategy and Policy Analysis System (ESPAS) The aim of the ESPAS initiative is to strengthen the EU's collective administrative capacity for foresight. It seeks to provide informed, up-to-date analysis of long-term policy challenges and options for the decision-makers within the participating institutions. It is a joint initiative of the European Parliament, the European Commission, the Council of the European Union and the European External Action Service, with the Committee of the Regions and the European Economic and Social Committee as observers. Within the European Parliamentary Research Service, the Global Trends Unit supports this work. The world is changing. Power relations have been shifting, and this has created considerable stress both between and within countries (NIC 2017). This has in turn prompted greater efforts to anticipate and manage the consequences of such shifts. Countries from Australia to Singapore to France and Finland have developed foresight capacity within the national administration. In the USA, the National Intelligence Council has for many years presented a report on global trends to each new administration (Dreyer and Stang 2013). This is one of the inspirations for the ESPAS initiative. Increasingly, threats and risks cross national borders, and the European project faces great uncertainties (Burrows and Burwell 2017). This makes EU structures to identify and analyse trends especially relevant. Common analysis and a common perception of both threats and opportunities can lay the groundwork for coordinated responses across the EU and its Member States. Acting together increases our ability to master emerging challenges in Europe. A number of key events in 2016, both in Europe and in North America, took many by surprise, and prompted a pessimistic tone in some of the reports considered in this publication (Burrows 2016). A Global Trends Unit PE 603.253 6 fundamental challenge to liberal democratic ideals, and to the rules-based, multilateral order of the post-War period, seemed to be gathering momentum. A year on, confidence is returning, with a perception that 2016 may not after all be a turning point between two eras. Yet careful consideration of many different outcomes, including undesirable and unlikely ones, is called for. As Thomas Hobbes remarked, the capacity for foresight is something that separates humans from beasts. The Global Trendometer The Global Trendometer is a bi-annual contribution by EPRS’ Global Trends Unit to the ESPAS process. It draws on general foresight publications, inter alia from the European Union, the US National Intelligence Council, the OECD, the World Bank, the Atlantic Council, and the World Economic Forum, as well as other more specialised foresight work. It also builds on the 2015 ESPAS Report and the proceedings of the annual ESPAS conferences. Key criteria for the selection of trends to be analysed are: -> a change in trend or in perceptions; -> treatment of the subject in the surveyed foresight literature; -> cross-sectoral impact, and -> relevance to the EU. Foresight aims to mobilise collective intelligence and imagination and to promote long term thinking. It has a well-established methodology, involving many steps. Some feature in this collection, such as horizon scanning, trend analysis, identification of uncertainties and of possible disruptions, and consideration of alternative scenarios. The trends addressed may move in entirely unexpected directions, but that does not render the exercise useless. The process of regularly analysing signs and signals, and of assessing long term implications of today’s decisions under consideration today, has its own value. Not least, it encourages a practice of continuously identifying and challenging untested assumptions. This issue includes essays on demographics and development, sustainable tax policies, and the risk of protectionism. It also has shorter pieces (vignettes) giving an overview of trends, uncertainties, and possible disruptions in specific areas, ranging from the decline of traditional journalism, to advances in weapons technology, and the need to re-use water. We seek complementarity between editions of the Trendometer. The focus on Sub-Saharan demography follows on from the earlier essay on water scarcity. Analysis of stresses in international trade is a counterpoint to one on shifts in military power. A consideration of redistributive tax policies builds on the earlier look at increasing inequality. This publication does not offer answers or make recommendations. It presents summarised information derived from a range of carefully selected sources, for the consideration of the membership of the European Parliament. It hopes in this way to contribute to further reflection and inquiry about global trends, and about the opportunities and risks they present for Europe and the wider world. Eamonn Noonan and Danièle Réchard Global Trends Unit, EPRS Global Trendometer - Summer 2017 7 PE 603.253 Sub-Saharan Africa: Demography is not destiny... if women are empowered Summary This essay aims to draw attention to female empowerment as the sine qua non condition for the Sub- Saharan African demographic transition. It takes as a starting point the patterns and perils resulting from current Sub-Saharan demographics, characterised by persistent high fertility rates in spite of a significant decline in child mortality. There is evidence that the evolution of women's status in these regions will determine whether these current demographic characteristics translate into dire security and economic prospects or result in a demographic dividend for these regions and for the global economy as a whole. As partner, donor and neighbour, Europe will be directly affected. A strong case can be made to integrate the gender aspect more fully into its current policies. Introduction In the coming decades, Africa will be the fastest growing world region as regards population. Between 2015 and 2050, the population of Africa will more than double, from 1.2 billion to 2.5 billion people, according to the latest UN projections (UN, 2017, medium scenario). Nigeria will probably reach around 387 million people (191 million in 2017) by 2050, overtaking the United States of America. Authoritative foresight reports have stressed the formidable challenges and opportunities presented by African population growth. In the light of rapid population expansion, the 2015 ESPAS report suggested that by 2030 “Sub-Saharan Africa could be an area of dynamic growth provided that there is significant and sustainable progress on governance.” It also highlighted the risks related to basic deficiencies in food security and healthcare, including the possibility of very large-scale epidemics (ESPAS, p.29 s.). It underlined the trade opportunities for Europe in the case of an economic takeoff in Sub-Saharan Africa (ESPAS, p. 71). African economic growth now seems to be slowing down. There is increasing awareness that in several African regions, the demographic transition is not happening, or is happening at a slower pace and on a smaller scale than expected. The trend in Africa is differing from what has been observed in other parts of the world. The literature has recently taken a more pessimistic tone: “Africa’s Demographic Transition: Dividend or Disaster?” (World Bank, 2015), “Afrique subsaharienne: une transition démographique explosive” (Leridon, 2015), “a fateful challenge” (Michailof, December 2016). Demographic transition refers to the gradual move from a phase where both births and deaths are high, to an ultimate phase where both births and deaths are low, with intermediate phases where births outnumber deaths. This is when child mortality decreases and life expectancy increases while the fertility rate remains high, resulting in a “youth bulge”, followed by a phase where the fertility rate declines. The classic model links the intermediate phases to a “demographic dividend”: the working-age population grows, family sizes decrease, and more women are able to enter the labour force. This leads to more investment in health and education per capita, and consequently to productivity gains. Global Trends Unit PE 603.253 8 This essay examines risks and potential in several areas in view of atypical African demographic trends. Which scenario will prevail depends on how women’s status evolves, and on whether adequate policies can be put in place. A delayed demographic transition endangering Africa with potential global consequences Persistent high fertility rates Sub-Saharan Africa is the only region in the world that is still at a very early stage of its demographic transition. Under-five mortality has decreased, but fertility rates remain high; they are among the highest in the world. But there are also notable differences between Sub-Saharan African regions:  West Africa, around Nigeria and Ghana, has an average fertility rate of 5.73 children per woman. Niger has the highest fertility rate in this group, 7.6 children per woman;  Central Africa around the Democratic Republic of Congo, with a rate of 6.17 children per woman;  East Africa, around Kenya and Ethiopia, with a rate of 5.38 children per woman;  Southern Africa, around South Africa, with a rate of 2.64 children per woman. We need to examine the trends rather than the current situation. Demographers point to a “demographic enigma” (Leridon, 2015). “Compared to other regions of the world, Sub-Saharan Africa is experiencing an extremely slow decline in fertility” (World Bank, p. 6). A small number of countries, especially in Southern Africa, have advanced far into the transition, while others are experiencing surprising delays in the last 10 years, and seem stuck with very high fertility rates. The average fertility rate of 5.4 children per woman in Sub-Saharan Africa (2005-2010, World Bank) is expected to fall from 4.7 children per woman in 2010-2015 and to 3.1 in 2045-2050, according to the medium variant projection of the UN (UN, 2017 revision). Global Trendometer - Summer 2017 9 PE 603.253 Risks and privilege This delayed demographic transition entails tremendous risks, primarily for the African population. For economic growth to match population growth, Sub-Saharan Africa would have to create 18 million jobs per year (IMF, 2015). The most obvious risks of not succeeding in this relate to water and food supply crises, and the long term impact on human development and thus on building resilience: malnutrition in early childhood can impairs physical and cognitive development. The risk then emerges of a major pandemic, which could spread through the region and indeed globally. These risks are even more pressing in “fragile states.” These tend to have the highest levels of fertility, and governance seems unable to address the huge challenges they face. Fragile states are also the most affected by climate change and extreme weather events, particularly drought, and by instability related to terrorism. In areas where economic growth is insufficient to support the population, increased migration outflows are to be expected (NIC, 2017). Migration to the advanced economies represents a minority of these flows. However, this is growing faster than that within the region, and 90 % is economically driven (IMF, 2017). Inside the region, migration is likely to speed up the current trend of rapid urbanisation. While this can have positive effects on fertility, the emergence of a younger, more urban and more networked population may strengthen the existing trends of tensions based on religious affiliations and of protests fuelled by corruption, rising inflation, high unemployment and poor economic performance. The rage of the young may increase ethnic tension and religious extremism, particularly of radical Islam and of fundamentalist Christian groups (NIC, 2017). The African Institute for Security Studies lists widespread youth unemployment and a median age of less than 25 as key drivers in creating the conditions for armed conflict (ISS, 2013). The difference in fertility rates between communities might add to these tensions. The rest of the world would be economically affected. The Atlantic Council notes that “a poorly educated African workforce has negative implications for long-term global growth potential”, also for global security (Atlantic Council p. 17). This is especially true for Europe, which remains in many ways Africa’s closest partner. The risks linked with demographic trends in Africa are high. So is the potential. A youthful and growing population offers Africa a chance to take advantage of its natural resources, assets such as a major part of the world’s remaining uncultivated arable land, and a ***strategic*** location on trade routes. As the IMF states : “The rising share of sub-Saharan Africa’s working age population is increasing the continent’s productive potential at a time when most advanced economies face aging populations and a declining share of their working age populations” (IMF, 2015, p. 28). “It represents a window of opportunity, which if properly tapped can be transformational. (…) low income countries stand to benefit the most from this transition given that the magnitude of the dividend declines as economies mature” (IMF, 2014, p. 18). Other voices can sound more pessimistic, doubting that any economy could absorb the numbers involved (Atlantic Council, 2016). Global Trends Unit PE 603.253 10 [*https://blogs.imf.org/2015/12/21/china-and-africa-will-the-honeymoon-continue/*](https://blogs.imf.org/2015/12/21/china-and-africa-will-the-honeymoon-continue/) Harvesting the economic dividend for African women and with African women Whether the bleak or the more optimistic scenario prevails will depend on how the rights, status, and protection of women evolve, and how quickly. If women – and girls - are empowered, fertility will decline, dependency rates will be reduced, economic prospects will improve, and the risks related to the African demographic boom could be better mitigated. This is widely recognised not only at world level (Millennium Goals, then Sustainable Development Goals 2015), but also at Africa’s level, as the ambitious Agenda 2063 of the African Union (2013) shows. The IMF, in 2015, states firmly: “the demographic dividend will depend critically on the speed of decline in fertility rates and on the strength of accompanying policies” (IMF, 2015, p. x). Key drivers of women’s empowerment There is an overall consensus on how to improve the condition of women:  Investment in children’s and women’s health. The correlation between high fertility and under 5 mortality is well documented. In Sub-Saharan African countries, the latter has declined sharply. It remains very high in countries such as Chad, RDC, Mali, Nigeria and Somalia, compared to the rest of the world, according to recent data. The adolescent birth rate remains worryingly high in Sub-Saharan Africa, at 99 births per 1,000 women aged 15- 19 (2010-2015). Unmet needs for family ***planning*** are greatest in Sub-Saharan Africa, according to the Population Division of the UN, at 24 per cent - double the world average in 2015.  Investments in women’s education. Investment in education is critical in the early phases of transition in order to create a highly capable workforce. Education is also highly correlated with fertility: Sub-Saharan African women with no education have, on average, 5.4 children. Women who have completed primary school have, on average, 4.3 children. Completion of Global Trendometer - Summer 2017 11 PE 603.253 secondary school correlates with a big drop, to 2.7 For those who go on to college, fertility is 2.2 (Engelman, 2017).  Evolution of societal norms towards an increased acceptance of gender equality. This applies especially in terms of age of marriage, access to education, paid work, economic and financial assets, but also to women’s participation in decision-making, in their household and also at community and political level. Effectiveness of well-targeted policies In addressing the question of supporting demographic transition in Sub-Saharan Africa, the Word Bank notes that the effects of a further decrease of child mortality and of female education – both indispensable - are distant in time. Research shows that the average gap in Sub-Saharan Africa between current and desired family size is more than 2 children per woman, and the Bank suggests that family ***planning*** has an important role to play. It describes family ***planning*** ***interventions*** as an attractive option for policy makers, because they can have a near-term impact (World Bank, 2015, p. 19). The Population Division of the United Nations echoes this: 'To achieve the substantial reductions in fertility projected in the medium variant, it will be essential to support continued improvements in access to reproductive health care services, including family ***planning***, especially in the least developed countries, with a focus on enabling women and couples to achieve their desired family size.” Kenya and Zambia are positive examples, but there is still a long way to go. Indicators under SDG 3 show little progress, either on the “proportion of women of reproductive age (aged 15-49 years) who have their need for family ***planning*** satisfied with modern methods”, or on the rate of early marriage. There are large differences between the four main Sub-Saharan African areas. This argues for differentiated policy packages that target different sectors and processes, taking account of each country’s stage in the demographic transition and its level of development (World Bank, 2015). Crucially, there is evidence that policies and public actions do matter, provided they prioritize women’s needs. Family ***planning*** can be very efficient when the support of political leaders is clear, and when local communities are fully engaged and local realities taken on board. In Ethiopia, 38,000 lay health workers were dispatched on bicycles to rural areas to offer general information and supplies, including related to family-***planning***; over a three-year period, fertility declined from 4.8 to 4.1 The assumption that economic development in itself brings a solution is unsafe. “Despite perceptions to the contrary, national economic growth alone does not push fertility down powerfully” (Engelman, 2017). Return on investment The potential benefits of focusing attention on the basic needs of women and their children are potentially startling. Reductions in stunting could potentially increase overall productivity by as much as 4 to 11 percent of GDP per capita in Africa (UNDP, 2016). Fully 38 % of all under-five children are malnourished in Western Africa (Niger 43.9 %); 36 % in Central Africa (RDC 42.7 %); 42 % in Eastern Africa (Burundi (57.7 %); and 35 % in Southern Africa. Enabling women to enter the labour force has the potential to bring further gains in savings and investments in the long run (World Bank). Women reinvest up to 90 % of their income back into their families, improving their family’s health and nutrition and ensuring that their children get a good education (WEF, 2014). Altogether, the UNDP estimates that the cost of gender inequality in sub-Saharan Africa represents approximately US $ 95 billion a year - six percent of the region’s GDP (UNDP, 2016). Remittances Global Trends Unit PE 603.253 12 sent by migrants also have a gender-dimension, and remittances from African emigrants exceed official development assistance (IOM, 2006). African women are not the problem, they are the solution. At an individual level, “demography is not destiny” might be translated as: “fertility is not destiny”. A muted EU approach to the demographic transition The Joint Africa-EU Strategy (JAES) does not envisage African demographics as a challenge per se, but the key priority areas identified by the roadmap currently in force (2014-2017) all speak of “harnessing the demographic dividend” and pay due respect to the “gender dimension”. “Protection of civilians, in particular women and children, and participation and representation of women in peace and security processes” comes under “Peace and security.” “Particular attention to gender equality” comes under “Democracy, good governance and human rights.” “Fostering of education, vocational training and entrepreneurship among women and youth” come under “Human development.” “Entrepreneurial potential of women, income opportunities in the agribusiness, capacity of women to provide for the food security” come under “Sustainable and inclusive development and growth and continental integration.” Sexual and reproductive health is mentioned as an element of the ***strategic*** objective “human development” in the Africa-EU roadmap 2014-2017 (point 31). Yet it is omitted from the subsequent “key areas for cooperation.” This might reflect the non-ratification by a number of states of the Maputo Protocol on the rights of women in Africa, adopted in the framework of the African Union in 2003. In European development assistance, nutrition, health care and education, and support for initiatives rooted in civil society are emphasised. These directly serve the goal of empowering women. Yet it remains difficult to measure whether, to what extent, and by what means, EU support specifically addresses unmet family ***planning*** needs (e.g through its contribution to Global Fund ***programmes***, direct support or budgetary support). The institutions of the European Union, as well as many of its Member States, consistently recall that gender equality, including women's access to health and family ***planning*** services, including education and contraception, is a universal human right and is indispensable to achieve sustainable development (Statement by Commissioner Nimica). Most recently, as a response to the new American administration’s decision to cease funding of all overseas aid organisations that provide sexual and reproductive health and rights services, the European Parliament adopted a recommendation calling “as a matter of urgency, on the EU and its Member States to counter the impact of the gag rule by significantly increasing sexual and reproductive health and rights funding (…) using both national as well as EU development funding” (European Parliament recommendation of 14 February 2017 to the Council on the EU priorities for the 61st session of the UN Commission on the Status of Women). Conclusion Sub-Saharan African demographics is one of those medium- and long-term issues which needs to be tackled today, in to mitigate serious risks tomorrow. However the extreme complexity of the issue encourages a tendency to avoid it. It touches on cultural and ideological differences; and it involves action across a wide spectrum, from health policy, to education policy to economic development; and there is no ready made solution - approaches have to be tailored to the specifics of area. Global Trendometer - Summer 2017 13 PE 603.253 African demographics matter to the world. If the fertility rate for every country was just half a child more than assumed by the UN medium scenario, global population would reach 16.5 billion in 2100. The planet’s resources might be overstretched. However, some argue that the real concern is the overuse of resources by the developed world, rather than African population. And even if demographic projections are relatively robust, history presents more than one example of “wild cards” which proved them wrong. As Robert Engelman has written, “the empowerment of women needs no demographic justification. (…) Even if population growth did not matter, the future of Africa and the world would be better if every African girl and woman were healthy and educated and free to reach for her own ambitious dreams (...) Whether Africa finishes the century with several billion people or something much closer to its current 1.2 billion could make all the difference in its development, prosperity and resilience in the face of inevitable challenges.” (Engelman, 2017). African demographics above all matter to Africa. It faces the risk of not being able to benefit from its privilege of being the sole world region blessed with a growing labour force in the 21st century - its “most precious asset” (EPSC) - with the global consequences that might arise from this shortfall. The momentum for a comprehensive rethink of Africa’s future, including its demography, is noticeable. The decision of the United States to reinstate the “global gag rule” puts the EU and its Member States in the frontline of the effort to assert women’s rights. In January 2017, the German government published its “Marshall ***Plan*** for Africa” and has placed “Accepting responsibility – especially for Africa” on the agenda of the G20 summit in Hamburg in July. During his campaign, the newly elected President of France emphasised Africa as one of his key priorities; and the 5th EUAfrica Summit is scheduled to take place in Abidjan, in November 2017. There are signs of greater preparedness to act on the dictum that if “development is not engendered, it is endangered” (UNDP, 28 August 2016). Danièle Réchard Global Trends Unit PE 603.253 14 Global Trendometer - Summer 2017 15 PE 603.253 The return of redistributive tax policies Summary At a time when many people were suffering economic hardship in the wake of the financial crisis, evidence emerged of systematic and large-scale tax avoidance by wealthy individuals and corporations. One consequence has been a vigorous debate on tax fairness. Another has been a new look at the role of taxation in redistributing wealth across societies. The relation between redistribution and economic growth is a particular focus. This essay summarises the signs of a new approach and the current efforts to reform taxation. It then looks at factors promoting or inhibiting change, and the role of technology in this area. It concludes with a medium term outlook. Introduction According to the 2015 ESPAS report, “tax rates on capital and high incomes have fallen steadily since the early 1980s in most OECD countries,” while “the increase in personal wealth, especially that of the richest (top 1 %), has been favoured by taxation and social security policies that are less redistributive.” (ESPAS, 2015) More recently, redistributive approaches have been gaining support, and the trend from the 1980s may be changing. The emergence of issues such as profit shifting and aggressive tax ***planning*** have contributed to this, bringing calls for greater tax fairness. Significant political initiatives have been developed in response t

o public concerns. Chief among these is the Base Erosion and Profit Shifting (BEPS) project, originally proposed by the G20, and managed under the auspices of the OECD. At EU level, the European Parliament has now set up a third committee of inquiry on tax avoidance (PANA), two earlier committees having already reported (TAXE 1 and TAXE 2). In January 2016, the European Commission presented an anti-tax avoidance package aimed at fairer, simpler and more effective corporate taxation in the EU, and seeking to prevent aggressive tax ***planning***. Taxation is fundamental to affairs of state, and wide-reaching policy changes can have a major impact on economic, social and political developments both nationally and internationally. The present analysis examines the trend towards reform of taxation with a greater emphasis on redistribution. There is a wide range of possible outcomes, from a reaffirmation of the status quo, to moderate reform, and on to a more systemic overhaul of national and international taxation regimes. Key terms Tax fairness is a tax platform based on an ideal that aims to create a system of taxation that is fair, clear and equivalent for all taxpayers. Overall, tax fairness looks to limit the amount of tax legislation and rules that benefit one segment of the tax-paying population over another (Investopedia, 2017). Base erosion and profit shifting (BEPS) refers to tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations. Aggressive tax ***planning*** is actively pushing the limits of what is allowed in terms of the law. This may be stretching the definition of a term in legislation to access a loophole, or dressing up an arrangement so that it appears to be something else. It is Global Trends Unit PE 603.253 16 distinguished from normal tax ***planning***, which makes use of accepted practices to reduce tax. Signals of a new trend The 2015 ESPAS report made the point that excessive inequality damages both social cohesion and economic efficiency. Political leaders are increasingly prepared to endorse this viewpoint, and to call for a rethink on taxation. At the World Economic Forum in January 2017, outgoing US Vice- President Biden called for a “progressive tax system” where everyone pays a fair share, as a means to address the present crisis. He stated that the top 1 % were not carrying their weight. The UK Prime Minister, Theresa May called on business to do more to spread benefits more widely and to pay its fair share of tax. Italian finance minister, Pier Carlo Padoan endorsed the WEF’s Inclusive Growth and Development Report. IMF Director General Christine Lagarde agreed that more redistribution is needed to reduce inequality. These statements by political leaders reflect a change in the conclusions reached by specialist studies. The balance of expert opinion is now more open to the view that inequality is an obstacle to growth. A key assertion is that inequality means missed opportunities for investment on the part of an increasing share of the population. This is a challenge to the contrary position that inequality can favour growth by providing incentives to work, invest and take risks. Opinions differ among economists, and empirical findings on the matter are described as inconsistent (Voitchovsky, 569). Thomas Piketty states that “the progressive tax is indispensible for making sure that everyone benefits from globalisation” (2014, 497). Joseph Stiglitz concludes that “far from being either necessary or good for economic growth, excessive inequality tends to lead to weaker economic performance.” (2016, 148) Recent studies from the OECD and IMF lend support to Stiglitz’s position (Ostry, 2014; Cingano, 2014; see also Rechard, 2016). Quite staggering estimates of the extent of profit shifting have had an impact on the debate. A study commissioned by the European Parliamentary Research Service estimated that corporate taxdodging costs the EU €50bn - €70bn a year, much of it from profit-shifting (Dover, 2016). Gabriel Zucman (2015) has estimated that 8 % of global wealth is held offshore, and that the related tax revenue loss is $200bn a year. The cost to Africa of illegal financial flows (IFFs) has been estimated at between $30 and $60bn a year; it may be greater than the annual amount of development assistance provided to the continent (HPL/IFF, 2015). A more recent estimate gives even higher figures, suggesting a global revenue loss of €500bn annually, with the greatest intensity of losses affecting low- and middle-income countries (Cobham, 2017). One of those involved in the International Coalition for Investigative Journalists has concluded that “the rich and the powerful exited long ago from the messy business of paying tax” (Rusbridger, 2016). The change of focus in the public debate is based not only on the existence of new research findings on tax fairness and inequality, but also on the wide dissemination of these findings by civil society organisations. The Tax Justice Network has played an important role in spreading information about how tax havens work. An Oxfam report released to coincide with the World Economic Forum attracted huge interest, due to its claim that eight people had as much wealth as half the world’s population (Oxfam, 2017). Global Trendometer - Summer 2017 17 PE 603.253 The financial crisis has also had an influence, by bringing a spotlight on white-collar crime. After the crisis, Financial Action Task Force (FATF) recommendations and European directives for the first time made explicit reference to tax crimes; such terminology had previously been resisted (Scherer et al, 2017, 34f.). Efforts to reform taxation There are several initiatives seeking to transform words into action. At international level, the BEPS (Base erosion and profit shifting) initiative was created at the instigation of the G20 and is being coordinated by the OECD. It addresses the problem of corporations artificially separating the allocation of their taxable profits away from jurisdictions where these profits arise, thus greatly reducing corporate income tax payments in the jurisdictions where MNEs operate. This has many negative consequences: it affects competition, distorts investment decisions and reduces overall trust in the tax system (Gurria, 2014). The key elements of the BEPS approach are  Establishing mandatory minimum standards for participating countries.  Reinforcing international standards.  Promoting common approaches and convergence towards best practices, as a source of future standards. As the problem is international, the response requires international coordination. The World Bank stresses the need to share information across jurisdictions about financial transactions and about beneficial ownership of assets. It also notes that profit shifting hits developing countries disproportionately. The European Commission anti-tax avoidance package seeks to be both pro-growth and anti-fraud. It acknowledges that taxation is fundamental both to economic stability and to social justice - and that these two goals are intrinsically linked. Thus it is important both to maintain a pro-business environment which promotes growth and jobs, and to preserve the social contract (Moscovici, 2016). The Commission has also proposed a Directive on Country-by-Country Reporting (CBCR), imposing an obligation on firms to annually publish information on profits and tax paid (Collovà, 2016; Remeur, 2017). A few large economies have the capacity to influence international practices unilaterally, due to their global economic significance. The USA, not least, can act effectively in advance of international consensus or agreement. The 2010 Foreign Account Tax Compliance Act (FATCA) is an example of this; it introduced a greater degree of transparency and accountability for US citizens, and is held up as a model for other jurisdictions. Factors promoting and inhibiting change Public policy may or may not move towards greater redistribution. Signals about its likely direction can be found in the contributions of different participants in the policy process. Redistribution is directly relevant to a major challenge identified by the US National Intelligence Council: Global Trends Unit PE 603.253 18 Economic instability will erode governments’ ability to deliver on promises of social welfare. In the developed world—where populations are expected to age and life expectancies will increase— we can anticipate a rise in health care costs while business profits and tax revenues shrink and government debt levels remain high. Public anger over the government’s inability to protect constituents’ interests probably will be aggravated as wealth, technology and social networks enable affluent citizens to opt out of many public goods, such as education and health care, undermining a sense of shared fortunes. (NIC, 2017, 202) The prospect of a future government expenditure crunch is well known. If authorities begin to see corporate income as a potential source of increased revenues, rather than accepting their decline as a fait accompli, this would be a sign that reformist thinking is gaining ground in official circles. National authorities tend to be sceptical about revenue generated in their territory being free of tax in the same country. Such a view is understandable in a period of austerity, which can lead to higher taxes and reduced services for the general population. Small and Medium-sized Enterprises have expressed concern that larger businesses may have an unfair advantage in dealing with the complexities of tax law. The European Commission has reported that tax compliance costs for large companies are about 2 % of taxes paid, compared with 30 % for small and medium sized enterprises (SMEs). This is part of the Commission’s argument for tabling the Common Consolidated Corporate Tax base (CCCTB). The media has played a significant role in exposing tax evasion, and it continues to investigate the matter. If further evidence of widespread tax evasion emerges, the existing pressure from voters for meaningful reform may well intensify. A certain amount of pressure can also be expected from the public sector in its own right, and in particular from financial bodies concerned about a sizeable future funding gap for health, education and welfare services. International public sector bodies such as the OECD will also play a role. At present, it is hard to find explicit acknowledgement of a causal link between profit shifting and excessive inequality in OECD publications. New research may change this. There are already some indications of a causal link between changes towards more progressive taxation and greater equality in the first decade of the 2000s in Latin America (Martorano, 2016). Perspectives and preferences can be very different in the private sector. Businesses are seldom inclined to surrender practices that reduce their tax liability. Representative associations therefore challenge aspects of the EU Commission’s reform package on the grounds that it could hurt business. Business Europe has stated: The EU must not act as lone front-runner in implementing the BEPS agreement, and must not undermine the competitiveness of EU industry or damage the EU’s attractiveness as an investment location. (Guarascio, 2016) There is also economic analysis that lends some support for the status quo. Acemoglu et al (2012) suggest that different circumstances across countries influence the degree to which there is a strong focus on social insurance, and that the adoption of “a type of ’cutthroat’ capitalism” can be associated with greater innovation. Global Trendometer - Summer 2017 19 PE 603.253 The World Economic Forum can be a good barometer of thinking within the private sector, and it remains to be seen if its reports will in fact endorse redistributive approaches to tax policy. It recent major report on Inclusive Growth and Development skirts the issue. It limits itself to saying: Larger fiscal transfers are not necessarily incompatible with long-term growth and competitiveness, but neither are they always the primary or most effective available option for broadening socioeconomic inclusion. The WEF Global Risks Report for 2017 is similarly reticent on tax and redistribution. It mentions tax evasion only once, in an appendix, as an aspect of illicit trade. On taxation in general, the report simply notes that: “new employment models also hinder the collection of taxes from both employer and worker, reducing the amount governments have available to fund social protections” (WEF, 2017a, 35; 61). However, there are signals of support for a new approach within the private sector. Opinions on some key questions of economic strategy appear to be shifting. For example, influential figures are now questioning the principle of maximising shareholder value (MSV), which has been a cornerstone of business strategies since the 1980s. At that time, many large corporations departed from an earlier strategy of retaining and reinvesting profits in favour of a ‘downsize and distribute’ approach. The primacy of dividends, on the one hand, and share buybacks, on the other, mean that less was available to invest and to modernise. MSV came to prominence at the same time as political decision makers were retreating from redistributive taxation, and it is tempting to see them as parts of the new economic policy consensus that emerged after the oil shock of the 1970s. In both cases, the course of events in recent years has undermined the supposed economic benefits of the new approach (Lazonick, 2016). A decline of support for MSV may foreshadow greater openness towards redistributive tax policies. The growing interest in sustainable finance is another sign of a rethink within the private sector; there is greater appreciation that short term profit maximisation can be to the detriment of long-term prosperity (Beslik, 2017). The role of technology The rapid advance of technology has had an ambivalent role in the development of aggressive tax ***planning***. Further advances are likely to impact the international effort to combat tax evasion, but it is hard to say whether they will advance or undermine the task. It is well known that technology has made it more difficult for a state to impose its own taxation rules on entities and activities within its borders. The digital economy has facilitated the process of profit shifting, by allowing fast and discrete transfers from higher to lower tax jurisdictions. On the other hand, it has become easier to track individual transactions, particularly given the efforts of authorities to uncover and disrupt terrorist financing since 9/11. Financial intelligence (FININT) approaches are likely to become increasingly important (Scherrer et al, 2017). The digital economy is also vulnerable to leaks, and both Luxleaks and the Panama Papers have added impetus to efforts for reform. It can be argued that the digital economy exacerbates existing issues, more than it creates new ones. But an “arms race” between tax authorities and tax evaders is set to continue. Further innovation will open possibilities that we cannot readily anticipate today. The OECD Task Force on the Digital Economy should give pointers to the opportunities and challenges arising in the coming years. Global Trends Unit PE 603.253 20 Outlook Events in the medium term will reveal whether the trend towards redistribution is advancing or not. The adoption of BEPS internationally, and the adoption of the components of the Commission’s ATAD package at EU level, would confirm the trend. Failure on either front would suggest a continuation of the status quo. A third scenario, a move away from redistributive approaches, would emerge if for example the present US administration overturned its predecessor’s Foreign Account Tax Compliance Act. Decisions of political bodies will determine the future course. The indications to date are not uniform. Some governments appear to favour cuts in corporate taxes, and remain committed to the theory of trickle-down economics. On the other hand, the European Parliament recently approved a proposal for greater transparency on beneficial ownership of assets. Decisions by countries identified as tax havens to lift bank secrecy would be significant, and proposals to this affect are under consideration. The adoption of agreed standards on matters such as transfer pricing, profit attribution, and taxing the digital economy will take time and effort. Binding international agreements are hard to achieve, even in an era of relatively robust multilateral cooperation. Reaching agreement may be even more difficult if this multilateral era is drawing to a close. Tax cooperation is all the more difficult in that it involves an area which states see as central to their own prerogatives, with good reason. Some countries choose to offer very favourable tax conditions to international companies - the “race to the bottom” - on the grounds that they might not otherwise be able to compete for much-needed inward investment. This strategy faces the criticism that it may itself involve unfair competition. At EU level, the degree to which competition law restricts a Member State’s ability to tailor its own tax regime will be tested over the coming years, notably in the Apple/Ireland State Aid case. Certain key steps are only possible if everyone agrees, including tax havens. This is a high bar, but there are options for dealing with obstructionist jurisdictions. A carrot and stick approach may emerge, combining offers of technical assistance with the possibility of cuts to development aid (Stiglitz, 2016). The establishment of a common EU blacklist of states at risk of money laundering, which takes forward an FATF initiative, would be a sign of growing consensus in favour of reform. It remains to be seen how far and how fast reform proposals will advance. The prospect of the “Islands” scenario outlined in the NIC report (2017, p. 50) may concentrate minds. In this scenario, many whose socio-economic status had improved up to the financial crisis fall back into some level of poverty. Governments struggle to maintain services to their populace, because tax revenues fail to keep pace with growing obligations. A tenet of ***strategic*** foresight is that unexpected events can disrupt even the best laid ***plans***. Regular and irregular wars, revolutions, shifts towards autocracy, a retreat of democracy, and state bankruptcies may affect individual countries or groups of countries. Catastrophes have been known to trigger major change, but a sudden and unexpected increase in international tensions would surely make it harder, not easier to implement the BEPS agenda. Global Trendometer - Summer 2017 21 PE 603.253 John Maynard Keynes famously wrote: The ideas of economists and political philosophers, both when they are right and when they are wrong are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually slaves of some defunct economist. Whether the future brings more or less emphasis on redistributive taxation will depend on the balance of opinion between contending philosophies about economy and society. It has been said that all economics is about the creation of value; all politics is about the distribution of this value. Centuries ago, Benjamin Franklin suggested that “an enormous proportion of property vested in a few individuals is dangerous to the rights, and destructive of the common happiness, of mankind.” If this view prevails, and with it the view that the provision of social services is a contributor, not an obstacle, to economic growth, greater efforts at redistribution can be expected. Eamonn Noonan Global Trends Unit PE 603.253 22 Global Trendometer - Summer 2017 23 PE 603.253 Between Multilateralism and Protectionism: Prospects for International Trade Summary For several decades, up to the financial crisis, international trade grew, and trade barriers fell. These trends were complimentary, and were supported by a multilateral framework for international trade. Since the 2008 crisis, there have been signs of a change of course. Trade growth has slowed, and so has the rate of reduction of barriers to trade. 2016 marked the fifth successive year of weak trade growth. Uncertainty about future trade policy has grown, and this in itself seems to contribute to poor growth. This essay examines signs of a shift in international trade away from multilateralism and towards bilateralism or indeed unilateralism. First, it summarises foresight reports from informed observers. It then examines issues which will influence whether the change in direction will become stronger. It concludes with an outlook to 2035, with particular reference to the situation of the EU. Introduction A move from multilateral trade to protectionism would be a major change of course. The entire postwar era has been one of multilateralism and the reduction of barriers to trade. A cohesive international framework centred on the Bretton Woods institutions, GATT and later the WTO laid the basis for decades of economic and trade growth. This reversed the legacy of the Great Depression, which ushered in an era of protectionism, based on bilateral agreements, closed regional trading blocs, and policies favouring autonomy and self-sufficiency. The 1930s ended not with economic recovery, but with the onset of world war. The 2008 financial crisis brought the most severe global economic downturn since the Great Depression, and the weak performance of international trade since then has prompted concerns of a turn to protectionism. Political movements which link job losses to globalisation have gained ground, notably with the election of Donald Trump to the US presidency. The new US administration has indicated that it will not pursue the Trans Pacific Partnership (TPP), and it has put the Transatlantic Trade and Investment Partnership (TTIP) on hold. The UK decision to leave the European Union risks further fragmentation of trade. Meanwhile, a shared post-crisis commitment not to adopt trade restrictions has not been respected; some emerging economies have resorted to non-tariff barriers in response to deteriorating economic performance (Barone, 2015). These developments lead commentators to suggest that “the times they are a-changing” (Rudloff and Laurer, 2017), and to speak of “a storm of new protectionism” (Daianu, 2017) or of the “end of the Transatlantic trade consensus” (Korteweg, 2017). Even so, it may be too early to conclude that protectionism is on the rise. Analysis from the OECD suggests that global trade may be suffering a “dizzy spell”, rather than “cardiac arrest”; the trend towards reducing restrictive trade measures has slowed, rather than gone into reverse (Haugh et al, 2016). Major trading powers such as the EU, China and Japan continue to express strong support for multilateralism. Although references to protectionism were dropped from recent G20 and IMF communiqués, the Taormina G7 communiqué reiterated a commitment to fight protectionism - while opposing unfair trade practices, and acknowledging that trade has not always worked to everyone’s benefit. Global Trends Unit PE 603.253 24 Contending narratives The long-standing consensus in favour of multilateralism is now under fire. The view that globalisation is harming entire social strata both in Europe and the USA has become widespread. As the National Intelligence Council (NIC) puts it: “Financial crises, the erosion of the middle class, and greater public awareness of income inequality - all with roots predating the 2008 downturn - have fed sentiment in the West that the costs of trade liberalization outweigh the gains” (NIC 2017, 12). The belief that globalisation has brought factory closures and outsourcing drives support for a reversal of trade policy. There are also fears that the situation in coming years may get worse. A new phase of digitisation means it is increasingly possible to deliver many services remotely. In mature economies, this means that the problem of large-scale job losses may spread from the manufacturing sector to the service sector (Baldwin, 2016; Harari, 2017). Multilateral bodies continue to vigorously defend the present international trade order. The economic case is compelling: open economies have consistently achieved stronger economic growth than closed economies, and they also have higher wages (OECD, 2017, 4). By contrast, new trade restrictions can make matters worse. The OECD suggests that a major tariff increase by actors such as the USA or China would harm economic growth, particularly for those that imposed new barriers (OECD, 2017b, 9). For the World Economic Forum “trade barriers intended to protect local workers could [...] cause job losses by increasing the cost of inputs for high value added companies” (WEF 2017b, 25). In recent times, international organisations have devoted more attention to the downside of open economies, and have embraced a more nuanced approach to globalisation. There is now greater acceptance that globalisation has left many behind, and that this must be changed. Hitherto, a narrow focus on per capita GDP as a key metric masked the fact that gains from globalisation were heavily concentrated in the wealthier segments of the population. In response, the concept of inclusive globalisation has emerged. This involves a package of measures giving greater support to those whose livelihoods have been disrupted (OECD, 2014). The resilience of the multilateral trade framework is likely to be enhanced if supports of this kind are funded and delivered effectively; if not, the pressure for a protectionist response is likely to increase. Global Value Chains and a new focus on fair trade In the early 1800s, building on the theory of competitive advantage, David Ricardo described the benefits of an international division of labour. This paradigm has been especially influential ever since the Second World War ended. Yet the 21st Century economy is very different from that of the 19th century. Then, the production cycle typically involved a limited number of border crossings. Raw materials came in, and finished products went out; tariff levels at the border were a central concern of trade policy. Now, following a long period of liberalisation and advances in communications and transport, production processes are far more integrated across borders. The rise of Global Value Chains (GVCs) has brought major changes to the dynamics of trade and of trade policy (Srinivasan, 2014; OECD, 2015; Binder, 2016). Intermediate inputs and services now account for three quarters of international trade. As a result, a border tariff has become a less attractive policy instrument: it is more likely to increase production costs and reduce export competitiveness. The European Commission has taken a clear position on this: “There is no Global Trendometer - Summer 2017 25 PE 603.253 advantage to be gained from resorting to protectionist measures, even in the difficult economic circumstances of today” (European Commission, 2015, 10). Governing GVCs calls for strategies beyond the traditional tools of trade policy. Regulation and standards assume far greater importance. What minimum standards should be met in order to qualify for market access? What labour standards, environment standards, and human rights standards are appropriate and enforceable? The debate is moving from one about free trade to one about fair trade. For the EU, the challenge is to manage a shifting trade policy landscape at a time when the public and political debate on trade has become more strident. It has responded to greater international economic complexity by moving on from classical free trade agreements to new, more complex agreements. Thus the EU-Canada Comprehensive Economic and Trade Agreement (CETA) is broader in scope than a free trade agreement. Trade is no longer capsuled off and separated from all other issues. As a result, the agreement’s economic and political dimensions have both become more complex. The path towards ratification on the EU side also became more complicated, as the allocation of competences between the EU and the Member States varies from sector to sector under the treaty. In the global arena, many remain sceptical about introducing “soft-law” provisions in trade agreements, but there is greater acceptance that international norms and policy cooperation have their place. ILO labour standards have been included in regional trade agreements. Coherence between environment agreements and trade agreements is seen as desirable (IMF, 2017, 38-39). The successful application of labour and environment standards to international trade is a key 21st Century challenge. At present, conditions vary so greatly that it is often hard to envisage how a uniform standard can be applied universally. An early agreement on what constitutes free and fair trade, and what does not, is not likely. Yet the issue is firmly on the agenda of national, European and global fora. The European Commission has clearly stated that it sees existing EU standards as the basis on which broader negotiations can commence - but as a floor, and not as bargaining chips: “no EU trade agreement will lead to lower levels of consumer, environmental or social and labour protection than offered today in the European Union” (EC 2015, 21). A renewed focus on standards of fairness makes the historical experience of the EU especially relevant. In order to advance the Single Market, the EU needed to move from several national standards to one common standard in a wide range of areas. It has achieved remarkable success in doing so. Both the process of negotiating common standards, and the standards themselves, offer models for a similar process on standards in international trade. This is an urgent task, given the prospect that failure to agree standards may well increase support for protectionism. Through “Inclusive globalisation” to a new consensus? In 2011, the ILO and the WTO jointly agreed that a more inclusive globalisation was needed. This would entail better redistribution policies and social safety nets, active labour market policies, and new industrial policies (Bachetta et al, 2011). Since then, the IMF, the World Bank and the OECD have endorsed the idea (IMF, 2017; OECD, passim). A recent European Commission Reflection Global Trends Unit PE 603.253 26 Paper acknowledges that the ample benefits of globalisation are neither automatic nor evenly distributed (European Commission, 2017, 21). Inclusive globalisation involves both passive and active labour market measures, as well as action in related policy areas. The idea is find alternatives for people laid off from sectors unable to compete in a globalised market. Those who lose jobs in manufacturing tend to be older, less educated, and longer in their former job. They are therefore liable to longer periods of unemployment, and this in turn is associated with worse health outcomes, higher mortality and lower educational achievement by their children. This makes labour market measures especially relevant. The multilateral organisations recommend a systematic approach, with early action on a variety of initiatives to encourage labour mobility across sectors, regions and skills. There are benefits to a coordinated approach, working on many fronts simultaneously. Policies to stabilise the economy are important, because displacement costs are higher in downturns. Policies to support competitiveness and productivity growth help exposed or competitive sectors to create jobs. Initiatives to improve credit supply open opportunities for self-employment, and for recruitment and retraining of workers. Improved access to mortgage credit is important to assist mobility between regions. Fiscal transfers to disadvantaged regions have a role, although the OECD and other organisations suggest that too much regional aid can create distortions. In general, policy packages should be tailored to particular circumstances, and should take account of education levels, access to financing, and levels of social protection. “Passive” labour market policies refer to systems involving unemployment benefit, health insurance, early retirement schemes and disability benefit. These are well developed in western Europe. In general, such ***programmes*** are expensive, and can have the side effect that significant numbers permanently drop out of the workforce. These measures also tend to cost more the worse the economic situation. Thus hard times may be accompanied by efforts to reduce benefits, rather than to extend them. This is despite that a lack of evidence for the theory that benefits above a certain level are a disincentive to take up employment (Chodorow-Reich 2016; Van der Wel 2015). The affordability of social protection against unemployment is likely to remain a contentious issue in the coming years. “Active” labour market policies include activation strategies such as assistance with job searching and training. There is a tendency to add conditionality to benefits: for example, to stipulate that benefits will end unless the recipient participates in a job-search or training ***programme***, or in a placement scheme. The European Commission reports that the European Globalisation Fund (EGF) has been successful in helping transition to new employment for some 140,000 people (European Commission 2017, 17). An increase in EGF funding would be a sign of the EU’s commitment to inclusive strategies. However, there is some concern that evidence for the effectiveness of key initiatives is lacking. Job search ***programmes***, for example, may help participants into employment, without actually increasing the number of available jobs - displacing rather than fixing the problem. There are indications that employers may take advantage of wage subsidy ***programmes*** to reduce the pay they offer. Some research casts doubt on the effectiveness of a reemployment bonus. There also seems to be a lack of recent research on such a topical question as what level of minimum wage would risk having a negative effect on employment (IMF, 2017, 31-32). Global Trendometer - Summer 2017 27 PE 603.253 A mixed record of effectiveness for labour market measures is a problem. If these policies could show a clear record of achievement, it would be easier to persuade people that globalisation could indeed be made inclusive. As things stand, inclusive globalisation can be seen as an aspiration rather than a reality. A complex international trade agenda For the EU, successful management of international trade is a complex matter. External and internal dimensions interlink. As noted above, inclusive strategies are central. Another challenge is to make the case for open economies in the face of great scepticism. The agenda also involves the upkeep of the international institutional framework, mechanisms to defend against unfair trade, provisions about trade facilitation, and the place of ***agriculture*** and of services. Communicating the benefits of international trade The dilemma of communicating the benefits of international trade to a sceptical public is not new. Thomas Macaulay wrote in 1824 that “free trade, one of the greatest blessings which a government can confer on a people, is in almost every country unpopular.” Trade makes a huge contribution to economic prosperity. The facts and figures documenting this need to be aired, and presented in ways accessible to all. Misapprehensions need to be corrected where possible. Economic problems may be attributed to competition from imports, when the real causes are more complex or closer to home, as in the case of job losses resulting from technological change. Two findings deserve greater attention: Eurofound suggests that offshoring now accounts for only a small part of job losses in Europe (Eurofound, 2017); while OECD data indicates that higher imports do not correlate with increased unemployment, in the long run (Figure 1). Figure 1 - Import penetration and unemployment rate, selected OECD countries, 1970-2011 (OECD, 2012, 18) Global Trends Unit PE 603.253 28 Continuity and change in the World Trade Organization In any scenario, international trade needs a framework of laws, including mechanisms for handling disputes. The WTO has provided and managed this framework, and is a bulwark of multilateralism. It is now debating how to adapt to changing circumstances. One key issue is managing the demands of emerging economies for a greater influence. The rebalancing of national weightings can take time; efforts to reform UN bodies have demonstrated this. It is unclear whether rebalancing would change the overall policy orientation towards multilateralism. For emerging economies in general, export-led growth has been a major contributor to their new prosperity. They may therefore be expected to defend free trade, as President Xi did at Davos this year. On the other hand, they have also been slow to open up their domestic markets, for example as regards public procurement. The degree to which emerging markets remove their own trade barriers will have a strong impact on future trends. The WTO continues to face the reality of regional trade agreements. Allowing groups of countries move on to more sophisticated levels of economic cooperation is compatible with the WTO framework, up to a point. Continued respect for the Most Favoured Nation principle is a key benchmark. The WTO will continue to insist that regional agreements should be complementary to, and not in competition with, its rules. It remains to be seen whether the development of new plurilateral and hybrid agreements will weaken this essential multilateral provision. For its part, the EU has every incentive to defend the institutional framework for international trade. Merchandise trade makes up a higher percentage of GDP for the EU than for other leading economies (Figure 2). The EU has largely maintained its share of world trade since the turn of the century; China’s share has increased, while the US share has declined notably. This in turn may help explain the current US emphasis on protection. Figure 2 - Merchandise trade as % of GDP; EU, China, Japan, USA, 1960-2015 Data source: World Bank Global Trendometer - Summer 2017 29 PE 603.253 Trade defence Commitment to free trade does not imply that a state cannot defend itself against unfair competition. On the contrary, WTO rules establish robust trade defence mechanisms, and the EU has invoked these mechanisms more than anyone else. In some sectors, such as steel, the situation is so difficult that global negotiations are needed; hence the 2016 G20 summit created a Global Forum to address excess steel capacity. It is safe to predict that WTO rules will be further tested in the future. The mooted Border Adjustment Tax (BAT) in the USA may be such a case. If it is a step towards taxing business on where a product is sold, rather than ***produced***, and if it is applied regardless of a company’s national base, it may prove positive (Irwin, 2017). On the other hand, if it takes the character of a classical tariff barrier, it may be challenged through WTO rules, or may provoke retaliatory measures. This latter scenario involves significant risk for multilateral trade levels (Hufbauer, 2017). Trade Facilitation Administrative reforms can result in trade ***producing*** even greater economic benefits. Streamlining customs and borders procedures could save up to 15 % of value of the goods traded, improving profits and creating potential for more investment. To this end, a Trade Facilitation Agreement (TFA) was elaborated. It entered into force earlier this year; according to the WTO, rationalisation of customs and borders procedures can save an estimated 15-18 % of costs, improving profits and creating potential for more investment. Implementing the TFA could increase global GDP by 1.5 % (WEF, 2016). Another challenge is to tackle practical barriers to market entry. Problems with connectivity, red tape and logistics hurt small business disproportionally, especially outside urban centres. World Economic Forum analysis suggests that as a result, large numbers of businesses miss out on the benefits of globalisation (WEF, 2016). Investment in supply side capacity is also recommended. Work on digital and transport infrastructure, connectivity, and the overall business environment is complex and costly, and has a long-term rather than an immediate return. But it has the potential for major societal and economic benefits, well beyond an increase in export competitiveness (IMF, 2017). Managing trade in ***Agriculture*** and in Services The OECD has argued for decades for an opening of ***agriculture*** markets. They foresee many benefits from such a reform - while acknowledging that some benefits will only be apparent in the long term. ***Agriculture*** remains a notoriously difficult sector for international trade: the Doha Round failed because key partners would not reduce ***agricultural*** subsidies. Within the EU, ***agriculture*** faces a challenging transition. Long term prosperity will depend on harnessing the potential of technological innovation, improving competitiveness, focussing on quality ***produce***, and preparing for integration into international markets. Internationally, major market reform in ***agriculture*** appears impossible without a credible strategy to compensate the losers. A large scale opening of the ***agricultural*** sector remains unlikely in the short to medium term. Prospects for liberalisation are stronger in the services sector, which now accounts for 65 % of the global economy, and 70 % of jobs and of GDP in the EU (European Commission, 2015). The OECD also points out that barriers to trade in services harm the competitiveness of a country’s Global Trends Unit PE 603.253 30 manufacturing sectors. (OECD, 2017) The proposed Trade in Services Agreement (TiSA) is an example of a set of WTO members, including the EU, going ahead with an initiative, while keeping the possibility open of others signing up later. Given the significance of the services sector and the fact that digitisation dramatically increases the opportunities for international exchange, the creation of a new legal framework seems both desirable and necessary. Outlook to 2030 A fragmented world? Today, very different scenarios present themselves. One, developed by the National Intelligence Council (NIC, 2017), is called “Fragmented World”: A dysfunctional Europe is absorbed in regional threats. The United States gives up on the policeman role. Protectionism provides an initial domestic economic boost, but leads to lower global growth over the medium term. [...] There would be little forward movement on free trade, but limited backsliding. The one area in which protectionist forces would prevail is immigration policy. [...] the major emerging countries still apply relatively high tariffs. If the long-standing consensus in favour of international rules begins to crumble, and if globalisation is considered a major source of job losses, then a return to protectionism becomes more likely. Economic data provides strong evidence that protectionism ***produces*** weaker growth in the long run. History also teaches that it is easier to put up barriers to trade than to take them down. A strong move towards protectionism in the near term would take a long time to reverse. The position of the USA, the world’s largest economy, is crucial. Should it turn away from open trade, the prognosis would quickly become darker. President Trump has frequently stated a preference for bilateral trade agreements, over multilateral agreements, and for balanced bilateral trade rather than trade deficits. The idea is that bilateral negotiations give the USA better scope to leverage its economic strength. At present, it is unclear to what extent this position will be adopted in practice. In other sectors, strong opening statements have not been followed up by action, possibly due to greater appreciation of political complexities. If the view expressed by President Trump is no more than a negotiating strategy, intended to anchor talks to a favourable benchmark, US trade policy may change less than initially expected. If the next wave of digitisation disrupts employment in the service sector, and if industrial employment continues to decline in Europe and North America, the Fragmented World scenario is more likely. Discontent with the negative impacts of globalised trade remains a cornerstone of political support for greater protectionism. Recommitment to open trade? A more positive scenario is a recommitment to open trade as a central pillar of economic growth and prosperity. The reality that economies are deeply interconnected could reassert itself (OECD, 2013). Greater protectionism involves many unpleasant trade offs; this may become more evident as untested new approaches are tried out in practice. If the balance of public opinion is swayed by better explanations of the impact of trade, it may be possible to avoid simplistic and ineffective options being embraced in the first place. Global Trendometer - Summer 2017 31 PE 603.253 This scenario also involves progress in the direction of fairer trade, with agreements on minimum standards, and on mechanisms to enforce them. The outcome will also be influenced by the degree to which large corporations - whose power has increase in the era of globalisation - embrace and exercise social responsibility. Much depends on the political will to deliver the labour market and other ***interventions*** which are needed to make globalisation inclusive. Prospects for the European Union The European Union is the world’s largest importer and exporter, and will remain so also after Brexit. As such it has the opportunity to shape events to its advantage. The EU may well be better placed to take the lead on free trade - and on fair trade - than the USA, for example. It is more integrated in the international economy than the USA, and has more to lose from a return to protectionism. It is not impossible that a community of interests between the EU and China could emerge, based on shared support for international trade and multilateral mechanisms; though this depends not least on China’s willingness to open its own markets to international suppliers. The EU benefits from the existence of international rules, and will actively defend multilateralism (European Commission, 2017). But it will seek new or revised rules in some areas. Weak economic growth has created pressure to revise existing rules, for example on taxation. Technological developments, which are disrupting traditional business models and transforming the international economy, have created an urgent need for new rules in order to manage a new period of transition. Difficult choices emerge in some major economic sectors. The steel industry will no longer offer levels of employment seen in past decades. At the same time, it is entirely appropriate to vigorously defend the sector against distorted competition due to overcapacity and dumping by other countries. A commitment to open trade does not mean that one renounces trade defence in such circumstances: on the contrary, it is a necessary element of open trade systems. A neglected advantage is the EU’s tradition of state-sponsored social protection; stronger social security provisions put Europe in a stronger position to make globalisation more inclusive than, for example, the USA. Europe’s determination to maintain its status a world leader in social security will be tested, especially if the recent pattern of slow economic growth persists. A weakening of social protection in Europe is likely to create greater political support for protectionism. Greater protectionism internationally would have profound economic, social and political implications. Support for maintaining an open economy will depend not only on economic policy but also on social policy. A policy package that supports people and regions through a difficult transition will be more effective if it is adopted and implemented by Member States and EU institutions acting in concert. A tendency to see the economy in strictly national terms, and to favour go-it-alone solutions, may complicate this effort. In trade, as in other areas, the EU needs to continue to build its capacity to develop and implement ***strategic*** policy packages. Close cooperation between the EU institutions, the Member States, and local and regional authorities would increase the chance of a turn not to protectionism, but to a more inclusive globalisation. Eamonn Noonan PRESENT Global Trends Unit PE 603.253 32 Disappearing sand: A limit on the development of urban infrastructure? Freya Windle-Wehrle Background Next to demographic shifts reshaping European societies, forecasts for Africa and Asia indicate a significant population increase with world population peaking towards 2030. The rising number of people living in urban areas - two-thirds by 2050 - will result in the physical growth of cities. Figures also show that megacities with 10 million people or more will be common by 2025, developing countries leading in this sector holding 95 % of urban population growth. Urbanisation at this speed requires new physical infrastructure to meet the needs of growing populations, particularly in regions vulnerable to extreme weather events. Residential building, public spaces and institutions, roads and other structures are essential to address the social, environmental and health challenges that arise due to urban sprawl. The world’s most important building material is concrete, of which 70-80 % is made up of aggregates such as sand, gravel and rock. The coming construction boom will increase demand and competition for concrete as well as other raw materials. What implications will this have for a city’s ability to provide for new infrastructure? The importance of sand for modern civilisation The dwindling supply of sand, a primary ingredient not only for infrastructure but also for glass, electronics and aeronautics may prove to be a serious near-future problem. Sand, together with related aggregates, is of ***strategic*** importance for concrete production and therefore for building and beautification projects overall. It is considered the second most important natural resource after water. The volume of sand extracted in 2012 alone was enough to build a 27-meter high wall around the equator. As a result, some parts of the world are already suffering from sand shortages, and see an increase of illegal sand mining, sometimes involving violence. All extraction activities cause significant environmental pressure. They may have a serious impact on biodiversity, seas and water ecosystems, land loss and climate. Particularly in developing countries, livelihoods can by destroyed, with acute cultural and political consequences: In Cambodia, civil society groups demand a total ban of sand exports. In India, illegal sand mining is an open secret. Beaches and dunes disappear in North Africa through pillaging of sand, and East Africa’s coastline is scarred. In addition, does increasing demographic pressure in Asia force expansion towards the sea: Singapore already holds the world record in shifting sands having grown by 20 % since the 1960s. Artificial islands in the South China Sea and Palm Jumeirah, one of the largest in the world, are another example. Despite all this, the global trend is still towards intensified extraction of a cheap and flexible building material. How to cater for future demands? Ironically, desert sand, which covers much of earth, is not suitable for construction; its grains are too fine. Sand saturated with salt water is also unsuitable. Only high-quality angular shaped sand extracted from quarries, beaches or riverbeds complies with building requirements. These locations limit the extent of sand mining that is determined both by geology and by policies applying in areas of high demand, i.e cities. Its weight generally makes transport further than 35-50 km uneconomic. New, cheap and flexible substances replacing sand remain to be discovered. Artificial sand and alternative building material has not yet proven large-scale efficiency. Nevertheless, the world is moving into cities, with Sub- Saharan Africa urbanising faster than any other part. Similarly, developing Asia has infrastructure investment needs of $26tn from 2016 to 2030. FUTURE Global Trendometer - Summer 2017 33 PE 603.253 Uncertainties >> A hazardous shortfall of critical infrastructure may hamper economic development and social well-being thereby causing increased inequalities. >> A global rise in sand prices may hit the economy. >> In the absence of essential building material, a global black market for sand may emerge possibly even resulting in sand wars. >> The magnitude of rapid urban expansion will vary across the world but may create instability. Security challenges might arise due to turmoil over scarce resources. >> Severe implications after climate changes, especially for megacities situated in coastal regions, as infrastructure may be destroyed. Possible disruptions >> Recycling concrete: Dependency on mining would significantly decrease, reducing serious environmental implications resulting from extraction activities. >> Re-healing concrete that patches up cracks by itself increasing its service life. >> Manufactured sand as a 100 % replacement of natural sand. Replicating its properties would let future societies pursue the usage of concrete. >> Smart Living and the development of new, cheaper and more efficient construction technologies and advanced materials may reduce the need for scarce material. >> Green construction becoming mainstream: Environmentally responsible and resource efficient building could create sustainable futures. Dovetailing alternate sources such as wood, adobe, bamboo and steel with nano- or other technologies might be an option. Main Trends The rapid rate of change to an interconnected, global world is unprecedented in human history. From country to country and regions at different rates, cities are mushrooming, turning into spheres of urban mass population with global economic power settling in global megacities. Ineffective governance in territories generating an estimate of 80 % of all economic growth could generate a source of instability with resiliency of urban areas becoming a security issue. This trend shaping future ***strategic*** contexts becomes even more salient when looking at indicators suggesting a 5-6 % rise in annual sand demand, and a global one of 240 million metric tons by 2024. In 2018, the Asia/ Pacific region will remain the largest user, supported by a dominant Chinese market with sand-consuming industries such as the glass sector fuelling consumption. However, forecasts for North America point out an even faster annual pace than any other regional market. Hydraulic fracturing segments and the strength in the US and Canadian oilfield activity will, next to the construction industry, boost sales further. The global problem of climate change urges societies towards a radical transformation of physical structures and functions worldwide. Risks are potentially lacking affordable and sustainable building materials to do so. The unparalleled exploitation of sand and similar aggregates already show signs of shortages with social and political implications. Hence, the need for forward-looking tools in urban ***planning*** is immense, particularly for a transition to a lowcarbon, resource-smart metropolitan region. Particularly, as forecasts already highlight the necessity to reconcile urban development and biodiversity conversation strategies viewing uncertainties on, for example, the amount and location of urban land expansion. Future proof societies will have to apply alternative technologies and infrastructure promoting better use of primary resources such as sand to maintain and further expand living standards without causing serious environmental damages as rapid urbanisation continues. PRESENT Global Trends Unit PE 603.253 34 Water re-use Anne Altmayer Background Water re-use is becoming increasingly important. It is a response to water scarcity and drought, at a time of global warming and strong population growth. Freshwater is a scarce resource, as it makes up only 1-2 percent of all water. In addition to the implications for food production, health and environment water scarcity is also constraining economic growth, according to the World Bank. The development of alternative sources – including through reuse– can help to alleviate expected shortages both globally and across Europe. Re-used water refers to water that has already been used and undergone treatment processes before intentionally used again. Water can be reclaimed for non-drinking purposes, indirect potable re-use and direct potable reuse. Non-drinking purposes include ***agricultural*** use (e.g irrigation), industrial use (e.g processing or cooling water), recreational use (e.g snowmaking or golf course irrigation), environmental use (e.g groundwater recharge or wetlands restoration), and urban use (e.g irrigation of public parks, fire protection systems or street cleaning). Indirect potable re-use refers to the infiltration of treated wastewater into surface waters and groundwater that are used for drinking water. The natural water bodies are used as an environmental buffer. After reabstraction, the water is treated like any other source of drinking water. Direct potable re-use is intentional usage of treated wastewater for human consumption, without the use of an environmental buffer. The treated water is directly distributed via a water supply network, rather than being mixing with natural ground- or surface water. A variety of treatment processes, adapted to the requirements of the end usage, are applied to used water. These are referred to as primary, secondary, tertiary and advanced treatment. Primary treatment involves a physical process that eliminates mainly visible material; in secondary or biological treatment, organic matter is removed through the use of microorganisms; tertiary treatment involves chemical treatment, principally in order to remove pathogens as well as nitrogen and phosphorus. An additional fourth treatment stage, comprising for instance the use of ozone or activated carbon, is designed to remove micropollutants, such as pharmaceutical residues. Wastewater re-use is well-established or increasingly important in several places, including Israel, Australia, Singapore, Namibia, the USA, China, Mexico and Europe. At present reclaimed water is more commonly used for non-drinking purposes than for drinking purposes. Israel as one of leading countries in water re-use reclaims about 80% of its wastewater for use in ***agriculture***. Within the EU, both Mediterranean and northern Member States reuse water for irrigation, industrial uses or aquifer recharge. Worldwide, water re-use for drinking is rare. The Torreele facility in Belgium is an European example for indirect potable reuse. It uses effluents from a wastewater treatment plant to recharge a groundwater aquifer, which serves as drinking water supply. The city of Windhoek (Namibia) has practiced direct potable re-use for more than 45 years. Singapore recently launched a drinking water project. California provides an example of regulations being developed for water re-use. FUTURE Global Trendometer - Summer 2017 35 PE 603.253 Uncertainties >> Public acceptance of wastewater is important. According to the Joint Research Centre (JRC), negative public perception is a major impediment to water reuse projects. Scepticism about reuse for drinking is accompanied by fear of contamination of food irrigated with reclaimed water. Cultural aspects and consumer behaviour also play a role >> ‘Emerging pollutants’ are an additional concern. These include pharmaceutically active chemicals, personal care products, and suspected endocrine disruptors. Conventional wastewater treatment cannot completely remove such substances, and little is known about potential long-term effects on human health and ecosystems. >> Monitoring and risk assessments are still mainly based on the effects of individual compounds. The possible cumulative effects of chemicals has recently emerged as a further concern. >> Water treatment processes can affect mineral concentrations and hence affect the intake of essential elements such as calcium and/or magnesium. Possible disruptions >> Affordability is crucial. The high cost of advanced wastewater treatment remains unaffordable for many developing countries. Long-term economic viability can also be an issue, if reclaimed water is priced below drinking water to make it more attractive, but not covering the treatment costs. The need for infrastructure to keep the reclaimed water separate from potable water can be an additional financial constraint. >> A serious health incident linked with reused water could seriously undermine any ***plans*** for water reuse. There is a potential health risk from little-known or unknown pathogens that might occur in wastewater and may not be eliminated by treatment. >> According to the OECD, improved wastewater treatment is expected to stabilise and restore surface water and groundwater quality in most OECD countries by 2050. By contrast, the quality of surface water outside the OECD is expected to deteriorate in the coming decades, through nutrient flows from ***agriculture*** and poor wastewater treatment. Main Trends Globally, water re-use is expected to grow. The pattern of usage is expected to shift from ***agricultural*** irrigation towards municipal applications, such as drinking water supply and industrial use. At present, the highest water demand is from ***agriculture***. Increased global demand is expected to come from manufacturing (+400%), electricity (+140%) and domestic use (+130%), according to the OECD. Urban wastewater reuse still presents the biggest challenge, both as regards public acceptance, technology and economic feasibility. Water re-use is projected to grow more quickly than other alternative water supply sources such as desalination, according to the JRC. Decentralised water treatment could become more important, in particular in developing countries. Local systems are adaptable to specific requirements and can be more cost-efficient than centralised treatment if ***planned*** from the outset. In the EU, about 2.4% of the treated urban wastewater effluents are currently re-used. The European Commission sees a potential to increase the current volume six-fold, to around 6 billion cubic metres. Proposals on minimum requirements for water re-use in irrigation and aquifer recharge are forthcoming, and the question of industrial water reuse is also on the agenda. PRESENT Global Trends Unit PE 603.253 36 The digital future of news media Marcin Cesluk-Grajewski Background News media and journalism are undergoing a profound change. Digital technology is revolutionising the way people communicate, thanks to the expansion of large digital distribution platforms, social media and smartphones. The traditional business model, in which revenues from advertising subsidise the production of news, is on the verge of collapse. News is moving towards a digital, mobile and social media environment. The number of professional journalists shrinks, as traditional news providers close down or try to innovate, with mixed results. This is part of a wider trend, in which new technology eliminates a small group of ‘middlemen’ and empowers individuals, for better or for worse. Many analysts believe the digital revolution opens vast opportunities by empowering individuals to participate in news production. Others worry that the decline of the old-style journalism, which emphasises fact-checking, background research and reporting based on independent sources, impoverishes the social debate and facilitates the spread of fake news. The traditional news media model, which reached its peak in the 1980s and early 1990s, is losing ground. In the United States, newsroom jobs dropped to 32,900 in 2015, 42% down from their peak in 1990. In 2015 alone, U.S newsrooms lost 4,200 jobs, or nearly 13 % of the workforce. From 2004 to 2014, the number of daily newspapers decreased by more than 100, to 1331. In Europe, printed newspaper circulation declined by 21 % from 2010 to 2015, while print advertising fell by 23 % over the period. In the U.S , paid circulation of daily newspapers shrank to 40.4 million in 2015 from 62.8 million in 1985. The radio and television news audience is more stable, but it is aging. The traditional news organisations respond with cost-cutting, lay-offs and content reduction, which often makes them less attractive for customers and advertisers. They invest in digital projects while the market consolidates through mergers. However, there are very few examples of established media that make profit from their digital operations. Although legacy media still ***produce*** most of the news content, a small number of large technology companies dominate the distribution of news and digital advertising. The top ten players account for half of time spent on websites and more than sixty percent on apps. In both cases, only one media organisation, the BBC, makes it into the top ten. The role of mobile devices grows. In 2010, mobile media use accounted for an estimated 8% of the time Americans spend using media, compared with 25% for internet access via personal computers. By 2015, mobile media had grown to 25% and overtaken internet access via personal computers, which was down to 22%. Most news has become commoditised. Government and corporate statistics are easily available, important events are broadcast live, video-streamed or recorded on smartphones and made available on social media. This diminishes the importance of journalistic fact-checking, putting more emphasis on analysis and comment. The definition of journalism is changing. One current definition describes journalism as “the activity of collecting, presenting, interpreting or commenting on the news for some portion of the public.” The breadth of this definition contrasts with a more narrow approach of Bill Keller, former executive editor of the New York Times, who said in 2009 that “by quality journalism I mean the kind that involves experienced reporters going places, bearing witness, digging into records, developing sources, checking and double-checking.” FUTURE Global Trendometer - Summer 2017 37 PE 603.253 Uncertainties >> The circulation of print news media will continue to decline, leading to closures of newspapers, cost-cuts, jobs losses, consolidation and decline in quality of content. >> Few strong legacy companies will prosper in lucrative niches, such as economic news, moving towards digital distribution away from print. >> News content will increasingly be taken from social media, notably through smart phones, cementing the dominance of few digital platforms, which will continue to benefit from growing advertising revenues at the expense of legacy news firms. >> More news stories will be written by computer ***programmes***, forcing more journalists out for profession and encouraging them to upgrade their multi-media skills. >> New forms will take a centre stage, such as data-driven journalism, collaborative journalism and social journalism. Journalists will brand themselves through operating blogs and twitter feeds. Possible disruptions >> The Internet could collapse, its quality deteriorate significantly or become chronically unstable due to, for example cyber-attacks, data overflow or global fragmentation resulting from political or military conflicts. This would deal a blow to distribution platforms providers and social media. >> Massive Wikileaks-style security breaches could convince governments to censor the Internet, with negative implications for digital companies. >> The development of computers ***programmes*** capable of writing most news stories, not only highly formulaic ones as is the case now, would probably lead to the near demise of journalism as we know it. The change would be even more radical if artificial intelligence is developed. >> Governments’ anti-trust action could limit the power of digital distribution platform. Main Trends The circulation of print news media will continue to decline, leading to closures of newspapers, cost-cuts, jobs losses, consolidation and decline in quality of content. Few strong legacy companies will prosper in lucrative niches, such as economic news, moving towards digital distribution away from print. News content will increasingly be taken from social media, notably through smart phones, cementing the dominance of few digital platforms, which will continue to benefit from growing advertising revenues at the expense of legacy news firms. More news stories will be written by computer ***programmes***, forcing more journalists out for profession and encouraging them to upgrade their multi-media skills. New forms will take a centre stage, such as data-driven journalism, collaborative journalism and social journalism. Journalists will brand themselves through operating blogs and twitter feeds. News companies will engage in other activities, such as consulting or public relations, to supplement income. Television and radio will continue to be major news providers in the medium-term, although their audience will age. They will ***produce*** more news on demand, such as podcasts. PRESENT Global Trends Unit PE 603.253 38 The surplus of men in China: A gender issue or a social threat? Eamonn Noonan with Tara Riva (Trainee) Background The Chinese government adopted the ‘one-child policy’ in 1979, with the aim of limiting population growth. It was introduced as a temporary measure, but it ended only in 2016, after a gradual relaxation from 2013. The one-child policy affected urban families in particular. In rural areas a second child was generally allowed, if the first child was a girl. Since 2016, all families may have two children, including those in cities. This demographic experiment has had a huge impact on the structure of Chinese society. Above all it affected the sex ratio, defined here as the ratio of male to female live births reported. The sex ratio has increased considerably since the 1980s. The highest rate occurred In 2004, 121.2 boys were born for every 100 girls. This was the highest rate recorded, and compared to the general average ratio of between 105 and 107 male births per 100 female births. As a result, in 2020 China will have around 30-35 million more men than women of marrying age. The imbalance in the sex ratio reflects the fact that many families showed a clear son preference, and sought to avoid having only female children under the one-child policy. This preference in turn has social, economic and cultural origins. Having a male offspring guarantees the continuity of the family-line, and it is customary in China for males to take care of their parents in old age. The son preference gave rise to the underreporting of female births and an increase of prenatal sex identification, both by ultrasound and other diagnostic methods. Female infanticide has also been reported. All of these practices, including prenatal sex determination, are illegal in China. When a female birth is unreported, the individual concerned is alive, but is unregistered in the census or population surveys. Families that did not report the birth of a daughter can have chosen to raise her secretly, to send her to their relatives, or to abandon her. Many of the women concerned declare themselves as immigrants or as adoptees, years later. This explains why the number of 10-14 year olds in the 2000 census was greater than the number of 0-4 year olds in the 1990 census. Unregistered status seriously affects a girl’s prospects. It is a serious obstacle to access to medical services, child care and education. Prenatal sex-selection also became widespread. For women living in urban areas, the sex ratio for the first birth was 1.13, while in rural areas it was 1.05 In both cases, it increased sharply for the following births. This strongly suggests some correlation between the one-child policy and the practice of sex selection within Chinese families. Ultrasound B machines were introduced in China in the 1980s, giving access to prenatal sex determination and paving the way for sex-selective abortions. The government has banned their use for this purpose, but this did not have a significant impact on the rate of sexselective abortions. Couples who strongly desired male offspring bribed medical personnel, while friends and families put pressure on health professionals. Female infanticide has certainly taken place. It is currently very rare, not least due to the huge social and psychological impact on families. The Chinese press continues to report individual cases. Some children are abandoned; but they tend to be left in an area where they are likely to be found and cared for. The cultural preference towards a male offspring has led to a social imbalance. There are already a significant number of single men with no marriage prospects. This trend is unlikely to reverse without government action. Even with a policy response, a demographic imbalance on this scale will take decades to correct. In the meantime, the country will have a large cohort of single men, many of whom are poor. It is possible that anger and frustration could find expression in increased crime and violence. Taken together, China and India have a huge number of missing females: some 62-68 million in total. This may not necessarily be a direct consequence of sex-selective abortion and female infanticide, but it is certainly a significant, and neglected, social problem. FUTURE Global Trendometer - Summer 2017 39 PE 603.253 Uncertainties >> The shortage of women in China, as in India, cannot be explained entirely by reference to female infanticide or sex-selective abortion. However, these factors are likely to be among the main causes of the unbalanced sex ratio. >> Historical examples exist of a higher sex-ratio than modern China, but they were limited in time or in geographical extent. In China, as in India, this is a concern across the nation. Its dimensions are unprecedented in human history, and it is therefore hard to make specific predictions. Some experts suggest that it will increase the sense of insecurity both within these societies and among their neighbouring states. >> Ending the one-child policy was a necessary, but not sufficient, step towards a more gender-balanced society. Removing this policy, in itself, does not change the cultural preference towards male offspring, though it reduces the pressure families experienced when their only child was a girl. In the long run, China will need much stronger efforts to promote gender equality and to tackle discrimination against women. Possible disruptions >> There is already increasing anger and frustration among the large cohort of single, poor and uneducated men. When a high sex-ratio coincides with unequal resource distribution and generalised resource scarcity, the level of violence and social disorder is likely to increase. ‘Bare branches’ appear more inclined to resort to violence to achieve satisfaction and to capture resources that allow them compete with other males. >> Experts warn of a particular risk of increased violence against women. Women already face the risk of being kidnapped and sold as wives. Without a reversal of the current trend, China is likely to see increasing exploitation of women, including trafficking for sexual purposes. >> There is also a notable public health risk. Several studies indicate that a surplus of men - usually young, poor and unmarried - can lead to HIV epidemics and more sexually transmitted infections (STI), also due to greater demand for prostitution. Main Trends Very many Chinese men will not marry. In the worst case scenario, China will have over 40 million single men by 2040. This will affect the poorest areas of the country; the rural population continues to show a stronger preference for male offspring, for cultural and economic reasons. This will make the existing problem of bride price worse. By tradition, the groom’s family pays the bride price to the married couple. A shortage of women will increase the bride price, and make marriage unaffordable for many families. This may also affect women that seek to “marryup” - to choose husbands that have higher incomes than themselves. In recent years, the Chinese government has taken the country’s high sex ratio more seriously. But China and India - the Asian countries mostly affected by high sex ratios - comprise over 38% of the world population. In the long run, this issue may be seen as a global threat, and not just as only a regional imbalance. Single men who are unlikely to find a wife are called “bare branches” in Chinese. Historical evidence suggests that “bare branches” have contribute to intra-societal violence in high sex-ratio societies, and that governments in the past, aware of this dynamic, have risked violent foreign policy adventures in order to disperse the bare branches. PRESENT Global Trends Unit PE 603.253 40 Automated weapons: making wars “safer”? Leopold Schmertzing with Kaisa Alliksaar (Trainee) Background Many future weapons will depend on artificial intelligence (AI). World Economic Forum warns in its latest Global Risks report that a new global arms race in weaponised robotics and AI is gathering pace. Indeed, countries such as the US, the UK and Israel are already using weapons systems that are capable of detecting, tracking, and in some cases even engaging targets automatically. China and Russia are reportedly to pouring money into research on similar technologies. Completely autonomous weapons have not been deployed yet, but as the UN Human Rights Council has warned, technology is developing rapidly and exponentially, which makes it difficult to determine how close we are to fully autonomous weapons. A proliferation of lethal automated weapons (LAWs) (that, once activated, can select and engage targets without any human ***intervention***) raises urgent questions about the future nature of war and warfare. The main challenge that such weapons and systems represent is that humans might become completely detached from decisions to kill. As the human cost of taking military action decreases, proliferation of LAWs could lower the threshold for starting a war. Other issues include difficulty in casualty recording due to lack of personnel on the ground and an acceleration of the trend of using covert operations hidden from the public eye. LAWs potentially call for new regulations concerning international humanitarian law (IHL), because current law is entirely based on human actions and decisions. If a LAW targets civilians by mistake, who will be held accountable? The programmer, the commander, or the person who “pushed the button”? However, legal scholars argue that even an activation of a weapon constitutes human involvement, which shifts the responsibility to the commander, even in the case of the final decision taken by the weapon. Additionally, the principles of distinction, proportionality and precaution continue to apply if a LAW is used in an attack. Still, it is agreed that the bigger the degree of autonomy, the more ambiguities and tensions it raises about IHL’s meaning and application. Some researchers believe that LAWs lack qualities vital in combat, such as the ability to understand the context of the conflict, situational awareness and a general ability to understand how snap decisions taken on the battlefield could affect the local population or the desired ***strategic*** outcome. There are also doubts about whether even an advanced future LAW would match a human in its ability to discriminate targets in complex situations. On the other hand, there are those who think LAWs will make war “safer” by avoiding both combatant and civilian casualties, provided they could be ***programmed*** to strictly follow IHL. Furthermore, unlike humans, LAWs do not feel fear or anger and has no instinct of self-preservation, which is why it has been argued they could be less prone to committing atrocities, in which case their use could even become a future requirement. An LAW can also increase accountability by leaving a digital trail of its actions. A key question for the future of LAWs is the extent to which a human is involved in the decision-making process. The United States has already asserted that any of its high-tech weapons system would always be subject to human oversight. However, the scale of the human involvement deemed necessary is undetermined with several questions still pending. Will a human simply ***programme*** the tactical objective into the system and let it calculate the most optimal course of action on its own? Or is authorisation by a human operator needed for every decision to eliminate a target? Even in the latter case, problems might arise given the potential bias of the human operator to trust the machine’s calculations over their own instincts in a situation where there are only (milli-) seconds to decide, and all the information about the situation is provided by artificial intelligence. FUTURE Global Trendometer - Summer 2017 41 PE 603.253 Uncertainties >> Defining the required scope of human control. Will there be an international agreement on limiting the autonomy of LAWs? >> The speed of technological advances in AI in the coming decades. Will it become possible that LAWs prove to be more effective decision-makers on the field than humans? Can they be advanced to the point where they possess human-level intelligence? Could they be ***programmed*** to comply with the laws of armed conflict more consistently than humans? >> Whether AI-led weapons actually help states achieve ***strategic*** aims, and therefore justify their cost, is also questionable. For example, despite technological superiority, modern superpowers have had difficulty containing terrorist networks who engage in asymmetrical tactics. Also, a LAW cannot answer fundamental questions about how a military ***intervention*** could end an incredibly complex civil war for good or establish peace in a volatile region. Possible disruptions >> A major incident caused by the malfunction or the misuse of an advanced LAW will result in a tragedy that might amount to a war crime. This could force states to reconsider the proliferation of AI weapons or even result in a worldwide agreement, where LAWs would assume a status similar to weapons of mass destruction. However, much like WMDs, there is no guarantee that no state will continue to develop AI-operated weapons in secret. >> A state or non-state actor with diverging interests and values from the West is the first to develop next generation LAWs. This could have major implications on regional power balance and international security. The decline of US military power has long been predicted and another state going through the AI revolution faster could become the final nail in the coffin. Main Trends It is beyond doubt that large military powers will aim to develop their autonomous weapons capabilities further. Key drivers for this include the desire to minimise the human cost of a military operation and the ability to match the AI capabilities of another superpower. Smaller powers or non-state actors with little capacity to develop such weapons will in turn have to develop their ability to fight a highly asymmetrical war, which could result in new forms of deception against autonomous targeting. Once LAWs become common, there is a risk of non-state actors less inclined to abide by regulatory rules to acquire them via transfers or sales. Achieving tactical victories will become easier for wealthier states, but the increased use of AI will likely intensify the general trends of modern war: lingering intrastate wars with limited involvement of various foreign powers, where there is little reconciliation or post-war reconstruction in sight (Afghanistan, Syria, Iraq, Ukraine). In the less likely case of two equally advanced states with LAWs going to war with each other, cyber deterrence could become more relevant, if the focus will shift be on attacking the software of the central weapon system, rather than the hardware. PRESENT Global Trends Unit PE 603.253 42 Towards a post-GDP world? New measures of socio-economic progress Agnieszka Widuto Background GDP is increasingly contested as a measure of well-being. Alternative measurements have appeared around the world in the recent decades. There are many grounds for criticism of GDP. It does not reflect the social and environmental costs of growth. It ignores non-market transactions, such as family care and volunteering. It counts some potentially harmful activities as positive, such as spending on crime or pollution clean-up. Finally, as an aggregate measure, it tends to mask problems of social or regional inequalities within countries. Since the late 1970s there have been attempts to shift the focus from economic growth towards a more comprehensive vision of development. This was fuelled by the environmental concerns about the limits to growth, and later by the social impact of market liberalisation and globalisation. Research findings (such as the Easterlin paradox) also suggested that long-term rise in GDP per capita rates, above a certain threshold, did not correlate with increased happiness or life satisfaction. In response, a variety of alternative indexes were developed. The most famous include Bhutan’s Gross National Happiness (GNH) index (1972) and the UN’s Human Development Index (HDI, launched in 1990). The OECD’s Better Life Index (2011) and the EU’s regional Social Progress Index (2016) are more recent. These indexes aim to offer a comprehensive assessment of quality of life and well-being, tracking aspects like health, education, work-life balance, gender equality, personal safety, environmental sustainability and subjective life satisfaction. In a similar vein, the United Nations launched its Sustainable Development Goals in 2015, building on the previous Millennium Development Goals. Other new indexes emerged at the national and regional level, such as the UK’s Measuring National Well-being initiative, the Italian BES (Benessere Equo e Sostenibile) and Germany’s Wohlfahrtsindex. The ‘Beyond GDP’ high-level international conference in 2007 and the seminal Stiglitz report on new indicators of 2009 accelerated the momentum for such indexes to enter policy-making. Until recently they mainly served to stimulate public debate and improve data collection, but are now entering the implementation phase. This is helped by the spread of evidence-based and results-based approaches to policy-making, and by the development of tools like impact assessments, early warning systems, evaluations and data-based forecasts. The new indexes are proposed as an alternative to the growth-centred paradigm. Some argue they could change the future model of society and economy. Others point out difficulties: reliability of data, lack of comparable time-series, and lack of consensus on which index to use worldwide. It is also debatable whether the primacy of growth as a policy goal can be adapted to include other measures as benchmarks of socio-economic progress. The movement towards other indexes faces challenges. Already in the 1930s the Nobel-prize winning US economist Simon Kuznets - recognised as the creator of GDP calculations - warned that ‘the welfare of a nation can scarcely be inferred from a measure of national income.’ He urged policy-makers to distinguish between ‘quantity’ and ‘quality’ of growth. Almost a century later, the growth-centred paradigm is still the economic mainstream, and GDP is a well-established, statistically reliable measure, used worldwide. The recent election in the US showed that some countries may choose to pursue a growth-centred model over environmental and social concerns. Those who benefit from quantity-based growth can be expected to support its continuation. As such, the formal adoption of new indexes to guide policy decisions would represent a significant shift in political opinion. The alternative measures have the potential to guide the economic and social model in a new direction, but will they overcome key conceptual, methodological, and indeed political difficulties? FUTURE Global Trendometer - Summer 2017 43 PE 603.253 Uncertainties >> Can the economy grow indefinitely? Will the pace of growth remain stable? Economic forecasts estimate that the global GDP could grow at around 3% per year over the next 50 years, ranging from around 2% in advanced economies to 5-7% in fast-growing emerging countries. While the Malthusian prophecy on population growth catastrophe did not materialise, there are still open questions about planetary boundaries and finite resources, macroeconomic imbalances (e.g indebtedness) and the impact of rising social inequalities. Structural reforms and enhanced international cooperation may be able to address some of these issues. >> Will one index become dominant as an alternative to GDP? Or will a variety of indexes be used, customised and adapted to local needs? Currently, the latter seems to be the case, with various indexes being used around the world. International harmonisation efforts may result in a new, credible index with a sufficiently long time series to ‘dethrone’ the GDP. >> Political developments: The recent election iPolitical choices: A political choice for a growth-centred model over environmental or social concerns would hinder the systematic application of new indexes. Possible disruptions >> Potential crises and wars: after the 2008 economic crisis, a prompt return to pre-crisis levels of growth became a policy priority, despite greater awareness that official figures had masked various imbalances and bubbles. A similar effect is possible in case of any future crises, military conflicts or wars. >> Revolutionary lifestyle changes leading to system changes: if trends such as minimalism (owning a minimal amount of material goods) went mainstream, this could cause a sharp reduction in demand for consumer goods, and in consequence production. This would result either in lower growth rates or in a forced restructuring of economic activity towards different types of goods and services. >> Adjustment of GDP calculations (e.g to incorporate social and environmental externalities): this could eliminate many of the current critiques and diminish the case for alternative indexes. But it is unlikely; previous such initiatives either failed (e.g ‘Green GDP’ in China) or did not manage to replace traditional GDP in the policy sphere (e.g Index of Sustainable Economic Welfare). Main Trends International initiatives such as the Sustainable Development Goals and various indexes may gain popularity, as increasing inequalities, precarious employment, jobless growth, stress-related diseases and environmental damage add to public pressure to reform the current economic model. By 2035 new indexes are likely to have greater reliability and comparability, having been ‘tried and tested’ as policy tools around the world. New business models such as social enterprises, sharing and collaborative economy may gain a bigger market share. This may shift the focus from quantity-based production and consumption towards purpose-driven activities with positive social, environmental and community impact. Increased consumer awareness is likely to boost demand for ethically ***produced*** goods and services. Knowledge of provenance, working conditions and destination of profits is increasingly sought after in areas such as food (‘from farm to fork’), sustainable fashion and ethical investment banking. The recycling, repair and second hand sector are also likely to profit from this trend. Continued low growth in the Western hemisphere may stimulate a shift from a quantity- to quality-based orientation. This could intensify efforts to find a new meaning for concepts like prosperity and high living standards. Together with the trend to emphasize and measure quality of life and well-being, this could lead to regulatory changes fostering a cleaner environment, more cohesive communities and better quality jobs. PRESENT Global Trends Unit PE 603.253 44 The hollowing out of the western middle class Marcin Cesluk-Grajewski Background Aristotle wrote in his ‘Politics’ that “...great then is the good fortune of a state in which the citizens have a moderate and sufficient property; for where some possess much, and the others nothing...a tyranny may grow out of either extreme. Where the middle class is large, there are least likely to be factions and dissensions.” It is the burgeoning middle class that underpinned the open, rule-based democratic order in Western Europe, the United States, Canada and other developed countries in the decades following World War II. This order has been shaken in recent years, facing pressure from populist and xenophobic movements. Some analysts attribute this political and economic instability to hollowing out of the middle class in some developed countries and the accompanying rise of income inequality that, in turn, resulted from globalisation, inadequate regulation, automation and other disruptive forces of technological change. The middle class is usually defined as people whose incomes hover between 50% and 150% of the national median income, or in other research between 67% and 200%. From the global perspective, the last 30 years have been tremendously successful in limiting poverty, with about 2 billion people in China, India and other countries lifted out of poverty. The first decade of this century witnessed an historic reduction in global poverty. The share of poor fell from 29% to 15% over the period. But in 2011, a majority of the world’s population were still in the low-income bracket (56%, compared to 50% in 2001). Only 13% that could be considered middle income by a global standard - though this was almost double the 2001 figure (7%). Their rise, however, was accompanied by the gradual shrinking of the middle class in richer countries, creating the feeling of insecurity and resentment, although some countries were more affected than others, if at all. Numerous studies show that the number of individuals in the middle class income bracket has shrunk in the last decades, most significantly in the United States, but also a number of European countries. The 2008-09 financial crisis and the ensuing recession aggravated the situation. Some analysts attribute the process to outsourcing of better-paid jobs, initially from the manufacturing sector then also while-collar jobs, as well as automation of middle-income occupations thanks to technological change, mainly digital. A 2016 study from Pew Research Center showed that the share of Americans living in middle-income households has fallen from 61% in 1971 to 50% in 2015. The share living in the upper-income tier rose from 14% to 21% over the same period. Meanwhile, the share in the lowerincome tier increased from 25% to 29%. A recent Mckinsey study showed that the share of middle-class American households dropped from 58 percent in 1970 to 47 percent in 2014, as people migrated both to the upper and lower ends of the income scale. Most recently, wages have stagnated. In 25 advanced economies, another study showed, between 65 and 70 percent of households, the equivalent of 540 million to 580 million people, were in segments of the income distribution whose real market incomes - their wages and income from capital - were flat or had fallen in 2014 compared with 2005. This compared with less than 2 percent, or fewer than ten million people, who experienced this phenomenon between 1993 and 2005. A 2017 recent Pew paper indicated that from 1991 to 2010, the shares of adults living in middle-income households increased in France, the Netherlands and the United Kingdom, but shrank in Germany, Italy and Spain. Overall, the middle-class share of the adult population fell in seven of the 11 Western European countries examined. Analysts point to the role of German reunification as a factor behind the lackluster economic performance in the 1990s. FUTURE Global Trendometer - Summer 2017 45 PE 603.253 Uncertainties >> The pace of economic growth resulting from the global macro-economic situation will be key for the wealth of all social groups. >> Regulatory environment in the areas of taxation, health care and housing will determine income distribution, thereby helping to shape the size of the middle class. >> Production of some manufactured goods is slowly returning to developed countries, and new technologies are emerging such as 3-D printing, but it is unclear how many working places the new, generously automated factories will generate. >> Demographic trends and migration policies are likely to determine the pace of economic growth, including distributable income. Aging societies tend to invest less and to be risk-averse in economic activity. The growth of decline of the middle class is likely to influence levels of social cohesion and its counterpart, social tension. >> The level of government investment in education will influence the number of wellpaid jobs. Possible disruptions >> The development of artificial intelligence may thoroughly reshape the labour market, eliminating numerous well-paid jobs, while creating only few highly paid ones. >> Another financial crisis and prolonged great recession would impoverish many, with unpredictable economic, social and political consequences. A possible collapse in the rapid expansion of China and India would affect the developed economies, with low and middle income earners hit hardest. >> The introduction of the Universal Basic Income would rewrite many economic and social patterns. >> The expanding new world of work, based on digital platforms, would at some point require a deep overhaul of the current social security and pension systems. Main Trends The middle class in developed countries is likely to continue to shrink as a result of outsourcing and automation. Increasingly sophisticated computer ***programmes*** and robots will take over many tasks now performed mainly by humans, in professions ranging from transport to law, accounting and health care. Stable, relatively well-paid jobs will continue to disappear with the expansion of the economy based on digital platforms that match demand and supply for labour, offering little social security protection. Free lancing specialists’ wages could be volatile. The accompanying stress could make workers less productive and family life more difficult. Income disparity will continue to widen between the owners of capital, robots and patents, those needed to maintain the digital infrastructure, and highly creative individuals on the one hand, and the increased number of those employed in the less paid services sector on the other. The trend will be amplified in countries where high quality education is available mainly for the richer in society. The increase in income inequality could lead to further political polarisation, possibly changing countries’ political trajectories. A shrinking middle-class would curb domestic demand, contributing economic slow-down. At an individual level, staying in the middle class will be more difficult; the development of new skills, also through the life course, will be more important. Global Trends Unit PE 603.253 46 Global Trendometer - Summer 2017 47 PE 603.253 Bibliography Main Sources Burrows, M., Global Risks 2035, The Search for a New Normal, Atlantic Council, 2016. Retrieved from: [*http://www.atlanticcouncil.org/images/publications/Global\_Risks\_2035\_web\_0922.pdf*](http://www.atlanticcouncil.org/images/publications/Global_Risks_2035_web_0922.pdf) ESPAS, Global Trends to 2030: Can the EU meet the challenges ahead? 2015. 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This latest Global Trendometer, ***produced*** by the Global Trends Unit within the European Parliamentary Research Service (EPRS) seeks to contribute to the process of identifying and addressing medium- and long-term trends, and their possible implications for policy-making in the European Union. In this second edition, three essays and seven two-page vignettes on different geopolitical, economic, technological and social issues paint a broad-ranging picture of some important developments that may shape Europe’s future. This is a publication of the Global Trends Unit EPRS | European Parliamentary Research Service European Parliament This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. PE 603.253 Print: ISBN 978-92-846-1495-0, ISSN 2529-6337, DOI:10.2861/249451, QA-JA-17-001-EN-C PDF: ISBN 978-92-846-1496-7, ISSN 2529-6345, DOI:10.2861/782776, QA-JA-17-001-EN-N [*www.europarl.europa.eu/thinktank*](http://www.europarl.europa.eu/thinktank) (Internet)    [*www.epthinktank.eu*](http://www.epthinktank.eu) (blog)    [*www.eprs.sso.ep.parl.union.eu*](http://www.eprs.sso.ep.parl.union.eu) (Intranet)

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[***Washington: Perdue Names New Leaders in USDA’s Departmental Administration***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RP3-61Y1-F0YC-N4TW-00000-00&context=1516831)

Impact News Service

February 5, 2018 Monday

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**Body**

Washington: US Department of ***Agriculture*** has issued the following news release:

U.S Secretary of ***Agriculture*** Sonny Perdue today introduced five new leaders within the U.S Department of ***Agriculture***’s (USDA) Departmental Administration. The key personnel named are: Donald Bice, Deputy Assistant Secretary for Administration; Gary Washington, Chief Information Officer; Mary Pletcher, Chief Human Capital Officer; George Cabaniss, Senior Procurement Executive; and Joseph Doyle, Customer Service Coordinator.

“One of my top priorities has been to make USDA the more effective, most efficient, and best-managed department in the entire federal government, and these highly qualified people will help us toward that goal,” Perdue said. “These are people who have demonstrated dynamic, innovative organizational leadership, and I know we can count on them to put that skill and talent to work on behalf of USDA’s customers, the farmers, ranchers, foresters, and ***agricultural*** ***producers*** of America. We’re excited to welcome them to our team.” Background: Donald Bice, Deputy Assistant Secretary for Administration

Donald Bice has been USDA’s Acting Deputy Assistant Secretary for Administration since September 2017. Prior to serving in this capacity, Mr. Bice was the Associate Director of USDA’s Office of Budget and ***Program*** Analysis and the Performance Improvement Officer. As the Associate Director, Mr. Bice was responsible for managing the development and execution of the department’s budget, managing regulatory and legislative reporting processes, and coordinating performance improvement activities. From 2007 through February 2011, Bice served as the Deputy Director for Budget, Legislative, and Regulatory Systems in the same office. He graduated from the University of Maryland with a degree in Government and Politics and holds a law degree from American University. Gary Washington, Chief Information Officer

Gary Washington, who formerly served as the Chief Information Officer (CIO) for the USDA Animal and Plant Health Inspection Service, has been the Acting CIO since September 2017. Washington also has served as CIO and Director of the Information Technology Division for the USDA Natural Resources Conservation Service. Prior to his appointments as the CIO of USDA, APHIS and NRCS, Washington was a portfolio manager in the Electronic Government Office in the Executive Office of the President-Office of Management and Budget, where he was responsible for managing the Internal Effectiveness and Efficiency portfolio. Additionally, Washington managed the financial management, human resources and infrastructure lines of business, and the E-gov initiatives.

Washington also has worked at the Food and Drug Administration, where he was the Director of IT Governance and the Deputy Director of Infrastructure, and at the Bureau of Alcohol, Tobacco, and Firearms, where he was the service manager for one of the first nationwide seat management ***programs***. Washington spent 5 years in private industry as well as 10 years as a Computer Operator and Command Control Specialist in the U.S Air Force. He is an elected member of the Association for Federal Information Resource Managers and a 2006 graduate of the Industry Advisory Council Partners ***Program***. Washington is a graduate of the Federal Executive Institute and holds a Bachelor of Science degree from Strayer University in Washington D.C Mary Pletcher, Chief Human Capital Officer

Mary Pletcher will be joining USDA on February 5, 2018. She previously served as the Deputy Assistant Secretary for Human Capital and Diversity for the Department of the Interior. As the Chief Human Capital Officer for Interior, Ms. Pletcher provided leadership and executive oversight for the department’s human capital ***programs***, including human resources; civil rights; employee and organization development; and occupational safety and health. Prior to this role, Pletcher served as the Senior Advisor to the Assistant Secretary for Policy, Management and Budget, supporting the Assistant Secretary of Interior in the implementation of management initiatives and transformation efforts. She has also served as Acting Director and Deputy Director of the Interior Business Center, Deputy Recovery Act Coordinator for Interior, and the department’s capital ***planning*** and investment control ***program*** manager.

Before joining the federal government, Pletcher led the information technology ***strategic*** consulting practice for an 8(a) company and served as a project manager for a leading government strategy and technology firm. Ms. Pletcher received her Bachelor of Science degree from the University of Florida. She received her Juris Doctor, with honors, from the American University Washington College of Law. Pletcher was nominated and selected as a 2011 Service to America Medal Finalist. George Cabaniss, Senior Procurement Executive

George Cabaniss joined USDA in August as the Senior Procurement Executive and Director of the Office of Procurement and Property Management. He has been a member of the Senior Executive Service (SES) since 2011. Cabaniss has a diverse background with over 30 years of federal and private sector experience. Prior to joining the OneUSDA team, he led 2,500 contracting professionals located at more than 30 offices across the United States in supporting veterans as the Deputy Chief Procurement Officer for the Veterans Health Administration. His first SES appointment was as the Deputy to the Commanding General for the Army Mission and Installation Contracting Command. As the command’s senior civilian, he led some 1,200 civilian and 500 soldiers assigned to more than 30 contracting offices across the United States in providing contracting support to Army soldiers, families, and civilians. Prior to his SES appointment, Cabaniss held contracting leadership positions with several Army and Navy commands as well as with the General Services Administration.

In addition to his federal service, Mr. Cabaniss practiced law in Atlanta, Georgia for 10 years. He is also licensed to practice law in the state of Florida. Mr. Cabaniss holds a Juris Doctor from Florida State University College of Law, Tallahassee, Fla., where he was a Law Review editor; a Master’s in Public Administration from Golden Gate University in Tampa, FL, and a Bachelor of Arts from Ambassador College in Pasadena, CA. Joseph Doyle, Secretary’s Customer Service Coordinator

Joe Doyle joins USDA having spent a long career at the intersection of customers and employees, both as the owner of a successful 240-store retail chain in Georgia and through his transformative work in Georgia state government. Doyle led the Office of Customer Service for the State of Georgia when Secretary Perdue was governor. His work was nationally praised for building and championing a customer-first attitude in employees.

Doyle previously held positions with Arthur Andersen & Co. and the Augusta National Golf Club. He received an undergraduate degree from the University of Notre Dame. Doyle is also an active member of his community, including membership in the Atlanta Businessmen’s Roundtable and service as Vice-Chair of the Cashiers Historical Society. In 2009, Doyle was selected as a Toll Fellow, one of the highest honors a public servant can receive.

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[***The future of food and farming - Communication on the Common Agricultural Policy post-2020***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R36-J7G1-F0YC-N159-00000-00&context=1516831)

Impact News Service

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**Body**

Brussels: European Commission has issued the following news release:

Why is a new reform necessary?

The Common ***Agricultural*** Policy (CAP) is one of the oldest policies of the European Union (EU). It successfully fulfilled its original objectives of securing supply of good quality, safe and affordable food products while supporting European farmers. Since 1962, the CAP has undergone many reforms and its adaptability is what makes it still relevant. The world is moving fast and so are the challenges facing not only the farmers but our societies as a whole. Climate change, price volatility, political and economic uncertainty, growing importance of global trade: farmers need to learn every day how to operate in a changing environment and it is up to the legislators to accompany them throughout these changes and to provide legal clarity and simplicity in the medium and long term.

The European ***agricultural*** policy turned the EU into the agri-food superpower that it is now: the EU if the first agri-food exporter globally, has an unparalleled reputation for its culinary heritage and food products, and for the savoir-faire of its ***producers***. But the EU cannot be complacent: a success can also hide many individual difficulties.

The CAP needs to lead the transition towards a more sustainable ***agriculture***. The CAP needs to help foster the sector's resilience in times of crisis and support farmers' income and viability. The CAP needs to fully accommodate digital innovations that make the everyday jobs of farmers easier, reduce red tape and could favour the sector's much-needed generational renewal. The CAP needs to strengthen European rural areas, which are the core of our European traditions and family farm model.

The Communication published today provides orientations in terms of addressing these objectives and meeting the emerging challenges, with a less prescriptive approach and greater subsidiarity at Member State level, to bring the CAP closer to those who implement it on the ground.

How can the revised policy be discussed without knowing what the budget and the next Multiannual Financial Framework (MFF) will be?

Money is a means to an end. The Communication discusses how to improve the CAP's value for money. Now is the time to reflect on our objectives and future architecture of the policy. This will steer the debate without prejudging the Commission proposal for the next Multiannual Financial Framework (MFF), expected for May 2018.

Why does the Communication not contain more detail on some issues?

The Communication points towards the challenges and opportunities ahead, puts forward orientations and indicates further paths to be explored. More debate and work will be needed over the next months to advance on the directions outlined therein and to refine concepts. The same way that the Communication outlines a less prescriptive approach and more subsidiarity, the Commission wants to continue the debate on practicalities with a wide range of stakeholders and co-legislators.

What are the next steps?

Over the next months the discussion and work on the concrete objectives, architecture and design of the future policy will advance in parallel with the work on the next MFF. This will be done notably in form of an impact assessment exploring different options by making use of the elements gathered from stakeholders and citizens (e.g the public consultation carried on in 2017, Re-Fit inputs, the Cork 2.0 conference 'The CAP: Have your say” conference) and intensifying the collection and processing of evidence. Following the expected Commission proposal for the next MFF in May 2018, legislative proposals on the future CAP are expected before the summer of 2018.

How will the future CAP be simpler for farmers and administrations in Member States?

Who wants to measure their hedges because “Brussels said so”? Why would an Italian farmer face the same environmental requirements as a Finnish farmer though they farm in very different conditions?

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Moving from a one-size-fits-all to a tailor-made approach means that the EU requirements will be reduced to a strict minimum. The actual needs on the ground will be assessed and fed by Member States into a CAP ***strategic*** ***plan*** approved at EU level. We are aiming at establishing a pact of trust with our rural areas, with our farmers.

The strengthening of farm advisory services for farmers and the full implementation of geospatial aid applications will also of course further support the simplification of aid applications and the implementation of investment measures.

How will this new approach function in practice?

The Union should set the basic policy parameters based on the objectives of the CAP, fulfilling the  EU Treaty obligations but also the already agreed objectives and targets on for instance the environment, climate change (COP 21), and a number of sustainable development goals.

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These ***strategic*** ***plans*** would be prepared not in isolation but in the framework of a structured process and the Commission would assess and approve such ***plans***. This would maximise the contribution of the CAP towards the EU priorities and objectives and the achievement of Member States' climate and energy targets. It would also enhance the EU added value and preserve a functioning ***agricultural*** internal market.

While Member States should bear greater responsibility and be more accountable as to how they meet the objectives and achieve agreed targets, the new approach will continue to ensure a level playing field, preserving the common nature and the two pillars of the policy.

Is it the first step to renationalise the CAP?

This EU added-value has never been questioned and the CAP remains one of the flagship EU policies. Acknowledging that one size does not fit all is pragmatic. What are the local realities? What are the farmers' concrete circumstances? This is about acknowledging the varied ***agriculture***, agronomic production potential, climatic, environmental and socio-economic conditions across the EU. It is about embracing our diversity instead of trying to impose one single model.

The input gathered by the EU-wide online public consultation from February until May 2017 was strongly supportive of the added-value of managing ***agricultural*** policy at European level since this ensures a level playing field within the single market. Only with a common European approach can ***agriculture*** respond more effectively to the shared challenges such as environmental protection and climate action. The need to maintain economic, social and territorial cohesion across the EU as well as the need for a common framework of sharing best practices was also frequently mentioned.

While the specific details of the implementation of the measures will be done at national/regional level, the EU will guarantee a well-defined regulatory and budgetary framework in order to ensure that our common objectives are met through common instruments, in line with the EU Treaties and to fulfil the EU's international commitments on climate and sustainable development.

Why is the CAP relevant for the environment?

***Agriculture*** covers almost half the land surface area of the EU, and on that territory it works in a very close relationship with the environment. On the one hand, it depends on various natural resources - i.e soil, water, air and biodiversity - and is heavily influenced by the climate. On the other hand, ***agriculture*** shapes the environment in which it operates - not only through its use of natural resources but also by creatingand maintaining landscapes that embody our European diversity and provide essential wildlife habitats.

The CAP has an essential role in making farming's relationship with the environment and climate as mutually beneficial as possible. It also offers support in some cases to rural-based non-***agricultural*** businesses which can influence the environment - e.g in the forestry sector and other parts of the bio-economy.

The future CAP needs to promote and support climate-smart farming, it needs to place sustainability at the core of its priorities and actions.

How will the future CAP support farmers in protecting the environment?

As a foundation, farmers receiving income support from the CAP will have to apply various environment- and climate-friendly practices. Member States will determine the detail of these - in line with the need to meet EU-level objectives but also taking into account national, regional and local circumstances. The system will draw on strengths currently observed in the CAP but will involve fewer and less complex rules in EU legislation.

Eco-friendly action which goes beyond this foundational level of good practice will be supported through schemes which are voluntary for farmers - at a relatively basic level, and above that more advanced schemes. Once again, Member States will be responsible for designing the schemes, in such a way as to meet EU objectives translated into national, regional and local terms.

The CAP will also place strong emphasis on unlocking the potential of research, innovation, training and the use of advice to improve care for the environment and climate, including through greater resource efficiency.

If you entrust environmental commitments to Member States, how can you ensure a level playing field among farmers? Will we end up with 28 different systems?

Today's Communication marks a significant step change in the implementation of the CAP. Respecting the commitment to subsidiarity and less complexity, the Commission's scrutiny of national/regional ***plans*** will ensure that choices made are not manifestly mistaken or inadequate to meet the performance objectives and the basic EU requirements. The Commission would assess and approve the national/regional ***strategic*** ***plans*** with a view to maximising the contribution of the CAP towards the EU priorities and objectives and the achievement of Member States' climate and energy targets. This is important to ensure the maintenance of a common approach to the delivery of environment and climate objectives across Member States. Increased ambition is the only viable policy option in this regard.

The Commission will also maintain its key roles as guardian of the Treaties and as the institution ultimately responsible for the management of the EU budget and, as part of the process of scrutinising national/regional ***plans***, the Commission will look carefully at how to avoid over-regulation.

Are the two pillars (direct payments/market measures and rural development) remaining in place?

The two pillars are two complementary facets of the CAP, which should remain in place. They structure the CAP around two essential broad types of ***intervention***. The first pillar supports farmers on an annual basis in the form of direct payments and market measures, which are subject to compliance with basic rules and environmental objectives. The second pillar is a multiannual and flexible investment tool, more adapted to the local realities of each Member State, in particular to help support longer term projects.

How can we ensure that the future CAP will be fairer and that smaller and medium-sized farms will get the support they need?

In 2015, the first year of implementation of the last CAP reform, 20% of farmers received around 80% of direct payments. This raises understandable concerns of economic efficiency and social equity in the public debate.

In fact, this reflects the concentration of land and the nature of the support, which is largely area-based. Furthermore, more than half of its beneficiaries are very small farms and most of the payments (72% in 2015) go to medium-size professional (family) farms (from 5 to 250 ha) who manage most of the EU ***agricultural*** land (71%) hence are the main responsible for the delivery of public goods and environmental benefits.

Still, the Commission is committed to explore ways to further target direct payments more effectively and ensure a fair and better targeted support of farmers' income across the EU, as evoked in the Reflection paper on the future of EU finances. The following non-exhaustive list of possibilities should be further explored:

    A compulsory capping of direct payments taking into account labour to avoid negative effects on jobs;     Degressive payments could be introduced as well, as a way of reducing the support for larger farms;     Enhanced focus on a redistributive payment in order to be able to provide support in a targeted manner e.g to small-medium sized farms;     Ensure support to genuine farmers, focussing on those who are actively farming in order to earn a living.

Will farmers be treated equally across the EU?

At the same time as the CAP is ensuring that support is targeted to genuine farmers, focussing on those who are actively farming in order to earn their living, it also needs to play its role in following the principles of 'Equality between its Members, big or small, East or West, North or South', which were recalled by President Juncker in his State of the Union address of 2017.

In this sense, it should reduce differences between Member States in CAP support. Even if the wide diversity of relative costs of labour and land as well as the different agronomic potentials across the EU should be acknowledged, all EU farmers face similar challenges with regard to market volatility, the environment and the climate.

What is the role of the CAP to promote rural prosperity?

The CAP is not only acting on the farming sector, but helps boosting local rural economies and enhancing rural prosperity. Rural development funds can for example support the setting up of an artisan's business. New jobs' opportunities and increase of growth potential can appear in rural areas through support of new rural value chains such as clean energy, the emerging bio-economy, the circular economy and ecotourism, investments in infrastructure, natural and human capital, including vocational training, ***programmes*** to develop new skills, quality education and connectivity. “Smart villages”, as an emerging concept, will help communities address issues of inadequate infrastructures and employment opportunities.

How can the Commission encourage the setting-up of young farmers and generation renewal in the sector?

Generational renewal should become a priority in a new policy framework, but Member States are in the best position to stimulate generational renewal using their powers on land regulation, taxation, inheritance law or territorial ***planning***. The CAP should give flexibility to Member States to develop tailor made schemes that reflect the specific needs of their young farmers.

The CAP ***strategic*** ***plans*** could include support for skills development, knowledge, innovation, business development and investment support. The CAP should also help mitigate this risk in the first years after launching a farming business by providing an EU-wide system of support to the first installation. Access to financial instruments to support farm investments and working capital should be facilitated and better adapted to the investment needs and higher risk profiles of new entrants. Support to the new generation of farmers could be combined with the appropriate incentives to facilitate the exit of the older generation and the transfer of knowledge among generations as well as to increase land mobility and facilitate succession ***planning***.

Why does the CAP need to support innovation? What is the rationale?

***Agriculture*** and our rural areas face a number of challenges for which new solutions need to be found. We need better advice and more innovation. Public involvement in research and innovation is necessary to bridge the gap between rural areas in demand of digital innovations and better connectivity and providers of new technologies.

For example, sensors could detect and prevent poor health in animals early on and reduce the need for treatment. Real-time access to information about sunlight intensity, soil moisture, markets, herd management and more provides for better and faster decisions by farmers.

It makes sense to cooperate on research an innovation at EU level. By learning from each other in different parts of the EU we will develop better knowledge and will adopt innovation faster.

When facing volatility and market crisis, what kind of support can the farmers expect from the future CAP?

Be it sanitary or phytosanitary crises, climate change-related events or market volatility, farmers face high risks and pressure on incomes. The Commission has always and will always stand by farmers, as evidenced by the two latest solidarity packages each worth €500 million, but the higher frequency of risks calls more a more systematic approach.

The farming sector needs an adequate framework for risk management, which combines EU-level support with Member States' national tools and private sector instruments.

For example, the possibility to set up a sector-specific income stabilisation tool, with lower loss thresholds to trigger compensation, is expected to make it more attractive for both farmers and administrations. At the same time, a careful assessment needs to be carried out as to whether new tools or types of support should be introduced. In this context, cooperation among farmers and along the food chain should be fostered, including mutualisation and integrated services, for risk sharing purposes.

What will the EU-level platform on risk management entail?

The limited awareness of farmers and other stakeholders of the available tools and their relative lack of experience in implementing them has been one of the main barriers to the uptake of risk management instruments in the last few years.

The EU-level platform on risk management will be a platform for all actors involved, from farmers and public authorities to research institutes and private sector players (ex. insurance companies) to share knowledge and exchange best practices.

The Commission will be involved, as appropriate, as a facilitator and will develop the platform on a dedicated website.

Under the platform, expert groups, working panels, seminars and events will be organised around specific risk management topics, e.g loss calculation using index-based systems. Moreover, the platform will offer the possibility to gather together private or public initiatives on risk management at local level, and relevant work in other policy fields, e.g climate change adaptation, agro-meteorology, etc.

Why should the CAP stimulate investments and how can financial instruments support farmers?

A flexible CAP investment tool is essential to support competitiveness, innovation, climate change adaptation and mitigation and ultimately the sustainability of ***agriculture*** and rural areas.Modernising a farm, setting up new technologies, renovating irrigation systems are all actions that require a lot of frontload money and are substantial financial efforts that farmers cannot be expected to do all on their own. The public funds available for grants are not sufficient to address the growing investment needs of the sector. Rough estimations show that the market gap for financing ***agriculture*** is between €1.6 and €4.1 billion for short-term loans, and between €5.5 and €14.8 billion for long-term loans.

Financial instruments, such as loans, guarantees and equity funds, can ease access to finance for those farmers (e.g small holders, new entrants, etc.) or agri-food ***producers***, who find it difficult to obtain the necessary funds to either enter the business or develop it. By bringing together EU and private funding, they shall have a multiplier effect, i.e increased investment volumes (leverage).

**Load-Date:** December 2, 2017

**End of Document**



[***Sankalp Africa Summit 2018 Spurs Innovation and Investment***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RYY-3W81-F0YC-N4H7-00000-00&context=1516831)

Impact News Service

March 27, 2018 Tuesday

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**Length:** 1419 words

**Body**

The Hague: SNV Netherlands Development Organisation has issued the following press release:

The Feed the Future East Africa Catalytic Sustainable Agribusiness Investment project (CSAI), funded by USAID and implemented by SNV, along with its partners Climate Focus and UNIQUE, participated in the ground-breaking 2018 Sankalp Africa forum, which was held in March 2018 in Nairobi, Kenya. One of the main sponsors of the event, CSAI is pioneering efforts in East Africa to support innovative, climate-smart technologies by building the capacity of fledgling local enterprises to attract private sector investment through customised business training, technical assistance, and ***strategic*** partnership through match-making.

Sankalp’s renowned global Summit, held in India annually, brings together stakeholders from around the world to discuss, debate, and create a roadmap for impact investment and inclusive business in development markets. The Forum expanded into Africa in 2013. Since its inception in 2009, this exciting Intellecap initiative has connected over 400 enterprises to investors and funders.

The theme of this year’s Sankalp Africa Summit, which attracted over 1,000 investors, incubators, and innovators from around the world, was “Open Alliances for a Sustainable and Inclusive Africa – 2030.” The two-day summit provided rare networking and growth opportunities, including pitch sessions, interactive workshops and panel discussions, exhibition spaces, and one-on-one speed-dating among the most promising enterprises and interested impact investors.

“Start-ups require a lot of support, both technical and financial,” said Caleb Wasilwa from Home Biogas Kenya, a local enterprise attending the forum. “Events like these provide exposure to potential investors, and an opportunity for product improvement through the insights given.”

test Intellecap CoFounder and Chairman Vineet Rai (right) in one-on-one pitch session

Among the start-ups who attended this year’s Sankalp Africa Summit were several climate-smart agribusinesses supported by CSAI.

“The event provided ample opportunities for our enterprises to network with various investors,” said David Makongo, CSAI Project Manager. “We hope to capitalize on future events like Sankalp by even further increasing the networking and presentation capacities of the agribusinesses we work with.”

This year’s prestigious Sankalp Award, which recognises and rewards high impact enterprises in Africa, went to iNuka Pap, a mobile platform used by entities like Savings and Credit Cooperative Organisations (SACCOs) to provide their members with access to instant micro-loans. The first runner up was Kopa Gas, which designed the world's first Smart LPG Meter to promote clean cooking in Sub-Saharan Africa and Asia. Mhogo Foods was awarded third place for its work with small scale farmers in ***producing*** gluten and grain free cassava flour.

BioFit Agritech, a CSAI-support enterprise, was also among the top 10 companies nominated for the Sankalp Award for its novel work in Kenya developing and testing low-cost livestock feed made from water hyacinth.

Learn more about the CSAI-supported enterprises that participated in this year’s Sankalp Forum:

BioFit Agritech

BioFit Agritech was found by four researchers from the University of Nairobi in Kenya who are testing affordable livestock feed made from water hyacinth, an invasive species and environmental and economic threat to Lake Victoria. Using water hyacinth as a raw material for livestock feed solves two problems: it serves as a climate-resilient source of low‐cost livestock feed, and it reduces the population of this invasive weed.

Biogas International

Biogas International, based in Kenya, sells its patented FlexiTech biogas digesters that are simple and easy to install. The adoption of biogas by smallholder farmers both mitigates Green House Gas (GHG) emissions and reduces the use of firewood, which decreases deforestation and preserves the living trees that absorb carbon dioxide from the atmosphere.

[*www.biogas.co.ke*](http://www.biogas.co.ke)

Lake View Fisheries

Lake View Fisheries is a vertically integrated, sustainable commercial tilapia farm in Homa Bay, along Lake Victoria in Kenya. Lake View operates a sustainable tilapia hatchery of land-based breeding and juvenile ponds, and off-shore floating fish cages in Lake Victoria. The company built Kenya’s most advanced vertically integrated tilapia cage farm, with a production capacity of 300 metric tons per year.

[*www.lakeviewfisheries.com*](http://www.lakeviewfisheries.com)

Ruhamah Enterprises

A woman-own business, Ruhamah Enterprises mills livestock feed, primarily for pig farming, which results in much lower GHG emissions per kg of meat when compared to beef and other sources. CSAI is assisting Ruhamah to incorporate a protein cake made from water hyacinth, an invasive weed posting an environmental and economic threat to Lave Victoria and Lake Naivasha in Kenya, to further reduce GHG emissions associated with swine production.

Mara Beef

Mara Beef, a major beef company located among the Maasai communities in the Southern Rift Valley area of Kenya, has piloted holistic cattle grazing. CSAI is working with Mara Beef to integrate pastoralist communities into their business models, mitigating some of the vulnerability that these communities face during drought.

[*www.marabeef.com*](http://www.marabeef.com)

Lucsom

Founded  in  2016,  Lucsom  will  provide  farmers  with  consistent  access  to  low-cost  and  nutritionally  balanced  animal  feed by commercialising biomass production from fodder trees such as Tagasaste and Leucaena.  Lucsom operates in very dry, low-rainfall areas where these crops thrive. Biomass production will be on Lucsom’s own plantations, as well as sourced from out-growers.

lucsom.com

Menagesha Biotech

Menagesha Biotech ***produces*** and distributes bio-fertilizer for major legume crops in Ethiopia to help both smallholder and commercial farmers replace chemical fertilizer with organic fertilizer, enabling them to improve soil fertility and increase their yields.  Menagesha ***plans*** to run an outreach ***programme*** working with 300 venders and 100 young people.

Amba PLC

Amba Private Limited Company (PLC) supplies table honey and conventional honey specifically for the export market through outsourcing and production in some of the most arid areas of northern Ethiopia. Amba aims to contribute to the overall improvement of apiculture and pulse production through the promotion of market-oriented ***agricultural*** activities.

DryGro Ltd.

DryGro  is  a  UK-based  ***agriculture***  technology  company  that  has  developed  new  ways  to  grow  animal  feed  ingredients  on  arid, unproductive land. Using this technology, DryGro can grow feed ingredients for aquaculture, ruminants, and poultry at a lower cost than soy, fishmeal, and other traditional inputs. This technology can also grow on arid land using a fraction of the water of traditional ***agriculture***, making it a valuable climate change mitigation tool.

 drygro.com

Inuka Africa

Inuka Africa is a microcredit institution operating in Kenya. Since 2011, Inuka has focused on economically empowering micro-and-small-businesses, with a growing emphasis on farmers and agribusiness actors. Inuka has 34 branches spread throughout mainly ***agricultural*** counties in Kenya. It has established itself as a trusted micro lender in the dairy sector, an underserved market of about two million smallholder dairy farmers.

Century Microfinance Bank Ltd.

Century Microfinance Bank Limited specialises in providing financial services to micro-small-and-medium-enterprises, primarily in the ***agriculture*** sector. Century was incorporated in 2009 and licensed in 2012 as a deposit-taking microfinance institution in Kenya. The company is seeking to grow its loan book by 200% and reduce risk by 20% by the end of the first quarter of 2018.

century.co.ke

Ol Pejeta Conservancy

Ol Pejeta Conservancy (OPC) is the largest black rhino sanctuary in East Africa, hosting close to 130 rhinos, and other flora and fauna species. OPC is structured as a non-profit organisation where profits are reinvested into Ol Pejeta’s mission, which is dedicated to wildlife conservation and community development. The conservancy is a pacesetter in the livestock industry owing to its business model that has created socio-economic impact for the neighbouring community over the years, protecting wildlife and the environment. OPC is committed to a commercial approach that secures space for conservation and stimulates economic development and empowerment among its neighbouring rural communities.

**Load-Date:** March 28, 2018

**End of Document**



[***The future of food and farming - Communication on the Common Agricultural Policy post-2020***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R2T-0481-JDG9-Y2VT-00000-00&context=1516831)

Impact News Service

November 29, 2017 Wednesday

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**Length:** 3403 words

**Body**

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How will the future CAP support farmers in protecting the environment?

As a foundation, farmers receiving income support from the CAP will have to apply various environment- and climate-friendly practices. Member States will determine the detail of these - in line with the need to meet EU-level objectives but also taking into account national, regional and local circumstances. The system will draw on strengths currently observed in the CAP but will involve fewer and less complex rules in EU legislation.

Eco-friendly action which goes beyond this foundational level of good practice will be supported through schemes which are voluntary for farmers - at a relatively basic level, and above that more advanced schemes. Once again, Member States will be responsible for designing the schemes, in such a way as to meet EU objectives translated into national, regional and local terms.

The CAP will also place strong emphasis on unlocking the potential of research, innovation, training and the use of advice to improve care for the environment and climate, including through greater resource efficiency.

If you entrust environmental commitments to Member States, how can you ensure a level playing field among farmers? Will we end up with 28 different systems?

Today's Communication marks a significant step change in the implementation of the CAP. Respecting the commitment to subsidiarity and less complexity, the Commission's scrutiny of national/regional ***plans*** will ensure that choices made are not manifestly mistaken or inadequate to meet the performance objectives and the basic EU requirements. The Commission would assess and approve the national/regional ***strategic*** ***plans*** with a view to maximising the contribution of the CAP towards the EU priorities and objectives and the achievement of Member States' climate and energy targets. This is important to ensure the maintenance of a common approach to the delivery of environment and climate objectives across Member States. Increased ambition is the only viable policy option in this regard.

The Commission will also maintain its key roles as guardian of the Treaties and as the institution ultimately responsible for the management of the EU budget and, as part of the process of scrutinising national/regional ***plans***, the Commission will look carefully at how to avoid over-regulation.

Are the two pillars (direct payments/market measures and rural development) remaining in place?

The two pillars are two complementary facets of the CAP, which should remain in place. They structure the CAP around two essential broad types of ***intervention***. The first pillar supports farmers on an annual basis in the form of direct payments and market measures, which are subject to compliance with basic rules and environmental objectives. The second pillar is a multiannual and flexible investment tool, more adapted to the local realities of each Member State, in particular to help support longer term projects.

How can we ensure that the future CAP will be fairer and that smaller and medium-sized farms will get the support they need?

In 2015, the first year of implementation of the last CAP reform, 20% of farmers received around 80% of direct payments. This raises understandable concerns of economic efficiency and social equity in the public debate.

In fact, this reflects the concentration of land and the nature of the support, which is largely area-based. Furthermore, more than half of its beneficiaries are very small farms and most of the payments (72% in 2015) go to medium-size professional (family) farms (from 5 to 250 ha) who manage most of the EU ***agricultural*** land (71%) hence are the main responsible for the delivery of public goods and environmental benefits.

Still, the Commission is committed to explore ways to further target direct payments more effectively and ensure a fair and better targeted support of farmers' income across the EU, as evoked in the Reflection paper on the future of EU finances. The following non-exhaustive list of possibilities should be further explored:

    A compulsory capping of direct payments taking into account labour to avoid negative effects on jobs;     Degressive payments could be introduced as well, as a way of reducing the support for larger farms;     Enhanced focus on a redistributive payment in order to be able to provide support in a targeted manner e.g to small-medium sized farms;     Ensure support to genuine farmers, focussing on those who are actively farming in order to earn a living.

Will farmers be treated equally across the EU?

At the same time as the CAP is ensuring that support is targeted to genuine farmers, focussing on those who are actively farming in order to earn their living, it also needs to play its role in following the principles of 'Equality between its Members, big or small, East or West, North or South', which were recalled by President Juncker in his State of the Union address of 2017.

In this sense, it should reduce differences between Member States in CAP support. Even if the wide diversity of relative costs of labour and land as well as the different agronomic potentials across the EU should be acknowledged, all EU farmers face similar challenges with regard to market volatility, the environment and the climate.

What is the role of the CAP to promote rural prosperity?

The CAP is not only acting on the farming sector, but helps boosting local rural economies and enhancing rural prosperity. Rural development funds can for example support the setting up of an artisan's business. New jobs' opportunities and increase of growth potential can appear in rural areas through support of new rural value chains such as clean energy, the emerging bio-economy, the circular economy and ecotourism, investments in infrastructure, natural and human capital, including vocational training, ***programmes*** to develop new skills, quality education and connectivity. “Smart villages”, as an emerging concept, will help communities address issues of inadequate infrastructures and employment opportunities.

How can the Commission encourage the setting-up of young farmers and generation renewal in the sector?

Generational renewal should become a priority in a new policy framework, but Member States are in the best position to stimulate generational renewal using their powers on land regulation, taxation, inheritance law or territorial ***planning***. The CAP should give flexibility to Member States to develop tailor made schemes that reflect the specific needs of their young farmers.

The CAP ***strategic*** ***plans*** could include support for skills development, knowledge, innovation, business development and investment support. The CAP should also help mitigate this risk in the first years after launching a farming business by providing an EU-wide system of support to the first installation. Access to financial instruments to support farm investments and working capital should be facilitated and better adapted to the investment needs and higher risk profiles of new entrants. Support to the new generation of farmers could be combined with the appropriate incentives to facilitate the exit of the older generation and the transfer of knowledge among generations as well as to increase land mobility and facilitate succession ***planning***.

Why does the CAP need to support innovation? What is the rationale?

***Agriculture*** and our rural areas face a number of challenges for which new solutions need to be found. We need better advice and more innovation. Public involvement in research and innovation is necessary to bridge the gap between rural areas in demand of digital innovations and better connectivity and providers of new technologies.

For example, sensors could detect and prevent poor health in animals early on and reduce the need for treatment. Real-time access to information about sunlight intensity, soil moisture, markets, herd management and more provides for better and faster decisions by farmers.

It makes sense to cooperate on research an innovation at EU level. By learning from each other in different parts of the EU we will develop better knowledge and will adopt innovation faster.

When facing volatility and market crisis, what kind of support can the farmers expect from the future CAP?

Be it sanitary or phytosanitary crises, climate change-related events or market volatility, farmers face high risks and pressure on incomes. The Commission has always and will always stand by farmers, as evidenced by the two latest solidarity packages each worth €500 million, but the higher frequency of risks calls more a more systematic approach.

The farming sector needs an adequate framework for risk management, which combines EU-level support with Member States' national tools and private sector instruments.

For example, the possibility to set up a sector-specific income stabilisation tool, with lower loss thresholds to trigger compensation, is expected to make it more attractive for both farmers and administrations. At the same time, a careful assessment needs to be carried out as to whether new tools or types of support should be introduced. In this context, cooperation among farmers and along the food chain should be fostered, including mutualisation and integrated services, for risk sharing purposes.

What will the EU-level platform on risk management entail?

The limited awareness of farmers and other stakeholders of the available tools and their relative lack of experience in implementing them has been one of the main barriers to the uptake of risk management instruments in the last few years.

The EU-level platform on risk management will be a platform for all actors involved, from farmers and public authorities to research institutes and private sector players (ex. insurance companies) to share knowledge and exchange best practices.

The Commission will be involved, as appropriate, as a facilitator and will develop the platform on a dedicated website.

Under the platform, expert groups, working panels, seminars and events will be organised around specific risk management topics, e.g loss calculation using index-based systems. Moreover, the platform will offer the possibility to gather together private or public initiatives on risk management at local level, and relevant work in other policy fields, e.g climate change adaptation, agro-meteorology, etc.

Why should the CAP stimulate investments and how can financial instruments support farmers?

A flexible CAP investment tool is essential to support competitiveness, innovation, climate change adaptation and mitigation and ultimately the sustainability of ***agriculture*** and rural areas.Modernising a farm, setting up new technologies, renovating irrigation systems are all actions that require a lot of frontload money and are substantial financial efforts that farmers cannot be expected to do all on their own. The public funds available for grants are not sufficient to address the growing investment needs of the sector. Rough estimations show that the market gap for financing ***agriculture*** is between €1.6 and €4.1 billion for short-term loans, and between €5.5 and €14.8 billion for long-term loans.

Financial instruments, such as loans, guarantees and equity funds, can ease access to finance for those farmers (e.g small holders, new entrants, etc.) or agri-food ***producers***, who find it difficult to obtain the necessary funds to either enter the business or develop it. By bringing together EU and private funding, they shall have a multiplier effect, i.e increased investment volumes (leverage).

**Load-Date:** November 30, 2017

**End of Document**



[***The future of food and farming - Communication on the Common Agricultural Policy post-2020***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R36-J7R1-JDG9-Y32B-00000-00&context=1516831)

Impact News Service

November 30, 2017 Thursday

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**Length:** 3403 words

**Body**

Europe: The European Commission has issued the following news release:

The future of food and farming - Communication on the Common ***Agricultural*** Policy post-2020

**Why is a new reform necessary?**

The Common ***Agricultural*** Policy (CAP) is one of the oldest policies of the European Union (EU). It successfully fulfilled its original objectives of securing supply of good quality, safe and affordable food products while supporting European farmers. Since 1962, the CAP has undergone many reforms and its adaptability is what makes it still relevant. The world is moving fast and so are the challenges facing not only the farmers but our societies as a whole. Climate change, price volatility, political and economic uncertainty, growing importance of global trade: farmers need to learn every day how to operate in a changing environment and it is up to the legislators to accompany them throughout these changes and to provide legal clarity and simplicity in the medium and long term.

The European ***agricultural*** policy turned the EU into the agri-food superpower that it is now: the EU if the first agri-food exporter globally, has an unparalleled reputation for its culinary heritage and food products, and for the savoir-faire of its ***producers***. But the EU cannot be complacent: a success can also hide many individual difficulties.

The CAP needs to lead the transition towards a more sustainable ***agriculture***. The CAP needs to help foster the sector's resilience in times of crisis and support farmers' income and viability. The CAP needs to fully accommodate digital innovations that make the everyday jobs of farmers easier, reduce red tape and could favour the sector's much-needed generational renewal. The CAP needs to strengthen European rural areas, which are the core of our European traditions and family farm model.

The Communication published today provides orientations in terms of addressing these objectives and meeting the emerging challenges, with a less prescriptive approach and greater subsidiarity at Member State level, to bring the CAP closer to those who implement it on the ground.

**How can the revised policy be discussed without knowing what the budget and the next Multiannual Financial Framework (MFF) will be?**

Money is a means to an end. The Communication discusses how to improve the CAP's value for money. Now is the time to reflect on our objectives and future architecture of the policy. This will steer the debate without prejudging the Commission proposal for the next Multiannual Financial Framework (MFF), expected for May 2018.

**Why does the Communication not contain more detail on some issues?**

The Communication points towards the challenges and opportunities ahead, puts forward orientations and indicates further paths to be explored. More debate and work will be needed over the next months to advance on the directions outlined therein and to refine concepts. The same way that the Communication outlines a less prescriptive approach and more subsidiarity, the Commission wants to continue the debate on practicalities with a wide range of stakeholders and co-legislators.

**What are the next steps?**

Over the next months the discussion and work on the concrete objectives, architecture and design of the future policy will advance in parallel with the work on the next MFF. This will be done notably in form of an impact assessment exploring different options by making use of the elements gathered from stakeholders and citizens (e.g the public consultation carried on in 2017, Re-Fit inputs, the Cork 2.0 conference 'The CAP: Have your say” conference) and intensifying the collection and processing of evidence. Following the expected Commission proposal for the next MFF in May 2018, legislative proposals on the future CAP are expected before the summer of 2018.

**How will the future CAP be simpler for farmers and administrations in Member States?**

Who wants to measure their hedges because “Brussels said so”? Why would an Italian farmer face the same environmental requirements as a Finnish farmer though they farm in very different conditions?

The future CAP will have common objectives and a set of measures to achieve the said objectives. From this common set of measures, Member States, either at national or regional level, will be able to pick their preferred panel of options to achieve the goals set at EU level.

Moving from a one-size-fits-all to a tailor-made approach means that the EU requirements will be reduced to a strict minimum. The actual needs on the ground will be assessed and fed by Member States into a CAP ***strategic*** ***plan*** approved at EU level. We are aiming at establishing a pact of trust with our rural areas, with our farmers.

The strengthening of farm advisory services for farmers and the full implementation of geospatial aid applications will also of course further support the simplification of aid applications and the implementation of investment measures.

**How will this new approach function in practice?**

The Union should set the basic policy parameters based on the objectives of the CAP, fulfilling the  EU Treaty obligations but also the already agreed objectives and targets on for instance the environment, climate change (COP 21), and a number of sustainable development goals.

Each Member State should establish a 'CAP ***strategic*** ***plan***', which would cover ***interventions*** in both pillar I and pillar II. This ***plan*** will tailor CAP ***interventions*** to maximise their contribution to EU objectives taking better into account local conditions and needs, against such objectives and targets. At the same time, Member States would also have a greater say in designing the compliance and control framework applicable to beneficiaries (including controls and penalties).

These ***strategic*** ***plans*** would be prepared not in isolation but in the framework of a structured process and the Commission would assess and approve such ***plans***. This would maximise the contribution of the CAP towards the EU priorities and objectives and the achievement of Member States' climate and energy targets. It would also enhance the EU added value and preserve a functioning ***agricultural*** internal market.

While Member States should bear greater responsibility and be more accountable as to how they meet the objectives and achieve agreed targets, the new approach will continue to ensure a level playing field, preserving the common nature and the two pillars of the policy.

**Is it the first step to renationalise the CAP?**

This EU added-value has never been questioned and the CAP remains one of the flagship EU policies. Acknowledging that one size does not fit all is pragmatic. What are the local realities? What are the farmers' concrete circumstances? This is about acknowledging the varied ***agriculture***, agronomic production potential, climatic, environmental and socio-economic conditions across the EU. It is about embracing our diversity instead of trying to impose one single model.

The input gathered by the EU-wide online public consultation from February until May 2017 was strongly supportive of the added-value of managing ***agricultural*** policy at European level since this ensures a level playing field within the single market. Only with a common European approach can ***agriculture*** respond more effectively to the shared challenges such as environmental protection and climate action. The need to maintain economic, social and territorial cohesion across the EU as well as the need for a common framework of sharing best practices was also frequently mentioned.

While the specific details of the implementation of the measures will be done at national/regional level, the EU will guarantee a well-defined regulatory and budgetary framework in order to ensure that our common objectives are met through common instruments, in line with the EU Treaties and to fulfil the EU's international commitments on climate and sustainable development.

**Why is the CAP relevant for the environment?**

***Agriculture*** covers almost half the land surface area of the EU, and on that territory it works in a very close relationship with the environment. On the one hand, it depends on various natural resources - i.e soil, water, air and biodiversity - and is heavily influenced by the climate. On the other hand, ***agriculture*** shapes the environment in which it operates - not only through its use of natural resources but also by creatingand maintaining landscapes that embody our European diversity and provide essential wildlife habitats.

The CAP has an essential role in making farming's relationship with the environment and climate as mutually beneficial as possible. It also offers support in some cases to rural-based non-***agricultural*** businesses which can influence the environment - e.g in the forestry sector and other parts of the bio-economy.

The future CAP needs to promote and support climate-smart farming, it needs to place sustainability at the core of its priorities and actions.

**How will the future CAP support farmers in protecting the environment?**

As a foundation, farmers receiving income support from the CAP will have to apply various environment- and climate-friendly practices. Member States will determine the detail of these - in line with the need to meet EU-level objectives but also taking into account national, regional and local circumstances. The system will draw on strengths currently observed in the CAP but will involve fewer and less complex rules in EU legislation.

Eco-friendly action which goes beyond this foundational level of good practice will be supported through schemes which are voluntary for farmers - at a relatively basic level, and above that more advanced schemes. Once again, Member States will be responsible for designing the schemes, in such a way as to meet EU objectives translated into national, regional and local terms.

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**Will farmers be treated equally across the EU?**

At the same time as the CAP is ensuring that support is targeted to genuine farmers, focussing on those who are actively farming in order to earn their living, it also needs to play its role in following the principles of 'Equality between its Members, big or small, East or West, North or South', which were recalled by President Juncker in his State of the Union address of 2017.

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**What will the EU-level platform on risk management entail?**

The limited awareness of farmers and other stakeholders of the available tools and their relative lack of experience in implementing them has been one of the main barriers to the uptake of risk management instruments in the last few years.

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**Load-Date:** December 2, 2017

**End of Document**



[***P8\_TA(2015)0444 Towards a European Energy Union European Parliament resolution of 15 December 2015 on Towards a European Energy Union (2015/2113(INI))***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R25-2WM1-JDG9-Y1W0-00000-00&context=1516831)

Impact News Service

November 25, 2017 Saturday

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**Length:** 18488 words

**Body**

Brussels: Official Journal of the European Union has issued the following notice:

P8\_TA(2015)0444

Towards a European Energy Union

European Parliament resolution of 15 December 2015 on Towards a European Energy Union (2015/2113(INI))

(2017/C 399/03)

The European Parliament,

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| ? | having regard to the Treaty on the Functioning of the European Union, in particular Articles 191, 192 and 194 thereof, |

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| ? | having regard to the Treaty establishing the European Atomic Energy Community (Euratom), |

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| ? | having regard to the Commission communication entitled ?A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy? (COM(2015)0080) and its annexes, |

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| ? | having regard to the Commission communication entitled ?European Energy Security Strategy? and the accompanying working documents (COM(2014)0330), |

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| ? | having regard to the Commission communication entitled ?Short term resilience of the European gas system. Preparedness for a possible disruption of supplies from the East during the autumn and winter of 2014/2015? (COM(2014)0654), |

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| ? | having regard to the Commission communication on security of energy supply and international cooperation entitled ?The EU Energy Policy: Engaging with Partners beyond Our Borders? (COM(2011)0539), |

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| ? | having regard to the report from the Commission to the European Parliament, the Council and the European Economic and Social Committee entitled ?Implementation of the Communication on Security of Energy Supply and International Cooperation and of the Energy Council Conclusions of November 2011? (COM(2013)0638), |

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| ? | having regard to the Commission communication of 13 November 2008 entitled ?Second ***Strategic*** Energy Review: an EU Energy Security and Solidarity Action ***Plan***? (COM(2008)0781), |

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| ? | having regard to the Commission communication of 26 November 2014 entitled ?An Investment ***Plan*** for Europe? (COM(2014)0903), |

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| ? | having regard to the Commission communication of 10 October 2012 entitled ?A stronger European industry for growth and economic recovery? (COM(2012)0582), |

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| ? | having regard to the Commission communication of 15 November 2012 entitled ?Making the internal energy market work? (COM(2012)0663) and the accompanying working documents, and to Parliament?s resolution of 10 September 2013 on making the internal energy market work (1), |

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| ? | having regard to the Commission communication entitled ?Progress towards completing the internal energy market? (COM(2014)0634), |

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| ? | having regard to the Commission communication entitled ?Energy infrastructure priorities for 2020 and beyond ? a blueprint for an integrated European energy network? (COM(2010)0677), |

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| ? | having regard to the Commission communication of 29 January 2014 entitled ?Energy prices and costs in Europe? (COM(2014)0021), |

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| ? | having regard to the Commission communication of 22 January 2014 entitled ?For a European Industrial Renaissance? (COM(2014)0014), |

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| ? | having regard to the Commission report of 14 November 2012 entitled ?The state of the European carbon market in 2012? (COM(2012)0652), |

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| ? | having regard to the Commission communication of 20 September 2011 entitled ?Roadmap to a Resource Efficient Europe? (COM(2011)0571), and to Parliament?s resolution of 24 May 2012 on a resource-efficient Europe (2), |

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| ? | having regard to the Commission communication entitled ?Energy efficiency and its contribution to energy security and the 2030 framework for climate and energy policy? (COM(2014)0520), |

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| ? | having regard to the Commission communication entitled ?Roadmap for moving to a competitive low-carbon economy in 2050? (COM(2011)0112), |

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| ? | having regard to the Commission communication of 15 December 2011 entitled ?Energy Roadmap 2050? (COM(2011)0885), and to Parliament?s resolution of 14 March 2013 on the Energy Roadmap 2050, a future with energy (3), |

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| ? | having regard to the Commission staff working document entitled ?Exploiting the employment potential of green growth? (SWD(2012)0092), |

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| ? | having regard to the Commission communication entitled ?The Future of Carbon Capture and Storage in Europe? (COM(2013)0180), |

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| ? | having regard to the Commission communication entitled ?A policy framework for climate and energy in the period from 2020 to 2030? (COM(2014)0015), |

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| ? | having regard to the European Council conclusions of 23-24 October 2014, |

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| ? | having regard to the European Council conclusions of 19-20 March 2015, |

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| ? | having regard to Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009, and to the Commission communication of 14 October 2013 entitled ?Long-term infrastructure vision for Europe and beyond? (COM(2013)0711), which sets out the first Union-wide list of energy infrastructure projects of common interest (PCIs), |

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| ? | having regard to the proposal for a regulation of the European Parliament and of the Council establishing the Connecting Europe Facility (COM(2011)0665), |

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| ? | having regard to Regulation (EU) No 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC, |

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| ? | having regard to the Third Energy Package, |

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| ? | having regard to Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC, |

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| ? | having regard to Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC, |

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| ? | having regard to Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings, |

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| ? | having regard to Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, |

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| ? | having regard to Decision No 994/2012/EU of the European Parliament and of the Council of 25 October 2012 establishing an information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of energy, |

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| ? | having regard to its resolution of 12 June 2012 on Engaging in energy policy cooperation with partners beyond our borders: A ***strategic*** approach to secure, sustainable and competitive energy supply (4), |

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| ? | having regard to its resolution of 21 November 2012 on industrial, energy and other aspects of shale gas and oil (5), |

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| ? | having regard to its resolution of 17 February 2011 on Europe 2020 (6), |

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| ? | having regard to its study entitled ?Mapping the Cost of Non-Europe, 2014 -19?, |

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| ? | having regard to its resolution of 5 February 2014 on a 2030 framework for climate and energy policies (7), |

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| ? | having regard to its resolution of 15 December 2015 on achieving the 10 % electricity interconnection target ? Making Europe?s electricity grid fit for 2020 (8), |

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| ? | having regard to the Energy Charter Treaty, in particular articles 7 and 20 thereof, |

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| ? | having regard to Rule 52 of its Rules of Procedure, |

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| ? | having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on the Environment, Public Health and Food Safety, the Committee on Foreign Affairs, the Committee on International Trade and the Committee on Transport and Tourism (A8-0341/2015), |

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| A. | whereas according to article 194 TFEU, the European energy policy shall ensure the functioning of the energy market, ensure security of energy supply, promote energy efficiency and savings and the development of renewable energy and promote the interconnection of energy networks; whereas the definition of the energy mix of Member States remains a national competence, and therefore energy mixes remain highly diversified; |

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| B. | whereas the creation of a resilient Energy Union with a forward-looking climate change policy should be based on a transition towards a sustainable, forward-looking energy system with energy efficiency, renewable energy, best use of Europe?s energy resources and smart infrastructure as major pillars; whereas a long-term stable regulatory framework is needed to create economic growth and jobs and ensure the EU?s leading role in these areas; |

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| C. | whereas an energy security strategy must include cost-efficient actions to moderate energy demand and equally effective actions to overcome major and imminent disruptions, as well as solidarity and coordination mechanisms to protect and strengthen energy generation, smart transmission and distribution infrastructure and interconnectors; whereas this infrastructure must be capable of handling variable renewables, and be built into a fully integrated and well-functioning internal energy market as an essential part of an Energy Union with diversified external supplies and routes; |

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| D. | whereas Parliament has twice called for binding 2030 climate and energy targets of at least 40 % reduction in CO2 emissions, at least 30 % for renewables and 40 % for energy efficiency, to be implemented by means of individual national targets; whereas binding national and EU targets for energy efficiency and renewables create growth and jobs and would help secure the EU?s technological leadership in these fields; |

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| E. | whereas measures for developing the Energy Union and achieving its climate and energy targets must take full account of the impacts on energy prices and focus on synergies and further market integration which will help reduce overall costs and improve the competitiveness of the EU economy in order to get the necessary support from citizens and industry; whereas, in this context, all necessary impact assessments must take into full account the present and future hidden and sunk costs deriving from a business-as-usual energy policy; |

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| F. | whereas the Energy Union should be a new energy model for Europe, based on strong cross-cutting legislative grounds and strong objectives; whereas governance of the Energy Union must be transparent; guaranteeing a stable framework and including Parliament in the decision making-process while promoting the role of local authorities and citizens; |

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| G. | whereas it is fundamental that the EU and the Member States acknowledge the importance of including consumer-based initiatives such as cooperatives, community renewable energy and energy efficiency projects, and stresses the need to lift economic, regulatory and administrative barriers to allow citizens to participate actively in the energy system; |

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| H. | whereas climate change, uncompetitive energy prices and an extremely high dependency on unreliable third country suppliers are threatening the sustainability of Europe?s energy system; |

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| I. | whereas the goal of a resilient Energy Union with an ambitious climate policy at its core is to ensure the transition to a new energy model which empowers households and businesses to ***produce*** and consume secure, sustainable, competitive and affordable energy; |

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| J. | whereas the issue of energy poverty needs to be tackled within the framework of the Energy Union by empowering vulnerable consumers, improving energy efficiency for the most vulnerable and developing curative measures making energy affordable for those in need; |

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| K. | whereas energy poverty can be defined as the inability of a household to support an adequate level of energy supply, so as to guarantee basic levels of comfort and health, owing to a combination of low income, high energy prices and low-quality housing stock; |

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| L. | whereas the future vision of the Energy Union must be one in which Member States recognise that they depend on each other to deliver secure, sustainable and affordable energy to their citizens, based on true solidarity and trust, and in which the European Union speaks with one voice in global affairs; whereas every Member State therefore has a duty to prioritise energy efficiency and energy demand reduction in order to safeguard the energy security of the EU and its Member States overall; |

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| M. | whereas EU energy and climate policies must complement each other, and their objectives must reinforce one another; whereas the Energy Union should therefore complement European reindustrialisation and growth objectives, boost the transition to a sustainable economy largely based on energy efficiency and renewable energy, which will enhance the global competitiveness of the European economy while effectively avoiding carbon leakage; |

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| N. | whereas the EU imports more than half of all the energy it consumes, its import dependency is particularly high for crude oil (more than 90 %), natural gas (66 %) and hard coal (72 %), and the total import bill is more than EUR 400 billion in 2013; whereas the EU building stock is responsible for approximately 40 % of final EU energy consumption and for the consumption of approximately 60 % of EU gas imports, therefore making the moderation of its energy demand an important factor towards achieving energy independence; |

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| O. | whereas the global price of oil has fallen significantly, providing the EU with an opportunity to take major steps in transforming our energy landscape by investing in renewable energy production, grasping the energy efficiency potential of buildings and industry and developing smart infrastructure; whereas money spent on importing fossil fuels contributes little to investment, jobs or growth in the Union, and whereas redirecting this money to internal investments would stimulate growth and create high-quality, high-skilled local jobs; |

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| P. | whereas many countries are heavily reliant on a single supplier, which could leave them vulnerable to supply disruptions; |

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| Q. | whereas the EU is heavily dependent on energy imports from Russia, which has proven to be an unreliable partner and which uses its energy supplies as a political weapon; |

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| R. | whereas it has become an important part of Russian foreign policy to develop and implement a strategy regarding ***strategic*** resources, in particular oil and natural gas, in order to put other countries under political pressure; notes that this has been the case for a number of its neighbouring countries and for several Member States of the European Union; |

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| S. | whereas the use of oil and natural gas for reasons of foreign policy and for the destabilisation of other countries undermines economic growth and, even more dangerously, democratic stability in Europe and the independence of sovereign states; |

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| T. | whereas European energy security must be developed in a way that defends both European security and the sovereignty of European countries, comprising both EU Member States and Eastern Partnership countries; |

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| U. | whereas a policy for energy security must address the need for a stable supply from different energy sources, providing the European economy with the energy needed for transports, industry and housing in a way that supports competitiveness and climate policy, at the same time as it must minimise the dependence on those who deliberately want to use energy resources for their own political purposes in order to influence political developments in other countries; |

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| V. | whereas no Member State should be subject to contract terms incompatible with EU law which exploit its weak position on the energy market based merely on geographical and historical determinants; |

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| W. | whereas the 2006 and 2009 gas disputes between Russia and transit-country Ukraine left many EU countries with severe shortages; whereas the disruptions show that the measures taken so far have been insufficient to eliminate Europe?s reliance on Russian gas; |

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| X. | whereas ex-post assessment and verification of all energy-related agreements as regards compliance with EU law is already possible through, inter alia, competition and energy regulations; whereas insufficient ex-ante compliance checks at national and EU level lead to severe market distortions; whereas the Commission has recognised these shortcomings and has undertaken to strengthen the ex-ante assessment provisions on commercial gas supply contracts; |

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| Y. | whereas over EUR 1 trillion need to be invested in the EU energy sector by 2020 alone, and whereas for every euro not invested in the energy infrastructure before 2020, 4,3 euro would be needed after 2020 to achieve the same goals, which would put an undue burden on future generations; |

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| Z. | whereas the EU must enable these investments to be funded by mobilising all existing resources, both public (the structural funds and the European Investment Bank (EIB)) and private, by encouraging the channelling of household savings and of the capacities of long-term investors (pension funds and insurance companies) and by creating a new financial capacity for the EU; |

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| AA. | whereas EU industrial electricity prices, before taking account of tax or levy exemptions for energy-intensive industries, are more than twice as high as those in the USA and Russia, 20 % higher than those in China, but 20 % lower than those in Japan; |

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| AB. | whereas European industry still suffers from a significant competitive disadvantage on gas prices, mostly because of the oil price index being included in long-term contracts with Russia; |

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| AC. | whereas the price difference with other economies can have a negative impact on the competitiveness of our industry, in particular our energy-intensive industries; |

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| AD. | whereas competitive energy prices are crucial to achieve the EU?s 20 % reindustrialisation targets by 2020; |

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| AE. | whereas EU companies in the renewable energy sector, many of which are SMEs, employ 1,2 million people in Europe and have a share of 40 % of all world patents for renewable technologies, which makes the EU a global leader; whereas this leadership must be maintained in the future by means of a solid EU strategy for renewable energy; |

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| AF. | whereas, notwithstanding its global dominance in investment in renewable energy, the World Energy Outlook 2014 predicts global energy demand to grow by 37 % and global coal demand by 15 % by 2040; whereas in the EU the increase is projected to be significantly lower owing to highly successful energy efficiency improvements; |

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| AG. | whereas welfare loss owing to EU gas market inefficiency exceeds EUR 11 billion annually owing to, inter alia, a lack of infrastructure and a low level of market liquidity and transparency; |

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| AH. | whereas a more economically and physically integrated single market in energy could result in significant efficiency gains; |

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| AI. | whereas the EU energy retail market does not function properly, as in many Member States consumers have too little choice between suppliers; whereas issues of market concentration should be addressed by EU competition policy so as to enable consumers to switch suppliers and thereby increase competition and bring down prices; whereas attention should be paid to the risk that less-informed citizens, who are less likely to compare and switch providers, are left stranded with uncompetitive outdated tariffs; |

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| AJ. | whereas the full implementation of an integrated European energy market for gas and electricity is of fundamental importance for energy security and for the steps to be taken towards an Energy Union; whereas the Commission has the responsibility to ensure that all Member States implement and respect all parts of the Third Energy Package, aiming for an integrated market for electricity and gas; |

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| AK. | whereas meeting the 10 % interconnection target, and ensuring better cross-border transmission capacity for electricity and gas as well as additional reinforcements of the existing grid, will increase energy security, allow for a better integration of renewable generation and balance supply and demand between the Member States while fostering price convergence to the benefit of consumers; |

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| AL. | whereas convergence and cost-optimisation is also expected from deepened regional cooperation between Member States; |

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| AM. | whereas the Energy Community is an instrument to expand internal energy market to EU?s neighbourhood countries, thus contributing to the creation of a pan-European energy space based on common principles and the rule of law; |

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| AN. | whereas the Energy Union reflects multiple calls by Parliament for the establishment of a true pan-European Energy Community, based on a strong common energy market, coordination of energy purchasing outside of the EU and common European funding of research and innovation in the area of new sustainable energy technologies; |

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| AO. | whereas the external dimension of EU energy policy needs more coherence and has not yet tapped its full potential to contribute in terms of security of energy supply and the Union?s competitiveness; |

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| AP. | whereas the 33 infrastructure projects identified in the European Energy Security Strategy should be complemented by a stronger focus on the modernisation of the electricity distribution network and on the shift from coal and gas to biomass with a view to improving the security of supply; |

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| AQ. | whereas it is recognised that carbon capture and storage (CCS) can make a decisive contribution in the fight against climate change and, specifically, can help reduce the cost of the transition to a decarbonised energy market and a low carbon economy; |

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| AR. | whereas diversification of supplies, the completion of the internal energy market, improvements in energy efficiency and savings, the further development of Europe?s energy resources, including renewable energy, and R&D activities are the key drivers of the Energy Union; |

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| AS. | whereas the exploitation of indigenous conventional oil and gas resources in full compliance with EU acquis, both in traditional production areas (e.g the North Sea) and in newly discovered areas (e.g the eastern Mediterranean, the Black Sea), should be promoted and supported; |

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| AT. | whereas indigenous energy resources must always be sustainable and secure; |

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| AU. | whereas the EU?s aspiration is to raise the contribution of industry to its GDP to as much as 20 % by 2020, and energy at competitive price levels as well as increased energy productivity will be indispensable to achieving this ambition; |

Dimensions of the Energy Union

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|  | 1. | Welcomes the Commission communication entitled ?A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy?; takes note of the five pillars of the Energy Union outlined by the Commission; insists that policies pursued under these pillars must always contribute to ensuring the security of energy supply, decarbonisation, the long-term sustainability of the economy and the delivery of affordable and competitive energy prices; |

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|  | 2. | Reiterates that energy is a public social good and that the EU should therefore focus closely on the issue of energy poverty and promote concrete measures to tackle this problem; insists, therefore, that the Energy Union should ensure equal access to energy for all, contribute to affordable energy prices for the benefit of consumers, promote connections and energy infrastructure that have a ***strategic*** role for the benefit of the people, and strengthen regulation; |

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|  | 3. | Calls on the Commission and the Member States to ensure that all legislative proposals forming part of the Energy Union follow the ordinary legislative procedure, thus fully involving Parliament and ensuring effective democratic oversight; expects the post-2020 governance framework for the Energy Union to be ambitious, reliable, transparent, democratic and fully inclusive of Parliament, and to ensure that the 2030 climate and energy targets are achieved, in particular through the full implementation, enforcement and updating of existing climate and energy legislation; asks the Commission, without prejudice to other reporting obligations, to present on an annual basis a report on the implementation of the Energy Union, including details of the implementation of energy legislation and progress made towards meeting the 2020 and 2030 targets, to develop and update a set of key indicators to be included in the report, and to allow assessment of progress with Energy Union; such indicators could include, but are not limited to, interconnection capacity, market integration, reduction of energy imports, levels of diversification, energy prices and costs, development of community and locally-owned generation, and levels of energy poverty and vulnerability; notes the Energy Council conclusions of 26 November 2015 on the governance system of the Energy Union, and asks the Commission to present swiftly to Parliament and the Council a legislative proposal taking into account the Council conclusions and Parliament?s views as expressed in this report; agrees with the Council conclusions that the National Energy and Climate ***Plans*** covering the period from 2021 to 2030 should not only be geared towards meeting the 2030 targets, but also reflect the longer-term perspective, specifically the agreed EU objective of reducing emissions by 80-95 % by 2050 compared to 1990 levels; |

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|  | 4. | Calls on the Member States to develop long-term energy strategies in the light of the long-term target of achieving an 80-95 % reduction of greenhouse gases by 2050 , which should be matched by similar efforts undertaken by the world?s biggest polluters; |

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|  | 5. | Recognises the inalienability of decisions taken by national referendums on energy affairs; |

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|  | 6. | Emphasises that the Energy Union should adopt a comprehensive approach focusing on dimensions such as achievement of a fully integrated internal energy market, security of supply, best use of EU?s energy resources, moderation of energy demand, greenhouse gas reduction based essentially on renewable energy sources and an EU-wide carbon market, as well as research and innovation aiming for energy technology leadership; stresses that citizens should be at the core of the Energy Union and be provided with secure, sustainable and affordable energy; |

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|  | 7. | Acknowledges the European Council?s weak 2030 targets for climate and energy, namely to reduce greenhouse gas emissions by 40 %, to increase the share of renewables in the European energy mix to 27 % and to increase energy efficiency by 27  % ; recalls that Parliament has repeatedly called for binding 2030 climate and energy targets of at least a 40 % domestic reduction in GHG emissions, at least 30 % for renewables and 40 % for energy efficiency, to be implemented by means of individual national targets ; |

Energy security, solidarity and trust

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|  | 8. | Calls on the Commission and the Member States to actively pursue more sustainable and competitive prices and costs of imported energy for European citizens and businesses through the diversification of supply (energy sources, suppliers and routes); to this end, calls on the Commission to promote the construction of the relevant energy infrastructure priority corridors, as specified in Annex I to the Trans-European Energy Networks (TEN-E) Regulation and Part II of the Annex I to the Connecting Europe Facility (CEF) Regulation, with a special focus on Member States with high dependency; calls on the Commission to prioritise the existing internal capacities, including Europe?s energy resources; |

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|  | 9. | Recognises that the projects currently included in the projects of common interest (PCI) list are not enough to reach the European interconnection target between the Iberian Peninsula and mainland Europe; urges the TEN-E Regional Group and the Commission to identify additional projects to be included in the upcoming PCI 2015 list in order to significantly increase the capacity between Spain and France; |

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|  | 10. | Underlines that well-developed and fully integrated infrastructure allowing for enhanced diversification of supplies and cross-border flows is vital for ensuring security of supply, both in normal and emergency conditions and for delivering energy from competitive sources to consumers across the European Union and the Energy Community; |

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|  | 11. | Stresses that significant gas reserves in the North African countries and recent discoveries in the Eastern Mediterranean provide the Mediterranean region with an opportunity to emerge as a vibrant centre for a pipeline network transporting gas into Europe; calls for a Mediterranean Gas Hub with increased LNG capacities; underlines that the EU should take advantage of the opportunities that emerge from these gas reserves in order to enhance its energy security; |

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|  | 12. | Stresses that all EU infrastructure projects aimed at diversifying energy sources, suppliers and routes must be fully in line with EU climate and energy legislation and long-term objectives and priorities, including EU energy security, while ensuring a high and efficient utilization of the already existing energy infrastructure and transit routes to the EU; calls on the Commission to consider investments that moderate energy demand, e.g in building stock, as eligible projects; |

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|  | 13. | Underlines that energy suppliers coming from third countries must be subject to the EU acquis, in particular EU competition and state aid legislation, while operating on the common market, and calls on the Commission to enforce EU law by all means available in order to allow energy to flow freely in the EU and prevent distortions in the internal market; |

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|  | 14. | Stresses that it is of upmost importance to the EU to end the isolation of Member States and regions from the internal energy market, as demonstrated by the gas stress tests carried out by the Commission; calls on the Commission, in this regard, to carry out such tests regularly; is of the opinion that the EU should help those most vulnerable countries to diversify their sources and supply routes, as a matter of priority; calls on the Member States and the Commission, in this regard, to implement without delay the recommendations of the gas system stress tests; recommends that the Commission consider carrying out ?electricity stress tests? in order to build an overview of the resilience of the entire energy market situation; highlights that such stress tests should identify, in particular, the status, capacity and durability of the entire national transmission network, as well as the level of interconnection and cross-border capacity, and that subsequent recommendations, based on such stress tests, must include full impact assessments of both national ***plans*** and Union objectives in addressing any action points arising from these; |

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|  | 15. | Notes that, in the context of the future Energy Union, quantitative and qualitative security of energy supply and competitiveness are amongst the most pressing issues requiring Member States to upgrade their coordination and cooperation at EU level with their neighbours when developing their energy policies; calls on the Commission, in this respect, to examine how the current architecture of national preventive and emergency response measures could be improved at both regional and EU level; |

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|  | 16. | Believes that national capacity mechanisms should only be used as a last resort, once all other options have been considered, including increased interconnection with neighbouring countries, demand-side response measures and other forms of regional market integration; |

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|  | 17. | Considers that the Energy Union entails negotiating with one voice with third countries; calls on the Commission to analyse the appropriateness and potential structure of a voluntary collective purchasing mechanism and its impact on the functioning of the internal gas market, the undertakings affected and its contribution to ensuring security of gas supply; notes that since there are several models of collective purchasing mechanisms, further work needs to be done to determine the best market-based model applicable for EU regions and suppliers concerned and for the conditions under which a voluntary collective purchasing mechanism could be launched; considers that the coordination of positions and the collective purchasing of gas should start at regional level; recommends, in the interim, that the Commission and the Energy Community Secretariat support those Member States and Energy Community Contracting Parties, respectively, that wish to negotiate energy contracts on a voluntary basis, in compliance with the EU internal market acquis and with EU competition and World Trade Organisation rules, and provide for protection of commercially sensitive information; underlines that energy contracts must be based upon market prices and competition; |

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|  | 18. | Calls on the Commission and the Vice-President/High Representative (VP/HR) to set up a comprehensive framework for the external dimension of the Energy Union, with specific reference to the promotion of ***strategic*** partnerships with ***producing*** and transit third countries, in particular within the European neighbourhood and with regard to enlargement policies, based on shared common values and taking into account the current state of regional cooperation; previous and new ***strategic*** partnership should be considered and explored in order to enhance dialogue and cooperation on oil and natural gas, energy efficiency and renewable sources, trade and interconnections of the Energy Union with external energy infrastructure; |

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|  | 19. | Stresses that a genuine EU Common External Energy Policy should go hand in hand with its Common Foreign and Security Policy; urges in this context better coordination between the VP/HR and the relevant Commissioners with the goal of enhancing the coherence of EU external energy security policies; calls on the Commission, therefore, to create a stronger cluster under the leadership of the VP/HR with the position of an appointee responsible for the coordination of such policies; |

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|  | 20. | Calls on the Commission to create a high-level reflection group on energy security, foreign policy and the Energy Union, with strong representation and involvement from Parliament and of societal stakeholders, in order to develop credible long-term demand, supply and cooperation scenarios with external partners, especially in the field of capacity building and technology exchange on renewable energy and energy efficiency and the relation between energy and human rights; |

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|  | 21. | Expresses concern at the proposed doubling of capacity of the Nordstream pipeline and the effects this would have on energy security and diversification of supply and the principle of solidarity between Member States; highlights, in the context of the ongoing trilateral talks between the EU, Ukraine and Russia, the need to ensure long-term energy supplies to and through the Ukraine; |

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|  | 22. | Stresses that improving energy efficiency in the EU would reduce the risk of dependency and thus reinforce the EU negotiating position in energy related matters; |

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|  | 23. | Stresses the need for greater transparency in energy-related agreements, which could be achieved by strengthening the role of the Commission in energy-related negotiations involving one or more Member States and third countries, in particular by making it a requirement for the Commission to participate in all negotiations as an observer in order to strengthen the position of individual Member States vis-à-vis a third-country supplier involved in the negotiations, so as to mitigate the risks of abuse of a dominant position by one supplier; notes, furthermore, that the Commission should carry out ex-ante and ex-post assessments, while fully respecting commercially sensitive information, and draw up both a positive and a negative list of agreement clauses, such as export ban, destination and take-or-pay clauses, the oil indexation of gas pricing or clauses forbidding a third party making energy supplies conditional on being granted preferential access to energy transport infrastructure in the EU; points out that, under Article 13(6)(a) of Regulation (EU) No 994/2010, when concluding new intergovernmental agreements with third countries which have an impact on the development of gas infrastructure and gas supplies, Member States are required to inform the Commission, in order to enable it to assess the situation regarding security of supply at EU level; calls on the Commission to include strong ex-ante assessment provisions on commercial gas supply contracts in the revision of the Security of Gas Supply Regulation; |

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|  | 24. | Stresses that the Commission shall be informed of all future intergovernmental energy agreements with non-EU parties in line with Decision No 994/2012/EU establishing an information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of energy ahead of signing in order to make sure that they comply with EU legislation, in particular with the Third Energy Package, and do not threaten EU security of energy supply; highlights that such discussion and consultation must serve as a tool for strengthening the negotiating power of EU Member States and companies, while fully respecting commercially sensitive information; considers that such discussion and consultation should not in any way prejudice the substance and content of agreements, but ensure that they are compliant with all relevant Union law and in the best interests of the companies and Member States concerned; calls on the Commission to revise Decision No 994/2012/EU so as to strengthen the information mechanism accordingly and boost the Commission?s role; |

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|  | 25. | Calls on the Commission to prepare draft contract templates and guidelines including an indicative list of abusive clauses in order to create a reference for competent authorities and companies in their contracting activities; calls on the Member States to increase their cooperation on the information exchange mechanism with regard to intergovernmental agreements (IGAs) with third countries in the field of energy, in order to increase transparency and leverage their negotiating power vis-à-vis third countries, thereby securing more affordable energy for European consumers; furthermore urges the Commission to continue publishing quarterly assessments of contractual conditions such as the average import prices; |

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|  | 26. | Stresses that in order to ensure a level playing field and strengthen the bargaining position of EU companies vis-à-vis external suppliers, key features of the contracts should be more transparent and aggregated and, on a regular basis, notified to the competent authorities so as to gather all the necessary information which can be utilised by both the competent authorities themselves and companies in their future negotiations, whilst protecting the confidentiality of sensitive information; believes that this would help ensure genuine competition in energy contracts, avoid the abuse of dominant positions by third countries and ensure compliance with EU competition law; |

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|  | 27. | Calls on the Commission to develop concrete actions for reducing energy import dependency, to monitor the degree of diversification in imports and to publish regular progress reports in this respect; |

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|  | 28. | Emphasises that it is essential to increase the participation of European industry and technology in the entire energy production chain, which includes not only raw materials but also generation, refinement, storage, transportation and distribution, since these are crucial elements for decreasing the EU?s dependence on energy imports; |

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|  | 29. | Believes that diversity in the energy mixes of Member States, based on their respective potential, environment, geographical location, experience, know-how and economic costs and needs, while contributing to the common goals on energy and climate strategy and policies, is an asset to the EU as a whole, since it strengthens its resilience to supply disruptions, enables it to make cost-optimal energy choices and allows different technologies to develop and compete on the market, thereby driving down the costs of energy; insists, however, that national diversity must not represent a barrier to the single market, and Member States must fully comply with state aid rules, make appropriate investments in their domestic transmission infrastructures and ensure high levels of interconnectedness and resilience in their national energy systems in order to deliver on the Union?s energy security and market objectives; |

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|  | 30. | Believes that the Union can increase its energy security and reduce its dependency on particular suppliers and fuels by increasing energy efficiency, as well as making the best use of Europe?s sources of energy, in line with the EU?s energy security, environmental, and climate goals as well as health and safety legislation, taking into account Member States? specificities as regards their energy mixes and avoiding unnecessary regulatory burdens and respecting the principle of proportionality; stresses that no fuel or technology contributing to energy security and climate goals should be discriminated against as a matter of principle; |

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|  | 31. | Calls on the Commission to facilitate the effective use of all existing EU funding schemes, including the European Fund for ***Strategic*** Investments, so as to attract investment for key energy infrastructure projects, research and innovation in energy efficiency, renewables and the development of Europe?s internal capacities with a view to achieve the 2030 climate and energy objectives, based on a cost-benefit approach which is technology-neutral and which prioritises the internalisation of external costs; |

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|  | 32. | Calls for the rapid mobilisation of resources for the financing of PCIs in order to build the necessary infrastructure and provide for a smooth and reliable energy supply that is not subject to any form of political pressure from outside the EU; |

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|  | 33. | Stresses that the European Fund for ***Strategic*** Investments (EFSI) should function as a mechanism for turning infrastructure investment into a fully liquid asset class with bonds that can be pooled and traded on European and global markets; furthermore notes that institutional investors such as insurers or pension funds, which are naturally disposed to making long-term investments in real assets, would be attracted only by standardised investment products and a solid project pipeline that can guarantee sound business cases; |

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|  | 34. | Calls on the Commission, and in particular DG TRADE, to maintain the goal of dedicating a separate energy chapter in the Transatlantic Trade and Investment Partnership (TTIP), with a view to removing US tariff and non-tariff barriers to trade concerning both liquefied natural gas (LNG) and crude oil as well as eliminating unjustified protectionist measures which could contribute to developing a more competitive environment for European business by reducing the discrepancy in energy costs on both sides of the Atlantic; calls on the Commission, in this respect, to ensure that any such energy chapter also includes provisions to increase cooperation between EU and US governmentally funded energy research ***programmes***, particularly the US ARPA-E ***programme***; |

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|  | 35. | Points out that EU trade policy should aim to increase energy security in line with Article 194 TFEU, diversify the European energy mix and reduce import dependency from a single external supplier or single point of supply while respecting the relevant division of competences established in the Treaty; |

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|  | 36. | Calls on the Commission to ensure stricter monitoring of anti-competitive behaviour and anti-dumping measures to protect European energy industries against unfair imports from third countries; |

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|  | 37. | Deplores the fact that discussions on the modernisation of trade defence instruments are stalling in the Council despite the fact that Parliament has expressed strong support for tougher measures against unfair imports from third countries; |

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|  | 38. | Calls on the Council to move forward with the modernisation of trade defence instruments in order to ensure that European manufacturing industries that ***produce*** turbines, solar panels, high-quality steel and construction materials in particular, can take full advantage of the energy transition; |

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|  | 39. | Emphasises the importance of provisions in trade agreements related to technological cooperation and services in the field of energy efficiency and decentralised production of renewable energies, including maintenance and software development; points out that decarbonisation is a common goal of the EU and many partner countries, regions and cities; |

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|  | 40. | Calls on the Commission to encourage developing countries through international trade instruments to diversify their energy production, and to promote the production of solar energy in particular in the EU?s southern neighbourhood; |

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|  | 41. | Welcomes the negotiations for a Green Goods Initiative between the EU and 13 other WTO Members covering products, services and technologies that contribute to green growth, environmental protection, climate action and sustainable development, calls for the completion of talks by the end of 2015 at the WTO Ministerial in Nairobi; |

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|  | 42. | Stresses that the Environmental Goods Agreement negotiations must be based on a definition of environmental goods that is consistent with EU policies and should not contradict measures for helping developing countries adopted in the framework of the United Nations Framework Convention on Climate Change (UNFCCC); |

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|  | 43. | Calls on the Commission to continue to press for the setting up of a system for energy exchange between the EU and the US, in light of the current and future developments in research, innovation and licensing of power line systems, such as high-voltage power connections, aimed at developing a global renewable energy sharing network; |

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|  | 44. | Stresses that a strengthened Energy Community should be the pivotal arm of the EU?s external energy policy and invites the Commission to come forward with concrete proposals based on the report of the High-Level Reflection Group for the reform of the Energy Community; |

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|  | 45. | Calls on the Commission and the Member States to strengthen the Energy Community activities, notably in renewable energy and energy efficiency for increased security of supply, through, inter alia, better implementation and enforcement of EU law, such as the 2020 and 2030 targets, and in particular through better governance, streamlining of procedures and better use of IT tools aimed at reducing administrative burden, enhancing its institutions, including the establishment of an Energy Community Parliamentary Assembly, and implementing key infrastructure projects, such as cross-border bidirectional interconnectors, in order to ensure better integration with the EU energy market and security of supply mechanisms without resorting to the establishment of national capacity markets that undermine the effectiveness of the internal energy market; |

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|  | 46. | Emphasises the need to strengthen the Euro-Mediterranean cooperation on gas, electricity, energy efficiency and renewables; asks the Commission to speed up the setting up of the Euro-Med Gas Platform; |

A fully integrated European energy market

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|  | 47. | Believes that the future Energy Union must establish a free flow of energy across EU and Energy Community countries; |

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|  | 48. | Stresses that the backbone of the future Energy Union must be a fully functioning, interconnected internal energy market that delivers safe, secure, fairly distributed, socially and environmentally responsible, efficient, competitive, affordable and sustainable energy over fully functioning, secure and resilient transmission grids as well as energy demand reduction, in order to enable EU companies and consumers to access gas, electricity, and heating and cooling in the most sustainable, efficient, democratic and cost-effective way possible; considers, therefore, that the further expansion of existing market areas should be pursued; considers it fundamental to favour the integration of prosumers in the EU market and network; highlights the substantial deficiencies experienced within rural communities across the EU as a result of poor energy connectivity; |

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|  | 49. | Recognises that there is currently no single market for energy in Europe, and that the resulting fragmentation within the EU?s energy markets is deeply harmful to Europe?s competitiveness and energy security; |

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|  | 50. | Recalls that the energy markets distinguish themselves from the financial markets by the underlying physical assets, by which the systemic risk in the energy sector is eliminated; considers it necessary, in this regard, to implement financial regulation that also covers the energy sector in such a way that it does not distort the development of a well-functioning internal energy market; |

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|  | 51. | Stresses that, in order to assess real efficiency and cost effectiveness, it is necessary to consider direct and external costs of the different energy sources, as well as the impact of all sorts of public ***interventions*** on their relative competitive position; |

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|  | 52. | Believes that market-based mechanisms must be complemented by tangible and ambitious security of supply and solidarity mechanisms, such as more efficient regional and EU level crisis management, the adoption of ambitious energy saving measures and optimised use of LNG and gas storage infrastructure, primarily for the security of supply on regional scale, to be reflected in EU legislation, including the Security of Gas Supply Regulation, which must be reviewed as soon as possible; |

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|  | 53. | Calls on the Commission and Member States to ensure the full implementation and enforcement of existing EU state aid, energy, environment and climate legislation; calls in particular for an assessment of the implementation of the Third Energy Package and of the benefits generated for consumers; calls for the removal of derogations from the Third Energy Package and for a swift adoption and implementation of European network codes and guidelines; |

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|  | 54. | Calls on the Commission to allocate increased financial resources to the Agency for the Cooperation of Energy Regulators (ACER), and underlines that it should be authorised to recruit additional staff in order to enable the full and effective implementation of the monitoring of energy markets ? to ensure integrity and transparency in energy trading and compliance with the Regulation on Energy Market Integrity and Transparency (REMIT) ? as a precondition for the proper functioning of the EU internal energy market; notes that ACER?s competences should be strengthened vis-à-vis the European Network of Transmission System Operators for Electricity (ENTSO-E), the European Network of Transmission System Operators for Gas (ENSTO-G) and other bodies with essential EU functions, to ensure that it can fulfil its tasks specified in the relevant EU legislation and believes that the Agency should engage with associations representing distribution system operators (DSOs), consumer organisations and other civil society groups; |

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|  | 55. | Reiterates the importance of ownership unbundling as put forward by the Third Energy Package; calls on the Commission to assess to which degree national regulatory authorities (NRAs) enforce the conditions described in the opinions given by the Commission on the certification of transmission system operators (TSOs); |

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|  | 56. | Regrets that ENTSO-E and ENTSO-G are too dependent on the budget allocation from national TSOs, which threatens their ability to act as European players; |

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|  | 57. | Calls on the Commission to increase their regulation and surveillance of power exchanges and gas hubs market activities; |

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|  | 58. | Highlights that in order to strengthen our emergency energy solidarity and resistance to supply disruptions, both gas and electrical energy must be exportable at all times; notes, in this regard, that current systems of cross border transmission are often hampered by decisions of national transmission operators; calls, therefore, on ACER to put more emphasis on this issue in its annual market monitoring report; |

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|  | 59. | Points out that a fully functioning internal energy market will not be completed whilst there are Member States with electricity systems dependent on a third country operator, and stresses the importance and necessity to ensure the Baltic States? synchronous operation within the Continental European Networks by 2025; |

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|  | 60. | Stresses that a properly designed future model of the electricity market in the EU is urgently needed and must aim at promoting the necessary investment to guarantee supply in the long term and at a more market-based and ? from the point of view of network security ? optimised integration of renewable energy sources, while fully taking into account the changing nature of energy supply and demand, including the increased uptake of micro-generation, demand-response technology and the increasing share of renewable energy; notes, in this regard, the need for common standards for smart grids as a key element for ensuring a stable supply and free flow of energy across borders, thus contributing to energy security; furthermore highlights the role that developing smarter energy grids and new energy storage facilities can play in increasing the level of renewable energy sources (RES) on a European scale and ensuring that such infrastructure is developed in conjunction with regional RES hubs; |

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|  | 61. | Calls on the Member States and the Commission, as well as the Energy Community Contracting Parties and the Energy Community Secretariat, to concentrate their efforts on driving PCIs and projects of the Energy Community interest (PECIs) forward, with a view to achieving a pan-European electricity grid and gas network with the capacity to transmit power and gas across EU countries from multiple sources; believes that the electricity grid shall be capable of diverting energy from surplus to deficit areas, thereby allowing the market to respond instantly to shortages of supply wherever they occur, compensate circadian and seasonal cycles, integrate renewables, ensure security of supply and foster the European energy market; believes that it should be envisaged to speed up the process of approving and permitting projects and to foster the upgrade of existing lines; stresses, furthermore, that such efforts must focus particularly on resolving the problems arising from energy islands; |

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|  | 62. | Welcomes its resolution of 15 December 2015 on achieving the 10 % electricity interconnection target ? Making Europe?s electricity grid fit for 2020; |

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|  | 63. | Reiterates its commitment to achieve the 10 % interconnectivity target in order to complete the Internal Energy Market in EU, and welcomes the European Council?s proposal for a minimum level of electricity interconnection between Member States of 15 % by 2030; acknowledges the importance of achieving a quantitative target of interconnectivity by ensuring the availability of existing national and cross-border infrastructure in order to ensure effective use of European energy sources and increased security of supply; |

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|  | 64. | Stresses the importance of ensuring a sound, stable and predictable regulatory framework, which will enable long-term commitments and which is necessary to deliver new investments in energy infrastructure; calls on the Commission to shorten the lead time allowing projects to qualify as PCIs; stresses that the deployment of smart distribution grids needs to be facilitated through accelerated permission procedures as well as through political support and adapted regulatory frameworks for network operators that recognise the changing needs for investments and incentivise investments in ICT and automation on an equal footing with traditional grid extension; |

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|  | 65. | Stresses that the Energy Union should also contribute towards an ?Energy Investment Union?, ensuring that the more than EUR 1 trillion of investment required in the coming years to revitalise Europe?s economy comes from private and public investors; notes that such an ?Energy Investment Union? should provide opportunities for large investors as well as individual consumers and private citizens; notes that in order to create an environment which facilitates and makes the best use of private finance, investor certainty is key; insists that a stable framework can only be achieved through a strong governance system which guarantees a level playing field and stable regulatory conditions, and which fosters confidence in the private sector; |

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|  | 66. | Emphasises that implementation of ***strategic*** infrastructure projects shall contribute to medium- and long-term aspects of energy security and be in full compliance with EU long-term decarbonisation commitments and EU environmental and other relevant legislation; |

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|  | 67. | Calls on the Commission and the Member States to take investment in smaller-scale gas and electricity interconnectors linking neighbouring regions as seriously as investment in larger PCIs; calls on the Commission and the Member States to work closely together with regional authorities when developing these interconnectors; |

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|  | 68. | Notes the importance of integrating the ***planning*** of energy demand and supply at the level of the EU internal energy market, with priority given to demand reduction and decentralised solutions, in order to achieve cost-optimal security of supply and avoid unnecessary or over-dimensioned infrastructure investments and stranded costs; |

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|  | 69. | Believes that in view of the vast investment needs for ageing and inadequate distribution grids, and the majority of renewable energy sources being connected at distribution grid level, specific initiatives to foster DSO investments, including financial instruments, should be considered by the Commission and the Member States; strongly recommends that such investments be prioritised by Member States; |

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|  | 70. | Calls on the Commission to clarify how it intends to use the EUR 315 billion Investment ***Plan***, mixed with the other existing funds, in order to maximise the leverage potential of the EFSI and to finance infrastructures and projects necessary to complete the Energy Union; |

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|  | 71. | Considers that strengthened regional cooperation and policies coordination is an essential step towards broader EU-wide energy market integration; supports, therefore, regional approaches, both among Member States and with the Energy Community Contracting Parties, in order to ensure security of supply and speed up market integration, including through further development of regional hubs to enhance market liquidity, primarily in the CEE (Central and Eastern Europe) region; stresses that such cooperation mechanisms could streamline political and energy market co-operation and facilitate joint decisions on essential gas infrastructure investment in the regions; believes that knowledge and information could be developed jointly on issues such as energy storage facilities, and tendering processes for liquefied natural gas (LNG) and interconnectors; recognises the important role of power exchanges in fostering liquid, transparent and secure energy trading; highlights the potential inherent within cross-border projects as a lever for EU wide solutions; |

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|  | 72. | Supports the integration of the energy systems of candidate and potential candidate countries through a regional approach within the future European Energy Union; |

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|  | 73. | Underlines that increased regional cooperation can contribute to enhancing energy security, improve infrastructure ***planning***, ensure cost optimisation of integrating renewables and drive down costs for consumers; |

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|  | 74. | Welcomes the importance the Commission attaches to enhanced regional cooperation; calls on the Commission to examine and establish what the optimum scale of electricity and gas network (and market) cooperation in the EU is; points out that in some cases Member States themselves are best placed to determine what is necessary in their territories, while in others there is clearly added value in EU-directed cooperation; points out, however, that in certain cases it has been found that, through far-reaching regional-level cooperation on shared challenges, groups of Member States have achieved results more quickly, such as in the Pentalateral Energy Forum; agrees with the Commission that existing regional arrangements can be a model for the EU as a whole; |

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|  | 75. | Invites the Commission to come forward with a macro-regional market cooperation governance structure in which the European Parliament and national parliaments also have a role to play; notes that this regional governance should be built on existing regional geographical and market entities to achieve greatest cost optimisation, notably: (i) the Baltic Energy Market Interconnection ***Plan*** (BEMIP); (ii) South East Europe coordination initiatives; (iii) an enlarged Pentalateral Forum; (iv) the North Sea Offshore Grid initiative; stresses that the role of ACER should be strengthened in this context; |

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|  | 76. | Calls on the Commission to realise cost-optimisation studies assessing and quantifying the benefits of regional cooperation in the aforementioned regions; believes that, based on such studies, the Commission and the Member States involved should jointly develop and implement blueprints for the establishment of these macro-regions; |

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|  | 77. | Calls on the Commission to encourage and support regional cooperation projects between operators of electricity and gas distribution networks, which are crucial in the interest of safe, competitive and sustainable energy, by enabling assistance for the local production of (particularly renewable) energy, and for coping with technological changes (smart networks, smart meters, etc.) and with new modes of production and consumption (e.g electric vehicles); |

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|  | 78. | Calls on the Commission to encourage exchanges of views on energy projects between territorial entities in Europe (regions, local authorities, towns, etc.) with a view to informing and bringing together elected representatives and the general public; |

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|  | 79. | Calls for the development of well-integrated and competitive regional electricity and gas markets that ensure the adequacy and flexibility of the energy system covering all parts of the Union; demands that the Commission act decisively and transparently against all instances of protectionism, anti-competitive behaviour and barriers to market entry and exit; emphasises the importance of ensuring stable national regulatory frameworks, address administrative barriers and streamline national administrative procedures, also to guarantee a level playing field for citizen-based projects; |

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|  | 80. | Points out that in order to successfully balance the internal market, investment is needed not only in interconnectors but also in, inter alia, national grids, fossil fuel power plants fitted with carbon capture technology, new nuclear power plants (in those Member States that wish to have them) as a critical source of low-carbon base load power, storage capacity (such as LNG terminals), smart grids and flexible generation, in order to cope with enhanced renewable and distributed generation; |

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|  | 81. | Stresses the need to create a legislative framework that empowers consumers and makes them active participants in the market as investors, ***producers*** and stakeholders by developing dynamic pricing and by opening markets to supply- and demand-side sources; notes that citizens? involvement can be strengthened through, inter alia: consumer financial participation; energy cooperatives and micro-generation and storage; self-consumption; decentralisation of energy supply; the introduction of smart-grid energy systems, including smart meters; enhanced competition in retail markets; full transparency; and flexibility of prices and consumer choices; |

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|  | 82. | Stresses that prosumers providing the grid with storage capacities should be rewarded and that they should be encouraged to consume their own green electricity production without being penalised; points out that such initiatives could contribute to a more competitive and well-functioning internal energy market, which, in turn, could help boost the resilience of local communities, create local jobs and prosperity, reduce overall consumer energy bills and help address serious social problems, such as energy poverty and vulnerable consumers; asks the Commission to gather impact assessments and best practices of measures taken at national level to fight energy poverty, and to make sure that those best practices are centralised and promoted by a dedicated European body; underlines that adequate measures have to be taken in order to guarantee data protection for consumers directly participating in the market; |

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|  | 83. | Calls on the Commission and the Member States to facilitate further development and expansion of local and regional renewable energy sources, and of local and regional distribution networks and district heating networks, through policies that tackle existing barriers and help bring about market transformation; calls on the Commission to propose guidelines on energy self-consumption in order to promote its use and protect the rights of consumers; |

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|  | 84. | Calls on the Commission and the Member States to encourage self-consumption and micro-generation through renewable energy schemes targeted at the most vulnerable consumers; |

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|  | 85. | Calls on the Commission to integrate local actors into EU energy policy, and bring forward a proposal to establish decentralised advice and capacity building centres to equip and support local authorities to deal with energy providers on an equal footing, and to support the development of local energy production through cooperatives, locally established companies, and municipal authorities; |

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|  | 86. | Stresses the need to identify the best local practices and promote their dissemination throughout the Union, to improve coordination between local measures and European policies, and to work on issues affecting local acceptance of energy projects; proposes the establishment of a ?European Territorial Forum?; |

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|  | 87. | Believes that all EU consumers should benefit in equal measure from a single gas and electricity market; underlines, in this sense, that the current price differentials between national markets resulting from the lack of market integration and interconnections must no longer be tolerated; urges the Commission to quickly propose measures to achieve greater price convergence and market integration across the Union; |

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|  | 88. | Underlines the positive impact that market integration has had on wholesale prices, and eventually retail prices, in the electricity sector; considers that the review of the electricity market design needs to better link wholesale and retail markets, and contributes to removing barriers in retail and wholesale markets and to providing choices between energy suppliers for consumers; |

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|  | 89. | Considers that, as part of any review of the retail energy markets, serious consideration should be given to further measures to protect consumers, such as encouraging and promoting collective switching schemes, requiring energy bills to include comparisons with competitors based on historical consumption patterns, requiring suppliers to automatically place their customers on the most advantageous tariff available, and ensuring a limited, easily comparable range of standardised tariffs; |

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|  | 90. | Calls on the Commission, when establishing its road map for the phasing-out regulated prices, to keep the possibility for price regulation and standardising tariff structures if they are meant to limit market disturbing monopoly rents or windfall profits, with a view to protecting vulnerable consumers or facilitating the comparison of tariffs of competing suppliers; |

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|  | 91. | Calls on the Commission to monitor the evolution of final energy prices in Europe, including taxes, levies, subsidies and any other hidden costs, with a view to identifying actions that may help reduce such prices; |

Energy efficiency contributing to moderation of demand

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|  | 92. | Recalls Parliament?s resolutions of 5 February 2014, 26 November 2014 and 14 October 2015, which call for three binding energy and climate targets for 2030, in particular the 40 % energy efficiency target; emphasises that the post-2020 EU energy efficiency target should be binding and implemented through individual national targets; urges the Commission to develop various 2030 energy efficiency scenarios, including at the level fixed by Parliament of 40 %; urges the Council, which has called for an EU-wide target of at least 27 %, to revise its objective upwards in line with Parliament?s adopted target; |

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|  | 93. | Notes that ambitious and achievable improvements in energy-efficiency, pursued in the interests of cohesion, solidarity and cost-effectiveness, could boost energy security, competitiveness, jobs and growth, and help keep consumer expenditures low, to combat energy poverty and to meet the climate and energy objectives; |

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|  | 94. | Calls on the Commission and the Member States to apply the ?energy efficiency first? principle; notes that, according to the International Energy Agency, energy efficiency is the ?first fuel? and represents the best return on investment of any energy resource; stresses that gains in energy efficiency, particularly the reduction of energy losses in buildings, have the crucial effect of reducing EU energy imports from third countries, given that 61 % of gas imported into the European Union is used in buildings, mainly for heating purposes; calls, in this regard, for energy efficiency and infrastructure projects to be treated as key investments that are of similar importance as investments in new generation capacity; |

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|  | 95. | Stresses that gains in energy efficiency both reduce energy bills for households and industries and decrease the EU?s dependence on imports from third countries in a significant way; underlines that there is the potential to create two million jobs as a result of energy efficiency measures by 2020, in particular in the building sector, which accounts for 40 % of total EU energy demand; stresses that gains in energy efficiency are complementary to a diversification of the energy supply; |

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|  | 96. | Calls on the Commission to identify and remove remaining barriers to energy efficiency measures, and to develop a genuine market in energy efficiency in order to foster the transfer of best practices and ensure availability of products and solutions throughout the EU, with the aim of building a true single market in energy efficiency products and services; |

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|  | 97. | Stresses that it is necessary to increase both the depth and the rate of building renovation and the use of sustainable energy sources in heating and cooling, through the right incentives, in order to reduce energy demand; recommends the continuation of increasing energy efficiency standards for buildings, taking account of ? and encouraging ? technical innovation, notably the use of building information modelling and of lifecycle impact simulations of building products in public procurements; further recommends continued support for the construction of near zero-energy buildings as an additional crucial step in securing energy independence and a sustainable and secure energy system; |

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|  | 98. | Underlines that investments in energy efficiency improvements made by the industry so far must be recognised and duly taken into account when discussing energy efficiency in the EU; |

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|  | 99. | Believes that industry needs clear signals from policy makers in order to make the necessary investments in achieving the EU?s energy objectives; highlights, therefore, the need for ambitious targets, and for a regulatory framework that promotes innovation without creating unnecessary administrative burden, in order to best promote energy efficiency within a national context; |

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|  | 100. | Believes that the energy-efficiency target must work alongside energy and climate goals, and must strengthen the competitiveness of the EU economy vis-à-vis its major trade partners; |

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|  | 101. | Stresses that a revision of existing energy efficiency legislation, including the Energy Performance of Buildings Directive and the Energy Efficiency Directive, is needed alongside proper implementation of such legislation by Member States, in order to facilitate the achievement of national targets and complement those policies already in place that operate within the 2020 climate and energy framework; calls on the Commission to review the EU energy-efficiency legislation as set out in the Annex to the Framework Strategy on Energy Union; |

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|  | 102. | Stresses the role of the EU energy label in empowering and informing consumers with accurate, relevant and comparable information on the energy efficiency of energy-related products; stresses the need for a revision of the energy label in order to further facilitate energy-efficient consumer choices and incentivise the manufacturing of energy-efficient products; |

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|  | 103. | Underlines the success and further potential of ecodesign in terms of improving energy efficiency and energy consumption of products, and thereby decreasing household energy costs and consumption and reducing greenhouse gas emissions; calls on the Commission to introduce further implementing measures, taking into account the wider resource efficiency agenda, and to review existing measures to ensure their adequacy; |

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|  | 104. | Acknowledges the essential role of local authorities, companies and citizens in securing energy independence by increasing energy efficiency through: better urban ***planning***; the development of energy-related internet and ICT technologies; the deployment of smart grids, demand-side energy management, cogeneration, alternative fuels infrastructure and heat pump applications; self-consumption; and the establishment, modernisation and expansion of district heating and cooling systems; stresses the need to encourage citizens-based initiatives, such as cooperative- or community-based renewable energy projects, to strengthen the link between citizens and energy service companies, to encourage the use of more active and sustainable travel models, to develop and implement Smart Cities solutions, to deploy future-proof distribution infrastructure to support urban eco-mobility and to promote the renovation, as well as insulation, of buildings, including by homogenous insulation; proposes that all multi-level governance partners be brought together in an operational interface that actively involves the Covenant of Mayors; |

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|  | 105. | Considers it an absolute priority to develop financing instruments, tools and innovative models to mobilise public funds and leverage private finance at local, national, regional and European level to support investments in key energy efficiency sectors such as the renovation of buildings, while paying due attention to the specificities of long-term investments; emphasises, in this regard, the role of the European Bank for Reconstruction and Development (EBRD) and of the EFSI (managed by the EIB), and insists on the need to fully involve national promotional banks; acknowledges that these instruments need to be accompanied by targeted technical assistance; highlights the need to ensure the cost-effectiveness of energy efficiency schemes in public buildings; calls on the Commission to take all these elements into consideration when developing the ?Smart Financing for Smart Buildings? initiative; |

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|  | 106. | Considers that the different range of European funds which finance energy efficiency improvements should be better orientated, and reprioritised towards making improvements among vulnerable, low-income consumers and tackling the issue of split incentives between building owners and tenants or among owners; |

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|  | 107. | Calls on the Commission to identify, in consultation with the appropriate industry sectors and national, regional and local stakeholders, best practices for energy-efficiency financing throughout the EU and abroad, and subsequently to incorporate funding and innovative financing mechanisms in EBRD, EIB and other EU funds; |

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|  | 108. | Stresses that developing a new energy culture is essential for meeting the energy efficiency and climate change targets; calls on the Member States to raise awareness among younger generation via suitable education modules at schools in order to build a new energy consumer behaviour; |

Towards a sustainable economy

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|  | 109. | Recalls that the agreement reached by the European Council in October 2014 on the ?2030 framework for climate and energy policies? comprises a commitment to reduce domestic greenhouse gas emissions by 40 % at least compared to 1990 levels, being the basis for developing the decarbonisation dimension of the Energy Union; notes that this decision also constitutes the most ambitious contribution to the international climate negotiations with a view to achieving a binding climate agreement at the 2015 Conference (COP21) of the United Nations Framework Convention on Climate Change (UNFCCC) to be held in Paris in December 2015; |

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|  | 110. | Stresses the need to achieve a comprehensive, ambitious and binding agreement at COP 21 that contains sound guarantees for keeping the rise in global average temperature below 2 oC in comparison with pre-industrial levels, together with a global, robust and common transparency and accountability system that includes monitoring, reporting obligations and an effective and efficient compliance system; believes that the post-2020 international climate regime should include provisions to enable greater ambition, support cost-effective mitigation efforts, and provide opportunities for safeguarding environmental integrity and sustainable development; stresses the need for a strong commitment to emission reductions from the world?s largest polluters; emphasises the key role to be played by the EU diplomacy as regards climate and energy; |

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|  | 111. | Recalls that limiting the rise in global temperature to an average of 2 oC does not guarantee that significant adverse climate impacts will be avoided; emphasises that phasing out global carbon emissions by 2050 or shortly thereafter is necessary in order to keep the world on a cost-effective emission trajectory compatible with the below 2 oC target; |

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|  | 112. | Believes that the development of renewable energy sources is essential to the Energy Union, taking into consideration energy costs; underlines the crucial role of renewables in the EU in attaining energy security and political and economic independence by reducing the need for energy imports; underlines the crucial role of renewables in improving air quality and creating jobs and growth; believes that renewables deliver secure, sustainable, competitive and affordable energy and play an important role in pursuing Europe?s leadership in a green economy and in developing new industries and technologies; underlines that, in this regard, the current power market design should be more dynamic and flexible in order to integrate variable energy sources into the market; draws attention to the fact that the production costs of renewables have considerably dropped in recent years; stresses the importance of developing cross-border infrastructure and of enhancing research and innovation in developing smarter energy grids and new energy storage solutions as well as flexible generation technologies for the integration of renewables; |

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|  | 113. | Welcomes the commitment from the Commission to make the European Union ?the world number one in renewables?; urges the Commission to present an operational and workable strategy to this effect; calls on the Member States and the Commission to guarantee transparency, consistency, stability and continuity of regulatory renewable energy frameworks and to avoid retroactive changes in economic conditions of investments in order to strengthen investors? confidence and to contribute to a cost-efficient deployment of renewable energy across the EU regions; stresses the need for better coordination of support schemes in line with the European Commission Guidance on the design of renewable energy support schemes in order to avoid potential market distortion, and safeguard effective support for renewables; stresses that the right market conditions for investment in energy efficiency, renewables and smart infrastructures are crucial for the reduction of greenhouse gas emissions; underlines that the Energy Union should optimise market-based instruments for the promotion of Europe?s energy sources as a means to ensure that the energy transition takes place in the most cost-effective and environmentally friendly way; |

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|  | 114. | Stresses that the EU must ensure an internal level playing field with regard to national subsidy and state aid regimes, which does not unfairly reinforce market dominance of certain technologies and operators, in view of transforming our energy systems; welcomes, in this regard, the Commission?s report of 10 October 2014 on subsidies and costs of EU energy, and calls on the Commission to annually update this report, in order to better identify which sectors and areas are in need of additional funds, and which sectors experience market distortions as a result of subsidies; |

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|  | 115. | Stresses the need to end environmentally harmful subsidies, which need to be identified and phased out urgently, since these subsidies are a waste of scarce public money which are used first for supporting polluting practices and later for cleaning up; |

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|  | 116. | Stresses that the transition to a competitive and sustainable low-carbon economy offers significant opportunities in terms of new jobs, innovation, growth, and lower commercial and domestic energy bills; recognises, however, that these opportunities can only be realised through strong cooperation between the Commission, Member States, local and regional authorities, citizens and industry, leading to the most effective incentives and regulatory frameworks; notes that properly managed decarbonisation should not result in increased energy costs, energy poverty, deindustrialisation of the European economy or rises in unemployment; insists, therefore, on actively involving social partners in addressing the social impact of the transition towards a sustainable Energy Union; stresses that the EU requires EU-wide and, at the same time, market-based and technology-neutral policies that take into account all relevant legislation and the relevant EU targets, and deliver on them at the lowest cost to society; |

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|  | 117. | Recalls that the photovoltaic industry must be at the heart of the European industrial policy to meet the demands of a growing global market in a context where the bulk of the photovoltaic cells and modules are nowadays manufactured outside the European Union, mostly in China; stresses the need for the EU to be fully part of this new investment cycle in order to maintain its leadership in R&D, in machinery and in certain other segments such as inverters and balance of systems, and to re-establish its leadership in equipment production (cells and modules); believes that the EU should set the objective to be in a position to meet at least 20 % of its own market with cells and modules manufactured domestically by 2020; |

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|  | 118. | Recognises the benefits of increasing renewable energy in the heat market, in particular in buildings; stresses the increased flexibility of thermal infrastructure and storage in facilitating the integration of intermittent renewable sources by storing energy in the form of heat; reiterates that energy security can be increased through the development of district heating/cooling networks, which are an ideal means of integrating sustainable heat into cities on a large scale since they can simultaneously deliver heat derived from a range of sources and are not inherently dependent on any one source; |

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|  | 119. | Calls on the Commission to ensure that Member States require minimum levels of renewable energy production on new and refurbished buildings and that renewable energy projects benefit from swift administrative and grid connection procedures, notably by enforcing Articles 13.4 and 13.1.f of Directive 2009/28/EC and Article 7.3 of Directive 2009/72/EC; calls on the Commission to increase, when revising existing relevant legislation, the number of buildings equipped with renewable energy systems, to require one-stop-shop administrative procedures for small-scale renewable energy projects and simple notification procedures for renewable energy installations whose production is entirely self-consumed, and to create a framework for innovative grid-connection arrangements and for the trade of grid services at distribution network level; |

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|  | 120. | Calls on the Commission to adopt an EU strategy for heating and cooling that identifies all actions and synergies needed in the residential, commercial and industrial sectors to reduce this dependency, while contributing to EU?s energy and climate objectives, achieving energy savings, reinforcing the competitiveness of the European economy, stimulating growth and jobs creation and promoting system innovation; stresses that this strategy for heating and cooling should address all five dimensions of the Energy Union; |

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|  | 121. | Stresses that hydropower is a major, indigenous, renewable and safe energy source which accounts for 11 % of all European electricity production; stresses that hydropower will therefore continue to play an important role in electricity production and storage, and will make a major contribution to de-carbonising the European economy and reducing the EU?s dependence on external energy sources; |

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|  | 122. | Calls for specific focus on marine renewables, in line with the Commission?s communication on the Blue Economy, as an industry with great potential but which is less established than other renewable sectors; |

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|  | 123. | Notes that integrating an increasing share of domestically ***produced*** biogas could contribute positively to energy security; underlines in this context the necessity of maintaining existing gas infrastructure for that purpose; |

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|  | 124. | Notes that biomass from sustainable forestry could contribute to the achievement of climate and energy goals of the 2030 framework; |

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|  | 125. | Notes that the current EU biofuels policy has been widely criticised for not taking into account greenhouse gas emissions associated with indirect land-use change (ILUC), which can be triggered when existing ***agricultural*** production shifts to uncultivated land, both inside and outside the EU; |

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|  | 126. | Considers that a sustainable approach for meeting the EU?s energy security targets should not further expand the use of biofuels grown on land, and that improving the fuel efficiency of vehicles, reducing transport demand, reducing intensive livestock and increasing the use of biofuels from waste and residues that do not cause additional land-use change are better options; |

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|  | 127. | Looks forward to, and insists on support for, projects and investments that capitalise on waste carbon as a commodity for low-carbon chemicals and advanced biofuels (i.e by using microbes that are grown on carbon-rich waste gases and that are transformed into fuels and chemicals that displace those made from fossil resources (or first generation biofuels)), thereby reducing emissions and pollutants from industrial processes such as steel manufacturing; |

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|  | 128. | Highlights the fact that in a true circular economy waste has to feed back into the economy as raw material in order to keep the added value in the product for as long as possible, and preparation for reuse and recycling therefore has a much higher priority than incineration; points to the fact that many Member States already have an overcapacity in incineration plants; stresses the need for better ***planning*** and information-sharing and the need to prevent lock-in effects; urges the Commission to take the link between the Energy Union and the circular economy into account; |

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|  | 129. | Recalls that European industry and SMEs are vital to the European economy and recognises that Europe?s industrial competiveness and SMEs would significantly benefit from lower energy costs; |

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|  | 130. | Underlines that innovation and modernisation towards more energy- and resource-efficient industrial processes contributes to strengthening the competitiveness of the EU industry; points to innovation in renewable heat technologies that could decrease imports, reduce costs and enhance system performance in the context of addressing high-temperature heat demand in industrial sectors; highlights that the significant challenge of renovation and modernisation of Europe?s building stock creates a market for high performance building materials, devices and equipment and, thereby providing a significant opportunity for European manufacturers and installers in the buildings sector to innovate and create jobs that cannot be relocated; |

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|  | 131. | Notes that the means of achieving the 2030 climate and energy targets must be integrated into Member States? industrial policy, taking into account the need for reindustrialisation; takes the view that the EU?s regulatory framework and EU climate and energy policies? objectives should be consistent and bring in a more flexible, market-oriented approach in view of ensuring a resilient Energy Union, incorporating the 2030 political climate targets and reindustrialisation objectives in order to complement Member States? industrial policy; |

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|  | 132. | Stresses that effective use of research and technological innovations fosters the leadership of European industry and strengthens the competitive advantage and commercial viability of European business and industry, creates jobs while contributing to the main EU energy and climate policy goals, including: reduction of energy demand; security of supply; the competitiveness and sustainable development of energy production, distribution, transportation and consumption; combatting energy poverty; the EU targets regarding greenhouse gas emissions, renewable energy resources and energy efficiency; and making the best use of Europe?s energy sources; |

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|  | 133. | Calls on the Commission to safeguard the competitiveness of the energy intensive industries and to ensure long-term ***planning*** security for industrial investments, which shall reflect the Commission?s aspiration of raising the contribution of industry to GDP to as much as 20 % by 2020; |

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|  | 134. | Underlines the key role of the Emissions Trading System (ETS) as a cost-effective, market-based tool to decarbonise Europe?s energy system and to achieve the EU?s emission reduction target for 2030 and beyond; stresses that in addition to the Market Stability Reserve (MSR), a structural post 2020 reform of the ETS should be implemented to take into account the 2030 CO2 reduction target and should include, as long as no comparable efforts are undertaken in other major economies, tangible and more harmonised measures at EU level on carbon leakage; |

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|  | 135. | Calls on the Commission to examine further the issue of indirect carbon costs and their impact on (and share in) electricity prices in the Member States; |

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|  | 136. | Stresses that ETS revenues should be utilised in particular to support low-carbon innovation, energy efficiency and other CO2 reduction measures; |

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|  | 137. | Recognises that Europe?s energy and efficient technologies, such as cogeneration, would make a fundamental contribution to EU energy security and the achievement of greenhouse gas emission targets; believes, in this respect, that the Energy Union must reflect the right for the Member States to use any safe and sustainable low-carbon energy sources at their disposal; |

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|  | 138. | While recognising that the energy mix is primarily a Member State competence, acknowledges the public concerns about hydraulic fracturing and the consequences this technology might entail for the climate, environment and public health and for the achievement of the EU?s long-term decarbonisation goal; recognises, furthermore, that the limited potential of unconventional fuels to help meet the EU?s future energy demand, coupled with high investment and exploitation costs and the current low global oil prices, means that it is questionable whether hydraulic fracturing can be a viable technology in the European Union; believes that public concerns must be properly addressed and that any hydraulic fracturing activities should comply with the highest climate, environmental and public health standards; asks those Member States which intend to pursue hydraulic fracturing to respect the 2014 Commission recommendation on minimum principles for the exploration and production of hydrocarbons (such as shale gas) using high-volume hydraulic fracturing; |

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|  | 139. | Calls on the Commission and the Member States to actively pursue the decommissioning of obsolete, most polluting or unsafe energy plants, also aiming at reducing the current overcapacity of the market; |

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|  | 140. | Calls on the Commission to improve the conditions for deployment of CCS; believes that CCS could aid in the transition to a low-carbon energy market, and that it could have an important role in reconciling the Energy Union?s divergent objectives of a diverse, secure energy supply which simultaneously achieves the reductions in greenhouse gas emissions needed to meet the EU?s Roadmap 2050 targets; |

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|  | 141. | Believes that decarbonisation technologies such as CCS and Carbon Capture and Use (CCU) will need to be further developed and improved through considerable research and innovation efforts, to ensure that such technologies are available to lessen, or even annihilate, the environmental footprint of fossil fuels, which still make up more than 40 % of the EU?s current energy production and which are likely to remain an important energy source in the future; |

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|  | 142. | Calls on the Commission to set up the NER400 Innovation Fund, which should support low-carbon demonstration projects, building on the NER300 ***programme*** for CCS and renewables, but extending its scope to low-carbon innovation in industrial sectors; |

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|  | 143. | Notes that nuclear power provided 27 % of the EU?s electricity mix and over half of all EU low-carbon power in 2014, that 130 out of 132 EU nuclear plants are due to be decommissioned by 2050, leaving a major gap in low-carbon base load power in the EU electricity mix; recognises that while some Member States have chosen to move away from nuclear power, others are looking to develop new nuclear power projects in order to meet their national and EU energy and climate objectives, and calls on the Commission to ensure the EU provides an enabling framework for those Member States that wish to pursue new nuclear power projects to do so, within EU internal market and competition rules; |

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|  | 144. | Notes that nuclear power is one of the most important contributions of the European energy system, providing for lower CO2 emissions while simultaneously limiting import dependence, securing a stable production of electricity that can serve the internal market and provide a stable base for an energy system where renewables can be phased in; |

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|  | 145. | Calls on Member States that are phasing out nuclear power to make certain that it is replaced with a mode of energy production that can contribute commensurately to the energy supply and to stabilising the common system for production and distribution; |

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|  | 146. | Believes that while it is for Member States to determine their energy mix and while it is a sovereign decision of each Member State on how to decarbonise its economy, EU level coordination of policies and technological development is necessary in order to deliver on Europe?s and Member States? climate and energy targets; recognises that in certain areas EU-level policies are the most effective, and that in other areas close cooperation and coordination between Member States is crucial; recognises that a strong and reliable governance process is needed to guarantee such coordination; |

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|  | 147. | Calls on the Commission to put forward proposals for establishing a Modernisation Fund, which should have strict criteria and guidance to ensure that funding is targeted at genuine energy modernisation projects, to be selected on the basis of a technology-neutral approach and of whether they are demonstrably consistent with attainment of the EU?s 2030 greenhouse gas objectives; |

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|  | 148. | Stresses that the EIB should be involved in establishing previously mentioned criteria and guidance for the Modernisation Fund; |

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|  | 149. | Calls on the Commission and the Member States to ensure that the development of the Energy Union ensures environmental and climate protection, improved air quality, reduced external energy dependency, biodiversity, employment and the competitiveness of European industry based on technology innovation and leadership; |

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|  | 150. | Emphasises that energy must be made affordable to all citizens of the EU; considers that avoiding unnecessary consumption by undertaking efficiency improvements, stronger interconnections, higher market integration and sustainable energy investment, particularly in buildings, would enable many households to access, on equal conditions, a single, sustainable, competitive and secure energy market and escape energy poverty, which in 2012 affected one in four EU citizens; invites the Commission to present a communication on energy poverty in Europe, accompanied by an action ***plan*** to fight against it, which contains a definition and indicators of energy poverty; |

Moving towards energy-efficient and decarbonised transport sector

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|  | 151. | Estimates that transport represents over 30 % of final energy consumption in Europe and that 94 % of transport relies on oil products; considers, therefore, that a cleaner energy system, with a clear link to the decarbonisation of the transport sector, should be at the core of a framework strategy for a resilient energy union with a forward-looking climate change policy; stresses that combining measures to promote energy efficiency and renewable energy, and develop innovative energy technologies, is of crucial importance to efforts to achieve an environmentally sustainable energy mix for European transport systems; considers that the use of varied renewable energy sources should be encouraged, including liquefied natural gas for heavy load vehicles and in the maritime sector; urges the Commission to make proposals for the elimination, where appropriate, of environmentally harmful tax subsidies; encourages support for research and innovation aimed at finding technologically better mobility solutions, as well as solutions in the area of supporting technologies and policies; |

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|  | 152. | Notes that decarbonising the transport sector implies the integration of measures across policy areas in the energy, transport, trade, and research and innovation domains; highlights the importance of coherent approaches across borders to prevent national fragmentation, and stresses the need to set standards and interoperability requirements that enable European businesses to take advantage of market opportunities; |

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|  | 153. | Notes that improved vehicle performance standards and fuel efficiency are crucial both for reducing EU oil dependency and for cutting greenhouse gas emissions, and calls, therefore, on industry, the Member States and the Commission to continue and accelerate their efforts in this field , ensuring that, in light of recent scandals, emission testing is not only accurate, but also reflects real-world driving conditions; asks the Commission to review the CO2 emission standards for cars and vans for the period beyond 2020; notes, however, that the long-term solution for cutting transport emissions, and ensuring energy demand reduction and diversification of supply, lies in alternative fuels, in electrification with renewable electricity and in the promotion of more sustainable modes of transport; |

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|  | 154. | Supports a comprehensive road transport package promoting more efficient framework pricing of infrastructure and the roll-out of intelligent interoperable transport solutions; stresses that energy efficiency can be improved by supporting digitalisation and the use of intelligent transport systems, and by developing innovative transport services; calls for a forward-looking research and innovation strategy for the transport sector; supports the development of sustainable urban and rural mobility ***plans*** to reduce traffic pollution, congestion, noise and road accidents; believes that such ***plans*** should aim to eradicate inequalities in terms of disabled users and costs; |

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|  | 155. | Welcomes the shift towards the most sustainable and energy-efficient modes of transport and transport routes, such as rail, short-sea shipping, inland navigation and maritime transport by making them more competitive and efficient in terms of reducing CO2 emissions; highlights, in this regard, the importance of intermodality; |

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|  | 156. | Calls on the Commission to put forward a comprehensive road transport strategy, as part of the decarbonisation of the transport sector, and to support greater efforts towards the development and deployment of electric mobility for road transport; |

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|  | 157. | Points out that the deployment of electric vehicles will impose a heavy burden in terms of electricity generation, and calls for assessments to be made in order to determine how far the existing generating capacity will be able to cope; |

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|  | 158. | Calls on the Commission to revise the fuel consumption and CO2 labelling scheme for passenger cars to ensure that consumers are provided with more accurate, relevant and comparable information on CO2 emissions and fuel consumption, so as to guide the consumer?s choice towards those cars that are the most energy efficient, and in turn incentivise manufacturers to improve the energy efficiency of their vehicles and increase energy security; |

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|  | 159. | Insists on the Commission accelerating the introduction of a revised test cycle, to ensure that CO2 and other pollutant emissions from vehicles reflect emissions under real driving conditions; |

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|  | 160. | Calls on the Commission to accelerate the integration of advanced technologies into innovative rail by bringing forward the Shift to Rail initiative, which can play a key role in clean public transport; |

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|  | 161. | Recalls that international shipping is still excluded from binding commitments to reduce greenhouse gas emissions, yet is, in terms of traffic, experiencing a high growth rate; calls on the Commission to present a legislative proposal on greenhouse gas reduction targets for international shipping, unless binding measures are agreed in the International Maritime Organization (IMO) before the end of 2016; |

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|  | 162. | Stresses the need for increased coordination of transport, heating and cooling, and power decarbonisation strategies; calls on the Commission to come forward with holistic ***plans*** for the decrease of CO2 emissions from the transport and heating and cooling sectors, considering, inter alia, that clean and cheap power ***produced*** from variable renewable energy sources, when abundantly available, could be used to charge electric vehicles and to run heating and cooling appliances; |

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|  | 163. | Stresses the need to prioritise EFSI support for transport projects that enable the technological transition towards a clean and sustainable transport system; stresses that other financial support instruments available at EU level should prioritise investment in infrastructure for intermodality, rail, maritime shipping and inland waterways; |

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|  | 164. | Encourages the Commission to include in its work on harmonising certification criteria for sustainable tourism a criterion relating to renewable energy use and another relating to the reduction of CO2 emissions, in line with the EU targets; |

Research, innovation and competitiveness

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|  | 165. | Calls on the Commission to intensify its research efforts regarding the better use of Europe?s energy resources and the lessening of their environmental impact, with a view to ensuring sustainable economic growth, job creation, industrial competitiveness and, in particular, the long-term climate and energy targets of the EU; |

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|  | 166. | Stresses that, in this regard, all the EU?s funding options for boosting safe and sustainable low-carbon energy technologies, energy efficiency, renewables, smart grids, decentralised production, flexible generation, electrical storage and electrification of the transport system must be fully exploited; calls on the Commission to intensify its research efforts on, and roll-out of, such technologies to meet its 2020, 2030 and longer-term objectives, and to improve its energy security and facilitate economic recovery; expects the mid-term review of the Horizon 2020 research ***programme*** to reflect these priorities; recalls that the Horizon 2020?s Energy Challenge is designed to support the transition to a reliable, sustainable and competitive energy system that has its main priorities listed under the headings Energy Efficiency, Low Carbon Technologies and Smart Cities & Communities; recalls that at least 85 % of the energy challenge in the budget of Horizon 2020 is to be spent in non-fossil fuels areas, within which at least 15 % of the overall energy challenge budget is to be spent on market up-take activities of renewable and energy efficiency technologies; |

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|  | 167. | Believes that greater effort in developing such technologies can bring significant long-term benefits in terms of cost-effective decarbonisation, reduced generation costs and reduced energy demand, thus strengthening competitiveness of industry; |

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|  | 168. | Notes the European technological leadership in key sectors such as wind turbines, electricity cables, grid development and services, urban transport systems; regrets that this leadership is under stress and calls on the Commission to take urgent actions to maintain this leadership; |

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|  | 169. | Urges the Commission to develop an initiative on the EU?s global technology and innovation leadership on renewable and low-carbon energy technologies, including wave energy, floating solar technologies and biofuels ***produced*** from algae, and to boost public and private research, development and innovation activities in these fields; |

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|  | 170. | Calls on the Member States and the Commission to seek for better interaction and coordination of national and European research ***programmes***, especially in the fields of energy, transport, ICT and construction, in order to ensure that priority is given to common challenges such as increasing energy efficiency by not focusing only on the heating sector but also on cooling, promoting small-scale renewable energies, reducing greenhouse gas emissions as well as increasing energy security and developing new renewable energy sources, and to maximise the market uptake of new technologies; |

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|  | 171. | Stresses the added value of integrating ICT in the energy system, and calls on the Commission to introduce common standards for smart grids at the transmission system level, to ensure a stable supply and free flow of energy across borders and contribute to energy security, and at distribution system level, to ensure security of supply for local communities, cities and regions; highlights, in this regard, the role that developing smarter energy grids and new energy storage facilities can play increasing the level of renewable energy sources; |

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|  | 172. | Acknowledges that smart metering devices make a significant contribution to distribution grid services; stresses that consumers shall remain the ultimate owners of their data, and that data transmitted to DSOs and other market operators should be anonymised in order to fully respect the right to privacy; |

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|  | 173. | Believes that the further development of an energy internal market is intrinsically linked to the Digital Single Market; calls on the Commission to promote the connection between the Energy Union and the Digital Single Market through the maximisation of consumer access to energy services using digital platforms, and through the development of an energy internal market that is more competitive, transparent and integrated in the digital economy; |

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|  | 174. | Calls on the Commission and the Member States to increase IT security and the protection of critical energy infrastructures that provide crucial services for consumers, particularly with regard to the development of industrial production and the increasing role of ICT in the energy sector; stresses, in this regard, the importance of the adoption and timely implementation of the Network and Information Security Directive to maintain high levels of network and information security of critical infrastructures; |

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|  | 175. | Underlines that it should be a priority for the Member States, within the framework of Horizon 2020, to bring down the costs of sustainable, safe and less mature energy technologies, particularly those that contribute to the global reduction of greenhouse gas emissions and the achievement of the EU?s 2030 targets; calls on both the Commission and the Member States to provide a clear legal and ***strategic*** framework as well as funding opportunities for R&D initiatives and deployment projects that help the European Union achieve its climate, energy, and environmental goals and strengthen economic competitiveness; welcomes the adoption by the Commission of a revised SET-***Plan***; emphasises that R&D and innovation should focus on system integration of the different solutions available or under development, rather than on individual sectors and technologies separately from each other; |

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|  | 176. | Recognises that progress in environmentally friendly, cost-effective innovations and R&D is also key to the EU?s future competitiveness, including Europe?s industry; |

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|  | 177. | Calls on the Commission to provide an explicit mapping of the different funding and financing instruments, such as the InvestEU ***programme***, Connecting Europe (PCIs), R&D funds, structural and investment funds, smart grid financing instruments (ERA-Net Plus), the Horizon 2020 ***programme*** (H2020), EIB, the European Energy ***Programme*** for Recovery (EEPR), the Connecting Europe Facility ? Energy (CEF-E), NER 300, the Research Fund for Coal and Steel (RFCS), and Eurogia+, and to clarify the eligibility rules for each of these ***programmes***; |

Delivering the Energy Union: citizens and cities

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|  | 178. | Recalls the commitment from 6 000 European cities to be leaders in the energy transition notably through the Covenant of Mayors; urges the Commission to fully mobilise this network as well as other initiatives such as Smart Cities and Communities, and Energy Cities, and give them the financial and human resources to develop further; considers that parties to the Covenant of Mayors should be given priority access to European funding; |

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|  | 179. | Stresses that active education/training and skills strategies are fundamental in the transition to a sustainable, resource-efficient economy; calls on the Member States to establish targeted citizens? training and education ***programmes*** and to encourage local community-led education to reduce energy demand and ***produce*** renewable energy; emphasises that the success of the Energy Union requires, on the one hand, equal access to initial as well as life-long education and training, as an essential means to respond to changing circumstances and citizens' aspirations, and, on the other hand, to the needs of the labour market; recalls that training and up-skilling ***programmes*** to enable workers to fully reap the sustainable and local job potential of renewable energy development are indispensable; |

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|  | 180. | Instructs its President to forward this resolution to the Council, the Commission and the Contracting Parties of the Energy Community. |

(1)  Texts adopted, P7\_TA(2013)0344.

(2)  OJ C 264 E, 13.9.2013, p. 59.

(3)  Texts adopted, P7\_TA(2013)0088.

(4)  OJ C 332 E, 15.11.2013, p. 28.

(5)  Texts adopted, P7\_TA(2012)0444.

(6)  OJ C 188 E, 28.6.2012, p. 42.

(7)  Texts adopted, P7\_TA(2014)0094.

(8)  Texts adopted, P8\_TA(2015)0445

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**Body**

Brussels: Public Register European Parliament has issued the following document:

Briefing September 2017 EPRS | European Parliamentary Research Service Author: Vasilis Margaras Members' Research Service PE 608.723 EN Harnessing globalisation for local and regional authorities Challenges and possible solutions SUMMARY Globalisation has various positive and negative aspects. On the positive side, economic opportunities can emerge. Exports may flourish, companies may find new global customers, knowledge may be easily circulated, and trade may pick up, thus stimulating economic growth. Interaction through new technological instruments helps to interconnect people in different parts of the world. However, globalisation may also have disadvantages.

For instance, various EU industries (e.g coal, steel, iron, shipbuilding, automotive and textiles) have been affected by global competition, and have had to downsize their activities. Cheap imports of non-EU manufacturing goods have led to the decline of various EU industrial sectors, but also to relocations, closures and redundancies. In addition, globalisation has an environmental, demographic, technological and cultural dimension. The impact of globalisation therefore affects the activities and development of regional and local entities within the EU. In order to address all these issues, the European Commission has presented a reflection paper on harnessing globalisation. This briefing addresses some of the most important challenges that globalisation brings to EU regions, and sets out ideas that may be useful in tackling these challenges. Harnessing globalisation requires a holistic approach. European, national and local synergies will have to be established to address the multi-layered challenges stemming from globalisation. Serious thinking will have to be done on how to empower local and regional authorities in order to address these challenges successfully. In this briefing:  Introduction  Mapping the impact of globalisation in EU regions  Challenges of globalisation  Possible solutions to challenges  The view of the European Parliament  Advisory bodies and stakeholders  Outlook EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 2 of 12 Introduction Globalisation is an ongoing process that leads to continuous and increasing interaction on many aspects of human life and to a growing interdependence among all parts of our planet. It has a considerable impact on the economy, society, technology, demography and the environment. However, its impact is not always easily measurable, as it is a product of different factors that are closely interwoven and exercise their impact simultaneously. Globalisation may bring a number of opportunities to EU regions through an increase in exchange of goods and services, exports of products, intercultural and educational exchanges and a boost in tourism. Economic opportunities may emerge for ***producers***, consumers, the workforce and entrepreneurs, all of whom are in a position to exploit global markets. Regions that are well connected to global 'chain' networks will have the chance to explore more opportunities. However, globalisation may also lead to a number of challenges, such as business relocations, job losses, unfair trade competition, pollution, increase of migration and cultural homogenisation. All these can have a detrimental impact on local and regional authorities (LRAs). Nevertheless, globalisation is not the only factor to blame for this outcome as, according to the 2017 OECD Economic Outlook, global losses in the manufacturing sector are the result of multiple forces, including shifts in preferences of consumers, technical progress and increasing reliance on services inputs in industry and trade. The European Commission has recently contributed to the debate on the impact of globalisation with its Reflection paper on harnessing globalisation, presented in July 2017 as part of a series of papers on the future of Europe. In this paper, the European Commission proposed a new set of actions to be launched in autumn 2017, to further help Europe's regions invest in their areas of competitive strength ('smart specialisation') and generate the innovation, resilience and growth needed. This would be done through two pilot projects: tailored support for the specific challenges of regions facing industrial transition and interregional innovation partnerships supported by EU funds. In addition, the Commission will consider stronger linkages between existing EU instruments with the common objective of responding to new industrial challenges. The Commission suggests that smart specialisation could be scaled up to help all regions take advantage of the changes brought by globalisation. Mapping the impact of globalisation in EU regions In 2009, a Commission background document presented a Globalisation Vulnerability Index consisting of five key indicators available at the regional level, with projections to the year 2020: productivity growth, employment and unemployment rate, high and low educational attainment. The document offers a map of the EU where the deeper the blue colour, the larger the vulnerability of each region is (see Figure 1). Many regions in the north-western periphery of the EU appear to be in a rather favourable position. They are predominantly located in Finland, Sweden, Denmark, the UK and Ireland. They are expected to benefit from a workforce with a high level of educational attainment, a high level of employment, a high share of employment in advanced sectors and an elevated level of labour productivity. In contrast, many regions located in the southern and eastern parts of the EU appear to be much more exposed to the challenge of globalisation. This is predominantly due to the relatively large share of low-value-added activities in these regions and the low qualification level of their workforce, which may lead to difficulties in attracting investment and creating/maintaining jobs. EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 3 of 12 At the sub-national level, the Commission document reveals that, in many Member States, regions with major urban centres and metropolitan areas should be relatively well placed to respond to the challenges linked to globalisation. These areas tend to benefit from a large share of highly educated residents, dynamic sectors and leading-edge economic activities. Yet, the concentration of economic activities in agglomerations may bring negative consequences (such as congestion, urban sprawl, drain of natural resources) and may also lead to underutilised economic potential elsewhere. The document comes to the conclusion that Europe must increase productivity, invest more in R&D and new technologies, and draw on its ability to compete in products and services with a high knowledge content. The Commission's 2016 Regional Competitiveness Index (RCI) tends to confirm the above-mentioned regional variations. The index is based on 74 indicators grouped in 11 pillars corresponding to various aspects of regional competitiveness, such as innovation, infrastructure, human capital and governance. Regional competitiveness is defined as the ability of a region to offer an attractive and sustainable environment for firms and residents to live and work. The RCI shows that regions (Figure 2) in the northern and northwestern parts of Europe tend to score better (light/dark green colour in the figure). Regions in light/dark purple tend to score lower. These are mostly located in the eastern and southern part of the EU. Although metropolitan cities and urban areas tend to do generally well, this trend does not necessarily get repeated in each EU city. As an ESPON study suggests: '... while global networks are certainly important for a few global cities, we do not know the exact impact of improving connectivity for others. ... Hence, policies that focus on improving cities' position in global networks are highly problematic because of both the difficulty to impact on this structural feature (path dependence) and the uncertain impact it will have on economic competitiveness for the city as a whole'. The study concludes that, although cities should not be ignored, an exclusive focus on metropolitan areas as motors of growth is likely to increase the vulnerability of weaker regions. In addition, the same study claims that the idea that the wealth of major European and national cities will automatically benefit non-metropolitan territories is not empirically proven. Therefore, a more comprehensive approach to territorial investment is necessary. Figure 1 – Globalisation Vulnerability Index 2020 Source: European Commission, 2009. Figure 2 - Regional Competitiveness Index Source: European Commission, 2016. EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 4 of 12 Challenges of globalisation A number of varied challenges stemming from – or being reinforced by – globalisation may have an impact on European LRAs. Some of the most prominent challenges are analysed below. Economic challenges Global economic competition affects EU regions in a variety of ways. Economic growth from global activities, such as trade, is not evenly distributed. It is mostly concentrated in regions that can withstand higher competition and attract new economic activities. The share of manufacturing in employment has continued to decline, although the extent varies amongst EU countries. The consequences are tough for the regions that are losing out. According to a 2014 Commission memo on progress in industrial competitiveness, 3.5 million jobs have been lost in manufacturing since 2008, with some countries being particularly strongly hit (see Figure 3). In addition, investment dynamics have been slowed by decreasing demand and reduced credit availability. The share of manufacturing in the EU gross value added diminished from 15.8 % in 2008 to 15.1 % in 2013, against an EU target of 20 % set for 2020 by the European Commission. Routine jobs, which are undertaken by middle-skilled workers, are more likely to be lost through technological automatisation. A 2016 Eurofound study claims that three manufacturing sectors account for 60 % of offshoring job losses: production of motor vehicles, electronics and electrical products such as domestic appliances. Still, the study suggests that the construction and manufacturing sectors have begun to stabilise or grow modestly. Nevertheless, the loss of jobs in manufacturing is significant for the broader state of the economy for a number of reasons. In its 2013 Competitiveness Report, the Commission claims that 'a declining manufacturing share erodes the knowledge and technology base of the whole economy, which is crucial for achieving sustainable development'. In addition, it also states that manufacturing has strong spill-over effects on the rest of the economy: 'each euro of added final demand in manufacturing generates around 50 cent[s] of additional final demand in other sectors of the economy'. On the contrary, various other service sectors have expanded and are expected to do well in the future. The Eurofound study claims that the fields of education, health, legal, computing/information technology, accounting, engineering, management consultancy and administrative services (employment, security, travel and building maintenance) are job-growing sectors. These tended to grow even during the major economic crisis of 2008-2013, and their growth has accelerated even more since then. In addition, a 2017 OECD study suggests that job dislocation linked to service imports may be less severe than for manufacturing, as advanced economies retain a competitive edge in providing sophisticated services. Figure 3 – Job losses in the EU Member States' manufacturing sector (2007-2012, thousands) Source: European Commission, 2014. EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 5 of 12 When it comes to the regional level, many areas in Europe have been severely affected by industrial decline. In these areas, jobs that are displaced/dismantled due to closures and relocation of industries are not always compensated by new jobs. In addition, displaced workers do not necessarily have the skills to take up emerging jobs. Regions that do not succeed to keep businesses or attract new economic activities have experienced high unemployment and outflows of workers leading to a loss of skills, residents and, consequently, to rapid population ageing. Furthermore, decline in economic activity generates job losses in a wider regional scale, a reduction of real wages for unskilled jobs and further social inequality and marginalisation. Regional concentration of manufacturing employment means that sector-specific shocks to manufacturing may have a substantial regional impact. However, globalisation does not only affect industrial areas and cities that have experienced industrial decline. The import of cheap food products and the volatility of ***agricultural*** goods' prices also have an impact on areas that depend on ***agriculture***. According to the 2017 OECD study, many rural areas 'appear less diversified and tend to specialise in primary goods and low-quality manufacturing, which have been hardest hit by trade shocks'. In addition, according to the same study, workers in rural areas tend to be lower-educated than in urban areas, and therefore have greater difficulty in finding alternative employment. Other issues that have been intensified by the economic aspects of globalisation may pose other challenges. Popular dissatisfaction with economic decline may lead to a wave of populism. The growing levels of unemployment and poverty may result in political radicalisation, social marginalisation and apathy. The taking over of towns and urban centres by big enterprise chains may lead to a loss of regional and local characteristics. The long and expensive road to regeneration It usually takes a long time for industrial regions to recover. De-industrialised areas often face the challenge of turning over-sized derelict buildings and polluted sites into revitalised spaces of economic creativity. Various tasks, such as land reclamation, decontamination and building of innovative infrastructure, cannot be undertaken only locally and may require national and European support. Furthermore, regenerating a region requires a multi-faceted strategy. This implies dedicated long-term cooperation of multiple players and actors holding various competencies. This is not an easy task to accomplish as it requires considerable coordination and persistence as well as generous financial support. The physical regeneration of land and infrastructure may prove quite a costly procedure. In addition, it has to be complemented with investment in human capital to allow the local workforce to adapt its skills and acquire new ones. This process may take a long time to bear fruit. According to a 2009 OECD study on regional growth, 'infrastructure and human capital require three years to positively influence regional growth, while innovation is a longer-term process, having a positive effect on regional growth only after a five-year period'. Environmental issues Pollution is not always confined within country borders. Global warming is a characteristic example of an environmental problem that affects all regions. Climate change may pose new dangers to various communities due to rising sea levels and the destruction of local flora and fauna. In this respect, the EU has set a number of ambitious environmental targets that require radical change in attitudes and in production modes. At European level, a comprehensive package of policy measures to reduce greenhouse gas emissions has been initiated through the European Climate Change ***Programme*** (ECCP), and this EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 6 of 12 move has brought positive results. Nevertheless, a 2017 study claims that weatherrelated disasters could still affect about two-thirds of the European population annually by the year 2100 during the 2071–2100 period, compared with 5 % during the reference period (1981–2010). The impact will be severe in southern Europe (see Figure 4). Notwithstanding its efforts, the EU is still far away from achieving all its environmental standards: the 2008 Waste Framework Directive introduced a new 50 % recycling target for waste. According to a 2013 European Environment Agency report, although there are clear indications of a shift away from landfilling towards preferred waste management approaches, only a few countries reduced their municipal waste output between 2001 and 2010. The majority of countries still landfilled more than half of their municipal waste in 2010. In addition, according to Eurostat, the amount of municipal waste generated per person in the EU in 2015 amounted to 477 kg, down 9 % compared with its peak of 527 kg per person in 2002, but slightly up, for the first time since 2007, from the 474 kg recorded in 2014. Demography and immigration Job losses and the scaling-down of economic activity have a negative impact on population numbers as certain industrial and rural regions stagnate. Their younger residents tend to abandon them in search of better professional prospects. According to official Eurostat data, there has been a population decline across the Baltic States, Bulgaria, Romania, most of eastern Germany, Slovakia and Croatia, but also southern Italy, parts of Spain, inner parts of France and some northern Nordic regions. Countries such as Greece, Spain and Portugal have also seen their populations shrink as a result of migration caused by economic recession. On the other hand, increasing immigration towards Europe has been recorded in the last couple of years; this can have a positive impact on income per capita if immigrants get well-integrated into the labour market. However, if this is not the case, issues of segregation/division of local societies may arise. Overall, most immigrants who come to Europe have low skills. A 2012 ESPON study claims that one of the major issues for Europe is to attract highly qualified labour. However, the EU is not doing well in recruiting such persons. Furthermore, immigration to the EU is affecting parts of it disproportionately. Certain EU Member States and regions feel the impact of immigration more than others. They will have to make the necessary investments in order to ensure the successful integration of immigrants into society. Eurostat claims that in 2016, compared with the existing population of each Member State, the highest number of registered first-time applicants was recorded in Germany (8 789 first-time applicants per million inhabitants), ahead of Greece (4 625), Austria (4 587), Malta (3 989), Luxembourg (3 582) and Cyprus (3 350). In contrast, the lowest numbers were observed in Slovakia (18 applicants per million inhabitants), Portugal (69), Romania (94), the Czech Republic and Estonia (both 114). Figure 4 – Relative change in the number of people exposed to weather-related hazards Data source: Forzieri et al, 2017. EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 7 of 12 Possible solutions to challenges There is no 'one size fits all' strategy to address challenges stemming from globalisation. However, various actions may help to mitigate its impact. A 2009 OECD study on how regions grow observes: 'policies can benefit from an integrated approach: policies aiming at providing infrastructure only are bound to be unsuccessful as endogenous growth factors such as human capital and innovation need also to be taken into account'. Providing adequate strategies for all types of EU areas Finding the right tools to address issues in all EU areas is important, as not all EU regions have the same needs. A 2017 study, Towards Cohesion Policy 4.0, groups regions into 'global frontiers' 'intermediate regions' and 'lagging ones', on the basis of their productivity performance, and makes recommendations for each of them. For instance, the study suggests that global frontier regions should implement crucial structural and regulatory reforms, focus on the implementation of excellence-based instruments, such as Horizon 2020, and increase capacity to manage inclusion (through, for instance, addressing the issues of polarised labour markets and inclusion of immigrants). Intermediate regions should adopt strategies that would transform them into leading creators of distinct value within the global networks. Lagging regions, on the other hand, should implement strategies aiming to develop regional innovation ecosystems. When it comes to rural areas, expanding ***agricultural*** economy into new forms of activity may provide another possibility for them to grow. The reflection paper on harnessing globalisation also mentions that a modern common ***agricultural*** policy plays a key role in encouraging competitiveness in the agri-food sector and ensuring successful integration in international markets by promoting high standards. Strengthening digitalisation in order to address the digital gap between remote rural and busy urban areas can also help lagging rural regions to catch up. Other ideas on enhancing the links between rural and urban areas can also be explored. Innovation – smart specialisation The reflection paper on harnessing globalisation makes various recommendations for increasing local and regional resilience to globalisation, one such being to invest in innovation. It expects that the data economy will increase to €739 billion by 2020, representing 4 % of overall EU GDP. However, it also suggests that the divide between more and less technologically advanced regions risks widening, unless governments invest in education, equip their citizens with the right skills, encourage innovation, ensure fair competition and regulate smartly. A 2015 Centre for Cities study on UK cities also confirms the importance of innovation by claiming: 'Our weakest performing cities have struggled not because of the inevitable decline of manufacturing employment, but because of their inability to support jobs growth in new, more knowledge-focused industries'. Setting up smart specialisation strategies may be an added value, as these can be combined with the activities of the local industries. Regulation (EU) No 1303/2013 specifies that a smart specialisation strategy: 'means the national or regional innovation strategies which set priorities in order to build competitive advantage by developing and matching research and innovation own strengths to business needs in order to address emerging opportunities and market developments in a coherent manner, while avoiding duplication and fragmentation of efforts; a smart specialisation strategy may take the form of, or be included in, a national or regional research and innovation (R&I) ***strategic*** policy framework'. According to the Joint Research Centre (JRC), smart specialisation EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 8 of 12 builds on the assets and resources available to regions and Member States and on their specific socio-economic challenges in order to identify unique opportunities for development and growth. Regeneration – diversification and expansion of economic activities Although regeneration is not always an easy task, various successful regeneration projects have contributed positively to areas having suffered from job losses and industry closures. Declining heavy industries have been dealt with by adopting new innovative projects with a direct impact on re-shaping the areas they were in. As a result, industrial areas became greener, old industrial sites were decontaminated and derelict factory infrastructures were turned into museums and cultural centres. Investment in industrial patrimony that has an added value for tourism can also be seen as an opportunity. Various LRAs have tried to address pressures from de-industrialisation and global competition by investing in high-quality sustainable infrastructure. Emphasis has been given to promoting Industry 4.0 activities, ICT, technology and tertiary education, as well as cluster and incubator centres. Investing in city-centre refurbishment, creative industries, new forms of transport and health is also seen as a priority. Addressing issues of sustainable transport and housing through spatial ***planning*** may also constitute another opportunity for regions desiring to rebrand themselves. Making efforts to diversify economic activities and uniting economic activities in clusters may constitute an alternative to declining industries. It is important to encourage a variety of actions in order to build upon competences available in the region. Regions relying on a small number of industries are very vulnerable, if these industries face a severe crisis. According to a 2013 study for the European Parliament, 'industrial policy has been most successful when strongly linked to demand and in support of light-house projects that can act as a focus for further public and private investment'. Therefore, a diversified economy that combines well-performing industrial and service sectors with a favourable business environment is the best basis for sustainable growth. The new EU Industrial Policy Strategy that was presented in September 2017 by the Commission includes various measures, such as a comprehensive package to reinforce industry cybersecurity. New proposals for clean, competitive and connected mobility, such as tightened CO2 emissions standards for cars and vans, an Alternative Fuels Infrastructure Action ***Plan*** to support the deployment of charging infrastructure, and actions to foster autonomous driving are also part of the strategy. The extension of the EU Skills Agenda to new key industry sectors, such as construction, steel, paper, green technologies and renewable energies, manufacturing and maritime shipping constitutes yet another of its priorities. The declared European framework for the screening of foreign direct investments that may pose a threat to security or public order can also have an impact when it comes to protecting various EU-based industries. Enhancing cooperation with local actors to internationalise economic activity and promote training Working closer with local industries and addressing their needs may be another priority. Start-ups and innovators in the EU regions can be brought into collaborations with leading players so that they can enter global value chains. Setting up transnational innovation clusters, linking up companies, universities, start-ups, investors and local governments together may also have positive results. Nevertheless, SMEs may need support to internationalise their activities, as they do not have the necessary resources. This may also be the case when it comes to training their employees. According to the June 2017 EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 9 of 12 OECD Economic Outlook, low-skilled workers tend to participate less in life-long learning ***programmes***, and workers in SMEs tend to have lower cognitive skills than their peers in larger firms, which makes it more difficult for SMEs to meet the hiring standards of exporting firms. Nevertheless, certain sectors of the economy are in vital need of training. For instance, according to the 2017 Europe's Digital Progress Report, 90 % of all jobs require some level of digital skills. Therefore, when it comes to addressing the issue of diverging market needs, LRAs can provide assistance to local companies by providing lifelong learning and labour retraining activities that are fitted to local needs. Addressing environmental challenges The reflection paper on harnessing globalisation emphasises the need 'to further strengthen the European transition towards a digital, decarbonised and more circular European economy'. The global deterioration of the climate will also have an impact on the number of natural disasters that affect EU territories. Physical-disasters management will be an area in which LRAs will be called to assume a more active role. In this respect, the Commission adopted an EU adaptation strategy in April 2013. Adaptation means anticipating the adverse effects of climate change and taking appropriate action to prevent or minimise the damage they can cause, or taking advantage of opportunities that may arise. Due to the varying severity and nature of climate impacts between regions in Europe, most adaptation initiatives will be taken at the regional or local level. Improving waste management could also deliver positive effects for the economy. As part of a shift towards a circular economy, the Commission has made four legislative proposals that introduce new waste-management targets regarding reuse, recycling and landfilling, strengthening provisions on waste prevention and extended ***producer*** responsibility. Furthermore, they streamline the relevant definitions and the reporting obligations/calculation methods for the targets. Much of this legislation will affect the way LRAs collect and process waste. Networks of cities and regions are already working together to learn from each other and to exchange good positive examples in this regard. Moreover, various local/regional level initiatives are promoting environmental causes such as the Covenant of Mayors for Climate and Energy. Promoting local diversity Investing in a local or regional identity by promoting its special characteristics may provide an added value for LRAs. Promoting local culture can bring new opportunities for growth and foster a feeling of community belonging. An upgrade of cultural and heritage facilities may also have a positive impact in the development of tourism, which constitutes one of the main growing industries in the EU. Fair-trade demand, local food chains and the growing value of local products could provide additional opportunities for activities that foster regional/local identities and contribute to economic growth. Tackling demographic challenges Areas that are affected by demographic issues explore a number of ways of keeping their population and enhancing its opportunities in life. For instance, by investing in childcare facilities, LRAs can try to attract young families. Teleworking, promoting work-life balance and enhancing job opportunities for people with reduced mobility may also help to encourage sections of the population to remain professionally active and to attract a younger population. In this respect, synergies with the private sector and the adoption of new technologies may help. The successful integration of migrants into society may be another possible solution. Issues of immigration and depopulation may also be of EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 10 of 12 importance to cross-border areas, which may explore opportunities for cross-border cooperation with other neighbouring territories. Drawing inspiration from positive examples LRAs may draw inspiration from various projects and practices that suit their needs. For instance, when it comes to long-term employment, the 2017 OECD Economic Outlook claims that the Swedish system provides advice and counselling to workers well in advance of layoffs. This has had a positive result, allowing 85 % of displaced workers to find a new job within a year. The outcome can be explained by a long-standing tradition of collaboration between the social partners. A 2014 European Policy Centre study claims that countries like Austria and Germany have a positive tradition in providing apprenticeships that combine both formal education and work-based training and lead to a high percentage of inclusion of youth into the labour market. When it comes to regeneration, a Euro

pean Parliament study on regional strategies for industrial areas also suggests successful strategies for industrial areas on the basis of the policies carried out in Manchester, Essen, Lille and Bilbao. Another Parliament study on industrial heritage and agri/rural tourism in Europe includes valuable recommendations when it comes to developing this particular sector. An Interreg guide on Boosting the regeneration process of Europe's coalfield regions contains considerable points of reference for carrying out successful projects in this regard. Funding sources According to a Parliament study, the reconversion of old-industrialised areas has slipped into the list of EU policy priorities. The same study also suggests that focus on regional investments has gradually shifted from industrial regions to other areas that may offer more stable growth prospects. Nevertheless, a number of EU funds exist that can help EU regions to tackle issues stemming from globalisation, most notably the European structural and investment funds (ESI funds). For instance, the European Regional Development Fund (ERDF) promotes balanced development across the EU regions. The European Social Fund (ESF) supports employment-related projects throughout Europe and invests in Europe's human capital. The Cohesion Fund (CF) finances transport and environmental projects in countries where the gross national income per inhabitant is less than 90 % of the EU average. The European ***Agricultural*** Fund for Rural Development (EAFRD) focuses on resolving the particular challenges facing EU rural areas, whereas the European Maritime and Fisheries Fund (EMFF) helps fishermen to adopt sustainable fishing practices and coastal communities to diversify their economies. Other EU instruments can help regions to empower themselves by investing in research activities through universities and research institutes (Horizon 2020). The Creative Europe ***programme*** may benefit culture-related activities. Interreg ***programmes*** may help to connect cross-border regions that face similar challenges. The Asylum, Migration and Integration Fund (AMIF) may help to alleviate migration pressures. The European Globalisation Adjustment Fund (EGF) provides support to people losing their jobs as a result of major structural changes in world trade patterns due to globalisation, for instance, when a large company shuts down or production is moved outside the EU, or as a result of the global economic and financial crisis. The European Investment Bank provides a variety of opportunities for lending that may be used in order to spur investment. The European Fund for ***Strategic*** Investments (EFSI) may also support major investment projects and SMEs. To facilitate access to EU funding for LRAs and other beneficiaries, EPRS has prepared a Guide to EU Funding for 2014-2020, covering major sources of EU funding by relevant sector. EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 11 of 12 The view of the European Parliament The European Parliament has adopted a number of resolutions on issues related to the economic impact of globalisation. In its 2011 resolution (2010/2095(INI)) on An Industrial Policy for a Globalised Era (rapporteur: Bernd Lange, S&D, Germany), the Parliament, amongst other things, urged the Commission to place greater emphasis on industrial renewal, competitiveness and sustainability. It called for ambitious funding for industrial policy and infrastructure facilities. It also considered that competitive clusters and innovation networks and linkages among businesses themselves and with other players (value-added chains, synergies) are essential to investment decisions. In its 2013 resolution (2012/2100(INI)) on Regional strategies for industrial areas in the European Union (rapporteur: Jens Geier, S&D, Germany), the Parliament drew attention to the existing resources made available through cohesion policy and the structural funds. It regretted that these options do not always address the real region-specific problems and that the structural and investment funding made available is not fully taken up by Member States and regions. It pointed out that further aid measures to assist old industrialised regions, particularly mono-industrialised regions, need to be put in place, and called for more integrated and systemic approaches to industrial renewal and regional development. Parliament's 2014 resolution (2013/2006 (INI)) on Reindustrialising Europe to promote competitiveness and sustainability (rapporteur: Reinhard Bütikofer, Greens/EFA, Germany), stressed that the EU's future industrial strength and importance lie in a Renaissance of Industry for a Sustainable Europe (RISE) strategy, which pursues technological, business, financial, environmental and social innovation towards a third industrial revolution (RIS3) including an efficiency strategy that reindustrialises Europe, strengthens European industry as a whole and acts as a response to rising social challenges. In its 2016 resolution (2015/2278(INI)) on Cohesion policy and Research and Innovation Strategies for Smart Specialisation (rapporteur: Ramón Luis Valcárcel Siso, EPP, Spain), the Parliament underlined that smart specialisation strategies support thematic concentration and ***strategic*** ***programming*** of ESI Funds, and called on all entities involved to develop RIS3 on the basis of analyses of each region's existing capabilities, assets and competences, and to focus on entrepreneurial discovery in order to detect emerging niches or comparative advantages for smart specialisation. The view of advisory bodies and stakeholders The European Committee of the Regions (CoR) is preparing an opinion on a European strategy for industry as well as an opinion on the Commission's paper on harnessing globalisation. It held a workshop on the future of industry in Europe in 2017, where a report on the same topic was presented, summing up key challenges and possible policy responses by LRAs. The role of smart specialisation strategies was explored in two recent CoR opinions, respectively dealing with measures to support the creation of high-tech start-up ecosystems (2014) and closing the innovation divide (2013). In its resolution on Anticipating change and restructuring, the European Trade Union Confederation (ETUC) mentions the key role of training, maintaining and creating jobs and giving workers a voice and place in ***strategic*** decisions. EPRS Harnessing globalisation for regions and local authorities Members' Research Service Page 12 of 12 Outlook No single actor at the European, national or local level can tackle the multiple challenges stemming from globalisation on its own. Nevertheless, the EU and its Member States can experiment with various policy initiatives in order to ensure that the benefits of globalisation are distributed evenly and that the negative impacts of it are mitigated. As the impact of globalisation touches upon many aspects of human activity, multifaceted strategies may tackle the variety of challenges that stem from it. In this respect, the role of local and regional authorities is crucial. LRAs, in cooperation with other relevant actors, will have to foresee, prepare and take relevant actions in order to empower their populations against the negative aspects of globalisation. EPRS publications that address regional issues related to globalisation The regions in the Digital Single Market - ICT and digital opportunities for regions and cities (2015) Smart specialisation: The concept and its application to EU cohesion policy (2016) Delivering the Urban Agenda for the EU (2017) Industry 4.0 Digitalisation for productivity and growth (2015) Ten more technologies which could change our lives (2017) EU port cities and port area regeneration (2017) Circular economy package – Four legislative proposals on waste (2017) The impact of globalisation (2016) Reflection paper on harnessing globalisation (2017) Main references Dhéret, C., Morosi, M et al, Towards a New Industrial Policy for Europe, EPC Issue Paper No 78, 2014. ESPON, Territorial Impact of Globalisation for Europe and its Regions, 2012. European Committee of the Regions, The future of industry in Europe, 2017. Swinney, P. and Thomas, E., A century of cities, Centre for Cities, 2015. 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[***-Nutrien's First-Quarter 2018 Impacted by Delayed Spring Season, Expect Strong Second-Quarter Results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S9B-8KK1-JD3Y-Y4MD-00000-00&context=1516831)

ENP Newswire

May 11, 2018 Friday

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**Body**

SASKATOON - Nutrien Ltd. (Nutrien) announced today its 2018 first-quarter results, with a net loss from continuing operations of $ 1 million1 ($nil2 diluted earnings per share) and EBITDA3 of $ 487 million.

HIGHLIGHTS

Nutrien first-quarter earnings from continuing operations, adjusted for purchase price allocation ($ 74 million or $ 0.08 per share) and merger-related costs ($ 66 million or $ 0.08 per share) not included in guidance, were $ 0.16 per share4. First-quarter EBITDA adjusted for merger related costs was $ 553 million4.

Retail earnings in the first quarter were impacted by a late spring season in North America, with sales and earnings shifted to the second quarter.

Nutrien acquired 29 retail locations with estimated annual revenues of approximately $ 280 million through April 2018; announced the newly branded Retail business, Nutrien Ag Solutions and launched an integrated digital platform enabling year-round commercial and agronomic digital management for growers.

Potash segment earnings in the first quarter increased due to higher prices, lower production costs, merger synergies and strong offshore sales volumes, despite experiencing significant rail issues during the quarter.

Nutrien full-year 2018 guidance was raised to $ 2.20 to $ 2.60 diluted earnings per share from continuing operations, up from $ 2.10 to $ 2.60 previously, and first-half 2018 guidance is provided at $ 1.50 to $ 1.65 earnings per share.

Nutrien executed on its capital priorities by declaring a quarterly dividend of $ 0.40 per share and repurchasing 10.3 million shares under its normal course issuer bid ***program*** year-to-date (approximately 1.6 percent of shares outstanding).

Nutrien has achieved $ 150 million in run-rate synergies as at March 31, 2018.

We completed our obligor exchange and successfully converted legacy company bonds to a simplified Nutrien indenture platform that aligns covenants and reduces administrative costs.

'Nutrien's first quarter was affected by a late start to the spring season across North America and west coast rail performance issues. However, we expect a strong second quarter with improved grower margins and strong demand and firm prices for most crop inputs,' commented Chuck Magro, Nutrien's President and CEO.

'We executed on our ***strategic*** and capital priorities with a meaningful return of capital to shareholders, including an increase in our dividend and half a billion dollars in shares repurchased. We made significant progress towards achieving our annual synergy target of $ 500 million. We also continued to grow our leading global retail network, through numerous accretive acquisitions and the launch of our digital platform. The divestiture of equity investments remains on track and the expected funds will provide further opportunity to accelerate growth and enhance shareholder returns,' added Mr. Magro.

MARKET OUTLOOK

***Agriculture*** Fundamentals

Delayed planting in North America has supported crop prices. Additional support has been provided by the continued degradation of the Argentine corn and soybean crops, which the United States Department of ***Agriculture*** (USDA) projects will decline by 20 percent and more than 30 percent, respectively, reducing export supplies and supporting export demand for U.S. and Brazilian corn and soybeans.

Despite the second-highest production of global grains and oilseeds on record, the USDA projects that inventories of those crops will decline by nearly three percent in 2017/18, the first decline in five years and the largest year-over-year decline since 2010/11. While relatively high carry-in inventories provide a buffer, tightened ending stocks increase the importance of strong production in 2018.

Extended winter weather throughout much of North America delayed nutrient applications and planting, which we expect will lead to a more compressed planting season. Depending on weather over the coming weeks, there is some risk to total crop nutrient demand in the first half of 2018, in particular for ammonia. Growers could potentially cover a higher proportion of nitrogen needs through top and side dress applications after plantings are complete.

North American growers are generally positive going into the spring season, despite the late start to planting and uncertainty over trade issues. This includes a potential escalation of trade restrictions between the U.S. and China and the ongoing negotiations of the North American Free Trade Agreement (NAFTA).

The USDA projects that U.S. combined corn, soybean and cotton area will decline by just over one percent year-over-year, which may lead to lower overall seed expenditures in 2018. However, we expect U.S. soybean growers to continue their rapid adoption of dicamba-resistant soybeans.

Potash

Strong customer engagement and positive potash sector fundamentals continued to support potash deliveries during the first quarter of 2018, and we expect potash demand to remain robust as a result of high underlying consumption and relatively low inventory levels in most major markets. We have increased our global potash shipment forecast to 64.5 to 66.5 million tonnes for 2018.

We expect normal North American potash application rates, supported by affordable potash prices and the need to replace nutrients removed by last year's harvest.

Prices continued to firm in key spot markets, particularly in Brazil, where granular potash prices have continued to increase on new sales since the beginning of 2018. The Brazilian potash import pace is relatively flat compared to the record level in 2017, mostly supported by strong crop production and improved crop economics, particularly for soybeans.

In China, potash demand continued to be underpinned by supportive crop prices and farmers switching to more intensive fruit and vegetable production. In India, consecutive years of strong crop production in combination with some improvements in agronomic management have supported underlying potash consumption growth. We do not expect the recent reductions in the potash subsidy rates and the slight increase in the maximum retail prices to have a significant impact on Indian consumption growth in 2018. Potash demand remains reasonably strong in other Asian countries amid stable and profitable prices for a wide range of key crops.

Several global potash suppliers, including Canpotex5, announced they are fully committed through at least June 2018. There has been limited saleable production from new greenfield mines to date and while these projects are anticipated to continue to ramp up, a portion of the new capacity is expected to be offset by the closure of mines reaching end of life and product mix changes by some ***producers***.

Nitrogen

The delayed start to the spring application season led to pressure on nitrogen prices as the supply chain filled and retailers were comfortable with inventory positions entering the spring application season.

However, we expect that the North American in-market urea and urea ammonium nitrate (UAN) supply and demand balance will remain tight through the end of the spring season, as combined supplies of the two products are down approximately 10 percent in the fertilizer-year-to-date due to the slow pace of offshore imports.

Chinese exportable urea supplies remain low and port inventories are down significantly year-over-year. Production levels have increased since early February 2018, which was expected in order to meet domestic spring demand. We expect between three and four million tonnes of Chinese urea exports in 2018, down from 4.7 million tonnes last year.

India has been an important source of urea demand in early 2018 as inventories began the year at low levels. Indian imports were up 100 percent year-over-year in the first quarter of 2018 and we expect imports to be supported by low inventories, but potential policy changes and the monsoon rainfall will be important drivers in the second half of the year.

Phosphate and Sulfate

Phosphate fertilizer prices have remained relatively firm and there is optimism among analysts about Indian demand, driven by tight diammonium phosphate (DAP) inventories and the increase in the second-quarter phosphoric acid price. However, exportable supplies are expected to increase in the second quarter as Chinese prices have become more competitive, and new supply ramps up in Saudi Arabia and Morocco.

Sulfur prices have remained firm in the U.S., driven by tight supplies from traditional offshore suppliers, resulting in higher year-over-year production costs.

FINANCIAL OUTLOOK AND GUIDANCE

Taking the above market factors into consideration, we have raised the guidance range for Potash sales volumes and EBITDA to 12.0 to 12.5 million tonnes and $ 1.2 to $ 1.4 billion respectively. Our guidance for Nitrogen EBITDA increased to $ 1.0 to $ 1.2 billion.

We are providing Phosphate and Sulfate EBITDA guidance of $ 0.20 billion to $ 0.25 billion, which is in line with our previous year's results.

Our effective tax rate on continuing operations range of 22 to 24 percent is down from our previous guidance primarily due to changes in forecasted earnings mix.

Income from investments in Arab Potash Company (APC) and Sociedad Quimica y Minera de Chile S.A. (SQM) will be recorded as dividend income (net of tax) in discontinued operations and is expected to range between $ 140 to $ 150 million. These amounts are included in our earnings per share guidance but are not included in EBITDA guidance.

We have revised our full-year foreign exchange rate assumption to CAD$ 1.27 per US dollar, slightly higher than previous guidance.

Based on these factors, we are increasing our full-year 2018 earnings guidance to $ 2.20 to $ 2.60 per share and providing first half 2018 guidance of $ 1.50 to $ 1.65 earnings per share.

All of the guidance numbers include the impact of expected in-year realized cash synergies of $ 175 to $ 225 million. Excluded from guidance are costs to achieve these ongoing synergies of $ 50 to $ 75 million as well as the impact of incremental depreciation and amortization of $ 250 million to $ 350 million resulting from the fair valuing of Agrium's assets and liabilities as of January 1, 2018 in accordance with purchase accounting.

All amounts are stated in U.S. dollars.

All references to per-share amounts pertain to diluted net earnings per share.

EBITDA is calculated as net (loss) earnings from continuing operations before finance costs, income tax (recovery) expense, depreciation and amortization. This is a non-IFRS measure. Refer to Non-IFRS Financial Measures and Reconciliations.

This is a non-IFRS measure. Refer to Selected Non-IFRS Financial Measures and Reconciliations.

Canpotex Limited (Canpotex), the offshore marketing company for Nutrien and one other Saskatchewan potash ***producer***.

EBIT is calculated as net (loss) earnings from continuing operations before finance costs and income tax (recovery) expense.

About Nutrien

Nutrien is the world's largest provider of crop inputs and services, playing a critical role in helping growers increase food production in a sustainable manner. We ***produce*** and distribute over 26 million tonnes of potash, nitrogen and phosphate and sulfate products world-wide. With this capability and our leading ***agriculture*** retail network, we are well positioned to supply the needs of our customers. We operate with a long-term view and are committed to working with our stakeholders as we address our economic, environmental and social priorities. The scale and diversity of our integrated portfolio provides a stable earnings base, multiple avenues for growth and the opportunity to return capital to shareholders.

Forward-Looking Statements

Certain statements and other information included in this news release constitute 'forward-looking information' or 'forward-looking statements' (collectively, 'forward-looking statements') under applicable securities laws (such statements are often accompanied by words such as 'anticipate', 'forecast', 'expect', 'believe', 'may', 'will', 'should', 'estimate', 'intend' or other similar words). All statements in this news release, other than those relating to historical information or current conditions, are forward-looking statements, including, but not limited to: Nutrien's 2018 annual and first half guidance, including expectations regarding our diluted earnings per share and EBITDA (both consolidated and by segment); expectations regarding net proceeds to be realized from the on-going sale of equity interests; capital spending expectations for 2018; expectations regarding performance of our business segments in 2018; our market outlook for 2018, including potash, nitrogen and phosphate and sulfate outlook and including anticipated supply and demand for our products and services, expected market and industry conditions with respect to crop nutrient application rates, planted acres, crop mix, prices and the impact of currency fluctuations and import and export volumes; expectations regarding completion of previously announced expansion projects (including timing and volumes of production associated therewith) and acquisitions and divestitures and the expected synergies associated with the merger of Agrium and PotashCorp, including timing thereof. These forward-looking statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such forward-looking statements. As such, undue reliance should not be placed on these forward-looking statements.

All of the forward-looking statements are qualified by the assumptions that are stated or inherent in such forward-looking statements, including the assumptions referred to below and elsewhere in this document. Although Nutrien believes that these assumptions are reasonable, this list is not exhaustive of the factors that may affect any of the forward-looking statements and the reader should not place an undue reliance on these assumptions and such forward-looking statements. The additional key assumptions that have been made include, among other things, assumptions with respect to Nutrien's ability to successfully integrate and realize the anticipated benefits of its already completed (including the merger of Agrium and PotashCorp) and future acquisitions, and that we will be able to implement our standards, controls, procedures and policies at any acquired businesses to realize the expected synergies; that future business, regulatory and industry conditions will be within the parameters expected by Nutrien, including with respect to prices, margins, demand, supply, product availability, supplier agreements, availability and cost of labor and interest, exchange and effective tax rates; the completion of our expansion projects on schedule, as ***planned*** and on budget; assumptions with respect to global economic conditions and the accuracy of our market outlook expectations for 2018 and in the future (including as outlined under 'Market Outlook'); the adequacy of our cash generated from operations and our ability to access our credit facilities or capital markets for additional sources of financing; our ability to identify suitable candidates for acquisitions and divestitures and negotiate acceptable terms; ability to maintain investment grade rating and achieve our performance targets; assumptions in respect of our ability to sell equity positions, including the ability to find suitable buyers at expected prices and successfully complete such transactions in a timely manner; the receipt, on time, of all necessary permits, utilities and project approvals with respect to our expansion projects and that we will have the resources necessary to meet the projects' approach.

Events or circumstances that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: general global economic, market and business conditions; the failure to successfully integrate and realize the expected synergies associated with the merger of Agrium and PotashCorp, including within the expected timeframe; weather conditions, including impacts from regional flooding and/or drought conditions; crop planted acreage, yield and prices; the supply and demand and price levels for our products; governmental and regulatory requirements and actions by governmental authorities, including changes in government policy, government ownership requirements, changes in environmental, tax and other laws or regulations and the interpretation thereof; political risks, including civil unrest, actions by armed groups or conflict and malicious acts including terrorism; the occurrence of a major environmental or safety incident; innovation and security risks related to our systems; the inability to find suitable buyers for our equity positions and counterparty and transaction risk associated therewith; regional natural gas supply restrictions; counterparty and sovereign risk; delays in completion of turnarounds at our major facilities; gas supply interruptions at our Egyptian and Argentinian facilities; any significant impairment of the carrying value of certain assets; risks related to reputational loss; certain complications that may arise in our mining processes; the ability to attract, engage and retain skilled employees and strikes or other forms of work stoppages and other risk factors detailed from time to time in Agrium, PotashCorp and Nutrien reports filed with the Canadian securities regulators and the Securities and Exchange Commission in the United States, including those disclosed in Nutrien's business acquisition report dated February 20, 2018, related to the merger of Agrium and PotashCorp.

The purpose of our expected diluted earnings per share, consolidated EBITDA and EBITDA by segment guidance range is to assist readers in understanding our expected and targeted financial results, and this information may not be appropriate for other purposes.

Nutrien disclaims any intention or obligation to update or revise any forward-looking statements in this document as a result of new information or future events, except as may be required under applicable U.S. federal securities laws or applicable Canadian securities legislation.

Contact:

Richard Downey

Tel: (403) 225-7357

Email: [*Investors@nutrien.com*](mailto:Investors@nutrien.com)

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

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[***The new battle over Turkey and Syria 3-Has Soleimani lost his charm?***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RF8-NBD1-JCF2-22T1-00000-00&context=1516831)

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January 18, 2018 Thursday

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**Section:** THE ARAB WORLD

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**Body**

The Turks have been shifting Eastward. This shift is helped by the changes in the ruling coalition's makeup. Contrary to the common analyses regarding the Turkish regime's purely Islamist nature, the ruling coalition has been joined by a group from the old nationalist guard, whose leanings are Kemalist and which are affiliated with the old 'deep state,' and especially with military intelligence. This group believes that Turkey's unity and independence are under threat, and that Turkey will have to ally itself with rising Asiatic forces like China and Russia so as to preserve its sovereignty and vital interests. And this group played an important role in foiling the July 2016 coup in pursuit of this aim. These developments have changed the regime's makeup in such a manner that renders a clash with yesterday's American ally inevitable, especially under President Donald Trump's administration whose national security ***strategic*** doctrine has specified Turkey's new friends - China, Russia, and Iran - as the U.S.'s enemies for the coming decades--Walid Sharara and Mohammad Ballout in Lebanese al-Akhbar

The Turkish ***plan*** to break the PKK's back in 'Afrin requires Washington to abandon its Kurdish ally there. And though this is difficult, it is possible if the Americans deem this to be a reasonable price to pay in return for Turkish acceptance of their ***plan*** to take control of the area East of the Euphrates. But it also requires Russia's acquiescence, which is also difficult since it requires Moscow to climb down from the tree of their conviction that their total control of Syria has become imminent. Nevertheless, Russian acquiescence may be necessary to bring the Turks back to the Sochi track, and perhaps for making use of the opportunity to capture areas that are still under the control of opposition factions backed by Ankara. At the end of the day, the battle is a Turkish battle, since it is between two Turkish sides. Or, rather, the battle is over Turkey itself. But it will inevitably influence the subsequent course of events in Syria, and is hence it is a battle over Syria as well--pan-Arab al-Quds al-Arabi

If it wishes to defeat the American project, which poses a greater threat to Syria than to Turkey, Ankara will have to be more truthful and straightforward with Russia and Iran, its two guarantor partners in Astana. At the same time, it must work on restraining the terrorist groups it sponsors and that are its allies in Idlib, which it continues to protect and on which it continues to rely to obstruct the Syrian army's advance and prolong the Syrian crisis. In fact, the Great Idlib Battle seems inevitable if Ankara continues to view this area as a zone for Turkish 'mandate and influence.' The Russian and Iranian positions are in complete harmony with the official Syrian position in viewing the dangerous American project to form a mercenary army under the banner of a border guard as a self-evident attempt to partition Syria, prolong its crisis, obstruct the efforts to convene the Sochi conference, and undermine the entire political track--Mohammad Kharroub in Jordanian al-Ra'i

The U.S. is clearly trying to expand its presence in Northern Syria, and to extend it into the areas surrounding the Russian bases in the country, argue two Lebanese commentators in a pro-Hezbollah Beirut daily. But this is placing Washington on a collision course not only with Russia and Iran, but also with Turkey, where a consensus is emerging that its national security, independence, and security are at stake. A Turkish attack on 'Afrin in Northern Syria seems likely, despite the fact that this may place Ankara in direct conflict with both the U.S. and Russia, argues the editorial in a pan-Arab daily. Washington may turn a blind eye to such an attack in return for Turkish acceptance of the U.S. ***plan*** for Northern Syria, while Russia may do the same in return for getting Turkey to rejoin the Sochi process, since that may allow it to capture other areas controlled by Turkish-backed Syrian opposition factions. The American scheme to establish a mainly Kurdish army in Syria's Northeast along the borders with Turkey and Iraq is leading the U.S. towards a collusion with Turkey, argues a Jordanian commentator. But if Ankara ***plans*** to foil this scheme because it poses a threat to its national security, it can only do so by allying itself with Syrian/Russian/Iranian axis.

***PLANNING*** TO REMAIN: "The Americans are not confining themselves to a non-withdrawal from East of the Euphrates," write Walid Sharara and Mohammad Ballout in Thursday's left-leaning pro-Hezbollah Beirut daily al-Akhbar.

They ***plan*** to remain in that area for years to come behind the border guard formed of the [Sunni] Arab clans and the Kurds. Their pretext to protect the area from ISIS's possible return, and the preservation of what has become the borders between Turkey and Russia, as Fawza al-Yusuf, the Co-Chairperson of the (Kurdish) Executive Committee of the Northern Syrian Province [Rojava] has said.

But the Americans are also preparing for a broader operation in Northwestern Syria, according to information available to the Syrian opposition in the area.

According to this information, the Pentagon is working on pushing forces from the Faylaq ash-Sham and the [opposition] 1st Coastal Division into reigniting the Latakia countryside front to the West of Jisr ash-Shughour. These are fronts where the Syrian army has completed its deployment, expelling the armed groups from their strongest mountain strongholds in Doreen and Salma two years ago, and along the longer part of the border strip with Turkey. That operation took place as part of securing the mountain cordon around the Russian Hmeimim Airbase, keeping it safe from the range of the armed groups' missile fire, as well as securing the environs surrounding the Russian operation, pushing towards the border strip and fortifying the Syrian coast from any hostile infiltration.

The Faylaq ash-Sham, which is one of the Muslim Brotherhood's arms in Syria, has received more American weapons in recent months - American Panther P-9 armored vehicles, which have proven to be highly effective in the recent battles in Hama, Aleppo, and Idlib's countryside.

These vehicles were collected in the UAE before the Pentagon supplied its groups in Idlib with them. According to Syrian opposition sources in Europe, the Faylaq played a major role in the attack by unmanned aerial vehicles [UAVs] and missiles on the Russian Hmeimim Airbase. And, the operation that is being seriously prepared for aims to continue exhausting and dispersing the Syrian forces at the height of their gradual advances the Idlib area and their efforts to recapture the ***strategic*** Abu adh-Dhuhur Airport. This operation also aims to move once more near to the mountain cordon that surrounds the Hmeimim Airbase, bringing it within missile range again, and challenging the Russians 'in the depths of their household,' while Moscow is busy preparing for the Sochi conference, which would consolidate its control of the political process in Syria.

For their part, to avoid the political and military consequences of such accusations, the Russians continue to refrain from openly accusing Washington of being behind the attack on Hmeimim, after they absolved Turkey of that charge. Meanwhile, the Pentagon has not ceased its attempts to ruin any U.S./Russian diplomatic understanding, especially the so-called John Kerry/Sergei Lavrov agreement. (The Syrian army's positions in the Tharda Mountain in Deir az-Zour were bombarded by the U.S., which also facilitated ISIS's advance to besiege to the city's airport and split its neighborhoods from each other in September 2016, serves as an example). The aim is to bury the former U.S. administration's attempt to reach an understanding with the Russians over an acceptable formula for a solution in Syria - which the American military viewed as an excessive manifestation of Barack Obama's withdrawal from the region after reaching the Iranian nuclear agreement.

The battlefield is gradually determining the U.S.'s policy in Syria, which is adapting itself as required by its main aim of containing Iran first, and preventing the Russians from monopolizing the shares of influence and the political solution.

This obvious assumption was further consolidated by the decision to continue intervening in Syria, and, in fact, by further expanding from the East towards the North if possible. And this makes what International Coalition spokesman Ryan Dillon said yesterday - that 'the 'Afrin area is not among the coalition's priorities,' and that the coalition 'is not concerned with fighting ISIS in Aleppo's Northwestern areas' - less than the full truth.

Moreover, the attempt to revive the old clients of the Pentagon's armament and training ***program*** has not ceased, especially since the anticipated operation in Latakia's country side would expand the belt controlled by U.S. forces in Syria from the East to the North, and from there to facilitate the infiltration of the West and the formation of a zone that surrounds a large part of Syria's borders with Iraq and Turkey, capturing the energy and water sources and the ***agriculture*** that constitutes half of what Syria needs to finance its reconstruction.

Another aim of the ferocious American attempt to sabotage Astana and Sochi is to obstruct the growing cooperation between Moscow and Ankara. If these tracks succeed, this will give a major impetus to this cooperation, pushing towards taking on a ***strategic*** character. Washington fears the increasing Turkish shift towards the East, even though it bears a large part of the responsibility for this shift, together with the EU. And its concerns in this regard are aggravated by its realization of the scale of the transformations in the nature of Turkey's ruling coalition.

Viewed from the American and Western perspective, Turkish/Russian relations at present seem tantamount to a giant geopolitical earthquake. To quickly go over Turkey's history, at the time when the Ottoman Sultanate was referred to as 'the sick man of Europe' Great Britain prolonged the Sultanate's life because it constituted a barrier before Tsarist Russia's expansion into warm waters. During the second half of the 20th century, Turkey continued to act as a barrier before Soviet Russia, turning into NATO's fortress in the latter's face. After the Soviet Union's collapse, Turkey occupied a special position as the U.S.'s partner in fighting terrorism, and as a moderate model to be emulated by the Islamic world's countries, one that succeeded in reconciling Islam with democracy, as was promoted by [American orientalist] Bernard Lewis and [former Bush official] Paul Wolfowitz.

But the current context is now very different. The U.S.'s influence is on the retreat in the Middle East, and Turkey has emerged as a rising regional power that seeks to secure recognition of its role and wants relations based on equality with the Western states. That aspiration falls on welcoming ears in Moscow, whereas it is only met with disdain in Washington.

As for European/Turkish relations, President Recep Tayyip Erdogan's visit to Paris represented the moment of truth. He heard a frank French presidential rejection that Turkey may join Europe someday. President Macron did not hesitate to say at his joint conference with Erdogan that 'as far as the relationship with the European Union is concerned, it is clear that recent developments and choices do not allow any progression of the process that we are engaged in,' adding that 'it was important to maintain a close relationship with Ankara, and that perhaps this was the moment to explore an option short of full EU membership.' And Turkish Foreign Minister Mevlut Cavusoglu heard similar talk from his German counterpart Sigmar Gabriel in Berlin. The clear and unambiguous message is: There is no place for Turkey in Europe.

But contrary to what most Western analysts had predicted, this European position did not elicit tragic lamentations in Ankara. Turkey did not witness the previous expressions of grief regarding the total dispersal of its European dreams. The editorials in the newspapers that support the AKP (Justice and Development Party) government wrote that it was time to turn the leaf on the long wait at the EU's gates, and the unending series of attempts to comply with unfair preconditions that were ultimately of no use in obtaining a seat in Europe. They urged the restructuring of Turkey's relationships with Europe on a sober and pragmatic basis.

Since that time, the Turks have been shifting Eastward. This shift is helped by the changes in the ruling coalition's makeup. Contrary to the common analyses regarding the Turkish regime's purely Islamist nature, the ruling coalition has been joined by a group from the old nationalist guard, whose leanings are Kemalist and which are affiliated with the old 'deep state,' and especially with military intelligence. This group believes that Turkey's unity and independence are under threat, and that Turkey will have to ally itself with rising Asiatic forces like China and Russia so as to preserve its sovereignty and vital interests. And this group played an important role in foiling the July 2016 coup in pursuit of this aim.

These developments have changed the regime's makeup in such a manner that renders a clash with yesterday's American ally inevitable, especially under President Donald Trump's administration whose national security ***strategic*** doctrine has specified Turkey's new friends - China, Russia, and Iran - as the U.S.'s enemies for the coming decades.

"What this new national security doctrine did not say, but what the Turks can tangibly sense, is that Syria has turned into the arena of confrontation not only with Iran and Russia, but with Turkey as well," conclude Sharara and Ballout.

SIGNIFICANT REACTIONS: "The U.S.-led International Coalition's announcement that it is working on establishing a 30-thousand strong army led by the PKK (Turkish Kurdistan Workers' Party) inside Syria, and that would guard the Syrian borders with Turkey and Iraq, has ***produced*** a number of significant international reactions," writes Thursday's editorial in the Qatari-owned, London-based, pan-Arab daily al-Quds al-Arabi.

The most violent reaction came in the official Turkish statements, which were followed by a number of military preparations for an attack on 'Afrin, the PKK's main stronghold in Syria and the popular base that has had provided thousands of members in past decades who have fought within the PKK's ranks inside Turkey itself.

Turkey has many reasons to adopt this policy. The first, of course, is the fact that it views the American decision as tantamount to the legitimization of a future Kurdish state that the Turkish authorities view as an existential threat to the country, since it could turn into a base for waging attacks inside Turkey, and perhaps to expand and annex areas inside Turkey that the PKK views as part of Kurdish lands.

This dangerous American move has elicited a practical Turkish response. However, given that all the Turkish authorities' previous steps were repulsed by clear American rejection, have the Turks reached what can be seen as the brink of the abyss into which they cannot agree to fall? Are they now ready to cross the international line that prevents them from attacking the PKK in Syria? Or is this line no longer in place after statements by U.S. Defense Department spokespersons yesterday, stressing that the PKK's forces in 'Afrin 'are not part of the U.S. operation against ISIS,' and that the U.S. is not backing these forces militarily?

The American military/political cover for the PKK over the past years is not the only changing factor in the extremely complex Syrian equation. The PKK was a tool used by the Syrian regime ever since the Syrian revolution began in 2011; it was used against all Kurdish parties that sympathized with the revolution. It also allowed for opening lines of contact with the Russians who wanted to harass the Turks by means of it and to compete with its American sponsors. It also allowed for opening of lines with the Iranians, with an exchange of benefits and interests between the two sides in Syria, Iran, and Iraq, and also with the Europeans, who allowed volunteers with European nationalities to fight on the party's side, supplying the them numerous forms of military support.

All these PKK backers and supporters offered the party a wide margin for action. But at the same time, it fanned the flames of deep historic sentiments among the Turks, recalling the old Allies' ***plans*** in World War I (the Russians, British, and French) to break their newly liberated country apart. The PKK was seen as the main tool for achieving this aim after the failure of the recent military coup attempt in the summer of 2016.

The Turkish ***plan*** to break the PKK's back in 'Afrin requires Washington to abandon its Kurdish ally there. And though this is difficult, it is possible if the Americans deem this to be a reasonable price to pay in return for Turkish acceptance of their ***plan*** to take control of the area East of the Euphrates. But it also requires Russia's acquiescence, which is also difficult since it requires Moscow to climb down from the tree of their conviction that their total control of Syria has become imminent. Nevertheless, Russian acquiescence may be necessary to bring the Turks back to the Sochi track, and perhaps for making use of the opportunity to capture areas that are still under the control of opposition factions backed by Ankara.

"At the end of the day, the battle is a Turkish battle, since it is between two Turkish sides. Or, rather, the battle is over Turkey itself. But it will inevitably influence the subsequent course of events in Syria, and is hence it is a battle over Syria as well," concludes the daily.

THE ATTEMPT TO PARTITION SYRIA: "So far at least, Washington has not backed down from its project and clear aims," writes Mohammad Kharroub in the Jordanian daily al-Ra'i.

At the forefront of this project is the attempt to partition Syria. And to achieve this, Washington is forming a 30-thousand-strong army of mercenaries under the false name of a 'border guard.' This army is under Syrian Kurdish command, with the participation of some members of the [Sunni] Arab clans in the Euphrates Valley. The SDF's (Kurdish Syrian Democratic Forces') mercenaries will be in charge of guarding Syria's Northern borders with Turkey, while the remaining mercenaries from the Arab clans will guard the areas East of the Euphrates River up to the Iraqi borders.

Now that Ankara has found that the U.S. administration has chosen to side with its mercenaries - after its NATO ally, President Erdogan, demanded that it chooses between his country and what he views as the terrorists of the YPG (PKK affiliated People's Protection Units) - Turkey finds itself in an unenviable position. Moreover, Moscow and Tehran - and more particularly Damascus when it comes to this suspect American scheme - are siding with Ankara in viewing this scheme as an open attempt to partition Syria, and especially to foil the attempts to find a political solution for the Syrian crisis via its three known tracks: Astana, Geneva, and Sochi.

This requires Ankara - assuming good and honest intentions on its part - to draw nearer to the tripartite [Syrian/Iranian/Russian] axis. It requires it to drop the recent nonsense that has characterized the provocative statements by President Erdogan against Syrian President Bashar al-Assad, whom he described as a 'terrorist' and 'murderer,' and whom he said 'must step down.' Moreover, it requires Ankara to stop embracing the real terrorist organizations that have turned Idlib Governorate into their headquarters; for Turkish officials continue to wager on these terrorists to consolidate their influence and create a lackey 'pocket' on Syrian territories that they can use at the negotiating table to resolve the crisis.

The Turkish president continues to issue angry statements and clear threats on every occasion concerning an imminent assault on 'Afrin. He threatens to cleanse the city of the Kurdish YPG. He warns Washington not to side with the latter in this likely confrontation, or to 'stand between us and the terrorists... You should remove your flags from the terrorist organization's bases.' He has asserted that the battle in 'Afrin will 'start at any moment... after which it will be the turn of other areas'; and he went on to say that 'the Turkish armed forces will solve the 'Afrin and Manbij issues in record time.'

All these statements, threats, and warnings indicate that Ankara's patience is running out, and that its sense of an 'existential' threat from the American project is getting stronger and more vivid. As a result, it is difficult for it now to back down from military escalation. But so far, no one knows what Washington will do at the penultimate moment in response to these Turkish threats, especially when the Turkish units (whose presence in Syria is illegal, just as in the case of the U.S., which has invaded the Syrian territories) begin their operations in 'Afrin and Manbij.

No matter what it claims, how it justifies its position, and how much it escalates the tone of its officials and ministers' statements, Ankara will not find it easy to deny that it is engaging in a military role on Syrian territories that conflicts with international law. Moreover, it hosts tens of terrorist organizations, some of which - such as the Nusra Front (which goes by the name Tahrir ash-Sham Organization) and especially its dangerous terrorist ally, the Turkistan Islamic Party, which is the Syrian branch of the separatist Uyghur Turkistan Islamic Party in the Chinese Xinjiang Province - are on international lists of terrorist organizations. Therefore, its claim to be combating terrorism is exposed as starkly false. Furthermore, it has helped these terrorist organizations by providing them with logistical backing during their counterattack on the Syrian army and its allies in Idlib's countryside, which aims to prevent the army from liberating the Abu adh-Dhuhur Airbase.

All of this means that if it wishes to defeat the American project, which poses a greater threat to Syria than to Turkey, Ankara will have to be more truthful and straightforward with Russia and Iran, its two guarantor partners in Astana. At the same time, it must work on restraining the terrorist groups it sponsors and that are its allies in Idlib, which it continues to protect and on which it continues to rely to obstruct the Syrian army's advance and prolong the Syrian crisis. In fact, the Great Idlib Battle seems inevitable if Ankara continues to view this area as a zone for Turkish 'mandate and influence.'

The Russian and Iranian positions are in complete harmony with the official Syrian position in viewing the dangerous American project to form a mercenary army under the banner of a border guard as a self-evident attempt to partition Syria, prolong its crisis, obstruct the efforts to convene the Sochi conference, and undermine the entire political track, whether it goes by the name of Geneva or Astana or especially Sochi. For, in the latter case, the Americans and what remains of the bankrupt Syrian opposition groups view it as the coup de grace that will finish off the project to topple the Syrian state and partition the country, especially since the Sochi conference will be a dialogue between the Syrians themselves, free from the foreign hegemony and ***interventions*** that have now been exposed after seven years of conspiracies and spreading anarchy and destruction in Syria.

The head of Russian diplomacy, Sergei Lavrov, has drawn attention to the 'problems' that the American project will create between the Kurds and Turkey. He noted that the project will not help improve the situation in 'Afrin, and that it may 'cut off a large area of Syria's borders with Turkey and Iraq, which is cause for concern.' This indicates, among other things, that the relevant parties intend to oppose - or foil, in fact - the American scheme and prevent it from being carried out on the ground.

The ball now is in the Turkish court. It can, if it wants, stop backing the terrorists in Idlib and take serious steps on the ground to cleanse Idlib Governorate and its countryside from these groups.

"These include the SDF mercenaries whom the Americans are training, ***planning*** to place 'Border Guard' hats on their heads," concludes Kharroub.

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[***Washington: AFRICAN GROWTH AND OPPORTUNITY ACT AND MILLENNIUM CHALLENGE ACT MODERNIZATION ACT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RFG-21T1-JDG9-Y42M-00000-00&context=1516831)

Impact News Service

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**Body**

Washington: The Library of Congress, The Government Washington: of USA has issued the following house proceeding:

 Mr. ROYCE of California. Mr. Speaker, I move to suspend the rules and pass the bill (H.R 3445) to enhance the transparency and accelerate the impact of ***programs*** under the African Growth and Opportunity Act and the Millennium Challenge Corporation, and for other purposes, as amended. The Clerk read the title of the bill. The text of the bill is as follows: H.R 3445 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [[Page H431]] SECTION 1. SHORT TITLE. This Act may be cited as the ``African Growth and Opportunity Act and Millennium Challenge Act Modernization Act'' or the ``AGOA and MCA Modernization Act''. SEC.

2. TABLE OF CONTENTS. The table of contents for this Act is as follows: Sec. 1. Short title. Sec. 2. Table of contents. TITLE I--ENHANCEMENT OF THE AFRICAN GROWTH AND OPPORTUNITY ACT Sec. 101. Statement of policy. Sec. 102. Definitions. Sec. 103. Activities in support of transparency. Sec. 104. Activities in support of trade capacity building. TITLE II--MODERNIZATION OF THE MILLENNIUM CHALLENGE CORPORATION Sec. 201. Candidacy status. Sec. 202. Carryover authority for private-sector members of board of directors. Sec. 203. Additional reporting to the board on the treatment of civil society in an eligible country. Sec. 204. Concurrent compacts under the Millennium Challenge Act of 2003. Sec. 205. Public notification of entering into a compact. Sec. 206. Disclosure. Sec. 207. Restriction on the use of assistance under section 616. Sec. 208. Study on subnational compacts. TITLE I--ENHANCEMENT OF THE AFRICAN GROWTH AND OPPORTUNITY ACT SEC. 101. STATEMENT OF POLICY. It is the policy of the United States to support efforts to-- (1) improve the rule of law, promote free and fair elections, strengthen and expand the private sector, and fight corruption in sub-Saharan Africa; and (2) promote the role of women in social, political, and economic development in sub-Saharan Africa. SEC. 102. DEFINITIONS. In this title-- (1) Agoa website.--The term ``AGOA Website'' means the website established pursuant to section 103(a). (2) Eligible sub-saharan african country.--The term ``eligible sub-Saharan African country'' means a country that the President has determined meets the eligibility requirements set forth in section 104 of the African Growth and Opportunity Act (19 U.S.C 3703). SEC. 103. ACTIVITIES IN SUPPORT OF TRANSPARENCY. (a) AGOA Website.-- (1) In general.--The President shall establish a publicly available website for the collection and dissemination of information regarding the African Growth and Opportunity Act (19 U.S.C 3701 et seq.). (2) Contents.--The President shall publish on the AGOA Website the information described in paragraph (1), including-- (A) information and technical assistance provided at United States Agency for International Development regional trade hubs; and (B) a link to the websites of United States embassies located in eligible sub-Saharan African countries. (3) Actions by united states embassies.--The Secretary of State should direct United States embassies located in eligible sub-Saharan African countries to-- (A) encourage individuals and businesses in such countries to use the benefits available under the African Growth and Opportunity Act; and (B) include a link to the AGOA Website on the websites of such diplomatic missions. (b) AGOA Forum.--After each meeting of the United States- Sub-Saharan Africa Trade and Economic Cooperation Forum, the President should publish on the AGOA Website the following: (1) The outcomes of the meeting of the Forum, including any commitments made by member countries and the private sector. (2) An assessment of progress made with respect to any commitments made by member countries and the private sector from the previous meeting of the Forum. (c) Other Information.--The President should disseminate the information required under this section in a digital format to the public and publish such information on the AGOA Website. SEC. 104. ACTIVITIES IN SUPPORT OF TRADE CAPACITY BUILDING. The President should-- (1) develop and implement policies that-- (A) encourage and facilitate cross-boundary cooperation among eligible sub-Saharan African countries in order to facilitate trade; and (B) encourage the provision of technical assistance to eligible sub-Saharan African countries to establish and sustain adequate trade capacity development; (2) provide specific training for businesses in eligible sub-Saharan African countries and government trade officials of such countries on accessing the benefits under the African Growth and Opportunity Act and other trade preference ***programs***; (3) provide capacity building for African entrepreneurs and trade associations on production strategies, quality standards, formation of cooperatives, market research, and market development; (4) provide capacity building training to promote diversification of African products and value-added processing; and (5) provide capacity building and technical assistance funding for African businesses and institutions to help such businesses and institutions comply with United States counterterrorism initiatives and policies. TITLE II--MODERNIZATION OF THE MILLENNIUM CHALLENGE CORPORATION SEC. 201. CANDIDACY STATUS. (a) Low Income Countries.--Section 606(a) of the Millennium Challenge Act of 2003 (22 U.S.C 7705(a)) is amended-- (1) in paragraph (1)(B), by striking ``(3)'' and inserting ``(4)''; (2) in paragraph (2)-- (A) by amending the paragraph heading to read as follows: ``Fiscal years 2005 through 2012''; and (B) by striking ``fiscal year 2005 or a subsequent fiscal year'' and inserting ``each of fiscal years 2005 through 2012''; (3) by redesignating paragraph (3) as paragraph (4); and (4) by inserting after paragraph (2) the following: ``(3) Fiscal year 2013 and subsequent fiscal years.--A country shall be a candidate country for purposes of eligibility for assistance for fiscal year 2013 or a subsequent fiscal year if the country-- ``(A) has a per capita income not greater than the lower middle income country threshold established by the International Bank for Reconstruction and Development for such fiscal year; ``(B) is among the 75 countries identified by the International Bank for Reconstruction and Development as having the lowest per capita income; and ``(C) meets the requirements under paragraph (1)(B).''. (b) Lower Middle Income Countries.--Section 606(b) of the Millennium Challenge Act of 2003 (22 U.S.C 7705(b)) is amended-- (1) in paragraph (1)-- (A) by amending the paragraph heading to read as follows: ``Fiscal years 2006 through 2012''; and (B) in the matter preceding subparagraph (A), by striking ``fiscal year 2006 or a subsequent fiscal year'' and inserting ``fiscal years 2006 through 2012''; (2) by redesignating paragraph (2) as paragraph (3); and (3) by inserting after paragraph (1) the following: ``(2) Fiscal year 2013 and subsequent fiscal years.--In addition to the countries described in subsection (a), a country shall be a candidate country for purposes of eligibility for assistance for fiscal year 2013 or a subsequent fiscal year if the country-- ``(A) has a per capita income not greater than the lower middle income country threshold established by the International Bank for Reconstruction and Development for the fiscal year; ``(B) is not among the 75 countries identified by the International Bank for Reconstruction and Development as having the lowest per capita income; and ``(C) meets the requirements under subsection (a)(1)(B).''. (c) Reclassification.--Section 606 of the Millennium Challenge Act of 2003 (22 U.S.C 7705) is amended-- (1) by redesignating subsection (c) as subsection (d); and (2) by inserting after subsection (b) the following: ``(c) Treatment of Countries With Per Capita Income Changes.--A country qualifying for candidate status under this section with a per capita income that changes during the fiscal year such that the country would be reclassified from a low income country to a lower middle income country or from a lower middle income country to a low income country shall retain its candidacy status in its former income classification for such fiscal year and the two subsequent fiscal years.''. SEC. 202. CARRYOVER AUTHORITY FOR PRIVATE-SECTOR MEMBERS OF BOARD OF DIRECTORS. Section 604(c)(4)(B) of the Millennium Challenge Act of 2003 (22 U.S.C 7703(c)(4)(B)) is amended to read as follows: ``(B) Other members.--Each member of the Board described in paragraph (3)(B)-- ``(i) shall be appointed for a term of 3 years; ``(ii) may be reappointed for a term of an additional 2 years; and ``(iii) may continue to serve in each such appointment until the earlier of-- ``(I) the date on which his or her successor is appointed; or ``(II) the date that is one year after the expiration of his or her appointment or reappointment, as the case may be.''. SEC. 203. ADDITIONAL REPORTING TO THE BOARD ON THE TREATMENT OF CIVIL SOCIETY IN AN ELIGIBLE COUNTRY. Section 607 of the Millennium Challenge Act of 2003 (22 U.S.C 7706) is amended-- (1) in subsection (a), by adding at the end the following: ``A determination whether a country is eligible for a subsequent, non-concurrent Millennium Challenge Compact shall also be based, to the extent practicable, on significantly improved performance across the criteria in subsection (b) that, at a minimum, are relevant to the preceding Compact, compared to the country's performance with respect to such criteria when selected for such preceding Compact.'' (2) in subsection (b)(1)-- (A) in subparagraph (D), by striking ``and'' at the end; (B) in subparagraph (E), by adding ``and'' at the end; and [[Page H432]] (C) by adding at the end the following: ``(F) the quality of the civil society enabling environment;''; (3) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and (4) by inserting after subsection (c) the following: ``(d) Reporting on Treatment of Civil Society.--For the 7- year period beginning on the date of the enactment of this subsection, before the Board selects an eligible country for a Compact under subsection (c), the Corporation shall provide information to the Board regarding the country's treatment of civil society, including classified information, as appropriate. The information shall include an assessment and analysis of factors including-- ``(1) any relevant laws governing the formation or establishment of a civil society organization, particularly laws intended to curb the activities of foreign civil society organizations; ``(2) any relevant laws governing the operations of a civil society organization, particularly those laws seeking to define or otherwise regulate the actions of foreign civil society organizations; ``(3) laws relating to the legal status of civil society organizations, including laws which effectively discriminate against foreign civil society organizations as compared to similarly situated domestic organizations; ``(4) laws regulating the freedom of expression and peaceful assembly; and ``(5) laws regulating the usage of the Internet, particularly by foreign civil society organizations.''. SEC. 204. CONCURRENT COMPACTS UNDER THE MILLENNIUM CHALLENGE ACT OF 2003. (a) In General.--Section 609 of the Millennium Challenge Act of 2003 (22 U.S.C 7708) is amended-- (1) by striking the first sentence of subsection (k); (2) by redesignating subsection (k) (as so amended) as subsection (l); and (3) by inserting after subsection (j) the following: ``(k) Concurrent Compacts.--An eligible country that has entered into and has in effect a Compact under this section may enter into and have in effect at the same time not more than one additional Compact in accordance with the requirements of this title if-- ``(1) one or both of the Compacts are or will be for purposes of regional economic integration, increased regional trade, or cross-border collaborations; and ``(2) the Board determines that the country is making considerable and demonstrable progress in implementing the terms of the existing Compact and supplementary agreements thereto.''. (b) Conforming Amendment.--Section 613(b)(2)(A) of such Act (22 U.S.C 7712(b)(2)(A)) is amended by striking ``the'' before ``Compact'' and inserting ``any''. (c) Applicability.--The amendments made by this section apply with respect to Compacts entered into between the United States and an eligible country under the Millennium Challenge Act of 2003 before, on, or after the date of the enactment of this Act. SEC. 205. PUBLIC NOTIFICATION OF ENTERING INTO A COMPACT. Section 610 of the Millennium Challenge Act of 2003 (22 U.S.C 7709) is amended to read as follows: ``SEC. 610. CONGRESSIONAL AND PUBLIC NOTIFICATION. ``(a) Congressional Consultations and Notifications.-- ``(1) In general.--The Board, acting through the Chief Executive Officer, shall consult with and notify the appropriate congressional committees not later than 15 days before taking any of the actions described in paragraph (2). ``(2) Actions described.--The actions described in this paragraph are-- ``(A) providing assistance for an eligible country under section 609(g); ``(B) commencing negotiations with an eligible country to provide assistance for-- ``(i) a Compact under section 605; or ``(ii) an agreement under section 616; ``(C) signing such a Compact or agreement; and ``(D) terminating assistance under such a Compact or agreement. ``(3) Economic justification.--Any notification relating to the intent to negotiate or sign a Compact shall include a report describing the projected economic justification for the Compact, including, as applicable-- ``(A) the expected economic rate of return of the Compact; ``(B) a cost-benefit analysis of the Compact; ``(C) a description of the impact on beneficiary populations; ``(D) the likelihood that the investment will catalyze private sector investments; and ``(E) any other applicable economic factors that justify each project to be funded under such a Compact to the extent practicable and appropriate. ``(4) Risk management ***plan***.--Not later than 60 days before signing each concurrent Compact, as authorized under section 609, the Board, acting through the Chief Executive Officer, shall consult with and provide to the appropriate congressional committees-- ``(A) an assessment and, as appropriate, the identification of potential measures to mitigate risks, of-- ``(i) the countries' commitment to regional integration and cross-border cooperation and capacity to carry out commitments; ``(ii) political and policy risks, including risks that could affect country eligibility; ``(iii) risks associated with realizing economic returns; ``(iv) time and completion risks; and ``(v) cost and financial risks; and ``(B) an assessment of measures to be taken to mitigate any identified risks, including-- ``(i) securing other potential donors to finance projects or parts of projects as needed; and ``(ii) partnering with regional organizations to support and oversee effective cross-border cooperation. ``(b) Congressional and Public Notification After Entering Into a Compact.--Not later than 10 days after entering into a Compact with an eligible country, the Board, acting through the Chief Executive Officer, shall-- ``(1) publish the text of the Compact on the website of the Corporation; ``(2) provide the appropriate congressional committees with a detailed summary of the Compact and, upon request, the text of the Compact; and ``(3) publish in the Federal Register a detailed summary of the Compact and a notice of availability of the text of the Compact on the website of the Corporation.''. SEC. 206. DISCLOSURE. (a) Requirement for Timely Disclosure.--Section 612(a) of the Millennium Challenge Act of 2003 (22 U.S.C 7711(a)) is amended-- (1) in the subsection heading, by inserting ``Timely'' before ``Disclosure''; and (2) in the matter preceding paragraph (1)-- (A) by striking ``The Corporation'' and inserting ``Not later than 90 days after the last day of each fiscal quarter, the Corporation''; and (B) by striking ``on at least a quarterly basis,''. (b) Dissemination.--Section 612(b) of the Millennium Challenge Act of 2003 (22 U.S.C 7711(b)) is amended to read as follows: ``(b) Dissemination.--The Board, acting through the Chief Executive Officer, shall make the information required to be disclosed under subsection (a) available to the public-- ``(1) by publishing it on the website of the Corporation; ``(2) by providing notice of the availability of such information in the Federal Register; and ``(3) by any other methods that the Board determines to be appropriate.''. SEC. 207. RESTRICTION ON THE USE OF ASSISTANCE UNDER SECTION 616. Section 616(d) of the Millennium Challenge Act of 2003 (22 U.S.C 7715(d)) is amended to read as follows: ``(d) Funding.-- ``(1) Limitation.--Not more than 10 percent of the amounts made available to carry out this Act for a fiscal year may be made available to carry out this section. ``(2) Restriction relating to assistance.--None of the funds authorized to carry out the purposes of this Act shall be available for assistance under this section to a country that does not qualify as a candidate country under section 606 for the fiscal year during which such assistance is provided.''. SEC. 208. STUDY ON SUBNATIONAL COMPACTS. (a) In General.--Not later than 180 days after the date of the enactment of this Act, the Board of the Millennium Challenge Corporation, acting through the Chief Executive Officer, shall submit a study to the appropriate congressional committees that assesses the feasibility and desirability of developing partnerships at the subnational level within candidate countries that would be complementary to, and, as applicable, concurrent with, any Millennium Challenge Corporation national-level or regional investments. (b) Content.--The study required under subsection (a) shall examine-- (1) the extent to which targeting investments at the subnational level might provide new opportunities for reducing poverty through economic growth; (2) the extent to which traditional approaches to defining poverty may not adequately capture the nature of poverty within a country; (3) the types of subnational entities that might be appropriate partners for subnational Millennium Challenge Corporation compacts; (4) how candidates for subnational partners might best be identified; and (5) what role each national government should play in creating or implementing a subnational partnership. (c) Appropriate Congressional Committees.--In this subsection, the term ``appropriate congressional committees'' means-- (1) the Committee on Foreign Relations of the Senate; (2) the Committee on Appropriations of the Senate; (3) the Committee on Foreign Affairs of the House of Representatives; and (4) the Committee on Appropriations of the House of Representatives. The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. Royce) and the gentleman from New Jersey (Mr. Sires) each will control 20 minutes. The Chair recognizes the gentleman from California. [[Page H433]] General Leave Mr. ROYCE of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous materials in the Record. The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? There was no objection. {time} 1400 Mr. ROYCE of California. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I have been honored to serve as chairman of the House Foreign Affairs Committee for the past 5 years. Over this period, there has been no shortage of threats to our national security. But I must share with you, there have also been great opportunities--opportunities to make America safer, to make this country more prosperous through ***strategic*** investments in diplomacy, and also investments in development. This bill before us today is one example. The African Growth and Opportunity Act and Millennium Challenge Act Modernization Act seeks to facilitate trade and private sector growth in poor but relatively well- governed countries. This is particularly true in sub-Saharan Africa. Mr. Speaker, I would share with my colleagues the goal here is so that they can grow their own way out of poverty. What this legislation does is it seeks to help countries graduate from the need for foreign aid, while simultaneously opening doors for American businesses to break into the most promising emerging markets. For those of you who have followed this, you have watched trade double and then triple with sub-Saharan Africa. Through AGOA--as we call this African Growth and Opportunity Act-- goods ***produced*** in eligible African countries enter the United States on a duty-free basis. But to be eligible, countries must be committed to the rule of law, to eliminating barriers to U.S trade and investment, to combating corruption, and to supporting counterterrorism activities. So AGOA, as you can see, advances U.S interests on so many different levels. I am proud to be a member of the AGOA coalition from the beginning. I was one of the original authors of the bill and I have witnessed its transformative impact. So despite its benefits, AGOA does remain underutilized in too many countries. Prior to its reauthorization in 2015, I set out to learn why, and I traveled to many countries in southern and eastern Africa, where I met with U.S and African trade officials, business leaders, and entrepreneurs. I visited garment factories and power stations. We saw trade hubs. I heard a lot about poor infrastructure. I heard a lot about competition with China and burdensome U.S regulations that are difficult to understand. Then I walked into an artisan shop in Addis Ababa, and it was run by a remarkable woman. Her name was Sara Abera. I learned that she, in fact, had benefited from technical assistance through the U.S -East Africa Trade and Investment Hub. She was now exporting to the United States through AGOA. I learned that she was, though, an exception to the rule. She is not the rule. Other than Sara, there were very few businesses and very few business leaders and entrepreneurs that seemed to have the knowledge of how to access AGOA. To fix this, the bill before us today would make information about AGOA available to an easily accessible public website. This bill also urges U.S Embassies in eligible countries to more consistently promote AGOA and trade hubs, and it seeks to bring greater transparency to commitments made at annual AGOA forums to followup on these commitments. So this bill strengthens the Millennium Challenge Corporation, which is already one of our most effective tools for incentivizing policy reform and unlocking market-based growth in developing countries. It increases the MCC's flexibility to promote regional trade, collaboration, economic integration. It does this by allowing up to two simultaneous compacts with an eligible country. It also improves transparency and accountability. It does that by streamlining and strengthening congressional oversight. Trade and free-market principles, frankly, if we think about it, have helped lift more than 1 billion people out of poverty over the last decade. But it is not just this humanitarian goal that leads us to invest in communities abroad. It is clear that investments targeted towards greater health, towards growing a healthier society, and towards growing a more sustainable society also helps advance U.S security and economic interests. It is, therefore, vital that we ensure that two of our most impactful development and trade facilitation tools--that is the African Growth and Opportunity Act, and our Millennium Challenge Corporation--are efficient, effective, and fully utilized. This bill will do exactly that. Mr. Speaker, I urge Members to support this important measure, and I reserve the balance of my time. Committee on Foreign Affairs, House of Representatives, Washington, DC, December 8, 2017. Hon. Kevin Brady, Chairman, Committee on Ways and Means, Washington, DC. Dear Chairman Brady: Thank you for consulting with the Foreign Affairs Committee and agreeing to forgo a sequential referral request on H.R 3445, the AGOA and MCA Modernization Act, so that the bill may proceed expeditiously to the House floor. I agree that your forgoing further action on this measure does not in any way diminish or alter the jurisdiction of your committee, or prejudice its jurisdictional prerogatives on this resolution or similar legislation in the future. I will seek to place our letters on H.R 3445 into the Congressional Record during floor consideration. I appreciate your cooperation regarding this legislation and look forward to continuing to work together as this measure moves through the legislative process. Sincerely, Edward R. Royce, Chairman. \_\_\_\_ Committee on Foreign Affairs, House of Representatives, Washington, DC, December 14, 2017. Hon. Christopher H. Smith, Chairman, Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations, Washington, DC. Dear Chairman Smith: I am writing regarding H.R 3445, the African Growth and Opportunity Act and Millennium Challenge Act Modernization Act, which the Committee on Foreign Affairs marked up on September 28, 2017. As the author of H.R 3445, the Chairman of the Committee on Foreign Affairs, and a legislator committed to the protection of life, I have confirmed that nothing in H.R      3445, including the amendments made by this bill, alters existing statutory or policy prohibitions against the performance or promotion of abortion under section 104 of the Foreign Assistance Act of 1961 (22 U.S.C 2151b) or any other provision of law, which categorically prohibits the Millennium Challenge Corporation from utilizing U.S foreign assistance dollars--including funds reserved for administrative expenses--to support the performance or promotion of abortion overseas. This includes longstanding prohibitions on the use of funds ``to lobby for or against abortion,'' most recently enacted in Title III of Division J of the Consolidated Appropriations Act, 2017 (P.L 115-31), which preclude U.S foreign assistance agencies, including MCC, from using their activities to promote changes in the abortion laws of foreign countries. I will place this letter into the Congressional Record during Floor consideration of H.R 3445, and thank you for your cosponsorship and support for this important legislation. Sincerely, Edward R. Royce, Chairman. \_\_\_\_ Committee on Ways and Means, House of Representatives, Washington, DC, January 3, 2018. Hon. Edward R. Royce, Chairman, Committee on Foreign Affairs, Washington, DC. Dear Chairman Royce: I am writing with respect to H.R      3445, the ``AGOA and MCA Modernization Act.'' As a result of your having consulted with us on this legislation, I agree not to request a sequential referral on this bill so that it may proceed expeditiously to the House floor. The Committee on Ways and Means takes this action with the mutual understanding that by forgoing formal consideration of H.R 3445, we do not waive any jurisdiction over the subject matter contained in this or similar legislation, and the Committee will be appropriately consulted and involved as the bill or similar legislation moves forward so that we may address any remaining issues that fall within our Rule X jurisdiction. The Committee also reserves the right to seek appointment of an appropriate number of conferees to any House-Senate conference involving this or similar legislation, and requests your support for such request. Finally, I would appreciate your response to this letter confirming this understanding, and would ask that a copy of our exchange of letters on this matter be included in the [[Page H434]] Congressional Record during floor consideration thereof. Sincerely, Kevin Brady, Chairman. Mr. SIRES. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I rise in support of this measure. I would like to begin by thanking the chairman of the Foreign Affairs Committee, Ed Royce; and the ranking member of the Africa, Global Health, Global Human Rights, and International Organizations Subcommittee, Karen Bass, for their hard work on this legislation. The Africa Growth and Opportunity Act, AGOA, first passed by Congress in the year 2000, has helped to foster a more robust trade relationship between the United States and the nations of sub-Saharan Africa. AGOA has helped to create economic opportunities for thousands of people in Africa, while also benefiting U.S farmers, manufacturers, and small businesses by providing new markets for their goods. The bill before us today will make AGOA even more effective. It requires the creation of a website to make information about AGOA benefits more readily available to both sub-Saharan partners and the American people, and it provides much-needed technical assistance to help eligible partners fully utilize the available trade benefits. The legislation also provides new authorities for the Millennium Challenge Corporation, an independent agency that is charged with promoting economic growth, reducing poverty, and strengthening institutions in eligible countries. Specifically, it will give MCC the ability to enter into regional compacts by simultaneously engaging several countries to fund investments that could benefit all of them. We know economies fail if they are isolated. Coordinated investments across the region will have an enormous beneficial impact on trade, development, regional stability, and international investment. There are several good opportunities for regional compacts. In west Africa, MCC currently partners with 10 countries. In southern Africa, MCC partners with three countries. Mr. Speaker, I urge my colleagues to support this bipartisan measure. The Africa Growth and Opportunity Act is a critical piece of legislation that increases ties and helps foster deeper relationships with partners throughout Africa. Mr. Speaker, I urge my colleagues to support this measure, and I reserve the balance of my time. Mr. ROYCE of California. Mr. Speaker, I reserve the balance of my time. Mr. SIRES. Mr. Speaker, I yield 5 minutes to the gentlewoman from California (Ms. Bass), the lead cosponsor of this legislation and the ranking member of the Foreign Affairs' Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations. Ms. BASS. Mr. Speaker, I rise today in strong support of H.R 3445, AGOA and MCA Modernization Act. The African Growth and Opportunity Act and the Millennium Challenge Corporation have proven track records of spurring economic development. Expanding these ***programs*** advances our position as international leaders, strengthens our domestic job market and economy, while protecting our national security interests. Trade and development go hand in hand. U.S investments around the world increases trade opportunities and opens new markets for U.S goods and services. Africa's consumer spending is expected to reach $1 trillion. We must act now in order to solidify this important trade relationship. If we fail to act, rest assured that other nations are ready, willing, and able to fill our void. We have the opportunity through AGOA and MCA to advance stability, security, and business growth on the continent and here at home. This is in our best interest. That is why I joined my colleagues, Chairman Royce, Ranking Member Engel, and Representative Smith, to introduce H.R 3445, the AGOA and MCA Modernization Act earlier this year. Moving developing countries away from foreign aid and towards trade also helps U.S manufacturers, farmers, and small businesses. We are building long-term trading partners for our goods and services. By using trade, we can also address the root causes of violent extremism and terrorism. This legislation strengthens the AGOA and the MCA--key laws in the effort to promote U.S -Africa trade. For example, AGOA and MCA gives MCC greater flexibility to promote trade, collaboration, and economic integration by allowing up to two simultaneous compacts with an eligible country. This is important because, as most of us know, African

countries are still grappling with the legacy of colonialism. For example, only a few hundred miles separate Lagos, Nigeria, from Accra, Ghana. In the United States, traveling this distance would take a few hours. For traders on the continent, the same trip can take up to a full day. They have to contend with inadequate roads, arduous border checks, or high tariffs. MCC recently signed a compact with Cote d'Ivoire, an economic and cultural hub in west Africa and a longtime ***strategic*** and economic partner of the U.S This compact will diversify the nation's economy by targeting two constraints to growth: access to a skilled workforce and the mobility of goods and people in the nation's capital, Abidjan, Cote d'Ivoire's commercial capital. The Transport Project will focus on rehabilitating key roads in the capital to enable people and goods to move freely throughout the busy city and its ***strategic*** port. With 20 percent of the nation's population living in the capital, unlocking congestion will create opportunities to buy and sell products, expand businesses, improve access to key services, and open up greater trade. This compact is expected to benefit more than 11 million people. In a country where more than half of the population is under the age of 24, it will help to shape a strong, stable future for Cote d'Ivoire. This compact is all about creating opportunities and stabilities for citizens and businesses in Cote d'Ivoire, west Africa, and in the U.S By making coordinated investments across countries, MCC could help these nations work together to grow regional markets and facilitate trade. Passage of this bill in the House is an important step toward increasing regional integration across Africa, advancing stability and security and opening new markets for trade. I believe strongly that it is in our economic and political interest to expand our economic relationships with the nations of Africa. I have said this before and I will continue to reiterate this point. I also believe that the African Growth and Opportunity Act is the key to development of stronger, mutually beneficial economic relations between this country and African nations. Mr. ROYCE of California. Mr. Speaker, I would like to close if the gentleman has no other speakers. I reserve the balance of my time. {time} 1415 Mr. SIRES. Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas (Ms. Jackson Lee). Ms. JACKSON LEE. Mr. Speaker, I thank the gentleman from New Jersey for his leadership, and I thank Mr. Royce, Mr. Engel, Mr. Smith, and Ms. Bass for establishing a real, viable African policy, a policy that I have had the privilege of being part of for all of the years that I have served in the United States Congress. I remember making the first inaugural trip to do the research and to meet with heads of state in Africa on the question of the African Growth and Opportunity Act. Over the years, we worked with the Bush administration on the Millennium Challenge Corporation. So I am delighted that we have a bill that improves the benefits. It is even more important, in this time, to make sure that the policies of the United States toward Africa and the African countries are clear and precise. They are strong allies and a very viable trade partner. This, of course, Mr. Speaker, is crucial in the backdrop of very vulgar statements that, unfortunately, have come from the Commander in Chief. Therefore, this is the policy that is real, an ongoing partnership, the fact that Africa represents a growing population of 1 billion people. When we last traveled with a President of the United States--which then was President [[Page H435]] Barack Obama--and visited a number of African countries, in particular Kenya, we were there to look at the rising population of small- and medium-sized entrepreneurs, young millennials, and others who were eager to engage in business. The African Growth and Opportunity Act will be a pathway for sub- Saharan African countries in that area that will create the pathway for trade for the goods of those ***produced*** on the continent. Peace and the economy go together. If we have an economic engine partnership with the United States, looking at good quality investment, and if we have the work of the Millennium Challenge to challenge countries to become more democratic, to open the doors of opportunity, to have a better fiscal system, and to be a real partner in these improvements, that is a real African policy. So I rise to support the underlying bill, H.R 3445. I rise to support it because it is an advancement to the work that has been done over the years by the United States Congress and the many partners that we have had. I am a student of Africa, having gone to school in Accra and Kumasi in Ghana and, of course, in Lagos and Ibadan in Nigeria. I have traveled often, and I understand the ingenuity, the eagerness, and the commitment to democratic principles and, of course, the opportunities for their young generation. So I rise today to support the bill. I thank the sponsors for this very excellent legislation. It is good work. Mr. Speaker, I don't know if it is appropriate, but I ask unanimous consent to cosponsor the legislation at this time. The SPEAKER pro tempore. The gentlewoman's request to be added as a cosponsor cannot be entertained at this point on this bill. Mr. SIRES. Mr. Speaker, I yield back the balance of my time. Mr. ROYCE of California. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I will sum up here. What this bill does is unlock a greater potential for AGOA, for the African Growth and Opportunity Act, so communities in Africa can strengthen their own economies and become U.S trade partners rather than aid recipients. It also enhances the impact of MCC by accelerating regional economic integration trade. It is good for American taxpayers. It is certainly good for job creators in the United States. It is good for our national security. It is good for Africa--for the people of Africa. I think this legislation is the product of more than 2 years of negotiations. It enjoys very broad support. As I say, it doesn't cost the taxpayers anything. I really want to thank some of the Members who worked hard on this. I thank Representative Karen Bass for her good work, Congresswoman Sheila Jackson Lee, Ranking Member Engel, and Representative Chris Smith; Senators Corker, Cardin, Isakson, and Coons. I thank them for their help on my measure here today and for their continued commitment to reducing poverty through market-based economic growth. Mr. Speaker, I yield back the balance of my time. Mr. SMITH of New Jersey. Mr. Speaker, I rise today in support of H.R 3445, the African Growth and Opportunity Act and Millennium Challenge Act Modernization Act. I am an original cosponsor of H.R 3445, and as Chairman of the House Foreign Affairs Africa subcommittee, I want to applaud Chairman Royce, Ranking Member Elliot Engel, and the Ranking Member of my subcommittee, Karen Bass, for their commitment to Africa and to enhancing trade, and all the benefits in terms of closer relationships that flow from trade, between the people of the United States and the people of Africa. The original AGOA Act of 2000 has been called a ``cornerstone'' of our trade policy toward the continent, and it has served us well. Over the years, however, our subcommittee has had numerous hearings--not to mention meetings with African heads of state and ambassadors--on AGOA, increasing exports to Africa, and on cultivating the-rule-of-law reforms necessary to attract business and investment to Africa. In past Congresses I introduced the Increasing American Jobs Through Greater Exports to Africa Act. It has become apparent that, as well as AGOA has served us, there is room for improvement and innovation. H.R 3445 marks a step toward that, by emphasizing capacity building and training and encouraging entrepreneurship in Africa. Importantly, it acknowledges that the world has changed since 2000, and that Africa has been targeted by radical extremists such as Boko Haram and al- Shabaab. Recognizing that we now live in a post-2001 world, H.R 3445 fosters compliance with our counterterrorism initiatives by African businesses and institutions. Africa, and much of the developing world, has also benefitted from the Millennium Challenge Corporation since passage of the Millennium Challenge Act of 2003. MCC is a critical partner, for example, in our Global Food Security strategy, which fosters ***agriculture***-led economic development. Though MCC has played a key role, there are also room for improvements. Sometimes during the country selection process, narratives about a country become set, and there is not a fresh appraisal of evidence regarding improvements, or backsliding, in the conditions of that country. I'd like to thank Chairman Royce for working to ensure that MCC remains a vehicle focused on assisting countries with development, and does not become diverted from its original mission. I urge my colleagues to join me in support of H.R 3445, the African Growth and Opportunity Act and Millennium Challenge Act Modernization Act. The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. Royce) that the House suspend the rules and pass the bill, H.R 3445, as amended. The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed. A motion to reconsider was laid on the table.

**Load-Date:** January 19, 2018

**End of Document**



[***Diversification and development aiding Qatar's economic recovery***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-73PK-00000-00&context=1516831)

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**Body**

Following a challenging 2016, when the price of Brent Crude dipped briefly below $30 per barrel and governments across the GCC were compelled to significantly adjust their fiscal ***plans***, 2017 has brought the region some respite - both to current accounts and the wider economy.

Qatar remained better insulated from the effects of oil price volatility than most countries in the Gulf, owing chiefly to the unintended countercyclical effects of its infrastructure investment boom. Nonetheless, a return of oil prices to above $50 per barrel will certainly reduce strain on the economy, which was beginning to experience tightening in liquidity. Stronger energy prices will provide the government with a positive platform for the launch of its new six-year ***strategic*** ***plan***, which will aim to further deliver on the economic diversification mandated by Qatar National Vision 2030.

The economic blockade that was imposed on Qatar in June 2017 by several of its regional neighbours has led to a further focus on local industry, and has particularly supported small and medium-sized enterprises in the country (see analysis), as well as the manufacturing sector.

**Challenges & Opportunities**

In common with the rest of the GCC, the precipitous drop in oil prices constrained the economic outlook for 2016. While Qatar's main export commodity is gas, most of its long-term contracts are priced using oil as a benchmark, leaving the economy subject to price volatility.

The national accounts reflect the sudden effect of this decline. In the final quarter of 2015 government revenues reached QR96.2bn ($26.4bn), and the total budget surplus was equivalent to 5.2% of GDP. Within three months, however, revenues dropped to QR29bn($8bn), and the budget deficit for the first quarter of 2016 reached 9.9% of GDP.

While authorities in other countries might have panicked in the face of such a rapid turnaround in public finances, Qatar's government took a measured approach to the problem. Early on it decided to cut current spending and borrowing on international debt markets. Both capital spending ***plans*** and long-term investments held by the Qatar Investment Authority (QIA) were to remain untouched.

**Appropriate Actions**

This approach was met with widespread approval. The IMF, in its concluding statement of the 2016 Article IV mission, noted that Qatar is "effectively adjusting to the new reality of sustained lower energy prices", and that financing the deficit mainly through external borrowing, as well as asset drawdown "seems appropriate". Debt markets gave their own seal of approval to the government's ***plans***, as initial demand for Qatar's record eurobond sale in May 2016 exceeded expectations. This led authorities to nearly double the total issue, from an initially ***planned*** $5bn to $9bn.

The recourse to international debt markets allowed Qatar to remain on track for its bold infrastructure investment ***programme***. Between 2010 and 2022 - when Qatar will host the FIFA World Cup - the government will spend an anticipated $220bn on projects across the economy, including the Qatar Integrated Rail Project (QIRP), the second phase of Hamad International Airport and the mixed-use development at Lusail City.

"Without a doubt Qatar's biggest milestone is the World Cup tournament," Yasser Wehbe, CEO of Lumatron, told OBG. "The increased activity in so many sectors, and specifically in local manufacturing, will play strongly into increasing GDP."

Continuing investments somewhat cushioned the economic effects of the sudden decline in hydrocarbons. According to the Ministry of Development ***Planning*** and Statistics (MDPS), non-hydrocarbons GDP grew by 5.6% in 2016.

**In Figures**

The IMF estimated Qatar's real GDP growth in 2016 in at 2.2%, marking continued deceleration. In 2012 real GDP was growing at 4.7%, and in the years following it slowed to 4.4%, 4% and 3.6% in 2015; before this, Qatar had several years of double-digit real GDP growth.

A sharp decline in hydrocarbons revenues between 2014 and 2015 - free on-board exports fell by almost 40%, from QR461bn ($126.6bn) to QR281bn ($77.2bn) - resulted in a drop in nominal GDP of more than 20%, with the hydrocarbons sector shrinking by 41.3%. This decline continued into the first quarter of 2016, with nominal GDP falling by 8.5%, and hydrocarbons by 23.6%, over this period. By this point the drop in oil prices had begun to affect the non-hydrocarbons economy, which until then had continuing positive growth. In the first quarter of 2016 nominal GDP in the non-hydrocarbons economy declined by 0.6%.

**Gdp Growth**

The situation began to improve in the second quarter of 2016, with nominal GDP growth picking up to 2.3%, before accelerating to 4.2% in the third quarter and 4.1% in the fourth quarter. However, in its Quarterly Statistical Bulletin of June 2017, QCB estimated that the growth rate fell to 2.7% during the first quarter of 2017, and a contraction of 3.1% in the second quarter.

The hydrocarbons sector - which expanded by 6.5%, 8.7% and 6% in the second, third and fourth quarters, respectively - led this return to growth. According to Qatar Central Bank (QCB) estimates, growth in hydrocarbons GDP was 7.8% in the first quarter of 2017. However, in the second quarter it was estimated to have contracted by 6.8%.

The non-hydrocarbons economy also returned to positive territory in the second, third and fourth quarters of 2016, growing by 0.6%, 3.2% and 3.3%, respectively, before falling to an estimated 0.3% in the first quarter of 2017 and then contracting by 1.3% in the second quarter.

Volatility in oil prices in 2015 ensured that, in nominal terms, the contribution of the hydrocarbons sector to the economy fell below 50% for the first time in recent years. In 2015 the non-hydrocarbons economy constituted 61.4% of the total, an increase of 13.9 percentage points over 2014. Moreover, the IMF anticipates that the non-hydrocarbons sector will continue to grow in coming years, hovering around 70% of nominal GDP up to 2020. Diversification will change the structure of the economy over time, as Qatar becomes increasingly reliant on non-hydrocarbons revenue sources.

"With the renewed focus by the country's leadership on diversifying the national economy, a revised strategy which empowers various players to boost the growth of tourism is set, and thus will impact the growth of the retail sector now and in the future," Bader Al Darwish, chairman and managing director of Darwish Holding, told OBG.

The most significant growth has been in construction, which as recently as 2012 accounted for under 5% of GDP. However, given the major investments in new infrastructure, the share of construction in the economy had risen to 11.9% by 2016.

This recent growth has brought construction almost onto a par with manufacturing, which is currently the second-largest sector in the economy after upstream hydrocarbons, representing 9.7% of GDP in 2015. The share of manufacturing has remained relatively stable in recent years. Between 2012 and 2017 the sector generally accounted for between 9.5% and 10.5% of GDP. By contrast, major growth segments in the economy over the same period have included wholesale and retail trade, which expanded from 5.3% of GDP in 2011 to 8.8% in 2015, and real estate, which grew from 3.9% to 6.4% over the same period.

**Inflation**

In terms of prices the 2016 downturn was compounded by an uptick in consumer price index (CPI) inflation, which had moderated somewhat, falling from 3.4% in 2014 to 1.8% in 2015. In 2016 inflation picked up once again: the IMF estimated this at 2.7%. QCB figures show most of the rise in inflation resulted from domestic factors, with indices for housing, education and transport seeing particularly sharp increases across the year. IMF projections see CPI inflation easing considerably for 2017, to 0.9% before once again increasing in 2018 to 4.9% with the anticipated launch of GCC-wide value-added tax, expected to be fixed at an initial 5%.

To some extent Qatar's inflationary pressures are driven by continuing strong growth in population, specifically in the migrant labour segment. Between 2006 and 2016 the compound annual growth rate in the population was 9.64%, with the overall population tripling as a result - growing from 1.04m in 2006 to 2.62m in 2016. MDPS and Qatar National Bank (QNB) figures show that, resulting from this growth, Qatar currently has a demographic bulge of working-age males between 20 and 49 years old, who account for 59.3% of the population.

QNB and the World Bank predict that the population will continue to grow relatively robustly and will reach 3m in 2025. However, upon the completion of many infrastructure projects in the early 2020s, many migrant labourers are likely to leave Qatar.

**Demographics**

According to MDPS figures, the labour force reached 1.99m in the second quarter of 2017, with migrant workers comprising 94.8% of the total. The rate of labour force participation was highest among males, at 96.2%, while female participation was significantly lower at 58.7%.

The MDPS also reported in its annual bulletin of labour force statistics that occupation varied by demographic group. In 2016 the plurality (32.8%) of the labour force was in crafts and related trades. The second-largest category - and with 40.3% of economically active women, the most common category for female workers - was elementary occupations, comprising 19% of all economically active individuals.

While 34.2% of non-citizens were in crafts and related trades, only 5.5% of citizens worked in this industry, and 0.1% of crafts and related trade workers were women. Furthermore, the plurality of Qataris (29.6%) worked as professionals, with only 8.1% of foreign nationals belonging to this category.

**Regional Performance**

Qatar is the third-largest economy in the GCC, after Saudi Arabia and the UAE. Between 2018 and 2022 Qatar is forecast to have average GDP growth of 2.97%.

Regarding global indicators for the overall economic environment, Qatar ranked 18th out of 138 countries in the World Economic Forum's 2017 Global Competitiveness Index, a fall of four places from 2016. However, this still places it second-highest in the GCC, behind only the UAE. As highlighted by the report, the main challenges facing domestic businesses are restrictive labour regulations and inflation. According to the ease of doing business index in the World Bank's "Doing Business 2018" report, Qatar ranked 83rd of 190 economies, placing it fourth in the GCC, above Saudi Arabia and below Oman. The World Bank found that Qatar has made important recent strides, improving access to credit information, and facilitating imports and exports with the inauguration of the new Hamad Port.

**Fiscal Policy**

The government ran a deficit of QR49.9bn ($13.7bn) in 2016, equivalent to 8.99% of GDP, according to Ministry of Finance (MoF) figures. To cover the deficit, Qatar issued $14.5bn of external debt, including the $9bn eurobond sale in May 2016 and $2.6bn of domestic debt, some of which also covered rollovers of existing debt. According to international media, this placed Qatar third for debt issuance in the region, after Saudi Arabia and the UAE. A total of $77.8bn of debt was issued across the Middle East in 2016, up 145% on 2015 and the highest figure since records began in 1980.

The scale of new borrowing saw Qatar's gross debt rise from 34.9% of GDP to an estimated 47.8% over the 12-month period from 2015 to 2016. Further IMF projections estimate that the gross government debt-to-GDP rate will continue to rise - albeit more gradually - over the next several years, eventually peaking at 55.5% in 2020. Indeed, according to the MoF, the government has continued to run a deficit in 2017: in the first and second quarters of the year the deficit was equivalent to 5.1% and 4.1% of GDP, respectively. In the 2017 budget the MoF stated ***plans*** to narrow the deficit by 56.9% from the 2016 rate, but this was still anticipated to reach QR28.4bn ($7.8bn). However, these figures were based on an estimated oil price of $45 per barrel, while actual prices averaged $51.25 in the first three quarters of 2017. This could cause the 2017 deficit to be lower than projected, though it equalled QR13.7bn ($3.8bn) by the end of the first half of 2017.

Alongside debt issuance, the government has embarked on a round of fiscal discipline to pare back current spending (see analysis). This saw expatriate workers in several government ministries laid off during 2016. Capital spending has been not only maintained but strengthened over the course of the downturn, with the MoF indicating that it expected to sign off on QR46.1bn ($12.7bn) of new contracts in 2017. This adds to an existing stock of QR374bn ($102.7bn) of non-hydrocarbons projects already initiated by the public sector. On the revenue side, several new tax-raising measures were scheduled to begin throughout 2017 (see analysis), adding to prior government efforts to rein in subsidies, which included a 30% hike in petrol prices in January 2016.

**Hydrocarbons Heavyweight**

Qatar's emergence as a modern, developed economy owes much to the discovery and exploitation of its mineral wealth. Oil was first discovered on the peninsula in 1939, with production beginning at the end of the following decade. Qatar has been a member of the Organisation of the Petroleum Exporting Countries (OPEC) since 1961, and by the 1970s the country had come to enjoy one of the highest GDPs per capita in the world. By that point the traditional economic mainstays of pearling and fishing had largely given way to the now dominant hydrocarbons sector, although government support ensured that ***agricultural*** activities continued.

In the following decades Qatar's economic fortunes fluctuated according to the price of oil. However, a major shift occurred in the mid-1990s with the decision to develop Qatar's natural gas fields. Chief among these is the North Field, discovered in 1971, which - together with its associated South Pars gas field in Iran - constitutes the world's largest natural gas deposit. Development of the field was a gamble, as delivery to market would need to occur almost entirely through LNG conversion, and the state borrowed heavily to finance the construction of the supporting infrastructure. This gamble paid off handsomely, however, as Qatar is now the world's largest exporter of LNG and the second-largest exporter of natural gas overall, with major export markets in Japan, South Korea, India and China.

The natural gas boon has seen Qatar once again become one of the wealthiest countries in the world per capita, and the richest per capita in oil and gas, with 76,900 barrels of oil equivalent reserves per capita - almost triple the figure for Kuwait, which holds second place. Moreover, the surpluses generated from hydrocarbons exports have not only enabled significant investments in domestic infrastructure, but also allowed Qatar to become a major investor overseas. The QIA, created in 2005, is the nation's sovereign wealth fund (SWF), and is currently the world's ninth-largest SWF with an estimated value of $335bn, according to the SWF Institute. The QIA holds investments in several blue-chip corporations, including Glencore, Barclays and Volkswagen, as well as substantial property assets in London, Los Angeles, Paris and Tokyo.

**Diversification Strategy**

The QIA is one aspect of the government's broader ***strategic*** ***plan*** for developing the national economy. The overall framework currently guiding economic policy is QNV 2030, which aims to transform Qatar into an "advanced country ... capable of sustaining its own development and providing for a high standard of living for all its people for generations to come". Delivery of QNV 2030's goals is achieved through a series of medium-term ***strategic*** ***plans***, known as the National Development Strategies (NDS).

The first NDS ran from 2011 to 2016. Priorities for the new ***plan***, which will run until 2022, are shifting growth towards tradeable sectors of the economy and laying the groundwork for the creation of a knowledge economy (see analysis). Running alongside the new ***plan*** will be an infrastructure investment ***programme***, which is expected to exceed the $242.1bn LNG expansion phase that occurred in the first decade of the 21st century, according to data from QNB, the MDPS and Haver Analytics.

In addition, Qatar is using its economic influence to drive expansion abroad. "After two decades of strong growth Qatari holdings need to seek overseas opportunities. Real estate has provided us with the necessary expertise and confidence that helped shift our investment interest to other sectors, such as banking, industry, health and retail," Sheikh Faisal bin Qassim Al Thani, chairman and founder of Al Faisal Company, told OBG. "Despite the current slowdown of the global economy there are scores of business opportunities for Qatari companies. We have identified several new international markets as key priorities, areas that have healthy regulatory environments and enjoy strong growth."

**Construction**

Among the largest projects currently under way are the $45bn mixed-use real estate development in Lusail City and the $40bn QIRP. Located 22 km north of Doha, the development is being carried out under the auspices of Qatari Diar, a subsidiary of the QIA. The project is due to be completed in 2019, with the Lusail Iconic Stadium set to host the opening and closing ceremonies of the 2022 FIFA World Cup. The 38-sq-km city, which has been under construction since 2006, is anticipated to have an eventual population of 450,000 people. Alongside residential and commercial districts, it will also house government ministries.

Construction on the QIRP began in 2012 and is due for completion in 2030, with key sections to be finished by 2022. The project will include 260 km of metro and light rail in Doha and Lusail City, and 400 km of mainline track in the rest of the country. This will include a high-speed link to Hamad International Airport and links to the GCC rail system and the industrial cities of Ras Laffan and Mesaieed.

Development of the system is proceeding in collaboration with Deutsche Bahn, which holds a 49% stake in the Qatar Rail Development Company, and it is a joint venture with Qatar Railways Company, which is a fully owned subsidiary of Qatari Diar. Other projects include the $8bn second phase of renovations of Hamad International Airport - expected to increase the size of the terminal by 50% and provide an additional 24 gates - and the $7.4bn Hamad Port to the south of Doha. The first phase of this new port has already been completed: full commercial operations began on December 1, 2016, while the second and third phases are moving ahead of schedule, brought from 2030 to 2020. The Public Works Authority has also allocated $35bn for the development of expressways and local roads.

In addition to this ongoing infrastructure investment, Qatar has updated its labour regulations in light of international scrutiny over working conditions among labourers in the run up to the 2022 FIFA World Cup. Labour Law No. 21 of 2015 came into effect in December 2016, effectively abolishing the prior *kafala* (sponsorship) system and replacing it with a contract-based model.

Under the new legislation the exit permits are abolished, special "grievance committees" will be established between employers and workers, and businesses will be fined up to QR25,000 ($7690) for holding employee passports.

**Oil & Gas**

According to OPEC's "Annual Statistical Bulletin 2017", Qatar ***produced*** an average of 651,500 barrels per day (bpd) of crude oil and 182.8bn cu metres of marketed natural gas in 2016. When gas-to-liquid production is also included, figures from BP show that domestic daily oil production was 1.9m bpd in 2016 - a sum which has remained relatively stable since 2011.

BP figures for Qatar's natural gas production are marginally lower than OPEC's, at 181.2bn cu metres in 2016, with annual growth of 1.3%, representing 5.1% of global natural gas production - placing Qatar fourth globally behind the US, Russia and Iran. In terms of pipeline exports Qatar is in ninth place globally. However, in LNG exports it ranks first, with 104.4bn cu metres in 2016.

According to data compiled by QNB Economics, Qatar's overall production of hydrocarbons amounted to 5m barrels of oil equivalent per day in 2015, with gas comprising 65% and oil 35%. While QNB estimated that total production remained flat with respect to 2014, there was some shifting in volumes, with gas production rising 4.2% and oil production declining slightly for the third consecutive year. Further declines in oil production are likely in 2017 as Qatar adjusts to new production quotas agreed in December 2016 in the first joint OPEC and non-OPEC production pact since 2001. The pact, signed at OPEC's headquarters in Vienna, will see cuts in production totalling around 1.8m bpd, or 2% of global production. However, hydrocarbons revenue has been recovering in 2017, which has improved the economic forecast for FY 2017/18.

In terms of new production, Qatar lifted the 2005 moratorium on further development of its North Field offshore gas deposit in April 2017. The last project agreed upon before this self-imposed suspension was the $10bn Barzan gas project, which is expected to provide additional production capacity of 56.6m cu metres per day, mainly for domestic use. The project is a joint venture between Qatar Petroleum (QP) and ExxonMobil, and production was scheduled to begin in November 2016 before ramping up to full capacity in 2017. The RasGas-operated project has been delayed several times, and after the discovery of a leak in a gas pipeline in October 2017, anonymous sources told Reuters the project was unlikely to begin before 2018.

In July 2017 QP announced ***plans*** to ramp up annual production at its North Field from 77m tonnes to 100m by 2024. QP is also engaged in an $11bn project to redevelop the existing oilfield at Bul Hanine, with a total of 150 new wells expected to be drilled by 2028, doubling capacity to 90,000 bpd and extending the life of the field.

**Industry**

While manufacturing contributed just under 10% to GDP in 2015, the sector has struggled somewhat recently in light of falling oil prices and weaker global commodities demand. Particularly, the petrochemicals segment has put expansion ***plans*** on hold, with two major new petrochemicals plants ***planned*** for Al Sejeel and Al Karaana cancelled in late 2014 and early 2015, respectively. Expansion of RasGas' helium plant at Ras Laffan is proceeding as ***planned***, however, with the third plant currently under construction and due to begin operations in 2018. The facility will boast an expected capacity of 400m standard cu feet of liquid helium per year.

A boost to the sector may arrive with the NDS 2017-22, which will focus on manufacturing highvalue, competitive and tradeable goods, such as pharmaceuticals and downstream petrochemicals, as a target for economic diversification, according to MDPS figures. Delivery of the new strategy will most likely involve close collaboration with Manateq, Qatar's economic zones authority, which is currently in the process of developing three major special economic zones (SEZs) across the country.

The three zones - Ras Bufontas, Um Alhoul and Al Karaana - are each at varying stages of development, with Ras Bufontas currently the closest to completion and due to open at the end of 2018. The SEZ will focus on logistics and warehousing and is located adjacent to Hamad International Airport on a 4-sq-km site. Um Alhoul and Al Karaana will focus on manufacturing and construction materials, respectively, and will receive larger tracts of 34 sq km and 38 sq km. Um Alhoul will begin operations in 2018, and Al Karaana - which is yet to begin construction - is expected to be completed towards the end of 2019. The SEZs each offer incentives to attract international investors, including opportunities for 100% foreign ownership.

**Finance**

The financial services industry saw its share of GDP rise to 8.2% in 2015, up from 5.9% the previous year. Despite challenging conditions, 2016 saw more positive growth in the sector, with total assets held by Qatar's banks rising 13.5% to QR1.3trn ($357bn), and deposits up 11.8% to QR726.9bn ($199.6bn). Much of the deposit growth, however, came from overseas sources as the domestic banking sector suffered a tightening of liquidity resulting from depressed global oil prices and a subsequent withdrawal of government and government-related entity deposits, which fell from a total of QR209.1bn ($57.4bn) in December 2015 to a 12-month low of QR174.1bn ($47.8bn) in August 2016.

Tightening liquidity was reflected in broad money supply - which dropped 4.6% in 2016 - and the bank loan-to-deposit ratio, which in July 2017 hit 130.4%, the highest for the GCC. While the QCB initially kept a tight policy, maintaining a high repo rate and continuing with its schedule of Treasury bill auctions, it eventually brought some respite to the sector in the final quarter of 2016, cancelling some Treasury bills and halving the repo rate to 2.25%. Throughout 2017 there have been signs that the pressures on the system have begun to ease once more.

Nonetheless, with tougher operating conditions leading to stagnating profits for many banks, the potential is emerging for consolidation within the sector. Following the announcement in July 2016 of the merger of two UAE banks - National Bank of Abu Dhabi and First Gulf Bank - three Qatari banks look set to follow suit. In December 2016 Masraf Al Rayan, Barwa Bank and International Bank of Qatar announced that they were considering ***plans*** to merge, making a combined entity worth QR160bn ($43.9bn) in assets, which would make it the country's second-largest lender. In June 2017 the banks announced they ***planned*** to complete the merger by the end of the year. There is speculation that the possible merger could prompt further consolidation within the financial sector, as Qatar's banks look to gain the economies of scale necessary to expand beyond the domestic market.

**Outlook**

While 2016 was a challenging year for hydrocarbons economies throughout the world, Qatar's measured response to the downturn should encourage further confidence among international investors. Although additional private sector involvement on the financing side is possible moving forward, long-term infrastructure investments remain fully backed by the authorities. The government has also proven capable of exercising fiscal restraint over spending when necessary.

Conditions in 2017 have brought energy price recovery, and with it potential for fiscal balance. This should enable the NDS 2017-22 to be introduced on a positive footing, but success will also depend on both OPEC and non-OPEC members maintaining steady production quotas. Many aspects of the NDS 2017-22 are expected to be tailored in response to the economic blockade, ensuring the country can become more self-sufficient and continue to grow in key areas. The main challenge is determining how to successfully transition from the current growth cycle - built primarily on the conversion of trade surpluses into growth in non-tradeable sectors such as construction - into a more sustainable, long-term cycle built on a diversified knowledge economy.

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HINA Digest

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**Body**

Zagreb, 15 May 2018 (Hina) - PM says accepts economy minister's resignationZAGREB, May 14(Hina) - Prime Minister Andrej Plenkovic said on Monday that Deputy PM and Economy Minister Martina Dalic had decided to resign and that he accepted the resignation."After talks yesterday and today, Deputy PrimeMinister and Economy Minister Martina Dalic and I decided that she should tender her resignation today, which I accepted," Plenkovic said at an extraordinary press conference.He said Dalic had made a big contribution over the past 18 months, not just in the economy, the drawing up of the national reform ***programme*** andthe euro introduction strategy, but also in dealing with the crisis in and the restructuring of the Agrokor conglomerate.He recalled the context when theAgrokor crisis broke out 16 months ago, starting with arating downgrade. "Then, as the government, we received information onthe extent of the crisis and the problems in Croatia's biggest company," he said, adding that the government had been consistent in maintaining that the responsibility for the situation in Agrokor and for finding new funds lay first and foremost withthe owner and the management."We didn't alloweven one of ourmoves or statementstocontribute to the creation of an atmosphere of crisis, panic, chaos and, consequently, possibly wider problems for Croatia's economic and financial system," said Plenkovic.At the time, together with the Bridge party, which was fully informed of everything, we hired experts outside the state administration to prepare the avoidance "of the most unpleasant scenario, a stringof bankruptcies, not just of Agrokor and the companies within its system, but many other related companies," he said.In such circumstances, Dalic consulted "people who could help in a short time," people who could not be found in the state administration, said Plenkovic.

"It was an emergency, it demanded emergency action, speed, and even work methodology," he said, adding that it was then that the law on emergency administration in systemic companies, dubbed Lex Agrokor, was drawn up."The law was drawn up in a matter of weeks and adopted at literally the last minute," he said, recalling that the accounts of Agrokor's companies were blocked, suppliers stopped stocking them, and 56,000 employees risked losing their jobs. He recalled that Lex Agrokor would not have been activated without the request of Agrokor founder Ivica Todoric and thethen management."It would have been easier for everyone had the then management managed to secure a new loan and new liquidity so that the company could continue to operate but, unfortunately, it didn't happen," Plenkovic said.He added that the subsequenthiring of international consultants, who chose their subcontractors, some of whomhad been consulted when the law was being drawn up, "from our point view, that was the responsibility of the foreign consultants who chose their own partners.""Today we can say that the fundamental goals of our engagement have been achieved, notably in terms of the leading role played by the deputy prime minister and all the experts in the state administration and those consulted outside the state administration," Plenkovic said."I'm sorry there was not a little more time in that process, a little more gradualness, a little more transparency so that we could have avoided these, when you look at the whole, really small shadows which are now leaving a stain on theotherwise extremely successful process of preventing the Agrokor crisis from spilling over onto other businesses and our financial system," he added.He thanked Dalic for the cooperation and said he was sorry she was leaving the government because, with her knowledge and energy, she had made avery big contribution.Dalic says is resigning as she has become burden for PM, gov't, HDZ, ruling majorityZAGREB, May 14(Hina) - Deputy Prime Minister and Economy Minister Martina Dalic said on Monday that in agreement with Prime Minister Andrej Plenkovic she had submitted her irrevocable resignation as she hadbecome a burden and a liability to the prime minister, the government, the Croatian Democratic Union (HDZ) and the ruling majority over the Agrokor case."In this unbelievable set of circumstances and interests surrounding Agrokor, it suddenly turns out that I have become a liability and a burden to the prime minister, the government the HDZ and the ruling majority. I most definitely do not want to be that," Dalic told a news conference in Government House.I was given a political task to find a solution that will prevent Agrokor from dragging the entire economy back into the recession, Dalic told the press conference,adding that the task and the approach to its solving was given to her following a political agreement between the then coalition partners -- the HDZ and the Bridge party."The job was done, a solution was found which met all the requirements set back then, including the one that there be no costs for tax payers. Therefore, I would like to say that passionate critics today can thank their luck it wasn't them who were tasked with this job," Dalic said.She said she expected a settlement deal in Agrokor to be reached within the legal deadlines and that all objectives and goals of this process would be fulfilled."I also expect an investigation into who leaked fragments of the communication between a deputy prime minister, as this is not insignificant at all, not for my sake, but for the sake of the state institutions.Unauthorised release of emails is a crime in Croatia," Dalic said."Personally I've done nothing wrong, immoral or illegal. However, the perception, which apparently is the one and only thing that matters in politics, resulted in coalition partners expressing their dissatisfaction with me to the HDZ, the prime minister and the government. This is why I am resigning, as I do not wish to be a burden to the prime minister, the government or the HDZ, Dalic said.There will most definitely be time for me to explain my role in the collapse of Agrokor, Dalic said.More emails in Lex Agrokor scandal published, opposition calls for early electionZAGREB, May 14 (Hina) - The Hotmail scandal involving Deputy Prime Minister and Economy Minister Martina Dalic continued on Monday with the publication of new correspondence between her and the consultants and lawyers who had worked onLex Agrokor, prompting the opposition to demand an early election.The emails were again published by the Index.hr news website, which saysthe Borg Group mailing listincluded PM Andrej Plenkovic's advisor Dubravka Vlasic Plese and Justice Ministry state secretary Sanja Misevic.Index.hr saysmembers of the Borg Group were sending Vlasic Plese drafts of the law on emergency administration in systemic companies, dubbed Lex Agrokor after the ailing Agrokor conglomerate, in the days before the government endorsed it.The websitesaysthat Finance Minister Zdravko Maric knew about the authors of the law and that he too participated in the email correspondence at the start of the Agrokor crisis, although rarely."Let's have an election. The HDZ can't do without crime. Plenkovic knew about the emails, which means he lied to citizens when he said he didn't know,"Bojan Glavasevicof the Social Democratic Party tweeted, referring to the ruling Croatian Democratic Union (HDZ) party."Plenkovic, it's over!!! Step down and let's have a new election!!! And you should hire a good lawyer, actually a whole team of good lawyers,urgently!"Kresimir Beljak of the Peasant Party wrote on Facebook."This just confirms that Martina Dalic's immediate resignation is unavoidable. The question is if she's the only one," Bridge leader Bozo Petrov told Hina.Statementsthat Plenkovic's and Parliament Speaker Gordan Jandrokovic's willread the emails only now are unacceptable, he said."The essence is that the credibility of the emails hasn't been disputed and it was said that the emails contain nothing new or contentious."Petrov said that Bridge, which was part of the government when Lex Agrokor was adopted, left the government because it did not agree with the argument that the end justified the means, which he said the Borg Group had evidently used for personal gain. "It's clear from the correspondence that they couldn't do that without a political blessing."President says Dalic's resignation sensible, responsible moveZAGREB, May 14(Hina) - President Kolinda Grabar-Kitarovic said on Monday that Deputy Prime Minister Martina Dalic's resignationwas a sensible and responsible political move, expressing her support to the government and the Agrokor emergency administrator and their efforts to successfully complete the settlement process in the debt-laden food and retail conglomerate, the Office of the Croatian President said in a press release on Monday."Nostate job, including a settlement deal on the restructuring of Agrokor, can depend on one person, nor can this process be the hostage to that one person. The goal of the process is to achieve stability of the company, preserve jobs and maintain overall economic stability. This is a ***strategic*** state interest. The process so far was successful. The task of the relevant state bodies is to define all relevant facts regarding non-transparency suspicions, possible conflictof interest and breaches of the law, free of public or political pressure. Regardless of those activities, it is critical to maintain the dynamics of reaching a settlement deal so as to preserve jobs," the president said.Grabar-Kitarovic expressed her support to the government and the emergency administrators and their efforts to successfully complete the restructuring process in Agrokor, the statement from the President's Office said.Junior coalition partners talk Dalic resignation, support PMZAGREB, May 14(Hina) - The president of the Independent Democratic Serb Party (SDSS), Milorad Pupovac, said on Monday, following the irrevocable resignation of Deputy Prime Minister and Economy Minister Martina Dalic over the Hotmail scandal, that the entire process concerning the debt-laden Agrokor food and retail conglomerate "was safely decontaminated as far as the political aspect is concerned.""As far as other aspects are concerned, other institutions are in charge of that," Pupovac said."Tomorrow we will resume talks within the ruling coalition and we will most definitely see what needs to be done to complete the full consolidation of the process, a segment of which wascontaminated," the SDSS chief said.Pupovac underscored that his party respected the prime minister's decision regarding Dalic's resignation, saying it wasthe result of an assessment of what is good for the government, the ruling coalition and the continuation of the consolidation process in Agrokor.The deputy Parliament Speaker from the ranks of the Italian minority, Furio Radin, said it was good that the prime minister asked Dalic to resign over the Hotmal scandal, saying that Plenkovic could continue to count on his support.Vrdoljak: HNS wasn't involved in preparing Lex AgrokorZAGREB, May 14 (Hina) - The leader of the Croatian People's Party (HNS), Ivan Vrdoljak, on Monday commented on Deputy Prime Minister Martina Dalic's resignation over Agrokor, saying that he respected her decision and Prime Minister Andrej Plenkovic's decision to accept her resignation adding that the HNS was not operationally involved in the process of stabilising the ailing conglomerate nor did it participate in preparing the law on emergency administration."The process of restructuring Agrokor contains some deeds that cast a stain on everything good that was done for Croatian workers and entrepreneurs. I respect Deputy Prime Minister Dalic's decision to resign and the prime minister's decision to accept the resignation," Vrdoljak said. He added that the HNS didn't participate in preparing Lex Agrokor nor in its settlement."Although HNS was not operationally involved in the process of stabilising Agrokor nor did it participate in preparing the law, from the very first day, we had a clear stance. We are focused on the success of the settlement, that is, saving tens of thousands of jobs in Belje, Vrbovec, Dukat, Franck, Vindija, Kras," Vrdoljak underscored and recalled the workers whose jobs depend on Agrokor's fate and survival.He underscored the importance of tomorrow's meeting of the ruling majority with Agrokor's emergency administrator to discuss the settlement and "the process on which tens of thousands of jobs and Croatia's entire economy depend, including the coming tourism season."Bernardic demands PM's resignation, punishment for those responsibleZAGREB, May 14 (Hina) - After Deputy Prime Minister and Minister of Economy Martina Dalic resigned earlier in the day in the wake of the Hotmailscandal, Social Democratic Party (SDP) leader Davor Bernardic on Monday called for Prime Minister Andrej Plenkovic's resignation, saying that charges should be pressed against all those responsible in the scandal and that a snap election should be called.Addressing a press conference, Bernardic accused Plenkovic of covering up a criminal act, claiming that in normal, European countries, the prime minister's resignation would be a matter of political responsibility."Today, it was confirmed that the entire time, Plenkovic knew about the scam 'weighing' HRK 500 million and of the contents ofthe contentiousemails. It's obvious that by staying quiet and not doing anything he covered up crimes such as trading information and preferential treatment, which must be described as abuse of position and authority. Covering up incriminatory deeds by Croatian law is also a crime," Bernardic said."I can say to the prime minister that this isn't the end of this story but just the beginning. Considering that this is a public admission, I call on the State Prosecutor's Office (DORH) to react in accordance with Croatian law. We call for those responsible to be punished and call for a snap election," Bernardic said.He recalled that SDP hadfor a year been warning about all the irregularities and had on numerous occasions called on the relevant institutions to react with regard to the situation in the ailing Agrokor food and retail conglomerate."Today we witnessed an act of admission and confirmation by the prime minister and leader of the Croatian Democratic Union (HDZ)of everything we have been warning about over the past few months regarding the biggest corruption scandal in the history of Croatia. The Fimi-Media is nothing compared to the events in Agrokor," Bernardic said.Agrokor's founder Ivica Todoric wrote in his blog on Monday that it was time that Prime Minister Andrej Plenkovic stepped down because of the "Hotmail" scandal.Bridge, HSS leaders comment on Dalic's resignationZAGREB, May 14 (Hina) - The leader of the Bridge political party, Bozo Petrov, on Monday said that Deputy Prime Minister Matina Dalic's resignation over the Hotmail scandalspeaks for itself while Croatian Peasants' Party (HSS) leader Kreso Beljak said that in the wake of the email scandal Croatian citizens cannot be satisfied with anything less than for the entire government to step down and for a snap election to be called."There is no point in recalling the circumstances that existed because the procedure of the emergency administration has been compromised," Petrov told reporters.He denied allegations by Prime Minister Andrej Plenkovic that when Bridge was the junior coalition partner in government at the time it was aware of everything that was went on. "At the moment the only thing that is important here is that Bridge had nothing to do with selecting the consultants, and that is what we are talking about. That has been confirmed in the emails in any case," Petrov said.Bridge doesn't agree with Plenkovic's claims that "slight shadows have been cast over a job well done.""Just the opposite in fact, everything that was done shows that these weren't small shadows but rather a dark way in how this country functions," Petrov added.HSS leader Beljak told Hina that "nothing less the the collective resignation of the government and a snap election can satisfy the Croatian public."Beljak said that the press conference held earlier by Prime Minister Andrej Plenkovic and his Deputy, Martina Dalic was "a boring self-praise and an attempt to lessen the guilt after finding out today that the prime minister's office was aware of everything."Addressing the press conference, Dalic said that in agreement with the prime minister, she had tendered her resignation because she had become a burden to the prime minister, the government, the Croatian Democratic Union (HDZ) and the ruling majority over the Agrokor case.In this unbelievable set of circumstances and interests surrounding Agrokor, it suddenly turns out that I have become a liability and a burden to the prime minister, the government the HDZ and the ruling majority. I most definitely do not want to be that," Dalic told a news conference in Government HouseHuman Shield presses charges against Plenkovic, Dalic, Maric,RamljakZAGREB, May 14 (Hina) - The Human Shield opposition party on Monday pressed criminal chargesagainst Prime Minister Andrej Plenkovic, Deputy PMand Minister of Economy Martina Dalic, who resigned today, former emergency administrator in the Agrokor conglomerate Ante Ramljak, and Finance Minister Zdravko Maric overthe Hotmail scandal."Martina Dalic isn't that important anymore in this entire process butthe prime minister's responsibility is important, as he hasexecutive authority, he hasexecutive and command responsibility, and in the entire process he musthave known and the emails showthat he did know," the party's secretary-general, Tihomir Lukanic, told reporters, referring to correspondence between Daliand the consultants and lawyers who had worked on the law on emergency administration in systemic companies, dubbed Lex Agrokor after the ailing Agrokor conglomerate.The criminal charges werefiled forabuse of office and power, abuse of insider information, trading in influence and not reporting the preparationof a criminal act.Lukanic believes that the government no longer has legitimacy considering the fact that the prime minister has been contaminated in this process."Considering the level of the prime minister's responsibility, if he had any honour, he himself would resign, butwe seethat this won't goin that direction," he said, adding thatthe State Prosecutor's Office mustinvestigate the prime minister's responsibility "which, as of today is notjustpolitical,but criminal too."He added that Dalic's resignation was to haveexpected following theemails leak. "By resigning, she confirmed that the entire process surrounding the writing of Lex Agrokor and almost coming to a settlement isillegal and illegitimate and that it has been contaminated with procedures and communication that are inappropriate for a democratic state".Mrak Taritas says PM hiding behind woman's skirtZAGREB, May 14 (Hina) - The leader of the GLAS party, Anka Mrak Taritas, on Monday commented on Deputy Prime Minister Martina Dalic's resignation and said that Prime Minister Andrej Plenkovic had"thisentire time been hiding behind a woman's skirt," adding that she believedthat instead of fighting crony capitalism, the PM and his deputy had inclined towards it."I thought that Prime Minister Andrej Plenkovic would also resign along with his deputy Martina Dalic. Our prime minister has been hiding behind a woman's skirt this entire time. What is he going to do now that that skirt is no longer there?We will see, however the most decent thing towards the citizens of this country would be for him to say that he can't handle the burden anymore, that it is too much and for him to go back to Brussels orwhere ever he ***planned*** to go next," Mrak Taritas said."The prime minister and the deputy prime minister had the opportunity for a showdown with crony capitalism. Not only did they not do that but have gone even further with that model, they were favouring a certain group of people and in the leaked emails, I see arrogance and ridiculing of Croatian citizens," she added."Despite the resignation the saga continues. The deputy prime minister's resignation doesn't mean anything because the prime minister knew everything and supported everything she did. He knew where that was going. He could have taken responsibility and said that he knew everything and not let Deputy Prime Minister Dalic do so. Or does he have a habit of hiding behind a woman?", Mrak Taritas commented.Employers hope Dalic's successor will continue reformsZAGREB, May 14 (Hina) - Croatian Employers' Association (HUP) leaderDavor Majeticon Monday said that Deputy Prime Minister and Minister of Economy Martina Dalic was committed to implementing reforms, expressing hope her successor would continue in that direction and equally advocate reforms.Majetic said he hoped thatDalic's resignation won't stop the process of reaching a settlement in the ailing Agrokor food and retail conglomerate."Martina Dalic as minister of economy and deputy prime minister was committed to reform implementation and made efforts to improve the business and investment climate in Croatia. She was open to dialogue and showed understanding for the problems and obstacles standing in the way of stronger economic growth," Majetic said commenting on Dalic's resignation earlier in the day.HUP hopes that Dalic would be succeeded by someone who would continue on that journey.Majetic added that he hoped Dalic's resignation would not stop a settlement being reached in Agrokor.Agrokor's food andagriculture divisions operate with positive EBITDA, retail and wholesale post lossesZAGREB, May 14 (Hina) - The Food and ***Agriculture*** divisions of the Agrokor conglomerate continued to operate at a profit in the first quarter of 2018, while the Retail and Wholesale division posted an operating loss, according to the latest monthly report by the emergency administration released on Monday.The report says that the bulk of work on a settlement with the creditors was expected to be finalised before the end of this month.The report, covering the period from April 11 to May 10, shows that the Retail and Wholesale division generated a sales revenue of HRK 2.87 billion, with a negative EBITDA (earnings before interest, taxes, depreciation and amortisation) of HRK 4.2 million."Although in the cumulative period slightly lower-than-***planned*** revenues were generated, activities related to the Easter holidays resulted in revenues in March exceeding budget in Konzum retail stores in Croatia and Bosnia and Herzegovina," the report said.Konzum, the largest company in the Retail and Wholesale division, generated a sales revenue of HRK 1.96 billion and an EBITDA of HRK 26 million.Preliminary data shows that the Food division posted a sales revenue of HRK 1.5 billion and an EBITDA of HRK 136 million. "Despite a slight drop in sales revenues the generated operating profit (EBITDA) exceeded budget," the report says.The ***Agriculture*** division generated a sales revenue of HRK 466 million and an EBITDA of HRK 35 million. The highest revenue, of HRK 281 million, was generated by Belje, with an EBITDA of HRK 25.5 million."***Agriculture*** sector revenues for March were 2.3% lower than budget, with the significant drop in finisher and pork prices having been partially compensated by other activities such as sales of animal feed, wine, oil and cereal crop as well as other goods from production. ...In the forthcoming period we expect the pork market to recover, with a resulting improvement in EBITDA," the report says.It says that since the signing of the settlement term sheet on 10 April 2018, the emergency administration andits consultants have continued to work with the members of the Temporary Creditors' Council andother creditors on elaborating the final settlement ***plan***."In accordance with the EPM (Entity Priority Model), the available value of the Group will be distributed in a fair and equitable way, individually by each company subject to the Extraordinary Administration, to all creditors who have registered their claims, while in parallel a comprehensive, complex legal text is being drawn up - the settlement agreement - which will define all details of the arrangement to be achieved by the creditors by way of the settlement. The intensity of work on the aforesaid documents is expected to keep increasing in order for the majority of matters to be completed by the end of May," the report says.The emergency administration published the audited consolidated results of the Agrokor Group and the parent company Agrokor d.d. for the year 2017, which were described as very good considering thatthe company had almost gone into bankruptcy.The individual reports of the operating companies will be published once audited, during the course of May 2018.The costsof consultants in March 2018 increased by HRK 1.6 million to HRK 27.26 million, of which restructuring costs accounted for HRK 14.5 million. Since the appointment of the emergency administration on 10 April last year, the total costs of Agrokor d.d., including the emergency administrator's fee, wages for the employees and consultant fees, reached HRK 580.5 million, the bulk of which (HRK 321.38 million) accounted for the costs of consultants.GONG against latest referendum initiativesZAGREB, May 14(Hina) - The GONG election monitoring NGO said on Monday it disagreed with the latest referendum initiatives, telling Croatia's political elites to regulate election and referendum legislation.GONG said in a press release that disagreed with the "Truth about the Istanbul Convention" initiative to repeal the ratification of theConvention because it believedthe ratification had marked a positive step forward in the protection of human rights in Croatia after a long time, and that its repeal would be a step backwards in terms ofrespect for human rights and equality.GONG said it disagreed with"The People Decide" initiative, aimed at changing election legislation, because one of the proposed referendum questions was aimed at restricting the rights of ethnic minority MPs. That would becontrary to the principle of parliamentarism, which demands equal status and rights for all MPs, it added."Without denying the importance and relevance of the urgent need to regulate and democratise the election system and political parties, we believe the contents of the referendum question aimed at reducing the constitutionally defined number of members of parliament, reducing the number of ethnic minority deputies, introducing three preferential votes without thresholds, changing the borders of constituencies, reducing the election threshold for some slates from 5 to 4 percent, and introducing postal and electronic voting, should not be regulated by the Constitution but a comprehensive, single election law," GONG said.A coherent and consistent regulation of election legislation should be put up for expert and public consultation as urgently as possible so that Croatia can finally have a single election law enabling an effective and fair balance between representative and direct democracy, GONG said.It hopes theseinitiatives will force Croatia's political elite to regulateelection and referendum initiatives, otherwise "we willcontinue to be faced with capricious referendum initiatives," the press release said.Labour minister presents 55 employment stimulation contractsZAGREB, May 14 (Hina) - Labour and Pension System Minister Marko Pavic and Croatian Employment Service (HZZ) director Ante Loncar on Monday presented various beneficiaries with 55 contracts on local employment stimulationworth over HRK 71 million, of which over HRK 70 million is a grant.The grant comes from the European Social Fund. Applications for funding were possible from March-July 2017 by development agencies, schools, associations, companies, businesses and trade unions."This is about innovative projects, the employment of marginal groups, young women, disabled persons and the long term unemployed," Pavic said, adding that the allocation for local employment stimulationwould be increased to HRK 120 million so that another 62 projects could be financed.He recalled that Croatia had a little over 150,000 jobless and that last year the government earmarked HRK 2.5 billion for employment ***programmes***, including HRK 1.6 billion for active employment measures.Croatia to chair Council of Europe, advocates Istanbul ConventionZAGREB, May 14 (Hina) - During its chairing of the Council of Europe, Croatia will advocate the Istanbul Convention and put the focus on the Convention's purpose - the protection of women fromviolence, Croatia's Foreign and European Affairs Minister Marija Pejcinovic Buric said on Monday.Croatia will take over the chairmanship from Denmarkon May 18."In Denmark already, on the occasion oftaking over the chairmanship, we will underline our experience in ratifying the Istanbul Convention, the problems and issues we were faced with, which we believe were unnecessarilyimposed on us and aren't related to the fundamental purpose and they aim of the Convention," Pejcinovic Buric told a press conference ahead of taking over the chairmanship of the CoE.The CoE today has 47 member states, that is, all European countries with the exception of Belarus.Minister Pejcinovic Buric will, as of May 18, chair the Council of Europe Committee of Ministers and in that capacityrepresent the entire organisation.Considering that there are still some member states that have not ratified the Istanbul Convention, "during our chairmanship we will work on explaining Croatia's stance and the stance ofthe CoE" on the Convention, Pejcinovic Buric.She underscored that it was necessary to focus on the "essence of the Convention, its fundamental purpose and that isthe protection of women fromviolence and domestic violence."Istanbul Convention in the service of fighting against evilThe CoE above all advocates democratic stability in the old continent andthe protection of human rights. Not one country joined the European Union before it was first a member of the Council of Europe.Croatia has ratified 93 CoE conventions, the last being the Istanbul Conventionon April 13. Acivil initiative is collecting signatures with the aim of calling a referendum to repeal the Convention."I believe that what the Croatian parliament voted for is whatCroatia needs and that it willstay that way," Minister Pejcinovic Buric said and added that parliament clearly said what it thinks about the convention against violence against women."As itwas adopted with a large majority, I believe that shows that Croatia's entire society wishes to fight against that evil," she said.She denied speculation that Croatia rushed the ratification so that it did not take over the CoE chair without havingratified the Istanbul Convention."The ratification was included in the ***programme***, there isn't necessarily any connection between these events, but naturally it is good that Croatia ratified the Convention in the year whenit will chair the CoE for the first time in its 22 years of membership."Ahead of Croatia's ratification, when some conservative circles in Croatia were calling for resistance to the Convention, the CoEon International Women'sDay said,"In recent months, several Council of Europe member states have shown 'cold feet' in moves to ratify the Council of Europe's Convention on preventing and combating violence against women and domestic violence (more commonly known as the 'Istanbul Convention')... Almost all the member states have signed the document and 28 have ratified it."The CoE called on member states to disperse recent"misconceptions about its purpose as 'ideologically biased' or against 'traditional family values' (that are) spreading like fog in some countries."Priorities during Croatia's chairmanship of the CoEMinister Pejcinovic Buric alsopresented Croatia priorities during its chairmanship of the CoE- the fight against corruption, efficient protection of national minorities'and vulnerable groups' rights, decentralisation in the context of strengthening local government and the protection of cultural heritage and cultural routes.Croatia has prepared a ***programme*** consisting of a total of 26 events, most of these related to the protection of human rights.Most of these conferences (16) will be held in Croatia - Zagreb, Rijeka, Dubrovnik, Zadar, Brijuni Islesand Istria.In its capacity as the chair of the CoE, Croatia will also be included in numerous activities in Strasbourg.The central event during its chairmanship will be a conference organised by the Justice Ministry, "Strengthening transparency and responsibility with the aim of preventing corruption," on October 15 and 16 in Zadar."The final aimis to advance international efforts in the fight against corruption, in the implementation of conventions regarding the fight against corruption, and to jointly define a platform for further cooperation between organisations responsible for the fight against corruption," Pejcinovic Buric said.Asked whether the governmenthadzero toleranceto corruption, sheunderscored that the fight against corruption is one of the government's priorities and will be one of its priorities during its CoE chairmanship."We think that Croatia has taken a great step forward institutionally and legislatively and that it has reached high standards. As far as implementation is concerned, that is in the remit of the relevant institutions and there is still room for further work," she said.Croatia's CoE chairmanship will be an opportunity to politically brand the country,Pejcinovic Buric said,convinced that Croatia will be morerecognisable among CoE countries and that it will strengthen its status in foreign affairs.The Council of Europeand Croatia's journeyThe CoE was founded in 1949 by 10 countries -Belgium, France, Luxembourg, Tthe Netherlands, Great Britain, Ireland, Italy, Denmark, Norway and Sweden.Croatia joinedthe CoE on 6 November 1996 as the organisation's 40th member. Accession negotiations lasted unusually long because the Committeeof Ministers considered that Zagreb was meddling in the war in Bosnia and Herzegovina, that it wasn't respecting minority rights nor the freedom of the media.The Parliamentary Assembly gave Croatia the green light for membership on 24 April 1996 after Croatia'sthen president, Franjo Tudjman, and parliament speaker Vlatko Pavletic signed a list of 21 demands.CoE warns of escalating hate speech against Serbs, LGBT persons, Roma in CroatiaZAGREB, May 15 (Hina) - Racist hate speech against Serbs, LGBT persons and Roma in public discourse is escalating in Croatia, according to a report published on Tuesday by the Council of Europe's European Commission against Racism and Intolerance (ECRI).The report, which analyses legislative issues, racist and homo-transphobic hate speech, violence and integration policies, notes a rise of nationalism, particularly from youth, which often takes the form of praising the former fascist Ustasha regime.The fifth such report was prepared after an ECRI visit to Croatia in April 2017 and refers to the period until December 2017."Racist and intolerant hate speech in public discourse is escalating; the main targets are Serbs, LGBT persons and Roma. There is a growing rise of nationalism, particularly among the youth, which primarily takes the form of praising the fascist Ustasha regime. In the regional media and on Internet, expressions of racism and xenophobia against Serbs, LGBT persons and refugees are commonplace, as is abusive language when referring to Roma. Physical attacks against these groups as well as their property also occur."The report decries an inadequate response by Croatian authorities to such increasing intolerance, as criminal action is too often ruled out. Most cases of hate speech and hate motivated violence are treated merely as misdemeanours.While the report praises improved legal protection against hate crime through amendments to the Criminal Code, which includes a new provision criminalizing violent conduct in public places and punishing the establishment or running of groups which promote racism, it notes that anti-hate crime legislation is rarely applied, citing a lack of knowledge and expertise from law enforcement and the judiciary."The responses of the Croatian authorities to these incidents cannot be considered fully adequate. The authorities seldom voice any counter-hate speech message to the public. Criminal action is ruled out easily and most cases on hate speech and hate motivated violence are treated as misdemeanors... The provisions on racist motivation as an aggravating circumstance are also rarely applied due to lack of knowledge and expertise among the judiciary in recognising hate crime."ECRI further notes that national Roma strategies are only partially implemented. The Roma continue to face high levels of social exclusion, and data suggests that their access to employment is alarmingly low and school drop-out rates still high.While ECRI praises a new legislative framework for LGBT persons with the enactment of the Law on Registered Same-Sex Partnerships in July 2014, it notes that prejudice against them remains widespread and they experience different forms of discrimination in their daily lives.ECRI praises legislative steps taken to ensure access to housing for returnees under the national Housing Care ***Programme***.Through the Migration Policy for 2013-2015, beneficiaries of subsidiary protection have had access, on an equal footing with Croatian nationals, to primary and secondary schooling free of charge, which is in line with ECRI's previous priority recommendation. Furthermore, in November 2017, an Action ***Plan*** to integrate persons who have been granted international protection (2017-2019) was adopted.Of recommendations to the Croatian authorities, two should be implemented as a priority, because they will be the subject of a follow-up by ECRI within two years.The first says the authorities should introduce compulsory human rights education as part of civic education into all school curricula, especially regarding equality rights and prohibiting discrimination. Appropriate text books should be developed and teachers should continue receiving necessary training.Furthermore, the National Roma Inclusion Strategy (2013-2020) must be accompanied by an evaluation of all integration projects implemented over recent years. The strategy should be revised systematically to include more targeted measures and success indicators to measure its impact and to redefine its parameters and goals. This should be done in close cooperation with regional and local authorities and with members of the Roma community and adequate funding should be allocated for the strategy to be effective.ECRI says Croatian politicians and high-ranking officials as well as all political parties should condemn hate speech and promote tolerance.Also, the authorities should ensure that the Action ***Plan*** for the integration of persons who have been granted international protection (2017-2019) has well-defined goals and targets, timeframes, funding, success indicators as well as a monitoring and evaluation system for its effective implementation.It is also necessary to adopt an action ***plan*** for the prevention of homophobia and transphobia in all areas of daily life, including education, employment and healthcare.Grabar-Kitarovic receives award for promotion of European valuesZAGREB, May 15 (Hina) - Croatian President Kolinda Grabar-Kitarovic received in Mostar, Bosnia and Herzegovina (BiH) on Monday an award from the Bosnian edition of the Vecernji List daily for the promotion of European values.The newspaper's jury decided to award Grabar-Kitarovic for her support for the European integration of BiH and Southeast European countries."This is an award to the Republic of Croatia, which will continue to support BiH on its European journey. Croatia will continue to invest not just in the infrastructure here, but in togetherness too," she said at the award ceremony.BiH needs a European perspective, she said. "This event is called European Spring. BiH needs a European spring. And the European Union must know that it needs BiH. Croatia will continue to support you in that."She called on young people not to leave BiH. "This is your homeland and I believe in a better future for it."Israeli Embassy, Jewish community in Sarajevo rescind invitation to HasanbegovicZAGREB, May 14 (Hina) - Zatko Hasanbegovic, who is a member of the Croatian parliament and who has been declared persona non-grata by the Jewish community in Bosnia and Herzegovina because of his stance toward the Ustasha regime, has had an invitation to attend the award ceremony awarding his grandfather Sabrija Prohic posthumously rescinded.It is the joint position of the Jewish community in Sarajevo, the Israeli Embassy in Bosnia and Herzegovina and the Prohic family that the invitation to Hasanbegovic to attend the ceremony be withdrawn, a press release from the Israeli Embassy and signed by Ambassador Boaz Rodkin says as reported by media in that country.In an explanation it notes that a representative of the Prohic family who was to accept the awarded to those who saved Jews during the holocaust, considered that it was necessary to invite all of Sabrija Prohic's descendants, including his grandson, Zlatko Hasanbegovic.He did that however, "unfortunately without knowing that Hasanbegovic is a persona non grata in the Jewish community because, as they claim, he relativises and glorifies the Ustasha regime which is responsible for the slaughter and extermination of Jews during World War II.The Israeli Embassy in Bosnia expressed its regret that Hasanbegovic "abused the invitation to attend the ceremony celebrating the heroic deed by Mr Sabrija Prohic for his own political purposes."Sabrija Prohic, his wife Safeta Prohic and their daughter Esma Prohic and Sabrija's brother Avdo Prohic were recognised as "Righteous Among The Nations," by Israel and are to be awarded posthumously for saving a Jewish girl, Nada Kolman, during WWII.After receiving the invitation Hasanbegovic said that he was delighted about the news of the recognition his family had deserved."Unfortunately, the Yugoslav communists in 1945 were not interested in people's destinies in this and other similar cases and the paradox is that my grandfather was executed without benefit of a trial after WWII," Hasanbegovic told the Jutarnji List daily last week.Covic, Dodik say Bosnia unprepared for latest migration flowZAGREB, May 15 (Hina) - The Croat member of Bosnia and Herzegovina's Presidency, Dragan Covic, and the president of its Serb entity, Milorad Dodik, said on Monday BiH was not prepared for the latest migration wave, with Dodik adding that the borders should be closed to migrants."BiH is evidently unprepared for the increased number of migrants," Covic said."The economies in Bosnia and Herzegovina cannot withstand such a migration flow, so it's best to prevent their arrival," Dodik said, adding that Turkish President Recep Tayyip Erdogan "is a great statesman, but he's interfering too much in BiH's internal affairs."In other news:Austria, Croatia to sign new deal on defence cooperationZAGREB, May 14(Hina) - Croatian Defence Minister Damir Krsticevic in Zagreb on Monday held talks with his Austrian counterpart Mario Kanasek about defence cooperation.The two ministers agreed that a new agreement regulating defence cooperation would be prepared and signed this autumn.Krsticevic told the press the existing defence cooperation agreement was signed in 1998, adding that the new one would most probably be signed during his official visit to Austria, scheduled for this autumn.The last time a Croatian defence minister officially visited Austria was in 2004.The Austrian defence minister is scheduled to visit the central Adriatic city of Zadar on Tuesdayto attend a joint military exercise of Croatian and Austrian special diving forces.Senior Chinese culture delegation visits RijekaZAGREB, May 14 (Hina) - A delegation of theChina Federation of Literary and Art Circles,CFLAC, is on a visit to the northen Adriatic city of Rijeka, where on Monday they met Mayor Vojko Obersnel and agreed cooperation in culture and artas part of the project Rijeka 2020 European Capital of Culture.The cooperation was initiated by former Croatian ambassador to China and president of the Croatian-Chinese Friendship GroupAnte Simonic.Croatia had over 1.2 million families in 2011ZAGREB, May 14 (Hina) - According to the 2011 population census, there were 1,215,865 families in Croatia with 3,674,078 members in total, the national statistical office said on Monday ahead of theInternational Day of Families, observed on May 15.There were 637,184 families made up of married couples with children, numbering 2,406,518 members in total, followed by 321,933 families without children (643,866 members in total).There were also 26,252 common lawfamilies, 22,634 unmarried couples with children, 174,516 single-mother families with children and 33,345 single-father families with children.HRK 9.4mn grant agreement signed for training of emergency medical service staffZAGREB, May 14 (Hina) - A HRK 9.4 million (EUR 1.27 million) grant agreement for the specialist training of 1,800 emergency medical service (HMS) staff was signed at the Health Ministry in Zagreb on Monday.Training will be organised for 420 nurses,1,380 out-of-hospital HMS staff and 24 national instructors for the implementation of training exercises. The money comes from the European Social Fund.The agreement was signed by Health Minister Milan Kujundzic, Labour and Pension System Minister Marko Pavic and the directors of the Croatian Institute of Emergency Medicine and the Croatian Employment Service, Maja Grba Bujevic and Ante Loncar respectively.Kujundzic said that a million kuna of this money would be invested in training equipment. He said that continued training in any of the medical services was very important, especially in emergency medicine.Training sessions kickoff this week and will last44 months.Croatia's industrial ***producer*** prices up 1.1% in AprilZAGREB, May 14 (Hina) - Croatia's industrial ***producer*** prices rose by 1.1% in April 2018 compared with April 2017, continuing their year-on-year rise for 16 straight months, figures from the National Bureau of Statistics (DZS) show.Compared with March 2018, industrial ***producer*** prices increased by 0.5%, both on the domestic market and on the foreign market. Year on year, prices rose by 1.4% on the domestic market and by 0.7% on the foreign market."The continued rise in ***producer*** prices on the domestic market has been going on since the start of last year," analysts atRaiffeisenbank Austria (RBA) said in their comment on the DZS data.Excluding energy prices, industrial ***producer*** prices in April were 0.2% lower than in March and 0.1% higher than in April last year.Broken down by main industrial groupings, in April, compared with March, energy prices rose by 2.9%, prices of intermediate goods, capital goods and durable consumer goods remained at the same level, while prices of non-durable consumer goods fell by 0.3%.Compared with April 2017, energy prices increased by 4.4%, prices of intermediate goods were up 1.4% and those of capital goods rose by 0.6%. Prices of non-durable consumer goods dropped by 1.1%, while those of durable consumer goods remained the same."Considering the continuation of positive annual growth rates of ***producer*** prices, we can expect the positive pressureson consumer price growth to continue in the time ahead. At the same time, the expected continuation of recovery of domestic (as well as foreign) demand will put pressure on the growth of industrial ***producer*** prices," RBA said.ZSE indices downZAGREB, May 14(Hina) - The Zagreb Stock Exchange Crobex indiceslaunched the new trading week in the red, amid a modest turnover.The Crobex index was down 0.12% closingat 1843.09 points on Monday, while the specialised Crobex10 fell by 0.36% to 1,068.57 points.Regular turnover was low, a mere HRK 4.77 million or approximately HRK 2.9 million less than on Friday.The only stock that generated a turnover in regular trading exceeding the one million kuna mark was the HUP Zagreb hotel company which turned over HRK 2.2 million. The price of its shares stayed the same -- HRK 3,920 per share.(EUR 1 = HRK 7.4)THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HRS ON TUESDAY (Hina) its Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulicev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentic, DirectorEditor in Chief: Serdo Obratov Bulletin Editor: Marija Sestan

ZAGREB, May 14(Hina) - Prime Minister Andrej Plenkovic said on Monday that Deputy PM and Economy Minister Martina Dalic had decided to resign and that he accepted the resignation.

ZAGREB, May 14(Hina) - Deputy Prime Minister and Economy Minister Martina Dalic said on Monday that in agreement with Prime Minister Andrej Plenkovic she had submitted her irrevocable resignation as she hadbecome a burden and a liability to the prime minister, the government, the Croatian Democratic Union (HDZ) and the ruling majority over the Agrokor case.

ZAGREB, May 14(Hina) - President Kolinda Grabar-Kitarovic said on Monday that Deputy Prime Minister Martina Dalic's resignationwas a sensible and responsible political move, expressing her support to the government and the Agrokor emergency administrator and their efforts to successfully complete the settlement process in the debt-laden food and retail conglomerate, the Office of the Croatian President said in a press release on Monday.

ZAGREB, May 14(Hina) - The president of the Independent Democratic Serb Party (SDSS), Milorad Pupovac, said on Monday, following the irrevocable resignation of Deputy Prime Minister and Economy Minister Martina Dalic over the Hotmail scandal, that the entire process concerning the debt-laden Agrokor food and retail conglomerate "was safely decontaminated as far as the political aspect is concerned."

ZAGREB, May 14 (Hina) - After Deputy Prime Minister and Minister of Economy Martina Dalic resigned earlier in the day in the wake of the Hotmailscandal, Social Democratic Party (SDP) leader Davor Bernardic on Monday called for Prime Minister Andrej Plenkovic's resignation, saying that charges should be pressed against all those responsible in the scandal and that a snap election should be called.

ZAGREB, May 14 (Hina) - The leader of the Bridge political party, Bozo Petrov, on Monday said that Deputy Prime Minister Matina Dalic's resignation over the Hotmail scandalspeaks for itself while Croatian Peasants' Party (HSS) leader Kreso Beljak said that in the wake of the email scandal Croatian citizens cannot be satisfied with anything less than for the entire government to step down and for a snap election to be called.

ZAGREB, May 14 (Hina) - The Human Shield opposition party on Monday pressed criminal chargesagainst Prime Minister Andrej Plenkovic, Deputy PMand Minister of Economy Martina Dalic, who resigned today, former emergency administrator in the Agrokor conglomerate Ante Ramljak, and Finance Minister Zdravko Maric overthe Hotmail scandal.

ZAGREB, May 14 (Hina) - The leader of the GLAS party, Anka Mrak Taritas, on Monday commented on Deputy Prime Minister Martina Dalic's resignation and said that Prime Minister Andrej Plenkovic had"thisentire time been hiding behind a woman's skirt," adding that she believedthat instead of fighting crony capitalism, the PM and his deputy had inclined towards it.

ZAGREB, May 14 (Hina) - Croatian Employers' Association (HUP) leaderDavor Majeticon Monday said that Deputy Prime Minister and Minister of Economy Martina Dalic was committed to implementing reforms, expressing hope her successor would continue in that direction and equally advocate reforms.

ZAGREB, May 14 (Hina) - The Food and ***Agriculture*** divisions of the Agrokor conglomerate continued to operate at a profit in the first quarter of 2018, while the Retail and Wholesale division posted an operating loss, according to the latest monthly report by the emergency administration released on Monday.

ZAGREB, May 14(Hina) - The GONG election monitoring NGO said on Monday it disagreed with the latest referendum initiatives, telling Croatia's political elites to regulate election and referendum legislation.

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ZAGREB, May 14 (Hina) - During its chairing of the Council of Europe, Croatia will advocate the Istanbul Convention and put the focus on the Convention's purpose - the protection of women fromviolence, Croatia's Foreign and European Affairs Minister Marija Pejcinovic Buric said on Monday.

ZAGREB, May 14(Hina) - Croatian Defence Minister Damir Krsticevic in Zagreb on Monday held talks with his Austrian counterpart Mario Kanasek about defence cooperation.

ZAGREB, May 14 (Hina) - A delegation of theChina Federation of Literary and Art Circles,CFLAC, is on a visit to the northen Adriatic city of Rijeka, where on Monday they met Mayor Vojko Obersnel and agreed cooperation in culture and artas part of the project Rijeka 2020 European Capital of Culture.

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[***GATHERING STORM CLOUDS UNSETTLE SHAREHOLDERS IN IRISH FOOD GIANTS; Gavin McLoughlin examines the factors behind share price falls - and rises - at the companies that sprung out of Ireland's co-operative movement***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RRB-WXV1-JBVM-Y17Y-00000-00&context=1516831)

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**Body**

OME of Ireland's biggest businesses trace their roots back to the co-operative movement, which began in this country in the 19th century.

SEvolving into publicly-listed companies has proven to be a lucrative move for the farming groups that were so important in the development of Glanbia, Kerry Group and Aryzta. But their performance has not been great for shareholders of late. Instead, low-profile Donegal Investment Group has been the star performer in this category of companies.

Glanbia was in the headlines last week after reporting results and despite a solid result on earnings before interest tax and amortisation (ebita) from continuing operations, the share price fell pretty steeply. That continued the trend of the past 12 months - a period in which the stock has gone from more than (EURO)18 to the current (EURO)14.

The company has been diversifying from its roots in the Irish dairy sector, with a big focus on so-called "performance nutrition" - protein shakes and other performance-nutrition products. This has been a hot trend in recent years but the jury is out on whether it is a fad with a limited shelf life, or something with more endurance.

One of the big problems for Glanbia is currency - a lot of business is done in the United States and the dollar has been weakening against the euro of late.

However, the Trump administration's recent tax overhaul did provide a one-off tax gain of almost (EURO)40m.

Ian Hunter, an equity analyst at Investec who covers the food and beverage sector, said there had been concerns in the market about Glanbia's ability to maintain organic growth. That, as well as currency, is one of the reasons why the stock has been on a downward trajectory prior to Wednesday's results announcement. Another is the increase in bond yields. Glanbia and stocks like it, said Hunter, are "seen as stable bond alternatives".

"The thought is that as bond yields are rising, people are selling out and going into the bonds," said Hunter.

In the event it turned out that the company managed to maintain decent organic growth when it reported results on Wednesday but its guidance was below expectations.

Group managing director Siobhan Talbot spoke to analysts last Wednesday about currency. "Given the significant movement in the US dollar in recent months, we expect an approximate 8pc translational headwind if the euro-dollar rate stays around the current level," she said.

The focus for 2018, Talbot said, is driving revenue through growth in sales volumes. "We will invest across geographies and our brands to achieve this. We will invest in building the talent and infrastructure capabilities to support our long-term growth ambitions in this increasingly digital age."

Darren McKinley, senior Irish equity analyst at Merrion Capital, believes the company might make an interesting takeover target for food giants such as Danone or Nestle.

"I would say it's one of the most upbeat outlooks - outside of currency - from Glanbia that I've seen since I've started covering them. They've got growth coming ... and they've got a very strong balance sheet for future growth opportunities.

"Danone or Nestle, Glanbia is supplying ingredients to them and they're well aware of what Glanbia do and their niche market."

But McKinley believes management's decision to increase the dividend payout will make it harder for a buyer to get the farmers on board. Glanbia Co-op owns just under a third of the business - a stake worth more than (EURO)1bn.

Kerry Group, where the co-op owns 14pc, also had results out last week. Its shares have been battered so far this year - losing 13pc. Like Glanbia, it has also been suffering the effects of rising bond yields, says Hunter.

It's also trading at a hefty multiple - and currency is an issue too.

"There's great volatility, not only in the dollar but also sterling," Hunter said. "And in Kerry's particular case, they have an exposure to the UK and quite a number of their products sold in the UK are manufactured in Ireland ... they are ***producing*** the product in euros and having to sell it in sterling."

Origin Enterprises is another that has been experiencing turbulence of late. The share price is at (EURO)5.65 - a level last seen in late 2016. Just weeks before a results announcement, the company's chief financial officer Imelda Hurley has announced she is leaving in April. However, the company has a strong balance sheet and a share buyback may be a good way of appeasing investors.

McKinley at Merrion believes Hurley has performed well in the job. "Any acquisition she has done has been good but, unfortunately, the share price has underperformed because soft commodities [things like wheat or barley that are grown rather than mined] have been weak. What I've said is that hopefully one of Imelda's last acts will be to seal a share buyback. I wouldn't be surprised if they do announce it. I think the fair value of that company is probably closer to (EURO)7.50 or (EURO)8 a share. Soft commodities normally move in tandem with the likes of crude. I suspect that crude has bottomed."

Brexit is another concern for Origin. It does a lot of business in the UK, and there is lots of uncertainty about the regime for farmers after the country leaves the EU and the Common ***Agricultural*** Policy. The positive is that the day-to-day business is in a better position than it has been for quite a while, according to Hunter.

"The position that they're in now is better than it has been for the past two years in terms of growing conditions, the crops that are in the ground. The type of thing that would generally be seen as the day-to-day business, you would say is stronger this year than it has been for the last two years."

The company also owns property in Cork. A sale of this in the current strong market may also be a good way of generating funds for shareholders.

At Aryzta, new chief executive Kevin Toland's honeymoon is over. The former Glanbia man - once tipped for the job now held by Siobhan Talbot - faces challenges that go well beyond those facing his erstwhile colleague.

Aryzta is highly leveraged and expects like-for-like full year ebitda excluding currency effects and disposals, to be 15pc behind last year.

On a recent analysts' call Societe Generale analyst Warren Ackerman said it "looks like a complete shambles" - which Toland said he took "slight exception to".But the new Aryzta boss acknowledged he wasn't happy with the company's performance and said turning it around is a "multi-year endeavour". The best performer of all is low-profile, little-known Donegal Investment Group - formerly Donegal Creameries - which has reached all-time highs in recent weeks. Management's strategy has been to dispose non-core assets and a number of strong deals have been concluded. One was the 2,400-acre Grianan estate, a large property sold for (EURO)17.5m last year.

Earlier this month, the company announced it had received over (EURO)40m in cash, with a further (EURO)2m to come, after concluding a row over its investment in Monaghan Mushrooms.

It now ***plans*** to return (EURO)45m-(EURO)50m of capital to shareholders via a share buyback scheme.

More funds could be realised via the sale of an 80pc stake in speciality dairy business Nomadic. "Following unprompted inbound expressions of interest from potential acquirers, the Talbot, Glanbia board of Nomadic Dairies Limited is reviewing its ***strategic*** ***plans*** for the business to maximise shareholder value and as such has appointed corporate finance advisers to review available options for the business," Donegal told the market earlier this month.

If that's sold off, the main parts of the business left would be in the seed potato and animal feed sectors. The question becomes what happens to Donegal when the asset-disposal ***programme*** is finished. Is every piece of the business going to be sold off? "It's difficult to know. They may be looking to back into, or merge with, other public companies in the same areas," said Hunter. If management does do a transaction, and continues their strong run of dealmaking, Donegal shareholders may continue to get the cream.

**Load-Date:** February 25, 2018

**End of Document**



[***Defra non-executive board member appointments***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RSF-CMK1-JDKC-R2NY-00000-00&context=1516831)

UK Government News

March 2, 2018 Friday 10:21 PM EST

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**Length:** 1394 words

**Body**

U.K., March 2 -- The UK Government made the following announcement:

Five new members appointed to the departmental Board

Defra has today announced the appointment of new non-executive board members to join the departmental Board.

Henry Dimbleby takes on the role of lead non-executive board member with Elizabeth Buchanan, Lizzie Noel, Ben Goldsmith and Colin Day appointed as non-executive board members.

Colin Day will chair the Audit and Risk Assurance Committee from July 2018.

Non-executive board members are senior figures from outside government, appointed to provide challenge to government departments.

As set out in the government's Code of Practice, non-executive board members should be appointed directly by the Secretary of State and are not civil servants.

Henry Dimbleby

Henry Dimbleby was co-founder of the Leon restaurant chain. He is also co-founder and Director of The Sustainable Restaurant Association and of London Union, which runs some of London's most successful street food markets. He co-authored The School Food ***Plan*** (2013), which set out actions to transform what children eat in schools and how they learn about food.

Henry previously worked as a Strategy Consultant at Bain &amp; Company (1995-2002) where he advised businesses on strategy, performance improvement and organisational design.

Colin Day

Colin Day recently retired as Chief Executive of Essentra plc, a FTSE 250 global business with over 10,000 employees. He was previously Chief Financial Officer at Reckitt Benckiser plc for over 10 years and prior to that at Aegis Group plc.

Colin is currently a non-executive director and Audit Committee Chair at Meggitt plc, a non-executive director and member of the Audit Committee at FM Global Inc., and a member of the Board and Finance Committee of Cranfield University. He has served as a non-executive director on the boards of major UK plcs including Amec Foster Wheeler, WPP, Cadbury, Imperial Brands and Easyjet.

Colin is a Fellow of the Association of Chartered Certified Accountants and has an MBA from Cranfield School of Management.

Ben Goldsmith

Ben Goldsmith is CEO of Menhaden Capital Management LLP which manages London-listed investment trust Menhaden Capital plc which invests in business opportunities arising from the efficient use of energy and resources. Sectors of focus include industrial process and material efficiency, energy efficiency and storage, power generation and waste and water. Previously Ben co-founded and built WHEB Asset Management, now one of Europe's leading sustainability-focused fund management businesses.

Ben chairs the Goldsmith family's philanthropic foundation, the JMG Foundation, which has a focus on the environment. Ben is also a Trustee of one of the UK's largest philanthropic foundations, the Children's Investment Fund Foundation. In 2003 Ben co-founded the UK Environmental Funders' Network.

Lizzie Noel

Lizzie Noel has over 20 years' experience of senior roles in both the commercial and public sectors. She is Chief Executive of Hemera Data Science Ltd, a training and consulting provider. She was on the founding team of training, consulting and technology firm Tribal Group plc, where she was Director of Communications from start up to annual revenues of &#163;200 million and from five to 2,000 employees.

Lizzie was appointed a non-executive board member of the Ministry of Justice in August 2015. She was a former expert advisor at the Department for Education, as well as developing and delivering the Team London ***programme*** for the Mayor of London between 2008 and 2012. She is currently a non-executive director of the Sports and Recreation Alliance.

Elizabeth Buchanan

Elizabeth Buchanan is currently a Special Adviser to Waitrose, Dairy Crest plc and the Chime Group, a global sports marketing and communications company. She also manages the family's 200 acre organic livestock farm in East Sussex which ***produces*** pedigree Sussex beef and has been owned by the family since 1976. She is a Trustee of the Prince's Countryside Fund.

She is a Fellow of the Royal ***Agricultural*** Societies, sits on the BBC Rural Affairs Committee, is a Senior Associate of the Cambridge Institute of Sustainability Leadership and a trustee of the Smith School for Enterprise and the Environment at Oxford University.

Elizabeth was formerly Press Secretary to Lady Thatcher (1992-98) and worked for TRH the Prince of Wales and the Duchess of Cornwall (1998-2008) handling interests in ***agriculture*** and the environment, relations with the business community and work through The Prince's Trust. She was Private Secretary to the Prince of Wales from 2005-2008.

Non-executive board members are Secretary of State appointments drawn from the commercial private sector in accordance with &lt;a href="[*https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017*](https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017)"&gt;Cabinet Office guidelines&lt;/a&gt;.

The appointments are confirmed following a public recruitment exercise.

The Defra Board provides ***strategic***, corporate leadership to the department and has particular responsibility for monitoring performance and delivery. &lt;a href="[*https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/about/our-governance*](https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/about/our-governance)"&gt;More details about the Defra Board&lt;/a&gt;

Background

Recruitment process

A process to recruit new non executives began as incumbents neared the end of their terms.

A fair and open competition for the posts was conducted, with the recruitment and selection process overseen by Sir Ian Cheshire, the Government's lead non-executive.

An advertisement for the non-executive board members was published on 14 September 2017. Recruitment of non-executive board members followed the procedures set out in the Government's Code of Good Practice for Corporate Governance in Central Government Departments, and its supporting guidance.

The &lt;a href="[*https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/609668/PU2076\_corporate\_governance\_guidance.pdf*](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/609668/PU2076_corporate_governance_guidance.pdf)"&gt;guidance&lt;/a&gt; makes clear:

Non-executive board members in Whitehall will be appointed by the Secretary of State. The appointment of lead non-executives will be on the approval of the Prime Minister.

Non-executives on departmental boards are not employees and they do not benefit from temporary civil service status.

Previous or current political activity should not be an automatic bar to appointment.

Board movements

Current non-executive board member Paul Rew's term of office runs until the end of June. He will be replaced by Colin Day, with a period of overlap to ensure continuity on our Audit and Risk Assurance Committee.

Catherine Doran's second three-year term expired on 30 November 2017.

Steve Holliday stepped down from the Defra Board in November and will be replaced by Henry Dimbleby as lead non-executive board member.

Peter Bonfield remains on the Board.

Political declarations

All appointees have declared any political activity as required.

Ben Goldsmith has made donations to the Conservative Party and the Green Party on an irregular basis since 2004. This has included to the constituency parties of the Environment Secretary (2005) and the Green Party (2009).

Full details are available from the &lt;a rel="external" href="[*http://search.electoralcommission.org.uk/?currentPage=1&amp;rows=10&amp;query=BEN%20GOLDSMITH&amp;sort=AcceptedDate&amp;order=desc&amp;tab=1&amp;et=pp&amp;et=ppm&amp;et=tp&amp;et=perpar&amp;et=rd&amp;prePoll=false&amp;postPoll=true&amp;optCols=CampaigningName&amp;optCols=AccountingUnitsAsCentralParty&amp;optCols=IsSponsorship&amp;optCols=RegulatedDoneeType&amp;optCols=CompanyRegistrationNumber&amp;optCols=Postcode&amp;optCols=NatureOfDonation&amp;optCols=PurposeOfVisit&amp;optCols=DonationAction&amp;optCols=ReportedDate&amp;optCols=IsReportedPrePoll&amp;optCols=ReportingPeriodName&amp;optCols=IsBequest&amp;optCols=IsAggregation*](http://search.electoralcommission.org.uk/?currentPage=1&amp;rows=10&amp;query=BEN%20GOLDSMITH&amp;sort=AcceptedDate&amp;order=desc&amp;tab=1&amp;et=pp&amp;et=ppm&amp;et=tp&amp;et=perpar&amp;et=rd&amp;prePoll=false&amp;postPoll=true&amp;optCols=CampaigningName&amp;optCols=AccountingUnitsAsCentralParty&amp;optCols=IsSponsorship&amp;optCols=RegulatedDoneeType&amp;optCols=CompanyRegistrationNumber&amp;optCols=Postcode&amp;optCols=NatureOfDonation&amp;optCols=PurposeOfVisit&amp;optCols=DonationAction&amp;optCols=ReportedDate&amp;optCols=IsReportedPrePoll&amp;optCols=ReportingPeriodName&amp;optCols=IsBequest&amp;optCols=IsAggregation)"&gt;Electoral Commission website&lt;/a&gt;.

He is Chairman of the Conservative Environment Network, which promotes environmental issues and their solutions amongst Conservatives. The Conservative Environment Network is not formally affiliated with the Conservative Party.

Lizzie Noel was a Conservative candidate in the 1997 General Election. For any query with respect to this article or any other content requirement, please contact Editor at [*content.services@htlive.com*](mailto:content.services@htlive.com)

**Load-Date:** March 2, 2018

**End of Document**



[***US Navy remotely lands F/A-18 Super Hornet on carrier deck; E Naval officers aboard the USS Abraham Lincoln demonstrated for the first time the ability to remotely take control of an aircraft and land it on an aircraft carrier’s deck.***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S0J-0KM1-JCF2-H004-00000-00&context=1516831)

Flight International

March 30, 2018

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**Section:** FLIGHTGLOBAL.COM

**Length:** 17388 words

**Body**

Naval officers aboard the USS Abraham Lincoln demonstrated for the first time the ability to remotely take control of an aircraft and land it on an aircraft carrier’s deck.

Using the ATARI system, or aircraft terminal approach remote inceptor, landing signal officers demonstrated remote piloting of the F/A-18E Super Hornet while conducting carrier qualifications and flight testing aboard the Abraham Lincoln in March. The officers also demonstrated touch-and-go manoeuvres with the system.

The ATARI technology was developed at NAS Patuxent River, Maryland by Naval Air Systems Command. It was initially tested on a Learjet in 2016, performing shore-based low approaches. An undisclosed number of F/A-18s were fitted with the technology in 2017. The system was deemed ready for trials at sea by the "Salty Dogs" of Air test and Evaluation Squadron 23.

"There was some nervousness because the sea state was so bad," said Lt John Marino, a carrier suitability pilot from the "Salty Dogs" and the first pilot to land on a flight deck using ATARI. "Back on the airfield, testing was benign."

Image courtesy of US Navy

The system demonstrated a potential method for recovering an unmanned aerial vehicle by using the landing signal officer’s ability to observe and fix glideslope and lineup errors, said the US Navy. It is not intended to be a primary method for recovering manned aircraft, but provides a relatively inexpensive backup system.

During testing, the ATARI system operators controlled an F/A-18 aircraft using a joystick, while a safety pilot sat in the cockpit as backup. The technology is capable of taking over an aircraft from up to five miles away.

Testing was conducted over the course of two days in conjunction with carrier qualifications. ATARI is not scheduled for fleet-wide implementation as the system’s engineers ***plan*** to analyze the data collected aboard Abraham Lincoln and make adjustments for further at-sea testing.

JOURNAL : Farmers Weekly

The groceries code adjudicator <GCA) has urged farmers to grasp an opportunity to speak out over their experiences of dealing with retailers.

Launching the annual groceries sector survey, adjudicator Christine Tacon stressed the importance of farmer views and urged a repeat of last year’s strong response from the ***agricultural*** sector.

See also: Supermarket treatment of suppliers – the good, bad and ugly

“The fifth annual survey allows you to give honest feedback on your experience of how retailers are complying with the Groceries Supply Code of Practice [GSCOP],” Ms Tacon said.

“It highlights concerns facing suppliers and allows me to collect the most comprehensive set of views on the current GSCOP-related issues,” she explained.

The survey results are used by the GCA as a tool in her quarterly discussions with the top 10 retailers.

And Ms Tacon added that it was “very important to be frank” when completing the survey because the responses would help determine where to focus her attention.

The survey closes on 22 April 2018 and the results will be published at the GCA annual conference on 25 June in Westminster, London.

Last year’s survey, which drew a record 1,200 response from direct suppliers, showed a general improvement in reported issues.

But suppliers still spoke of serious transgressions in their responses.

Four typical responses from the survey in 2017

“We do not receive good forecasts nor are we informed of promotions in time, which means we have no time to reach sudden increased demand.”

“I am now seeing retailers trying to claw back money from suppliers in different ways– for example, if we are late with a delivery, fines are higher and more stringent, but this varies by retailer.”

“Forecasting of stock - huge swings in demanded volumes and little, if any, responsibility from the retailer for the excess stock left behind.”

“Delist without full explanation. In fact, we only received an email and were not given an explanation despite repeated questions.”

Complete the groceries sector survey.  It should take no more than 10 minutes.

JOURNAL : Farmers Weekly

A family farming business in Lancashire is appealing for help from the public to recover their two stolen tractors.

Thieves struck at Stirzaker House Farm in Barnacre, Garstang, stealing two John Deere tractors in the early hours of 22 March.

The thieves broke through gates where one of the tractors was parked and locked in the silage clamp.

See also: Read the latest news on rural crime

The tractors are a John Deere 6920, registration number PN05 OJZ and a Deere 6430, with registration HY08 FGK.

Hi Steven, two JD tractors stolen 22/3 from Barnacre Garstang heading down Whitingham Lane towards Goosnarghin the early hours one from Myerscough last night, and a JD solen from Woodplumpton a few weeks ago Please share

Bob (@rpickavance) March 24, 2018

Appealing on Facebook for help, farmer’s daughter Lucy Barton said: “Please, if anyone has seen anything suspicious or caught anything on camera, or knows of any information in regards to seeing them or hearing people talk about seeing them, please get in touch with us.”

The 6920 has stickers all around the cab, a single chrome air horn on the left-hand side of the roof and two brand-new Ecco vision alert beacons.

The 6430 has a front John Deere loader, a missing left hand door no front mudguards and no mirrors.

The latest tractor thefts comes just weeks after a John Deere 6930 tractor, registration PN09 MYS, was stolen from a farm in nearby Preston.

John Deere 6930 registration PN09 MYS stolen from farm near Preston #Lancashire Can you help police trace this tractor? Have you been offered it on the cheap? Call 101 with any info. Please #RT #farmcrime #ruralcrime #tractortheft #tractors [*https://t.co/5t4FWq0971*](https://t.co/5t4FWq0971)

Farmers Weekly (@FarmersWeekly) March 8, 2018

Farm owner John Barton told the Lancashire Evening Post: “It just hasn't sunk in yet. It's been very hard to take in.

“The thieves obviously knew what they were coming for - they broke in and were ready and equipped.

“I've lived at this farm for 10 years and we've never had anything like this happen before. It's usually a very nice place to live.”

Anyone with information is asked to contact Lucy Barton on 07791 942 296 or John Barton on 07837 841 764, or the police on 101.

JOURNAL : Farmers Weekly

The UK’s largest dairy processor, Arla, has increased its April milk price by 0.32p/litre from 1 April.

A spokesman said the April increase was a result of last quarter’s average exchange rate being introduced into the co-operative’s currency smoothing mechanism.

See also: Farmer Focus: Snow gone, but milk price uncertainty remains

The rise means Arla’s 2,400 UK dairy farmers will receive 27.43p/litre based on constituent contents of 4.2% butterfat, 3.4% protein.

For ease of comparison, the liquid price will be 26.39p/litre based on 4% fat and 3.3% protein from next month.

The small rise ends three consecutive drops that had seen the Arla price fall by 5.2p/litre from the start of the year.

 “Commodity market prices have stabilised over the past few weeks, however protein prices remain at record low values,” said Arla Foods amba board director, Johnnie Russell.

“The recent increases in butterfat and cheese prices have diminished with these prices also stabilising around their February levels.”

JOURNAL : Farmers Weekly

Bayer’s US$62bn (£43bn) takeover of Monsanto has moved a step closer after EU Commissioners granted conditional approval for the move.

Shareholders of the two companies first gave the go ahead for the takeover back in September 2016.

See also: EU Commission begins probe into Bayer-Monsanto deal

But competition officials feared the merged company – controlling 25% of global seed and pesticide sales – would dominate the sector and a competition probe was launched in July 2017.

EU competition commissioner Margrethe Vestager, who is heading the investigation, said the merger in its initial guise would be too powerful.

Rather than reject the proposal out of hand Ms Vestager set out conditions that would have to be met for the deal to continue.

6bn assets

Essentially, Bayer was told it had to sell certain assets, worth more than 6bn (£5.2bn), to rival German agrochemical company BASF.

The sale includes Bayer’s global seeds and genetic traits business and an agreement to divest research work to BASF on developing an alternative product to glyphosate.

Certain digital assets owned by Monsanto and Bayer are also included in the conditions.

Bayer owns the Xarvio farm software and Monsanto was about to launch its FieldView ***programme*** in Europe.

This would have given the merged firms a strong grip on the digital market.

Bayer/BASF agreement

To meet the EU competition ruling, Bayer has also agreed to license its existing and future digital ***agriculture*** system to BASF.

Further decisions on the sale and divestments to BASF are due on 16 April.

Once that has been negotiated successfully the takeover will be given approval in the EU.

Ms Vestager said Bayer had met all of the concerns held by the commission and ensured the number of players in the seeds and pesticide markets remained the same.

“Our decision ensures that effective competition and innovation in seeds, pesticides and digital ***agriculture*** will continue after this merger.”

Decision not final

However, the takeover is still not completely resolved.

A further hurdle remains as the deal is still subject to scrutiny and approval from the US Department of Justice.

The outcome is not clear cut because the department is listening to opposition from the public and farming bodies who are concerned that the merger will result in higher prices.

JOURNAL : Farmers Weekly

Construction work has started on the world’s first floating dairy farm, which will be based at a port in Rotterdam and will house 40 milking cows.

***Plans*** for the farm were first unveiled two years ago, with its backers claiming that it will be a welfare and environmentally-friendly form of ‘smart and local’ farming.

Three concrete floats that will form the foundations of the farm are being built in dry-dock and are expected to be shipped into their final position in May.

See also: ***Plan*** unveiled for high-tech floating dairy farm

The first cattle are expected to take up residence later in the year.

‘Unprecedented milestone’

“After all the preparations, this is an unprecedented milestone for everyone who has worked to get this project up and running,” said Peter van Wingerden, project initiator on behalf of property developer Beladon.

“Building on water always brings additional challenges with it, although it offers us the opportunity to restore food production to the inner city at the same time.

“We believe that building on water is the way ahead in a country with a changing climate and ever-increasing urbanisation.

“Floating Farm is the perfect scaleable solution for cities such as Rotterdam, with a lot of space on the water. In addition, we see huge opportunities for this prototype all over the world.

“We will be building with all due speed in the months ahead, so that we can welcome our first cattle later this year.”

Sea-sick cows?

The ***plans*** for the farm have not been without controversy, with some city council members seeking to block the development until they had been reassured that the animals would not suffer from sea sickness.

Two dairy farmers have already been recruited to run the business, which will also have a strong educational element.

Montbéliarde cows will be used and will be milked by robot.

The animals’ diet will predominately be fresh grass, which will be grown on the farm using special LED lights.

The animals will live in a 1,200sq m “cow garden” on the top level of the floating structure.

They will also have access to an adjacent 1ha “paddock” on the dockside, so they can choose to graze either on the floating farm or on the mainland.

Waste from the animals will be separated out into urine and solids by a special membrane floor and then will be used either as a fertiliser or to generate energy.

‘Enormous asset’

Carel de Vries, project initiator on behalf of the Courage innovation organisation, said the farm could become an enormous asset to the Dutch ***agricultural*** sector.

“The latest technology will be tested on the floating farm, with the aim of drastically reducing environmental impact.

“We are developing opportunities that will benefit the entire dairy farming sector throughout the country in the fields of animal welfare, manure processing and circularity.”

JOURNAL : Farmers Weekly

Whether you have a legal, tax, insurance, management or land issue, Farmers Weekly’s Business Clinic experts can help.

Here, Georgina Sweeting of Savills advises on the pros and cons of share and contract farming agreements for a farmer who wants to take as step back and offer a newcomer the chance to farm.

Q I run a 182-ha arable and sheep farm with 300 ewes and am a sole trader with no successor.

I am coming up to retirement and looking at ways to continue farming while taking a step back.

I would like to help get someone started in farming through a share farming or contract farming agreement. What should I be considering?

Georgina Sweeting

Food and farming graduate, Savills

A Share and contract farming agreements (CFAs) are used to continue farming for lifestyle and tax reasons while taking a step back from the physical aspects.

Both would suit your situation and can be flexible in terms of capital investment.

Both parties should be willing and able to work together to form a successful business relationship.

A written agreement should clearly set out roles and responsibilities.

Share farming

Two parties share input costs and revenue while running separate businesses.

Typically, the owner provides the land, buildings, fixed equipment, major maintenance and expertise while the operator provides labour, machinery, energy costs and part of the working capital.

See also: How much to rent a cattle building?

Each party pays for inputs and receives income reflecting their agreed shares. There are no guaranteed payments and no joint bank account

The production risk and reward is spilt between the two parties, with the owner retaining full tenure and possession, enabling ***agricultural*** property relief (APR) from inheritance tax to be maintained.

The operator is able to enter the industry with little capital while learning from the farmer’s knowledge and experience.

There is the opportunity for them to build up their share through re-investing profit; typically this will be detailed in the agreement.

For example, at the outset you may own 75% of the flock and the operator 25%. This type of structure allows energy and ambition from the “sharer” to be combined with knowledge and expertise from the farmer.

Establishing share farming arrangements tends to be more complicated than CFAs as there is no set bank account to make and receive payments; two sets of invoices/receipts will have to be processed.

There is potential for a greater risk to both parties as there is no guaranteed income. The agreement must consider factors such as soil structure, land drainage and buildings – the operator may be unwilling to input significantly into this if there is no clear advantage to them.

Contract farming

Contract farming is a joint venture whereby the farmer provides land and buildings and the contractor provides labour, machinery and power.

A bank account should be set up by the farmer, paying for the inputs and receiving all income. This creates the margin and keeps the agreement separate from the current sole trading operation.

The contractor receives a basic fee throughout the year, with the farmer taking a basic return at the year end. Any surplus margin as calculated in accordance with the agreement is then divided between the two parties.

CFAs suit farmers looking to reduce capital tied up in machinery or cut down physical involvement in the farm. The contractor benefits from economies of scale and receives a guaranteed fee per acre.

The farmer continues to claim BPS and retains full possession and tenure. The contractor can own all or part of the breeding stock and hire them back to the agreement, giving the potential to build up the herd while allowing you to further release capital.

To retain APR, day-to-day decision making must be with the farmer and not the contractor.

Responsibility for cross-compliance and any stewardship agreements remains with the farmer, so the contractor will have to be made aware, and potentially carry indemnity for, any potential breaches.

Arable CFAs may be harder for newer entrants to take on because of the capital requirement for machinery, but in livestock situations they can be a good option.

The agreement should carefully detail who will be providing which elements of the farming enterprise.

Do you have a question for the panel?

Outline your legal, tax, finance, insurance or farm management question in no more than 350 words and Farmers Weekly will put it to a member of the panel. Please give as much information as possible.

Send your enquiry to Business Clinic, Farmers Weekly, RBI, Quadrant House, The Quadrant, Sutton, Surrey SM2 5AS.

You can also email your question to [*fwbusinessclinic@rbi.co.uk*](mailto:fwbusinessclinic@rbi.co.uk)

JOURNAL : Farmers Weekly

The Welsh government has hinted it could follow England’s lead and introduce mandatory CCTV in all slaughterhouses in future.

Welsh rural affairs secretary Lesley Griffiths has announced a £1.1m grant scheme for small and medium-sized slaughterhouses in Wales.

She said the money would be used to support welfare-friendly infrastructure and facilities and also the installation and upgrading of CCTV monitoring systems.

See also: CCTV to be compulsory in abattoirs in England

But she added: “I want to assist food business operators to put systems in place, while legislating for CCTV in slaughterhouses is taking place in England.

“I want Wales’ slaughterhouses to be fully prepared as I continue to explore opportunities to legislate in the longer term.”

The British Veterinary Association (BVA), the RSPCA and the Veterinary Public Health Association (VPHA) have been pushing for mandatory CCTV covering all areas where live animals are kept, as well as full and unrestricted 24/7 access to CCTV footage for official veterinarians (OVs).

The BVA Welsh branch said the announcement of grant aid for Welsh abattoirs is particularly welcome as it targets smaller local slaughterhouses and supports their view that food animals should be slaughtered as near to the point of production as possible.

Its president, Sarah Carr, said: “Improving welfare at slaughter is a hugely important campaign for veterinary surgeons and we hope the Welsh government will move quickly towards legislating to introduce CCTV in all Welsh slaughterhouses.

"Mandatory CCTV will provide an essential tool in fostering a culture of compassion that helps safeguard animal welfare. It will also be important for official veterinarians to have unrestricted access to footage to ensure Wales continues to have the some of the highest standards of animal health, welfare and food safety.”

Government report

In December 2016, the Welsh government published a report – entitled Need for and Possible Implementation of a Workable System of CCTV in All Slaughterhouses in Wales – which detailed that only eight large abattoirs of the total 26 abattoirs in Wales have CCTV.

The report concluded there was “not sufficient basis” to make the implementation of CCTV a mandatory requirement in abattoirs in Wales.

In February, Defra secretary Michael Gove announced ***plans*** to make CCTV mandatory in all slaughterhouses in England to safeguard animal welfare.

The legislation will come into effect this May, after which businesses will have six months to comply, or face penalties.

JOURNAL : Farmers Weekly

The Country Land and Business Association (CLA) has written to leading fracking company Ineos, complaining about its recent approaches to farmers and landowners in relation to accessing land for seismic surveys and future shale gas extraction.

The letter, from CLA president Tim Breitmeyer (pictured), has been triggered by Ineos’s decision to seek High Court action against the National Trust over its refusal to grant access to one of its large estates in Nottinghamshire.

See also: Fracking firm to challenge National Trust in High Court

But a spokesman said the letter also reflected the CLA’s more general concern about Ineos’s recent behaviour, including its requests for farmers and landowners to grant access to their land to carry out seismic testing.

“Until recently, our members have been sympathetic to Ineos’s approach,” said Mr Breitmeyer in his letter. “A number of the larger estates with which you have been working report that they were able to negotiate mutually acceptable arrangements.

“However, the recent decision to take the National Trust to court, to force them to grant access for seismic surveys, and your comments that if there was sufficient gas Ineos could go back to court to force the Trust to allow it access to drill and extract it, completely undermines the positive approach you have taken to date.”

While insisting that the CLA takes no position for or against fracking, Mr Bretimeyer says the organisation is “clear in our defence of a landowner’s right to decide what activities take place on their land”.

He called on Ineos to retract the statement, or risk damaging relations with landowners.

Obligations

But Ineos insists it is pursuing the National Trust in the courts only to help it meet its obligation to complete its seismic surveys, which is part of its commitment to government.

“It is certainly the case that landowners have the right to say ‘no’ to seismic testing; and we do not need 100% access in the survey area, so we can certainly handle some objections,” said Ineos’s commercial director, Lynn Calder.

“But we can’t fulfil our obligation to government if whole organisations or groups of landowners say no.

“So we are able to challenge the National Trust using the Mines Act 1966, though we have to prove that we are being unreasonably impeded from fulfilling our duty. We certainly do not envisage taking every single landowner down that route if they say no to seismic testing.”

Meanwhile, Ineos has challenged a Scottish government ban on fracking, taking it to judicial review with the results expected in May.

The three stages of fracking

Preparatory stage – involving seismic testing to see if the site looks promising

Appraisal stage – including construction of a well pad, then hydraulic fracturing to assess gas flow rates

Production stage – full extraction and gas processing established

JOURNAL : Farmers Weekly

A feeding system that prevents dairy cows sorting concentrates from forage in a total mixed ration (TMR) has been shown to increase average daily milk yield by 1.6 litres a cow during a Farming Connect trial.

Compact feeding, which involves soaking concentrates in water and pre-mixing, was trialled in the dairy herd at Llysfasi College, a Farming Connect innovation site.

The unit manages its herd of year-round-calving Holstein Friesians in two groups of 100 cows in line with its a2 milk contract. This allowed the two systems of feeding to be directly compared.

See also: Dorset farmer opts for old-school auto-feeding silage tower

One group was fed a ration mixed conventionally in a feeder wagon, while the ration fed to the second group was prepared according to the compact method.

How the compact feeding worked

This involved moistening and pre-mixing the dry components in eight litres of water a cow (800 litres for 100 cows) before mixing these with the forages for 30 minutes.

The blend is soaked overnight and the following morning this is added, along with the dry minerals, to the forages.

The principle behind this approach is that it gives every cow a consistent ration.

Benefits

During the four-week trial, milk output in the compact TMR-fed herd not only increased, but dung, milk butterfat and rumination levels among all the cows were more even.

A dung texture scoring system, ranging from loose and watery at 1 to a stiff consistency at 5, was also used to assess cow diet.

There was a high level of 2s in the normal TMR group, which is indicative of a ration imbalance.

The butterfat averaged 4.15% for the compact group compared with 4.05% for the non-compact group – so a modest increase of 0.1%.

Will Jones, of Kite Consulting, who analysed the trials results on behalf of Farming Connect, says the data demonstrated the diet was consistent.

“Every cow is getting a diet that is closer to that shown on paper instead of some getting more concentrates because they have sorted it from the forage and the more timid cows getting the fibrous material that has been left behind.

“In this trial, there was more of a range of rumination because some were dealing with too much fibre while others were dealing with acidosis, because they had eaten too much concentrates.’’

Soaking the feed overnight makes it more available in the rumen; this is because the protein bonds in the different feed components are broken down and the degradation of the feedstuffs is quicker because it can be accessed by rumen bugs.

Llysfasi has good mixing protocols for the normal TMR ration and feeds a comparatively low level of concentrates – the ration is 4.5kg concentrates and 70% forage DM.

There is opportunity for even greater improvements in herds where rations are undermixed or have a higher level of concentrates, Mr Jones adds.

Considerations when compact feeding

The system requires silage containing high levels of dry matter, therefore forages need to be carefully ***planned***. It is not an option to add less water when forages are wetter as this will result in the balling of concentrates. Target DM is 36-38% (depending on mixer wagon).

The system is difficult to implement if forage has a low dry matter.

Feed can stick to the augers of vertical feeders, so be vigilant for this when mixing or feeding out.

There must be adequate  neutral detergent fibre (NDF) in the diet for compact feeding to work.

Diets must not have too high a level of fermentable starch before water is added because fermentation will increase and lead to potential issues with acidosis.

Don’t add rumen-protected fats to the pre-mix because they will degrade - add these at the same time as the forages.

Financial gains

Llysfasi farm manager Dewi Jones says he has been convinced by compact TMR and will continue this approach next winter.

“At 29p/litre on a 200-cow herd based on a 180-day winter, the extra 1.6 litres of milk ***produced*** a cow a day would generate an additional £17,000 or so of milk income,’’ Mr Jones calculates.

“We have not fed the herd more, we have just fed them differently,’’ he points out.

He is confident that over a longer period there will be increased lying times and improved foot health because cows will be less inclined to follow the mixer wagon around the shed once they learn they can’t sort the feed.

Potential pitfalls

During warm weather, the pre-mix can heat up and requires the addition of acid to stabilise.

Keep a close eye on potential balling of concentrates, which can be caused by faulty blades on a mixer wagon or insufficient mixing time.

The mix will be more dense than standard TMR and this can wear parts such as the shear pins on PTO shafts.

Rumination levels in the two groups based on 11 cows in each group

Average number of minutes cows ruminated in one day

Minimum

Average

Maximum

Range

Compact TMR

598

657

747

149

Standard TMR

434

550

680

246

JOURNAL : Farmers Weekly

An ever-growing “to-do” list has forced the Crop Watch agronomists to prioritise outstanding tasks, as the increased day length with the passing of the spring equinox will see crop growth increase.

Some forward wheat crops have reached growth stage 30 with thoughts turning to T0 fungicide strategies, providing that sprayers can travel.

Another key debate is fertiliser and whether to merge the first two splits and apply nitrogen and sulphur one big hit. However, that brings increased risk of leaching and reduced fertiliser uptake by crops.

West: Giles Simpson

Pearce Seeds (Somerset)

The recent episodes of the Beast from the East have slowed or even reduced growth. Grass growth went backwards by 200kg of dry matter/ha in the last spell.

Little has happened since I last wrote, apart from my neighbour Colin Tizzard training the Gold Cup Winner and one of my customer’s horses winning the Albert Bartlett Novices’ Hurdle at Cheltenham.

The ground has not been given chance to dry out and field work has been very limited, only the really dry ground has been travelable.

See also: Why SDHI fungicide strategies need to change in 2018

Nearly all spring cereal seed is still in the bag and when it does get dry enough to make a seed-bed seed rates will need to be increased. Yield will now almost certainly be affected, as well as delaying harvest.

Septoria is present on older leaves in wheat and is ready to explode when the weather warms up. Dealing with this will be a priority as soon as the sprayers can travel.

We all know in the South West that you cannot give septoria an inch as it will take a mile. Then you will chase it all season.

Contrary to recent articles, I believe septoria needs treating sooner than later. The early drilled crops are coping well with the conditions, but the late-drilled crops will have a lot of catching up to do.

Winter barley crops are struggling with waterlogged soils, they are in desperate need of some nitrogen. Disease levels in barley are generally low.

The winter oilseed rape generally looks good, but the pigeons have hammered it in places in the last couple of weeks. High green area indexes have meant very little nitrogen has needed to be applied so far which is a blessing seeing as travelling would have needed a hover craft.

A period of dry, warm weather is now what we need so that we can catch up with the season’s workload.

East: Marcus Mann

Frontier (Essex)

Considering the unusually late, cold blasts, crops don’t appear to have suffered too much. Winter oilseed rape in particular has highlighted the benefit of a good establishment, as the larger canopies with good rooting have survived the cold, wet conditions.

We have now passed the spring equinox and with increased day length there will be increases in crop growth. Large doses of nitrogen are being applied to get enough into the plant for the appropriate growth stages.

It will be important to analyse the growth regulation, particularly in cereal crops. Early plant growth regulator applications will help enhance rooting, result in stronger crown roots and, thereby, reduce the risk of root-based lodging as well as allowing better access to water and nutrients.

Forward winter wheat crops are beginning to reach growth stage 30 and T0 strategies are being discussed.

Yellow and brown rust will have been suppressed, however, the older leaves still harbour Septoria tritici. An application of a multi-site protectant will still have the benefits of reducing these levels and cut the risk of poor disease control in the event of a delayed T1 application.

Oilseed rape is variable with forward crops beginning stem extension. Where light leaf spot and growth regulators are being applied, take the opportunity to top up boron as recent rainfall and wet soils will have reduced its availability.

The colder weather will have reduced pollen beetle activity, but as temperatures begin to reach 15C, keep monitoring backward crops.

With the frustration of a later drilled spring crop this does allow for further use of stale seed-beds and pre-drilling glyphosate on grassweeds.

With colder wet soils, good seed-bed preparation is even more important this year to ensure the crop begins growing from the moment it’s planted.

South: Kevin Knight

Zantra (Kent)

The big debate has been fertiliser application. Some went too early, some haven’t applied any yet, however, all feel strongly about their point of view and there’s a lot of conflicting advice out there.

The second wheats’ February top dressing of nitrogen plus sulphur didn’t happen. Some are combining the first two splits into one big hit as soon as they can travel. I choose not to use too much in one go as you’ll lose 40% of applied N on average, more in a big application.

Excessive N will either be lost through leaching, locked up or denitrified by microbes. The recovery of N by the crop is closer to 80% with several smaller applications, though you have to offset this against work rate and passes through the crop

If it’s too cold and wet to travel, it’s unlikely the crop will be able to take up much of what is applied, and leaching risk is too high. There is a wide window in which the crop requires nitrogen, so you can afford to be flexible.

The main need is during stem extension through April, which can be split with half early and half towards the end.

Oilseed rape has all had its first top dressing. After concerns of antagonism between ammonium sulphate and boron uptake, I’ve moved to a three way split of crop boron requirements.

One in late autumn as bud initiation begins and one during flowering with the main application (350g) during stem extension. I was expecting to be there by now, but it looks like it will be after Easter.

I’m on the watch for pollen beetle as green bud approaches in the forward crops and a fungicide plus plant growth regulator is ***planned***. There’s little need for a growth regulator yet in late drilled rape.

Some early drilled wheats have leaf four emerged so are now at the right growth stage for a T0. This will be an azole + chlorothalonil in most crops, with azoxystrobin in high rust risk varieties and some second wheats. If mildew is active then I’ll add a mildewicide.

North: Patrick Stephenson

AICC (Yorkshire)

If nature had a “pause” button it was certainly pressed this month. As I sit writing this, we have achieved virtually nothing in the past four weeks.

Eddie Jones was accused of not having a ***plan*** B in the Six Nations, and I think if he visited any farm in the UK, he would soon learn about ***plan*** B, and C and D.

Soil temperatures have barely risen above 3C, which translates into little or no crop growth. I have read with interest the numerous articles stating there is no panic to apply nitrogen at these temperatures.

I am not going to disagree, but there is also the small matter of logistics namely you can only do one job at a time and there are only seven days in a week, so something must give.

Fertiliser priorities must be nitrogen for winter barley, secondly oilseed rape and then second or backward wheat crops. Drilling spring crops is also a priority, because the later they are drilled, then the greater the variability in their performance.

This year it is very difficult to see when and what the starting ***programme*** will be.

Early drilled wheat crops look weathered but good. All varieties are carrying some septoria, but rusts appear to be in check. There are no weeds to speak of following good autumn spray ***programmes***.

The questions then are, do growers need to apply a T0? Or will growers be physically able to apply a T0? Leaf 4 is reluctantly appearing and would probably be fully emerged by 10 April.

With that scenario I can see leaf three following very quickly and the best ***plan*** is probably a T1 timing being enhanced and T0 missed. Varieties with good septoria resistance ratings will have more flexibility with product choice and timing.

Winter barley crops are now in need of the fertiliser and will receive the vast majority of this as soon as we can travel. Two row barley crops are full of disease and even the normally clean six rows and hybrids have a good smattering.

The first fungicides and growth regulators will be applied shortly after Easter with manganese. The aim this year will be to target a three-spray ***programme***, to try and manage ramularia.

Winter oilseed rape is attempting to stem extend, but the ravenous pigeons and lack of nitrogen are proving a real challenge.

If nature has still pressed the “pause” button by next month’s Crop Watch I will be up to ***plan*** Z.

JOURNAL : Farmers Weekly

UK dairy wholesale markets remained steady in March, with only cream continuing its recent price volatility.

Butter, skim-milk powder (SMP) and mild cheddar remained virtually unchanged on the month as both buyers and sellers were reluctant to commit to long-term deals over price and production concerns, according to AHDB Dairy.

See also: Farmer Focus: Snow gone, but milk price uncertainty remains

February milk production was hampered by the two “Beasts from the East” and Storm Emma, as well as continued wet weather which led to little-to-no grass growth, waterlogged fields and delays to turnout, feeding the expectation of a lower than average spring flush this season.

March saw strong cream prices hitting highs of between £2,000/t and £2,100/t before prices fell back to £1,850/t by the end of the month.

[*https://infogram.com/uk-wholesale-dairy-prices-1h0r6r8zdp1w4ek*](https://infogram.com/uk-wholesale-dairy-prices-1h0r6r8zdp1w4ek)

The levy board reported mixed demand across the market, with sentiment surrounding production uncertainty appearing to be one of the main drivers of price changes.

Butter production has been unfavourable in recent weeks due to the rock bottom nature of SMP, leading to little trade over the past month.

Prices dropped by an average of 2% to average £4,220/t, 16% higher than the same period 12 months ago.

As mentioned, SMP continued its long-term trend of rock-bottom prices, averaging 1,150/t, 26% beneath its level in March 2017.

The latest EU ***intervention*** tender saw sales of just 4,337t of its 380,000t of SMP in storage at a price of only 1,050/t – below the feed grade price of the milk powder.

The cheddar markets saw prices for higher quality cheese holding well, while lower quality product fell slightly, pulling the overall average down by a single percentage point to average £2,900/t, in line with its level 12 months ago.

This relative price stability combined with Arla’s decision not to cut its April milk price decreases the likelihood of further cuts to farmgate prices over the next few months.

UK production forecast

The latest AHDB Dairy production forecast indicates the UK will ***produce*** 70m less litres in 2018-19 compared to last season – a drop of 0.6%, said AHDB Dairy.

UK production is expected to hit 12.3bn litres, with the small drop attributed to decisions around inseminations in 2015 which affected youngstock numbers, shifting calving patterns and the effects of milk and feed prices on milk yields and cow retention rates.

World supplies on the up

While UK production has shown restraint in recent months, world milk supplies are continuing to march upwards with January levels 2.7% ahead of the same month a year before.

Over three-quarters of this rise has come from production increases within the EU-28, with another 20% coming from the USA.

Volumes from Argentina and Australia edged up marginally, with production falls from New Zealand almost negating the gains seen in the other two countries, according to AHDB Dairy.

February production levels are expected to be slightly more restrained as a result of the wet weather across Europe.

Irish production alone is set to increase by 5% on the year, putting annual production at 7.6bn litres, 40% higher than its level five years ago.

JOURNAL : Farmers Weekly

Defra farm minister George Eustice has chaired a meeting with farm leaders from the UK’s devolved nations to hear their views on the government’s Brexit consultation paper on ***agriculture***.

Key stakeholders from Scotland, Wales and Northern Ireland joined MPs for the open round-table discussions at Defra headquarters in London on Thursday (22 March).

A Defra spokesperson said: “Given the devolved administrations will have greater powers to decide their own ***agriculture*** policy when we leave the EU, the minister is keen to hear about their future ***plans*** and ensure there is the opportunity for different areas to collaborate and learn from each other’s experiences.

See also: Gove ***plans*** to redirect £150m BPS savings to the environment

“It was a productive meeting, with representation from NFU Scotland (NFUS), Scottish Land and Estates, NFU Cymru and NI Environment Link [NIEL], among others.”

Among the issues discussed were:

Broad agreement that having the environment and sustainable food production at the heart of future farming policy is a positive opportunity for all territories.

The need for the four nations to work collaboratively on solutions for new common frameworks to maintain the integrity of the UK internal market and allow us to sign international agreements.

Future funding guarantees – to note, the minister reiterated that the same cash total for farm support is guaranteed for all parts of the UK until the end of this parliament.

Defra’s Brexit consultation paper for ***agriculture*** – Health and Harmony: the future for food, farming and the environment in a Green Brexit – confirms the government’s intention to replace the existing system of farm support with a new framework based on environmental enhancements and the delivery of public goods.

Westminster 'power grab' fears

Defra has indicated that certain powers would be retained by Westminster initially after Brexit to provide for UK frameworks.

But farming unions across the UK’s devolved nations are concerned Defra may seek a “power grab” of EU policy currently exercised by Brussels. They are seeking an appropriate balance between devolution and common UK frameworks after Brexit.

Commenting on the meeting, NFUS vice-president Martin Kennedy said: “As the Brexit negotiations ramp up, so too does NFU Scotland’s engagement with officials and parliamentarians. Continued dialogue on the union’s key principles of trade, labour and support is hugely important.”

A National Audit Office (NAO) report, published in December, which considered how Defra policy will be implemented after Brexit, found about 80% of its policy areas are devolved.

“The department needs to work closely with the devolved administrations to agree where UK-wide frameworks are needed in Defra's devolved policy areas,” said the report.

JOURNAL : Farmers Weekly

Brexit-related “work streams” at Defra are likely to grow from 43 to about 70, with civil servants making ***plans*** for a possible “no-deal” outcome.

Defra secretary Michael Gove has outlined the growing scale and complexity of leaving the EU faced by his department in a letter sent to Mary Creagh MP, chair of the influential Environment Audit Committee (EAC).

He states that increasing the number of work streams – pieces of work aimed at delivering the UK’s departure from the EU – is necessary once preparations for a no-deal scenario and longer-term work caused by the EU exit are taken into account.

See also: Opinion – farmers must respond to Defra’s Brexit consultation

“We have ***plans*** for all ‘day one’ projects and are in the process of ensuring that those ***plans*** are at sufficient level of detail,” writes Mr Gove. But he does not provide any detail as to how many, or what they are.

These work streams cover a range of activities, including import control systems and chemicals frameworks.

Defra is focusing on the most complex projects to deliver. However, all projects “have risks attached”, which will “ebb and flow” as they mature, he adds.

The letter follows additional Treasury funding announced by chancellor Philip Hammond’s in the Spring Statement, which allocated Defra £310m in 2018-19 to prepare for Brexit.

1,200 staff recruited

In December, the National Audit Office (NAO) reported that Defra would need to hire 1,200 new staff by March 2018 to work on 43 Brexit-related work streams, as it seeks to develop a new domestic ***agricultural*** policy to replace the EU’s Common ***Agricultural*** Policy (CAP).

The current recruitment drive has increased staffing levels at Defra by about 6%, according to independent think tank the Institute for Government.

The letter was written in response to a letter from Ms Creagh on 22 February, asking for further detail on Defra’s post-EU work streams.

Defra 'ill-equpped'

Ms Creagh said leaving the EU is the biggest administrative and constitutional task facing the UK government since the Second World War – but she fears Defra is not equipped well enough to cope with the transition.

“We are concerned by how few of the ‘day one’ ***plans*** have been published and outlined to businesses and investors, who need clarity about our relationship with the EU during the transition and beyond.

“From chemicals to climate change, huge regulatory questions remain unanswered. Defra and its agencies have lost almost 5,000 staff since 2010, leaving them struggling to cope with Brexit. We have concerns about the department’s capability to deliver a growing amount of Brexit-related work, and the cost of hiring new staff.”

In February, the government faced a public backlash after it refused to release details on the 300-plus Brexit work streams.

Defra also came under fire after it withheld a report on the food prices changes it expects as a result of the UK leaving the European Union. It followed a freedom of information request by the union Unite, which represents food, drink and ***agriculture*** workers.

JOURNAL : Farmers Weekly

A police and crime commissioner (PCC) has written to Defra to urge it to rethink ***plans*** to extend the badger cull to his county, as part of government efforts to tackle bovine TB.

Derbyshire PCC Hardyal Dhindsa said landowner applications to shoot badgers in Derbyshire, have been met with strong opposition by constituents.

Mr Dhindsa, who is also a Labour Party member of Derby City Council, wrote to Defra to voice his support for “vaccination over culling” to prevent TB in badgers.

See also: Badger and cattle TB vaccination – the situation now

It follows Natural England’s announcement badgers may be culled in eight new counties in England – including Derbyshire – this autumn as part of its strategy to control the spread of bovine TB in cattle.

Mr Dhindsa said: “Derbyshire is at the forefront of a vaccination ***programme*** to limit the spread of this disease and there are no grounds, either scientifically or economically, to cull badgers.

“Badgers are a protected species under the 1992 Badger Protection Act and evidence shows shooting badgers is not a viable solution to the spread of bovine TB.

“If this is the case, then it doesn’t make sense to pursue an expensive culling ***programme*** at the cost of the taxpayer.

“I am urging the government to reconsider its position and to continue to invest in the vaccination ***programme*** in this county and beyond to protect what remains a threatened species for future generations.”

Derbyshire Wildlife Trust (DWT) said research has shown bovine TB is not transmitted by direct contact between cattle and badgers, but through contaminated pasture and muck.

It says culling badgers is unjustified and costly and that vaccination remains the only answer.

Badger vaccination

In February, the trust announced its badger vaccination ***programme*** would continue for another four years thanks to funding from several sources, including £80,000 from National Trust, £4,000 from the High Peak Derbyshire Badger Group, £40,000 from DWT itself, topped up by £181,906.76 from Defra.

The trust says it costs approximately £80 to vaccinate a badger “which is far less than the reported £6,000 it costs to shoot one”.

Debbie Bailey, who leads the co-ordination of the vaccination project for DWT, which began in 2013, said: “It is better value for money than shooting badgers – vaccination makes financial sense. It also reduces the risk of spreading bovine TB, which is a big concern when badgers are shot.”

However, the The Welsh government spent £929,540 vaccinating 1,316 badgers in the intensive action area (IAA) in west Wales in 2014 – costing £706 a badger.

This figure consisted of costs incurred from staff, training and personal development, vehicles, accommodation, the Bacillus Calmette–Guéri vaccine and printing and publishing materials.

Defra: ‘No silver bullet’

Almost 20,000 badgers were killed last year in Gloucestershire, Somerset, Dorset, Cornwall, Devon, Herefordshire, Cheshire and Wiltshire.

In February, Defra farm minister George Eustice said “no single measure” would eradicate TB, which is why the government is pursuing a wide range of ***interventions***, including cattle movement controls and a cull of badgers in areas where disease is rife.

But he added: “While the badger culls are a necessary part of the strategy, no one wants to be culling badgers forever.”

JOURNAL : Farmers Weekly

An annual Easter sheep “Grand National” has been cancelled after threats from vegan activists.

The event, which has taken place at Hoo Farm Animal Kingdom in Shropshire since 1991, involves sheep racing with toy “jockeys” over low fences to reach their food.

Visitors pick a winner and receive badges and rosettes if their favourite comes in first.

Over the past few weeks, a group called Lambentations launched a petition to close down the races, which they claim are “cruel and unnecessary”.

See also: Flindt on Friday: Here’s how to argue with vegans

On Tuesday (27 March) a member posted on the public Facebook page “Lambentations – Ban Sheep Racing”, which has 240 likes, that the petition had succeeded.

The post reads: “VICTORY!! Lambentations has had its first success of the year – Hoo Farm have cancelled both the Sheep Grand National and the Sheep Gold Cup races! We did it!”

On a separate post another member said: “Sincerely hope you choke on it” to a Facebook user who commented their intention to consume lamb products over the Easter weekend.

‘Barrage of abuse’

It is these kind of remarks, and threats to Hoo Farm and their animals, which persuaded Will Dorrell, a partner in the family run business, to cancel this year’s Sheep Gold Cup and Sheep Grand National.

The family has been subjected to a “barrage of abuse” and called “scum”, “evil”, “inhumane” and “cruel”. As animal lovers themselves, Mr Dorrell said they would not continue any activity that was cruel or unfair.

He said: “In the past 27 years we have never had any racing-related injuries to our sheep and they have never been forced to run.

“On the odd occasion where the sheep has refused to run, this has caused great amusement, and the sheep has been returned to the paddock without having to complete the course.”

The Sheep Gold Cup and the Sheep Grand National will now be replaced with a child’s race.

JOURNAL : Farmers Weekly

Farm input costs have increased by 4.5% in the past six months, driven up by rising fuel, feed and fertiliser prices, according to the AF Group.

The group’s AgInflation Index for September 2017 to February 2018 shows fertiliser prices jumped by 16.9%, fuel costs increased by 6.5% and animal feed rose by 4.8%.

See also: Farm input costs up 5% in year to September

How is the AgInflation Index calculated

The index is a weighted average of 130 cost items using data from the AF Group buying office, which spends more than £250m/year sourcing 10% of the UK’s farm inputs on behalf of its 3,500 members.

All product areas in the index saw price increases, with cereal and oilseed rape operations hit by 5.75% inflation.

It is the second report in a row to record an overall inflation increase of more than 4.5%, and shows farm costs rising far faster than the retail price index at 2%, AF Group chief executive Jon Duffy pointed out.

“Our figures once again highlight volatility within the marketplace, underpinned by the weak performance of sterling against other major currencies and global supply chain issues,” Mr Duffy said.

Fertiliser

The 16.9% rise in fertiliser cost follows an 8.9% increase in prices in the previous 12 months up to September 2017.

Phosphate and potash prices were the main influences behind the rise this time.

AF fertiliser and seed general manager Chris Haydock said: “The real change year-on-year has been the phosphate and potash market where we have seen a £15/t rise, with the outlook being for these prices to remain firm.”

“Year-on-year prices remain unchanged for ammonium nitrate, with the early buyer seeing the benefit,” Mr Haydock said.

Fuel

The weakness of sterling against the dollar has seen a 6.5% rise in the cost of fuel and market forecasts suggest further volatility throughout 2018.

Oil-***producing*** nations continue to haggle over production levels and pricing. AF fuel trading manager Spencer Hill said: “The International Energy Agency has forecast that global demand for oil is likely to be greater than production in 2018.

“It does not expect [Organization of the Petroleum Exporting Countries] to change its supply policy, despite there being internal disagreements on where prices should be – with Saudi Arabia wanting to see prices at $70/barrel or higher and Iran wanting to see prices around $60/barrel.”

Animal feed

The 4.8% rise in animal feed costs was driven by bad weather in South America, the closure of a major animal feed production facility in the UK, and a fire at a Citral plant in Germany that took out 40% of the EU’s capacity to manufacture vitamins A and E.

According to AF livestock business development manager Thomas Baines-Sizeland the closure of Vivergo’s Hull plant at the end of 2017 made wheat distillers unavailable.

“Although alternatives were offered at inflated prices, the required volume wasn’t there,” Mr Baines-Sizeland said.

“As well as increasing raw material costs, mineral prices rocketed following the BASF factory fire at the end of October. As a result, £2/t– £9/t has been added on to ruminant and monogastric compounds,” he added.

Ag Inflation by input class September 2017 to February 2018

Inflation within item group

Weighted contribution to overall inflation

Index Oct 06 = 100

Seed

1.9%

0.09%

160

Fertiliser

16.9%

1.86%

200

Chemicals

0.8%

0.08%

123

Feed and medicine

4.8%

0.48%

219

Contract and hire

2.6%

0.28%

130

Machinery (including depreciation)

2.8%

0.39%

170

Fuel

6.5%

0.65%

195

Labour

2.6%

0.28%

126

Rent, interest, property

2.3%

0.42%

139

Ag Inflation Index

4.54%

Source: AF Group

JOURNAL : Farmers Weekly

One of my favourite meals is bangers and mash, but I definitely don’t like mush.

When the first “Beast from the East” roared in, it certainly dried out the soils. However, as the snow melted and the daily doses of rain continued, the ground rapidly turned to mush once again.

The pigeons were making their presence known well before the cold weather, so bangers have been the order of the day for a while now.

See also: Video: 5 key points for destroying your cover crops

My foray into cover crops has ***produced*** some interesting results from the trials I conducted last autumn.

Even so, I am not sure I will use them for greening this year, as each hectare is only valued at 0.3 for my ecological focus area requirement, which is a poor return on the £70-£80/ha it costs to establish them.

Getting a good chit

As we are using farmyard manure in the rotation for the maize, the amount of organic matter from cover crops is tiny in comparison.

Additionally, some of the claims made for the benefits of expensive seed mixes do take a bit of believing.

I would still really like to pursue the cultivation effect though, because based on my work so far there does look to be some mileage in this.

As my cover crops preceded spring crops, which are in place to help with our blackgrass problem, a good chit of this pernicious weed is vital.

I need to do more work on seed rates, mixtures and time of establishment because I don’t want thick crops that make germination and subsequent control of the blackgrass difficult.

Having achieved a fairly open crop this time it has delivered much of what I had hoped for.  I will continue with my trials, because I am sure they are going to figure in any government schemes in the future.

Simon Beddows manages 1,000ha of arable land at Dunsden Green, south Oxfordshire. Cropping is cereals, oilseed rape, beans and forage maize.

JOURNAL : Farmers Weekly

Looking back at what I had written last month, one thing very much still applies – I am still waiting for the slightest sign of spring growth. Please, please could we have just a little heat.

Lambing preparation is well under way. All the ewes have now been bolused with a cobalt/selenium/iodine bolus and have been vaccinated.

The bolus is not aimed at the ewe, but rather at her lambs. Hopefully they will be building up reserves before birth.

Ewes carrying twins and triplets have now been housed and are on a ration of fairly good silage at 10.3ME (metabolisable energy). They will move on to the best silage (11.9ME) closer to lambing, and a soya-based hard feed.

See also: Alternative ewe protein offers cost-effective solution

It’s amazing to think they are getting enough from the tiny quantities of these intense feeds. This year, because of the introduction of the bolus, the feed manufacturer has removed the iodine.

Going, going sold!

For cattle finishers like me, “silly season” is just about to start, when store buyers head to the store ring and leave all common sense at the door and start waving like mad at the auctioneer.

When you see the prices some of these cattle make and you compare that to the prime price, you have to wonder if people have done their sums before they arrive.

It’s very seldom that you meet a store seller who isn’t grinning from ear to ear as they leave the ring. We need balance in the cattle marketplace and a margin for everyone.

I had a meeting with the company that design and host our Damn Delicious website this week and they tell me that the site we updated three years ago is now out of date and needs making "mobile-friendly".

Unfortunately for my bank balance, I agree. The issue is the change in the way everyone shops. Look out for a brand new website coming soon.

Michael Shannon finishes 150-head of mostly Angus beef stores each year and runs 280 Scotch Mules on a 100ha forage-only enterprise, as well as free-range turkeys for Christmas, near Biggar, Lanarkshire. Meat is sold through his online business and farm shop Damn Delicious, with surpluses sold deadweight.

JOURNAL : Farmers Weekly

We have had a significant reduction in our milk price from 1 April. It is the first time in 16 years of ***producing*** goat’s milk that our price has been cut.

I have previously outlined the reasons in this column with general oversupply being the main driver, as with any other market. We are now on A and B pricing, with the B price significantly below the cost of production.

Recently, our benchmarking group met to go through the figures for last year. We now have three years’ worth of data, so are building up some good information.

We have included more detail each year. My goats need to be doing 1.8 litres of milk each day before they are in profit, and that was before the price was cut.

See also: ***Producers*** ‘devastated’ by goat milk contract termination

Snow and ice

Hopefully the snow is a distant memory now. Like everyone, we had our share of problems with a frozen parlour and frozen water bowls.

Typically, on the same day as the snow, the cows started calving with two sets of twins and another big bull calf that we struggled to get out.

After stomach tubing him with goat colostrum and bottle feeding him for a few days, we eventually got him up and suckling the cow.

The fine snow was blowing in through vented sheets and space boarding so badly that we moved the cows with twin calves into the stone barn. It shows that they knew what they were doing in the old days as it was dry and warm in there.

The maiden goatlings have all been kidding quickly and milking is at least a two-person job, as we have new goats to milk nearly every session. The main problem is goatlings coming in too fast and getting jammed in the stalls, although they do learn quite quick and don’t kick and muck as much as heifers do.

Gary and Jess Yeomans run a herd of 700 milking goats across 100ha, which supplies a local cheese factory. They also own a small pedigree Welsh Black suckler herd, which grazes permanent pasture in Abergavenny, Monmouthshire.

JOURNAL : Farmers Weekly

I’m resisting the urge to moan about the rugby or the weather, needless to say no land work has taken place yet.

To make matters worse, our wild duck population are taking the mickey by leaving our ponds to swim in our wheat fields and not pairing up and moving off to one of the smaller watercourses to raise a family.

There’s been no shortage of work through the winter months and as well as the usual hedgecutting and ditch cleaning we’ve managed to fit some hedge planting in.

See also: Delayed spring drilling may hit yields as soils stay wet

When I say “we” what I really mean is “I’ve” offered ***strategic*** advice from behind my desk as I ***produce*** another spreadsheet ironically proving that in-house hedgecutting is quite an expensive operation.

Willow harvest

In 2014, we took on a farm business tenancy and inherited 16ha of short rotation coppice willow that, at the time, had just been a harvested.

Since then, it has grown rapidly, putting on between 4ft and 5ft of new growth each year. Back in February we harvested the willow – contractors with a modified sugar cane harvester came and cleared the lot in two days.

To say this machine is impressive is an understatement. Equipped with steel tracks and circular saw blades this thing ate two rows of willow at a pace which had to be seen to be believed.

The result is an outdoor heap of willow some 40ft high 60ft wide and 150ft long, as impressive as it looks we can only guess the total weight – answers on a postcard please.

My daughter Harriet is back from Newcastle University for a month for Easter. Great, I thought, I will offer to help with revision.

I don’t know how many of you have any knowledge of biochemistry or microbiology, there are some big words involved and, bless her, with her mother’s tact, she said: “If you can’t even pronounce the words correctly how do you expect to be of help?”

Enough said, I’ll retreat back to the farm workshop.

Keith Challen manages 1,200ha of heavy clay soils in the Vale of Belvoir, Leicestershire, for Belvoir Farming Company. Cropping includes wheat, oilseed rape and elderflowers. The farm is also home to the Belvoir Fruit Farms drinks business.

JOURNAL : Farmers Weekly

Unprecedented cold temperatures and snow have battered Britain in recent weeks, bringing a whole host of challenges for livestock farmers.

But the late spring is now compounding forage and straw shortages further, with grass in short supply or non-existent in many parts of the country. And some housed systems are fast running out of forage supplies following the poorer silage-making conditions last season.

We spoke to a range of nutritionists and consultants to get advice on how farmers can combat the issue.

Grass growth is likely to be two to three weeks later than normal this year, experts at SAC Consulting, part of Scotland’s Rural College, are predicting.

They have used data from grass variety trials to predict when soils will have warmed up sufficiently to allow grass growth to begin.

With this late spring in mind, they are advising farmers to ***plan*** ahead now and take immediate steps to help management.

“A late spring couldn’t come at a worse time,” said Basil Lowman, beef adviser at SAC Consulting.

“Not only are many farms already short of forage due to last summer’s wet weather, which forced many stock to be housed much earlier than normal, but potentially as problematic is a severe shortage of straw to bed stock.”

Advice for beef farmers

Advice for dairy farmers

Advice for grazing herds

Advice for sheep farmers

Advice for beef farmers

Rhidian Jones of RJ Livestock Systems, part of the 5Agri Consultancy group, says it is a good idea to get cows and calves out at grass as soon as ground conditions allow and then feed outdoors because it is healthier for youngstock to be out of buildings.

“If you’re increasing the stocking density in building, the young calves are at more risk of being knocked about and of disease build-up. Being out on crisp, cold days is better for animal health than being indoors,” explains Mr Jones.

“The cow needs to be fed regardless of whether she is in or out if the grass isn’t there, but at least outside, you’re saving on bedding.

He recommends feeding stock on poorer fields or sacrificing areas to save the best swards. He also advises farmers to target residuals of 1,400-1,500kg DM or 4cm in order to not compromise regrowth.

See also: Six alternative bedding options to straw compared

Mr Jones says farmers should supplement with whatever feed they have to ensure the cow gets her full ration.

A freshly calved cow requires about 120-140 MJ of energy a day, depending on her size. If there is abundant grass, she can eat 15kg dry matter of grass at about 12ME, which equates to 180MJ a day, and that is when they put condition on, says Mr Jones.

But if that energy isn’t available from grass, then additional feed is required to keep her ***producing*** milk and ensure she is fit for bulling.

“Your cow might now be at a body condition score [BCS] of 2.5 and you don’t want her to be any less than that,” says Mr Jones.

“She needs to be on a rising plane of nutrition and condition going to the bull and you can’t afford to let her milk off her back because there isn’t time to recover and she is already likely to be in calving condition, so don't have reserves to use,” he adds.

Feed supplies

If feed supply is scarce, it is important to prioritise breeding stock, which may mean selling store cattle or turning them out to grass and accepting growth may be compromised for a period.

“It’s all about supply and demand and if there is no grass coming, that might affect the trade for store cattle. You are not selling from a position of strength, so look at other options. However, the sheep trade is flying, so it is a good time to sell cull ewes, barren ewes or any lambs left on the farm. Even getting rid of a few mouths will ease demand,” adds Mr Jones.

“In addition, many growing cattle are often turned out too late in normal years and within weeks, the grass can get away from them. A late spring or lack of forage and straw might force you to turn them out earlier, which is no bad thing as their rumens will adapt to grass as it comes and pasture quality will be higher subsequently.”

He says this might also be a time for beef farmers to review feed sources and see what feed is most cost-effective, be it fodder beet, silage or any by-products or waste food available in the local area.

Magnesium watch when flush comes

When the grass does take off, it will be an important time to watch out for milk staggers and ensure magnesium supplementation is adequate to prevent them, through boluses or minerals in water troughs.

“Hopefully what we will get is a nice, steady increase in grass growth,” says Mr Jones.

“But it is always important to be on the lookout when you get that flush and it’s important not to apply potash with those earlier nitrogen dressings, which can reduce the uptake of magnesium by grass and make cattle more susceptible to staggers.”

Tips for beef farmers

Prioritise breeding stock when it comes to feed

Supplement cows ration to ensure they aren’t milking off their backs

Keep cows on a rising plane for bulling

Get youngstock outside as soon as possible

Consider selling stores or taking growth hit by grazing them if feed is limited

Review feed sources and see what cost-effective feeds are available

Advice for dairy farmers

KW nutritionist Anna Sutcliffe is advising farmers running low in forage stocks to supplement rations with co-products.

She says forage stocks in the north-east of the country aren’t looking too bad.

“We had much better silaging conditions [last year] than farmers in the West.”

But overall there is a “mixed picture” across the UK. Those worst affected by the unprecedented spring appear to be those who failed to make good-quality silage in the second half of last year because wet weather forced later cuts. They are now running short of feed, say consultants.

Traditionally, Dr Sutcliffe says she would advise farmers to feed youngstock and dry cows on straw and supplement with a high-energy product such as molasses. But, she concedes, with straw in tight supply, it simply isn’t cost-effective for many.

Instead, she suggests feeding these stock with lower-quality big bale or clamp silage and reserve the best-quality forage for milking cows.

“Target the right animals and protect milking animals.”

Supplementation

Dr Sutcliffe says forage stocks could be eked out by reduced forage inclusions in ration by 20-30%.

“Normally we would feed 10-12kg DM in forage intake, but you can reduce long-chop forage down to about 7-8kg DM intake [per head] as a minimum.”

To fill the gap, she suggests feeding co-products such as draff or brewers' grains that are high in fibre and low in starch.

She warns the problem with feeding high-starch products is that it can increase the risk of acidosis.

Hefin Richards of Rumenation says it is key for farmers to assess feed values on a t/DM basis in order to work out the best-value options when buying forage or forage replacers.

“You have to look at the cost per unit of dry matter. For example, hay is £160/t – that’s £190/t DM whereas Trafford gold costs £90/t or £180/t DM, but is 30-35% more energy and double the protein.”

The weather this spring has further compounded problems for those dairy herds that were looking for some reprieve from poor-quality and dwindling forage and straw stocks by turning out stock, adds Mr Richards.

However, he cautions it is still early in the season.

“It is still only 20 March, so many winter-housed herds aren’t contemplating turnout yet. It’s a bigger challenge for those in the thick of calving now [and grazing cows].”

Tips for dairy farmers

Establish how much forage you have left by measuring stocks

Work out, on a dry matter basis, how much silage you can feed as a maximum in rations

Consider supplementing rations to make up the energy deficit

Work out the best value feeds on a dm basis

Bring culling forward and reduce pressure on feed stocks

Don’t expect too much from grass and consider turning out just for a few hours each day.

Turnout and grazing conditions

Dr Sutcliffe warns ***producers*** that are considering turnout not to be “overambitious”.

“It is pointless turning cows out without the grass, otherwise you will really affect performance. Make sure there’s sufficient sward to support the cow and yields.”

She says it is key to measure grass and know how much is there.

“It may be that you have to turn the cows out for a six-hour window.”

Advice for graziers

Independent grassland adviser Gareth Davies says grass growth is “on the floor” in most parts of the country.

Latest growth figures calculated throughout the country on farms using Agri-Net software shows grass had not grown above 10kg DM/ha in the past seven days, on average.

He says this is down about 50% on what you would expect this time of the year.

For spring-calving herds that had already turned cows out, he says the problems are “yet to come”.

“The grass they have been grazing has been kept over from last year, but shortly they will be going back to fields they grazed in February and those fields haven’t grown as expected.”

Mr Davies says the situation highlights the importance of having a back-up ***plan*** and forages in stock to provide cows with a buffer.

“You can’t farm by the calendar year. Whatever system you’re running, you need flexibility. Going forward it is sensible to ***plan*** your grazing for an early turnout, but ***plan*** your forage stocks for a late one.”

He advises graziers who haven’t already, to start slowing the rotation down and buffer feeding with silage or other feedstuffs to make up the shortfall.

“There are many farms that have barely had any regrowth, so fields that were grazed to a residual of 1,500kg DM on 15 February have only grown at about 5kg/day.

“This means they now only have a cover of 1,650kg DM which means in two weeks they will be struggling to get much over 2,000kg DM by 7 April, especially if the cold weather is returning for the Easter weekend.

“They will need extra time to get to a sensible pre-grazing cover – buying themselves an extra week now should make a big difference.”

Tips for grazing herds

Work out what are you have left to graze and divide it by 21-28 days

Measure the grass and work out your daily intake and add whatever feed in necessary

Aim to keep the diet consistent by slowing down your rotation

Advice for sheep farmers

While Phillipa Page, a large animal vet of Flock Health, is encouraging ***producers*** to get stock out to reduce the risk from a disease build-up perspective, she is urging farmers to be aware of the effects of the lack of nutrition available to ewes and the impact that will have on them and their lambs.

***Producers*** need to keep a close eye on mastitis, as there is a high milk demand from lambs at this time, says Mrs Page, who runs her own flock with her husband in Gloucestershire.

“Ewes that are coming into peak milk demand are not getting nutrition from grass, so lambs will visit the teat more often, which can cause trauma and lead to mastitis.”

Common warning signs include:

Hungry lambs – lambs looking pinched

Lambs sucking between the back legs

Ewes that look like they might have a lame back leg

And if lambs are suffering on the nutrition front, not only will they suffer growth checks, but their immune function may be compromised, so if there is coccidiosis or orf in the flock, the effects are likely to be worse.

“If you are a farm that has cocci and has had to treat for cocci before, then they will need to start treating.

“But it is really important you speak to your sheep vet first, as treating at the wrong time will be costly because coccidiosis treatment is very farm-specific.”

Supplementation

Mrs Page stresses this period is crucial for lamb growth and ewe fertility.

“We can’t get away from the fact that ewes need feeding now. And it is far more cost-effective to feed the ewes now than recoup the damage of a knock-on effect to lambs and ewes,” she adds.

Farmers should consider providing hard food for longer and/or feeding fodder beet or forage. Mrs Page says if they stop eating it, it’s a good sign that the grass is now growing, but it’s important to provide it.

“If you creep-feed lambs, or if you’re thinking about creep-feeding, it needs to be there ASAP,” she says.

Getting ewes in optimum condition

Mrs Page says the weather has highlighted the importance of condition scoring.

“It’s a bit of hindsight really, but this is why we keep talking about body condition scoring. If ewes are in optimum body condition at lambing, so about 3 [BCS] for lowland breeds and 2.5 for hill sheep, then they’ll be coping better now. They have more reserves to mobilise,” explains Mrs Page.

“Farmers should be body condition scoring as frequently as they can throughout the year. The ***programming*** of their fertility starts when they’re ***producing*** peak milk, so about six to seven weeks.”

Tips for sheep farmers

Watch out for signs of mastitis in ewes

Supplement feed with concentrates, fodder beet and/or forage

Speak to your sheep vet if coccidiosis or orf are an issue in your flock

If you creep feed lambs, now is the time to start

When temperatures reach double figures for a prolonged period, be aware of fluke, but the temperatures are currently too low to support fluke development in snails

Focus on body condition scoring

JOURNAL : Farmers Weekly

The National Sheep Association (NSA) has marked the start of British summertime with a week-long, targeted campaign to raise awareness of sheep worrying.

As sheep worrying cases continue to be publicised at an alarming rate, the NSA is asking dog owners, together with the farming community, to unite in spreading positive messages on enjoying the British countryside responsibly.

Thanks to an increasingly social-media-savvy population, horrific cases of sheep worrying by dogs continue to be well documented online. And with the potential to reach thousands, they serve as a powerful tool in highlighting the damage attacks cause.

See also: The law on shooting dogs – critical facts farmers must know

Only last week, a man was arrested after 13 sheep were killed when two dogs got into a field in Much Hadham, Hertfordshire.

Don’t forget the clocks ‘spring’ forward tonight marking the start of British summertime. Will this mean an increase in dog walkers enjoying lighter evenings?

Be a responsible dog owner – keep your dog on a lead whenever near livestock#Responsibledogowner#Takethelead pic.twitter.com/kWvMrYpiVy

National Sheep Assoc (@natsheep) March 24, 2018

Katie James, NSA communications support officer, said: “Sheep worrying by dogs is a very serious problem for farmers which isn’t going away, and the NSA continues to hear of a frustratingly high number of dog attacks on livestock.

“We do not want to discourage dog owners from enjoying the beautiful landscapes in Britain, only to do so responsibly and consider the impact an attack can have on farmers' business and livelihood as well as animal welfare.”

By spreading graphics, case studies and statistics, the NSA is aiming to unite messages on promoting responsible dog ownership across Facebook and Twitter.

Lambing risks from dogs

Ms James continued: “With the long-awaited arrival of spring, farmers can see an increase in walkers on footpaths through and around fields.

“And at a time when ewes are heavily pregnant or have young lambs at foot, the risk of dogs chasing livestock can also increase the risk of serious problems like ewes aborting or lambs becoming separated from their mothers.

“With the power of social media, we are hoping this campaign can go some way to raise awareness of the problem and ultimately help to reduce the amount of sheep worrying cases we hear about at the NSA.”

The NSA is urging farmers, dog walkers and other interested parties to look out for social media posts @natsheep on Facebook and Twitter throughout the week and to share the postings.

JOURNAL : Farmers Weekly

Brazen fly-tippers have targeted the Hertfordshire farm of Farmers Weekly Arable columnist Robert Law, dumping 25t of construction waste.

Mr Law was woken at about midnight on Monday (26 March) by a call on his mobile phone from the fire service telling him he had a problem.

Fly-tippers had dumped a heap of waste in the gateway at Rectory Farm, Great Chishill, in Royston – and then set fire to it, sending smoke drifting across nearby roads into passing traffic.

See also: Revealed – the burden of fly-tipping on farms

Mr Law told Farmers Weekly: “It’s a real hassle. There’s the cost of clearing it up and the time it takes to talk to insurers, the Environment Agency and environmental protection officers coming out.

“On this occasion, it would appear the fly-tippers set the waste on fire to try to destroy evidence.”

Spate of incidents

Since Christmas, there have been four significant fly-tipping incidents in the area, including a load tipped near Ickleton and another near Duxford.

The material in these two cases was similar to the construction waste tipped at Mr Law’s farm, but these heaps were not set on fire.

Mr Law, a Farmers Weekly Arable Farmer Focus writer who was named the 2006 Farmers Weekly Awards Farmer of the Year, said he was hopeful he would be able to recover the clean-up costs from his insurance company, but he would have to pay an excess.

He is now ***planning*** to install security cameras at the farm entrance as a deterrent.

“It’s quite an attractive area with trees and hedges and nice gates. It’s a shame we have to spend money more money on CCTV,” he said.

Public vigilance

Mr Law is keen to increase the profile of fly-tipping among members of the public.

“If you see it, take pictures of lorries and number plates and report it to the police,” he said.

Brian Finnerty, NFU East Anglia spokesman, said: “This was a serious incident that posed a risk to motorists, tied up the emergency services and leaves an environmental mess the farmer will have to pay to clear.

“Fly-tipping is criminal.

“We want to see tougher penalties on conviction but also partnership working with local authorities, the police and others to reduce the number of incidents and increase the likelihood of offenders being caught.”

According to Defra, the number of fly-tipping incidents in the Anglian region are running at more than 200/day (75,000 in 2016-17).

But the NFU believes this is the “tip of the iceberg”, as many farmers don’t report incidents to local authorities.

In Hertfordshire, the NFU is working with the Herts Fly Tipping Group on a joint initiative to tackle this issue.

JOURNAL : Farmers Weekly

Shropshire-based Kuhn Farm Machinery had added four new models to its round baler line-up, all offering different levels of sophistication.

See also: Prototype self-propelled round baler raises output

The new VB range consists of four models, the VB 3160 and VB 3165, making 1.2 x 0.8 x 1.6m bales, and the larger VB 3190 and VB 3195, ***producing*** 1.2 x 0.8 x 1.8m rounds. All four offer the choice of net or twine binding.

The new models have progressive-density baling chambers, which use two chamber rollers, a starter roller and five endless baling belts to ***produce*** evenly shaped bales.

Belt pressure increases as the bale grows, and can be adjusted from the tractor cab to suit crop quality.

Only three main chains are used on the drive-line, which is designed to be low maintenance and can be fitted with optional automatic chain lubrication.

Optional extras

The VB 3160 and 3190 are available with Optiflow, which uses a 2.1m pick-up and open throat intake rotor for handling heavy crops, with a top roller to compact the intake feed for higher work rates.

Optifeed can be added to all four new models, and has a 2.3m pick-up, integral rotor and side augers, with the rotor tines made from Hardox wear-resistant steel. This option also gets Kuhn’s drop-floor system to help clear blockages quickly.

The two Opticut options use a 2.3m wide pickup and have the option of 14 knives offering a chop length of 70mm, or 23 cutting knives with a cutting length of just 45mm.

All knives are made from Hardox steel and the drop floor is standard. All models can have this although the two smaller models have only the 14-knife option.

All new VB models can be supplied and controlled by Kuhn’s Isobus terminals, the 5.4-inch CCI 50 and the 12.1-inch CCI 1200, both of which can be used to control any Isobus-ready machine.

Prices start at £31,866 for the VB 3160 Optiflow and top out at £47,343 for the all-singing VB 3195 Opticut 23.

JOURNAL : Farmers Weekly

Small loader specialist Giant has updated its range of skid-steer loaders to offer some heftier hydraulics and a wider range of attachments, while still having a compact length of just 1.3m.

See also: On test: JCB Teleskid v Norcar a7545 mini pivot-steer

The chassis and engine options are unchanged from previous models with power from either Honda or Kubota power plants, developing 21 to 25hp.

However, the real changes are felt beneath the paintwork, with a new valve block offering precise control of implements and a larger 35l/min hydraulic pump, along with some bigger Parker hydro wheel motors, it has been reported.

A new operator platform has been added, which is simple to fold away for transport and an optional brake can be added to the skids so the machine gradually slows once a lever is released.

Along with the new braking system, options include quick-release hydraulic coupling so switching implements is swift, with a lift height of 2.1m still possible.

Hydraulic attachments such as sweepers or mowers will benefit from an optional double gear pump for increased oil flow. For work inside buildings and around animals, the two diesel variants can have an integrated diesel particulate filter, which can reduce emissions by more than 90%, says the firm.

JOURNAL : Farmers Weekly

A Cambridgeshire sugar beet grower is hoping his zero tolerance of some weeds and patience with seed-beds will help deliver Britain’s highest sugar beet yield this season.

Paul Drinkwater, who is taking part in a sugar beet yield competition, believes good establishment is vital, as it sets the yield potential for the rest of the season.

Getting it wrong can dent yields, as crops never recover the lost potential. For example, allowing just one tall weed/sq m to survive can cost farmers 11t/ha in yield.

The task is made a bit more challenging this season, as the wet soils, combined with the cold, late spring, will test growers.

Mr Drinkwater, crop production manager at Abotts Ripton Farming Company, near Huntingdon, Cambridgeshire, had one field last year that yielded at 129t/ha – impressive for a November lifting.

Alongside independent sugar beet expert Mike May, Mr Drinkwater tells Farmers Weekly how he ensures his crops get off to the best possible start.

Drilling dates and seed rate

For many farmers across the UK, the delayed spring has pushed the spring drilling season far later than first hoped.

Mr Drinkwater says in an average year, he would start drilling any time after the end of February. However, this year his aim is to start drilling on 26/27 March, weather permitting.

His advice is not to go by calendar date, but be guided by the conditions. “I won’t panic until the end of April.”

Mr May highlights that later drilling does hit yields, which fall by about 4t/ha for each week after 10 April. However, he warns that forcing crops in can have a bigger effect on yield.

“Forcing a crop into less-than-ideal seed-beds to save a few days can in fact result in a greater yield loss.”

His recommendation is to go by soil moisture and temperature. “Soil should be at least 5C and rising.”

Farm facts

Area: 3,600ha of cropping

Cropping: consists of winter wheat, oilseed rape, spring beans, potatoes and sugar beet

Soils: Clay and fen soils

Mr Drinkwater aims for a plant population of 100,000/ha, drilling at a seed rate of 1.2 units/ha.

Cultivations and seed-bed quality

Achieving a good-quality seed-bed is essential, but farmers should avoid overcultivating, as this can lead to compaction.

Most of the sugar beet is grown on skirt fen, running to silts, with some grown on sandy loam near Ramsey. In recent years Mr Drinkwater has reduced his cultivations.

His approach kicks off in the autumn with either ploughing or deep-cultivating soils.

Then, in spring, after the frosts have done their work, fields will get two passes with an 8m Cousins combination harrow to ***produce*** a level, good-quality seed-bed, before the 12-row Kverneland Monopill precision drill gets into action.

The cultivating and drilling is done within the same day, to reduce the risk of rain. “If it rains after harrowing, it can take ages before we can get back on.”

Mr Drinkwater does not mind some clods – the crucial factor is having tilth around the seed, which is drilled 1-1.5in deep.

Nutrition

All fields are mapped for P and K and these nutrients are variably applied, where needed. Most of his fields receive 40kg/ha of nitrogen immediately after drilling. The hungry sandy loam soils get a top-up, taking the total up to 85kg/ha.

The nitrogen is applied after drilling to avoid any risk of acidification, which can inhibit germination and slow down emergence.

Weed control

Finally, early weed control is a vital part of establishment, as the young sugar beet plants are vulnerable to competition.

“The aim is to keep sugar beet weed free up to eight leaves, after which it can look after itself,” says Mr May.

He points to trial work showing that having one tall weed/sq m can equate to losing as much as 11t/ha of sugar beet yield.

This is because high yields are all about intercepting as much sunlight as possible, so it is crucial to avoid shading from weeds.

Crops typically reach canopy closure in the first half of June, in time to harvest the summer sun.

Weed beet is a particular problem, although Mr Drinkwater has seen success last year with the use of a neighbour’s optical-guided Garford inter-row hoe. It was used in the worst fields, with the rest taken out with a weed wiper.

“It has really helped clear out the worst areas and I will be adopting it again if needed.”

In terms of other weeds, Mr Drinkwater has a zero tolerance of fat hen, knotgrass and black bindweed.

His herbicide ***programme*** consists of crops on heavier ground receiving a pre-emergence spray of Pyramin (chloridazon) at 2kg/ha, then all crops will get Betanal maxxPro (desmedipham + ethofumesate + lenacil + phenmedipham) post emergence, as it offers control of an extensive spectrum of broad-leaved weeds.

Stronger soils will receive two post-emergence sprays of Betanal maxxPro, while lighter soils get an extra post-emergence, instead of a pre-emergence spray.

He also adds some Goltix (metamitron) to the mix, to target the knotgrass.

Blackgrass is a further issue for most fields, for which Centurion Max (clethodim) is applied.

Sugar beet competition

Paul Drinkwater is one of several growers taking part in Bayer’s #Beet150 competition, hoping to win one of two places on a study tour of Chile.

Chilean grower Barbara Becker is the current sugar beet record holder, with a yield of 196.7t/ha.

JOURNAL : Farmers Weekly

Selecting maize varieties that will mature in time is a key critera when choosing which variety to grow.

There is now an interactive map available to farmers to help them select the right maturing variety for their farm location.

Richard Camplin forage crops technical manager with LG Seeds discusses how it works and how it can help farmers better match maturity class to their location.

See also: Step-by-step guide to planting maize

What are Ontario heat units (OHUs)?

OHUs are the internationally recognised system to show if maize can be grown successfully in a particular location.

How are they calculated?

OHUs are calculated for the maize-growing season from mid-April to mid-October, combining maximum daytime temperatures above 10C and night-time minimum temperatures above 4.4C – the range at which maize actively grows. If there are too few OHUs, crops will struggle to mature which can lead to problems.

What are the problems associated with crops not maturing?

A delayed harvest can potentially lead to harvesting in more difficult conditions, increasing the risk of damage to soil structure.

In addition, it will reduce the opportunity to establish a successor crop, leading to stubbles being overwintered with a greater risk of soil run-off.

From a herd point of view, a delayed harvest will mean maize silage is later going into the diet. In extreme situations, a variety may fail to mature at all.

How do they help farmers select the right maize varieties?

Varieties differ in the number of OHUs required to mature, and this is used to attribute varieties to different maturity classes (see table below).

Knowing how many OHUs a particular variety requires can only be valuable in decision-making if you also know how many OHUs your farm typically receives.

Working with Dan Hollis at the Met Office, LG Seeds has developed an interactive map which shows the 10-year average OHU data across the country broken down into 5km blocks.

This tool allows an enhanced level of accuracy, helping ensure varieties are selected that are suited to the farm.

The map will give an indication of average OHU accumulation, but there can be significant swings around the average which need to be borne in mind.

Variety class

FAO and maturity class

OHU required

Very early

FAO 140-180 MC12-9

2,500-2,750

Early

FAO 180-200 MC 9-7

2,750-2,900

Later

FAO 200-230 MC 7-4

More than 2,900

How does the map work and what information does it tell you?

The map (below) shows the national average picture.

The red areas are where there are usually sufficient OHUs (2,900+) to consistently grow maize successfully.

The dark blue areas are those unsuitable for growing maize with less than 2,400 OHUs, while the marginal areas are shown in the bordering lighter colours.

The map only records heat units, but what other factors need to be considered when choosing varieties?

Other factors will have a bearing on how successfully plants mature including soil type, altitude and topography, which all impact on the actual OHUs accumulated.

By increasing the degree of precision with which varieties can be selected, this new information will improve the prospects of high-quality feed from a variety suited to the farm and location while helping meet increased environmental concerns.

If success in growing maize is defined as a crop harvested at optimum dry matter and starch contents and in good conditions with minimal risk, then in much of the country the varieties of choice will be earlier maturing.

In really unfavourable blue areas, you could consider growing maize under plastic to accelerate the heat unit accumulation.

However, it may be best to look at other forage strategies as the growing cost and risk associated with maize in these areas may make it uneconomic.

Are there parts of the UK where farmers should not grow maize at all?

Basically anywhere in dark blue on the map.

If growing maize on an intermediate or more marginal site (for example, with OHU below 2,900 units), growers should trade up a whole OHU group, for example moving from early to very early, to reduce risk.

Is there any justification to grow later-maturing varieties in the UK, given the risk to soil health of a late harvest?

Only in areas with very high heat units (for example, dark red) where the risk of failing to mature in a difficult season is minimised. Generally, the trend to earlier varieties is increasing for all the agronomic and risk management advantages

Trial sites

LG Seeds operate trial sites across the UK where more than 100 varieties are compared annually.

One site near Gloucester is in a favourable maize-growing area, while the other two at Bangor-on-Dee in North Wales and St Austell in Cornwall, are in more marginal sites.

Below, Richard Camplin forage crops technical manager with LG Seeds uses data for these sites to demonstrate the differences between years.

Comparing 2016, which was an outstanding maize year with 2012 – which was a very difficult year with low OHU accumulation – illustrates the importance of selecting for the correct maturity class.

The Met Office data analysed by Dan Hollis shows:

In 2016 the North Wales site accumulated 3,035 OHU compared to just 2,560 OHU in 2012

This represented a difference of 475 OHU (16%)

This 475 OHU range covers the full spectrum of varieties available, from 2,500 OHU for very early varieties, through to 3,000+ for later varieties

In 2012, it accumulated only sufficient OHU to successfully grow the very earliest varieties

The Gloucester site saw a slightly smaller 433 OHU difference between the two years; 3,177 OHU in 2016 and 2,744 OHU in 2012, but crucially at sufficiently higher levels meaning a wider choice of varieties could be grown safely

Below are some key stats from comparing these different growing years and what the differences mean in practice:

!function(e,t,n,s){var i="InfogramEmbeds",o=e.getElementsByTagName(t)[0],d=/^http:/.test(e.location)?"http:":"https:";if(/^\/{2}/.test(s)&&(s=d+s),window[i]&&window[i].initialized)window[i].process&&window[i].process();else if(!e.getElementById(n)){var a=e.createElement(t);a.async=1,a.id=n,a.src=s,o.parentNode.insertBefore(a,o)}}(document,"script","infogram-async","[*https://e.infogram.com/js/dist/embed-loader-min.js*](https://e.infogram.com/js/dist/embed-loader-min.js)");

What does this data show?

While later-maturing varieties may yield more, the risk is that they will not mature and with 60% of the country being marginal for maize farmers have to question if the potential risk outweighs a potential yield advantage?

We would recommend selecting varieties which can be grown comfortably within the average OHU.

It is better to err on the side of caution than to stretch the point, because we know there will be extreme years.

If the average OHU postcode score is close to 2,750, it may be better to select a variety with a lower score which will mature earlier, rather than a higher-scoring variety that is slightly later maturing.

JOURNAL : Farmers Weekly

Slurry and manure storage is often a limiting factor when expanding your herd size or housing stock for longer.

But there are ways to reduce the pressure on existing storage – and there are some useful grant schemes to help financially.

Options include covering collecting and feeding yards, separating clean and dirty water, roofing silage stores and improving track access for both cows and spreading equipment.

Of course, sometimes a new store is the only answer – and it takes significant ***planning*** to get it right. Olivia Cooper went along to a Catchment Sensitive Farming event to pick up some top tips.

See also: New system could reduce slurry volume by 80%

1. ***Planning*** a new store – what you need to consider

There are four rules to slurry storage projects, according to Charles Bentley, senior consultant at Adas.

They will take longer than you thought, cost more than expected, are never big enough and when the next generation take over they will be slightly in the wrong place.

So getting the ***planning*** right is essential – and that involves looking at the farm as a whole, both now and in the years ahead.

The location, size and type of slurry store will depend on:

the existing – and future – farm layout

bedding type

feed type

soil type

dilution

handling facilities

A flexible option

“A lagoon is the cheapest and most flexible option if you have suitable soils with at least 20% clay content,” explains Mr Bentley.

“But once you have artificial liners and membranes you have to be careful with machinery and equipment.”

Bedding, feed and spreading considerations

Sand bedding is notoriously abrasive and can suit a simple system whereby liquid slurry is spread, leaving the solids to be removed mechanically once the pit is empty.

High starch feeds result in drier manure, while self-feed grass silage diets ***produce*** liquid slurry with a floating crust.

“If you’re spreading with an umbilical you’ll need wetter slurry, and therefore potentially more storage capacity,” says Mr Bentley.

Remote storage can be suitable for liquid slurry – pumping or even tankering it off site to where it needs to be used.

You may need to obtain ***planning*** permission from your local authority depending on the size and location of the development, so check with your council first.

Anyone building a store or substantially altering or enlarging existing facilities must notify the Environment Agency at least 14 days before starting construction work.

For information on calculating storage capacities visit the government website.

2. Regulations – how much storage you require by law and how to reduce pressure on those requirements

Under the SSAFO and cross-compliance regulations, cattle farmers require four months’ storage under assumed wet conditions.

Those in Nitrate Vulnerable Zones must have five months – but each farm should work out its own most efficient solution.

“Look at your acreage and location of land – in some places you may need nine months’ storage to make most effective use of the nutrients,” says Mr Bentley.

Technically, any water that has been contaminated with faeces, urine or bedding should be treated as slurry. Therefore, farmers should also think hard about where water from collecting yards or parlour-washings ends up.

This is where concreting yards and roofing them really comes into their own (see below).

Not only does roofing and guttering keep clean water out of the slurry tank, it offers the potential for rainwater harvesting and improves the environment for livestock and farmers, alike.

“A cold, wet cow uses more feed for maintenance, and wet silage deteriorates faster. If you have a warm, dry feed area it increases voluntary intakes. You could get 5-10% more performance from your existing silage,” adds Mr Bentley.

The value of roofing and guttering

Assuming 450mm of winter rainfall/800mm annual rainfall, 1sq/m of dirty yard area will cost £0.45-£2.70 a year in extra storage, plus £1.33 in spreading costs (10,000-litre tanker at £50/hr or the equivalent of 10cu m/hr so £50/10 = £5/cu m. Assume three trips/hr = £1.66/cu m x 0.8cu m water = £1.33sq/m yard area) .

Fixing broken guttering also pays back extremely quickly. A 100x80ft shed with the above rainfall will generate over 500cu m of rainwater a year. If one of the four downpipes is missing, and assuming a spreading cost of £1.66/cu m (see above calculation), that equates to £207.50 a year – or £830 if all the downpipes are broken.

Replacing all the steel gutters and downpipes would cost about £25/m – or £1,000+VAT. With grant funding of £11.40/m available, the payback period – on spreading costs alone – drops from two years to just one. When you take into account the cost of storage that could fall to just 13 weeks’ payback.

Without grant funding, roofing will pay back over 15-30 years, but with funding it’s 40% less. If you add in rainwater harvesting and offset the cost of mains water at £2/cu m, it cuts the payback period even further.

Areas to invest in to reduce slurry store pressures

1. Cover slurry and silage stores

Covering slurry and silage stores can also be extremely useful, reducing storage requirements and crop wastage.

“A lot of silage clamps have 20-25% wastage,” says Mr Bentley. They should be designed with a narrow face but the ability to be filled rapidly, can be backfilled with earth to give more support and must have an external effluent channel to collect any waste.

Clamps should have an impermeable base and sides, and the effluent tank needs to be capable of containing 20 litres of effluent/cu m capacity, up to 1,500cu m – or 6.7 litres/cu m above that.

2. Improve grassland tracks

It’s easy to forget about farm tracks when making slurry storage ***plans*** – but they are inextricably linked. The longer cattle can be out at grass the less slurry there is to deal with. In addition, better tracks enable muck to be carted for spreading without damaging the fields.

Grant funding options and how to apply

Mid Tier grants: Payment per item for projects like concrete yard renewal, hardcore tracks, cross drains, sediment ponds, rainwater goods, storage tanks, roofing and slurry store covers. Application deadline is 31 July 2018. For more information read Mid Tier and new CS Offers for Wildlife manual 2018; section 4.3.4. There is also an online application form.

Higher Tier grants: Payment per item for projects including livestock handling facilities, constructed wetlands and water penning structures. The application deadline is 13 April 2018. More information on the grant and how to apply is available.

Countryside Stewardship water grants: Must be in a high priority area. Payment per item for projects including roofing, rainwater harvesting, clean water separation, concrete yard renewal, livestock and machinery tracks. For a full list of eligible items turn to p96 of the Countryside Stewardship Mid Tier Water Quality Capital Items manual, where you will also find more information on how to apply in section 4.

Countryside Productivity Scheme (large grants): Open until December 2018, with two years to spend the money. Grants cover 40% of the cost of technology to improve performance. Minimum £90,000 project spend. Suitable items include sophisticated slurry application technology.

Countryside Productivity Scheme (small grants): Closed 14 March 2018. Minimum £3,000 grant, covering 40% of the project cost. Suitable items include handling facilities and dribble bars.

For guidance on applying and eligibility when applying for the CPS as well as an application form visit the government‘s website and go to the section on improving farm productivity and the small grant section.

Case study: James Yeatman, Sherborne, Dorset

James Yeatman milks 340 cows in partnership with his family at the 97ha Grange Farm, Sherborne, Dorset. Block calving in the autumn, the cows average 10,000 litres anually, and are grazed over the summer but housed on sand cubicles in the winter. “We’re on very wet clay so have six or seven months’ storage, and we’re trying to reduce our slurry volumes,” says Mr Yeatman.

He has a simple concrete-floored lagoon system, with the first lagoon fed by a tractor scraper. Gravity then filters the more liquid slurry down to a second and then a third lagoon, where it can be spread using an umbilical or top-filled slurry tanker. “We clear the sand out once a year using a Keenan spreader.”

Being in a Catchment Sensitive Farming area, Mr Yeatman has secured a number of Mid Tier grants – at £62sq/m – to roof over collecting and feed yards. “We have a lot of open concrete on the farm so it’s going to make a big difference,” he says. “Ultimately, we hope to harvest the rainwater, which will help, too.”

**Load-Date:** March 30, 2018

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[***One Planet summit in Paris next week***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R4B-38M1-JDJN-634R-00000-00&context=1516831)

The Malta Independent

December 7, 2017

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**Body**

Vanya Walker-Leigh

Hosting 50 heads of state and government at his One Planet Summit in Paris next Wednesday, France's President Emmanuel Macron aims to launch a new drive to mobilise money needed worldwide to combat climate change.

His initiative marks the second anniversary of the adoption in Paris of the Paris Agreement on Climate Change - which entered into force on 4 November 2016 and is currently ratified by 170 nations. This June, President Trump announced his intention to withdraw the USA (the world's second largest emitter) - which can only come into effect as from 4 November 2020 - the day after the next US presidential elections.

Three weeks after the latest UN climate change conference (COP 23) in Bonn where countries remained divided on key issues of finance, the Paris summit will be flanked by a several days' side events' organised by government ministries, international agencies and private sector actors involving hundreds of non-state representatives (mayors, NGOs, trade unionists, business leaders etc). Some civil society demos are also projected.

The urgent need for far more extensive climate change action than under current policies or announced future commitments was dramatised most recently in October by dire warnings of looming catastrophe in reports from UN Environment and the World Meteorological Organisation. Commitments to reduce greenhouse gas emissions as from 2020 made by all nations under the Paris Agreement will only deliver one-third of the effort needed to keep the world on track by 2030 to limiting the rise in global temperatures above pre-industrial levels to the Agreement's agreed goals (well below +2c and pursuing efforts to achieve +1.5c by 2100).

The financing challenge is huge, amounting to several trillion Euros needed a year and for decades to bring about a technological revolution in energy, industrial production, transport, and ***agriculture***. In addition broad support is needed for developing nations to adapt to progressively increasing climate change impacts - already evident in the growing number of recent extreme weather events (heatwaves, floods, droughts, hurricanes). Energy production and use along with transport are the leading contributors of carbon dioxide emissions - the main greenhouse gas. 'Decarbonisation' of the world's economies (to be fully achieved by 2100) means the replacement by 'clean' energies of carbon dioxide emitting fossil fuels (coal, gas, oil). A prospect energetically resisted by countries and companies ***producing*** and trading them.

The High-Level conference on Clean Energy Finance, co-hosted by the European Commission and the European Parliament on 7 November did not address the UN's challenge or focus on EU's current/possible financial support for climate action in non-EU nations. Asked by this reporter at a press conference about whether he would invite Member States to ponder tripling their current emission reduction goals (amounting to a EU-wide 40% cut below 1990 levels by 2030), Energy and Climate Commissioner Miguel Arias Cañete snapped back "EU's 2030 commitments are line with the Paris Agreement."

Just achieving EU's climate and energy 2030 commitments would require annual investments of €379 billion mainly in energy efficiency, renewable energy generation and infrastructure, Commission briefing documents indicate.

EP President Antonio Tajani emphasised that "every Euro invested in reducing emissions yields a substantial return, both as a driver of the economy and by mitigating potential environmental disasters. For that reason we should encourage greater public and private investment in energy efficiency and clean energy sources...EU must step up its role as a political, economic and technological leader..grasping the new opportunities created".

Commissioner Cañete stated that the €379 billion figure could only be reached by the "necessary combination of national, public and private investment". The common EU budget is to be used to fund key EU priorities and stimulate private flows while the Commission has proposed a 40% climate target for the infrastructure and innovation window under the currently discussed reform of the European Fund for ***Strategic*** Investments. The recently launched Smart Finance for Smart Buildings Initiative "will spur innovative financial instruments and financing platforms to aggregate projects", he added.

Commission Jurki Katainen, Vice-President for Jobs, Growth, Investment and Competitiveness proposed that investment platforms should be encouraged for pooling projects by location or sector while EFSI finance could be combined with other EU budget tools such as the European Structural and Investment Funds and the Connecting Europe Facility. "Efforts need to be accompanied by right reforms to strengthen our single market and sustain a business friendly environment", he emphasised.

The Vice-President for the Energy Union, Maroš Šefčovič urged individual energy consumers to join together in renewable energy communities and cooperatives, while underlining the key role of cities, now supported by the "One Stop Shop for Cities" centralizing all EU city-related EU ***programmes***, funds and assistance. The Commission was also discussing a new 'urban platform' with the European Investment Bank to be set up by the New Year.

Werner Hoyer, President of the European Investment Bank hailed the recent Commission/EIB launch of the Leaner Transport Facility, supporting financing solutions for recharging facilities and leasing products for electric vehicle deployment. "Ensuring the affordability of the energy transformation requires a low cost of capital and providing financiers and international capital markets more broadly with a stable and predictable investment climate," he urged. "In the ten years since EIB launched its first Climate Awareness Bond over €18 billion have been raised for nearly 160 renewable energy and energy efficiency projects across the globe".

In common with President Tajani and the Commissioner he appealed for the adoption via the 'trialogue' (Commission/Parliament/Council process) of the EC's proposed Clean Energy for All Europeans package - some of whose key targets (critical to achieve the 2030 climate and energy goals) were increased by a vote in the Parliament's ITRE (Industry, Research and Energy) committee last week.

Presentations made by nine MEPs and ten private sector/industry association speakers focused overwhelmingly on technical rather than financial aspects. With one exception, emailed requests from this reporter for related texts to these bodies' press departments remain unanswered nor were available from the Parliament or Commission.

Speakers did not include leaders from the institutional investor or capital markets and the growing 'green bonds' sector - increasingly vocal at and between UN climate change conferences - nor heads of major European non-state banks . . nor EU's financial services centres such as Malta. But then only two national politicians in charge of financial issues were in the lineup: the Minister of Finance of Latvia and Estonia's Deputy State secretary at the Ministry of Economic Affairs and Communications. Spain's state lending arm - the Istituto de Crédito Oficial - sent its chairman.

Green Party MEP Claude Turmes (the only 'exception' as above), slammed the EU 2030 climate and energy targets - adopted one year before the Paris Agreement - as not respecting the Agreement's spirit or letter. Nor is EU even on track to meet these inadequate goals he claimed. The EC's Clean Energy Package proposals are being justified by 'hiding behind' a flawed impact assessment with a new model underway based on the same flaws.

Further criticism emerged from Wendel Trio, Director the Climate Action Network Europe (Nature Trust Malta is one of its 140 member NGOs in 30 countries). "Member states and the EU itself fail on the Paris Agreement's obligations by continuously and systematically providing hundreds of Euros annual subsidies for fossil fuel production as well EU, EIB and EFS funding for related projects. EU funds' potential to accelerate the clean energy transformation remains largely untapped. Member States ***plan*** to spend a mere 7% of their EU 2014-2020 Cohesion Policy funding on energy efficiency, renewables, electricity distribution, storage and smart grids. The Connecting Europe facility is biased toward gas projects at the cost of electricity interconnection".

What EU nations or the Presidency representation at the Paris summit (list not yet published) will contribute to President Macron's 'new dawn' for climate change financing remains a question mark - for the next six days.

[*http://imgs.syndigate.info/542/1594/50/151265356841.jpeg*](http://imgs.syndigate.info/542/1594/50/151265356841.jpeg)

**Load-Date:** December 7, 2017

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[***Natural disasters, entrepreneurship, and creation after destruction***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5YJX-P231-DY4C-F0K5-00000-00&context=1516831)

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**Body**

**ABSTRACT**

Purpose

The purpose of this paper is to contribute a deeper understanding of how natural disasters influence entrepreneurial intentionality as an important antecedent of entrepreneurial intention. It reviews the conceptual and operational backgrounds of natural disaster research and entrepreneurship theories and formulates a distinctive conceptual approach to entrepreneurial intentions in natural disaster settings.

Design/methodology/approach

An exhaustive review of research articles published in peer-reviewed entrepreneurship journals is provided and focuses on entrepreneurship, natural disasters, and entrepreneurial opportunities.

Findings

Six propositions about the influence of natural disasters on entrepreneurial intentions in ways that are distinct to the specific circumstances of post-disaster environments.

Research limitations/implications

The paper’s findings serve as a useful foundation for future research of post-disaster entrepreneurial behavior. The propositions highlight the relationship between opportunities, self-efficacy, feasibility, desirability, fear of failure, and resilience that complement macro-level research with micro-level antecedents. Implications entail new methodological avenues for future studies of humanitarian and post-disaster entrepreneurial activities.

Practical implications

This paper suggests ways in which public policy and educational, state and community ***programs*** can be designed and executed so that entrepreneurial intentions are developed and entrepreneurial action is not hindered. Moreover, it clarifies several ways to achieve more effective action (or inaction) to serve those affected by natural disasters and minimize disaffection.

Originality/value

The study illustrates that natural disasters can and do create opportunities for entrepreneurial behavior even as they generate powerful and sweeping negative effects on socioeconomic systems. Its unique approach explores individual-level variables concerning intent and motivation that drive entrepreneurial decisions in disaster contexts.

**Introduction**

Data from the most current world disaster report indicate that in 2014 there were 315 natural disasters and these incidents caused the death of more than 8,000 human beings (Ager *et al.*, 2015). The events in question spanned 94 countries and affected over 106 million people overall. In a year not considered atypical, the disaster events of 2014 accounted for $99 billion in property and collateral damages, along with immeasurable negative effects on the development of local and global socioeconomic systems.

Whereas entrepreneurship research has historically focused on economic and social development, job creation, and innovation (Ucbasaran *et al.*, 2013), its vital function and its increased intensity in adverse or dangerous contexts have merely been assumed tacitly. Indeed, the role that entrepreneurship can play in rebuilding the infrastructure and economies of affected communities, supporting local government agencies and non-government organizations (NGOs), and creating sustainable, long term and resilient organizations after a natural disaster is under-researched (Bullough *et al.*, 2014). Thus there is a need for better understanding of how entrepreneurial activity relates to the large number of natural disasters that occur around the world each year.

A systematic and representative search of articles published in peer-reviewed journals, including “the Big 5” (Katz, 2016) entrepreneurship journals: *Entrepreneurship and Regional Development*, *Entrepreneurship: Theory and Practice*, *Journal of Business Venturing*, *Journal of Small Business Management*, and *Small Business Economics* indicated that while there is a small number of scholars who have begun to examine potential relationships between disasters and entrepreneurship, the vast majority focus on how natural disasters affect existing small businesses (Irvine and Anderson, 2004), their response, and what variables improve the odds of their survival (Linnenluecke and Griffiths, 2010) and recovery (Winn *et al.*, 2011).

This paper proposes that the study of the effect of natural disasters as a source of new entrepreneurial opportunities and increased entrepreneurial intentions holds great promise for a better understanding of entrepreneurship’s function in society. Certainly there are many real-world examples of new ventures facilitating, encouraging, and accelerating the rebuilding of affected post-disaster community environments. The research, however, lags behind the practical reality. While it is indeed vital to understand how entrepreneurial ventures can survive natural disasters, it is also vital to formulate new conceptualizations of natural disasters as sources of innovative ideas and ventures. Before now such question has been virtually ignored (Monllor and Altay, 2016).

This work reviews and examines the conceptual background of natural disasters and entrepreneurial activity and formulates an approach to understanding natural disasters as a kind of impetus for transforming entrepreneurial intentions into behaviors. Our contribution serves as a foundation for future studies and can shape policy that supports and encourages small business activity in natural disaster contexts. This study heralds a unique approach, as it explores individual-level variables regarding entrepreneurial intentions as well as the motivational processes that drive entrepreneurial decisions in such settings.

**Review and conceptual background**

Natural disasters are defined as the “impact of an extreme natural event on an exposed, vulnerable society” (Mechler, 2003). When the impact of a given natural disaster exceeds the capacity of the affected region to cope or respond such that interregional or international assistance becomes necessary, then the case approximates the definition of full-blown natural disaster. The impact of such events is not only limited to people and firms in the affected region (Miller, 1992). In fact, in today’s socioeconomic systems, where market and supply networks are global and virtual in nature, disasters in one region can and do have substantial and extended consequences (Altay and Ramirez, 2010; Gassebner *et al.*, 2006; Wagner and Bode, 2006).

In 2014 alone there were a reported 324 natural disasters which caused the death of 7,823 people, victimized 140.7 million, and caused 99.2 billion dollars in damages across 99 countries. Of these, approximately 90.1 percent were climate-related extreme weather events: hydrological, meteorological, and climatological (Guha-Sapir *et al.*, 2014). These numbers call for a changed focus in ***strategic*** ***planning*** and management, one that shifts away from managing for a relatively predictable future toward developing flexible and speedy responses to unpredictable, non-linear, and non-incremental change (Camillus, 1997). This represents a 20-year trend that outpaces geophysical disasters and is not expected to decrease considering that anthropogenic climate change generates population shifts to vulnerable urban areas (Pachauri *et al.*, 2014). As a result, increased population density and the extensional effects on supply chains (Webb *et al.*, 2000) create a context in which the effects of disruptive events on human life and local economies will intensify (Monllor and Altay, 2016).

Take, for example, the state of California in the USA. This state has incurred five years of historic severe drought and current data show that over 90 percent of the region is incurring severe drought conditions, with 70 percent of the affected region incurring extreme drought conditions (Miskus, 2015). The ramifications have wreaked havoc on local ***agriculture*** yield and the economic activity. These conditions are driven in part by climate change (Spencer and Altman, 2010). Given that California is the world’s ninth largest ***agricultural*** economy, it is clear the implications of this trend are more than just local or regional (Bjerga, 2014). For instance, the nation of Canada currently imports more than five billion worth of ***produce*** per annum from California and these droughts could increase the price of California-based ***produce*** by over 20 percent (Staff, 2014). Moreover, climate-based disasters are less localized than geophysical ones. The conditions in California are liable to expand to other areas of the USA, thus generating a larger potential global impact. Not only is America the world’s largest food exporter, the nation maintains enormous crops of corn and soy which are used in the production of ethanol and other biofuels. The repercussions from natural disasters have potential to expand globally and influence what appear to be unrelated industries (Decapua, 2012).

**Organizational environments**

The frequency and severity of natural disasters create pressures and constraints for organizational environments. As such, research on organizational contexts is germane because organizations depend on exchanges with the environments in which they operate (Scott, 1998). While the literature on organizational adaptation to environmental pressures is extensive, it deals primarily with incremental adaptation to relatively continuous (as opposed to abrupt) environmental changes (Winn and Kirchgeorg, 2005). Both action and inaction by organizations to natural disasters generate entrepreneurial opportunities. Inaction leads to organizations being caught by surprise by the unprecedented scope of destruction and leaving them ill-prepared to respond effectively to the resulting damages (Linnenluecke *et al.*, 2008). The threat that economic development can stall as a result of exogenous shocks can force these firms to scale down operations, close, or move out of the region (Williams and Vorley, 2014). These exits stimulate the entry of new ventures that combine the resources released by exiting firms in new ways (Pe’er and Vertinsky, 2008). When action is taken, organizations allocate time, technology, and money to safeguard their survival and response. Both behaviors create periods of economic and market disequilibrium (Cowling *et al.*, 2015) and generate opportunities for entrepreneurs to serve as vendors or service providers. Such transactions assist existing organizations via facilitation (e.g. emergency communication networks) or the removal of inhibiting elements (e.g. damaged infrastructure) in ways that are positively consequential for both market actors (Krueger *et al.*, 2008).

For instance, organizations often carry outdated physical assets that, when damaged during a natural disaster, generate opportunities to replace those assets with better versions (Alesch *et al.*, 2001). In this way, reconstruction facilitates the establishment of more resilient institutions and can even improve a business climate (Das, 1998). Natural disasters also decrease market entry requirements because they lower the opportunity costs associated with profitable business activities (Bennett and Estrin, 2006). Indeed, history has shown that the disruption of existing traditions, policies, and structures can create a climate of innovation and entrepreneurship (Monllor and Altay, 2016). Therefore, it is reasonable to assume that destruction generates the market inefficiencies that underlie opportunity which can turn motivation into intention and action to provide new products and services (Murphy and Coombes, 2009).

Direct damage to businesses is only one among several factors that contribute to the losses communities experience in the aftermath of disasters. Damage and disruption to utility and transportation lifelines can contribute significantly to business interruption and subsequent financial losses (Linnenluecke *et al.*, 2008; Webb *et al.*, 2000).

These new challenges can trigger entrepreneurial intentions to turn inconveniences and coincidences into opportunities, putting into practice a person’s professional strengths and tacit capabilities (Johannisson and Olaison, 2007). Entrepreneurs are known to see the disruptions of major events as bases for business opportunities (Brück *et al.*, 2011; Monllor and Altay, 2016). For example, although many individuals displaced and affected by hurricanes decide not to take action, Needleman (2011) provides a few case studies of entrepreneurs who, when impacted by such a situation, recognized opportunities to act. From flood barriers and “diaper” like absorbent bags that deal with flooding to protective covers that protect from high winds and debris, these entrepreneurs rely on their own professional knowledge and experience to employ their creativity (Hansen *et al.*, 2011) and start scalable ventures that have the potential to overcome regional boundaries and are ready to act when similar disasters strike other regions (Zahra *et al.*, 2008).

Another demonstrative example is the case of *T*-Cash, a system allowing Haitians to receive payments through their mobile phones. The 2010 earthquake in Haiti killed over 200,000 people and decimated local infrastructures, including more than a third of Haiti’s banks, automated teller machines (ATMs), and money transfer stations. The decimation of these infrastructures created enormous problems for individuals, as they had to wait many hours to access their money. It also created security concerns, as people became vulnerable to thieves during the withdrawal transaction. In this case the opportunity for organizations involved utilizing mobile technology. Giving Haitians a way to transfer payments electronically, eliminated long lines at banks and ATMs and eliminated the security concerns for cash that could be stolen. Since less than 10 percent of the population even used financial institutions, *T*-Cash realized an opportunity to remain as a business after the country recovered from the disaster. Moreover, it could expand internationally to other countries or regions affected by natural disasters or those with similar developing economic environments (Zuckerman, 2011).

Although government agencies and NGOs are essential components in post-disaster recoveries, local entrepreneurs are sure to have deeper community-based knowledge to recognize problems and provide feasible solutions (Sautet, 2008). Private firms and the for-profit sector increasingly play an important role in a “whole community” approach to emergency management (McKnight and Linnenluecke, 2016). Prior knowledge is known to affect the ability to identify opportunities (Ardichvili *et al.*, 2003; Hayek, 1945; Venkataraman, 1997). Thus individuals in the affected areas have knowledge about existing markets, customer problems and how to solve them, and an understanding of local culture, which puts them in a better position to solve problems and discover opportunities created after a natural disaster (Hajizadeh and Zali, 2016; Shane, 2000).

Because the contributions of entrepreneurial ventures serve and benefit the organizations that populate a society, entrepreneurial action itself can serve as an essential part of rebuilding post-disaster societies and increase their resilience in the face of future events. The foregoing review shows that disastrous events tend to generate such entrepreneurial actions. However, as noted, the research in this area is lacking. Better understanding of the overall relationship will enable a clearer conceptualization of the personal attitude variables and intentions to serve as a roadmap for public policy that promotes appropriate entrepreneurial action. The results promise the potential for accelerated reconstruction of local communities and economic infrastructures. Moreover, such ameliorative effects of entrepreneurial action would bring greater normalcy to the lives of individuals living in a given community or society (Monllor and Altay, 2016).

**Methodology**

As stated previously, the authors conducted a representative search of any and all articles published in peer-reviewed journals, including “the Big 5” (Katz, 2003) entrepreneurship journals: *Entrepreneurship and Regional Development, Entrepreneurship: Theory and Practice*, *Journal of Business Venturing*, *Journal of Small Business Management*, and *Small Business Economics*. First a search through electronic databases of the journals using a broad collection of terms was conducted. The search encompassed all published articles that contained some reference to: disaster, recovery, natural disaster, opportunity, opportunity recognition, entrepreneurship, catastrophe, destruction, climate change, or any combination of these terms (e.g. disaster entrepreneurship, entrepreneurship disaster recovery, disaster opportunity recognition) in the title, abstract, or keywords. Then the search was extended to include the full text of articles and, when an electronic version was not available, articles were scanned for key terms.

The goal was to find papers that touched on the topic of creation or recognition of entrepreneurial opportunities due to the occurrence of some type of a disaster, including natural- or climate-related disasters. The mere mention of a term was not sufficient. Thus the search resulted in only three papers whose research focused on entrepreneurship, entrepreneurial opportunities, and disasters at some level and in some depth.

In the next major section, a conceptual approach to entrepreneurial intention in natural disaster contexts is developed based on the results of this search. The variables and interrelationships illustrate the impact of natural disasters on entrepreneurial intentions. The conclusion of the section presents a digested list of the approach’s distinct conceptual aspects. The integrative aspects are intended to influence conceptual framing of post-disaster entrepreneurial behaviors, and especially how to elicit such behavior, as a vital part of post-disaster recovery strategies.

**Conceptual development**

Entrepreneurial action often begins with a specific event or series of events that compels an individual to act. It has been postulated that such “precipitating events” are essential to the initiation of entrepreneurial actions (Shapero, 1975, 1982). In the case of natural disasters such as earthquakes, hurricanes, and tornadoes, however, some studies regard their unpredictability as the most vital element to understanding their effects on human populations (Gaibulloev and Sandler, 2009). Thus, natural disasters affect the entrepreneur’s most basic environmental context (Scott, 1998) in ways that are only *ex post* tangible, visible, and measurable (Altay and Ramirez, 2010; Monllor and Altay, 2016; Ramirez and Altay, 2008). As a result, natural disasters can severely constrain an entrepreneur’s ability to act freely, while also limiting resources. Such constraints can influence certain psychological variables that explain variance in entrepreneurial intentions and behavior. In the case of environmental events and other external factors, they interact with individual characteristics to generate motivated behavior. In the more specific entrepreneurship literature, this paradigm underlies a stream of research showing that significant life events precipitate sizable increases in entrepreneurial activity (Krueger *et al.*, 2000). The power of such events stems from interruptions to the inertia that guides human behavior (Shapero, 1982). Of course, such life events can be positive (e.g. winning the lottery) or negative (e.g. losing one’s house). For example, Brück *et al.* (2011) assert that entrepreneurs assess the probabilities of being affected by natural disasters but since they are never certain of the occurrence of such events, they can derive a false sense of security from false alarms and the passage of time. Thus risk increases as entrepreneurial behavior decreases despite high individual levels of intent. Moreover, because all natural disasters are qualitatively different from one another, this context also entails uncertainty. Complex factors involving topography, population, and geography yield unexpected outcomes in natural disaster scenarios.

A small set of research has examined these complex factors and their social and economic effects as they relate to natural disasters (Winn *et al.*, 2011) and has developed a disaster impact measure that takes into account the macro-level variables (Altay and Ramirez, 2010; Monllor and Altay, 2016). This research holds that the first item to operationalize is the number of extreme events irrespective of actual damages. An enormous category four hurricane can form and completely dissipate in the Atlantic Ocean without having any social or economic impact. By contrast, a small earthquake of magnitude 3.1 (Richter scale) and its continuous aftershocks on the American west coast can have a far larger impact on the local population and economy.

The second factor concerns the number of people affected. If the earthquake occurs in a heavily populated area, then a larger portion of people in a country are at risk. The potential damage to the availability and productivity of the workforce and the economy may be substantial. By contrast, enormous infrastructure damage in an area of low population density generates a qualitatively different kind of outcome. Therefore, the number of deaths and the number of people affected are a distinct measureable element. Finally, the third distinct factor for conceptualizing the effects of natural disasters is monetary damage, or the cost associated with the destroyed resources and property, along with the estimated total costs of repair (Linnenluecke *et al.*, 2008; Monllor and Altay, 2016).

The foregoing approach to calculating the impact and effects of natural disasters concerns macro-level factors. Building on insights from research by Ajzen (1991) and Shapero, (1982) on entrepreneurial intentions, the present study sheds light on how this level of impact of a natural disaster can also influence micro-level individual effects.

**Individual-level effects**

Entrepreneurial intent is an important stage that is closely linked to an individual’s actions in establishing new ventures (Dimov, 2007; Thompson, 2009) with intentions causally preceding action (Krueger *et al.*, 2000; Shook *et al.*, 2003). Entrepreneurial intent is defined as “a self-acknowledged conviction by a person that they will set up a new business venture and consciously ***plan*** to do so at some point in the future” (Thompson, 2009, p. 676). This study focuses on how natural disasters impact the formation of entrepreneurial intent.

While Ajzen’s (1991) and Shapero, (1982) models overlap to a large degree (Van Gelderen *et al.*, 2008), Shapero and Sokol’s model of the “entrepreneurial event” is an intentions model that is well suited to the present study because is it specific to the domain of entrepreneurship and natural disasters, as noted, are external events that directly affect basic life situations. Danger zones, in particular, have a strong effect on individual intentions as they cause insecurity about starting a business (Bullough *et al.*, 2014). However, research has also shown that these types of exogenous factors are not enough to explain individual entrepreneurial activities (Krueger *et al.*, 2000). Such factors influence intentions and behavior indirectly, often through attitude changes, and formal models typically view them as moderating variables.

The present approach embraces this logic and casts natural disasters and their impact level as precipitating events that drive perceived feasibility, perceived desirability (Shapero, 1982), and perceptions of danger (Bullough *et al.*, 2014), all of which have been previously shown to directly influence entrepreneurial intentions. An examination of some elements of this approach follows.

**Opportunities**

Displacement involves a change in behavior where an actor has no other choice but to seek an opportunity for a new kind of behavior (Katz, 1992). A large proportion of entrepreneurial actions is attributable to displacement beyond those that are stimulated by natural disasters (Monllor and Altay, 2016). This is especially relevant when studying entrepreneurial behavior and natural disasters. The occurrence of natural disasters is a relatively unique situation in which the moment the precipitating factor that leads to displacement occurs an opportunity is created. Although disaster usually brings economic distress (Casson, 1982), it can also create opportunities for new venture formation. Monllor and Altay (2016) characterize the phenomenon as a form of inverted creative destruction (Schumpeter, 2013) in which the actions of the entrepreneur do not destroy the value and structures of established companies. Rather the natural event fulfills this function as the entrepreneur takes on an opposite and ameliorative role. That role entails recognizing and developing opportunities in the aftermath (Noy and Vu, 2010) of the natural disaster.

After a disaster, affected communities are also left in a depleted state that is relevant to opportunity perceptions. These changes in the natural and communal environment can increase the likelihood of recognizing opportunities for sustainable development (Patzelt and Shepherd, 2011). Some entrepreneurs might seek community benefit and economic viability rather than high levels of return on investment. Thus disasters open the door for implementation of new organizational forms that do not have personal profit and expand the range of opportunities available to pursue (Johnstone and Lionais, 2004). Gray *et al.*’s (2014) work provides further support that dual self and collective interest improve opportunity identification in challenging contexts. While market and technological knowledge are important antecedents of opportunity recognition (Shane, 2000), they are considered insufficient to recognize opportunities to create economic, environmental, and social gain for others.

There are other factors that accompany natural disasters besides their simple occurrence which can also influence entrepreneurial opportunity recognition. The frequency of natural disasters a certain location experiences is one that needs to be taken into account when calculating a disaster’s impact level and is particularly relevant to opportunity recognition (Monllor and Altay, 2016). When a community experiences a frequent number of natural disasters, local citizens acquire considerable knowledge of the problems and opportunities that arise after such events. The gained knowledge can be in the form of prior markets that have survived or failed, ways those markets have been served, and of customer problems, all of which Shane (2000) argues influence individual discovery of opportunities. The more knowledge of these problems individuals have, the more likely they will recognize an opportunity for introducing new products and services that address customers’ problems and are accepted by the market. Individuals and communities located in areas frequently experiencing natural disasters would thus be expected to be more apt to recognize opportunities as they are more knowledgeable of the problems the disasters create, the market the disasters impact, and how to deal with issues that arise when trying to serve these markets.

Research on this topic is limited, but what studies do exist show that entrepreneurial perceptions are higher after extreme events than they are before such events. Moreover, entrepreneurs recognize opportunities in more ways than one, including not only new kinds of action, but also the removal of new barriers so that old actions can continue (Brück *et al.*, 2011).

**Feasibility**

In Shapero’s (1982) model of the entrepreneurial event, feasibility is conceptually associated with perceived self-efficacy, or perceived self-control in Ajzen (1991) theory of ***planned*** behavior. The model assesses the beliefs that an individual is competent in a given situation, can perform a given behavior, and reflects the perceived feasibility of performing that behavior. Even more pertinent, feasibility perceptions drive career-related choices, including entrepreneurship, which is why it is not surprising that it has been widely studied and linked to many entrepreneurial phenomena (Krueger *et al.*, 2000).

Ajzen *et al.* (2009) hold that when individuals formulate a ***plan*** laying out their steps to carry out an intended action, connections between intended and actual behaviors increase dramatically → even when tasked with disagreeable goals. Thus higher levels of self-efficacy make one feel more competent to overcome obstacles, set higher goals, and persist in the activities required to achieve those goals (Erikson, 2002) and this process is robust even in instances of high uncertainty (Trevelyan, 2009). The literature on self-efficacy is enormous and shows that this individual-level construct derives from hands-on experiences, emotional stimulation, and physiological states (Ajzen, 1987; Boyd and Vozikis, 1994; Krueger and Brazeal, 1994; Shapero, 1975, 1982).

Self-efficacy underlies individual intentions for entrepreneurship and influences the perceptions of feasibility (Shapero, 1975, 1982). More recently, the construct has been described as relevant to environmental obstacles and feasibility (Krueger *et al.*, 2008). Indeed, surmounting barriers are required for turning intentions into actions (Ducharme and Brawley, 1995). If the barriers generated by a natural disaster create an environment of seemingly insurmountable obstacles, it is logical to assume that self-efficacy becomes important to entrepreneurial action. Entrepreneurs in disaster settings may face migration of communities, declines in buyer demand, decreased availability of resources, higher transaction costs, and supply chains interruptions (Webb *et al.*, 2000). Such conditions can hinder entrepreneurial activity, especially for individuals with low levels of self-efficacy.

**Desirability**

Behavior should be perceived as not only feasible, but also desirable (Krueger *et al.*, 2000). According to Ajzen (1991), three antecedents shape all individual intentions to act: personal attraction, subjective norms, and perceived behavioral control. It is the first two antecedents in particular that underlie the perceived desirability of the intended actions (Kautonen *et al.*, 2013, 2015). Desirability is defined as the attractiveness of starting a business to the individual intending to start the business (Shapero, 1982). Individuals have expectations and beliefs about how much they can actually affect the results of their behaviors. Stronger beliefs that they can control those results lead to more desirable perceptions of action. Natural disasters are exogenous and uncontrollable and, in most cases, unpredictable. Given that entrepreneurs face uncertainty, risks, obstacles, and vulnerabilities, the situation can seem to be outside of the entrepreneur’s control. Of course that perception affects their belief about the amount of influence that their actions will have on final outcomes. Such a non-desirable option lowers an entrepreneur’s willingness to act, even if they originally had strong intentions.

In addition to perceived behavioral control, which is an intrapersonal impact, extrapersonal factors are also considered in the perceived desirability of acting on an opportunity. Through their actions, firms enjoy an increase in community goodwill and reputation as their response to natural disasters strengthens community resilience (Mcknight and Linnenluecke, 2016). This is accomplished by improving social capital, community competence, and/or economic capital. Disaster opportunities can be perceived as more desirable since community shareholders share in the losses (Garriga and Melé, 2004) and mitigate risks (Johnstone and Lionais, 2004) associated with the encompassing disruptions.

**Fear of failure**

Natural disasters create environments in which entrepreneurs perceive fear and danger. Any theory of entrepreneurial action in such contexts should clarify how entrepreneurial activities shift away from survival and protection and toward opportunity identification. Without the affordance to pursue an opportunity in a motivated way, one is liable to resort to other methods perceived to be less risky or dangerous (Bullough *et al.*, 2014). Fear of failure is a measure of attitude toward risk and is closely related to one’s decision to become an entrepreneur (Kihlstrom and Laffont, 1979). When one is strongly averse to failure, their psychologically based attitude reduces the importance of perceived opportunities (Welpe *et al.*, 2012) and creates a barrier to one’s entrepreneurial intentions (Ardagna and Lusardi, 2008; Wagner, 2007) even if very clear opportunities are present.

Natural disasters usually affect communities through distinct considerations of size, frequency, and duration of the event(s). California’s persistent drought conveys the importance of the duration of a natural disaster. The Caribbean and the Pacific, by contrast, which are hit by large hurricanes multiple times a year, convey the importance of the frequency of the events. Event frequency generates different kinds of perceptions and the relevant question is when or even where “the next one” is going to occur. Indeed, fear of failure becomes relevant in several different ways. For instance, the passage of time, as well as false alarms, can generate false senses of security and the accompanying perception that there is no good reason to expect anything but successful action. As a result, intentions are more liable to develop into entrepreneurial actions.

**Resilience**

It should come as no surprise that fear is one among many negative emotions such as anger, anxiety, and sadness that are generated when a natural disaster occurs. What might seem surprising is that positive emotions, such as gratitude, interest, and love, have been found to coexist with these negative emotions (Folkman and Moskowitz, 2000; Tedeschi and Calhoun, 2004). These positive emotions help shield resilient individuals and actually allow some to thrive (Fredrickson *et al.*, 2003). Resilient individuals, individuals considered able to continue living a purposeful life after hardship or adversity (Tedeschi and Calhoun, 2004), are drawn to activities that alleviate problems particularly relevant to post-disaster environment. For example, tackling the lack of employment and financial instability are activities that not only help the individual bounce back but also bring a semblance of normality that might be missing in a post-disaster environment (Carver *et al.*, 1989; O’Brien and Delongis, 1996).

In what follows, six propositions are developed from these conceptual aspects that are useful for research on entrepreneurial behavior in natural disaster contexts. These six propositions can lead to the development of research questions about the linkages between natural disasters and entrepreneurial intentions.

**Research framework**

The circumstances encountered by individuals after a natural disaster are an exceptional set of circumstances. The specific nature of these circumstances influences individual attitude variables in ways that uniquely transform entrepreneurial intentions into behaviors. The ensuing six propositions consider how natural disasters impact variables that influence decreasing or increasing entrepreneurial intentions, either directly or indirectly. Specifically, they contemplate the relationship and influence that specific types of opportunities (opportunity vs necessity), uncertainty, fear of failure, and resilience have on entrepreneurial intentions.

Natural disasters disrupt and, in some instances, eliminate established businesses, supply chains, and whole industries (Monllor and Altay, 2016; Pe’er and Vertinsky, 2008). Therefore, the individuals rooted in environments affected by disasters experience these disruptions firsthand and are often forced to act or displaced entirely. Personal threat is a motivation for “necessity entrepreneurship,” which Patzelt and Shepherd (2011) suggest may trigger recognition of sustainable development opportunities that counteract these threats.

Our approach builds on these notions and examines how the same entrepreneurs are disposed to act. In other words, our contribution acknowledges the reality that exists when members of a community have basic but unmet needs which must be addressed for survival and a return to a sense of normalcy. Therefore, as noted earlier, the antecedent of the action and the need for action occur in the same moment: individuals take action without prior intention, but with predisposition. These actions are manifest as entrepreneurial: *P1.* Natural disasters increase entrepreneurial intentions when they generate necessity-driven opportunities.

Entrepreneurial action can also align with government and NGO activities (e.g. rebuilding, resettling) in natural disaster settings. However, rather than having grand macro-level ***plans***, local entrepreneurs most often cater to a constituency defined by the shared needs of a community (Murphy and Coombes, 2009; Peredo and Chrisman, 2006). Since these communities were likely affected by the natural disaster in question, it takes more time to harness and leverage the resources for entrepreneurial action (Sautet, 2008) and the types of ventures generated initially might not lead to high-growth ventures. However, as noted earlier, they are uniquely capable of assisting the businesses affected by the disaster in their efforts of reestablishment and survival. Success in these instances is grounded in the reconstruction of damaged infrastructure and the rehabilitation of larger capital assets (Galbraith and Stiles, 2006; Johannisson and Olaison, 2007). Businesses that inhabited the pre-disaster environment face novel and daunting challenges after a natural disaster, such as utterly redefining who their customers are and how to serve the market in an entirely new way. The entrepreneurial intentions that assist such efforts stem from opportunities rooted in the necessity of reconstruction, not from any pre-existing opportunity: *P2.* Opportunities stemming from natural disasters will be perceived as more feasible when they are ameliorative to affected elements of the pre-disaster context.

Although reconstruction and recovery opportunities are the most predominant after a natural disaster, they are not necessarily pursuant to a longer recovery strategy of a post-disaster context as they are probably not the ones making a significant contribution to a country’s innovation, employment creation, and economic growth (Hessels *et al.*, 2008). Eventually, they must evolve into opportunities that will generate future growth and development (Galbraith and Stiles, 2006). Entrepreneurial ventures that ultimately grow to scale are usually “pulled” by market opportunities, not “pushed” by internal development (Acs and Varga, 2005). This means that for entrepreneurship in post-natural disaster settings the necessity of helping the community wanes over time and it is ultimately replaced by the prospect of more traditional types of value generation (Sautet, 2008). Therefore, successful natural disaster entrepreneurship tends to be an especially adaptable activity. The behavior of necessity-driven entrepreneurship is different from that of opportunity-driven entrepreneurs (Monllor and Altay, 2016). Initially the intensity of the latter type of entrepreneurship lags behind the former but ultimately surpasses it. Opportunity-driven entrepreneurship is a result of choice, the desire for independence, or increased wealth. By contrast, necessity-driven entrepreneurship derives from displacement: one is forced into it because there are no other options (Williams, 2008): *P3.* Opportunities stemming from natural disasters will be perceived as more desirable when they have potential for future growth and development, thus increasing entrepreneurial intentions.

When considering whether an individual will act entrepreneurially, you must consider beliefs about uncertainty. Disasters can cause regime uncertainty, which has the potential to be extremely detrimental to entrepreneurial action. If local government keeps constantly changing the rules and is unclear, it is nearly impossible for entrepreneurs to act and they are forced to devote their time “playing the game” (Chamlee-Wright and Storr, 2009). The availability of credit, or lack of, is also of extreme importance in economic recovery situations. In most cases, ample credit is unavailable to post-disaster entrepreneurs even with the advent of microfinance and widespread networks of donors (Galbraith and Stiles, 2006). These tendencies can have a devastating effect on entrepreneurial intentions and cause a decline in apparently viable opportunities (Sanz-Velasco, 2006). In particular, immediately after an extreme event, the costs of business tend to rise through increased wages, higher insurance premiums, and greater security expenditures which in turn reduce profits (Gaibulloev and Sandler, 2009). These factors combine to create uncertainty and doubt for entrepreneurs because alternative courses of action for conducting business are generally unknown. This reduces entrepreneurial intentions and actions by undermining beliefs regarding whether the environmental stimulus presents an opportunity and if this opportunity could feasibly be enacted (McMullen and Shepherd, 2006): *P4.* Natural disasters create highly uncertain environments that increase fear of failure and decrease entrepreneurial intentions.

Research on entrepreneurial intentions in danger zones shows that some individuals are willing to risk assets or even their lives in pursuit of entrepreneurial opportunities (Bullough *et al.*, 2014; Cusack and Malmstrom, 2011). At the same time, research shows no difference in the general fear of failure pre- and post-natural disaster even though entrepreneurial behaviors increase post-natural disaster (Monllor and Altay, 2016). This is the case potentially because individuals who are affected by natural disasters are usually not afraid to act since they have relatively little left to lose. Taking entrepreneurial action, then, is often the only option one has to meet personal needs of survival and take steps toward recovery and rebuilding of communities. This consideration involves the difference between opportunity-driven and necessity-driven entrepreneurship in the *P3* and combines it with the fear of failure construct from the *P4*. In other words, the entrepreneurs in question act to create a safer environment with respect to basic considerations not to generate disposable levels of value or luxuries: *P5.* Fear of failure hinders entrepreneurial intentions more so in cases of opportunity-driven entrepreneurship than it does in necessity-driven entrepreneurship.

Resilience is particularly relevant under adverse conditions and post-disaster environments (Bullough *et al.*, 2014) and plays an integral role in entrepreneurship research (Baron and Markman, 2000; Markman *et al.*, 2005). Resilience allows individuals to push on in difficult times when others might be discouraged to confront challenges and roadblocks that pop up in their attempts to start a new venture. For example, among entrepreneurs who have failed in their efforts to start a business, those who are more resilient are more likely to try again when a new opportunity appears (Hayward *et al.*, 2010). Even more pertinent is the fact that more resilient individuals are less affected by perceived danger. Resilient entrepreneurs can better cope with dangerous environments and take action in the face of adversity. Resilience attenuates the impact of perceived danger, thus increasing entrepreneurial intentions (Bullough *et al.*, 2014): *P6.* Resilience moderates the link between fear of failure and entrepreneurial intentions, serving as a shield that protects intentions from the negative impact of fear of failure.

These six propositions, digested in Table I, help inform entrepreneurship research with the aim of stimulating new questions about how natural disaster settings serve as catalysts for entrepreneurial intention. Research in this domain promises to shed new light on how such intentions can best be supported and promoted by state, public policy, or entrepreneurial networks.

**Discussion**

Natural disasters are destructive events that generate social distress and economic tensions. Thanks to globalization of markets and supply networks, the effects of these disasters go beyond national and other boundaries. A natural disaster in one part of the world can cause significant market disruptions in another and their occurrence and impact is not expected to decrease. As such, the importance of entrepreneurial initiatives for rebuilding natural disaster zones is unmistakable. Moreover, the prevalence of such actions occurring in the wake of natural disasters is a historic fact.

Yet little is known about the factors that underpin individual entrepreneurial decisions and actions in these environments. This study helps flush out some of those factors and highlights their unique characteristics by exploring the nature of different types of opportunities. It also reviews the roles of self-efficacy, feasibility, desirability, fear of failure, and resilience and puts those factors into the context of natural disasters. It builds on prior work on the antecedents of entrepreneurial intentions in peaceful and stable environments to shed light on how those factors apply to other kinds of environments. Finally, this study formulates a conceptual approach and six propositions that engage the principal research question.

Our propositions provide some interesting arguments on how individual-level factors may influence entrepreneurial intentions in ways that are unique to post-disaster environments. Consider *P1*, which holds that entrepreneurial action increases due to an increase in the creation of necessity-driven opportunities. Natural disasters are significant life events (Krueger *et al.*, 2000) that interrupt the inertia that guides human behavior (Shapero, 1982). An individual who might possess zero or extremely low levels of entrepreneurial intentions ends up “pushed” into action by needs forced upon him by the new circumstances. The needs for security, survival, and well-being lead to action and override prior lack of entrepreneurial intentions. This highlights the importance of considering the opportunities created after a natural disaster (Monllor and Altay, 2016) as these have the potential to make us rethink current theories of entrepreneurial intentions and behavior (Krueger, 1993; Krueger and Dickson, 1994; Krueger *et al.*, 2000).

A similar argument can be made with fear of failure. Past research has found that having an idea for setting up a business has motivating properties (Van Gelderen *et al.*, 2008), but this would only apply to ideas that are necessity driven. *P4* and *P5* state that when fear of failure increases, entrepreneurial intentions and action decrease, but this effect only materializes when the opportunities created by the disasters are opportunity driven. Out of the variables making up the attitude toward entrepreneurial intentions, a preference for financial security is a consistent predictor across samples and dependent variables (Van Gelderen *et al.*, 2008). The realities of a post-disaster setting are characterized by potential decreased access to credit, increased labor costs, and incessantly changing regulations (Chamlee-Wright and Storr, 2009; Gaibulloev and Sandler, 2009; Galbraith and Stiles, 2006). These circumstances invariably lead to increased fear of failure on the part of entrepreneurs. Yet while fear of failure is traditionally considered a hindrance to entrepreneurial action, this would not apply in the case of necessity-driven opportunities. Necessities of the individual and his community override increases in fear of failure, at least temporarily until the situation returns to a pre-disaster state and the entrepreneur feels free to take opportunity-driven action. *P6* further decreases the impact of fear of failure on intentions by bringing resilience into the mix. Resilience allows those suffering the negative impact of disasters to experience positive emotions. It pushes some of them to thrive in conditions where one would expect them to be discouraged or simply give up. Resilience negates increases in fear of failure or might possibly prevent fear of failure from increasing at all.

*P2* and *P3* address the potential impact and interactions of perceived feasibility and desirability. In stable environments where these factors are traditionally studied, both have a cumulative effect of turning entrepreneurial intentions into action (Krueger, 1993; Krueger *et al.*, 2000). The same might not be true in the uncertain and distinctive environment created by the occurrence of a natural disaster. As illustrated by Webb *et al.* (2000), particular kinds of businesses, such as construction, experience gains after a disaster. Those ventures that address the latest needs of the community and local businesses will become more feasible, driving increases in entrepreneurial action irrespective of whether this is a type of business the individual desires to start. Other types of ventures with higher potential for growth and scalability, and thus possibly valued as more desirable, will be placed on the back burner until the situation is returned to, or close to, a pre-disaster state. When this happens, desirability will come back into play and take a more prominent role together with feasibility in turning entrepreneurial intentions into action. Thus our proposition adds a layer of complexity to current models of entrepreneurial intentions in that it proposes that feasibility and desirability do not always have a cumulative effect as in the case of a post-disaster environment.

**Conclusion**

This paper is intended to raise understanding of how natural disasters lead to entrepreneurial action and intentions in a formal and conceptual way. Intentions are a mediating variable that intervene between intentions and action (Ajzen, 1991; Wilson *et al.*, 2007), but the advent of a natural disaster and the behavior of starting a business venture certainly need more empirical research to provide a more unifying theory on entrepreneurship in adverse conditions (Bullough *et al.*, 2014). Future studies that apply longitudinal methodologies to examine who starts a business and who succeeds after the occurrence of a natural disaster is warranted.

It is a good time in the entrepreneurship field to investigate the relations implicated by our new approach. For instance, our approach takes into consideration the level of impact of a natural disaster (i.e. number of events, people affected, monetary damages) irrespective of event frequency. Entrepreneurs make sense out of the environments and perceive opportunities differently: exposure to frequent events influences local knowledge (Shane, 2000). Integrating event magnitude and frequency into one formal approach is a rich avenue of exploration and is well suited for empirical studies following the conceptual elements of our approach.

Natural disasters also influence variables that pull entrepreneurial intentions in opposing directions. *P1* states that natural disasters increase entrepreneurial intentions as they generate necessity-driven opportunities. At the same time, *P4* posits that natural disasters decrease entrepreneurial intentions due to the uncertain environments they create, which increase fear of failure. Whether the creation of necessity-driven opportunities has a stronger influence than fear of failure in entrepreneurial intentions, or vice versa, is another potential area for future study. Add to that the effect that resilience has on intentions, scholars now have several potential streams of research to choose from to start disentangling these relationships. For example, does resilience serve to shield potential post-disaster entrepreneurs from the effects of increased fear of failure or does it prevent fear of failure from increasing at all? Finally, while not addressed in this study, pre-disaster economic factors have the potential to impact post-disaster entrepreneurial intentions. GDP per capita has been shown to be negatively associated with necessity-motivated entrepreneurship (Hessels *et al.*, 2008; McMullen *et al.*, 2008). The present conceptual approach argues that necessity-driven opportunities are a positive driver of intentions as they would be considered more feasible by potential entrepreneurs. Communities with a stronger or more developed economic base might negate this relationship as they have the resources to recover to a pre-disaster state. Entrepreneurs would instead turn their attention to opportunity-driven ideas with high-growth potential.

Natural disasters create difficult situations and as such they also create opportunities for individuals to create value, which in turn can lead to accelerated recovery and reconstruction. A clearer understanding of which variables matter to these intentions and actions can surely serve an important role in future education and policy making intended to address the reality of natural disasters. One policy making implication concerns the impact of local support for entrepreneurship. Does it matter if the local community has pre-disaster support of local government ***programs*** or NGOs? Such research can shed light on the types of government policies that would benefit increasing entrepreneurial action, especially with regard to disaster relief contexts which are always in the purview of the state. When it comes to entrepreneurs, such research would engage important questions concerning the perceptions of opportunity and fear of failure by individual entrepreneurs. While a natural disaster is likely to induce governmental ***intervention***, such ***intervention*** might inadvertently discourage new business creation through asymmetric regulations or policies. After all, such ***intervention*** is also a kind of exogenous variable and thus likely to yield merely indirect influences on recovery action. For example, when an individual’s focus is on surviving and avoiding immediate threats, their pursuit of potential long-term business enterprises can be jeopardized (Bullough *et al.*, 2014). Furthermore, as argued in this paper, entrepreneurs seek to focus on necessity-driven opportunities that will ameliorate the impact of the event and return to a pre-disaster context. It would be wise for local governments, NGOs, and local organizations working to promote entrepreneurship to focus their efforts on creating an environment that is perceived as safe by potential entrepreneurs. The requirements of this environment and the actions necessary to develop it is another area of focus for future studies. Overall, future studies should help determine how and when it is best to intervene and what type of ***intervention*** works best to drive recovery after a natural disaster.

Studies have shown that self-efficacy can be developed (Coutu, 2002; Wilson *et al.*, 2007) and people are likely to acquire entrepreneurial intentions when self-efficacy is high. Bandura (1992) suggests that self-confidence in our abilities to successfully perform specific tasks comes from four key sources: mastery experiences, modeling, social persuasion, and “learning by doing” (Cox *et al.*, 2002). Providing opportunities in class to conduct feasibility studies, develop business ***plans***, and participate in running simulated or real businesses can therefore potentially play an important role in developing entrepreneurial self-efficacy. For areas impacted by frequent natural disasters, educators should thus work to foster entrepreneurship through activities that model the work of others (Bandura, 1986), who have been successful starting businesses out of turbulent times (Bullough *et al.*, 2014). They should also provide access to mentoring and speaking events by those who have experienced and worked in adverse situations (McMillen, 1999).

Resilience materializes as a result of unique and unexpected dynamics (Masten, 2001; Vogus and Sutcliffe, 2007). It can be learned over time and with experience out of relatively ordinary processes. Individuals and communities frequently impacted by natural disasters, such as hurricanes in the Caribbean or earthquakes in the Pacific, can thus be expected to be resilient in the face of traumatic and stressful events and to persevere when compared to individuals less accustomed to dangerous or adverse living and working conditions. As with entrepreneurial self-efficacy, resilience is an attribute that can be developed (Coutu, 2002). Local government and NGOs working in environments where disasters are frequent and likely to strike should consider implementing training ***programs*** that include activities, practice, and feedback from resilient entrepreneurs. These entrepreneurs can also serve as speakers, role models, and mentors to students in whom they wish to promote resilience and who have potential to act in case of future disasters.

This research work is an important first step that promises to serve as a useful foundation for future research. While macro-level research on business development after natural disasters does exist, our approach complements that research with a micro-level view. The aim is not only to stimulate research projects that increase what is known about entrepreneurial intention and behavior, but to guide future policy. The ultimate expectation is the creation of new means of achieving more effective action that serves people and areas affected by natural disasters and minimizes disaffection and destruction.

**Table I**  Propositions: effects of natural disasters on entrepreneurial intentions

| **Proposition** | **References** |
| --- | --- |
| 1. Natural disasters increase entrepreneurial intention because they generate necessity-driven opportunities | Monllor and Altay (2016), Patzelt and Shepherd (2011), Pe?er and Vertinsky (2008) |
| 2. Opportunities stemming from natural disasters will be perceived as more feasible when they are ameliorative to affected elements of the pre-disaster context | Galbraith and Stiles (2006), Johannisson and Olaison (2007), Murphy and Coombes (2009), Peredo and Chrisman (2006), Sautet (2008) |
| 3. Opportunities stemming from natural disasters will be perceived as more desirable when they have potential for future growth and development | Acs and Varga (2005), Galbraith and Stiles (2006), Hessels *et al.* (2008), Monllor and Altay (2016), Williams (2008) |
| 4. Natural disasters create highly uncertain environments that increase fear of failure and decrease entrepreneurial intentions | Chamlee-Wright and Storr (2009), Gaibulloev and Sandler (2009), Galbraith and Stiles (2006), McMullen and Shepherd (2006) |
| 5. Fear of failure hinders entrepreneurial intentions more so in cases of opportunity-driven entrepreneurship than it does in necessity-driven entrepreneurship | Bullough *et al.* (2014), Cusack and Malmstrom (2011), Monllor and Altay (2016) |
| 6. Resiliency moderates the link between fear of failure and entrepreneurial intentions, serving as a shield that protects intentions for from the negative impact of fear of failure | Baron and Markman (2000), Bullough *et al.* (2014), Hayward *et al.* (2010), Markman *et al.* (2005) |

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[***Register of Commission documents: the Joint Proposal for a Council Decision on the signing, on behalf of the European union, and provisional application of the Comprehensive and Enhanced Partnership Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part and the Republic of Armenia, of the other part. Document date: 2017-09-25 COM\_JOIN(2017)0036(ANN04) JOIN documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R13-MJ01-F0YC-N2PC-00000-00&context=1516831)

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**Body**

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EN EN EUROPEAN COMMISSION HIGH REPRESENTATIVE OF THE UNION FOR FOREIGN AFFAIRS AND SECURITY POLICY Brussels, 25.9.2017 JOIN(2017) 36 final ANNEX 2 ANNEX to the Joint Proposal for a Council Decision on the signing, on behalf of the European Union, and provisional application of the Comprehensive and Enhanced Partnership Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part and the Republic of Armenia, of the other part. ANNEXES AND PROTOCOLS TO THE EU-ARMENIA COMPREHENSIVE AND ENHANCED PARTNERSHIP AGREEMENT AM/EU/Annex I/en 1 ANNEX I to CHAPTER 1: TRANSPORT of TITLE V: OTHER COOPERATION POLICIES The Republic of Armenia undertakes to gradually approximate its legislation to the following legislation of the European Union and international instruments within the stipulated timeframes. Road transport Technical conditions Council Directive 92/6/EEC of 10 February 1992 on the installation and use of speed limitation devices for certain categories of motor vehicles in the Community Timetable: the provisions of Directive 92/6/EEC shall be implemented within 5 years of entry into force of this Agreement. Council Directive 96/53/EC of 25 July 1996 laying down for certain road vehicles circulating within the Community the maximum authorised dimensions in national and international traffic and the maximum authorised weights in international traffic, as amended Timetable: the provisions of Directive 96/53/EC shall be implemented 2 years after entry into force of this Agreement.

Directive (EU) 2015/719 of the European Parliament and of the Council of 29 April 2015 amending Council Directive 96/53/EC laying down for certain road vehicles circulating within the Community the maximum authorised dimensions in national and international traffic and the maximum authorised weights in international traffic AM/EU/Annex I/en 2 The amendments introduced by Directive (EU) 2015/719 shall apply from 7 May 2017 Timetable: the provisions of Directive (EU) 2015/719 shall be implemented within 3 years of entry into force of the Agreement. Directive 2014/47/EU of the European Parliament and of the Council of 3 April 2014 on the technical roadside inspection of the roadworthiness of commercial vehicles circulating in the Union and repealing Directive 2000/30/EC Timetable: the provisions of Directive 2014/47/EU shall be implemented within 4 years into force of this Agreement. Directive 2009/40/EC of the European Parliament and of the Council of 6 May 2009 on roadworthiness tests for motor vehicles and their trailers, as amended, which shall apply until 19 May 2018 Timetable: the provisions of Directive 2009/40/EC shall be implemented within 4 years of entry into force of this Agreement. Directive 2014/45/EU of the European Parliament and of the Council of 3 April 2014 on periodic roadworthiness tests for motor vehicles and their trailers and repealing Directive 2009/40/EC, which shall apply from 20 May 2018 AM/EU/Annex I/en 3 Timetable: the provisions of Directive 2014/45/EU shall be implemented within 4 years of entry into force of this Agreement. Directive 2000/30/EC of the European Parliament and of the Council of 6 June 2000 on the technical roadside inspection of the roadworthiness of commercial vehicles circulating in the Community, as amended, which shall apply until 19 May 2018 Timetable: the provisions of Directive 2000/30/EC shall be implemented within 2 years of entry into force of this Agreement. Safety conditions Directive 2006/126/EC of the European Parliament and of the Council of 20 December 2006 on driving licences. The following provisions of this Directive shall apply: – Introduction of the driving licence categories (Article 4) – Conditions for issuing the driving licence (Article 4, 5, 6 and 7 and Annex III) – Requirements for driving tests (Annex II) Timetable: these provisions of Directive 2006/126/EC shall be implemented within 1 year of entry into force of this Agreement. AM/EU/Annex I/en 4 Council Directive 95/50/EC of 6 October 1995 on uniform procedures for checks on the transport of dangerous goods by road Directive 2008/68/EC of the European Parliament and of the Council of 24 September 2008 on the inland transport of dangerous goods Directive 2010/35/EU of the European Parliament and of the Council of 16 June 2010 on transportable pressure equipment and repealing Council Directives 76/767/EEC, 84/525/EEC, 84/526/EEC, 84/527/EEC and 1999/36/EC Timetable: the provisions of Directives 2008/68/EC, 95/50/EC and 2010/35/EU shall be implemented within 4 years of entry into force of this Agreement (8 years for railway). Social conditions Council Regulation (EEC) No 3821/85 of 20 December 1985 on recording equipment in road transport, as amended, which shall apply until Article 46 of Regulation (EU) No 165/2014 of the European Parliament and of the Council of 4 February 2014 on tachographs in road transport becomes applicable Timetable: the provisions of Regulation (EEC) No 3821/85 will refer only to international transport and shall be implemented within 2 years of entry into force of this Agreement. AM/EU/Annex I/en 5 Regulation (EC) No 561/2006 of the European Parliament and of the Council of 15 March 2006 on the harmonisation of certain social legislation relating to road transport and amending Council Regulations (EEC) No 3821/85 and (EC) No 2135/98 and repealing Council Regulation (EEC) No 3820/85, as amended Timetable: the provisions of Regulation (EC) No 561/2006 shall be implemented within 2 years of entry into force of this Agreement. Regulation (EU) No 165/2014 of the European Parliament and of the Council of 4 February 2014 on tachographs in road transport, repealing Council Regulation (EEC) No 3821/85 on recording equipment in road transport and amending Regulation (EC) No 561/2006 of the European Parliament and of the Council on the harmonization of certain social legislation relating to road transport, which, concerning Regulation (EEC) No 3821/85 of 20 December 1985, shall apply from the date the implementing acts referred to in Article 46 of Regulation (EU) No 165/2014 become applicable Timetable: the provisions of Regulation (EU) No 165/2014 on international transportation shall be implemented within 3 years of entry into force of this Agreement. Directive 2006/22/EC of the European Parliament and of the Council of 15 March 2006 on minimum conditions for the implementation of Council Regulations (EEC) No 3820/85 and (EEC) No 3821/85 concerning social legislation relating to road transport activities and repealing Council Directive 88/599/EEC AM/EU/Annex I/en 6 Timetable: the provisions of Directive 2006/22/EC shall be implemented within 2 years of entry into force of this Agreement to what refers to International transportation. Regulation (EC) No 1071/2009 of the European Parliament and of the Council of 21 October 2009 establishing common rules concerning the conditions to be complied with to pursue the occupation of road transport operator and repealing Council Directive 96/26/EC, as amended Timetable: the provisions of Regulation (EC) No 1071/2009 - Articles 3, 4, 5, 6, 7 (without the monetary value of the financial standing), 8, 10, 11, 12, 13, 14, 15 and Annex I to that Regulation shall be implemented within 8 years of entry into force of this Agreement. Directive 2002/15/EC of the European Parliament and of the Council of 11 March 2002 on the organisation of the working time of persons performing mobile road transport activities Timetable: the provisions of Directive 2002/15/EC shall be implemented within 2 years of entry into force of this Agreement. Directive 2003/59/EC of the European Parliament and of the Council of 15 July 2003 on the initial qualification and periodic training of drivers of certain road vehicles for the carriage of goods or passengers, amending Council Regulation (EEC) 3820/85 and Council Directive 91/439/EEC and repealing Council Directive 76/914/EEC Timetable: the provisions of Directive 2003/59/EC shall be implemented within 2 years of entry into force of this Agreement. AM/EU/Annex I/en 7 Fiscal conditions Directive 1999/62/EC of the European Parliament and of the Council of 17 June 1999 on the charging of heavy goods vehicles for the use of certain infrastructures Directive 2004/52/EC of the European Parliament and of the Council of 29 April 2004 on the interoperability of electronic road toll systems Directive 2004/54/EC of the European Parliament and of the Council of 29 April 2004 on minimum safety requirements for tunnels in the Trans-European Road Network Directive 2008/96/EC of the European Parliament and of the Council of 19 November 2008 on road infrastructure safety management Timetable: the provisions of Directives 1999/62/EC, 2004/52/EC, 2004/54/EC and 2008/96/EC shall be implemented within 2 years of entry into force of this Agreement. Railway transport Market and infrastructure access Directive 2012/34/EU of the European Parliament and of the Council of 21 November 2012 establishing a single European railway area AM/EU/Annex I/en 8 The following provisions of this Directive shall apply: – Introduction of management independence and improvement of the financial situation – Separation between infrastructure management and transport operations – Introduction of licences Timetable: these provisions of Directive 2012/34/EU shall be implemented within 3 years of the entry into force of this Agreement. Regulation (EU) No 913/2010 of the European Parliament and of the Council of 22 September 2010 concerning a European rail network for competitive freight, as amended Timetable: the Partnership Council will decide upon timetable for the implementation of the provisions of Regulation (EU) No 913/2010 within 2 years of the entry into force of this Agreement. Technical and safety conditions, interoperability Directive 2004/49/EC of the European Parliament and of the Council of 29 April 2004 on safety on the Community's railways and amending Council Directive 95/18/EC on the licensing of railway undertakings and Directive 2001/14/EC on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure and safety certification (Railway Safety Directive) AM/EU/Annex I/en 9 Timetable: the provisions of Directive 2004/49/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 2007/59/EC of the European Parliament and of the Council of 23 October 2007 on the certification of train drivers operating locomotives and trains on the railway system in the Community Timetable: the provisions of Directive 2007/59/EC shall be implemented within 3 years of the entry into force of this Agreement. Directive 2008/57/EC of the European Parliament and of the Council of 17 June 2008 on the interoperability of the rail system within the Community Timetable: the provisions of Directive 2008/57/EC shall be implemented within 6 years of the entry into force of this Agreement. Regulation (EC) 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road and repealing Council Regulations (EEC) 1191/69 and 1107/70 Timetable: the provisions of Regulation (EC) 1370/2007 shall be implemented within 2 years of the entry into force of this Agreement. Regulation (EC) 1371/2007 of the European Parliament and of the Council of 23 October 2007 on rail passengers' rights and obligations Timetable: the provisions of Regulation (EC) 1371/2007 shall be implemented within 2 years of the entry into force of this Agreement. Combined transport AM/EU/Annex I/en 10 Council Directive 92/106/EEC of 7 December 1992 on the establishment of common rules for certain types of combined transport of goods between member states Timetable: the provisions of Directive 92/106/EEC shall be implemented within 3 years of the entry into force of this Agreement. Air transport – Conclude and implement a comprehensive Common Aviation Area Agreement. – Without prejudice to the conclusion of the Common Aviation Area Agreement, ensure implementation and coordinated development of bilateral air services agreements between the Republic of Armenia and EU-Member States, as amended by the 'horizontal agreement'. Maritime transport Maritime safety - Flag state / classification societies Directive 2009/15/EC of the European Parliament and of the Council of 23 April 2009 on common rules and standards for ship inspection and survey organisations and for the relevant activities of maritime administrations, as amended Timetable: the provisions of Directive 2009/15/EC shall be implemented within 5 years of the entry into force of this Agreement. Regulation (EC) No 391/2009 of the European Parliament and of the Council of 23 April 2009 on common rules and standards for ship inspection and survey organisations, as amended Timetable: the provisions of Regulation (EC) No 391/2009 shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex I/en 11 Directive 2013/54/EU of the European Parliament and of the Council of 20 November 2013 concerning certain flag State responsibilities for compliance with and enforcement of the Maritime Labour Convention, 2006 Timetable: the provisions of Directive 2013/54/EU shall be implemented within 5 years of the entry into force of this Agreement. Commission Regulation (EU) No 788/2014 of 18 July 2014 laying down detailed rules for the imposition of fines and periodic penalty payments and the withdrawal of recognition of ship inspection and survey organisations pursuant to Articles 6 and 7 of Regulation (EC) No 391/2009 of the European Parliament and of the Council Timetable: the provisions of Regulation (EU) No 788/2014 shall be implemented within 5 years of the entry into force of this Agreement. Regulation (EC) No 789/2004 of the European Parliament and of the Council of 21 April 2004 on the transfer of cargo and passenger ships between registers within the Community and repealing Council Regulation (EEC) No 613/91, as amended Timetable: the provisions of Regulation (EC) No 789/2004 shall be implemented within 5 years of the entry into force of this Agreement. Flag State Directive 2009/21/EC of the European Parliament and of the Council of 23 April 2009 on compliance with flag State requirements Timetable: the provisions of Directive 2009/21/EC shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex I/en 12 Port State Directive 2009/16/EC of the European Parliament and of the Council of 23 April 2009 on port State control, as amended Timetable: the provisions of Directive 2009/16/EC shall be implemented within 5 years of the entry into force of this Agreement. Commission Regulation (EU) No 428/2010 of 20 May 2010 implementing Article 14 of Directive 2009/16/EC of the European Parliament and of the Council as regards expanded inspections of ships Timetable: the provisions of Regulation (EU) No 428/2010 shall be implemented within 5 years of the entry into force of this Agreement. Commission Regulation (EU) No 801/2010 of 13 September 2010 implementing Article 10(3) of Directive 2009/16/EC of the European Parliament and of the Council as regards the flag State criteria Timetable: the provisions of Regulation (EU) No 801/2010 shall be implemented within 5 years of the entry into force of this Agreement. Commission Regulation (EU) No 802/2010 of 13 September 2010 implementing Article 10(3) and Article 27 of Directive 2009/16/EC of the European Parliament and of the Council as regards company performance, as amended AM/EU/Annex I/en 13 Timetable: the provisions of Regulation (EU) No 802/2010 shall be implemented within 5 years of the entry into force of this Agreement. Commission Directive 96/40/EC of 25 June 1996 establishing a common model for an identity card for inspectors carrying out port State control Timetable: the provisions of Directive 96/40/EC shall be implemented within 5 years of the entry into force of this Agreement. Accident investigation Directive 2009/18/EC of the European Parliament and of the Council of 23 April 2009 establishing the fundamental principles governing the investigation of accidents in the maritime transport sector Timetable: the provisions of Directive 2009/18/EC shall be implemented within 5 years of the entry into force of this Agreement. Commission Implementing Regulation (EU) No 651/2011 of 5 July 2011 adopting the rules of procedure of the permanent cooperation framework established by Member States in cooperation with the Commission pursuant to Article 10 of Directive 2009/18/EC of the European Parliament and of the Council Timetable: the provisions of Regulation (EU) No 651/2011 shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex I/en 14 Commission Regulation (EU) No 1286/2011 of 9 December 2011 adopting a common methodology for investigating marine casualties and incidents developed pursuant to Article 5(4) of Directive 2009/18/EC of the European Parliament and of the Council Timetable: the provisions of Regulation (EU) No 1286/2011 shall be implemented within 5 years of the entry into force of this Agreement. Liability and insurance Regulation (EC) No 392/2009 of the European Parliament and of the Council of 23 April 2009 on the liability of carriers of passengers by sea in the event of accidents Timetable: the provisions of Regulation (EC) No 392/2009 shall be implemented within 5 years of the entry into force of this Agreement. Directive 2009/20/EC of the European Parliament and of the Council of 23 April 2009 on the insurance of ship owners for maritime claims Timetable: the provisions of Directive 2009/20/EC shall be implemented within 5 years of the entry into force of this Agreement. Regulation (EC) No 336/2006 of the European Parliament and of the Council of 15 February 2006 on the implementation of the International Safety Management Code within the Community, as amended AM/EU/Annex I/en 15 Timetable: the provisions of Regulation (EC) No 336/2006 shall be implemented within 5 years of the entry into force of this Agreement. Passenger ships Directive 2009/45/EC of the European Parliament and of the Council of 6 May 2009 on safety rules and standards for passenger ships, as amended Timetable: the provisions of Directive 2009/45/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 2003/25/EC of the European Parliament and of the Council of 14 April 2003 on specific stability requirements for ro-ro passenger ships, as amended Timetable: the provisions of Directive 2003/25/EC shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 1999/35/EC of 29 April 1999 on a system of mandatory surveys for the safe operation of regular ro-ro ferry and high-speed passenger craft services, as amended Timetable: the provisions of Directive 1999/35/EC shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 98/41/EC of 18 June 1998 on the registration of persons sailing on board passenger ships operating to or from ports of the Member States of the Community AM/EU/Annex I/en 16 Timetable: the provisions of Directive 98/41/EC shall be implemented within 5 years of the entry into force of this Agreement. Vessel traffic monitoring and reporting formalities Directive 2002/59/EC of the European Parliament and of the Council of 27 June 2002 establishing a Community vessel traffic monitoring and information system and repealing Council Directive 93/75/EEC, as amended Timetable: the provisions of Directive 2002/59/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 2010/65/EU of the European Parliament and of the Council of 20 October 2010 on reporting formalities for ships arriving in and/or departing from ports of the Member States and repealing Directive 2002/6/EC Timetable: the provisions of Directive 2010/65/EU shall be implemented within 5 years of the entry into force of this Agreement. Technical safety requirements Regulation (EU) No 530/2012 of the European Parliament and of the Council of 13 June 2012 on the accelerated phasing-in of double hull or equivalent design requirements for single hull oil tankers AM/EU/Annex I/en 17 Timetable of phasing-out single hull tankers will follow the schedule as specified in the MARPOL Convention Directive 2014/90/EU of the European Parliament and of the Council of 23 July 2014 on marine equipment and repealing Council Directive 96/98/EC (as of 18 September 2016) Timetable: the provisions of Directive 2014/90/EU shall be implemented within 5 years of the entry into force of this Agreement. Directive 2001/96/EC of the European Parliament and of the Council of 4 December 2001 establishing harmonised requirements and procedures for the safe loading and unloading of bulk carriers Timetable: the provisions of Directive 2001/96/EC shall be implemented within 5 years of the entry force into force of this Agreement. Council Regulation (EC) No 2978/94 of 21 November 1994 on the implementation of IMO resolution A.747(18) on the application of tonnage measurement of ballast spaces in segregated ballast oil tankers, as amended Timetable: the provisions of Regulation (EC) No 2978/94 shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 97/70/EC of 11 December 1997 setting up a harmonised safety regime for fishing vessels of 24 metres in length and over, as amended AM/EU/Annex I/en 18 Timetable: the provisions of Directive 97/70/EC shall be implemented within 5 years of the entry into force of this Agreement. Crew Directive 2008/106/EC of the European Parliament and of the Council of 19 November 2008 on the minimum level of training of seafarers, as amended Timetable: the provisions of Directive 2008/106/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 2005/45/EC of the European Parliament and of the Council of 7 September 2005 on the mutual recognition of seafarers' certificate issued by the Member States and amending Directive 2001/25/EC Timetable: the provisions of Directive 2005/45/EC shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 79/115/EEC of 21 December 1978 concerning pilotage of vessels by deep-sea pilots in the North Sea and English Channel Timetable: the provisions of Directive 79/115/EEC shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex I/en 19 Environment Regulation (EC) No 782/2003 of the European Parliament and of the Council of 14 April 2003 on the prohibition of organotin compounds on ships Timetable: the provisions of Regulation (EC) No 782/2003 shall be implemented within 5 years of the entry into force of this Agreement. Commission Regulation (EC) No 536/2008 of 13 June 2008 giving effect to Article 6(3) and Article 7 of Regulation (EC) No 782/2003 of the European Parliament and of the Council on the prohibition of organotin compounds on ships and amending that Regulation Timetable: the provisions of Regulation (EC) No 536/2008 shall be implemented within 5 years of the entry into force of this Agreement. Directive 2000/59/EC of the European Parliament and of the Council of 27 November 2000 on port reception facilities for ship-generated waste and cargo residue, as amended Timetable: the provisions of Directive 2000/59/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 2005/35/EC of the European Parliament and of the Council of 7 September 2005 on ship source pollution and on the introduction of penalties, including criminal penalties, for pollution offences AM/EU/Annex I/en 20 Timetable: the provisions of Directive 2005/35/EC shall be implemented within 5 years of the entry into force of this Agreement. Regulation (EU) No 911/2014 of the European Parliament and of the Council of 23 July 2014 on multiannual funding for the action of the European Maritime Safety Agency in the field of response to marine pollution caused by ships and oil and gas installations Timetable: the provisions of Regulation (EU) No 911/2014 shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 1999/32/EC of 26 April 1999 relating to a reduction in the sulphur content of certain liquid fuels and amending Directive 93/12/EEC Timetable: the provisions of Directive 1999/32/EC shall be implemented within 5 years of the entry into force of this Agreement. Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC Timetable: the provisions of Regulation (EU) 2015/757 shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex I/en 21 Regulation (EU) No 1257/2013 of the European Parliament and of the Council of 20 November 2013 on ship recycling and amending Regulation (EC) No 1013/2006 and Directive 2009/16/EC Timetable: the provisions of Regulation (EU) No 1257/2013 shall be implemented within 5 years of the entry into force of this Agreement. European Maritime Safety Agency and Committee on Safe Seas and the Prevention of Pollution from Ships Regulation (EU) 2016/1625 of the European Parliament and of the Council of 14 September 2016 amending Regulation (EC) No 1406/2002 establishing a European Maritime Safety Agency, as amended Timetable: the provisions of Regulation (EU) 2016/1625 shall be implemented within 5 years of the entry into force of this Agreement. Regulation (EC) No 2099/2002 of the European Parliament and of the Council of 5 November 2002 establishing a Committee on Safe Seas and the Prevention of Pollution from Ships (COSS) and amending the Regulations on maritime safety and the prevention of pollution from ships, as amended Timetable: the provisions of Regulation (EC) No 2099/2002 shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex I/en 22 Social conditions Council Directive 92/29/EEC of 31 March 1992 on the minimum safety and health requirements for improved medical treatment on board vessels Timetable: the provisions of Directive 92/29/EEC shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 1999/63/EC of 21 June 1999 concerning the Agreement on the organisation of working time of seafarers concluded by the European Community Shipowners' Association (ECSA) and the Federation of Transport Workers' Unions in the European Union (FST) - Annex: European Agreement on the organisation of working time of seafarers Timetable: the provisions of Directive 1999/63/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 1999/95/EC of the European Parliament and of the Council of 13 December 1999 concerning the enforcement of provisions in respect of seafarers' hours of work on board ships calling at Community ports Timetable: the provisions of Directive 1999/95/EC shall be implemented within 5 years of the entry into force of this Agreement. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ AM/EU/Annex II/en 1 ANNEX II to CHAPTER 2: ENERGY of TITLE V: OTHER COOPERATION POLICIES The Republic of Armenia undertakes to gradually approximate its legislation to the following legislation of the European Union within the stipulated timeframes. Electricity Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC Timetable: the provisions of Directive 2009/72/EC shall be implemented within 8 years of the entry into force of this Agreement. However, in the case of Articles 3, 6, 13, 15, 33, 38, the Partnership Council will set in due course a specific timeline for implementation. Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity, and repealing Regulation (EC) No 1228/2003 The Partnership Council will set in due course a specific timeline for implementation of Regulation (EC) No 714/2009. Directive 2005/89/EC of the European Parliament and of the Council of 18 January 2006 concerning measures to safeguard security of electricity supply and infrastructure investment AM/EU/Annex II/en 2 Timetable: the provisions of Directive 2005/89/EC shall be implemented within 6 years of the entry into force of this Agreement. Oil Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products Timetable: the provisions of Directive 2009/119/EC shall be implemented within 5 years of the entry into force of this Agreement. Infrastructure Regulation (EU) No 256/2014 of the European Parliament and of the Council of 26 February 2014 concerning the notification to the Commission of investment projects in energy infrastructure within the European Union, replacing Council Regulation (EU, Euratom) No 617/2010 and repealing Council Regulation (EC) No 736/96. Timetable: the provisions of Regulation (EU) No 256/2014 shall be implemented within 3 years of the entry into force of this Agreement. Implementing Regulation: – Commission Implementing Regulation (EU) No 1113/2014 of 16 October 2014 establishing the form and technical details of the notification referred to in Articles 3 and 5 of Regulation (EU) No 256/2014 of the European Parliament and of the Council and repealing Commission Regulations (EC) No 2386/96 and (EU, Euratom) No 833/2010 AM/EU/Annex II/en 3 Timetable: the provisions of Implementing Regulation (EU) No 1113/2014 shall be implemented within 3 years of the entry into force of this Agreement. Prospection and exploration of hydrocarbons Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons1 Timetable: the provisions of Directive 94/22/EC shall be implemented within 3 years of the entry into force of this Agreement. Energy efficiency Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC Timetable: the provisions of Directive 2012/27/EU shall be implemented within 4 years of the entry into force of this Agreement. 1 Elements of Article 4 that are relevant to the energy proposals in the FTA negotiations will be discussed in the context of those negotiations. If necessary reservations are identified, these will be reflected in this Annex. AM/EU/Annex II/en 4 Implementing Regulation: – Commission Delegated Regulation (EU) 2015/2402 of 12 October 2015 reviewing harmonised efficiency reference values for separate production of electricity and heat in application of Directive 2012/27/EU of the European Parliament and of the Council and repealing Commission Implementing Decision 2011/877/EU Timetable: the provisions of Delegated Regulation (EU) 2015/2402 shall be implemented within 5 years of the entry into force of this Agreement. Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings Timetable: the provisions of Directive 2010/31/EU shall be implemented within 5 years of the entry into force of this Agreement. Implementing Regulation: – Commission Delegated Regulation (EU) No 244/2012 of 16 January 2012 supplementing Directive 2010/31/EU of the European Parliament and of the Council on the energy performance of buildings by establishing a comparative methodology framework for calculating cost-optimal levels of minimum energy performance requirements for buildings and building elements AM/EU/Annex II/en 5 – Guidelines accompanying Commission Delegated Regulation (EU) No 244/2012 of 16 January 2012 supplementing Directive 2010/31/EU of the European Parliament and of the Council on the energy performance of buildings by establishing a comparative methodology framework for calculating cost-op

timal levels of minimum energy performance requirements for buildings and building elements (2012/C 115/01) Timetable: these provisions of Delegated Regulation (EU) No 244/2012 shall be implemented within 5 years of the entry into force of this Agreement. Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles Timetable: the provisions of Directive 2009/33/EC shall be implemented within 8 years of the entry into force of this Agreement. Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 on establishing a framework for the setting of ecodesign requirements for energy-related products. Timetable: the provisions of Directive 2009/125/EC shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex II/en 6 Implementing Directives/Regulations: – Commission Regulation (EC) No 1275/2008 of 17 December 2008 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for standby and off mode electric power consumption of electrical and electronic household and office equipment – Commission Regulation (EC) No 107/2009 of 4 February 2009 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for simple set-top boxes – Commission Regulation (EC) No 244/2009 of 18 March 2009 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for non-directional household lamps – Commission Regulation (EC) No 278/2009 of 6 April 2009 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for no-load condition electric power consumption and average active efficiency of external power supplies – Commission Regulation (EC) No 640/2009 of 22 July 2009 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for electric motors AM/EU/Annex II/en 7 – Commission Regulation (EC) No 641/2009 of 22 July 2009 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for glandless standalone circulators and glandless circulators integrated in products – Commission Regulation (EU) No 327/2011 of 30 March 2011 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for fans driven by motors with an electric input power between 125 W and 500 kW Timetable: the provisions of Regulations (EC) No 1275/2008, (EC) No 107/2009, (EC) No 244/2009, (EC) No 278/2009, (EC) No 640/2009, (EC) No 641/2009 and (EU) No 327/2011 shall be implemented within 8 years of the entry into force of this Agreement. – Commission Regulation (EC) No 643/2009 of 22 July 2009 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for household refrigerating appliances Timetable: the provisions of Regulation (EC) No 643/2009 shall be implemented within 6 years of the entry into force of this Agreement. – Commission Regulation (EC) No 642/2009 of 22 July 2009 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for televisions AM/EU/Annex II/en 8 Timetable: the provisions of Regulation (EC) No 642/2009 shall be implemented within 6 years of the entry into force of this Agreement. – Commission Regulation (EU) No 1015/2010 of 10 November 2010 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for household washing machines Timetable: the provisions of Regulation (EU) No 1015/2010 shall be implemented within 6 years of the entry into force of this Agreement. – Commission Regulation (EU) No 1016/2010 of 10 November 2010 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for household dishwashers Timetable: the provisions of Regulation (EU) No 1016/2010 shall be implemented within 6 years of the entry into force of this Agreement. – Council Directive 92/42/EEC of 21 May 1992 on efficiency requirements for new hot-water boilers fired with liquid or gaseous fuels – Commission Regulation (EC) No 245/2009 of 18 March 2009 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for fluorescent lamps without integrated ballast, for high intensity discharge lamps, and for ballasts and luminaires able to operate such lamps, and repealing Directive 2000/55/EC of the European Parliament and of the Council AM/EU/Annex II/en 9 – Commission Regulation (EC) No 859/2009 of 18 September 2009 amending Regulation (EC) No 244/2009 as regards the ecodesign requirements on ultraviolet radiation of non-directional household lamps – Commission Regulation (EU) No 347/2010 of 21 April 2010 amending Commission Regulation (EC) No 245/2009 as regards the ecodesign requirements for fluorescent lamps without integrated ballast, for high intensity discharge lamps, and for ballasts and luminaires able to operate such lamps – Commission Regulation (EU) No 206/2012 of 6 March 2012 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for air conditioners and comfort fans – Commission Regulation (EU) No 547/2012 of 25 June 2012 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for water pumps – Commission Regulation (EU) No 622/2012 of 11 July 2012 amending Regulation (EC) No 641/2009 with regard to ecodesign requirements for glandless standalone circulators and glandless circulators integrated in products – Commission Regulation (EU) No 932/2012 of 3 October 2012 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for household tumble driers AM/EU/Annex II/en 10 – Commission Regulation (EU) No 1194/2012 of 12 December 2012 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for directional lamps, for light emitting diode lamps and related equipment – Commission Regulation (EU) No 617/2013 of 26 June 2013 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for computers and servers – Commission Regulation (EU) No 666/2013 of 8 July 2013 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for vacuum cleaners – Commission Regulation (EU) No 801/2013 of 22 August 2013 amending Regulation (EC) No 1275/2008 with regard to ecodesign requirements for standby, off mode electric power consumption of electrical and electronic household and office equipment, and amending Regulation (EC) No 642/2009 with regard to ecodesign requirements for televisions – Commission Regulation (EU) No 813/2013 of 2 August 2013 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for space heaters and combination heaters – Commission Regulation (EU) No 814/2013 of 2 August 2013 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for water heaters and hot water storage tanks AM/EU/Annex II/en 11 – Commission Regulation (EU) No 4/2014 of 6 January 2014 amending Regulation (EC) No 640/2009 implementing Directive 2005/32/EC of the European Parliament and of the Council with regard to ecodesign requirements for electric motors – Commission Regulation (EU) No 66/2014 of 14 January 2014 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for domestic cooking appliances – Commission Regulation (EU) No 548/2014 of 21 May 2014 on implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to small, medium and large power transformers – Commission Regulation (EU) No 1253/2014 of 7 July 2014 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for ventilation units – Commission Regulation (EU) 2015/1095 of 5 May 2015 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for professional refrigerated storage cabinets, blast cabinets, condensing units and process chillers – Commission Regulation (EU) 2015/1185 of 24 April 2015 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for solid fuel local space heaters AM/EU/Annex II/en 12 – Commission Regulation (EU) 2015/1188 of 28 April 2015 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for local space heaters – Commission Regulation (EU) 2015/1189 of 28 April 2015 implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to ecodesign requirements for solid fuel boilers – Commission Regulation (EU) 2015/1428 of 25 August 2015 amending Commission Regulation (EC) No 244/2009 with regard to ecodesign requirements for non-directional household lamps and Commission Regulation (EC) No 245/2009 with regard to ecodesign requirements for fluorescent lamps without integrated ballast, for high intensity discharge lamps, and for ballasts and luminaires able to operate such lamps and repealing Directive 2000/55/EC of the European Parliament and of the Council and Commission Regulation (EU) No 1194/2012 with regard to ecodesign requirements for directional lamps, light emitting diode lamps and related equipment The Partnership Council will regularly assess the possibility of setting specific timelines for implementation of these Regulations and Directive. Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products AM/EU/Annex II/en 13 Timetable: the provisions of Directive 2010/30/EU shall be implemented within 4 years of the entry into force of this Agreement. Implementing Directives/Regulations: – Commission Directive 96/60/EC of 19 September 1996 implementing Council Directive 92/75/EEC with regard to energy labelling of household combined washer-driers Timetable: the provisions of Directive 96/60/EC shall be implemented within 7 years of the entry into force of this Agreement. – Commission Delegated Regulation (EU) No 1059/2010 of 28 September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household dishwashers Timetable: the provisions of Delegated Regulation (EU) No 1059/2010 shall be implemented within 6 years of the entry into force of this Agreement. – Commission Delegated Regulation (EU) No 1060/2010 of 28 September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household refrigerating appliances Timetable: the provisions of Delegated Regulation (EU) No 1060/2010 shall be implemented within 6 years of the entry into force of this Agreement. AM/EU/Annex II/en 14 – Commission Delegated Regulation (EU) No 1061/2010 of 28 September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household washing machines Timetable: the provisions of Delegated Regulation (EU) No 1061/2010 shall be implemented within 6 years of the entry into force of this Agreement. – Commission Delegated Regulation (EU) No 1062/2010 of 28 September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of televisions Timetable: the provisions of Delegated Regulation (EU) No 1062/2010 shall be implemented within 6 years of the entry into force of this Agreement. – Commission Delegated Regulation (EU) No 626/2011 of 4 May 2011 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of air conditioners Timetable: the provisions of Delegated Regulation (EU) No 626/2011 shall be implemented within 7 years of the entry into force of this Agreement. – Commission Delegated Regulation (EU) No 392/2012 of 1 March 2012 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household tumble driers AM/EU/Annex II/en 15 Timetable: the provisions of Delegated Regulation (EU) No 392/2012 shall be implemented within 7 years of the entry into force of this Agreement. – Commission Delegated Regulation (EU) No 874/2012 of 12 July 2012 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of electrical lamps and luminaires Timetable: the provisions of Delegated Regulation (EU) No 874/2012 shall be implemented within 7 years of the entry into force of this Agreement. – Commission Delegated Regulation (EU) No 665/2013 of 3 May 2013 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of vacuum cleaners – Commission Delegated Regulation (EU) No 811/2013 of 18 February 2013 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of space heaters, combination heaters, packages of space heater, temperature control and solar device and packages of combination heater, temperature control and solar device – Commission Delegated Regulation (EU) No 812/2013 of 18 February 2013 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of water heaters, hot water storage tanks and packages of water heater and solar device AM/EU/Annex II/en 16 – Commission Delegated Regulation (EU) No 65/2014 of 1 October 2013 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of domestic ovens and range hoods – Commission Delegated Regulation (EU) No 518/2014 of 5 March 2014 amending Commission Delegated Regulations (EU) No 1059/2010, (EU) No 1060/2010, (EU) No 1061/2010, (EU) No 1062/2010, (EU) No 626/2011, (EU) No 392/2012, (EU) No 874/2012, (EU) No 665/2013, (EU) No 811/2013 and (EU) No 812/2013 with regard to labelling of energy-related products on the internet – Commission Delegated Regulation (EU) No 1254/2014 of 11 July 2014 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of residential ventilation units – Commission Delegated Regulation (EU) 2015/1094 of 5 May 2015 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of professional refrigeration – Commission Delegated Regulation (EU) 2015/1186 of 24 April 2015 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of local space heaters – Commission Delegated Regulation (EU) 2015/1187 of 27 April 2015 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of solid fuel boilers AM/EU/Annex II/en 17 The Partnership Council will regularly assess the possibility of setting specific timelines for implementation of these Regulations. Regulation (EC) No 106/2008 of the European Parliament and of the Council of 15 January 2008 on a Community energy-efficiency labelling ***programme*** for office equipment – Commission Decision 2014/202/EU of 20 March 2014 determining the European Union position for a decision of the Management entities under the Agreement between the Government of the United States of America and the European Union on the coordination of energy-efficiency labelling ***programmes*** for office equipment adding specifications for computer servers and uninterruptible power supplies to Annex C to the Agreement and on the revision of specifications for displays and imaging equipment included in Annex C to the Agreement – Commission Decision (EU) 2015/1402 of 15 July 2015 determining the European Union position with regard to a decision of the management entities under the Agreement between the Government of the United States of America and the European Union on the coordination of energy-efficiency labelling ***programmes*** for office equipment on the revision of specifications for computers included in Annex C to the Agreement The Partnership Council will regularly assess the possibility of setting specific timelines for implementation of Regulation (EC) No 106/2008 and Decisions 2014/202/EU and (EU) 2015/1402. AM/EU/Annex II/en 18 Regulation (EC) No 1222/2009 of the European Parliament and of the Council of 25 November 2009 on the labelling of tyres with respect to fuel efficiency and other essential parameters – Commission Regulation (EU) No 228/2011 of 7 March 2011 amending Regulation (EC) No 1222/2009 of the European Parliament and of the Council with regard to the wet grip testing method for C1 tires – Commission Regulation (EU) No 1235/2011 of 29 November 2011 amending Regulation (EC) No 1222/2009 of the European Parliament and of the Council with regard to the wet grip grading of tires, the measurement of rolling resistance and the verification procedure The Partnership Council will regularly assess the possibility of setting specific timelines for implementation of Regulations (EC) No 1222/2009, (EU) No 228/2011 and (EU) No 1235/2011. Renewable energy Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC Timetable: the provisions of Directive 2009/28/EC shall be implemented within 6 years of the entry into force of this Agreement. AM/EU/Annex II/en 19 Nuclear Council Directive 2006/117/Euratom of 20 November 2006 on the supervision and control of shipments of radioactive waste and spent fuel Timetable: the provisions of Directive 2006/117/Euratom shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 2009/71/Euratom of 25 June 2009 establishing a Community framework for the nuclear safety of nuclear installations, as amended Timetable: the provisions of Directive 2009/71/Euratom shall be implemented within 4 years of the entry into force of this Agreement. Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste. Timetable: the provisions of the Directive 2011/70/Euratom shall be implemented within 4 years of the entry into force of this Agreement. Council Directive 2013/51/Euratom of 22 October 2013 laying down requirements for the protection of the health with regard to radioactive substances in water intended for human consumption AM/EU/Annex II/en 20 Timetable: the provisions of Directive 2013/51/Euratom shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 2013/59/Euratom of 5 December 2013 laying down basic safety standards for protection against the dangers arising from exposure to ionising radiation. Timetable: the provisions of Directive 2013/59/Euratom shall be implemented within 5 years of the entry into force of this Agreement. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ AM/EU/Annex III/en 1 ANNEX III to CHAPTER 3: ENVIRONMENT of TITLE V: OTHER COOPERATION POLICIES The Republic of Armenia undertakes to gradually approximate its legislation to the following legislation of the European Union and international instruments within the stipulated timeframes. Environmental governance and integration of environment into other policy areas Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment, as amended The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Establishment of requirements that Annex I of that Directive projects to be subject to environmental impact assessment and of a procedure to decide which Annex II of that Directive projects require environmental impact assessments (Article 4) – Determination of the scope of the information to be provided by the developer (Article 5) – Establishment of a procedure for consultation with environmental authorities and a public consultation procedure (Article 6) AM/EU/Annex III/en 2 – Establishment of arrangements for exchange of information and consultation with Member States whose environment is likely to be significantly affected by a project (Article 7) – Establishment of measures for notifying the public of the outcome of decisions on applications for development consent (Article 9) – Establishment of effective, not prohibitively expensive and timely review procedures at administrative and judicial level involving the public and NGOs (Article 11) Timetable: these provisions of Directive 2011/92/EU shall be implemented within 2 years of the entry into force of this Agreement. Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain ***plans*** and ***programmes*** on the environment The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Establishment of a procedure to decide which ***plans*** or ***programmes*** require ***strategic*** environmental assessment and of requirements that ***plans*** or ***programmes*** for which ***strategic*** environmental assessment is mandatory are subject to such an assessment (Article 3) – Establishment of a procedure for consultation with environmental authorities and a public consultation procedure (Article 6) AM/EU/Annex III/en 3 – Establishment of arrangements for exchange of information and consultation with Member States whose environment is likely to be significantly affected by a ***plan*** or ***programme*** (Article 7) Timetable: these provisions of Directive 2001/42/EC shall be implemented within 3 years of the entry into force of this Agreement. Directive 2003/4/EC of the European Parliament and of the Council of 28 January 2003 on public access to environmental information and repealing Council Directive 90/313/EEC The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Setting up of practical arrangements under which environmental information is made available to the public and the applicable exceptions (Articles 3 and 4) – Ensuring that public authorities make environmental information available to the public (Article 3(1)) – Establishment of procedures to review of decisions not to supply environmental information or to supply only partial information (Article 6) – Establishment of a system for disseminating environmental information to the public (Article 7) AM/EU/Annex III/en 4 Timetable: these provisions of Directive 2003/4/EC shall be implemented within 2 years of the entry into force of this Agreement. Directive 2003/35/EC of the European Parliament and of the Council of 26 May 2003 providing for public participation in respect of the drawing up of certain ***plans*** and ***programmes*** relating to the environment and amending with regard to public participation and access to justice Council Directives 85/337/EEC and 96/61/EC The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Establishment of a mechanism for providing the public with information (Articles 2(2)(a) and 2(2)(d)) – Establishment of a mechanism for public consultation (Articles 2(2)(b) and 2(3)) – Establishment of a mechanism for public comments and opinions to be taken into account in the decision-making process (Article 2(2)(c)) – Guaranteeing effective, timely and not prohibitively expensive access to justice at administrative and judicial level in these procedures for the public (including NGOs) (Article 3(7) and Article 4(4), environmental impact assessment and integrated pollution prevention and control) AM/EU/Annex III/en 5 Timetable: these provisions of Directive 2003/35/EC shall be implemented within 2 years of the entry into force of this Agreement. Directive 2004/35/EC of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage, as amended The following provisions of Directive 2004/35/EC shall apply: – Adoption of national legislation and designation of competent authorities Timetable: these provisions of Directive 2004/35/EC shall be implemented within 5 years of the entry into force of this Agreement. – Establishment of rules and procedures aimed at preventing and remedying of damage to the environment (water, land, protected species and natural habitats) based on the polluter-pays principle (Articles 5,6,7, Annex II) Timetable: these provisions of Directive 2004/35/EC shall be implemented within 8 years of the entry into force of this Agreement. – Establishment of strict liability for dangerous occupational activities (Article 3(1) and Annex III) Timetable: these provisions of Directive 2004/35/EC shall be implemented within 7 years of the entry into force of this Agreement. AM/EU/Annex III/en 6 – Establishment of obligations for operators to take the necessary prevention and remediation measures including liability for costs (Articles 5, 6, 7, 8, 9 and 10) Timetable: these provisions of Directive 2004/35/EC shall be implemented within 7 years of the entry into force of this Agreement. – Establishment of mechanisms for affected persons including environmental NGOs to request action by competent authorities in case of environmental damage including independent review (Articles 12 and 13) Timetable: these provisions of Directive 2004/35/EC shall be implemented within 5 years of the entry into force of this Agreement. Air quality Directive 2008/50/EC of the European Parliament and of the Council of 21 May 2008 on ambient air quality and cleaner air for Europe The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies Timetable: these provisions of Directive 2008/50/EC shall be implemented within 4 years of the entry into force of this Agreement. AM/EU/Annex III/en 7 – Establishment and classification of zones and agglomerations (Articles 4 and 5) Timetable: these provisions of Directive 2008/50/EC shall be implemented within 7 years of the entry into force of this Agreement. – Establishment of upper and lower assessment thresholds and limit values (Article 5 and 13) Timetable: these provisions of Directive 2008/50/EC shall be implemented within 7 years of the entry into force of this Agreement. – Establishment of a system for assessing ambient air quality in relation to air pollutants (Articles 5, 6 and 9) Timetable: these provisions of Directive 2008/50/EC shall be implemented within 8 years of the entry into force of this Agreement. – Establishment of air quality ***plans*** for zones and agglomerations where levels of pollutants exceed limit value/target value (Article 23) Timetable: these provisions of Directive 2008/50/EC shall be implemented within 8 years of the entry into force of this Agreement. – Establishment of short-term action ***plans*** for zones and agglomerations in which there is a risk that alert thresholds will be exceeded (Article 24) AM/EU/Annex III/en 8 Timetable: these provisions of Directive 2008/50/EC shall be implemented within 8 years of the entry into force of this Agreement. – Establishment of a system to provide information to the public (Article 26) Timetable: these provisions of Directive 2008/50/EC shall be implemented within 6 years of the entry into force of this Agreement. Directive 2004/107/EC of the European Parliament and of the Council of 15 December 2004 relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies Timetable: these provisions of Directive 2004/107/EC shall be implemented within 5 years of the entry into force of this Agreement. – Establishment of upper and lower assessment thresholds (Article 4(6)) and target values (Article 3) Timetable: these provisions of Directive 2004/107/EC shall be implemented within 6 years of the entry into force of this Agreement. AM/EU/Annex III/en 9 – Establishment and classification of zones and agglomerations (Articles 3 and 4(6)) Timetable: these provisions of Directive 2004/107/EC shall be implemented within 6 years of the entry into force of this Agreement. – Establishment of a system for assessing ambient air quality in relation to air pollutants (Article 4) Timetable: these provisions of Directive 2004/107/EC shall be implemented within 8 years of the entry into force of this Agreement. – Taking measures in order to maintain/improve air quality in respect of the relevant pollutants (Article 3) Timetable: these provisions of Directive 2004/107/EC shall be implemented within 8 years of the entry into force of this Agreement. Council Directive 1999/32/EC of 26 April 1999 relating to a reduction in the sulphur content of certain liquid fuels and amending Directive 93/12/EEC, as amended The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Establishment of an effective fuel sampling system and appropriate analytical methods of analysis to determine the sulphur content (Article 6) AM/EU/Annex III/en 10 – Prohibition of use of heavy fuel oil and gas oil for land based applications with a sulphur content greater than established limit values (Article 3(1) – unless exceptions apply as in Article 3 (2) – and 4(1)) Timetable: these provisions of Directive 1999/32/EC shall be implemented within 2 years of the entry into force of this Agreement. European Parliament and Council Directive 94/63/EC of 20 December 1994 on the control of volatile organic compound (VOC) emissions resulting from the storage of petrol and its distribution from terminals to service stations, as amended The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Identifying all terminals for storing and loading petrol (Article 2) – Establishment of technical measures to reduce loss of petrol from storage installations at terminals and service stations and during loading/unloading mobile containers at terminals (Article 3, 4 and 6 and Annex III) – Requiring all road tanker loading gantries and mobile containers to meet the requirements (Article 4 and 5) Timetable: these provisions of Directive 94/63/EC shall be implemented within 8 years of the entry into force of this Agreement. AM/EU/Annex III/en 11 Directive 2004/42/EC of the European Parliament and of the Council of 21 April 2004 on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain paints and varnishes and vehicle refinishing products and amending Directive 1999/13/EC The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Setting up maximum VOC content limit values for paints and varnishes (Article 3 and Annex II) – Establishment of requirements ensuring labelling of products placed on the market and placing on the market of products complying with relevant requirements (Article 3 and 4) Timetable: these provisions of Directive 2004/42/EC shall be implemented within 5 years of the entry into force of this Agreement. Water quality and resource management Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy, as amended The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies AM/EU/Annex III/en 12 – Identification of river basin districts and appropriate coordination for the preservation of international rivers, lakes and coastal waters (Article 3(1)- 3(7)) – Analysis of the characteristics of river basin districts (Article 5) – Establishment of ***programmes*** for monitoring water quality (Article 8) – Preparation of river basin management ***plans***, consultations with the public and publication of these ***plans*** (Articles 13 and 14) Timetable: these provisions of Directive 2000/60/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risks The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Undertaking preliminary flood assessment (Articles 4 and 5) – Preparation of flood hazards maps and flood risks maps (Article 6) – Establishment of flood risk management ***plans*** (Article 7) AM/EU/Annex III/en 13 Timetable: these provisions of Directive 2007/60/EC shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 91/271/EEC of 21 May 1991 concerning urban waste water treatment, as amended The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Assessment of the status of urban waste water collection and treatment – Identification of sensitive areas and agglomerations (Article 5(1) and Annex II) Timetable: these provisions of Directive 91/271/EEC shall be implemented within 5 years of the entry into force of this Agreement. – Preparation of technical and investment ***programme*** for the implementation of the urban waste water treatment requirements (Article 17(1)) Timetable: these provisions of Directive 91/271/EEC shall be implemented within 6 years of the entry into force of this Agreement. Council Directive 98/83/EC of 3 November 1998 on the quality of water intended for human consumption, as amended AM/EU/Annex III/en 14 The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Establishment of standards for drinking water (Articles 4 and 5) – Establishment of a monitoring system (Articles 6 and 7) – Establishment of a mechanism to provide information to consumers (Article 13) Timetable: these provisions of Directive 98/83/EC shall be implemented within 4 years of the entry into force of this Agreement. Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from ***agricultural*** sources, as amended The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Establishment of monitoring ***programmes*** (Article 6) – Identification of polluted waters or waters at risk and designation of nitrate vulnerable zones (Article 3) AM/EU/Annex III/en 15 Timetable: these provisions of Directive 91/676/EEC shall be implemented within 4 years of the entry into force of this Agreement. – Establishment of action ***plans*** and codes of good ***agricultural*** practices for nitrate vulnerable zones (Articles 4 and 5) Timetable: these provisions of Directive 91/676/EEC shall be implemented within 8 years of the entry into force of this Agreement. Waste management Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Preparation of waste management ***plans*** in line with the five-step waste hierarchy and of waste prevention ***programmes*** (Chapter V) Timetable: these provisions of Directive 2008/98/EC shall be implemented within 4 years of the entry into force of this Agreement. – Establishment of full cost recovery mechanism in accordance with the polluter pays principle and extended ***producer*** responsibility principle (Article 14) AM/EU/Annex III/en 16 Timetable: these provisions of Directive 2008/98/EC shall be implemented within 6 years of the entry into force of this Agreement. – Establishment of a permitting system for establishments/undertakings carrying out disposal or recovery operations, with specific obligations for the management of hazardous wastes (Chapter IV) – Establishment of a register of waste collection and transport establishments and undertakings (Chapter IV) Timetable: these provisions of Directive 2008/98/EC shall be implemented within 4 years of the entry into force of this Agreement. Council Directive 1999/31/ЕС of 26 April 1999 on the landfill of waste, as amended The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Classification of landfill sites (Article 4) – Preparation of a national strategy reducing the amount of biodegradable municipal waste going to landfill (Article 5) – Establishment of an application and permit system and of waste acceptance procedures (Articles 5-7, 11, 12 and 14) AM/EU/Annex III/en 17 – Establishment of control and monitoring procedures in the operation phase of landfills and of closure and after-care procedures for landfills to be disaffected (Articles 12 and 13) Timetable: these provisions of this Directive shall be implemented within 3 years of the entry into force of this Agreement. – Establishment of conditioning ***plans*** for existing landfill sites (Article 14) Timetable: these provisions of Directive 1999/31/ЕС shall be implemented within 6 years of the entry into force of this Agreement. – Establishment of a costing mechanism (Article 10) Timetable: these provisions of Directive 1999/31/ЕС shall be implemented within 3 years of the entry into force of this Agreement. – Ensuring the relevant waste is subject to treatment before landfilling (Article 6) Timetable: these provisions of Directive 1999/31/ЕС shall be implemented within 6 years of the entry into force of this Agreement. Directive 2006/21/EC of the European Parliament and of the Council of 15 March 2006 on the management of waste from extractive industries and amending Directive 2004/35/EC, developed by Decisions 2009/335/EC, 2009/337/EC, 2009/359/EC and 2009/360/EC AM/EU/Annex III/en 18 The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Establishment of a system to ensure that operators draw up waste management ***plans*** (identification and classification of waste facilities; characterisation of the waste) (Articles 4 and 9) Timetable: these provisions of Directive 2006/21/EC shall be implemented within 4 years of the entry into force of this Agreement. – Establishment of a permit system, of financial guarantees and of an inspection system (Articles 7, 14 and 17) Timetable: these provisions of Directive 2006/21/EC shall be implemented within 8 years of the entry into force of this Agreement. – Establishment of procedures for the management and monitoring of excavation voids (Article 10) – Establishment of closure and after-closure procedures for mining waste facilities (Article 12) – Drawing up an inventory of closed mining waste facilities (Article 20) Timetable: these provisions of Directive 2006/21/EC shall be implemented within 6 years of the entry into force of this Agreement. AM/EU/Annex III/en 19 Nature protection Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Assessment of bird species requiring special conservation measures and regularly occurring migratory species – Identification and designation of special protection areas for bird species (Article 4(1) and (4)) – Establishment of special conservation measures to protect regularly occurring migratory species (Article 4(2)) Timetable: these provisions of Directive 2009/147/EC shall be implemented within 4 years of the entry into force of this Agreement. – Establishment of a general system of protection for all wild bird species of which the hunted species are a special subset and prohibition of certain types of capture/killing (Articles 5, 6(1), 6(2) and 8) Timetable: these provisions of Directive 2009/147/EC shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex III/en 20 Council Directive 92/43/EC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora, as amended The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Preparation of inventory of sites, designation of these sites and establish priorities for their management (including completion of the inventory of potential Emerald sites and establishment of protection and management measures for these sites) (Article 4) – Establishment of measures required for the conservation of such sites, including co-financing (Articles 6 and 8) Timetable: these provisions of Directive 92/43/EC shall be implemented within 6 years of the entry into force of this Agreement. – Establishment of a system to monitor conservation status of habitats and species (Article 11) – Establishment of a strict species protection regime for species listed in Annex IV as relevant for the Republic of Armenia (Article 12) Timetable: these provisions of Directive 92/43/EC shall be implemented within 7 years of the entry into force of this Agreement. AM/EU/Annex III/en 21 – Establishment of a mechanism to promote education and general information to the public (Article 22) Timetable: these provisions of Directive 92/43/EC shall be implemented within 6 years of the entry into force of this Agreement. Industrial pollution and industrial hazards Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 concerning industrial emissions The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies Timetable: these provisions of Directive 2010/75/EU shall be implemented within 4 years of the entry into force of this Agreement. – Identification of installations that require a permit (Annex I) – Establishment of an integrated permit system (Articles 4-6, 12, 21, 24 and Annex IV) – Establishment of a compliance monitoring mechanism (Articles 8, 14(l)(d) and 23(1)) Timetable: these provisions of Directive 2010/75/EU shall be implemented within 6 years of the entry into force of this Agreement. AM/EU/Annex III/en 22 – Implementation of best available techniques (BAT) taking into account the BAT conclusions of the Best Available Techniques Reference Documents (Articles 14(3-6) and 15(2-4)) – Establishment of emission limit values for combustion plants (Article 30 and Annex V) – Preparation of ***programmes*** to reduce total annual emissions from existing plants (optional to setting emission limit values for existing plants) (Article 32) Timetable: these provisions of Directive 2010/75/EU shall be implemented within 6 years of the entry into force of this Agreement for new installations and within 13 years of the entry into force of this Agreement for existing installations. Directive 2012/18/EU of the European Parliament and of the Council of 4 July 2012 on the control of major-accident hazards involving dangerous substances, amending and subsequently repealing Council Directive 96/82/EC The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Establishment of effective coordination mechanisms between relevant authorities – Establishment of systems for recording information about relevant installations and for reporting on major accidents (Articles 14 and 16) AM/EU/Annex III/en 23 Timetable: these provisions of Directive 2012/18/EU shall be implemented within 4 years of the entry into force of this Agreement. Chemicals management Regulation (EU) No 649/2012 of the European Parliament and of the Council of 4 July 2012 concerning the export and import of hazardous chemicals The following provisions of that Regulation shall apply: – Implementation of the export notification procedure (Article 8) – Implementation of procedures for handling of export notifications received from other countries (Article 9) – Setting up of procedures for drafting and submission of notifications of final regulatory action (Article 11) – Setting up of procedures for drafting and submission of import decisions (Article 13) – Implementation of the PIC procedure for the export of certain chemicals, in particular those listed in Annex III to the Rotterdam Convention (Article 14) – Implementation of the labelling and packaging requirements for exported chemicals (Article 17) – Designation of national authorities that control the import and export of chemicals (Article 18) AM/EU/Annex III/en 24 Timetable: these provisions of Regulation (EU) No 649/2012 shall be implemented within 5 years of the entry into force of this Agreement. Regulation (EC) No 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006 The following provisions of that Regulation shall apply: – Designation of competent authority/ies – Implementation of classification, labelling and packaging of substances Timetable: these provisions of Regulation (EC) No 1272/2008 shall be implemented within 4 years of the entry into force of this Agreement. – Implementation of classification, labelling and packaging of mixtures Timetable: these provisions of Regulation (EC) No 1272/2008 shall be implemented within 7 years of the entry into force of this Agreement. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ AM/EU/Annex IV/en 1 ANNEX IV to CHAPTER 4: CLIMATE ACTION of TITLE V: OTHER COOPERATION POLICIES The Republic of Armenia undertakes to gradually approximate its legislation to the following legislation of the European Union within the stipulated timeframes. Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community The following provisions of that Directive shall apply: – Adoption of national legislation and designation of competent authority/ies – Establishment of a system for identifying relevant installations and for identifying greenhouse gases (Annexes I and II) – Establishment of monitoring, reporting, verification and enforcement systems and public consultations procedures (Articles 14, 15, 16(1) and 17) Timetable: these provisions of Directive 2003/87/EC shall be implemented within 8 years of the entry into force of this Agreement. Commission Regulation (EU) No 601/2012 of 21 June 2012 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council AM/EU/Annex IV/en 2 Timetable: the provisions of Regulation (EU) No 601/2012 shall be implemented within 8 years of the entry into force of this Agreement. Commission Regulation (EU) No 600/2012 of 21 June 2012 on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council Timetable: the provisions of Regulation (EU) No 600/2012 shall be implemented within 8 years of the entry into force of this Agreement. In the case of aviation activities and their emissions the implementation of the provisions of Directive 2003/87/EC, Regulation (EU) No 601/2012 and Regulation (EU) No 600/2012, as stipulated by this Agreement, are conditional on the outcome of the ICAO deliberations on a Global Market-Based Measure (MBM) Scheme. Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC The following provisions of that Regulation shall apply: – Establishment of a national inventory system (Article 5) – Establishment of a national system for policies and measures and projections (Article 12) AM/EU/Annex IV/en 3 Timetable: these provisions of Regulation (EU) No 525/2013 shall be implemented within 8 years of the entry into force of this Agreement. Regulation (EU) No 517/2014 of the European Parliament and of the Council of 16 April 2014 on fluorinated greenhouse gases The following provisions of that Regulation shall apply: – Adoption of national legislation and designation of competent authority/ies – Ensuring a system for prevention of emissions (Article 3), establishing rules for leak checks in accordance with Article 4 and 5 and establishing a record keeping system in line with Article 6 – Ensuring that recovery is carried out under the rules foreseen under Articles 8 and 9 – Establishment/adaptation of national training and certification requirements for relevant personnel and companies (Article 10) – Establishment of system for the labelling of products and equipment that contain, or whose functioning relies upon, fluorinated greenhouse gases (Article 12) – Establishment of reporting systems for acquiring emission data from the relevant sectors (Articles 19 and 20) – Establishment of enforcement system (Article 25) AM/EU/Annex IV/en 4 Timetable: these provisions of Regulation (EU) No 517/2014 shall be implemented within 6 years of the entry into force of this Agreement. Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer The following provisions of that Regulation shall apply: – Adoption of national legislation and designation of competent authority/ies – Establishment of a ban on the production of controlled substances, except for specific uses and, until [1 January 2019], of hydrochlorofluorocarbons (HCFC) (Article 4) – Definition of the conditions for the production, placing on the market and use of controlled substances for exempted uses (as feedstock, process agents, for essential laboratory and analytical uses, critical uses of halons) and individual derogations, including emergency uses of methyl bromide (Chapter III) – Establishment of a licensing system for the import and export of controlled substances for exempted uses (Chapter IV) and reporting obligations for undertakings (Articles 26 and 27) – Establishment of obligations to recover, recycle, reclaim and destruct used controlled substances (Article 22) – Establishment of procedures for monitoring and inspecting leakages of controlled substances (Article 23) AM/EU/Annex IV/en 5 Timetable: these provisions of Regulation (EC) No 1005/2009 shall be implemented within 6 years of the entry into force of this Agreement. – Establishment of a ban on the placing on the market and use of controlled substances, except for reclaimed HCFC which might be used as refrigerant until 1 January 2030 (Articles 5 and 11) Timetable: these provisions of Regulation (EC) No 1005/2009 shall be implemented by 1 January 2030. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ AM/EU/Annex V/en 1 ANNEX V to CHAPTER 8: COOPERATION IN THE FIELD OF INFORMATION SOCIETY of TITLE V: OTHER COOPERATION POLICIES The Republic of Armenia undertakes to gradually approximate its legislation to the following legislation of the European Union within the stipulated timeframes. Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services (Framework Directive), as amended The following provisions of that Directive shall apply: – Strengthen the independence and administrative capacity of the national regulator in the field of electronic communications – Establish public consultation procedures for new regulatory measures – Establish effective mechanisms for appeal against the decisions of the national regulator in the field of electronic communications – Define the relevant product and service markets in the electronic communications sector that are susceptible to ex ante regulation and analyse those markets with a view to determining whether significant market power (SMP) exists on them Timetable: these provisions of Directive 2002/21/EC shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex V/en 2 Directive 2002/20/EC of the European Parliament and of the Council of 7 March 2002 on the authorisation of electronic communications networks and services (Authorisation Directive), as amended The following provisions of that Directive shall apply: – Implement a regulation providing for general authorisations and restricting the need for individual licences to specific, duly justified cases Timetable: the timeline for implementation will be decided by the Partnership Council after the signature of this Agreement. Directive 2002/19/EC of the European Parliament and of the Council of 7 March 2002 on access to, and interconnection of, electronic communications networks and associated facilities (Access Directive), as amended Based on the market analysis carried out in accordance with Directive 2002/21/EC the National regulator in the field of electronic communications shall impose on operators found to have significant market power (SMP) on the relevant markets, appropriate regulatory obligations with regard to: – Access to, and use of, specific network facilities – Price controls on access and interconnection charges, including obligations for cost-orientation AM/EU/Annex V/en 3 – Transparency, non-discrimination and accounting separation Timetable: these provisions of Directive 2002/19/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 2002/22/EC of the European Parliament and of the Council of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services (Universal Service Directive), as amended The following provisions of that Directive shall apply: – Implement regulation on Universal Service obligations (USO), including the establishment of mechanisms for costing and financing – Ensure the respect of users' interests and rights, in particular by introducing number portability and the single European Emergency Call number 112 Timetable: these provisions of Directive 2002/22/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications), as amended AM/EU/Annex V/en 4 The following provisions of that Directive shall apply: – Implement regulation to ensure protection of fundamental rights and freedoms, and in particular the right to privacy, with respect to the processing of personal data in the electronic communication sector and ensure the free movement of such data and of electronic communication equipment and services Timetable: these provisions of Directive 2002/58/EC shall be implemented within 5 years of the entry into force of this Agreement. Decision No 676/2002/EC of the European Parliament and of the Council of 7 March 2002 on a regulatory framework for radio spectrum policy in the European Community The following provisions of that Decision shall apply: – Adopt policy and regulation ensuring the harmonised availability and efficient use of spectrum Timetable: the measures resulting from the operation of Decision No 676/2002/EC shall be implemented within 5 years of the entry into force of this Agreement. Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015 laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union AM/EU/Annex V/en 5 Timetable: the provisions of Regulation (EU) 2015/2120 shall be implemented within 5 years of the entry into force of this Agreement. Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce) The following provisions of that Directive shall apply: – To enhance development of e-commerce – Removes barriers to the cross-border provision of information society services – Provides legal security to providers of information society services and – Harmonises limitations to liability of service providers acting as intermediaries when providing mere conduit, caching or hosting, stipulates no general obligation to monitor Timetable: these provisions of Directive 2000/31/EC shall be implemented within 5 years of the entry into force of this Agreement. Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC AM/EU/Annex V/en 6 Implementing acts related to trust services within Regulation (EU) No 910/2014: – Commission Implementing Regulation (EU) 2015/806 of 22 May 2015 laying down specifications relating to the form of the EU trust mark for qualified trust services – Commission Implementing Decision (EU) 2015/1505 of 8 September 2015 laying down technical specifications and formats relating to trusted lists pursuant to Article 22(5) of Regulation (EU) No 910/2014 of the European Parliament and of the Council on electronic identification and trust services for electronic transactions in the internal market – Commission Implementing Decision (EU) 2015/1506 of 8 September 2015 laying down specifications relating to formats of advanced electronic signatures and advanced seals to be recognised by public sector bodies pursuant to Articles 27(5) and 37(5) of Regulation (EU) No 910/2014 of the European Parliament and of the Council on electronic identification and trust services for electronic transactions in the internal market – Commission Implementing Decision (EU) 2016/650 of 25 April 2016 laying down standards for the security assessment of qualified signature and seal creation devices pursuant to Articles 30(3) and 39(2) of Regulation (EU) No 910/2014 of the European Parliament and of the Council on electronic identification and trust services for electronic transactions in the internal market Implementing acts related to the electronic identification chapter of the Regulation (EU) No 910/2014 AM/EU/Annex V/en 7 – Commission Implementing Decision (EU) 2015/296 of 24 February 2015 establishing procedural arrangements for cooperation between Member States on electronic identification pursuant to Article 12(7) of Regulation (EU) No 910/2014 of the European Parliament and of the Council on electronic identification and trust services for electronic transactions in the internal market – Commission Implementing Regulation (EU) 2015/1501 of 8 September 2015 on the interoperability framework pursuant to Article 12(8) of Regulation (EU) No 910/2014 of the European Parliament and of the Council on electronic identification and trust services for electronic transactions in the internal market – Commission Implementing Regulation (EU) 2015/1502 of 8 September 2015 on setting out minimum technical specifications and procedures for assurance levels for electronic identification means pursuant to Article 8(3) of Regulation (EU) No 910/2014 of the European Parliament and of the Council on electronic identification and trust services for electronic transactions in the internal market – Commission Implementing Decision (EU) 2015/1984 of 3 November 2015 defining the circumstances, formats and procedures of notification pursuant to Article 9(5) of Regulation (EU) No 910/2014 of the European Parliament and of the Council on electronic identification and trust services for electronic transactions in the internal market Timetable: the timeline for implementation will be decided by the Partnership Council after the signature of this Agreement. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ AM/EU/Annex VI/en 1 ANNEX VI to CHAPTER 14: CONSUMER PROTECTION of TITLE V: OTHER COOPERATION POLICIES The Republic of Armenia undertakes to gradually approximate its legislation to the following legislation of the European Union within the stipulated timeframes. Council Directive 87/357/EEC of 25 June 1987 on the approximation of the laws of the Member States concerning products which, appearing to be other than they are, endanger the health or safety of consumers Timetable: the provisions of Directive 87/357/EEC, including its implementing acts, shall be implemented within 8 years of the entry into force of this Agreement. Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, as amended Timetable: the provisions of Directive 93/13/EEC, including its implementing acts, shall be implemented within 3 years of the entry into force of this Agreement. Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on consumer protection in the indication of the prices of products offered to consumers Timetable: the provisions of Directive 98/6/EC, including its implementing acts, shall be implemented within 3 years of the entry into force of this Agreement. Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees, as amended AM/EU/Annex VI/en 2 Timetable: the provisions of Directive 1999/44/EC, including its implementing acts, shall be implemented within 3 years of the entry into force of this Agreement. Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety Timetable: the provisions of Directive 2001/95/EC, including its implementing acts, shall be implemented within 5 years of the entry into force of this Agreement. Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC Timetable: the provisions of Directive 2002/65/EC, including its implementing acts, shall be implemented within 3 years in the Republic of Armenia and 8 years cross-border of the entry into force of this Agreement. Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive') Timetable: the provisions of Directive 2005/29/EC, including its implementing acts, shall be implemented within 3 years of the entry into force of this Agreement. AM/EU/Annex VI/en 3 Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising Timetable: the provisions of Directive 2006/114/EC, including its implementing acts, shall be implemented within 3 years of the entry into force of this Agreement. Regulation (EC) No 2006/2004 of the European Parliament and of the Council of 27 October 2004 on cooperation between national authorities responsible for the enforcement of consumer protection laws (the Regulation on consumer protection cooperation) Timetable: the provisions of Regulation (EC) No 2006/2004, including its implementing acts, shall be implemented within 8 years of the entry into force of this Agreement. Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC Timetable: the provisions of Directive 2008/48/EC, including its implementing acts, shall be implemented within 3 years of the entry into force of this Agreement. Directive 2008/122/EC of the European Parliament and of the Council of 14 January 2009 on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts Timetable: the provisions of Directive 2008/122/EC, including its implementing acts, shall be implemented within 3 years of the entry into force of this Agreement. AM/EU/Annex VI/en 4 Directive 2009/22/EC of the European Parliament and of the Council of 23 April 2009 on injunctions for the protection of consumers' interests Timetable: the provisions of Directive 2009/22/EC, including its implementing acts, shall be implemented within 8 years of the entry into force of this Agreement. Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council Timetable: the provisions of Directive 2011/83/EU, including its implementing acts, shall be implemented within 3 years of the entry into force of this Agreement. Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC)No 2006/2004 and Directive 2009/22/EC (Regulation on consumer ODR) Timetable: the provisions of Regulation (EU) No 524/2013, including its implementing acts, shall be implemented within 8 years of the entry into force of this Agreement. Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC)No 2006/2004 and Directive 2009/22/EC (Directive on consumer ADR) AM/EU/Annex VI/en 5 Timetable: the provisions of Directive 2013/11/EU, including its implementing acts, shall be implemented within 3 years of the entry into force of this Agreement. Commission Recommendation of 11 June 2013 on common principles for injunctive and compensatory collective redress mechanisms in the Member States concerning violations of rights granted under Union Law (2013/396/EU) Timetable: the Recommendation 2013/396/EU shall be implemented within 3 years of the entry into force of this Agreement. Directive (EU) 2015/2302 of the European Parliament and of the Council of 25 November 2015 on package travel and linked travel arrangements, amending Regulation (EC) No 2006/2004 and Directive 2011/83/EU of the European Parliament and of the Council and repealing Council Directive 90/314/EEC Timetable: the provisions of Directive (EU) 2015/2302, including its implementing acts, shall be implemented within 3 years of the entry into force of this Agreement. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ AM/EU/Annex VII/en 1 ANNEX VII to CHAPTER 15: EMPLOYMENT, SOCIAL POLICY AND EQUAL OPPORTUNITIES of TITLE V: OTHER COOPERATION POLICIES The Republic of Armenia undertakes to gradually approximate its legislation to the following legislation of the European Union and international instruments within the stipulated timeframes. Labour Law Council Directive 91/533/EEC of 14 October 1991 on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship Timetable: the provisions of Directive 91/533/EEC shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP Timetable: the provisions of Directive 1999/70/EC shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC - Annex: Framework agreement on part-time work Timetable: the provisions of Directive 97/81/EC shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex VII/en 2 Council Directive 91/383/EEC of 25 June 1991 supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed- duration employment relationship or a temporary employment relationship Timetable: the provisions of Directive 91/383/EEC shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies Timetable: the provisions of Directive 98/59/EC shall be implemented within 7 years of the entry into force of this Agreement. Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses Timetable: the provisions of Directive 2001/23/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community Timetable: the provisions of Directive 2002/14/EC shall be implemented within 5 years of the entry into force of this Agreement. AM/EU/Annex VII/en 3 Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organisation of working time Timetable: the provisions of Directive 2003/88/EC shall be implemented within 7 years of the entry into force of this Agreement. Anti-discrimination and gender equality Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin Timetable: the provisions of Directive 2000/43/EC shall be implemented within 3 years of the entry into force of this Agreement. Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation Timetable: the provisions of Directive 2000/78/EC shall be implemented within 5 years of the entry into force of this Agreement. Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation Timetable: the provisions of Directive 2006/54/EC shall be implemented within 3 years of the entry into force of this Agreement. AM/EU/Annex VII/en 4 Council Directive 2004/113/EC of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services Timetable: the provisions of Directive 2004/113/EC shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding (tenth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC) Timetable: the provisions of Directive 92/85/EEC shall be implemented within 5 years of the entry into force of this Agreement. Council Directive 79/7/EEC of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security Timetable: the provisions of Directive 79/7/EEC shall be implemented within 3 years of the entry into force of this Agreement. Health and safety at work Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work AM/EU/Annex VII/en 5 Council Directive 89/654/EEC of 30 November 1989 concerning the minimum safety and health requirements for the workplace (first individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) Directive 2009/104/EC of the European Parliament and of the Council of 16 September 2009 concerning the minimum safety and health requirements for the use of work equipment by workers at work (second individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC), as amended Council Directive 89/656/EEC of 30 November 1989 on the minimum health and safety requirements for the use by workers of personal protective equipment at the workplace (third individual directive within the meaning of Article 16(1) of Council Directive 89/391/EEC) Council Directive 92/57/EEC of 24 June 1992 on the implementation of minimum safety and health requirements at temporary or mobile construction sites (eight individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) Directive 2009/148/EC of the European Parliament and of the Council of 30 November 2009 on the protection of workers from the risks related to exposure to asbestos at work Directive 2004/37/EC of the European Parliament and of the Council of 29 April 2004 on the protection of workers from the risks related to exposure to carcinogens or mutagens at work (sixth individual directive within the meaning of Article 16(1) of Council Directive 89/391/EEC) AM/EU/Annex VII/en 6 Directive 2000/54/EC of the European Parliament and of the Council of 18 September 2000 on the protection of workers from risks related to exposure to biological agents at work (seventh individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) Council Directive 90/270/EEC of 29 May 1990 on the minimum safety and health requirements for work with display screen equipment (fifth individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) Council Directive 92/58/EEC of 24 June 1992 on the minimum requirements for the provision of safety and/or health signs at work (ninth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC) Council Directive 92/91/EEC of 3 November 1992 concerning the minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling (eleventh individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) Council Directive 92/104/EEC of 3 December 1992 on the minimum requirements for improving the safety and health protection of workers in surface and underground mineral-extracting industries (twelfth individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) Council Directive 98/24/EC of 7 April 1998 on the protection of the health and safety of workers from the risks related to chemical agents at work (fourteenth individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) AM/EU/Annex VII/en 7 Directive 1999/92/EC of the European Parliament and of the Council of 16 December 1999 on minimum requirements for improving the safety and health protection of workers potentially at risk from explosive atmospheres (fifteenth individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) Directive 2002/44/EC of the European Parliament and of the Council of 25 June 2002 on the minimum health and safety requirements regarding the exposure of workers to the risk arising from physical agents (vibration) (sixteenth individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) Directive 2003/10/EC of the European Parliament and of the Council of 6 February 2003 on the minimum health and safety requirements regarding the exposure of workers to the risk arising from physical agents (noise) (seventeenth individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) Directive 2006/25/EC of the European Parliament and of the Council of 5 April 2006 on the minimum health and safety requirements regarding the exposure of workers to risks arising from physical agents (artificial optical radiation) (19th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC) Council Directive 93/103/EC of 23 November 1993 concerning the minimum safety and health requirements for work on board fishing vessels (thirteenth individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) AM/EU/Annex VII/en 8 Council Directive 92/29/EEC of 31 March 1992 on the minimum safety and health requirements for improved medical treatment on board vessels Council Directive 90/269/EEC of 29 May 1990 on the minimum health and safety requirements for the manual handling of loads where there is a risk particularly of back injury to workers (fourth individual directive within the meaning of Article 16(1) of Directive 89/391/EEC) Commission Directive 91/322/EEC of 29 May 1991 on establishing indicative limit values by implementing Council Directive 80/1107/EEC on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work Commission Directive 2000/39/EC of 8 June 2000 establishing a first list of indicative occupational exposure limit values in implementation of Council Directive 98/24/EC on the protection of the health and safety of workers from the risks related to chemical agents at work Commission Directive 2006/15/EC of 7 February 2006 establishing a second list of indicative occupational exposure limit values in implementation of Council Directive 98/24/EC and amending Directives 91/322/EEC and 2000/39/EC Commission Directive 2009/161/EU of 17 December 2009 establishing a third list of indicative occupational exposure limit values in implementation of Council Directive 98/24/EC and amending Commission Directive 2000/39/EC Council Directive 2010/32/EU of 10 May 2010 implementing the Framework Agreement on prevention from sharp injuries in the hospital and healthcare sector concluded by HOSPEEM and EPSU AM/EU/Annex VII/en 9 Directive 2013/35/EU of the European Parliament and of the Council of 26 June 2013 on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (electromagnetic fields) (20th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC) and repealing Directive 2004/40/EC Directive 2014/27/EU of the European Parliament and of the Council of 26 February 2014 amending Council Directives 92/58/EEC, 92/85/EEC, 94/33/EC, 98/24/EC and Directive 2004/37/EC of the European Parliament and of the Council, in order to align them to Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures Timetable: the timeline for implementation of all the above mentioned Directives under 'Health and Safety at work' will be decided by the Partnership Council after the signature of this agreement. Labour Law – Directive (EU) 2015/1794 of the European Parliament and of the Council of 6 October 2015 amending Directives 2008/94/EC, 2009/38/EC and 2002/14/EC of the European Parliament and of the Council, and Council Directives 98/59/EC and 2001/23/EC, as regards seafarers (transposition period until 10 October 2017) – Council Directive 2014/112/EU of 19 December 2014 implementing the European Agreement concerning certain aspects of the organisation of working time in inland waterway transport, concluded by the European Barge Union (EBU), the European Skippers Organisation (ESO) and the European Transport Workers' Federation (ETF) (transposition period until 31 December 2016) AM/EU/Annex VII/en 10 – Council Directive 94/33/EC of 22 June 1994 on the protection of young people at work is not in the original package Timetable: the provisions of Directives (EU) 2015/1794 and 2014/112/EU shall be implemented within 5 years of the entry into force of this Agreement. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Load-Date:** November 22, 2017

**End of Document**



[***KSK Power Ventur PLC Audited Results for the year -7-***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P42-XB81-F0CC-S0G0-00000-00&context=1516831)

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**Body**

The Group continues to generate cash flows from current operations which are further expected to increase with improved PLF in the existing 1200 MW KSK Mahanadi and Sai Wardha operations, and incremental cash flows upon expected commissioning of another two units of 600 MW each and also on account of reduction in coal procurement costs with the new coal policy called 'SHAKTI'. Also in Sai Wardha, with recent COMPAT order, the Group is confident of reduction in overall coal price and thereby increases in operating cash flow. These factors are key assumptions with regard to management's forecasts and expectations.

Legal and claims

The Group is also involved in a number of on-going legal and claim matters. These may impact on the timing of receipt and value of receivables recognised in the financial statements. For example, the Group has experienced delays and legal challenge to the settlement of significant receivables, including c$220m recognized in respect of change in law claim under PPA due to fuel input considerations, which the Group has recognized in accordance with the PPA, has obtained legal advice in respect of and considered the recent ruling of Central Electrical Regulatory Commission and Honorable Supreme Court of India in similarly placed power projects, as such management consider the entire claim as fully recoverable, and c$93m recognized in the period due to fuel supply issues from Western Coalfields Limited and Coal India Limited, wherein the Competition Appellate Tribunal and Honorable Competition Commission of India have ruled in favour of the Company. Notwithstanding these rulings the Group has not forecast receipt of these amounts in the going concern cash flow analysis prepared by management due to the uncertainty regarding timing of receipt. In addition the Group is subject to a number of claims, whilst the Group considers that it has a strong position of defense in respect, these proceedings may result in outflows that are not currently recognized. For further details refer to note 15 (b).

Political environment

Given the country and sector of operations the Group is exposed to political uncertainties that may result in changes in government policy which may materially affect the business ***plans***, of the Group and amounts recognised in the financial statements.

Commitments

The Group also has significant capital commitments at the period-end of which a portion is due to be met during the next 12 months, primarily in respect of on-going plant construction projects at KSK Mahanadi. However, the Group currently has also significant committed undrawn borrowing facilities, subject to certain conditions, amounting to approximately US $ 479,852 to meet its long term investment ***programmes***. The Group has already entered in to Common Loan Agreement with the Lenders at KSK Mahanadi with respect to cost overrun debt sanctioned of US $ 892,252 and the remaining draw down of these funds of US $ 393,958 is not impacted by the current restructure negotiations or breaches on financing facilities. This will facilitate drawing the balance of the debt depending upon the investment required for construction of project and resultant surpluses of operational cash flows available to meet Group obligations.

Conclusion

Nonetheless Group monitors the situation on an on-going basis and ***plans*** alternative arrangements where possible. The outcome of the above factors is subject to material uncertainty and may impact on the timing of the ***strategic*** development of power plants, the Groups proportional equity holdings in significant projects and the going concern of the Group. However, the Directors continue to have a reasonable expectation that the Company and Group are well placed to manage their business risks and continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting when preparing these financial statements.

2. Changes in accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards as of 1 April 2016, noted below.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2016.

- IFRS 14 - Regulatory Deferral Accounts: IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and Other Comprehensive Income ('OCI'). The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is not subject to any rate regulation and is an existing IFRS preparer, this standard would not apply.

- IFRS 11 - Accounting for acquisition of interest in Joint Operations (Amendments): The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

- IAS 16 & IAS 38 - Clarification of Acceptable Methods of Depreciations and Amortisation (Amendments): The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- IAS 16 & IAS 41 - ***Agriculture***: Bearer Plant (Amendments): The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that ***produce*** that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

- IAS 27 - Equity method in Separate Financial Statements (Amendments): The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception (Amendments): The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

**Load-Date:** July 27, 2017

**End of Document**



[***M and A Navigator: Deal pipeline ""1 February***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJD-0721-F0K1-N0Y8-00000-00&context=1516831)

FinancialWire

February 1, 2018 Thursday

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**Length:** 5168 words

**Body**

The following is a list of deals covered in detail by M and A Navigator this week:

-UK-BASED RELX TO ACQUIRE DIGITAL IDENTITY REPOSITORY THREATMETRIX FOR GBP 580M

UK-based information and analytics provider RELX Group has agreed to acquire all issued share capital of California, US-based online digital identity repository ThreatMetrix for GBP 580m (USD 821m), the company said.

ThreatMetrix will become part of RELX Group's risk and business analytics, which under the Georgia, US-based LexisNexis risk solutions brand addresses fraud and authentication challenges by applying advanced analytics to physical identity attributes, including identity credentials, addresses and asset ownership.

Status: Agreed

-LIGHTHOUSE EDISCOVERY, DISCOVIA COMBINE AS LIGHTHOUSE

Washington, US-based e-discovery and advisory services company Lighthouse eDiscovery has combined with California, US-based e-discovery services company Discovia to operate under the Lighthouse name, following the merger of the two groups in May 2017, the company said.

Lighthouse revealed a global brand refresh to reflect the company's expansion into advisory services. The evolved identity includes a new logo, positioning, and website.

Status: Closed

-ZAYO TO ACQUIRE NEUTRAL PATH/NEAR NORTH PARTNERS FOR USD 31.5M

Colorado, US-based communications infrastructure services company Zayo Group Holdings, Inc. (NYSE: ZAYO) has agreed to acquire substantially all assets of Minnesota, US-based long-haul infrastructure provider Neutral Path Communications and Near North Partners for USD 31.5m, the company said.

The transaction is expected to close in 2Q18, subject to regulatory approvals and customary closing conditions. The purchase price is subject to net working capital and other customary adjustments, as well as a contingent payment based on sales performance through June 30, 2018.

Status: Agreed

-IMAGINE! ACQUIRES DESIGN FIRM RETAIL DESIGN AND EXECUTION FIRM GFX INTERNATIONAL

Minnesota, US-based communications company Imagine! Print Solutions has acquired Illinois, US-based retail design and execution firm GFX International to expand communications solutions, the company said.

Imagine said with the acquisition of GFX and the continued support of New York, US-based private equity firm Oak Hill Capital Partners, it continues to add capabilities and customer solutions. Imagine! family of companies includes Imagine! Print Solutions, Imagine! Express, Classic Graphics and Midnight Oil Agency.

Status: Closed

-FAIRMONT SUPPLY ACQUIRES INDUSTRIAL FASTENER DISTRIBUTOR THB

Pennsylvania, US-based industrial supplies distributor Fairmont Supply has acquired Utah, US-based industrial fasteners distributor THB, Inc. to expand industrial product offerings, the company said.

THB since 2013 will continue to lead the Salt Lake City location and John Plaizier, Branch Manager since 2006 will continue to lead the Boise location. These locations will be a part of Fairmont Supply's Western regional team. Fairmont said THB will help in identifying and acquiring high-quality companies with high-performing teams, which is part of the company's growth strategy.

Status: Closed

-SILVER CREEK MIDSTREAM ACQUIRES RED BUTTE PIPE LINE MERIT ENERGY

Texas, US-based midstream company Silver Creek Midstream, LLC has acquired crude oil gathering system Red Butte Pipe Line LLC from Texas-based oil and gas company Merit Energy Company, the company said.

With the acquisition, Silver Creek Midstream expects to strengthen it position as a crude oil midstream service provider in the state of Wyoming, and ***plans*** to continue expanding the company's pipeline assets and service offerings in the state.

Status: Closed

-LIVE NATION SETTLES LITIGATION WITH CERG, ACQUIRES SONGKICK ASSETS

California, US-based global entertainment company Live Nation Entertainment, Inc. (NYSE: LYV) has acquired certain assets from Complete Entertainment Resources Group, Inc. (CERG) and related entities formerly known as Songkick, including CERG's ticketing commerce platform, anti-scalping algorithm, API applications and patent portfolio, the company said.

The two companies also announced that they have agreed to a settlement resolving litigation that was scheduled to go to trial later this month. Live Nation said it was able to resolve the dispute and avoid protracted and costly legal proceedings, while also acquiring valuable assets. Terms of the agreement were not disclosed.

Status: Closed

-IMPACT HEALTHCARE REIT ACQUIRES 3 UK-BASED HOMES FOR GBP 17M

UK-based REIT Impact Healthcare has exchanged contracts to acquire a portfolio of three England-based purpose-built care homes for a total consideration of GBP 17m (USD 24m) in a sale and leaseback transaction, the company said.

Completion of the transaction is expected to take place before the end of 1Q18. Impact is acquiring the portfolio from UK-based Prestige Care Group, a developer and operator of care homes. Prestige will continue to operate the homes as the group's tenant following completion. The group will enter into new full repairing and insuring leases with Prestige in respect of each of the properties for an initial 20 years, with an option for the group to extend to 30 years.

Status: Agreed

-ORACLE POWER ACQUIRES REMAINING SHARES OF SINDH CARBON ENERGY

UK-based energy developer Oracle Power PLC (AIM: ORCP) has agreed to acquire the remaining 199,999 shares In Sindh Carbon Energy Ltd. (SCEL), holder of the mining lease under development from Pakistan-based Sindh Koela Ltd., the company said.

The remaining shares Oracle did not already own will be acquired for a maximum consideration of GBP 3.6m (USD 5.1m). The Initial consideration of GBP 2.2m (USD 3.12m) will be satisfied through the issuance of 95,652,174 shares in Oracle. Upon completion of the acquisition, Oracle will have 100% ownership of the Pakistani operating companies for both mining (through SCEL) and power (through Thar Electricity (Private) Ltd).

Status: Agreed

-MAVIS DISCOUNT TIRE EXPANDS RETAIL LOCATIONS WITH ACQUISITION OF KAUFFMAN TIRE

New York, US-based tire dealer Mavis Discount Tire has acquired Georgia, US-based Kauffman Tire, Inc.'s 69 Georgia and Florida retail locations to expand its retail business, the company said.

Mavis now has more than 400 tire retail locations across seven states including New York, New Jersey, Pennsylvania, Connecticut, Massachusetts, Georgia and Florida. Kauffman Tire is a multi-brand wholesale tire distributor in the US distributing a wide array of tires including consumer, medium commercial, farm, specialty and OTR tires.

Status: Closed

-APPLIED INDUSTRIAL TECHNOLOGIES STRENGTHENS INDUSTRY POSITION WITH ACQUISITION OF FCX PERFORMANCE

Ohio, US-based industrial supply distributor Applied Industrial Technologies (NYSE: AIT) has agreed to acquire Ohio-based specialty flow control products distributor FCX Performance, Inc. for approximately USD 768m, the company said.

The transaction will be financed with a new credit facility comprised of a USD 780m Term Loan A and USD 250m revolver, effective with the transaction closing. The transaction is subject to customary adjustments, and is expected to close within 30 days.

Status: Agreed

-ECOARK TO BID ON BEEF PROCESSOR ASSETS

Arkansas, US-based holding company Ecoark Holdings, Inc., specialising in the development and deployment of business solutions and products to the retail, ***agriculture*** and food service markets, has received approval from its board to submit a bid to purchase key assets of a beef processing operation, the company said.

Ecoark Holdings, Inc. is doing business as Zest Technologies (OTCQX: ZEST). The bid is submitted in a sales process conducted under Section 363 of the US Bankruptcy Code. The bid would be subject to the receipt of competing offers from other potential bidders and court approval. Terms of the sale were not disclosed.

Status: Bidding

-H/E EQUIPMENT TO ACQUIRE RENTAL INC FOR USD 68.6M

Louisiana, US-based specialised industrial equipment company H and E Equipment Services, Inc. (NASDAQ: HEES) has agreed to acquire Florida, US-based construction-focussed equipment rental supplier Rental Inc. to expand presence in Alabama, Florida and western Georgia, the company said.

Under the terms of the agreement, H and E is expected to pay approximately USD 68.6m in cash for Rental Inc., subject to customary adjustments. The transaction is expected to close in 1Q18, and is subject to customary closing conditions. H and E said the acquisition of Rental Inc. will improve the company's ability to serve customers in South Alabama, the Florida Panhandle and Western Georgia, US, which the company believes expansion or recovering markets.

Status: Agreed

-HOSPICELINK, STATESERV MERGE TO EXPAND DME SOLUTIONS FOR HOSPICE CARE

Arizona, US-based durable medical equipment benefit provider StateServ Holdings and Alabama, US-based hospice-focussed DME benefit manager Hospicelink have merged to form durable medical equipment benefit management solutions in the hospice and post-acute care markets, the company said.

This integration unites two DME benefit management companies in the US and will build on the strengths of each company to create a single brand that addresses the clinical, financial, and operational needs of customers and partners in all 50 states.

Status: Closed

-MOUNTAIN PROVINCE DIAMONDS TO ACQUIRE KENNADY DIAMONDS IN DEAL VALUED AT CDN 176M

Canada-based diamond mining company Mountain Province Diamonds Inc. (TSX: MPVD) (NASDAQ: MPVD) has agreed to acquire all issued and outstanding common shares of Canada-based diamond exploration company Kennady Diamonds Inc. (TSX Venture: KDI) by way of a court-approved ***plan*** of arrangement, the company said.

The implied equity value for Kennady based on the exchange ratio is approximately CDN 176m (USD 143m). Under the terms of the transaction, Kennady shareholders will receive 0.975 of a Mountain Province common share for each Kennady common share, representing the equivalent of CDN 3.46 (USD 2.82) per Kennady share, based on the closing price of Mountain Province Shares on the TSX on January 26, 2018.

Status: Agreed

-NUTRIEN TO ACQUIRE BRAZILIAN PLANT NUTRITION PROVIDER AGRICHEM

Canada-based crop inputs and services provider Nutrien Ltd. (NYSE: NTR) (TSX: NTR) has agreed to acquire Brazil-based specialty plant nutrition provider Agrichem as part of expansion in Brazil, the company said.

The acquisition will be made in two tranches, with 80% of the business to be acquired in the coming months. The remaining 20% of the business will be acquired in 2019, based on 2018 EBITDA levels. Agrichem is expected to be accretive to earnings in 2018, with total annual historic net sales of over USD 55m and historic EBITDA of over USD 15m. Closing of the transaction is subject to regulatory approval and satisfaction of customary conditions precedent.

Status: Agreed

-CONTERRA TO EXPAND FIBRE OPERATIONS WITH ACQUISITION OF LOUISIANA FIBRE-OPTIC PROVIDERS

North Carolina, US-based broadband infrastructure company Conterra Ultra Broadband Holdings, Inc. has agreed to acquire affiliated companies, Louisiana, US-based fibre optic network services businesses Network USA, LLC and Sun America, LLC (combined, NUSA), the company said.

This transaction will increase Conterra's fibre presence by nearly 3,000 miles in two of its largest operating states, Louisiana and Texas, expanding its regional fibre footprint throughout the Gulf Coast/East Texas region and providing entry into Arkansas and Mississippi. The NUSA fiber network is complementary to the assets of Conterra's previously announced acquisition of Detel Communications, another significant Louisiana-based fibre -optic network services provider.

Status: Agreed

-CLEAREON ADDS NEW YORK DATA CENTRE SPACE TO EXPAND ACCESS SOLUTIONS

New York, US-based fibre network company Cleareon has added 20,000 square feet of metro edge data centre space through an agreement to acquire additional data centre assets within the New York City (NYC) metropolitan area, the company said.

Set to close in late February, these data centre assets, along with the company's 2017 data centre acquisition, position Cleareon to take advantage of densification opportunities in the New York City tri-state area. Cleareon said these assets complement its existing dark fibre and lit services portfolio by strengthening its position at the intelligent edge of networking technology and service deployment.

Status: Closed

-CJJ HYBRID INVESTMENTS ACQUIRES MAJORITY STAKE IN IRELAND-BASED HYBRID ENERGY SOLUTIONS

Florida, US-based investment firm CJJ Hybrid Investments, LLC has acquired a majority interest in Ireland-based off-grid power to the telecom industry HYbrid Energy Solutions Ltd. (HES) to support continued growth of renewable energy, the company said.

CJJ said HES's solutions for energy storage can generate more stability for power grids worldwide, resulting in balanced energy portfolios. CJJ is part of a group of companies that invest in a variety of industries, including energy, automotive, aviation and real estate. CJJ is led by John Campion, an Irish-American entrepreneur who founded APR Energy, a global fast track mobile power generation company.

Status: Closed

-BIOHITECH GLOBAL PARTNERS, KINDERHOOK INDUSTRIES ACQUIRE GOLD MEDAL SERVICES

US-based green technology company BioHiTech Global, Inc. (OTCQB: BHTG) has partnered with private investment firm Kinderhook Industries, LLC to create a "next generation" environmental services platform company, the company said.

Through a series of transactions, the two companies completed the acquisition of Gold Medal Services, LLC, a specialist in municipal, commercial, and industrial solid waste collection in the Philadelphia and Southern New Jersey markets. Gold Medal Services will act as a wholly owned subsidiary of Gold Medal Group, LLC, a newly formed company majority owned by Kinderhook.

Status: Closed

-GAMING NATION CLOSES ACQUISITION OF ASSETS OF SPORTS FAN INFORMATION SPECIALIST CIRCLE MEDIA

US-based green technology company BioHiTech Global, Inc. (OTCQB: BHTG) has partnered with private investment firm Kinderhook Industries, LLC to create a "next generation" environmental services platform company, the company said.

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Status: Closed

-GLOBAL PARTNER ACQUISITION LINES UP USD 25M OF INVESTMENTS FOR PURPLE INNOVATION MERGER

US-based special purpose acquisition company Global Partner Acquisition Corp. (NASDAQ: GPAC) has entered into a definitive agreement with a consortium of investors who have agreed to acquire an aggregate of USD 25m of shares of common stock of GPAC through open market purchases, private purchases and private placements, the company said.

On 2November Global Partner Acquisition announced it had agreed to acquire Utah, US-based mattress, bedding and cushioning products manufacturer Purple Innovation, LLC in a definitive merger agreement. Purple Innovation will become a subsidiary of GPAC, based on an initial enterprise value of approximately USD 900m.

Status: Agreed

-THOMSON REUTERS TO SELL MAJORITY STAKE IN F AND R BUSINESS TO BLACKSTONE

Canadian mass media and information firm Thomson Reuters (TSX: TRI) (NYSE: TRI) has signed a definitive agreement to enter into a ***strategic*** partnership with US-based investment firm Blackstone (NYSE: BX), the firm said.

As part of the transaction, Thomson Reuters will sell a 55% majority stake in its Financial and Risk (F and R) business to private equity funds managed by Blackstone. The transaction values the F and R business at approximately USD 20bn.

Status: Agreed

-FLEET COMPLETE ACQUIRES TELEMATICS FIRM ECOFLEET, IN EUROPEAN EXPANSION

Canadian connected commercial vehicle IoT solutions company Fleet Complete is acquiring Danish fleet telematics player Ecofleet, the company said.

This is Fleet Complete's second acquisition in Europe since ITmobile in 2016 (now operating as Fleet Complete Europe), establishing a presence in the Netherlands, Belgium, Luxemburg, Austria and, recently, Germany. Ecofleet is the current top telematics provider in the north European market, offering mobile asset management solutions in Denmark, Finland, Sweden, Norway, Estonia, Latvia, and Lithuania.

Status: Agreed

-GOLDEN MEDITECH STEM CELLS CLOSES SALE OF 65.4% OF CHINA CORD BLOOD FOR RMB 5.764BN IN CASH

Chinese blood recovery machines maker Golden Meditech Holdings Ltd, its Golden Meditech Stem Cells Co Ltd subsidiary and Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership have closed a share purchase agreement under which GM Stem Cells has sold to Nanjing Ying Peng approximately 65.4% of Chinese blood and stem cell company China Cord Blood Corp. (NYSE: CO) issued share capital on a fully diluted basis for RMB 5.764bn (USD 840m) in cash, the companies said.

China Cord Blood offers cord blood collection, laboratory testing, hematopoietic stem cell processing, and stem cell storage services.

Status: Closed

-CYBERSECURITY FIRMS GLOBAL DATA SENTINEL, MICE360 JOIN FORCES AS GDS360

US-based cybersecurity companies Global Data Sentinel, Inc. and Mice360, Inc. have signed definitive agreements to form GDS360, Inc., enabling the new entity to capitalise on the growing number of opportunities the companies have jointly developed, the companies said.

GDS360 was created by bringing together Global Data Sentinel (GDS) and Mice360, two young companies in the cybersecurity space. Previously, Mice360 was a licensee and channel partner for GDS, primarily focused on licensing GDS core data security product.

Status: Agreed

-WEINBERG CAPITAL GROUP SELLS FLORIDA OUTDOOR FURNITURE RETAILER CARLS PATIO

Ohio, US-based private equity group Weinberg Capital Group has sold its portfolio company, Florida, US-based outdoor furniture retailer Carls Patio to an affiliate of Seffner, Florida-based indoor furniture retailer Rooms To Go, the group said.

Founded in 1992 and headquartered in Royal Palm Beach, Florida, Carls is a retailer of luxury outdoor furniture and accessories serving the south Florida market.

Status: Closed

-EMPLOYMENT WEBSITE MONSTER SELLS APAC BUSINESS TO FOCUS ON NORTH AMERICA, EUROPEAN MARKETS

US-based employment website operator Monster Worldwide, Inc. will divest its APAC business to double down on its focus on its North America and Europe businesses, the company said. Monster has agreed to sell its business in India, South East Asia and the Middle East to Indian business services provider Quess Corp Ltd.

Established in 2007, Quess has 65 offices across 34 cities in India, along with an overseas footprint in North America, the Middle East and South East Asia. The APAC and Gulf business of Monster will continue to operate as a separate and independent entity under the Monster name within Quess, subject to a licensing agreement from Monster Worldwide.

Status: Agreed

-MILLICOM CLOSES SALE OF RWANDA BUSINESS TO BHARTI AIRTEL

Swedish telecommunications and media company Millicom (STO: MIC) (NASDAQ: MICC) has closed the sale of its Rwanda operations to subsidiaries of Bharti Airtel Ltd., the company said. The total consideration of the transaction is approximately 6x 2017 adjusted EBITDA, payable over two years, consisting of a mix of cash, vendor loan note and earn out.

This transaction was subject to regulatory approvals. The Millicom Group employs more than 16,000 people and provides mobile, cable and satellite services to over 56m customers.

Status: Closed

-SANDVIK MATERIALS TECHNOLOGY CLOSES SALE OF WELDING WIRE BUSINESS

Sweden-based welding industry company EASB has closed the acquisition of the welding wire and stainless steel operations of Sweden-based Sandvik Materials Technology as part of an agreement announced on 17 May 2017, the company said.

EASB is part of Colfax Corp. The deal includes the production units in Sandviken, Sweden and Scranton, US as well as the global sales and product management organisation; in total approximately 100 employees. Revenues for the welding wire business amounted to SEK 470m in 2016.

Status: Closed

-HIG CAPITAL CLOSES ACQUISITION OF HOME TEXTILES FIRM TOWN AND COUNTRY

An affiliate of US-based private equity firm H.I.G. Capital has acquired US-based home textiles provider Town and Country Holdings, Inc., the parent of Town and Country Living, the firm said. Founded in 1954 and headquartered in Lakewood, New Jersey, T and C is in home textiles specializing in table linens, kitchen textiles, rugs, and innovative solution-based home products.

The company is a supplier of both licensed brands and private label ***programmes*** to retailers across the globe. HIG said the Town and Country investment will serve as a platform investment in the home textiles and accessories sector, with H.I.G. strongly expecting to rapidly pursue add-on acquisitions in the space.

Status: Closed

-ACCENTURE CLOSES ACQUISITION OF IRISH CREATIVE AGENCY ROTHCO

Irish professional services firm Accenture (NYSE: ACN) has closed the acquisition of Irish full-service creative agency Rothco, the firm said. Located in Dublin, Rothco will boost Accenture Ireland's creative capabilities and those of Accenture Interactive as an experience agency in Europe.

Rothco is an international creative agency. It strategically ***plans***, designs and ***produces*** communications campaigns across Europe for iconic brands. Founded in 1995, Rothco now consists of more than 150 ***strategic***, creative, technology, design, project management and production professionals.

Status: Closed

-WELLS FARGO CLOSES USD 227M SALE OF UK SHARE REGISTRATION BUSINESS

US-based financial services firm Wells Fargo and Co (NYSE: WFC) has closed the sale of its UK-based Shareowner Services business to UK-based investment services company Equiniti Group plc (LSE: EQN) for USD 227m, the firm said.

Equiniti Group is the provider of share registration and associated investor services in the United Kingdom. Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A., provides shareowner services in the US, including stock transfer agent, corporate action, and investment ***plan*** services to more than 1200 public and private companies across the US.

Status: Closed

-LOVELL MINNICK, TORTOISE MANAGEMENT CLOSE ACQUISITION OF ENERGY INVESTMENT MANAGEMENT FIRM TORTOISE

California, US-based private equity firm Lovell Minnick Partners has closed the buy out Kansas, US-based energy investment management services Tortoise Investments, the company said. As part of the transaction, ongoing management and employees are expected to increase their ownership of Tortoise.

Employees will retain a significant equity interest, with many investing additional capital alongside Lovell Minnick, who will purchase the equity stake held by Mariner Holdings and retiring co-founders of Tortoise.

Status: Closed

-COMMUNITY HEALTH SYSTEMS TO SELL JAMESTOWN, TENNESSEE HOSPITAL TO RENNOVA HEALTH

Subsidiaries of US-based hospital operator Community Health Systems, Inc. (NYSE: CYH) have signed a definitive agreement to sell 85-bed Tennova Healthcare Jamestown in Jamestown, Tennessee, and its associated assets to subsidiaries of US-based Rennova Health, Inc. (OTCQB: RNVA), (OTCQB: RNVAW), the company said.

This transaction is expected to close in 2Q18, subject to customary regulatory approvals and closing conditions. The hospital included in this transaction is one of the additional ***planned*** divestitures discussed on the company's 3Q17 earnings call. Community Health Systems, through its subsidiaries, owns, leases or operates 127 affiliated hospitals in 20 states with an aggregate of approximately 21,000 licensed beds.

Status: Agreed

-NOBLE MIDSTREAM PARTNERS, GREENFIELD MIDSTREAM JV CLOSES ON SADDLE BUTTE ROCKIES MIDSTREAM ACQUISITION

A joint venture formed by US-based midstream energy MLP Noble Midstream Partners LP (NYSE: NBLX) and Greenfield Midstream, LLC, Black Diamond Gathering, has closed the acquisition of Saddle Butte Rockies Midstream, LLC and affiliates for USD 625m, the companies said.

Greenfield Midstream is an EnCap Flatrock Midstream portfolio company. Noble Midstream will fund 50% of the purchase price and will receive a 4.4% ownership promote in the JV. The Partnership's 54.4% ownership of the JV will be held in a wholly owned Noble Midstream subsidiary, Laramie River DevCo LP. Greenfield Midstream will own 45.6% of the JV.

Status: Closed

-UNITEDHEALTH GROUP CLOSES ACQUISITION OF CHILEAN HEALTH INSURER EMPRESAS BANMEDICA

US-based health insurer UnitedHealth Group (NYSE: UNH) has closed its acquisition of Chilean health care provider and insurer Empresas Banmédica, the companies said. With the closing of the transaction, UnitedHealth Group now owns 96.8% of Empresas Banmédica.

UnitedHealth Group and Empresas Banmédica share a strong commitment to increasing access to better care and improving the health and wellness of the people they serve and the communities where they live and work. Empresas Banmédica is a Chilean-based company focused on health care insurance and clinical services, with presence in Chile, Colombia and Peru.

Status: Closed

-STANTEC SIGNS LOI TO ACQUIRE NEW MEXICO CONSULTING FIRM OCCAM ENGINEERS

Canadian design firm Stantec (TSX: STN) (NYSE: STN) is acquiring New Mexico-based consulting engineering firm, Occam Engineers Inc., the company said. Stantec said the move strengthens its water, transportation, and public works service in the Southwestern United States

The transaction is expected to close in March. With established service to both local and regional clients, OEI specializes in the professional service areas of civil engineering, public works, transportation, development engineering, ***planning*** and feasibility, ***program*** management, water resources and value analysis.

Status: Agreed

-OUTSIDE CLOSING DATE EXTENDED IN SPARTON/ULTRA TIE-UP

The outside date for completing the pending merger among US-based electromechanical devices maker Sparton Corp. (NYSE: SPA), UK-based defence contractor Ultra Electronics Holdings plc and Ultra Electronics Aneira Inc. has been extended from 31 January 2018 to 31 March 2018, the companies said.

This USD 234.8m deal was announced in July 2017.

Status: Agreed

-AUDAX PRIVATE EQUITY PARTNERS WITH FOUNDERS TO RECAPITALISE PROTECTIVE INDUSTRIAL PRODUCTS

US-based investment firm Audax Private Equity has partnered with the Milot and Tao families, co-founders of personal protective equipment provider Protective Industrial Products Global Holdings Inc., to re-capitalise the company, the firm said.

Protective Industrial Products Global is a supplier of hand protection products and other consumable personal protective equipment. Joe Milot will continue as president and CEO of PIP Global and both the Milot and Tao families will retain significant ownership interests in the company.

Status: Closed

-AVAYA TO ACQUIRE CCAAS SOLUTIONS PROVIDER SPOKEN COMMUNICATIONS

UAE-based communications company Avaya Holdings Corp. (NYSE: AVYA) has agreed to acquire Washington, US-based contact centre as a service (CCaaS) solutions provider Spoken Communications to foster growth and cloud differentiation, the company said.

The transaction, which includes over 170 patents and patent applications, will be funded by cash on hand. It follows a co-development partnership formed by Avaya and Spoken in 2017 to provide CCaaS solutions to Avaya's business process outsourcing customers.

Status: Agreed

-EVERGAGE ACQUIRES MYBUYS FROM MAGNETIC TO ACCELERATE GROWTH IN DIGITAL PERSONALISATION OFFERINGS

Massachusetts, US-based personalisation platform company Evergage has acquired the merchandising products business of California, US-based retail technology company MyBuys from New York, US-based digital advertising technology provider Magnetic, the company said.

This acquisition brings the benefits of broad-scale personalisation to retailers, enabling them to deliver individualised, cross-channel experiences that drive conversions, build customer loyalty and increase revenues. The acquisition follows continued growth and momentum for Evergage, and expands its leadership in retail in one of Evergage's key verticals.

Status: Closed

-HASHCHAIN TECHNOLOGY TO ACQUIRE NODE40 TO EXTEND BLOCKCHAIN TECHNOLOGY SERVICES

Canada-based blockchain technology company HashChain Technology Inc. (TSX Venture: KASH) (OTCQB: HSSHF) has agreed to acquire New York, US-based blockchain service provider NODE40 LLC to diversify cryptocurrency mining with blockchain-based solutions, the company said.

Under the asset purchase agreement, HashChain will acquire the Node40 Business (APA) for a purchase price comprised of USD 8m in cash, payable as to USD 4m at closing and USD 2m on each of 180 days and one year following the closing date, and a total of 3,144,134 common shares in the capital of HashChain.

Status: Agreed

-LIVINGTREE ACQUIRES EDBACKER TO ADD ENGAGEMENT PLATFORM FOR FUNDRAISING

Texas, US-based community engagement platform LivingTree has acquired the educational fundraising tool Edbacker to expand communication solutions to include district-wide fundraising in schools, the company said.

Livingtree will now deliver three key products: LivingTree Engage, communication and parent engagement platform; LivingTree Giving, district wide fundraising platform (formerly Edbacker) and LivingTree Messenger, teacher-centric communications solution.

Status: Closed

-PRECISION VALUE/HEALTH ACQUIRES INSIGHT STRATEGY ADVISORS TO INCREASE MARKET ACCESS CAPABILITIES

New York, US-based Precision Value and Health has acquired New York-based life sciences market access consultancy Insight Strategy Advisors (ISA) to expand Precision's market access expertise and capabilities, the company said.

ISA will become part of Precision Xtract, the global market access consultancy within Precision Value and Health. The addition of ISA enhances Precision Xtract's existing strengths in market access strategy while expanding expertise in quantitative pricing research, distribution and contracting strategy.

Status: Closed

-BEVSOURCE ACQUIRES LITHUANIAN BEVERAGE CONSULTANCY MYDRINK

Minnesota, US-based beverage development provider BevSource, Inc. has acquired Lithuania-based beverage consultancy MyDrink Beverages, expanding BevSource's offerings to current customers and reaching a broader clientele, the company said.

Together BevSource and MyDrink Beverages will guide beverage visionaries and innovators through the world of beverage development and production. BevSource, Inc. is a provider of beverage development and operations solutions to beverage visionaries. BevSource collaborates with clients to build a custom operational strategy for their beverage, identifies a unique mix of services and vendors to support it, then executes on that ***plan***.

Status: Agreed

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**Load-Date:** February 1, 2018

**End of Document**



[***Russia: Chelyabinsk Region media highlights 26 Feb - 4 Mar 18***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RX7-GRT1-JC8S-C39H-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

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March 20, 2018 Tuesday

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**Length:** 1379 words

**Body**

By BBC Monitoring

The following are media highlights from state online channel Rossiya 1, state-owned Pervy Oblastnoy TV channel, privately-owned Channel 31 TV news and Ekho Moskvy in Chelyabinsk radio for the period 26 February - 4 March 2018:

Political

The head of the Chelyabinsk Region directorate of the Russian Investigations Committee, Denis Chernyatyev, has held a news conference, Rossiya 1 TV reported on 27 February. Chernyatyev told journalists about the performance in 2017, an investigation into the murder of a regional legislative assembly deputy, Vyacheslav Seredkin, and his wife back in 2011 and corruption cases.

Chernyatyev also spoke about the case of the Argayashsky District head, Israfil Valishin. He said that Valishin would soon be charged with abuse of office for issuing permits to build detached houses near Lake Uveldy. (Rossiya 1 online channel news, cheltv.ru, 1635 gmt 27 Feb 18)

The chairman of the Chelyabinsk Region legislative assembly, Vladimir Myakush, has met local residents to resolve their problems, Rossiya 1 TV reported on 28 February. People from remote districts were able to use a video link to voice their complaints. They asked Myakush to help them resolve the problems with water supply, gas connection and places in kindergartens. (Rossiya 1 online channel news, cheltv.ru, 1706 gmt 28 Feb 18)

Chelyabinsk Region governor Boris Dubrovsky is to amend ***strategic*** instructions for Chelyabinsk Region taking into account main points made by President Vladimir Putin in his state-of-the-nation address, Ekho Moskvy in Chelyabinsk reported on 1 March. Dubrovsky described Putin's speech as "a set of tasks given to the regional authorities for the next six years". Dubrovsky praised Putin's initiative to compel industrial companies to convert to the best available environmentally friendly technologies to curb pollution.

The governor also said that the region was trying to be ahead of a number of ideas voiced by the president. For example, expenses on healthcare and road infrastructure in the region have already been raised by 50 per cent. Dubrovsky added that the region was ***planning*** to increase four-fold the transit of container freight through Russia. The regional authorities yielded results in achieving design capacity of the Yuzhnouralsky transport and logistics centre in cooperation with Kazakhstan. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 1203 gmt 1 Mar 18)

Chelyabinsk Region governor Boris Dubrovsky has appointed Anton Bakhayev first deputy minister of economic development, Rossiya 1 TV reported on 1 March. (Rossiya 1online channel news, cheltv.ru, 0450 gmt 1 Mar 18)

Russian Minister of Natural Resources Sergei Donskoy is to visit Chelyabinsk soon, Ekho Moskvy in Chelyabinsk reported on 2 March. The date and the ***programme*** of Donskoy's visit have not been announced yet. President Vladimir Putin mentioned Chelyabinsk in his address to the Federation Council as one of the most environmentally unfavourable cities in the country.

Deputy governor Sergei Sushkov, who oversees the environmental sector in the region, said that joint efforts of the regional and federal authorities would improve the situation with air pollution in the regional centre. Sushkov added that during the year they would draft road maps to resolve problems relating to all potential sources of air pollution. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0716 gmt 2 Mar 18)

Economic

The Chelyabinsk head, Yevgeny Teftelev, has visited a new research and production association Ural set up with the help of the local authorities, Rossiya 1 TV reported on 26 February. Teftelev was told about nuances of ***producing*** plastic spare parts. The company can also boast absolutely environmentally friendly production with "zero" emissions. Teftelev said that the company delivered its products to Kamaz, Magnitogorsk Iron and Steel Works (MMK) and ***agricultural*** companies. (Rossiya 1 online channel news, cheltv.ru, 1632 gmt 26 Feb 18)

Growing of vegetables in hothouses and fish breeding have been listed as priority markets in Chelyabinsk Region by the council for boosting competition, Ekho Moskvy in Chelyabinsk reported on 26 February. Production of ***agricultural*** vehicles and equipment, information technologies and designing of software were also included in the list. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0809 gmt 26 Feb 18)

Defrauded home buyers of the Yarkaya Zhizn (Colourful Life) micro-district in Chelyabinsk have held one-man pickets near the regional ministry of construction, Ekho Moskvy in Chelyabinsk reported on 26 February. The activists demand that they be included in the list of defrauded investors.

A company involved in the project halted its activities more than 12 months ago. Four blocks of flats have not been competed so far. In November 2017, criminal proceedings on charges of misappropriation of investors' funds were instituted. One of the co-owners of the Milestone Development company, Anton Dudin, put on a wanted list, is hiding in the US. Another developer, Grigory Churbakov, is seeking options to continue implementing the project. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0725 gmt 26 Feb 18)

The Russian Ministry of Economic Development has included the Absolut Drobservis company in a list of residents of an advanced social and economic development territory (TOSER) in Bakal in Chelyabinsk Region, Rossiya 1 TV reported on 27 February. The company will become the third resident in Bakal. The investor is set to implement a project on developing a quartzite deposit. (Rossiya 1 online channel news, cheltv.ru, 1112 gmt 27 Feb 18)

Human rights

People detained for a banner on the building of the Federal Security Service (FSB) in Chelyabinsk claim that they have been tortured with electric shock, Ekho Moskvy in Chelyabinsk reported on 27 February. In the early hours of 15 February, a banner saying "FSB is the main terrorist" was put up on the building in the city. The authors of the slogan explained their deed by solidarity with people being repressed across the country.

In a few days, three anarchists and their female friend were detained in Chelyabinsk. One of the detainees, Dmitry Tsibukovsky, said they had been beaten and tortured with an electric shocker to confess to the crime. Tsibukovsky added that the girl had not been beaten but they had given her to listen to their screams during the tortures. The men intend to appeal to the Investigations Committee in this connection. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 1151 gmt 27 Feb 18)

A commission of the Russia's children's rights ombudsman Anna Kuznetsova has arrived in Chelyabinsk to check facts of sex abuse of minors in a boarding school in Sosnovsky District of the region, Ekho Moskvy in Chelyabinsk reported on 27 February.

The allegation in particular is that staff raped their underage wards and that even senior pupils became involved. In line with the investigation, seven boys are believed to have been sexually abused in the boarding school. A 51-year-old man was arrested in connection with the case. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0626 gmt 27 Feb 18)

A resident of Magnitogorsk has been given a suspended sentence of two and a half years for a humiliating comment about Central Asia nationals, Ekho Moskvy in Chelyabinsk reported on 26 February. The comment was posted in a group on the road situation in Magnitogorsk on the VKontakte social network in June 2016. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0545 gmt 26 Feb 18)

Military

A 22-year-old conscript from Chelyabinsk has been found dead in a military unit in Rostov Region, Ekho Moskvy in Chelyabinsk reported on 27 February. It has been the third case of the death of conscripts from Chelyabinsk Region since the year start. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0640 gmt 27 Feb 18)

About 250 servicemen of the Central Military District have met three crew members of the International Space Station that successfully landed in a capsule of the Soyuz MS-06 spacecraft in Kazakhstan, Rossiya 1 TV reported on 28 February. A total of 12 Mi-8 helicopters, two An-12 aircraft and an An-26 aircraft were sent to the landing site. (Rossiya 1 online channel news, cheltv.ru, 1316 gmt 28 Feb 18)

Source: BBC Monitoring

**Load-Date:** March 20, 2018

**End of Document**



[***Go head over heels to taste the real Italy; LUCY JOHNSTON takes her family south down the boot to stylish Apulia to soak up the sun, seaside and ancient culture Food that captures the South's magic***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S0T-PTM1-DY9P-N4F6-00000-00&context=1516831)

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**Body**

A FAVOURITE holiday pastime of mine is to watch certain hotel guests fling their towels on the best poolside sun loungers early in the day, only to disappear for the next few hours having marked out the prime territory for themselves. I'm sure you know the ones I mean.

However, at Robinson Club Apulia, bagging sun loungers is banned by the disarmingly charming Italian general manager, Mario. After 24 years of running this well-manicured resort, charismatic Mario has instilled the 464-room hotel with his sense of fairness, putting an end to the dreaded sunbed wars between vacationers.

I brought my family, including my 74-year-old mother, to this sleepy corner of the country, to escape the madding crowds found elsewhere in Italy. Well-equipped for multi-generational holidays - a rising trend across Europe - Robinson Club specialises in family groups catering from the very young to grandparents and everything else in between. Set within a 70-acre complex, the plush resort has six swimming pools - one so vast you need never worry about crashing into other swimmers - as well as two especially for children complete with waterslides and fountains, an adults-only pool and whirlpool.

When it comes to sport, Robinson Club has it covered with a range of activities that will keep all the family entertained. Surfing, sailing and stand-up paddle boarding were available at TURN TO NEXT PAGE FROM PREVIOUS PAGE the resort's 220-yard stretch of private beach.

Back on land we were encouraged to try our hands at archery, volleyball, darts, tennis - and my children refused to leave without having a whizz round the nearby go-karting track.

If the adrenaline-fuelled ***programme*** gets too much, adults can slink off to the WellFit Spa for massages and beauty treatments, or to find some inner peace at a yoga class.

With so much to do we'd built up our appetites by lunch and again by the evening.

Six restaurants cater for all tastes, with the main dining area serving varied buffets and international cuisine overlooking the stunning terraced gardens.

Capturing Italy's essence, there's also a pizzeria complete with a wood-fired oven, a high-end beachside Trattoria and Vinothek bar, serving local wines from Salento and south Apulia.

All week we could choose from a spectacular range of southern Italian dishes but for me the highlight was the freshly caught frutti di mare which included kingfish, lobster, swordfish and mussels.

Food is part of the entertainment at Robinson Club. Here the chefs cook to order in front of the guests - and they make it fun.

One cook, noticeably skilled with his sauté pan, reappeared one night as a dancing acrobat during an evening of circus tricks. Climbing two black curtains, he had to be rescued by one of the clowns when he got his foot wedged halfway down, almost missing the finale, much to the amusement of my children, who howled with laughter. He was very much the star of the show.

A jack of all trades, general manager Mario could often be found sprucing up the resort or demonstrating how to make pasta to guests.

My two children were quick to notice the difference between the freshly made pasta, kneaded with care, and the dried stuff we cook at home.

With so much on offer, there's little reason to leave Robinson Club. But, keen to get a sense of the region's long and varied past, we headed out to explore the surrounding area.

Apulia was once a central hub in Greek and Roman times and during the Crusades was a ***strategic*** route between Europe and the Holy Land.

Small clusters of villages still speak Griko, an Italiot Greek dialect, that dates back to the early Middle Ages when waves of migrants settled here while fleeing from Ottoman invasion.

A 40-minute drive north to Lecce, which is known here as the "Florence of the South", the buildings, of soft yellow limestone, are an eclectic mix of elegant Norman, refined Renaissance and explosive Baroque styles.

Contrasting again are the Mussolini Fascist-era apartment buildings, whose huge, rational blocks tower above the sunken, second-century, Roman amphitheatre.

The city's palazzos and churches are intricately carved with olives and artichokes, celebrating the area's rich ***agricultural*** heritage.

Apulia ***produces*** almost half of Italy's olive oil, with some groves boasting gnarled trees more than 1,000 years old. Grapes also decorate pillars and balustrades, highlighting the region's wine-making expertise. It is famed for its full-bodied red, Negroamaro.

With reminders of food almost everywhere, we made a quick stop for lunch. My 14-year old was delighted with his "little chicken", an extraordinary dish made with slices of chicken and peas filled into a miniature pastry chicken mould. A hearty meal - but nonetheless followed with homemade Italian gelato.

EN ROUTE back to Robinson Club we stopped at Otranto, a surprisingly charming resort perched on the south easterly tip of Italy. The quaint town has preserved its winding streets with whitewashed houses, like precious pearls against the vast backdrop of the sea.

A treasure trove of historic buildings, its coastline was fortified after 1480, when 800 Christians were slaughtered after being faced with an invading Turkish ultimatum: "Renounce Christ or lose your head."

The Byzantine-style Cattedrale di Santa Maria Annunziata, an 11th-century wonder with a priceless 650-square yard floor mosaic as its centrepiece, still exhibits the skulls and bones of these martyrs in a large glass cabinet.

The tragic invasion led to the militarisation of this region during the 15th century.

Walls fortified with ramparts surround the old part of town and watchtowers punctuate the surrounding landscape, at almost every nautical mile, to warn locals of invaders with innovative techniques: mirrors during sunlight or fire at night.

At the harbour, we climbed Torre Matta, one of the town's formidable towers. With sweeping views over the Adriatic, on the horizon we could just pick out the rolling hills of Albania and 70 miles west - though we couldn't see it - was Corfu.

Further south, we visited the town between two seas, Santa Maria di Leuca - on the southernmost tip of Italy's Salento peninsula - where, beneath a white 19th-century lighthouse, the Ionian and Adriatic mingle to become one.

It's hardly surprising the Romans referred to this dramatically sculpted coastline as "de Finibus Terrae", the end of the Earth.

Beneath us the limestone cliff edge is peppered with grottos where seagulls and pigeons come to perch among fossils, apparently dating back to palaeolithic times.

We explored these grottos, on the stiletto heel of Italy's boot, the next day. Diving into one blowing cave, we surfaced under its roof with light pouring through its cracks to highlight a shoal of big, black fish swimming beneath us - much to the children's exhilaration.

As we packd for home, I was already ***planning*** our return. Capturing the essence of Italy, it seems impossible to sate our appetite for more of what Robinson Club and Apulia have to offer.

l ? GETTING THERE Robinson Club Apulia (0511 955 5736/ [*www.robinson.com*](http://www.robinson.com)) offers seven nights from £635 (two sharing), all inclusive. Ryanair (0871 246 0000/ryanair.com) offers return flights from London Stansted to Brindisi from £44.

Apulia tourism: viaggiareinpuglia.it

**Graphic**

CLASS ACT: Modern players enchant an audience at the beautifully atmospheric Roman Theatre in LecceSOUTHERN CHARM: The harbour at Otranto is home to whitewashed houses and quaint winding streets, and, inset, there's plenty of family fun to be had at the Robinson Club ApuliaACE TIME: Tennis is among the many activities available at the hotelSPLASH OUT: Dine in style after your swim at the smart Robinson ClubLOCAL FLAVOUR: An olive grove in Lecce; one of the many idyllic beaches on the peninsula; and colourful ceramics for sale in the Old Town, Otranto

**Load-Date:** April 1, 2018

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[***Russia: Chelyabinsk Region media highlights 26 Feb - 4 Mar 18***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S64-BS91-DYRV-31FW-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

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**Body**

By BBC Monitoring

The following are media highlights from state online channel Rossiya 1, state-owned Pervy Oblastnoy TV channel, privately-owned Channel 31 TV news and Ekho Moskvy in Chelyabinsk radio for the period 26 February - 4 March 2018:

Political

The head of the Chelyabinsk Region directorate of the Russian Investigations Committee, Denis Chernyatyev, has held a news conference, Rossiya 1 TV reported on 27 February. Chernyatyev told journalists about the performance in 2017, an investigation into the murder of a regional legislative assembly deputy, Vyacheslav Seredkin, and his wife back in 2011 and corruption cases.

Chernyatyev also spoke about the case of the Argayashsky District head, Israfil Valishin. He said that Valishin would soon be charged with abuse of office for issuing permits to build detached houses near Lake Uveldy. (Rossiya 1 online channel news, cheltv.ru, 1635 gmt 27 Feb 18)

The chairman of the Chelyabinsk Region legislative assembly, Vladimir Myakush, has met local residents to resolve their problems, Rossiya 1 TV reported on 28 February. People from remote districts were able to use a video link to voice their complaints. They asked Myakush to help them resolve the problems with water supply, gas connection and places in kindergartens. (Rossiya 1 online channel news, cheltv.ru, 1706 gmt 28 Feb 18)

Chelyabinsk Region governor Boris Dubrovsky is to amend ***strategic*** instructions for Chelyabinsk Region taking into account main points made by President Vladimir Putin in his state-of-the-nation address, Ekho Moskvy in Chelyabinsk reported on 1 March. Dubrovsky described Putin's speech as "a set of tasks given to the regional authorities for the next six years". Dubrovsky praised Putin's initiative to compel industrial companies to convert to the best available environmentally friendly technologies to curb pollution.

The governor also said that the region was trying to be ahead of a number of ideas voiced by the president. For example, expenses on healthcare and road infrastructure in the region have already been raised by 50 per cent. Dubrovsky added that the region was ***planning*** to increase four-fold the transit of container freight through Russia. The regional authorities yielded results in achieving design capacity of the Yuzhnouralsky transport and logistics centre in cooperation with Kazakhstan. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 1203 gmt 1 Mar 18)

Chelyabinsk Region governor Boris Dubrovsky has appointed Anton Bakhayev first deputy minister of economic development, Rossiya 1 TV reported on 1 March. (Rossiya 1online channel news, cheltv.ru, 0450 gmt 1 Mar 18)

Russian Minister of Natural Resources Sergei Donskoy is to visit Chelyabinsk soon, Ekho Moskvy in Chelyabinsk reported on 2 March. The date and the ***programme*** of Donskoy's visit have not been announced yet. President Vladimir Putin mentioned Chelyabinsk in his address to the Federation Council as one of the most environmentally unfavourable cities in the country.

Deputy governor Sergei Sushkov, who oversees the environmental sector in the region, said that joint efforts of the regional and federal authorities would improve the situation with air pollution in the regional centre. Sushkov added that during the year they would draft road maps to resolve problems relating to all potential sources of air pollution. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0716 gmt 2 Mar 18)

Economic

The Chelyabinsk head, Yevgeny Teftelev, has visited a new research and production association Ural set up with the help of the local authorities, Rossiya 1 TV reported on 26 February. Teftelev was told about nuances of ***producing*** plastic spare parts. The company can also boast absolutely environmentally friendly production with "zero" emissions. Teftelev said that the company delivered its products to Kamaz, Magnitogorsk Iron and Steel Works (MMK) and ***agricultural*** companies. (Rossiya 1 online channel news, cheltv.ru, 1632 gmt 26 Feb 18)

Growing of vegetables in hothouses and fish breeding have been listed as priority markets in Chelyabinsk Region by the council for boosting competition, Ekho Moskvy in Chelyabinsk reported on 26 February. Production of ***agricultural*** vehicles and equipment, information technologies and designing of software were also included in the list. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0809 gmt 26 Feb 18)

Defrauded home buyers of the Yarkaya Zhizn (Colourful Life) micro-district in Chelyabinsk have held one-man pickets near the regional ministry of construction, Ekho Moskvy in Chelyabinsk reported on 26 February. The activists demand that they be included in the list of defrauded investors.

A company involved in the project halted its activities more than 12 months ago. Four blocks of flats have not been competed so far. In November 2017, criminal proceedings on charges of misappropriation of investors' funds were instituted. One of the co-owners of the Milestone Development company, Anton Dudin, put on a wanted list, is hiding in the US. Another developer, Grigory Churbakov, is seeking options to continue implementing the project. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0725 gmt 26 Feb 18)

The Russian Ministry of Economic Development has included the Absolut Drobservis company in a list of residents of an advanced social and economic development territory (TOSER) in Bakal in Chelyabinsk Region, Rossiya 1 TV reported on 27 February. The company will become the third resident in Bakal. The investor is set to implement a project on developing a quartzite deposit. (Rossiya 1 online channel news, cheltv.ru, 1112 gmt 27 Feb 18)

Human rights

People detained for a banner on the building of the Federal Security Service (FSB) in Chelyabinsk claim that they have been tortured with electric shock, Ekho Moskvy in Chelyabinsk reported on 27 February. In the early hours of 15 February, a banner saying "FSB is the main terrorist" was put up on the building in the city. The authors of the slogan explained their deed by solidarity with people being repressed across the country.

In a few days, three anarchists and their female friend were detained in Chelyabinsk. One of the detainees, Dmitry Tsibukovsky, said they had been beaten and tortured with an electric shocker to confess to the crime. Tsibukovsky added that the girl had not been beaten but they had given her to listen to their screams during the tortures. The men intend to appeal to the Investigations Committee in this connection. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 1151 gmt 27 Feb 18)

A commission of the Russia's children's rights ombudsman Anna Kuznetsova has arrived in Chelyabinsk to check facts of sex abuse of minors in a boarding school in Sosnovsky District of the region, Ekho Moskvy in Chelyabinsk reported on 27 February.

The allegation in particular is that staff raped their underage wards and that even senior pupils became involved. In line with the investigation, seven boys are believed to have been sexually abused in the boarding school. A 51-year-old man was arrested in connection with the case. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0626 gmt 27 Feb 18)

A resident of Magnitogorsk has been given a suspended sentence of two and a half years for a humiliating comment about Central Asia nationals, Ekho Moskvy in Chelyabinsk reported on 26 February. The comment was posted in a group on the road situation in Magnitogorsk on the VKontakte social network in June 2016. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0545 gmt 26 Feb 18)

Military

A 22-year-old conscript from Chelyabinsk has been found dead in a military unit in Rostov Region, Ekho Moskvy in Chelyabinsk reported on 27 February. It has been the third case of the death of conscripts from Chelyabinsk Region since the year start. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0640 gmt 27 Feb 18)

About 250 servicemen of the Central Military District have met three crew members of the International Space Station that successfully landed in a capsule of the Soyuz MS-06 spacecraft in Kazakhstan, Rossiya 1 TV reported on 28 February. A total of 12 Mi-8 helicopters, two An-12 aircraft and an An-26 aircraft were sent to the landing site. (Rossiya 1 online channel news, cheltv.ru, 1316 gmt 28 Feb 18)

Source: BBC Monitoring

**Load-Date:** April 26, 2018

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[***Register of Commission documents: Sanctions over Ukraine: Impact on Russia Document date: 2018-01-17 EPRS\_BRI(2018)614665 Briefing***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJ1-4S11-JDG9-Y1V3-00000-00&context=1516831)

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**Length:** 6285 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

Briefing January 2018 EPRS | European Parliamentary Research Service Author: Martin Russell Members' Research Service PE 614.665 EN Sanctions over Ukraine Impact on Russia SUMMARY In early 2014, Russia violated international law by annexing Crimea and allegedly fomenting separatist uprisings in the eastern Ukrainian region of Donbas. The European Union, the United States and several other Western countries responded with diplomatic measures in March 2014, followed by asset freezes and visa bans targeted at individuals and entities. In July 2014, sanctions targeting the Russian energy, defence and financial sectors were adopted. These sanctions have not swayed Russian public opinion, which continues to staunchly back the Kremlin's actions in Ukraine. Despite Western efforts to isolate Russia, the country is playing an increasingly prominent role on the global stage.

On the other hand, sectoral sanctions have proved painful, aggravating an economic downturn triggered by falling oil prices, from which the country has only just begun to recover. Sanctions have affected the Russian economy in various ways. The main short-term impact comes from restrictions on Western lending and investment in Russia. Oil and gas production remains unaffected for the time being, but in the long term energy exports are likely to suffer. Meanwhile, Russian counter-sanctions are benefiting the country's ***agricultural*** sector, but consumers are losing out in terms of choice and price. Quantitative estimates of the impact are difficult, but most observers agree that sanctions are costing Russia billions of euros a year and holding back a return to higher rates of economic growth. This is an updated edition of a briefing from March 2016. In this briefing:  Sanctions timeline  Summary of sanctions  Political impact of sanctions on Russia  Economic impact of sanctions on Russia  What the European Parliament is doing EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 2 of 12 Sanctions timeline, 2014-2018 Data source: Council of the EU, US Department of State; unless otherwise stated, the timeline refers to EU sanctions; data on Ukrainian military casualties vary significantly from one source to another; although these figures from the Ukrainian Military History Museum could not be independently verified, they give some idea of the changing intensity of the conflict. Summary of sanctions In 2014, as the situation in Ukraine deteriorated, Western countries gradually upgraded their response, progressing from Tier 1 (diplomatic) sanctions, to Tier 2 (individuals/entities) sanctions, before finally adopting Tier 3 (economic) sanctions – the most costly for both sides, and hence also the most controversial. Russia retaliated with its own counter-sanctions. EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 3 of 12 EU and other Western sanctions against Russia Tier 1 – diplomatic sanctions (March-April 2014; indefinite) EU and other Western countries have suspended talks with Russia on:  (EU-Russia) visa facilitation and modernisation of the partnership agreement between the two sides; no bilateral summits held since 2013;  a (US-Russia) bilateral investment treaty;  (Switzerland/New Zealand-Eurasian Customs Union): free trade agreements. International organisations have put cooperation with Russia on hold:  OECD: Russian accession process suspended;  NATO: all practical civilian and military cooperation with Russia suspended;  G8: reverted to G7 format; Russian participation suspended;  Council of Europe Parliamentary Assembly (PACE): voting and other rights of the Russian delegation to the Assembly suspended (10 April 2014). Since then, Russia has not participated in PACE, although in other respects it remains a full member of the Council of Europe and is not ***planning*** to leave. Tier 2 – sanctions against individuals and organisations (adopted March 2014, amended several times since; renewed every six months, next due for renewal on 15 March 2018) In March 2014, the US and the EU imposed visa bans and asset freezes on certain Russian and Ukrainian individuals and organisations. The EU's list has been gradually expanded to 149 persons and 38 organisations, including:  Russian/Ukrainian politicians and officials publicly supporting violations of Ukrainian sovereignty: Deputy Prime Minister, Dmitry Rogozin, Chechen leader, Ramzan Kadyrov, Liberal Democratic Party of Russia leader, Vladimir Zhirinovsky;  military leaders, such as Black Sea Fleet Commander, Aleksandr Vitko;  Donbas separatists, such as former Donetsk People's Republic (DPR) head, Andriy Purgin, and Roman Lyagin, organiser of the DPR independence referendum;  Oligarchs, such as Putin ally, Arkady Rotenberg, whose company was awarded a contract to build a bridge connecting Crimea to the Russian mainland;  the so-called Donetsk and Lugansk 'people's republics'; political parties participating in illegal Donbas local elections; pro-Russia militia fighting there;  formerly Ukrainian-owned companies, such as the Sevastopol Commercial Seaport company, illegally transferred to Russian ownership. Tier 3 – economic sanctions (adopted July/September 2014, renewed every six months, next due for renewal on 31 July 2018 Two weeks after the US announced economic sanctions on 16 July 2014, the EU adopted similar restrictions targeting the Russian financial, defence and energy sectors. Both the EU and the US reinforced economic sanctions on 12 September 2014:  restricted Russian access to EU capital markets: EU nationals and companies are no longer allowed to lend money for a period exceeding 90 days (since September 2014: 30 days) to five major Russian state-owned banks (since September: also three oil companies and three arms manufacturers);  arms embargo: a ban on arms trade with Russia; a ban on exports of dual-use (civilian/military) items to military clients (since September 2014: also nine companies ***producing*** a mix of civilian and military goods); EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 4 of 12  restricted cooperation with the Russian energy sector: a ban on exports of innovative extractive technology (since September: also on services, such as drilling and testing) used by Russian companies to develop deep-water, Arctic and shale oil reserves; all other energy-related exports require special approval. In addition to these economic sanctions, in July 2014 the EU stopped issuing lowinterest loans for projects in Russia (in 2013, new loans from the European Bank for Reconstruction and Development and the European Investment Bank were worth €1.7 billion and €1 billion respectively); it also cut off grants to Russia, except those for research, Russian civil society, cross-border cooperation projects and universities. On 20 March 2015, the European Council decided to tie economic sanctions to the full implementation of the Minsk agreements by the end of the year, including restoring Ukraine's control over its eastern borders (US official statements follow a similar line). In autumn 2014, the European Parliament and the United Kingdom's government, among others, suggested more drastic measures, such as blocking Russian banks from the SWIFT international financial transfer system, in reply to which Prime Minister Medvedev threatened an 'unrestricted response'; in the end, no such steps were taken. Additional sanctions against Crimea (renewed yearly, next due 23 June 2018) Crimea-related sanctions, first introduced in June 2014 and expanded since then, ban: all investment in the peninsula; all tourism services (for example, EU cruise ships may not call at Crimean ports); imports from Crimea; and exports of goods, technology and services for use by the Crimean transport, telecommunications and energy sectors. Differences between EU and US sanctions For the most part, the EU, the US and other countries have aligned their sanctions with one another, although there are some important differences:  EU sanctions allow previously existing activities to continue, US ones do not;  in view of the EU's dependence on Russian gas, its energy sanctions only apply to the oil sector, whereas the US ones apply to both oil and gas;  EU and US lists of sanctioned persons and companies are not identical;  EU sanctions against Russia are all Ukraine-related and all date from 2014 or later, whereas the US had already adopted sanctions against Russian officials involved in serious human rights abuses (the 'Magnitsky Act') in 2012; in December 2016, it adopted additional sanctions over alleged Russian meddling in the US presidential campaign;  EU sanctions are adopted by a unanimous decision of the Council of the EU, whereas most US sanctions are adopted by presidential executive order. Impact of the Countering America's Adversaries Through Sanctions Act The Act, adopted by the US Congress in August 2017, requires the US president to ask Congress for approval before lifting sanctions against Russia, thus making it more difficult to end them. It also tightens and expands existing sanctions:  the US now has the option of discretionary sanctions against companies involved in constructing Russian pipelines; EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 5 of 12  the maximum duration of loans to the Russian financial sector has been reduced from 30 to 14 days, and to the energy sector from 90 to 60 days;  sanctions are extended to 39 companies supplying Russian intelligence agencies and armed forces;  whereas previous restrictions on cooperation on deep-water, Arctic and shale-oil projects only applied to Russian territory, the Act extends them to projects anywhere in the world, in which sanctioned entities have a 33 % or larger stake;  the US administration is to look at options by February 2018 for new sanctions, targeted at 'senior foreign political figures and oligarchs', especially those close to the regime, as well as state corporations; it will also consider banning purchases of Russian government bonds by US residents. These changes have not been followed by the EU. Russian counter-sanctions Western leaders denied entry to Russia In March 2014, the Kremlin decided to retaliate against Western travel bans, but without ever publishing its blacklist. In May 2015, the Russian government finally agreed to share the names of banned persons with the EU delegation in Moscow. Despite a Russian request for the list to remain confidential, it was published soon afterwards by a Finnish broadcaster. Among the 89 banned EU politicians and military leaders were a disproportionate number of MEPs (13 current and six former), with a particular emphasis on nationals from countries strongly in favour of sanctions, such as Poland, the Baltic States, the UK and Sweden. The current status of the list is unclear, but at least three Lithuanian MEPs were added in March 2017. A ban on Western agrifood products (renewed yearly, next due 31 December 2018) In August 2014, Russia adopted a one-year embargo on fruit, vegetables, meat, fish, seafood and dairy products (representing 43 % of EU agrifood exports to Russia in 2013) from the EU, US, Canada, Australia and Norway. On the other hand, cereals, oils, sugar, wine, spirits and products used to manufacture baby food are still allowed. EU maintains unity over sanctions despite criticisms Poland and the Baltic States, historically wary of potential Russian aggression, have consistently supported sanctions. On the other hand, Slovakian Prime Minister, Robert Fico, Czech President, Miloš Zeman, and Czech Prime Minister, Andrej Babis, Greek Prime Minister, Alexis Tsipras, and Cypriot President, Nicos Anastasiades, are among the EU leaders who argue that sanctions are costly and have failed to improve the situation in Ukraine. Italy also dragged its feet over extending sanctions in December 2015 and again in October 2016. Nevertheless, periodic Council of the EU votes on extending sanctions have all passed unanimously, most recently in December 2017. Other countries applying sanctions Albania, Australia, Canada, Iceland, Japan, Liechtenstein, Montenegro, New Zealand, Norway, Switzerland and Ukraine have adopted similar measures to those of the EU and the US. EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 6 of 12 Political impact of sanctions on Russia Sanctions have not influenced Russian public opinion Surveys by independent pollster, the Levada Centre, suggest that Russian opinion still solidly backs the country's actions in Ukraine, despite sanctions. Support for Vladimir Putin and the annexation of Crimea has remained constant at over 80 % since March 2014, while approval ratings for the EU and US have sunk to 38 % and 30% respectively. The percentage of respondents who claimed to have been affected by Western sanctions declined from a peak of 35 % in January 2015, to just 19 % in April 2017. In June 2017, over two thirds felt that Russia should continue its current policies, with only 19 % in favour of making concessions in order to get sanctions lifted. Only a limited impact on persons subject to sanctions Individuals targeted by EU and US travel bans and asset freezes are directly affected by sanctions. For example, Putin ally and judo sparring partner Arkady Rotenberg lost access to an estimated €30 million of assets in Italy, as well as (jointly with brother Boris) US$65 million in the US. Gennady Timchenko, another Putin associate, was forced to sell a 43 % stake in oil-trading company Gunvor as a result of US sanctions. However, both oligarchs have since been amply compensated through lucrative government contracts. For many, Western sanctions are a badge of pride; for example, presidential aide, Vladimir Surkov, considers his place on the list as the equivalent of an Oscar. International impact: sanctions have failed to diplomatically isolate Russia In response to Western sanctions, Russia has looked to the East to break out of diplomatic isolation. China is an increasingly important partner; in 2014, the two countries signed a major gas-supply deal. Furthermore, Moscow participates in China's Belt and Road Initiative. It remains a major arms supplier to Beijing, and the two countries have carried out several joint military drills. Russia is a key partner to countries as diverse as Japan, India and the Philippines, and is an increasingly prominent player in the Middle East. Impact in Ukraine: fighting continues, but Russia may be willing to make concessions Sanctions have not persuaded Russia to give back Crimea; on the contrary, Moscow is building a new road and rail bridge connecting Crimea to the Russian mainland, and has stepped up its military presence in the peninsula to as many as 28 000 troops. In eastern Ukraine, the intensity of fighting has subsided since 2015, but continues sporadically despite over 30 successive ceasefires, the latest of which was broken in January 2018. Rebel-held areas in eastern Ukraine remain outside Kyiv's control and no progress has been made towards a political settlement that would integrate them with the rest of the country. Sanctions have not therefore succeeded in persuading Moscow to cut off military support to the rebels or to use its influence over them to end fighting. On the other hand, Russia is not encouraging separatist areas to make further territorial gains, nor has it recognised them as independent states. Recently, Vladimir Putin has made several conciliatory gestures in a possible bid to get sanctions lifted, for example his September 2017 proposal to deploy United Nations peacekeepers to Ukraine. That Figure 1 – Russian public opinion and sanctions (% of respondents agreeing with statement) Data: Levada Centre, 2017. EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 7 of 12 proposal is now being discussed by US and Russia envoys; their latest meeting was held on 13 November 2017. Among the many sticking points, the US wants peacekeepers to monitor the entire conflict area, and not just the frontline as suggested by Russia. In December 2017 Putin mediated the largest exchange prisoners since the start of the conflict, and in January 2017 he called for a settlement of the conflict. Impact of sanctions on the Russian economy Russia's economy went into sharp decline in mid- 2014, at around the same time as economic sanctions were introduced (see Figure 2). The ensuing recession cannot be entirely blamed on sanctions – growth had already been on a downward trajectory since 2010, and then in summer 2014 came the additional shock of a meltdown on global oil markets, for reasons entirely unrelated to the Ukraine crisis. Russia's economic performance has always correlated closely with crude oil prices, due to reliance on fossil fuels, which generate 70 % of its export earnings. Since early 2016, a modest recovery in oil prices has helped Russia return to positive growth. Nevertheless, sanctions have had a significant impact, particularly (but not only) in the sectors directly targeted. Arms sanctions have forced Russia's defence sector to adapt Sanctions have cut off important supplies of weapons and equipment to Russia Although Russia's armed forces and defence industry are mostly self-sufficient, there were some imports prior to 2014. Ukraine was the main foreign supplier (helicopter engines and gas turbines for battleships), while Western countries exported weapons (Italian armoured vehicles; a French contract signed in 2011 for two Mistral helicopter carriers), components (mostly optical and electronic equipment), and precision machine tools used on production lines. Sanctions ended nearly all Western exports of weapons and components to Russia. The contracts with France and Italy predated sanctions and were therefore exempt; in the end, Italy helped Russia manufacture 358 armoured vehicles, fewer than the 1 775 initially envisaged, while France cancelled the Mistral deal under pressure from its NATO allies. Ukraine also ended its exports; the lack of an alternative to Ukrainianmanufactured gas turbine engines has delayed Russia's naval modernisation ***programme*** (by around 18 months, according to Vladimir Putin). Russia's defence industry is adapting through an import-substitution ***programme*** Russia's defence industry has therefore been forced to develop an import-substitution ***programme***. Originally, the aim was to replace all Ukrainian imports by 2016-2017 and 80 % of Western imports by 2018. Progress has been made towards this goal, though not as quickly as originally envisaged; tests on Russian-made gas turbines began in April 2017, while production of helicopter engines will be up to full speed in by 2019. Apart from delays in the shipbuilding ***programme***, the impact has been limited. Sanctions do not appear to have affected growing Russian military prowess showcased in Syria, or arms exports, which increased by 26 % between 2014 and 2016. Figure 2 – Russian economy, 2014- 2017 As oil prices fell, the rouble devalued and the economy tipped into recession Data: Russian Central Bank, Federal Service for State Statistics. Oil price = average Russian oil export price EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 8 of 12 Restricted energy cooperation – effects will be felt in the medium- to long term The Russian energy sector relies on Western technology, capital and markets Most of Russia's energy exports (in 2016, 65 % of crude oil exports and 81 % of natural gas exports) go to European markets. Western companies are major investors in the Russian energy sector; for example, BP holds a nearly 20 % stake in Rosneft, Russia's largest state oil ***producer***. Many of the new oil and gas fields that Russia is developing are hard to access and require innovative technology that the country lacks; up until 2014, Western oil service companies such as Schlumberger, Baker Hughes and Halliburton supplied over half the technology used for such projects in Russia. Sanctions affect Russia's ability to develop new oil and gas fields Sanctions have ended cooperation on Arctic, deep-water and shale-oil projects, which account for a large part of Russia's untapped oil reserves. Western companies, such as Shell, Total, Exxon and Statoil, have pulled out of joint ventures with the Russian oil sector. In October 2017, a Black Sea-oil project became the latest casualty. Sanctions do not target energy trade directly; in terms of volume, Russia's oil and gas exports remain close to record levels, even if their dollar value has declined since 2014 due to lower prices. Much cooperation continues on projects not targeted by sanctions; for example, in 2015 BP acquired a 20 % stake in the east Siberian Taas-Yuriakh field, and it has launched a series of joint ventures with Rosneft. In July 2017, Schlumberger announced ***plans*** to buy a controlling stake in Russia's largest oil- and gas-drilling company. Nevertheless, Russia's capacity to develop new fields is constrained by sanctions; in the longer term, as existing fields run out, the country may find it hard to maintain current levels of production. Russian energy companies look to Asia to replace Western investors Since 2014, Russia's energy sector has increasingly looked to China – not only as an alternative export market, thanks to gas and oil supply deals signed with China in 2013 and 2014, but also as a source of investment and even technology. The main success so far is Russian gas company Novatek's project to export liquefied natural gas (LNG) from the Yamal Peninsula. Located above the Arctic Circle, the project is subject to US (but not EU) sanctions limiting energy cooperation. In 2015, the project was still struggling to secure financing, but in the end China’s National Petroleum Corporation and Silk Road Fund acquired a combined stake of nearly 30 %, while Chinese banks provided US$12 billion in loans. Another Chinese company provided gas liquefaction equipment. LNG deliveries began in December 2017, a major boost to Russia's LNG exports. Meanwhile, a Chinese rig has begun drilling for oil in the Kara Sea, the same region where sanctions ended an ExxonMobil-Rosneft joint venture in 2014. Reliance on China has its limitations. Talks between Rosneft and China on more extensive Arctic oil cooperation have been dragging on since at least 2013 without much progress, possibly due to a lack of strong Chinese interest. Besides, Chinese energy companies do not have the same Arctic expertise as their Western counterparts. Impact of new US sanctions on the ***planned*** Nord Stream 2 pipeline As mentioned above, new US sanctions target Western companies involved in building new Russian gas-export pipelines. In particular, this could affect Russian gas ***producer*** Gazprom's ***planned*** Nord Stream 2 pipeline connecting Russia to Germany. German Chancellor, Angela Merkel, and some of the European companies involved have criticised the sanctions. For its part, Gazprom insists the pipeline will go ahead, but acknowledges that if applied, sanctions could delay the project or push up costs. EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 9 of 12 Restricted access to finance – an immediate and serious impact The Russian banking sector narrowly escapes a major crisis Former Russian Finance Minister, Aleksey Kudrin, claims that of all the sanctions, it is the financial restrictions that have hurt most. Since mid-2014, Russia's five largest banks – together accounting for nearly 60 % of the Russian banking sector – have been barred from Western capital markets. Unable to get foreign loans extended, Russian banks were forced to pay back US$60 billion during the 12 months following June 2014. Repayment of foreign-currency debt was particularly onerous, given that the rouble had lost half its value. Coming on top of long-standing structural problems in the banking sector and the economic downturn, sanctions helped to bring Russian banks to the brink of crisis in December 2014, when customers withdrew 1.3 trillion roubles (US$22 billion) of deposits from Sberbank, Russia's largest bank, in just one week. In response, the government announced a 1 trillion rouble (US$17 billion) bailout scheme for major banks in January 2015; this succeeded in averting a full-blown financial crisis, but at the cost of digging deep into the country's foreign currency reserves. Adaptation to sanctions as the economic outlook improves The Russian banking sector remains fragile. In 2017, three major banks had to be bailed out by the Russian state. Among other things, excessive expansion has been identified as a cause of Russian banking failures, but sanctions have also exacerbated the sector's problems. A December 2017 Standard and Poors report claims that restricted access to Western financing means that Russian businesses have to borrow more from domestic banks; as a result, the ratio of loans to the 20 largest borrowers versus banks' own capital has increased dangerously since sanctions from 170 % to 226 %, substantially increasing credit risks. Sanctions against illegally annexed Crimea weigh heavily on the peninsula's economy Crimea has been hard hit by sanctions cutting off trade with the EU (pre-2014, around one fifth of exports) and tourism. Even Russian companies are shunning the peninsula in order to avoid harsher sanctions – Sberbank and VTB banks, which formerly had Ukrainian subsidiaries in Crimea, have withdrawn. Dobrolyot, an Aeroflot subsidiary set up to provide low-cost flights from Moscow, stopped operating in August 2014, after Western technical and maintenance companies withdrew cooperation due to the airline being added to the EU's sanctions list. According to Russian statistics, in 2016 Crimea came 9th from bottom out of the country's 85 regions in terms of per-capita income, and a 2017 Ukrainian report suggests that the economy is in deep trouble following the collapse of key economic sectors such as ***agriculture***. Russian counter-sanctions boosting domestic food production, but fuelling inflation Russia's agrifood sector has benefited from reduced competition, partly as a result of the country's ban on many food products from the EU and partly as a result of rouble devaluation, which pushed up the price of food imports. Between 2014 and 2016, the sector was one of the few bright spots in the country's economy, growing at an average 3.2 %. Growth is forecast to continue, though at a lower pace, over the next few years. The downside of the import ban has been higher food prices (+17 % in 2014, compared to average inflation of 11 %) for Russian consumers. Pork and fruit were among the worst-affected categories, with price rises of around 25 %. However, food inflation has since slowed down and is now below the average. As well as having to pay more for food, Russians are also having to do without favourites such as Parmesan cheese – although the country's dairy farmers are working hard to develop domestic substitutes. EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 10 of 12 Some banned EU products able to get round counter-sanctions Some banned EU products may still be getting into Russia as re-exports from neighbouring countries. In the final quarter of 2014, EU dairy exports to Belarus increased tenfold year-on-year, while fruit and fish doubled; it seems unlikely that this increase was entirely driven by internal demand from Belarus, as general EU agrifood exports to the country remained flat. The importance of this phenomenon should not be exaggerated – the €30 million surge in EU dairy exports to Belarus in the final quarter of 2014 (which has since subsided) was less than one-tenth the €356 million fall in EU dairy exports to Russia during the same period. Still, the episode exacerbated trade tensions between Belarus and Russia, and was one of the reasons why customs controls between the two countries, lifted in 2011, were partially reinstated in December 2014. Economic impact goes beyond the sectors targeted by sanctions Sanctions create uncertainty and deter foreign businesses from operating in Russia Western sanctions over Ukraine are targeted at ***strategic*** sectors and individuals, and are not intended to push Russia 'over the economic cliff'. Nevertheless, they have indirect effects on the broader economy. For example, 69 % of US businesses operating in Russia and responding to a May 2017 survey felt that sanctions had a negative impact on their business (for 13 % of them, a 'very negative impact'). One of the main indirect effects is the risk of sanctions violations. For example, in July 2017 German company Siemens ended some of its Russia operations after discovering that four gas turbines supplied to a power station in southern Russia had turned up in Crimea, in breach of EU sanctions. In 2017, US oil company ExxonMobil was fined US$2 million for deals signed with Rosneft chief executive, Igor Sechin; although sanctions do not prohibit all transactions with Rosneft as a company, they do exclude those with Sechin as a sanctioned individual. The risk of such fines is deterring Western companies from doing business in Russia. Sanctions also discouraged Western banks from purchasing Russian government bonds in a May 2016 Eurobond issue; although the Russian state is not directly targeted by sanctions, investors were worried that the money could end up being used by sanctioned state-owned banks. Between mid-2016 and mid-2017, there were signs of Western investors becoming less averse to sanctions-associated risks. The Russian government's September 2016 and June 2017 Eurobond issues were far more successful than its May 2016 offering. In December 2016, Rosneft (sanctioned by the EU and US) managed to sell off US$11 billion in shares via Swiss company Glencore, and three months later Gazprom (sanctioned by the US) raised nearly €1 billion in Eurobonds. However, in the second half of 2017 investors became more nervous again, following new sanctions legislation adopted by the US Congress in August 2017; according to Bank of America Merrill Lynch, the end of the year saw an exodus of foreign investment from Russia. The bank also believes that a potential US ban on purchasing Russian government bonds envisaged by the legislation could severely depress the rouble, although it feels that such a ban is unlikely. In a 2017 report, the IMF identified the 'lingering effect of sanctions' on investment as one of the main barriers to faster economic growth in Russia. A 'pivot to Asia' has not compensated for restricted access to Western investment As mentioned above, there has been significant Chinese investment in the Russian energy sector. However, overall foreign direct investment (FDI) from Asia has stagnated, EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 11 of 12 except in the final quarter of 2016, when it was boosted by the above-mentioned oneoff sale of a US$11 billion stake in Rosneft, which eventually ended up in Chinese hands. In the first quarter of 2017, FDI inflow from non-sanctioning countries, mostly Asian, to Russia was US$5.4 billion – a US$1.2 billion increase compared to the corresponding period of 2014. This was not nearly enough to compensate for a US$8 billion drop in FDI inflow from sanctioning countries during the same period (see Figure 3). The lack of strong interest by Asian investors reflects the fact that compared to other markets, Russia's economic prospects are not particularly attractive. In addition, even companies from nonsanctioning countries are potentially affected by sanctions; for those with significant interests in the US or EU, transactions with sanctioned Russian en

tities could expose them to heavy fines. Impact of sanctions on economic policy-making Protectionist tendencies were already apparent in Russia before 2014 (for example, a ban on Polish meat between 2005 and 2007 over alleged food safety concerns). Such tendencies are now being consolidated by the country's response to sanctions. For example, in 2014 the government launched an import substitution drive to develop domestic production not only in defence and ***agriculture***, the sectors directly affected by sanctions, but also in others, such as engineering, electronics and pharmaceuticals. Import substitution measures include subsidies for domestic production and legal requirements for government purchases to give preference to domestic products (such as software). However, with the exception of the agrifood sector those measures have only delivered limited benefits, as Russian industry struggles to ***produce*** quality alternatives to imports at competitive prices. The Russian government is also looking to reduce the country's vulnerability to sanctions in other ways – for example, by developing its own 'Mir' credit cards to end dependence on US-owned Visa and Mastercard; it is even considering developing a 'crypto-rouble' potentially enabling Russian payments to go undetected. A shift to more inward-looking, protectionist policies may boost Russian economic resilience in the short term, but is ultimately likely to hinder integration with the global economy, thus depriving the country of the foreign trade, investment and technology that it needs to modernise its economy. Quantitative estimates of the economic impact of sanctions on Russia Economic sanctions coincided with lower oil prices, making it difficult to disentangle the effects of one from the other. Nevertheless, several attempts have been made to quantify the economic impact of sanctions:  according to an IMF report from 2015, the initial impact on Russia was probably 1-1.5 % of GDP. In the medium term, the cumulative impact could reach 9 % of GDP, due, among other things, to slower productivity growth. However, the IMF admits these estimates are 'subject to significant uncertainty'.  according to the Wall Street Journal, an unpublished European Commission study seen by its reporters in October 2014 estimated that sanctions would cost Figure 3 – FDI in Russia, 2014-2017 With the exception of the last quarter of 2016, slight growth in FDI from nonsanctioning countries has not been enough to compensate for the decline in FDI from sanctioning countries (Data: Central Bank of Russia). EPRS Sanctions over Ukraine: Impact on Russia Members' Research Service Page 12 of 12 Russia 0.6 % of its GDP in 2014 and 1.1 % in 2015. The same report put the impact on the EU economy at 0.2 % and 0.3 % respectively. While figures from Russian sources on the impact of Western sanctions should be viewed with caution, they broadly concur with Western estimates:  in November 2014, Russian Finance Minister, Anton Siluanov, estimated the annual cost of sanctions to the Russian economy at US$40 billion (2 % of GDP), compared to US$90-100 billion (4-5 % of GDP) lost due to lower oil prices;  in January 2016, Deputy Economic Development Minister, Alexei Likhachev, put Russia's losses in 2015 from EU sanctions and Russian counter-sanctions at €25 billion – again, around 2 % of GDP;  in July 2017, former Finance Minister, Alexei Kudrin, estimated that since their introduction, the cost of sanctions had declined from 1 % of Russian GDP per year to 0.5 % – but also warned that, unless Russia reformed its economy, sanctions could hold back growth for decades. All these sources are in broad agreement that the economic impact of sanctions on Russia is serious (in the range of 0.5-2 % of GDP per year), but also that lower oil prices were the main cause of the country's 2015-2016 economic recession. What the European Parliament is doing The European Parliament does not have a role in decisions on EU sanctions, which are adopted by the Council of the EU. Nevertheless, it has consistently supported them, calling in its resolutions on EU Member States 'to remain firm and united in their commitment to ... sanctions' against Russia, and urging 'deep and systematic verification of implementation'. The EP's strong stance on the situation in Ukraine, voiced in its resolution of 15 January 2015, prompted Russia to ban some MEPs from making official visits to its territory. One of the main channels for dialogue between MEPs and Russian parliamentarians is the EURussia Parliamentary Cooperation Committee (PCC), chaired on the EP side by Othmar Karas (EPP, Austria). This body, in which the European Parliament officially suspended its participation in June 2015, has not met since January 2014. However, informal contacts between the two sides continue; for example, in November 2017 a group of MEPs met with Russian counterparts on the sidelines of the Northern Dimension Parliamentary Forum in Brussels. Disclaimer and Copyright This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. 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[***Go head over heels to taste the real Italy; LUCY JOHNSTON takes her family south down the boot to stylish Apulia to soak up the sun, seaside and ancient culture Food that captures the South's magic***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S0T-PTM1-DY9P-N46F-00000-00&context=1516831)

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**Body**

AFAVOURITE holiday pastime of mine is to watch certain hotel guests fling their towels on the best poolside sun loungers early in the day, only to disappear for the next few hours having marked out the prime territory for themselves. I'm sure you know the ones I mean.

However, at Robinson Club Apulia, bagging sun loungers is banned by the disarmingly charming Italian general manager, Mario. After 24 years of running this well-manicured resort, charismatic Mario has instilled the 464-room hotel with his sense of fairness, putting an end to the dreaded sunbed wars between vacationers.

I brought my family, including my 74-year-old mother, to this sleepy corner of the country, to escape the madding crowds found elsewhere in Italy. Well-equipped for multi-generational holidays - a rising trend across Europe - Robinson Club specialises in family groups catering from the very young to grandparents and everything else in between.

Set within a 70-acre complex, the plush resort has six swimming pools - one so vast you need never worry about crashing into other swimmers - as well as two especially for children complete with waterslides and fountains, an adults-only pool and whirlpool.

When it comes to sport, Robinson Club has it covered with a range of activities that will keep all the family entertained. Surfing, sailing and stand-up paddle boarding were available at TURN TO NEXT PAGE FROM PREVIOUS PAGE the resort's 220-yard stretch of private beach.

Back on land we were encouraged to try our hands at archery, volleyball, darts, tennis - and my children refused to leave without having a whizz round the nearby go-karting track.

If the adrenaline-fuelled ***programme*** gets too much, adults can slink off to the WellFit Spa for massages and beauty treatments, or to find some inner peace at a yoga class.

With so much to do we'd built up our appetites by lunch and again by the evening.

Six restaurants cater for all tastes, with the main dining area serving varied buffets and international cuisine overlooking the stunning terraced gardens.

Capturing Italy's essence, there's also a pizzeria complete with a wood-fired oven, a high-end beachside Trattoria and Vinothek bar, serving local wines from Salento and south Apulia.

All week we could choose from a spectacular range of southern Italian dishes but for me the highlight was the freshly caught frutti di mare which included kingfish, lobster, swordfish and mussels.

Food is part of the entertainment at Robinson Club. Here the chefs cook to order in front of the guests - and they make it fun.

One cook, noticeably skilled with his sauté pan, reappeared one night as a dancing acrobat during an evening of circus tricks. Climbing two black curtains, he had to be rescued by one of the clowns when he got his foot wedged halfway down, almost missing the finale, much to the amusement of my children, who howled with laughter. He was very much the star of the show.

A jack of all trades, general manager Mario could often be found sprucing up the resort or demonstrating how to make pasta to guests.

My two children were quick to notice the difference between the freshly made pasta, kneaded with care, and the dried stuff we cook at home.

With so much on offer, there's little reason to leave Robinson Club. But, keen to get a sense of the region's long and varied past, we headed out to explore the surrounding area.

Apulia was once a central hub in Greek and Roman times and during the Crusades was a ***strategic*** route between Europe and the Holy Land.

Small clusters of villages still speak Griko, an Italiot Greek dialect, that dates back to the early Middle Ages when waves of migrants settled here while fleeing from Ottoman invasion.

A 40-minute drive north to Lecce, which is known here as the "Florence of the South", the buildings, of soft yellow limestone, are an eclectic mix of elegant Norman, refined Renaissance and explosive Baroque styles.

Contrasting again are the Mussolini Fascist-era apartment buildings, whose huge, rational blocks tower above the sunken, second-century, Roman amphitheatre.

The city's palazzos and churches are intricately carved with olives and artichokes, celebrating the area's rich ***agricultural*** heritage.

Apulia ***produces*** almost half of Italy's olive oil, with some groves boasting gnarled trees more than 1,000 years old. Grapes also decorate pillars and balustrades, highlighting the region's wine-making expertise. It is famed for its full-bodied red, Negroamaro.

With reminders of food almost everywhere, we made a quick stop for lunch. My 14-year old was delighted with his "little chicken", an extraordinary dish made with slices of chicken and peas filled into a miniature pastry chicken mould. A hearty meal - but nonetheless followed with homemade Italian gelato.

EN ROUTE back to Robinson Club we stopped at Otranto, a surprisingly charming resort perched on the south easterly tip of Italy. The quaint town has preserved its winding streets with whitewashed houses, like precious pearls against the vast backdrop of the sea.

A treasure trove of historic buildings, its coastline was fortified after 1480, when 800 Christians were slaughtered after being faced with an invading Turkish ultimatum: "Renounce Christ or lose your head."

The Byzantine-style Cattedrale di Santa Maria Annunziata, an 11th-century wonder with a priceless 650-square yard floor mosaic as its centrepiece, still exhibits the skulls and bones of these martyrs in a large glass cabinet.

The tragic invasion led to the militarisation of this region during the 15th century.

Walls fortified with ramparts surround the old part of town and watchtowers punctuate the surrounding landscape, at almost every nautical mile, to warn locals of invaders with innovative techniques: mirrors during sunlight or fire at night.

At the harbour, we climbed Torre Matta, one of the town's formidable towers. With sweeping views over the Adriatic, on the horizon we could just pick out the rolling hills of Albania and 70 miles west - though we couldn't see it - was Corfu.

Further south, we visited the town between two seas, Santa Maria di Leuca - on the southernmost tip of Italy's Salento peninsula - where, beneath a white 19th-century lighthouse, the Ionian and Adriatic mingle to become one.

It's hardly surprising the Romans referred to this dramatically sculpted coastline as "de Finibus Terrae", the end of the Earth.

Beneath us the limestone cliff edge is peppered with grottos where seagulls and pigeons come to perch among fossils, apparently dating back to palaeolithic times.

We explored these grottos, on the stiletto heel of Italy's boot, the next day. Diving into one blowing cave, we surfaced under its roof with light pouring through its cracks to highlight a shoal of big, black fish swimming beneath us - much to the children's exhilaration.

As we packd for home, I was already ***planning*** our return. Capturing the essence of Italy, it seems impossible to sate our appetite for more of what Robinson Club and Apulia have to offer.

GETTING THERE Robinson Club Apulia (0511 955 5736/ [*www.robinson.com*](http://www.robinson.com)) offers seven nights from £635 (two sharing), all inclusive. Ryanair (0871 246 0000/ryanair.com) offers return flights from London Stansted to Brindisi from £44.

Apulia tourism: viaggiareinpuglia.it

**Graphic**

CLASS ACT: Modern players enchant an audience at the beautifully atmospheric Roman Theatre in LecceSOUTHERN CHARM: The harbour at Otranto is home to whitewashed houses and quaint winding streets, and, inset, there's plenty of family fun to be had at the Robinson Club ApuliaACE TIME: Tennis is among the many activities available at the hotelSPLASH OUT: Dine in style after your swim at the smart Robinson ClubLOCAL FLAVOUR: An olive grove in Lecce; one of the many idyllic beaches on the peninsula; and colourful ceramics for sale in the Old Town, Otranto

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[***Register of Commission documents: Japan and prospects for closer EU ties Document date: 2017-10-05 EPRS\_BRI(2017)608739 Briefing***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R2T-0481-JDG9-Y1W6-00000-00&context=1516831)

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November 29, 2017 Wednesday

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**Body**

Brussels: Public Register European Parliament has issued the following document:

Briefing October 2017 EPRS | European Parliamentary Research Service Author: Enrico D'Ambrogio Members' Research Service PE 608.739 EN Japan and prospects for closer EU ties SUMMARY Since the end of the Second World War, the cornerstone of Japan's defence strategy and foreign policy has been its alliance with the United States of America (USA). However, Tokyo has increasingly paid attention to the European integration process. The European Union and Japan share similar values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, while also promoting a market economy, free trade and peace. Within the Japanese media, the EU is recognised as a significant civilian power in the normative and diplomatic domains, promoting the values it shares with Japan. While for decades, the emphasis in relations was on trade issues and industrial cooperation, EU-Japan ties strengthened in the 1990s and the two countries have become ***strategic*** partners since 2003 ─ their cooperation based on the 2001 action ***plan***. Nevertheless, there have been very few significant joint measures or initiatives.

The conclusion of a ***strategic*** partnership agreement (SPA) will bring an upgrade in EUJapan relations, moving from sectoral agreements to a comprehensive, binding and forward-looking framework. Both partners are reliant on each other; they could benefit from closer cooperation on military and security matters, as well as on shared challenges, such as slow economic growth, public debt management, the use of financial tools such as quantitative easing, an aging population and the development of the 'silver' economy. In this briefing:  How Japan perceives the EU  Japan's world vision and its regional environment  EU-Japan cooperation  Outlook: developing ties between the EU and Japan EPRS Japan and prospects for closer EU ties Members' Research Service Page 2 of 8 How Japan perceives the EU The European Union (EU) has a high profile in the international news in Japanese media, according to studies performed in 2011-2012 and in 2015. The EU is very much recognised as a significant civilian power in normative and diplomatic fields, promoting human rights, democracy and sustainable development. Economy and trade dominate political news reports on the EU, with a particular emphasis on the sovereign debt crisis. When interviewed, members of the Japanese elite identified the euro-area debt crisis as one of the main reasons for the over-valuation of the yen, seen as a threat to Japan's economic recovery. They also acknowledged the difficulties in concluding the negotiations on an EU-Japan economic partnership agreement / free trade agreement (EPA/FTA) as one reason for Tokyo's competitive disadvantage. Against a backdrop of significant trade ties, they felt that the EU-Japan relationship was stagnant. The EU is also viewed as a leader on the environment ─ an issue rarely mentioned in the media. The EU strengthened its positive image as a civilian power when, in the aftermath of the 11 March 2011 triple disaster (earthquake, tsunami and nuclear accident) in northeast Japan, Kristalina Georgieva, then Commissioner for International Cooperation, Humanitarian Aid and Crisis Response, was the first foreign leader to travel to Japan, where she oversaw the first shipment of EU assistance. The European Union was among the first to offer both material and financial aid to support the victims. Other Commission members who have had a high and somewhat positive profile in the media are former High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, and, more recently, Commission President Jean-Claude Juncker. It is worth mentioning that a Japanese diplomat in Brussels observed that the EU would certainly gain enhanced visibility in Japan if it were represented by a famous former European politician. The Japanese elite are aware of the peculiarity of the EU and its complexity. They acknowledge the EU's limited foreign policy powers compared with its Member States, and the consequent limited field of action of the High Representative. Japan has held annual bilateral summits (alternatively in Tokyo or in Europe) with the EU since 1991, making this an institutionalised practice which has no equal in the archipelago's foreign policy, not even with its main ally, the USA. These summits ─ where negotiations hardly ever occur ─ do not often ***produce*** tangible cooperation. However, according to analyst Aiko Morii, symbolic aspects prevail and mutual recognition among partners with the same rank signals Japan's status within the international community. The summits are short in duration and, when it is Japan's turn to travel to Europe, they are ***planned*** as part of longer trips — reflecting the importance Tokyo attaches to bilateral relations with some EU Member States as well as to the EU itself. Figure 1 Japanese people's affinity towards selected populations Source: Cabinet Office, Public Relations Office, March 2016. 0 10 20 30 40 50 60 70 80 90 USA Europe South Korea Russia China Strong affinity Somme affinity Total affinity EPRS Japan and prospects for closer EU ties Members' Research Service Page 3 of 8 The relevance of bilateral relations with EU Member States was highlighted by the Japanese reaction to the outcome of the United Kingdom referendum on 23 June 2016 on continued EU membership. For Japan, as for other Asian countries, the UK is a 'gateway to Europe' and it is also perceived as the closest European ally of the USA. Many Japanese companies, including Toyota, Nissan, Honda, Hitachi, Nomura and Daiwa, have set up factories and offices in the UK and employ some 140 000 people in car manufacturing, pharmaceuticals, banks and other businesses. Their output caters mainly for the European market. 50 % of Japanese foreign direct investment (FDI) to the EU goes through the UK, before being diverted to other EU countries. The Japanese government and many companies are very concerned about the UK's withdrawal from the EU. In an unprecedented move on 4 September 2016 Tokyo's government addressed a 15-page message to the United Kingdom and the European Union, urging the British government and the EU institutions to arrange a post-Brexit agreement that would not be harmful to Japan's business interests. In August 2017, UK Prime Minister Theresa May visited Japan and obtained Tokyo's commitment to negotiate a post-Brexit bilateral trade agreement. In 2008, Professor Michito Tsuruoka mentioned the mutual 'expectation deficit' in EUJapan relations. The EU's attitude towards Japan has changed since then, especially following the great east Japan earthquake and tsunami in March 2011. The EU suggested naming the following summit held on May 2011 as 'Kizuna'1 (the bonds of friendship). The partners then agreed to start parallel negotiations for an EPA/FTA and an SPA. In April 2012, Japan took action in support of the EU during the euro-area crisis by offering US$60 billion in loans to the International Monetary Fund (IMF) in an effort to prevent the euro debt crisis from spreading. Tokyo subsequently decided to buy European Stability Mechanism bonds. Japan's world vision and its regional environment The three Pillars of Japan's foreign policy are the alliance with the USA, its relations with its neighbours, and economic diplomacy as a tool to promote Japanese economic growth. The alliance with the USA Since the end of the Second World War, Tokyo's defence strategy and foreign policy has been firmly rooted in its alliance with the USA (Japan's only formal ally), on which basis Japan was able to limit defence spending and quickly rebuild its economy. This strategy was outlined in the Yoshida Doctrine, and founded on three principles: emphasis on international economic relations to rebuild the economy, limited ***intervention*** in global politics, and the reliability of the security guarantees offered by the USA. By following this doctrine, Japan became the world's second largest economy until 2010, when ─ also following two decades of economic stagnation ─ it was overtaken by China. Even under the current administration, Washington has confirmed its commitment to guarantee Japan's territorial integrity: the joint statement by US President Donald Trump and Prime Minister Shinzō Abe released on 10 February 2017 confirms that the Senkaku/Diaoyu islands in the East China Sea ─ claimed by China ─ fall under the 1951 USA-Japan Security Treaty. The EU has not taken any stance on the sovereignty issue and the EU-Japan postsummit statements do not mention it: the EU follows an approach of 'principled neutrality' on maritime disputes in Asia and calls for the application of international law. Although Tokyo knows that the EU's role as a player in east Asian security is only marginal, and that its Member States have no military presence in the region, it would like the EU to be more vocal on this matter, which is of major concern for Abe's administration. EPRS Japan and prospects for closer EU ties Members' Research Service Page 4 of 8 The 'Asian paradox' and Japan's difficult relations with its Asian neighbours Japan, China and South Korea are the main players in what is referred to as the Asian paradox: their economies are increasingly interconnected and yet their political relations are often strained because of territorial disputes or historical legacies linked with the resurgence of nationalism. More than 70 years after the Second World War, wounds from the past are still periodically reopened by leaders in the region for national or international political gain. Unlike in Europe, ongoing economic integration has not yet ***produced*** political reconciliation. Japan is often accused by its neighbours of not having come to terms with its imperialist history of the first part of the 20th century.2 These criticisms have also been fed by events such as Shinzō Abe's visit to the Yasukuni shrine in Tokyo in December 2013, followed by several periodic offerings to the shrine, which holds the remains of more than two million Japanese war dead, including 14 controversial 'class- A' criminals from the Second World War. The visit sparked anger not only in Beijing and Seoul but also in Washington, which, informed in advance, had advised against. It also prompted a critical statement by the then EU High Representative for Foreign Affairs and Security Policy Catherine Ashton.3 For decades, Japan looked towards the West, somehow ignoring Asia. However, its relations with its neighbours have gained new poignancy in recent years. Changes in the geopolitical landscape, including the economic and military rise of an assertive China, have pushed Tokyo to re-engage with Asia and to put relations with Beijing at the heart of its foreign policy. For instance, Japan joined and supported the Washington-guided Trans-Pacific Partnership (TPP) negotiations, which excluded the Chinese. The Japanese also showed their loyalty to the USA by refusing to become a founding member of the Beijing-initiated Asian Infrastructure Investment Bank (AIIB).4 Also, whenever Japan considers dispatching its 'self-defence forces' (SDF) abroad, this is assessed in the light of its alliance with the USA (the 'US factor'). Relations with South Korea are also strained by various contentious issues. In June 2017, Korean President Moon Jae-in cast doubts on the validity of the agreement signed on December 2015 by his predecessor Park Geun-hye and Shinzō Abe, settling the long-running dispute on wartime sex slaves, widely referred to as 'comfort women'. In July 2017, South Korea announced its ***plan*** to set up a museum for Korean victims of Japan's wartime sexual slavery. Meanwhile, Sino-Korean relations recently deteriorated owing to Seoul's deployment of the terminal high altitude area defence system (THAAD) Security policy reforms Abe's government has achieved a series of reforms and initiatives aimed at making Japan a 'proactive contributor to peace'. They include the revision of the guidelines for defence cooperation with the USA, the setting-up of a National Security Council, the definition of a national security strategy, the adoption of a law on classified information, the revision of the principles on arms exports and, in June 2017, the adoption of a controversial anti-terror law, which the government justified as necessary to prevent terrorism ahead of the 2020 Olympic Games in Tokyo. The issue that has been most remarked upon, however, is the reinterpretation of the 'pacifist' Article 9 of the Japanese constitution, adopted in September 2015 after a lengthy and fraught parliamentary process. It allows the SDF to come to the aid of any ally that is under attack (basically the USA). The government is ***planning*** to revise Article 9 by 2020, after a referendum to be held in 2018, but if it loses its two-thirds majority in the House of Representatives after the snap elections to be held on 22 October 2017, it may reconsider the issue. EPRS Japan and prospects for closer EU ties Members' Research Service Page 5 of 8 in response to the growing nuclear and ballistic threat posed by North Korea. Until recently, Japan had tried to normalise relations with Pyongyang, not least in order to resolve the issue of the Japanese citizens abducted by North Korean agents in the 1970s and 1980s. The ongoing development of nuclear weapons and ballistic missiles by North Korea has, however, heightened Tokyo's fear of attacks on its territory, fed by Pyongyang' missile launch over the northern island of Hokkaido on 29 August 2017. Japan, which is a member of the six-party talks on North Korea, has therefore chosen to build consensus at bilateral and multilateral level against Pyongyang instead. Tokyo is especially active in denouncing the situation in North Korea within the UN bodies specialised in human rights. For instance, every year, since 2005, Japan and the EU have tabled a resolution on the North Korean human rights situation, for adoption by the United Nations (UN) General Assembly. Russia is another key neighbour for Japan. Since his first term, Shinzō Abe has worked to create a personal relationship with Russian President Vladimir Putin, with whom he has had a number of meetings, culminating in the summit in Tokyo in December 2016. Nevertheless in the aftermath of the Ukraine crisis, the occupation of Crimea by Russia and the sanctions imposed on the latter, Japan had to align with the G7 position. It was nevertheless reluctant to do so given its goal of building trust with Moscow in order to arrive to a negotiated solution to the issue of the Northern Territories / South Kuril Islands, unresolved since the end of the Second World War. Despite international condemnation of Russian policy, Japanese experts are calling on Japan to step up relations with Moscow in order to pursue the archipelago's interests. Tokyo's economic diplomacy Japan has been boosting its economic diplomacy in order to enhance the growth of its economy, which has been stagnating since the early 1990s. There have however been several recent signs of vitality following the 'Abenomics' policy implemented since 2013. Japan is a maritime nation with limited natural resources. It is therefore important for Tokyo to maintain an open and stable, rules-based international economic order. Under the Abe administration, Japan has been negotiating an FTA with the USA and other 10 countries as part of the TPP and an EU-Japan EPA/FTA together with an SPA. The TPP was signed on February 2016 and Japan ratified it on December 2016, when the newly elected US President Donald Trump had already stated that he would withdraw from it. The US withdrew formally on 23 January 2017. Japan and other countries have agreed to pursue the trade deal. Japan and international organisations Japan is the second biggest contributor to the UN's regular budget (10.8 %, compared with the USA's 22 %, but Washington may significantly decrease its contribution) and the third biggest contributor to the UN peacekeeping budget. It was elected a member of the Security Council for the 11th time for 2016 to 2017. Japan is a member of the G4 group, where together with Germany, India and Brazil, it advocates Security Council reform. Being the only country to have suffered atomic bombing, Japan has led international efforts to free the world of nuclear weapons. Since 1994, Japan has submitted an annual resolution on nuclear disarmament, regularly adopted by a vast majority of countries. Japan is NATO's longest-standing partner and NATO acknowledges it as 'one of a range of countries beyond the Euro-Atlantic area which share similar ***strategic*** concerns and key Alliance values and with which NATO is developing relations'. In May 2014 Tokyo signed an individual partnership and cooperation ***programme*** with NATO to enhance EPRS Japan and prospects for closer EU ties Members' Research Service Page 6 of 8 cooperation in areas such as piracy, disaster relief and humanitarian assistance. The agreement follows a joint political declaration adopted in April 2013. In 2010, the parties signed an agreement on classified information. Japan has provided much-valued support for the NATO-led International Security Assistance Force (ISAF) and for reconstruction and development efforts in Afghanistan. In Asia, cooperation on multilateral security and defence is not based on a formal framework, but efforts are made by the ASEAN Regional Forum (ARF). Every year, a multinational Cobra Gold military training exercise is held in Thailand. Between 1991 and 2000, Japan was the world's top donor of official development assistance (ODA), but in 2001, a gradual decline in its contribution began. In 2015, it gave US$9.29 billion, making it the fourth donor after the USA, the UK and Germany. Its ODA to gross national income (GNI) ratio, based on net disbursements, was 0.19 %, ranking it 18th among member states of the Development Assistance Committee (DAC). Japan contributes to the international community not only through ODA, but also by promoting the concept of 'human security' – the right of individuals to live in happiness and dignity by being protected and empowered. Since 2011, Japan has been the fifth largest donor of humanitarian aid: in 2015 it donated US$793.97 million. The main recipient was Syria (US$139.78 million; 17.6 % of total aid). Drawing lessons from its domestic experience, Japan has become a global leader in disaster risk reduction (DRR) and has hosted all the main UN conferences on DRR. Japan cannot be said to be a country that welcomes immigration: in 2016 1.80 % of the population were foreign residents. There is a strong sense of ethnic and cultural homogeneity in the country and immigration remains resoundingly unpopular; therefore there is no public debate on the subject. Politicians are nonetheless aware that immigration could help to offset the dramatic aging of the country's population. Refugees remain largely barred from entering Japan: in 2016, despite 10 901 refugee applications, only 28 people were granted refugee status and Justice Minister Yōko Kamikawa has said that she has no ***plan*** to increase Japan's intake of refugees. Nevertheless, Japan supports countries welcoming refugees from Syria and Iraq financially. EU-Japan cooperation EU and Japan have been ***strategic*** partners since 2003. Their relations have been dominated by (sometimes turbulent) trade issues. Japan is the EU's sixth largest trading partner and the EU is Japan's third biggest trading partner after China and the USA. The partners (which together represent more than a third of the world's GDP) have been negotiating an EPA/FTA since 2013. The US withdrawal from the TTP has paved the way to find compromises on several issues, including market access, geographical origin, data protection, a human rights clause and an investment court system, not to mention high import tariffs and specific market support for ***agriculture*** in Japan despite its small share of GDP (1.2 %). On 6 July 2017, the EU-Japan summit held in Brussels announced the achievement of an agreement in principle. This agreement unlocked the SPA negotiated in parallel on the model of the EU-South Korea Framework Agreement (2010) and the EU-Canada ***Strategic*** Partnership Agreement (2016), covering cooperation in about 40 areas. Its entry into force will upgrade EU-Japan relations from sectorial agreements to a comprehensive, binding and forward-looking framework. The SPA is to include political dialogue, regional dialogues, promotion of human rights and fundamental freedoms, and economic, scientific and cultural cooperation. It will be the basis for many further agreements and dialogue in the years EPRS Japan and prospects for closer EU ties Members' Research Service Page 7 of 8 to come. In April 2014, the European Parliament adopted a resolution supporting the negotiation of the EU-Japan ***strategic*** partnership agreement. So far cooperation between the EU and Japan has been based on the action ***plan*** agreed on December 2001. The two sides have concluded bilateral agreements in the fields of science and technology, criminal matters, customs matters, fusion energy research, peaceful uses of nuclear energy, anti-competitive activities, and controlled thermonuclear fusion. Other multilateral agreements are also in place. The EU and Japan have set up an EU-Japan Centre for Industrial Cooperation. Japanese scientists and students participate in EU mobility ***programmes***, while academic relations are fairly well developed. Regular dialogues exist in the areas of foreign and security policy, macroeconomic issues, financial issues, industrial policy, employment and social affairs, transport (including railway and aviation), information and communication technology, the environment, ***agriculture***, fisheries and maritime affairs, urban development, development policy and disaster preparedness and prevention, and data protection. A significant example of military and security cooperation is, meanwhile provided by the joint counter-piracy activities on the Somalia coast and in the Gulf of Aden by the SDF and the EU mission NAVFOR Atlanta. Other examples include missions aimed at improving security in Niger and Mali, as well as efforts in the Democratic Republic of Congo. In past years Japan has also provided financial and technical assistance for EU missions in Niger to contribute to security-related capacity-building, and in Mali, to support a police training school and improve judicial cooperation. Japan and the EU have also previously cooperated in the Western Balkans, Iraq and Afghanistan. Despite expanding EU-Japan cooperation and partnership in the field of peace and security, including crisis management cooperation, and promising declarations during the summits, analysts argue that the record of these relations is unsatisfactory. As mentioned above, the EU and Japan cooperate within the UN on the situation of human rights in North Korea. They are also partners in the field of disaster management and humanitarian aid. The latter is based on the March 2013 exchange of letters. Outlook: developing ties between the EU and Japan The EU and Japan are still global trading powers. Together, they make up 35.8 % of global trade: they depend on it and they also need to access energy resources. As their relevance in the global arena is showing signs of decline, they would certainly benefit from joining forces through enhanced cooperation, given that they share the same basic values, including democracy, market economy, human rights, human dignity, freedom, equality, and the rule of law. They are both civilian powers that refrain from the use of military power as a means of achieving their goals. The EU and Japan do not only share an ambitious free-trade agenda and an interest in international rules setting high standards in trade and labour rights ─ at odds with the recent change in Washington's position –and advocating fair trade. They have the prerogative of being champions in ODA, as altogether they account for more than 60 % of it. They have begun to cooperate on military and security issues, but an adequate framework for this cooperation is necessary, not least in order to make it consistent with cooperation within NATO. The issue of Tokyo's contribution of civil personnel to the common security and defence policy (CSDP) was raised for the first time during the 19th EU-Japan Summit held in Tokyo in April 2010. Cooperation between the two partners might be an interesting option in geopolitical environments where partnering the USA is EPRS Japan and prospects for closer EU ties Members' Research Service Page 8 of 8 difficult either because of political choices by the ongoing US administration, or because of local or regional resistance to US ***intervention*** (e.g in the Middle East or Russian neighbourhood). Japan has raised its diplomatic profile under the Abe administration and is recognised as a reliable, politically stable and predictable partner ─ an asset, as borne out by differences on free trade and climate change during the G7 in May 2017 in Taormina between the USA and the other six partners. The impression of reliability was already evident in an audit on the image of Japan as a partner in nine EU Member States run by the European Council on Foreign Relations (ECFR) in 2015. As an example of this, when its US ally decided to withdraw from the Paris agreement on climate change, to whose adoption Tokyo had proactively contributed, the Japanese government immediately expressed its disappointment. While Japan has not been directly affected by terrorism, the Japanese were shocked by the killing of two of their compatriots by Isil/Da'esh in January 2015. Japan is interested in fighting terrorism and Isil/Da'esh, particularly since it is soon to be hosting some major sporting events (the Rugby World Cup in 2019 and the Tokyo Olympic and Paralympic Games in 2020). Enhanced EU-Japan cooperation could be envisaged here. The EU and Japan also share common challenges: slow economy growth, public debt management (Japan has the highest public debt of all the OECD countries), the use of financial tools such as quantitative easing, an ageing population5 and the development of a 'silver' economy, which could benefit from increased cooperation on science and technology. Endnotes 1 The official statements mentioned the host of the second Japan-EU English Haiku Contest. Herman Van Rompuy, European Council President at that time, is popular in Japan for being a haiku poet and was named 'ambassador of the haiku' by Tokyo's Foreign Ministry in June 2015. 2 Japan has apologised several times for the suffering inflicted on Asian people in the first half of the past century, but its apologies have not resonated. In his statement for the 70th anniversary of the end of the Second World War on 14 August 2015, Shinzō Abe reiterated his support for past official apologies, saying 'Upon the innocent people did our country inflict immeasurable damage and suffering'. 3 It worth mentioning that Beijing and Seoul also use nationalism and perennial anti-Japanese sentiment ─ as a tool to gain legitimacy with the Communist Party in China, and as a way to gather political consensus in South Korea. 4 14 EU Member States are AIIB members, but they did not join in a coordinated manner and did not seek representation for the European institutions. 5 Japan is world leader in the field of primate neuroscience research and the gene manipulation of rodent brains. Disclaimer and Copyright This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. 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[***Go head over heels to taste the real Italy; LUCY JOHNSTON takes her family south down the boot to stylish Apulia to soak up the sun, seaside and ancient culture Food that captures the South's magic***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S0T-PTM1-DY9P-N4KH-00000-00&context=1516831)

Sunday Express

April 1, 2018

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**Body**

AFAVOURITE holiday pastime of mine is to watch certain hotel guests fling their towels on the best poolside sun loungers early in the day, only to disappear for the next few hours having marked out the prime territory for themselves. I'm sure you know the ones I mean.

However, at Robinson Club Apulia, bagging sun loungers is banned by the disarmingly charming Italian general manager, Mario. After 24 years of running this well-manicured resort, charismatic Mario has instilled the 464-room hotel with his sense of fairness, putting an end to the dreaded sunbed wars between vacationers.

I brought my family, including my 74-year-old mother, to this sleepy corner of the country, to escape the madding crowds found elsewhere in Italy. Well-equipped for multi-generational holidays - a rising trend across Europe - Robinson Club specialises in family groups catering from the very young to grandparents and everything else in between. Set within a 70-acre complex, the plush resort has six swimming pools - one so vast you need never worry about crashing into other swimmers - as well as two especially for children complete with waterslides and fountains, an adults-only pool and whirlpool.

When it comes to sport, Robinson Club has it covered with a range of activities that will keep all the family entertained. Surfing, sailing and stand-up paddle boarding were available at the resort's 220-yard stretch of private beach.

Back on land we were encouraged to try our hands at archery, volleyball, darts, tennis - and my children refused to leave without having a whizz round the nearby go-karting track.

If the adrenaline-fuelled ***programme*** gets too much, adults can slink off to the WellFit Spa for massages and beauty treatments, or to find some inner peace at a yoga class.

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One cook, noticeably skilled with his sauté pan, reappeared one night as a dancing acrobat during an evening of circus tricks. Climbing two black curtains, he had to be rescued by one of the clowns when he got his foot wedged halfway down, almost missing the finale, much to the amusement of my children, who howled with laughter. He was very much the star of the show.

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With so much on offer, there's little reason to leave Robinson Club. But, keen to get a sense of the region's long and varied past, we headed out to explore the surrounding area.

Apulia was once a central hub in Greek and Roman times and during the Crusades was a ***strategic*** route between Europe and the Holy Land.

Small clusters of villages still speak Griko, an Italiot Greek dialect, that dates back to the early Middle Ages when waves of migrants settled here while fleeing from Ottoman invasion.

A 40-minute drive north to Lecce, which is known here as the "Florence of the South", the buildings, of soft yellow limestone, are an eclectic mix of elegant Norman, refined Renaissance and explosive Baroque styles.

Contrasting again are the Mussolini Fascist-era apartment buildings, whose huge, rational blocks tower above the sunken, second-century, Roman amphitheatre.

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EN ROUTE back to Robinson Club we stopped at Otranto, a surprisingly charming resort perched on the south easterly tip of Italy. The quaint town has preserved its winding streets with whitewashed houses, like precious pearls against the vast backdrop of the sea.

A treasure trove of historic buildings, its coastline was fortified after 1480, when 800 Christians were slaughtered after being faced with an invading Turkish ultimatum: "Renounce Christ or lose your head."

The Byzantine-style Cattedrale di Santa Maria Annunziata, an 11th-century wonder with a priceless 650-square yard floor mosaic as its centrepiece, still exhibits the skulls and bones of these martyrs in a large glass cabinet.

The tragic invasion led to the militarisation of this region during the 15th century.

Walls fortified with ramparts surround the old part of town and watchtowers punctuate the surrounding landscape, at almost every nautical mile, to warn locals of invaders with innovative techniques: mirrors during sunlight or fire at night.

At the harbour, we climbed Torre Matta, one of the town's formidable towers. With sweeping views over the Adriatic, on the horizon we could just pick out the rolling hills of Albania and 70 miles west - though we couldn't see it - was Corfu.

Further south, we visited the town between two seas, Santa Maria di Leuca - on the southernmost tip of Italy's Salento peninsula - where, beneath a white 19th-century lighthouse, the Ionian and Adriatic mingle to become one.

It's hardly surprising the Romans referred to this dramatically sculpted coastline as "de Finibus Terrae", the end of the Earth.

Beneath us the limestone cliff edge is peppered with grottos where seagulls and pigeons come to perch among fossils, apparently dating back to palaeolithic times.

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l ? GETTING THERE Robinson Club Apulia (0511 955 5736/ [*www.robinson.com*](http://www.robinson.com)) offers seven nights from £635 (two sharing), all inclusive. Ryanair (0871 246 0000/ryanair.com) offers return flights from London Stansted to Brindisi from £44.

Apulia tourism: viaggiareinpuglia.it

**Graphic**

CLASS ACT: Modern players enchant an audience at the beautifully atmospheric Roman Theatre in LecceSOUTHERN CHARM: The harbour at Otranto is home to whitewashed houses and quaint winding streets, and, inset, there's plenty of family fun to be had at the Robinson Club ApuliaACE TIME: Tennis is among the many activities available at the hotelSPLASH OUT: Dine in style after your swim at the smart Robinson ClubLOCAL FLAVOUR: An olive grove in Lecce; one of the many idyllic beaches on the peninsula; and colourful ceramics for sale in the Old Town, Otranto

**Load-Date:** April 1, 2018

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[***Apulia: A lesser-known gem on Italy's south easterly tip***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S0S-CCT1-F021-63JD-00000-00&context=1516831)

Express Online

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**Length:** 1296 words

**Byline:** Lucy Johnston

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GETTY / PH

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Robinson Club offers a great multi-generational experience

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GETTY

Otranto is a stunning fortress town

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Oxford Business Group: Articles

January 2018

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**Body**

The oil price-induced economic difficulties facing Algeria may prove to be a double-edged sword: although the added pressures are certain to slow the rate of improvement in living standards and have already begun to strain public finances, the new circumstances also provide a pressing incentive for the country to slowly wean itself off its hydrocarbons dependency develop a more dynamic private sector. While reform efforts have tended to move slowly in the country in the past, the IMF noted in its most recent Article IV Consultation, published in June 2017, that there is evidence of an uptick in the momentum of reforms.

**National Strategy**

In May 2014 the authorities adopted the nation's latest five-year action ***plan*** for economic and social development, covering the 2015-19 period. While the government reshuffle after the May 2017 legislative elections may give implementation of the ***plan*** new impetus and focus, the key lines on guiding public investment and structural reform over the medium term remain. Structured in eight chapters covering the main areas of government activity, the ***plan*** has high-level goals and initiatives at the macroeconomic and sector levels, foreshadowing reforms in the financial sector, tax administration, Customs, public-private partnerships (PPPs) and the investment regime, among others, as well as efforts to improve the business environment. In essence, the ***plan*** aims to support social and economic development by fostering a dynamic and diversified private sector, including through the promotion of import substitution.

In response to the oil price crisis, the state unveiled a new growth model in July 2016. The vision outlines a ***plan*** to transform the economy by 2030, as well as a medium-term budgetary strategy for 2016 to 2019. Key objectives of the new framework include achieivng a growth rate of 6.5% in non-hydrocarbons GDP over the decade to 2030, and doubling the manufacturing sector's contribution to GDP, from 5.3% in 2015 to 10% by 2030. Building on these efforts, the IMF reported in its June 2017 Article IV Consultation, "The government is fleshing out a broad strategy to reshape the country's growth model... with World Bank support." The newly installed government is expected to bring forward more detailed reform proposals in due course.

"Hydrocarbons income has not only shaped the Algerian economy, but also the mindset of the society," Amara Charaf-Eddine, CEO of MADAR Holding ( previously SNTA Tobacco), told OBG. "We need a paradigm shift that covers numerous elements of our economy: labour, tax, trade policies, human resources development and the improvement of governance. Algeria has great potential to become one of the first foreign investment destinations. The administrative approach to investment shall disappear - a lot should change."

**Combined Efforts**

In order to ensure that the necessary conditions and frameworks for efficient development are in place, a national economic and social pact for growth was signed in February 2014. Designed to provide a platform for dialogue surrounding the implementation of national strategies, the pact brings the government together with social and economic partners, including trade unions and business organisations. This will give diverse societal actors ownership of the ***plan***, helping smooth implementation. The tripartite conference of the partners on September 23, 2017 in Ghardaïa focused on the acceleration of the economic transformation process.

**Doing Business**

In the World Bank's "Doing Business 2018" rankings published at the end of October 2017, Algeria fell 10 places overall to 166th out of 190 countries. This was mainly due to a notable drop - from 77th to 146th place - in the dealing with construction permits category. The number of procedures required to obtain the permit rose from 17 to 19, while the time needed for the process increased by 16 days to 146. At 71st place, the country received its highest score in the resolving insolvency category. In light of import restrictions, it is hardly surprising that the country performed worst in trading across borders, placing 181st. Falling two spots to 177th for getting credit shows this is another area where there is significant scope to target reform efforts.

However, it is worth noting that OBG's inaugural Business Barometer: Algeria CEO Survey, conducted between March and October 2017, shows CEOs to be largely positive about the economy: most notably, more than two-thirds of CEOs said they were likely or very likely to make a significant capital investment in the coming 12 months, which shows a level of comfort with the local rules (see Business Barometer: Algeria CEO Survey). While the IMF projected GDP growth of 1.5% for 2017, 66% of respondents to OBG's survey are confident about the economy and trust that the 3% milestone will be exceeded.

**Tax Reform**

Efforts to streamline and simplify tax administration included "open days" run by the General Directorate of Taxes in May 2017, to better inform taxpayers of their responsibilities and allow them to raise any questions they had about their tax affairs. Article 90 of the 2017 Finance Law also stipulates a possible extension for firms unable to pay their full tax bill by the deadline, allowing for rescheduled payments within 36 months of the original deadline. In addition, the single flat tax system was expanded and simplified, allowing for payment in instalments.

**Construction Permits**

In April 2017 the government eliminated a number of documents from the dossier required to obtain a construction permit and reduced the number of copies of the dossier that needed to be provided. Concurrent with these updates, local governments were instructed to speed up the delivery of permits once applications are received. These changes have effectively streamlined the process, but efforts to further improve may be required.

**New Investment Code**

Adopted in July 2016, Algeria's revised investment law - Law No. 16-09 - together with the 2016 Finance Law, overhauled the legal framework applicable to investments in the country. Notable changes included the removal of the requirement for foreign investors to generate a foreign exchange surplus to the benefit of Algeria over the life of any given investment. In practice, this meant that overseas investors were limited to the extent that profits on investment could be repatriated through dividends or asset sales. So as long as the initial equity investment requirement is respected, foreign investors are free to repatriate the proceeds of the investment, improving the attractiveness of the country as an investment destination and opening the capital account.

Under the new regime, foreign investors are no longer required to notify the Algerian authorities of transfers of shareholdings in locally incorporated firms unless that shareholding is greater than 10%, which reduces the reporting burden on investors.

The 2016 Finance Law also relaxed the restriction on foreign financing, which henceforth was to be permitted for ***strategic*** investments, subject to government approval on a case-by-case basis. As with the removal of restrictions on profit repatriation, this measure has further opened up Algeria's economy to the benefit of foreign investors.

In addition to the removal of restrictions and easing of the burden on investors, Law No. 16-09 also introduced a suite of new incentives. All investments in new or improved production capacity, with the exception of those on the negative list, can now benefit from three new schemes. In March 2017 a new negative list was published, setting out 110 segments of the economy for which new investments cannot avail of the tax incentive regimes. Chief among these segments were transport, flour mills, brick manufacturing and cement plants. The ordinary regime includes a range of incentives for eligible investments, which are dependent on the nature of the investment. There is an additional incentives regime applicable to the tourism, industry and ***agriculture*** sectors, as well as to other investments that are expected to generate sizeable employment. Lastly, an investment agreement regime was introduced with extra incentives on offer for investments of special interest to Algeria, subject to an investment agreement being signed between the investor and the National Investment Development Agency.

**Foreign Ownership**

Since 2008 foreign firms have been prohibited from taking a majority stake in firms operating in Algeria. The law was not retroactive, so many firms operating in the country were granted an exemption. Nonetheless, this stipulation greatly reduced the attractiveness of Algeria as a target for mergers, acquisitions or other direct investments from abroad. Over the course of 2016 there was speculation that the restriction would be lifted as part of the passage of the new investment code. Instead, the restriction was not only left in place, but the 2016 Finance Law actually cemented the scope of the restriction, covering all foreign investment in sectors ***producing*** goods, providing services or procuring imports.

**New Customs Code**

In December 2016 the government unveiled a new draft Customs code to update Law No. 79-07, which had last been amended in 1998. Approved by Parliament in early 2017, the new code includes 10 elements aimed at modernising Customs administration and aligning Algerian practices with international conventions. The reform represents a key plank of the new growth model presented by the government in mid-2016. Of Algeria's system of Customs regimes, which aim to promote non-hydrocarbons investment and exports, those for cabotage and trans-shipment were more clearly defined in the new code. Other important elements of the Customs reform included better-targeted spot-checks of travellers and the introduction of a temporary admission region, whereby deposits are left with the Customs Agency for a six-month waiting period before they can be accessed by importers. Goods imported for re-export, however, are exempt from value-added tax and Customs duties. The reforms give the Customs Agency permission to conclude cooperation agreements with foreign Customs authorities, and stipulates that its agents are sworn to confidentiality even after they cease their employment as Customs officials.

**Draft Ppp Law**

In line with the Public Investment ***Programme*** 2015-19, a law on PPPs is currently under development, with a view to clarify the legal and institutional framework for such investments. A draft law was to be presented to the government for consideration in early 2017 by an inter-ministerial working group, but as of late-2017 it had yet to be enacted by Parliament. The government has also been engaging with the World Bank and the African Development Bank to align the new Algerian PPP framework with international best practices. It is clear from the government's new growth model that PPPs are being prioritised as an important mechanism to support social and economic development, while also making more efficient use of scarce public resources.

As in many emerging markets, the government is increasingly turning to private financing to supplement public investment as a means of reducing the overall burden on state finances. Even before such a dedicated framework was in place, PPPs were being utilised in Algeria in the water, electricity and transport sectors, though much broader use of PPPs is expected in the future. The existing legal framework allows for concessions in the maritime and air transport sectors, but it is forbidden for foreign-controlled capital to have a majority interest in such projects. It is as yet unclear whether such restrictions will be removed in the new legal framework for PPPs, or how it might interact with the prevailing 49:51 policy proscribing foreign-majority control of new firms or investments in Algeria.

**More Progress To Come**

Despite recent headway, Algeria has a significant distance to travel before it can boast an operating environment on par with neighbouring countries. Moreover, while enacting reforms is challenging, their rigorous implementation is crucial and must remain a primary focus in the coming years.

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**Body**

Europe: The European Commission has issued the following news release:

Lundi 4 septembre 2017

Informal meeting of ministers for ***agriculture*** and fisheries, in Tallinn (03-05/09).

Mr Frans Timmermans in Ljubljana and Bled, Slovenia (04-05/09) On 04/09: meets with Mr Miro Cerar, Prime Minister; delivers a keynote speech at the Opening of the Bled ***Strategic*** Forum; attends the Leaders' Panel of the Bled ***Strategic*** Forum; participates in a Citizens' Dialogue.

Ms Federica Mogherini in Bled, Slovenia: participates in the 2017 Bled ***Strategic*** Forum.

Mr Andrus Ansip receives Mr Andrew Griffith, COO-CFO of Sky Group.

Mr Maroš Šefčovič receives Ms Joan MacNaughton, Chair of The Climate Group and of the Energy Academy of Europe.

Mr Valdis Dombrovskis receives Mr Klaus Regling, Managing Director of the European Stability Mechanism.

Mr Jyrki Katainen receives Mr Matti Lievonen, CEO of Neste.

Mr Günther H. Oettinger participates in the DLD Europe conference 'Let's Talk About Europe' in Brussels, Belgium.

Mr Johannes Hahn is on a bilateral visit to Tunisia (until 05/09).

M. Pierre Moscovici à Paris: rencontre M. Emmanuel Macron, Président de la République Française.

Mr Christos Stylianides in Warsaw, Poland: addresses a speech on EU humanitarian priorities at the NOHA (Network on Humanitarian Action) 2017 Intensive ***Programme***, at the University of Warsaw; meets with the NOHA Executive Committee.

Mr Phil Hogan in Tallinn, Estonia (until 05/09): participates in the Informal Meeting of ***Agriculture*** Ministers.

Ms Elżbieta Bieńkowska (04-05/09) in Tel Aviv, Israel: visits Yad Vashem, wreath laying Ceremony in the Hall of Remembrance; meets with Mr Eli Cohen, Minister of Economy and Industry; meets with Mr Avi Blasberger, Director General of the Israel Space Agency, and Mr Yitzchak Ben Yisrael, Chairman of the Israel Space Agency.

Ms Vĕra Jourová in Tallinn, Estonia: delivers a keynote speech atthe 21st European Company Law and Corporate Governance Conference 'Crossing Borders, Digitally'; meets with Mr Urmas Reinsalu, Minister of Justice of Estonia.

Mr Tibor Navracsics in Norcia, Italy: meets with European Solidarity Corps volunteers helping with the reconstruction of the area; holds a Citizens' Dialogue with Mr Antonio Tajani, President of the European Parliament; meets with representatives of the local authorities.

Ms Corina Creţu in Eupen, Belgium: visits the “Wirtschaftsförderungsgesellschaft (WFG) Ostbelgien”, public agency for East Belgium economic and regional development; attends the presentation of the Interreg-project EMROD by Mr Michael Dejozé, Managing Director of the Euregion Meuse-Rhine Office; attends the presentation of the Interreg-project RAVel by Ms Anna Quadflieg, Ministry of the German-speaking Community, Head of Department, External relations and regional development.

Ms Margrethe Vestager receives Mr Erich Forster, CEO of the Alliance of Rail New Entrants.

Ms Margrethe Vestager receives Mr Pierre Gramegna, the Minister of Finance of Luxembourg.

Ms Mariya Gabriel in Venice, Italy: participates in Film Festival 2017 and delivers a speech at the European Film Forum on the future of MEDIA ***programme***; holds bilateral meetings with the representatives of the International Union of Cinemas and Europa Cinemas as well as European ***Producers*** Club and Unifrance; meets with Mr Dario Franceschini, Italy's Minister of Cultural Heritage and Activities and Tourism.

Ms Mariya Gabriel delivers opening remarks at the 'Women European Leaders' Estonian Presidency Reception on the topic 'E-stonia: A Global Leader in Cyberspace', in Brussels.

Mardi 5 septembre 2017

Informal meeting of ministers for ***agriculture*** and fisheries, in Tallinn (03-05/09).

President Jean-Claude Juncker receives Ms Najat Vallaud-Belkacem, former Minister of the French Government.

President Jean-Claude Juncker receives Mr Manfred Weber, Chairman of the European People's Party Group in the European Parliament (EPP Group).

President Jean-Claude Juncker receives Mr Luca Visentini, General Secretary of the European Trade Union Confederation (ETUC).

Mr Frans Timmermans in Ljubljana and Bled, Slovenia (04-05/09). On 05/09: meets with Representatives of the National Assembly; meets with the Chairmen and Members of EU Affairs and of Foreign Affairs Parliamentary Committees; meets with Mr Milan Brglez, First Speaker of the Parliament; meets with Ms Vesna Györkös Žnidar, Minister of the Interior; meets with Mr Borut Pahor, President of Slovenia; meets with Mr Karl Erjavec, Deputy Prime Minister and Minister of Foreign Affairs; meets with Ms Marija Pejčinović Burić, Deputy prime minister and Minister of Foreign and European Affairs of Croatia.

Ms Federica Mogherini in Ljubljana, Slovenia, for a bilateral visit.

Mr Andrus Ansip delivers the opening statement at the CERT-EU Conference 2017, in Brussels.

Mr Andrus Ansip receives Mr Hugh Thompson, Global CTO of Symantec Corporation.

Mr Maroš Šefčovič gives a keynote speech at the 4th edition of the Driving Future Platform 'Autonomous Driving: Digital and Analogue Infrastructure', in Brussels.

Mr Valdis Dombrovskis gives a keynote speech at '1000 Companies to Inspire Europe 2017', the Launch of London Stock Exchange Group, in Brussels.

Mr Jyrki Katainen gives a keynote speech at the opening of the exhibition of Finnish 'Uusi puu' - New Wood, hosted by Ms Henna Virkkunen, Member of the European Parliament, in Brussels.

Mr Günther H. Oettinger meets with members of the S&D group of the European Parliament to discuss the next multiannual financial framework of the European Union following the presentation of the Reflection Paper on the Future of EU finance, in Brussels.

Ms Cecilia Malmström meets with representatives of the economy committee of the Swedish Parliament at the Permanent Representation of Sweden to the EU, in Brussels.

Mr Karmenu Vella receives Ms Catia Bastioli, CEO at Novamont.

Mr Vytenis Andriukaitis in Tallinn, Estonia: participates in the Informal Meeting of ***Agriculture*** Ministers; meets with Mr Henk Kamp, Minister for Economic Affairs of the Netherlands; meets with Mr Denis Ducarme, Minister of the Middle Classes, Independents, SMEs, ***Agriculture*** and Social Integration of Belgium; meets with Mr Tarmo Tamm, Minister of Rural Affairs of Estonia.

Mr Dimitris Avramopoulos receives Mr Demetris Syllouris, President of the Cypriot Parliament.

Ms Marianne Thyssen in Paris, France: meets with Mr Edouard Philippe, Prime Minister of France; attends the Key Initiative of the Global Apprenticeship Network; meets with Ms Muriel Pénicaud, Minister of Labour of France.

M. Pierre Moscovici reçoit M. François Garay, Maire des Mureaux et Vice-Président de la communauté urbaine Grand-Paris-Seine et Oise.

M. Pierre Moscovici reçoit M. Euclide Tsakalotos, Ministre grec des Finances, M. Giórgos Chouliarakis, Secrétaire d'État grec aux Finances, et M. Dimitris Papagiannakos, Secrétaire Général grec du Ministère des Affaires Etrangères.

Mr Christos Stylianides receives Mr César Alierta, President of the Telefonica Foundation.

Mr Phil Hogan in Tallinn, Estonia: participates in the Informal Meeting of ***Agriculture*** Ministers.

Ms Violeta Bulc is in Bled, Slovenia for the Bled ***Strategic*** Forum; takes part in the panel discussions 'The European Union in a changed world' and 'Innovative Europe – Opportunities for a new breakthrough'.

Ms Vĕra Jourová meets with Mr Wolfgang Brandstetter, Federal Minister of Justice of Austria.

Mr Tibor Navracsics in Norcia, Italy: visits European Solidarity Corps projects; meets with representatives of the local and national authorities and the Catholic Church; participates in a Facebook live chatand visits the Deposito del Santo Chiodo, a depot hosting 4.500 cultural, librarian and historical assets from 82 different sites and buildings hit by the 2016 earthquake in Central Italy.

Mr Carlos Moedas attends the ninth SAM (Scientific Advice Mechanism) high-level group meeting, in Brussels.

Mr Carlos Moedas meets with Mr Michael Muller, Minister President of the Senate of Berlin, in Brussels.

Mr Carlos Moedas delivers a speech before screening of Solar Impulse film, in Brussels.

Mr Julian King delivers a speech at the CERT-EU 2017 Conference – The Future of Cyber-Security in Europe, in Brussels.

Mr Julian King meets with Mr Herbert Hugh Thompson, Chief Technology Officer of Symantec, in Brussels.

Ms Mariya Gabriel receives representatives of the European Competitive Telecommunications Association.

Mercredi 6 septembre 2017

Informal meeting of foreign affairs ministers, in Tallinn (06-08/09).

Meeting of the College of Commissioners, in Brussels.

President Jean-Claude Juncker receives Mr Gianni Pittella, President of the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament (S&D Group).

President Jean-Claude Juncker receives Mr Bodo Ramelow, Minister-President of the Free State of Thuringia, Germany.

Mr Maroš Šefčovič receives Representatives of the Swedish Parliamentary Committee.

Mr Jyrki Katainen delivers a keynote speech at a Finnish Forest Industries Federation event, in Brussels.

Mr Günther H. Oettinger meets with representatives of the Senate of Berlin, in Germany.

Ms Cecilia Malmström receives representatives of the European Chamber of Commerce in Vietnam.

Mr Karmenu Vella participates in the conference 'New Hunters, New Challenges' organised by Mr Karl-Heinz Florenz and Mr Bendt Bendtsen, Members of the European Parliament, in conjunction with the 40th anniversary of the Federation of Associations for Hunting and Conservation of the EU (FACE), in Brussels.

M. Pierre Moscovici déjeune avec M. Jean-Pierre Clamadieu, Président du comité exécutif Solvay et les membres de la Table ronde des Industriels européens (European Round Table, ERT) à Bruxelles.

M. Pierre Moscovici reçoit M. Luca Visentini, Secrétaire générale de la Confédération européenne des syndicats (European Trade Union Confederation (ETUC), à Bruxelles.

Mr Christos Stylianides receives Mr Demetris Syllouris, President of the House of Representatives of Cyprus.

Mr Phil Hogan receives Mr Samo Jereb, Member of the European Court of Auditors.

Ms Violeta Bulc receives Ms Fang Liu, Secretary General of the International Civil Aviation Organisation (ICAO).

Ms Elżbieta Bieńkowska (06-07/09) in Tallinn, Estonia: attends the Informal Defence Council.

Ms Vĕra Jourová receives Mr Herbert Hugh Thompson, Chief Technology Officer of Symantec.

Mr Tibor Navracsics receives representatives of the European Chamber of Commerce in Vietnam.

Ms Corina Creţu receives Mr Florian-Dorel Bodog, Minister of Health of Romania.

Mr Carlos Moedas delivers a speech at the conference organised by Science Business: 'Innovation matters: Debating priorities for a competitive Europe', in Brussels.

Mr Julian King participates in the High-Level Seminar 'Hybrid Challenge 2017' and visits the new EU Hybrid Centre in Helsinki, Finland.

Ms Mariya Gabriel receives Mr Thierry Breton, Chairman and CEO of Atos.

Ms Mariya Gabriel participates in a conference on 'Better Regulation for Copyright' in the European Parliament, in Brussels.

Ms Mariya Gabriel delivers closing remarks at the conference 'Thinking the Future of European Industry. Digitalization, Industry 4.0 and the role of EU and national policies', in Brussels.

Jeudi 7 septembre 2017

Informal meeting of foreign affairs ministers, in Tallinn (06-08/09).

President Jean-Claude Juncker meets with Mr Antonio Tajani, President of the European Parliament, in Brussels.

President Jean-Claude Juncker participates in the Conference of Presidents of the European Parliament.

President Jean-Claude Juncker receives Mr Guy Verhofstadt, President of the Group of the Alliance of Liberals and Democrats for Europe in the European Parliament (ALDE Group).

President Jean-Claude Juncker receives Mr Mark Rutte, Prime Minister of the Netherlands, for a working dinner.

Mr Andrus Ansip receives Mr Emmanuel Laguarrigue, Schneider Electric Chief Strategist and Member of the Executive Committee.

Mr Maroš Šefčovič in Bratislava, Slovakia: attends the Solidarity Council organised by the Slovak Government.

Mr Jyrki Katainen participates in the Informal Defence Council, in Tallinn; meets with the Prime Minister of Estonia, Mr Jüri Ratas.

Ms Cecilia Malmström receives Mr Karan Bhatia, Global Vice-President for Government Affairs and Policy at General Electric.

Ms Cecilia Malmström receives representatives of the European Association of Sugar ***Producers*** (CEFS) and the International Confederation of European Beet Growers (CIBE) to discuss the Mercosur and Mexico trade agreements.

Mr Vytenis Andriukaitis receives representatives of the French Agency for Food, Environmental and Occupational Health & Safety (ANSES).

Mr Vytenis Andriukaitis receives Mr Klaus Meier, the President of the European Society of Oncology Pharmacy (ESOP).

Mr Dimitris Avramopoulos meets with Mr David Harris, Chief Executive Officer of the American Jewish Committee, in Athens, Greece.

Ms Marianne Thyssen delivers a keynote speech at the Bruegel Annual Meetings on the structural determinants of inequality, in Brussels.

Ms Marianne Thyssen meets with Ms Anna Ekström, Minister for Upper Secondary School and Adult Education and Training of Sweden.

Ms Marianne Thyssen receives Ms Evelyn Collins, Chair and Chief Executive of Equinet, the European Network of Equality Bodies, and Ms Anne Gaspard, Executive Director.

M. Pierre Moscovici reçoit les Directeurs Généraux en charge de la TVA des Ministères des Finances nationaux des 28 Etats Membres, à Bruxelles.

Mr Phil Hogan delivers a speech at the conference 'New Hunters, New Challenges' organised by Mr Karl-Heinz Florenz and Mr Bendt Bendtsen, Members of the European Parliament, in conjunction with the 40th anniversary of the Federation of Associations for Hunting and Conservation of the EU (FACE), in Brussels.

Mr Phil Hogan receives representatives of the European Chamber of Commerce in Vietnam.

Ms Vĕra Jourová in Paris, France: delivers a keynote speech at the Opening of the exhibition '60 years of Europe, what progress for justice?'; meets with Ms Nicole Belloubet, Minister of Justice, Keeper of the Seals; meets with Ms Isabelle Falque-Pierrotin, Chairman of CNIL (Commission Nationale de l'Informatique et des Libertés) and Chairman of the Art. 29 Working Party; meets with Ms Marlène Schiappa, Minister of State for Gender Equality.

Mr Tibor Navracsics hosts the opening session and delivers a speech at the joint meeting of national coordinators and stakeholders of the European Year of Cultural Heritage.

Mr Tibor Navracsics receives Ms Anna Ekström, Minister for Upper Secondary School and Adult Education and Training of Sweden.

Ms Corina Creţu in Romania (07-08/09): meets  with Mr Călin Popescu-Tăriceanu, President of the Senate; meets with Mr Nicolae-Liviu Dragnea, President of the Chamber of Deputies; meets with Mr Mihai Tudose, Prime Minister; visits the Triumphal Arch in Bucharest together with Mr Karl-Heinz Lambertz, President of the European Committee of the Regions and Mrs Gabriela Firea, Mayor of Bucharest; meets with Ms Sevil Shhaideh, Vice Prime Minister, Minister of Regional Development, Public Administration and European Funds and Ms Rovana Plumb Minister - delegate for European Funds; participates in a Citizens' Dialogue.

Ms Margrethe Vestager receives representatives of Dansk Metal - Danish Union of Metalworkers.

Mr Julian King presents the Comprehensive Assessment of EU Security Policy to the LIBE Committee of the European Parliament, in Brussels.

Ms Mariya Gabriel visits CERT-EU headquarters, in Brussels.

Ms Mariya Gabriel receives Ms Cecilia Bonefeld-Dahl, Director-General of DigitalEurope.

Vendredi 8 septembre 2017

Informal meeting of foreign affairs ministers, in Tallinn (06-08/09).

President Jean-Claude Juncker receives the Permanent Representatives of the EU's 28 Member States for a working lunch.

Mr Valdis Dombrovskis in Riga, Latvia: meets with Mr Raimonds Vējonis, President of Latvia; visits the NATO ***Strategic*** Communications Centre of Excellence.

Mr Jyrki Katainen delivers a keynote speech at the Bruegel Annual Meetings, in Brussels.

Mr Jyrki Katainen participates in an Investment ***Plan*** project signing event, in Brussels.

Ms Cecilia Malmström in Évian-les-Bains, France: attends the French-German Business Forum.

Mr Miguel Arias Cañete meets with Mr Jose Antonio Alvarez, Chief Executive Officer of Banco Santander, in Brussels.

Mr Vytenis Andriukaitis in Vilnius, Lithuania: meets with Mr Saulius Skvernelis, the Prime Minister of Lithuania; meets with Mr Aurelijus Veryga, the Minister of Health of Lithuania; meets with Ms Jurgita Petrauskiene, the Minister of Education and Science of Lithuania; gives a keynote speech at the conference '30 years for Heart Transplantation in Lithuania' organised by Lithuanian Association for Intensive cardiology and Emergency medicine; participates in the discussion 'Nouveaux regards sur le monde actuel' in the French Institute in Vilnius.

Ms Marianne Thyssen receives Mr Markus Breyer, Director General of BusinessEurope.

Ms Marianne Thyssen receives Mr Yannis Vardakastanis, President of the European Disability Forum (EDF).

Mr Phil Hogan in Dublin, Ireland: delivers a speech at a conference organised by the ***Agricultural*** Science Association.

Ms Elżbieta Bieńkowska in Krakow, Poland: participates in a Citizens' dialogue.

Ms Corina Creţu in Romania: meets with Mr Klaus Iohannis, President of Romania; Ms Gabriela Firea, Mayor of Bucharest; Mr Alexandru - Răzvan Cuc, Minister of Transport; Mr Victor Negrescu, Minister-delegate for European Affairs.

Ms Margrethe Vestager in Denmark, Copenhagen:delivers opening remarks at Youth Summit Denmark; meets with Mr Kristian Thulesen Dahl, Party Leader of the Danish Peoples' Party.

Mr Carlos Moedas in Lisbon, Portugal: delivers a speech at the Oceans Meeting: “The Ocean and Human Health”.

Mr Julian King delivers a speech at the British Irish Association Conference, in London, United Kingdom.

Ms Mariya Gabriel in Sofia, Bulgaria: meets with Mr Georgi Dimitrov, President of Law and Internet Foundation and Assoc.; Ms Daniela Illieva-Koleva, Executive Director of the Law and Internet Foundation; Ms Maya Manolova, National Ombudsman of the Republic of Bulgaria; participates in the closing session of the European Junior Olympiad in Informatics.

Samedi 9 septembre 2017

Dimanche 10 septembre 2017

Prévisions du mois de septembre:

11/09 Informal meeting of ministers responsible for development (FAC), in Tallinn.

11-14/09 European Parliament plenary session, in Strasbourg.

13/09 State of the Union Speech 2017, in Strasbourg.

14/09 Justice and Home Affairs Council (JHA), in Brussels.

15/09 Eurogroup, in Tallinn.

15-16/09 Informal meeting of economic and financial affairs ministers (ECOFIN), in Tallinn.

19-21/09 Informal meeting of energy and transport ministers (TTE), in Tallinn.

25/09 General Affairs Council (GAC), in Brussels.

26/09 General Affairs Council (Art. 50), in Brussels.

29/09 Tallinn Digital Summit, in Tallinn.

Prévisions du mois d'octobre:

02-05/10 European Parliament plenary session, in Strasbourg.

09/10 Eurogroup, in Luxembourg.

09-10/10 ***Agriculture*** and Fisheries Council (AGRIFISH), in Luxembourg.

10/10 Economic and Financial Affairs Council (ECOFIN), in Luxembourg.

12-13/10 Justice and Home Affairs Council (JHA), in Luxembourg.

13/10 Environment Council (ENVI), in Luxembourg.

16/10 Foreign Affairs Council (FAC), in Luxembourg.

17/10 General Affairs Council (GAC), in Luxembourg.

17/10 General Affairs Council (Art. 50), in Luxembourg.

17/10 Competitiveness Council (COMPET), in Luxembourg.

18/10 Tripartite Social Summit, in Brussels.

19-20/10 European Council, in Brussels.

23/10 Employment, Social Policy, Health and Consumer Affairs Council (EPSCO), in Luxembourg.

23-26/10 European Parliament plenary session, in Strasbourg.

24/10 Transport, Telecommunications and Energy Council (TTE), in Luxembourg.

Prévisons du mois de novembre:

06/11 Eurogroup, in Brussels.

06-07/11 ***Agriculture*** and Fisheries Council (AGRIFISH), in Brussels.

07/11 Economic and Financial Affairs Council (ECOFIN), in Brussels.

09/11 Justice and Home Affairs Council (JHA), in Brussels.

10/11 Foreign Affairs Council (FAC), in Brussels.

13-14/11 Foreign Affairs Council (FAC), in Brussels.

13-16/11 European Parliament plenary session, in Strasbourg.

15/11 General Affairs Council (GAC), in Brussels.

17/11 Economic and Financial Affairs Council (ECOFIN), in Brussels.

20/11 General Affairs Council (GAC), in Brussels.

20-21/11 Education, Youth, Culture and Sports Council (EYCS), in Brussels.

24/11 Eastern Partnership summit, in Brussels.

27/11 Foreign Affairs Council (FAC), in Brussels.

29-30/11 European Parliament plenary session, in Brussels.

30/11 – 01/12 Competitiveness Council (COMPET), in Brussels.

Prévisions du mois de décembre:

30/11 – 01/12 Competitiveness Council (COMPET), in Brussels.

04/12 Eurogroup, in Brussels.

04-05/12 Transport, Telecommunications and Energy Council (TTE), in Brussels.

05/12 Economic and Financial Affairs Council (ECOFIN), in Brussels.

07-08/12 Justice and Home Affairs Council (JHA), in Brussels.

07-08/12 Employment, Social Policy, Health and Consumer Affairs Council (EPSCO), in Brussels.

11/12 Foreign Affairs Council (FAC), in Brussels.

11-12/12 ***Agriculture*** and Fisheries Council (AGRIFISH), in Brussels.

11-14/12 European Parliament plenary session, in Strasbourg.

12/12 General Affairs Council (GAC), in Brussels.

12/12 General Affairs Council (Art. 50), in Brussels

14-15/12 European Council, in Brussels.

18/12 Transport, Telecommunications and Energy Council (TTE), in Brussels.

19/12 Environment Council (ENVI), in Brussels.

Permanence DG COMM le WE du 2 au 3 septembre:

Ms Vanessa MOCK, GSM: +32 460 76 46 87

Permanence RAPID - GSM: +32 (0) 498 982 748

Service Audiovisuel, ***planning*** studio – tél.: +32 229 52123

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[***Deal or no deal?***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P3Y-J9T1-JCF2-21T4-00000-00&context=1516831)

Mideast Mirror

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**Body**

Not for the first time this week, the front pages of Israeli newspapers are dominated by the so-called submarine scandal, which keeps expanding. Maariv and Israel Hayom lead with police suspicions that another major defense deal has been tainted by corruption and that as soon as Miki Ganor signs a deal to turn state witness, he will spill the beans on at least one additional case of graft. Maariv adds that these new cases also involve senior public and political figures.

According to the lead story in Yedioth Ahronoth, then-Defense Minister Moshe Ya'alon asked President Reuven Rivlin to speak to German Chancellor Angela Merkel about Israeli concerns over her country's sale of submarines to Egypt. Much to Rivlin's amazement, Merkel ***produced*** a signed document in which Israeli officials gave their blessing to the deal between Berlin and Cairo. Haaretz also leads with the submarine affair, reporting that police are set to expand their investigation and will start to question serving IDF officers. Several top officers have already consulted with lawyers.

All the papers report on the violent clashes that broke out Tuesday night between Muslim worshippers and police outside Temple Mount in Jerusalem. The Palestinian Red Crescent claimed that some 14 Muslim worshipers were wounded, with one reportedly in a critical condition. According to the Israeli police, the worshippers threw stones and bottles at the officers, who used various means to scatter them. Two officers were said hurt in the clashes. The Fatah movement called for protests Wednesday and processions throughout the West Bank toward checkpoints.

Meanwhile, the heads of militant factions in Gaza on Tuesday blasted Israel over the measures it took in the wake of last week's attack at Temple Mount, saying that its 'aggression' on the Al-Aqsa Mosque would be 'the spark that ignites the entire region', i24news reports. A statement delivered by the factions during a joint press conference said that 'we will not allow the cowardly occupation to take control of Al-Aqsa.'

The Egyptian government also published an announcement regarding the riots over the past week near Temple Mount and demanded that Israel 'stop the violence' and allow for freedom of worship at holy places. Egypt said that 'the right of the Palestinian people to perform its religious rites freely and securely should be respected. No steps should be taken that may fan the flames of the conflict.' Egypt warned of the dangerous consequences of an escalation in the conflict between Israel and the Palestinians.

Jerusalem District Police Commander Major-General Yoram Halevy, meanwhile, ordered that Temple Mount be closed off to Jewish worshipers and visitors Wednesday morning after a group of Jewish visitors breached the rules of conduct that apply to the holy site. The group was removed by security forces. Police are expecting further disruptions throughout the day as Palestinian demonstrators are slated to hold mass rallies in protest over the placement of metal detectors at the entrance to the site following Friday's attack, which claimed the lives of two Border Police officers.

In other news, Ynet - citing the Lebanese newspaper Al Akhbar - reports that a possible deal between Israel and Hamas to return three Israeli citizens and the bodies of two IDF soldiers held in Gaza is reportedly stuck over an Israeli demand to get a video proving Abera Mengistu, Hisham al-Sayed, and Jumaa Ibrahim Abu-Ghanima are alive. In return for such a video, Israel is reportedly willing to release several female prisoners, minors, and Palestinian parliamentarians under administrative detention. Hamas has rejected the Israeli demand, pushing instead for the release of 55 prisoners previously released in the 2011 Shalit deal and arrested anew after being accused of terror activity. Israel opposes this demand. In return to information about the soldiers' bodies, Hamas has demanded Israel release the Palestinians arrested during the current ongoing round of violence. Nevertheless, the paper reported some progress in the indirect talks mediated by Egypt, saying that 'new proposals' were raised by Cairo during negotiations.

Elsewhere, Haaretz reports that the IDF distributed two videos Tuesday, which the army says documents Hizbollah activity near the Lebanese border. According to the IDF spokesman's office, the activity contravenes a United Nations resolution barring Hizbollah fighters from that area. The first film shows outposts known to be affiliated with the Lebanese NGO Green Without Borders, and claims that the organization, ostensibly established to promote ***agriculture***, is working to collect intelligence by Hizbollah fighters stationed at the organization's lookout posts. The second film shows pictures of more than 30 Hizbollah activists that the army says are patrolling near the border with Israel. The IDF says it knows the individuals caught on film are Hizbollah by means of a Facebook page belonging to two Lebanese. The films come ahead of a meeting to be held in the UN Security Council on Thursday on the subject of UN Resolution 1701 that ended the Second Lebanon War in August 2006. Last month, the IDF showed the Security Council what it said was documented evidence that Hizbollah lookouts were using Green Without Borders as a cover.

Also yesterday, the head of the IDF Northern Command, Maj. Gen. Yoel Strick, said that Iran is 'trying to penetrate Lebanon and Syria and establish an extensive terror infrastructure' and that 'Hizbollah is methodically breaching UN Resolution 1701 and maintaining a military presence there even if it is hidden in dozens of Shiite villages South of the Litani' river.

Finally, Yedioth Ahronoth reports that the Foreign Ministry has decided to lower its profile in the fight against the Boycott, Divestment, and Sanctions Movement (BDS) after the Ministry of ***Strategic*** Affairs, under Gilad Erdan, has taken the dominant role in the fight. The Foreign Ministry decided to close its special department after the current head, Amir Ofek, was appointed Ambassador to Costa Rica.

I LOOKED OUT OVER JORDAN: Writing in Israel Hayom, Moshe Elad asks how the peace deal with Jordan benefits Israel and whether the Hashemite Kingdom really is the ***strategic*** asset that Israeli diplomats claim.

"When King 'Abdullah of Jordan's great-grandfather was murdered in July 1951 - at exactly the same place as two Israeli Border Police officers were killed last Friday - the prime minister of Jordan at the time, Tawfik Abu al-Huda, introduced an emergency regime in the whole of Eastern Jerusalem, including the holy sites, and dealt with the restless residents of the city with an iron hand. If anyone had hoped that 'Abdullah would take note of the fact that the blood of the two Israeli officers had not yet dried by the time that he called for Temple Mount to be reopened immediately and that Israel had not yet implemented all the necessary security measures, they were to be disappointed. Instead, he urged Israel to reopen the site and, as usual, Israel capitulated to his demands. Why? Because Jordan is a ***strategic*** asset.

Every junior cadet in Israel's diplomatic service learns by heart the mantra that the peace accords with Jordan are a ***strategic*** asset. But are they? How does one measure the effectiveness of these assets? If the Israel-Jordan peace deal is based on interests, then where do Israel's gains come into play? Is there not a chance that, whenever there's a crisis, our 'assets' will disappoint us and will flush years of investment down the tubes? Moshe Elad in Israel Hayom.

Jordan signed a peace accord with Israel in 1994, but long before that, going back to the days of 'Abdullah I, there were political contacts between Transjordan and the 'Zionist entity.' Israel, just before its establishment and immediately thereafter, saw 'Abdullah as an ally, but the very first time that the King had an opportunity to prove it, he met with Golda Meir and told her that he was very sorry, but he would be joining forces with the Arab countries in their war against Israel.

The grandson of 'Abdullah, Hussein, who throughout the 1960s was engaged in clandestine but close contacts with Israel - in what was known at the time as the 'officer channel' - claimed that he supported coexistence. He unexpectedly turned his back on Israel during the Six-Day War, however, on the instructions of Egyptian President Gamal 'Abdel Nasser and started to shell Jerusalem. Not only that, but, as supreme commander of his army, his instructions to his troops were as severe as those of Syrian President Nureddin al-Atassi, who told his officers not to take any Jewish prisoners.

Israel did not hold this against King Hussein. On the contrary: During the Black September crisis of 1970, when Syria wanted to teach the rogue leader in Amman a lesson in Arab solidarity because he had wiped out half of the PLO, the United States asked Israel to 'fight for the king.' The American request and Israel's refusal led, in the end, to the deployment of a solitary Israeli artillery unit. Thanks to American mediation, an unwritten ***strategic*** alliance was forged between Israel and Jordan, which continues today. The peace accord that was signed 23 years ago between King Hussein and Yitzhak Rabin merely formalized that alliance. And, incidentally, Israel also undertook to give the Jordanians 50 million cubic meters of water every year.

Many people are rightly wondering what role Jordan plays in this alliance. What is the Hashemite Kingdom supposed to do in this complex relationship? After all, there are hardly any fruits to this agreement: Apart from diplomatic relations, which mean little more than the establishment of a heavily fortified Israeli mission in Amman; there is almost no Israeli tourism to Jordan, apart from a few daytrips to Petra and Aqaba, and there are only limited commercial and economic ties.

Israeli diplomats who have served in Amman say that Jordan's only commitment is to be Jordan. The country is not obligated to do anything. They say that we have to understand the position that King 'Abdullah is in: He has to deal with a tough Islamic opposition, which frequently threatens to bring down the regime and which thwarts any effort to normalize relations with Israel. In order to stabilize the status quo between the regime and leaders of Islamic movements in his country, the King occasionally needs to toss Israel to the angry masses. That's what happened when Israel tried to assassinate Hamas' Khaled Mish'al on Jordanian soil in 1997 and during other regional crises. Now is the time to reevaluate the effectiveness of the ***strategic*** asset that is Jordan."

NOT LAPID: Writing in Globes, Shay Hershkovitz explains why he believes that Yair Lapid, whom he says is cut from the same cloth as U.S. President Donald Trump, is dangerous for Israel.

"They are both playboys, they are both members of the elite and they both enjoyed the limelight of high society - until they decided that the time was right to convert their dubious fame into political capital. They did so by making empty promises about a new kind of politics, by waging war on the old and despised establishment and by employing incitement, division and manipulation. To this stew they added a pinch of unconcealed and unapologetic ignorance. Like U.S. President Donald Trump, Yair Lapid built and continues to build his political fortune on the holy trinity of 21st-century politics: A flexible ideology, a slippery grasp of the truth and consistently pitting different sectors of society against each other.

Lapid began his career by spouting venomous rhetoric against the ultra-Orthodox and the settlers; he demanded to know 'Where is the money?' that he said was being stolen from the secular middle classes. Immediately after he recorded an impressive performance in the 2013 Knesset election, he began to embrace his 'brother' - Naftali Bennett and his Habayit Hayehudi party. Anyone who wants to examine the roots of the brainwashing that is part and parcel of the secular education system should demand answers from Lapid, who, with his own two hands, paved the way into government for a party which, in any normal country, would be seen with the disdain it deserves and would be stuck on the opposition benches in perpetuity.

The great prophet of the secular center-left, who saw the occupation and its foot soldiers the settlers as bad news, was quick to embrace them, to jump aboard the bandwagon of wanton incitement against Arabs and to adopt the vacuous claim of the far right that 'leftists are traitors.' For Lapid, human rights organizations are a fashionable scapegoat and he incites against them at every opportunity. To hell with democracy and freedom of expression.

The party leader who benefited from the votes of secular, liberal, middle-class Israelis discovered that those same people had apparently forgotten what it means to be Jewish. But Lapid remembered his heritage and started to prostate himself on graves, wrap himself in a prayer shawl, declare that there is no religious indoctrination and announce that secularism is nothing more than a stream of Judaism - which is a great thing.

Is this what he meant when he promised a new kind of politics? The failings of Lapid and his party when they were in government are nothing compared to those when they were on the opposition benches. Instead of becoming a militant opposition party, which attacks the destructive policies of the right; instead of making life unbearable for the extremists of Likud and Habayit Hayehudi; and instead of exposing the theft of public funds by the ultra-Orthodox and the settlers, Lapid decided to try and compete with the ruling Likud party, veered strongly to the right and simply abandoned the vast majority of his voters.

The champion of new politics was incredibly condescending to the newly elected leader of the Labor Party, Avi Gabbay, over his lack of political experience. Lapid claimed that Gabbay needs to spend a few sleepless nights attending cabinet meetings or to run the economy during a crisis before having any pretentions of becoming prime minister.

Let's leave to one side the criticism that the state comptroller had for the functioning of the cabinet of which Lapid was a member and let's ignore his rather questionable achievements as finance minister. Is this the 'new politics' that Lapid promised? After all, a leader who is confident in himself, who does not suffer from an inferiority complex, who genuinely wants to introduce cleaner politics, would surely welcome Gabbay's election and would call on him to join the campaign to replace the current government.

Lapid is feeling the pressure and, against his will, his real character has been exposed. Deep down, he feels nothing but scorn for his voters. He must think that they are asleep, impotent, addicted to reality shows, and that they are devoid of intellectual capabilities. Otherwise, how can one explain his belief that these people - his political base - will buy his frequent zigzags and will continue to vote for him? This pressure is also manifested in the bizarre texts that he posts on social media and his obsessive attacks against anyone who might criticize him. He even blocks them from commenting on his posts. Now, who does that remind you of?

A voter who casts his ballot for Likud or for Habayit Hayehudi knows what he or she is getting. We cannot underestimate the Ben-Gurionesque revolution that the right-wing regime has created - especially the current coalition. All the traditional pockets of power have been dismantled and reconstituted in the spirit and ideology of the religious, messianic right. In the fields of culture and education, law and media, issues of state and religion, minority affairs, Jewish-Arab relations - in all of these areas there has been a sea change that is redefining the nature of the State of Israel. Some welcome this change and others have criticized it, but we have a government that is making good on the promises it made to its voters.

An American friend of mine told me, just a few weeks after Trump's election victory, that he voted for the Republican candidate because of his loathing of Hillary Clinton and his disdain for the Washington establishment. 'If I had known how unstable Trump is, I would have swallowed my pride and voted for Clinton,' he told me. 'There are some things that cannot be gambled with and on which the fate of the nation depends.'

Anyone who wants this phenomenon to continue should vote for a right-wing party. Anyone who is terrified by the fundamentalist messianism of the Netanyahu government must vote for the left. But voting for Lapid is a playing a dangerous game because, when it comes to the Yesh Atid leader, there's no way of knowing what tomorrow will bring.

Politics is not a reality television show and leadership is more than spouting New Age nonsense. People who voted for Lapid in the past must rethink their positions. And his party colleagues, most of whom are decent people, should find themselves a more serious political home."

NETANYAHU'S END: Writing in Yedioth Ahronoth, Aviad Kleinberg says that we are rapidly approaching the end of Prime Minister Binyamin Netanyahu's political career.

"If Prime Minister Binyamin Netanyahu manages to survive the scandals that the police are currently investigating, then he must be a magician. Then again, we know that there's no such thing as magic; there is sleight of hand and illusion, but at some stage the trick is revealed. Bibi's trick is now being exposed. I know that I may be jumping the gun, but it seems to me that we can start summing up the age of King Netanyahu the First.

Let's start with the good. Netanyahu is a leader with international standing. He has some impressive capabilities. He made good use of them to give Israel and himself a standing on the global stage and it is doubtful that the next generation will be able to emulate that. There are no other politicians in Israel with such deep knowledge of and influence over right-wing politicians in the United States. As far as the American right is concerned, Bibi is not just some vassalic leader who comes cap in hand to Washington; he is a key figure in their conservative worldview. In many respects, they view him as an American senator who took control of a ***strategic*** province and who is running it according to their ideology.

More importantly, Netanyahu spearheaded a conservative line which, for various reasons, carries a lot of weight on the international stage. When he started out, he looked like an Israeli dinosaur stuck in the days before political correctness. Today, he looks totally contemporary. The combination of mass migration and Islamic terror, along with a dramatic drop in the global price of oil, have made Netanyahu's positions popular among a large number of people who, until a decade or so ago, rejected the same positions. His views are acceptable to most of the political elites in the West.

Under Netanyahu, Israel has enjoyed an extraordinary status, which manifests itself in good relations with allies, with former enemies, and even with purportedly current enemies. Israel's main enemy, the Palestinians, finds itself in an unprecedented position of weakness. Hamas is isolated in Gaza and is facing mounting domestic opposition; the Palestinian Authority is unpopular and its supporters in the international community are disappearing. Bibi can do whatever he damn well pleases.

These are very impressive achievements. While it is true that some of Netanyahu's gambles did not come off - his campaign against the Iranian nuclear deal, for example - the rise of Trump erased any concern that Hillary Clinton would exact revenge over his (scandalous) campaign, which infuriated her. The main problem has nothing to do with any security threat. The State of Israel is not currently facing any kind of major threat and certainly not from the Palestinians. The main problem is connected to the very existence of the Palestinians, to their numbers and to life on the ground. Even if Israel does not encounter terrorism or protests, the fact is that it is rapidly becoming a country in which a significant proportion of the population under its control do not enjoy full civil rights - and the rights they do enjoy are strictly limited. It doesn't matter what you call this kind of regime, it isn't democracy.

Netanyahu is ignoring fundamental questions, such as what is and what is not a democracy and what is permissible and what is not. This is true in every area. For the sake of the agenda that he is promoting so skillfully - turning the annexation of Palestinian territories into an irreversible fact - Netanyahu is willing to cut a lot of corners. So many corners, in fact, that we are trapped in the circle. He has no choice but to rely on his allies from the right and the settlers - allies who turn a blind eye to his shortcuts and his disdain for democracy in the name of the same agenda. Netanyahu understands that his policy is strengthening his political rivals to his right. He is not happy with this, but deep down they are the only ones he really trusts. He knows that, when push comes to shove, they will abandon their own parties and vote for his Likud.

That's not all, of course, Netanyahu's disdain for the rules and his belief that he is surrounded by idiots and that he knows better than anyone else will be his downfall. He would probably survive each of the scandals individually, but when the trickle of suspicion becomes a deluge, he surely knows that the end is nigh."

DEAL OR NO DEAL: Writing in Yedioth Ahronoth, Ben-Dror Yemini says that there is no need for Israel to cancel the submarine deal it has signed with Germany, despite allegations that some of the officials involved are guilty of corruption.

"There is almost no argument that there is a scent of corruption coming from the so-called submarine affair. Even if the criminal corruption did not reach the head of the pyramid, it is clear from what has already been published that there is blatant public corruption. We don't need evidentiary laws or the courts to confirm that and we don't need a verdict to know that something here stinks.

However, there is no connection between public corruption and the fact that Israel needs the submarines. It is important to note that the argument is over additional submarines that are part of a deal that has not yet been finalized. There is no controversy over the submarines that have already been ordered. So cancelling the deal would be shooting ourselves in the foot - or drilling a hole in our ship - just because some of those sitting in it are corrupt. When a member of one's family needs special medical equipment, would anyone even consider returning that equipment to the manufacturer, or cancelling the purchase entirely, just because someone else in the family benefited financially from the sale? The corrupt parties should be punished. There's no need to punish the Israeli public as a whole.

It is worth remembering that in massive international deals of this kind, there is always a relatively high level of corruption. In 2009, an Israeli investigative report found that, 'India wants to buy weapons and Israel wants to sell them; in order to push the deal through, Israeli arms dealers bribe anything that moves.' That investigation exposed how this industry of kickbacks works, how massive arms deals are really finalized and how deeply involved senior officials are. Reports of this kind have become an integral part of massive arms deals. This is no consolation, of course, and the fact that everybody breaks the law is no excuse. Even if this highly irregular norm is used to promote vital national security interests, Israel portrays itself as a law-abiding country and not a banana republic.

Nothing about the corruption probe should force the cancellation of the deal. Only a design flaw in the submarines should lead to the deal being called off. And, as far as we know, there have been no such complaints. It is also worth remembering that eight years ago, Former IAF procurement chief Rami Dotan was convicted of embezzling some $10 million from U.S. aid packages by purchasing inferior equipment for the Israel Air Force and then pocketing the difference. That did not lead to the deal in question being cancelled and there is no need for the German submarine deal to be called off either."

THREATENING IRAN, CLASHING WITH TRUMP: Writing in Haaretz, Amos Harel comments on Israel's position regarding the ceasefire in Southern Syria. Prime Minister Binyamin Netanyahu publicly criticized the truce as allowing Iran to establish a foothold just a few kilometers away from the Israeli border.

"Israel must prevent Iran from building bases in Syria at any cost, a former national security adviser who retains influence in the Prime Minister's Office said this week. Maj. Gen. (res.) Yaakov Amidror was speaking at a briefing for foreign correspondents organized by the nonprofit group the Israel Project. 'The implications of the Iranians building bases in Syria,' Amidror said, is that it creates 'launching-pad bases in Syria for Hizbollah and the Iranians. And Israel should prevent it whatever the price.'

'If that will not be taken into account by those who are making these arrangements -- the Americans, the Russians, and others -- that might lead the IDF to intervene and destroy every attempt to build infrastructure in Syria,' he continued, referring to the Israel Defense Forces. 'We will not let the Iranians and Hizbollah be the forces that will win from the long and very brutal war in Syria and move the focus to Israel.' Asked whether Israel would have the freedom to operate in Syria in such a manner, Amidror replied, 'I don't see who will stop it. I mean, if that is in the interest of Israel, we should strive to be sure that our interests will be kept.'

Though Amidror currently holds no official government position, he still has ties to Prime Minister Netanyahu and retains a degree of influence on certain issues. Thus, it is reasonable to assume that foreign governments that follow events in the region would note such remarks. It's also convenient for Netanyahu to have such statements come from Amidror. That way, the explicit threat against Iran and Hizbollah isn't perceived as being an official Israeli one, yet at the same time it's hard to ignore.

Amidror's remarks came one day after Netanyahu publicly criticized a cease-fire agreement brokered by Russia and the United States in Southern Syria. In a briefing for Israeli journalists during Netanyahu's visit to Paris, he and people identified only as 'senior officials' voiced two reservations about the deal: First, Israel believes it essentially acquiesces to Iran's presence in Syria, which already includes bases for ground forces, thousands of fighters from various Shiite militias and advanced ***plans*** for setting up air and naval bases in the country. Second, Israel is skeptical of the agreement's stated commitment to keep Iranian and Hizbollah forces about 20 miles from its border in the Golan Heights.

Israel doesn't believe that Russian troops, which are responsible for enforcing the agreement, will actually prevent Iranian forces from approaching the border. Over the past few days, Russian Military Police units have been spotted near the town of Daraa in Southern Syria, apparently to help enforce the cease-fire. But Israel is still trying to determine exactly how Russia ***plans*** to supervise activities by the Assad regime and its allies, including Iran and Hizbollah. In response to Netanyahu's remarks, Russia hastened to issue a soothing statement. Russian Foreign Minister Sergey Lavrov said that the cease-fire deal in Southern Syria had taken Israel's security needs into account, and that the agreement would be implemented in coordination with Israel.

Meanwhile, Israel has resumed its campaign of diplomatic warnings on a neighboring front, the Lebanese border. On Tuesday, the IDF released new video footage of intelligence operations by Hizbollah along the border, in violation of UN Security Council Resolution 1701, which ended the 2006 Second Lebanon War. This footage comes almost a month after Israel complained to the United Nations about similar Hizbollah activities along the border. Israel also revealed last month that Iran had set up weapons plants for Hizbollah in Lebanon.

The explanation for Israel's moves on the Lebanese front is obvious. The Security Council will soon hold its periodic debate on the implementation of Resolution 1701 and the extension of UNIFIL's mandate in Southern Lebanon. Israel thus has an interest in exposing Hizbollah's violations, as well as what it describes as UNIFIL's apathy to or deliberate disregard of these violations. This would push the UN peacekeeping force to be more aggressive in its dealings with Hizbollah - and also lay the public-diplomacy groundwork should a military conflict erupt in Lebanon.

But developments along the Syrian border have an even greater potential for drama. Though it's doubtful Israel will attack Iranian bases in Syria the next morning, as Amidror's words might seem to imply, there's clearly a point of friction over which Netanyahu, for the first time, has been willing to publicly clash with the Trump administration.

Israel's suspicions about Washington's conduct in the Syrian theater relate to several issues: Russian-American coordination, which Israel sees as being dictated mainly by Moscow; the emerging American ***plan*** to reduce its military presence in the region once Islamic State is defeated in its Syrian capital of Raqqa; and Trump's apparent acceptance of Iran's growing role in Syria. The administration's announcement, two years after the nuclear deal was signed with Iran, that Tehran is honoring its commitment to freeze its nuclear ***program*** also apparently made Netanyahu uncomfortable. Until then, President Donald Trump had sounded much more forceful and suspicious toward Iran than some of his top officials.

Washington hastened to give itself a bit of cover for that relatively positive statement toward Tehran by announcing new sanctions against 18 Iranian individuals and organizations in response to Iran's support for terror in the Middle East, its aid to the Assad regime in Syria and its ballistic-missile development. These conflicting messages from Washington, coupled with the Israeli warnings, reveal that both the Syrian and Iranian situations are fluid. That apparently is why Israel is applying pressure in the hope of spurring the Americans to improve the agreement they reached in a way that would make it better for Israel."

A THREAT TO ISRAEL AND THE WORLD: Writing in The Jerusalem Post, Josh Lipowsky says that countries must recognize all of Hizbollah as a terrorist entity - and not just the Lebanese organization's armed wing.

"While Israel has classified the group as a terrorist organization in all its entities, some states have only classified its terrorist wing: This needs to change.

Flags of the Lebanese terrorist group Hizbollah flapped in the breeze recently across London as part of an annual anti-Israel rally. Protesters relied on a legal loophole that must be closed in order to take the wind out of Hizbollah banners. The rally was in support of Qods Day, an annual protest against Israel instituted in 1979 by the late Iranian supreme leader Ruhollah Khomeini, who provided financial support and religious approval for Hizbollah's creation.

Iran continues to be Hizbollah's primary financial benefactor today. Qods Day is marked by chants of 'death to Israel' and demonstrations against Israel's legitimacy. In June, the protests went forward in the UK and Germany under the banner of free speech; protesters displaying Hizbollah banners argued that they supported Hizbollah's political wing and not its EU-sanctioned deadly military arm.

Last year, the Berlin state senate banned Hizbollah's flag at the behest of Berlin state Interior Minister Frank Henkel, who argued that it 'propagates the destruction of an entire people and endorses war and violence.' This past June, London Mayor Sadiq Khan said that British authorities were legally forced to allow the display of Hizbollah flags because the UK and EU had specifically proscribed only Hizbollah's military wing. The problem is this: Hizbollah's military and political wings have always been one and the same, and support for one becomes support for the other.

Hizbollah, of course, does more than wage war. In addition to the terrorist fighters roaming the Lebanese-Israeli border and propping up Bashar al-Assad in Syria, Hizbollah runs schools and other social ***programs*** across Lebanon. Thousands of Lebanese children pass through the doors of these institutions, which are designed to inculcate deep devotion to Hizbollah's virulent ideology, as well as loyalty to the Iranian supreme leader. Though these parts of Hizbollah may appear benign, all facets of the organization share common goals: Devotion to the Iranian leadership, violent opposition to Israel, and the promotion of Hizbollah's militant activities in furtherance of its other two goals. Hizbollah's military, social, and political wings have repeatedly worked in lock step for the benefit of the organization as a whole.

Hizbollah has an impressive resume of international terrorism. In 1985, the group hijacked TWA flight 847 on its way from Athens to Rome, murdering passenger Robert Stethem, a member of the U.S. Navy. Hizbollah is responsible for lethal attacks on U.S. and French forces in Lebanon, as well as the 1994 suicide bombing of the AMIA Argentine Jewish community center, which killed 85 people. And a deadly and unprovoked Hizbollah cross-border raid into Israel in July 2006 instigated a bloody 34-day war that left tens of thousands of Lebanese homeless.

In Lebanon, Hizbollah has used violence in pursuit of its political goals. Hizbollah has been implicated in the 2005 assassination of Lebanese prime minister Rafik Hariri, who opposed the influence of Syria - one of Hizbollah's primary backers - in Lebanon. In 2008, Hizbollah launched what Lebanese government officials dubbed an 'armed and bloody coup,' resulting in weeks of street fighting between Hizbollah and Lebanese forces until an agreement was reached that brought Hizbollah's political party into Lebanon's coalition government. This past April, Lebanese journalist Maria Maalouf was subjected to death threats and an arrest warrant after she publicly criticized Hizbollah.

Hizbollah readily admits that both its members in the Lebanese parliament and its fighters defending Assad in Syria take their direction from Hizbollah Secretary-General Hassan Nasrallah. Hizbollah deputy leader Na'im Qassem said that 'Hizbollah's secretary- general is the head of the Shura Council and also the head of the Jihad Council, and this means that we have one leadership, with one administration.' Qassem reaffirmed in 2012: 'We don't have a military wing and a political one; we don't have Hizbollah on one hand and the resistance party on the other.'

And yet, the UK and EU have created a semantic separation, a distinction without a difference, between Hizbollah's political and military wings. The UK proscribed Hizbollah's military wing as a terrorist organization in 2001. The European Union did the same in 2013. The result: Hizbollah banners waving in London. But this does not have to be. In 2004, the Netherlands designated Hizbollah in its entirety as a terrorist group, recognizing that 'Hizbollah's political and terrorist wings are controlled by one coordinating council.' The Netherlands notes that it maintains full political relations with Lebanon and all of its parties except Hizbollah. This should be the model for the UK and the EU as well.

In 2017, it is time for the UK to recognize reality and designate Hizbollah as a whole as a terrorist entity and push the EU to do the same. Otherwise, Hizbollah's banner will shamefully continue to fly over its cities."

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**Body**

Zagreb, 26 July 2017 (Hina) - Plenkovic wants Croatia to reach Estonia's digitisation levelZAGREB, July 25(Hina) - Estonia has made great headway in digital economy and Croatia is striving for that level of accomplishment, Prime Minister Andrej Plenkovic said on Tuesday after he met his visiting Estonian counterpart Juri Ratas.Ratas arrived in Zagreb to present the ***programme*** of Estonia for its current six-month presidency over the European Union, and to get acquainted with Croatia's expectations of the Estonian EU chairmanship.This Baltic country, which joined the EU in 2004, provides all of its 1.3 million citizens with opportunities to perform all administrative activities with the authorities on the Internet. Every Estonian, irrespective of their location, has a state issued digital identity.For instance, Estonia has electronic votingin which voters usea trusted electronic ID to vote in elections. Furthermore, the government does not any longer release print material from its sessions. The lion's share of the capital of Tallinn is covered by the free wifi Internet.Estonia offers an e-Residency model wherebye-Residents canestablish and manage a location-independent company online from anywhere in the world.Expertsestimate that these achievementsin digitisation liftannual GDP by 2%.The priorityof the Estonian presidency over the EU isdigital Europe and free movement of data as well as an inclusive and sustainable Europe.One of our main goals is digital Europe.

We are sure that the development of digitised society and e-government paves the way for economic growth and improved efficiency, Ratas said at a news conference in Zagreb.Estonia is ***planning*** to organise 45 events in connection with digital society during its EU presidency.In connection with this topic, Plenkovic said Croatia would try to make use of the European digital agenda and also national funds and funds from the European Commission and the World Bank for that purpose.Plenkovic and Ratas discussed bilateral economic cooperation, diplomatic relations, migrations, the EU enlargement and cooperation within NATO.It is vital to preserve the unity and determination of the EU and show that the 27 EU members are united and ready to make tough decisions, Ratas said.Croatian and Slovenian ministers satisfied with economic cooperationZAGREB, July 25 (Hina) - Croatian Economy, Crafts and EnterpriseMinister Martina Dalic and Slovenian Economic Development and Technology Minister Zdravko Pocivalsek said after their meeting in Croatia's Tuheljske Toplice spa resort on Tuesday that bilateraleconomic cooperation was good but that there was room for its improvement.Dalic told a news conference that Slovenia was one of the most important trade partners to Croatia and that investment flowsbetween the two countries were significant."Business relations, not just on the state level, but notably between counties along the border, are very good and with this meeting we would like to encourage further development of business cooperation between the two countries' business people," Dalic said, adding that there was room for furtherstrengthening of this cooperation.The Croatian ministertold the press that the talks had also focused on the international crafts and SMEs fair in Celje at which Croatia will for the first time be the partner country.The Slovenian minister underscored that Croatia wasan important economic partner to Slovenia."Last year, our trade exchange amounted to EUR 4.65 billion and commodities exchange to EUR 1.5 billion. Croatia is the countryin which Slovenia has invested the most -- over EUR 1.6 billion has been invested in Croatia so far, whereas Croatia's investments in Sloveniahave reached approximately EUR 900 million," Pocivalsek said.Asked if Croatia would sell Mercator separately or together with Konzum, Dalic said that Agrokor's business activities had been stabilised. She said that emergency administration had prevented the bankruptcy of ailing food concern and the spillover of negative economic consequences to the neighbouring countries, including Slovenia.Pocivalsek praisesthe adoption of Lex Agrokor."The Slovenian government supports measures Croatia had taken with Lex Agrokor because we believe that this solution is much better than a complete system shutdown which would affect all neighbouring countries in which Agrokor is or was doing business," Pocivalsek said.He said Slovenia had adopted Lex Mercator to protect the business activities of that companies, saying this would help the business people in both countries and facilitate the recovery of Agrokor.Commenting on a Slovenian court's decision to recognise Lex Agrokor for Slovenia, Pocivalsek sad this issue was complex, but that the Slovenian government agreed with most parts of the decision and objected onlysome.Minimum effects of border rowAsked to which extent the two countries' border dispute, namely the decision of the Arbitration Commission which Croatia does not recognise, could affect the economy and bilateral relations, the Slovenian minister said the effects would be minimal.It is Slovenia's ***strategic*** interest to see Croatia enter the Schengen area , but it must be clear to Croatia that Slovenia's economy depends on exports which makes up 80% of GDP, Pocivalsek said adding that 80% of Slovenia's exports goes to s to the EU member states."It is our vital interest not to get a Schengen border on the Austrian and the Italian side. In that context, we want Croatia join Schengen as soon as possible," the Slovenian minister said.Dalic: Nexus example of unsound business practices used by AgrokorZAGREB, July 25 (Hina) - Economy Minister Martina Dalic said on Tuesday that the case of the Nexus capital equity fund, which granted a loan to the Agrokor ***agricultural*** and food conglomerate last year, was yet another example of unsound and unclear business practices used by the conglomerate under the previous management of Ivica Todoric.Media say that Nexus Ulaganje granted a short-term loan of nearly 40 million kuna to Agrokor last year and has been unable to recover it after the conglomerate collapsed. Nexus Ulaganje is owned by Nexus FGS, the economic cooperation fund in which the Croatian Bank for Reconstruction and Development (HBOR) is also an investor, so it appears that the HBOR also lost some of the money invested.Asked by the press if Agrokor had actually been provided with loans through economic cooperation funds such as Nexus, Dalic said that this was yet another example of "unsound, inappropriate and sometimes indeed unclear business practices used by Agrokor under the management of Ivica Todoric, which actually led to Agrokor's bankruptcy.""I think that the time ahead of us will show how Agrokor operated and why it came to the brink of bankruptcy. It is not for the government to examine and investigate who did what, when and how. I expect institutions such as HANFA (the Croatian Financial Services Supervisory Agency), the State Attorney's Office and audit institutions to clear up this situation and establish whether those practices were in line with the law. That's why the emergency administration at Agrokor is conducting an audit of its entire business," Dalic told reportersafter attending a commemoration for former Prime Minister Hrvoje Sarinic, who passed away last Friday.Dalic said she saw this case as part of efforts to shed light on what had been going on at Agrokor, Croatia's largest privately-owned company.Asked if supervisionat the HBOR was poor given that information had been leaked showing that another loan had been granted to Agrokor through the Zagreb Montazacompany, Dalic said that such questions should be addressed to the HBOR management.Asked if there was fear that public finance might be more exposed than previously thought as a result of indirect financing of Agrokor, Dalic said: "The biggest danger to public finance and the economic system in general has been reduced to a minimum by stabilising the situation at Agrokor and by stabilising its business, which was made possible by the emergency administration law.""Agrokor was a large system and I won't be surprised if in the weeks and months ahead we learn of other examples of unacceptable and non-transparent business practices. But what happened must be investigated by state institutions," she concluded.Ramljak says findings of audit will bring great surprisesEmergency administrator Ante Ramljak has said in an interview with the RTL commercial broadcaster that additional audits which have been conducted in Agrokor will bring surprises in connection with the corrected value of that ailing food and retail conglomerate.The findings of the audit will be published in mid-September. Now we can start with first results of the audit in individual companies that are members of Agrokor, and there will be surprises, some of which great in connection with the corrected values, Ramljak, who was appointed Agrokor's emergency administrator on 10 April, said in the interview published on Tuesday.Ramljak, however, stopped short of specifying the findings.HRK 76 mn grant for projects within Economy Ministry programmesZAGREB, July 25 (Hina) - Deputy Prime Minister and Minister of Economy, Entrepreneurship and Crafts Martina Dalic on Tuesday awarded grant agreements valued at HRK 76 million for 20 projects within three schemes by the ministry, with a total value of HRK 156.3 million.Two grants of HRK 40 million for projects valued at HRK 57.8 million wereawarded as part of the "Increasing the development of new products and services resulting from research and development," ***programme***. Four projects related to the "Innovation of newly founded SMEs," received HRK 5.2 million in grants while their total value is HRK 6.1 million. Thirteen agreements related to financing projects within the "Competencies and development of SMEs," with a total value of HRK 92.4 million, and theywill receive HRK 30.6 million in grants.Speaking about the absorption of funds, Dalic told reporters that over the past few months, administrative activities have been accelerated and as a consequence, larger quantities of money arriving in the final phases has occurred and that is the phase of awarding grants which means that these projects can now actually be launched.This year, the ministry has published calls for applications for the entire sum of 970 million euro at its disposal, she said and added that a little more than HRK 650 million has been contracted.She in particular drew attention to two projects that relate to research and development and one that concerns innovativeness of small and medium-sized enterprises.Minister of Regional Development and EU Funds Gabrijela Zalac said that it was important for Croatia's entrepreneurship and economy to encourage innovation and new enterprises and the grant agreements signed today were a key instrument to promoteEricsson NT reports 26.8% drop in H1 net profitZAGREB, July 25 (Hina) - Ericsson Nikola Tesla generated a net profit of HRK 37.4 million in the first half of 2017, which was 26.8% less than in the same period of 2016, the telecoms equipment manufacturer reported on Tuesday.Sales revenue fell by 2.9% to HRK 709 million. Of this, HRK 138.5 million was generated in the domestic market, which was 5% more than in the first half of 2016. Foreign sales revenue, excluding the Ericsson market, dropped by 34.7% to HRK 104.3 million, while revenue generated in the Ericsson market rose by 6.3% to HRK 466.2 million.The domestic market accounted for 19.5% of total sales revenue, services for Ericsson accounted for 65.8%, of which 12% were rendered in Croatia, and export markets accounted for 14.7%.Gross profit increased by 5.5% to HRK 96.3 million andoperating profit rose by 3.7% to HRK 52.9 million. Due to operational and negative currency exchange effects, profit before tax was 8.2% lower, amounting to HRK 48.9 million.The company's president, Gordana Kovacevic, said that the company had been investing intensely in the knowledge, skills and competencies of its experts and would continue to do so in the future."We expect that processes of economic and political instability will continue in the second half of 2017 as well, so we will continue to focus on strengthening profitability, cost efficiency and responsible risk management," Kovacevic said.Bosnian and Montenegrin FMs talk stability and security in regionZAGREB, July 25 (Hina) - The foreign ministers, Igor Crnadakof Bosnia and Herzegovina, and Srdjan Darmanovic of Montenegro, who met in Sarajevo on Tuesday, called for the preservation of regional stability, underscoring that regardless of Euro-Atlantic integration processes it was important for countries in Southeast Europe to build good bilateral relations and avoid rhetoricthat could increase tension and threaten security."We are working on maintaining stability and full security in the region. It is impossible to imagine any progress if that were to be lost," Crnadak told reporters after meeting with his Montenegrin counterpart who was on an official visit to Bosnia and Herzegovina.The two ministers signed an agreement on the joint use of diplomatic representations in an effort to organise their diplomatic networks abroad in a more effective and cost-efficient manner.Crnadak said that this was a concrete example of strengthening good cooperation and added that relations between his country and Montenegro were exceptionally good in any case.Montenegro is a reliable partner, Darmanovic said, and a partner to Bosnia and Herzegovina that consistently supports its integrity.Darmanovic explained that he informed Crnadak of the positive effects of Montenegro's membership to NATO as well as of the situation in the country's EU accession negotiations and that Montenegro has opened 28 negotiation chapters and closed three.He added that it was important for the region for Bosnia and Herzegovina to advance in integration processes."Without Bosnia and Herzegovina's success in European and Euro-Atlantic integration, there can be no progress in the region. Bosnia and Herzegovina is a paradigm of success for the entire region," Darmanovic said and added that Montenegro would support Bosnia regardless of whether it decides to become a NATO member or not.Crnadak said that he was glad Montenegro hadbecome a member of the alliance and that its membership was a contribution to regional stability but did not disclose whether Bosnia should enter the alliance.The Bosnian Serb entity of Republika Srpska, from where Crnadak comes from, strongly opposes Bosnia's membership to NATO and is of the opinion that Serbia should be involved in decisions in that regard.Darmanovic announced that security and stability will probably be one of the focal points at the next American-Adriatic Charter summit to be held in Podgorica on August 2, with the participation of US Vice President Mike Pence, including Russia's policies toward the Balkans.In other news:Minister and public sector unionists hold informal meetingZAGREB, July 25(Hina) - Labour and Pension System Minister Marko Pavic, who assumed the ministerial position in June during a government reshuffle, on Tuesday held an informal meeting with representatives of the public sector's unions for the talks on a pay rise.They discussed also collective bargaining agreements and representativeness of trade unions.Unionists warned the minister that a task force in charge of definingrepresentativeness of trade unions was late in performing this job.An estimated 300,000 visitors expected at Porcijunkulovo feast in CakovecZAGREB, July 25(Hina) -The 53rd edition of "Porcijunkulovo", the Catholic feast of Our Lady of the Angels observed on 2 August, will be celebrated in the northern Croatian town of Cakovec from 28 July to 2 August.Cakovec authorities expect 300,000 visitors this year, as this year's rich ***programme*** offers something for everyone -- numerous concerts, children's playgroups, workshops and numerous exhibitions.Porcijunkulovo is a traditional cultural and tourism event, organised by the Cakovec TouristBoard. Originally, it was envisages at a fair of traditional crafts revolving around thefeast of Our Lady of the Angels. Today,Porcijunkulovo is the biggest tourism event in the northern Croatian Medjimurje County.20th edition of Motovun Film Festival startsZAGREB, July 26 (Hina) - The 20th edition of the Motovun Film Festival opened in this picturesque Istrian town on Tuesday evening with the screening of The Distinguished Citizen, an Argentine-Spanish drama film directed by Gaston Duprat and Mariano Cohn.The film is about a recipient of the Nobel Prize for Literature, who has been living in Europe for decades, and now accepts an invitation from his hometown in Argentina to receive a prize. In his country, the protagonist finds both similarities and irreconcilable differences with the people of his hometown.The festival that will run until July 29 was opened by Istria County prefect Valter Flego.Well-known filmmakers, actors and ***producers*** from that island country, including Fridrik Thor Fridriksson, Runar Runarsson and Ingvar Eggert Sigurdsson, have been announced to attend the festival in Motovun.A total of 125 films will be screened during the five-day festival.51-year-old woman arrested for causing 7fires in Sibenik areaZAGREB, July 25 (Hina) - A 51-year-old woman has been arrested on the suspicion that last week she deliberately caused seven fires in the Dubrava area, just inland from the coastal city of Sibenik, police said on Tuesday.The suspect caused six fires in privately-owned plots in the villages of Relje and Junakovici between July 18 and 23. The flames were quickly contained by the plot owners.She also set fire to a barn and the fire was put out by a police patrol.Crobex up, Crobex10 downZAGREB, July 25 (Hina) - The Zagreb Stock Exchange Crobex (ZSE) index on Tuesday rose by 0.04% to1,879.39 points whereas the Crobex10 index fell by 0.20 to1,115.21 points.Today's regular turnover totalled HRK 4.4 million, or HRK 940,000 more than on Monday.The Valamar Riviera hotel company turned over 1.5 million kuna, with its share priceremaining unchanged from Monday -- HRK 44.(EUR 1 = HRK7.404552)THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 0830 HRS WEDNESDAY. (Hina) ms Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

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THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 0830 HRS WEDNESDAY.

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**End of Document**



[***-Granite Construction to Acquire Layne Christensen in $ 565 Million Stock Merger Transaction***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RNF-W9N1-JD3Y-Y3TT-00000-00&context=1516831)

ENP Newswire

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**Body**

WATSONVILLE - Granite Construction Incorporated (NYSE: GVA) and Layne Christensen Company (NASDAQ: LAYN) announced today that they have entered into a definitive agreement whereby Granite will acquire all of the outstanding shares of Layne in a stock-for-stock transaction valued at $ 565 million, including the assumption of net debt.

The transaction, which was unanimously approved by the Boards of Directors of both companies, is expected to close in the second quarter of 2018.

Under the terms of the agreement, Layne shareholders will receive a fixed exchange ratio of 0.270 Granite shares for each share of Layne common stock they own. This represents $ 17.00 per Layne share, or a premium of 33%, based on the volume-weighted average prices for Granite and Layne shares over the past 90 trading days. Following the close of the transaction, Layne shareholders will own approximately 12% of Granite shares on a fully diluted basis, and Granite's Board will be expanded to include one additional director from Layne. The transaction represents an enterprise value multiple of 8.2x 2018 expected EBITDA1.

As a leading water management, construction, and drilling company with the #1 position in well drilling and a #2 position in cured-in-place pipe (CIPP) rehabilitation, Layne significantly enhances Granite's presence in the large and growing water infrastructure market. The combined company, including Granite's existing water business, will have water-related revenues of approximately $ 600 million3, positioning Granite as a national leader across both the transportation and water infrastructure markets. Together, Granite and Layne will have nearly 7,000 employees and serve a diverse and growing customer base.

'This ***strategic*** transaction brings together two complementary organizations to create a platform for growth, delivering significant benefits for shareholders, employees, and customers,' said James H. Roberts, President and Chief Executive Officer of Granite. 'With Layne's expertise and leading water positions, Granite will advance its goal of becoming a full suite provider of construction and rehabilitation services for the water and wastewater market. With enhanced scale and capabilities, Granite will be better positioned to address the growing water and wastewater needs throughout the infrastructure lifecycle. We expect this transaction will create value for shareholders in both the near- and long-term, including earnings accretion on an adjusted basis and synergy realization. As a stronger player in the attractive water and wastewater sector, we will have significant opportunities to capture a larger share of the market and accelerate our growth prospects.'

'We are pleased to reach this agreement with Granite, which creates significant value for all Layne stakeholders,' said Michael J. Caliel, President and Chief Executive Officer of Layne. 'Our organization believes that Granite is the right partner. This is a terrific opportunity as our shareholders will receive a significant premium and share in the upside potential in a diversified and growing company with greater scale and resources. Our customers will benefit from our shared commitment to operational excellence, quality, and customer service, and our employees will benefit from the upside and strong growth prospects of being part of a larger infrastructure company. Our leadership position in water resources combined with our increasing presence in the growing water midstream business should be greatly enhanced by our combination with Granite. The Layne team looks forward to working together with Granite to implement a seamless transition.'

Mr. Roberts concluded, 'Together, Granite and Layne will provide expanded career opportunities as a larger, stronger, and more diversified company. Granite will also benefit from gaining the expertise and specialized skills of Layne employees as we expand our presence in water infrastructure. Importantly, we believe this combination unites two similar cultures that emphasize core values focused on ethics, safety, sustainability, and a commitment to the communities in which we work and live. We look forward to welcoming Layne's talented employees to Granite. Together, we can capitalize on attractive and growing market opportunities, given the expected increase in demand for large water infrastructure ***programs***.'

Creates a Platform for Growth

Establishes Granite's Leadership Position in the Water Infrastructure Market. Layne is a leading water management, infrastructure services, and drilling company with a broad portfolio and a diverse and growing customer base across municipal, industrial, ***agriculture***, and energy end markets, with water-related services accounting for over 80% of revenues4. Together with Layne, Granite will be a leader in water infrastructure and wastewater rehabilitation, well positioned to take advantage of the attractive macro dynamics of the water services industry. The U.S. municipal utility sector is forecasted to spend $ 532 billion in capital expenditures through 2025, with over 50% of the spending expected to be related to water and wastewater distribution networks.5

A combination with Layne represents the next logical step in the evolution of Granite's strategy to diversify its service offerings by expanding in the water and wastewater market. Since acquiring Kenny Construction Company in December 2012, which gave Granite an entrance into the water markets, Granite has made a number of investments in the water sector to strengthen its capabilities, expand its footprint, and grow its presence. Now, with the addition of Layne's leading portfolio of services, Granite will be better positioned in water infrastructure and wastewater rehabilitation.

Provides a Broad Portfolio of Services to the Water Sector. Together with Layne, Granite will enhance its capabilities and service offerings to provide a full lifecycle portfolio to better meet the needs of its public and private water sector customers.

Creates a National Footprint with Capabilities Across Water and Transportation Markets. Granite is a leader in the transportation market with a significant presence across the U.S. and backlog of over $ 3.7 billion. Together with Layne, Granite will offer a broader suite of services in more markets across the country, with greater reach, particularly in the Midwest.

Adds Significant Base of Stable, Recurring Revenue. With a greater presence in the growing water and wastewater end markets, Granite will benefit from more stable and diverse funding sources. Specifically, Granite will benefit from Layne's consistent, recurring revenue stream in maintenance, repair, and Inliner product sales. On a pro forma basis, Layne's revenue would represent 14%6 of the combined company, which is anticipated to increase as Granite capitalizes on additional meaningful revenue opportunities.

Delivers Substantial Financial Benefits

Drives Significant Cost Savings. Granite expects to achieve approximately $ 20 million of annual run-rate cost savings by the third year following the close of the transaction, with approximately one-third realized in 2018. Granite expects to incur approximately $ 11 million in one-time costs to achieve these savings.

Accretive to Granite's Earnings. The transaction is expected to be accretive to Granite's adjusted earnings per share, and high single-digit accretive to Granite's adjusted cash earnings per share in the first year after closing7.

Maintains Granite's Financial Strength and Flexibility. The combined company will have a strong balance sheet and liquidity profile. Following the close of the transaction, Granite will maintain an investment grade credit profile with debt-to-EBITDA of less than 1.5x8. The expected strong cash flow generation of the combined business will enable Granite to return to current leverage levels by the end of 2018.

Financing, Approvals, and Close

Granite expects to assume outstanding Layne convertible debt with principal value of $ 170 million and honor the terms and existing maturity date provisions of the indentures. The transaction is not expected to trigger any change of control provisions under Layne's indentures. Granite also expects to fund the cash financing requirements of the transaction of approximately $ 70 million through a combination of existing cash on hand and availability under Granite's revolving credit facility. Following close, Granite will maintain an investment grade credit profile and significant financial flexibility.

The transaction, which is expected to close in the second quarter of 2018, is subject to the satisfaction of customary closing conditions, including applicable regulatory approvals and the approval of the shareholders of Layne. Wynnefield Capital, which has an approximate 9% voting interest in Layne, has agreed to vote in favor of the transaction. In connection with the transaction, Granite will issue approximately 5.4 million shares9 of Granite common stock to Layne common stockholders.

Advisors

Perella Weinberg Partners LP is serving as financial advisor to Granite, and Jones Day is serving as legal counsel. Greentech Capital Advisors, LLC is serving as financial advisor to Layne, and Latham & Watkins LLP and Stinson Leonard Street LLP are serving as legal counsel.

About Granite

Through its offices and subsidiaries nationwide, Granite (NYSE:GVA) is one of the nation's largest infrastructure contractors and construction materials ***producers***. Granite specializes in complex infrastructure projects, including transportation, industrial and federal contracting, and is a proven leader in alternative procurement project delivery. Granite is an award-winning firm in safety, quality and environmental stewardship, and has been honored as one of the World's Most Ethical Companies by Ethisphere Institute for nine consecutive years. Granite is listed on the New York Stock Exchange and is part of the S&P MidCap 400 Index, the MSCI KLD 400 Social Index and the Russell 2000 Index.

About Layne

Layne is a global water management, infrastructure services and drilling company, providing responsible solutions to the world of essential natural resources - water, minerals and energy. We offer innovative, sustainable products and services with an enduring commitment to safety, excellence, and integrity.

Forward Looking Statements

All statements included or incorporated by reference in this communication, other than statements or characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on Granite's current expectations, estimates and projections about its business and industry, management's beliefs, and certain assumptions made by Granite and Layne, all of which are subject to change. Forward-looking statements can often be identified by words such as 'anticipates,' 'expects,' 'intends,' '***plans***,' 'predicts,' 'believes,' 'seeks,' 'estimates,' 'may,' 'will,' 'should,' 'would,' 'could,' 'potential,' 'continue,' 'ongoing,' similar expressions, and variations or negatives of these words. Examples of such forward-looking statements include, but are not limited to: (1) references to the anticipated benefits of the proposed transaction; (2) the expected future capabilities and served markets of the individual and/or combined companies; (3) projections of financial results, whether by specific market segment, or as a whole, and whether for each individual company or the combined company; (4) market expansion opportunities and segments that may benefit from sales growth as a result of changes in market share or existing markets; (5) the financing components of the proposed transaction; (6) potential credit scenarios, together with sources and uses of cash and (7) the expected date of closing of the transaction.

These forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially and adversely from those expressed in any forward-looking statement. Important risk factors that may cause such a difference in connection with the proposed transaction include, but are not limited to, the following factors: (1) the risk that the conditions to the closing of the transaction are not satisfied, including the risk that required approvals for the transaction from governmental authorities or the stockholders of Layne are not obtained; (2) litigation relating to the transaction; (3) uncertainties as to the timing of the consummation of the transaction and the ability of each party to consummate the transaction; (4) risks that the proposed transaction disrupts the current ***plans*** and operations of Granite or Layne; (5) the ability of Granite or Layne to retain and hire key personnel; (6) competitive responses to the proposed transaction and the impact of competitive products; (7) unexpected costs, charges or expenses resulting from the transaction; (8) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the transaction; (9) the combined companies' ability to achieve the growth prospects and synergies expected from the transaction, as well as delays, challenges and expenses associated with integrating the combined companies' existing businesses; (10) the terms and availability of the indebtedness ***planned*** to be incurred in connection with the transaction and (11) legislative, regulatory and economic developments, including changing business conditions in the construction industry and overall economy as well as the financial performance and expectations of Granite and Layne's existing and prospective customers. These risks, as well as other risks associated with the proposed transaction, will be more fully discussed in the proxy statement/prospectus that will be included in the Registration Statement on Form S-4 that Granite will file with the Securities and Exchange Commission ('SEC') in connection with the proposed transaction. Investors and potential investors are urged not to place undue reliance on forward-looking statements in this document, which speak only as of this date. Nothing contained herein constitutes or will be deemed to constitute a forecast, projection or estimate of the future financial performance of Granite, Layne, or the combined company, following the implementation of the proposed transaction or otherwise.

In addition, actual results are subject to other risks and uncertainties that relate more broadly to Granite's overall business, including those more fully described in Granite's filings with the SEC including its annual report on Form 10-K for the fiscal year ended December 31, 2016, and Layne's overall business and financial condition, including those more fully described in Layne's filings with the SEC including its annual report on Form 10-K for the fiscal year ended January 31, 2017.

No Offer or Solicitation

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Additional Information and Where to Find It

In connection with the proposed transaction, Granite will file a registration statement on Form S-4, which will include a preliminary prospectus of Granite and a preliminary proxy statement of Layne (the 'proxy statement/prospectus'), and each party will file other documents regarding the proposed transaction with the SEC. The registration statement has not yet become effective and the proxy statement/prospectus included therein is in preliminary form. A definitive proxy statement/prospectus will be sent to Layne's stockholders.

You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website ([*www.sec.gov*](http://www.sec.gov)). In addition, investors and stockholders will be able to obtain free copies of the proxy statement/prospectus and other documents filed with the SEC by Granite on Granite's Investor Relations website (investor.Granite.com) or by writing to Granite, Investor Relations, 585 West Beach Street, Watsonville, CA 95076 (for documents filed with the SEC by Granite), or by Layne on Layne's Investor Relations website (investor.laynechristensen.com) or by writing to Layne Company, Investor Relations, 1800 Hughes Landing Boulevard, Suite 800, The Woodlands, TX 77380 (for documents filed with the SEC by Layne).

Participants in the Solicitation

Granite, Layne, and certain of their respective directors, executive officers, other members of management and employees and agents retained, may, under SEC rules, be deemed to be participants in the solicitation of proxies from Layne stockholders in connection with the proposed transaction. Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of Layne stockholders in connection with the proposed transaction will be set forth in the proxy statement/prospectus when it is filed with the SEC. You can find more detailed information about Granite's executive officers and directors in its definitive proxy statement filed with the SEC on April 25, 2017. You can find more detailed information about Layne's executive officers and directors in its definitive proxy statement filed with the SEC on April 28, 2017. Additional information about Granite's executive officers and directors and Layne's executive officers and directors will be provided in the above-referenced Registration Statement on Form S-4 when it becomes available.

Based on Granite's expectations for Layne financial performance during calendar year 2018, and including full run-rate cost synergies and expected present value tax benefit of Layne net operating losses.

Adjusted EPS excludes non-recurring transaction and integration costs and Adjusted Cash EPS further excludes amortization of intangible assets.

Based upon Layne's approximate LTM water revenue as of Layne's fiscal Q3 2018 (October 31, 2017) and Granite's three-year water-related average revenue.

U.S. Municipal Water Infrastructure: Utility Strategies & CAPEX Forecasts, 2016 - 2025, Bluefield Research.

Adjusted EPS excludes non-recurring transaction and integration costs and Adjusted Cash EPS further excludes amortization of intangible assets.

Assumes conversion of Layne 8.00% notes post-closing.

Outstanding Layne Equity awards to be cash settled at closing.

Contact:

Jacque Fourchy

Tel: 831-761-4741

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

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[***Understanding the drivers of sustainable entrepreneurial practices in Pakistan’s leather industry***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5YJX-P231-DY4C-F0N5-00000-00&context=1516831)

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**Body**

**ABSTRACT**

Purpose

The purpose of this paper is to analyse the drivers of sustainable entrepreneurial practices in SMEs operating in a developing economy. The secondary objectives are to explore the relationship between these drivers and to draw out the implications for policy and practice.

Design/methodology/approach

The paper is informed by the literature on sustainable entrepreneurship, and on the drivers of pro-environmental practices in SMEs. It reports on the results of an intensive multi-level empirical study, which investigates the environmental practices of SMEs in Pakistan’s leatherworking industry using a multiple case study design and grounded analysis, which draws on relevant institutional theory.

Findings

The study identifies that coercive, normative and mimetic isomorphic pressures simultaneously drive sustainable entrepreneurial activity in the majority of sample SMEs. These pressures are exerted by specific micro-, meso- and macro-level factors, ranging from international customers’ requirements to individual-level values of owners and managers. It also reveals the catalytic effect of the educational and awareness-raising activities of intermediary organisations, in tandem with the attraction of competitiveness gains, (international) environmental regulations, industrial dynamism and reputational factors.

Practical implications

The evidence suggests that, in countries where formal institutional mechanisms have less of an impact, intermediary organisations can perform a proto-institutional role that helps to overcome pre-existing barriers to environmental improvement by sparking sustainable entrepreneurial activity in SME populations.

Originality/value

The findings imply that the drivers of sustainable entrepreneurial activity do not operate in a “piecemeal” fashion, but that particular factors mediate the emergence and development of other sustainability drivers. This paper provides new insights into sustainable entrepreneurship and motivations for environmental practices in an under-researched developing economy context.

**Introduction**

Entrepreneurship is now viewed, not only a source of achieving different economic goals, but also a means to address persistent sustainability challenges (Hutter *et al.*, 2016; Pacheco *et al.*, 2010; Shepherd and Patzelt, 2011; York and Venkataraman, 2010). This has prompted researchers, practitioners and policy makers to search for ways of promoting the environmental and social contributions of entrepreneurial activity, alongside conventional commercial imperatives (Cohen and Winn, 2007; Dean and Mcmullen, 2007; Hamann *et al.*, 2017; Hockerts and Wüstenhagen, 2010; Hutter *et al.*, 2016; Kuckertz and Wagner, 2010; Muñoz and Dimov, 2015; Parrish, 2010; Shepherd and Patzelt, 2011).

The literature identifies several drivers of environmentally sustainable entrepreneurial practices, such as entrepreneurs’ personal characteristics (Bansal and Roth, 2000; Hamann *et al.*, 2017; Kuckertz and Wagner, 2010; Patzelt and Shepherd, 2011; Testa *et al.*, 2016), business contexts (Allet, 2017; Bansal and Roth, 2000; De Clercq and Voronov, 2011; Hamann *et al.*, 2017; Jamali *et al.*, 2017; Pacheco *et al.*, 2010; Spence *et al.*, 2011) and value creation objectives (Cohen *et al.*, 2008; Font *et al.*, 2016; Young and Tilley, 2006). Often, these factors are examined as “piecemeal predictors” of sustainable entrepreneurship, but in practice they are more likely to operate in tandem (Hamann *et al.*, 2017; Muñoz and Dimov, 2015). Thus, there is a need for more holistic approaches to examine the complementarity between possible drivers of sustainable entrepreneurship.

Another gap in the literature relates to an overwhelming focus on developed economies, which limits our understanding about entrepreneurial dynamics in developing countries (Hall *et al.*, 2010, pp. 445-446). Therefore, in order to deepen our understanding of this phenomenon at the global level, and to distinguish generic sustainability drivers from their more geographically situated counterparts, there is a pressing need for more in-depth analysis of its emergence in developing economy contexts (Jamali *et al.*, 2017). These economies are characterised by a wide variety of institutional mechanisms in the environmental sphere (Tewari and Pillai, 2005; Wahga *et al.*, 2015). For example, some have relatively stringent environmental regulations, while others have fewer regulations and/or do not enforce them as rigorously. Therefore, the propensity to environmental compliance is variable across these countries (Ortolano *et al.*, 2014; Tewari and Pillai, 2005; Yu and Bell, 2007). Some national governments in developing economies provide fairly extensive support for firms to improve their environmental performance while others provide little support (Ciccozzi *et al.*, 2003; Hsu and Cheng, 2012; Ortolano *et al.*, 2014; Tewari and Pillai, 2005). In addition cultural and religious values (Abdelzaher and Abdelzaher, 2015), and different levels of environmentally relevant resources and capabilities are also identified as possible explanations for the observed variability (Ciccozzi *et al.*, 2003; Hsu and Cheng, 2012; Wahga *et al.*, 2015). Given the current state of knowledge, an in-depth investigation of the unique configuration of institutional and business contexts in a developing economy can therefore contribute to the extant literature while also enriching our understanding about sustainable entrepreneurship worldwide (Crane *et al.*, 2016; Hamann *et al.*, 2017; Jamali *et al.*, 2017).

Finally, while the sustainable entrepreneurship literature draws attention to smaller enterprises, much of the research on the adoption of environmentally responsible practices has focused on larger firms (Blundel *et al.*, 2013; Hamann *et al.*, 2017; Walker *et al.*, 2008; Worthington and Patton, 2005). Thus, for advancing the discourse on sustainable entrepreneurship, we also need to explore sustainable entrepreneurial practices in SMEs.

In order to address these gaps in the literature, this paper investigates the multi-level factors that exert isomorphic pressures on SMEs in Pakistan’s leatherworking industry to adopt environmental practices.

In summary, this study finds that, in conjunction, coercive, normative and mimetic isomorphic pressures (DiMaggio and Powell, 1983) drive sustainable entrepreneurial activity in the majority of sample SMEs in Pakistan’s leatherworking industry. These pressures are simultaneously exerted by macro- (e.g. environmental regulations of export markets), meso- (e.g. intermediary organisations) and micro-level (e.g. sustainability-oriented values of owner-managers) factors. It makes a distinctive contribution to the literature on sustainable entrepreneurship through its examination of the way that intermediary organisations can perform as proto-institutional sponsors (Zietsma and Mcknight, 2009, p. 150) of cleaner production practices in an industry by igniting environmental responsibility amongst its SME population. It complements and extends existing studies of proto-institutions (Gómez and Atun, 2013; Lawrence *et al.*, 2002; Zietsma and Mcknight, 2009) by applying the concept to a developing economy context where formal institutional mechanisms may be less effective. More specifically, it demonstrates how normative isomorphic pressure from proto-institutional actors can compensate, to some degree, for the coercive isomorphic pressure that might be exerted by national regulatory authorities in economies that subject to fewer internal capacity constraints. The results also point to the value of social capital (Adler and Kwon, 2002; Fuller and Tian, 2006; Gergs, 2003; Nahapiet and Ghoshal, 1998) for advancing sustainable entrepreneurship and suggest that environmentally driven SMEs need to develop and deploy networking and alliance formation capabilities to collaborate with other institutional actors and effectively respond to the emerging challenges of environmental degradation.

**Conceptual background**

While all of the leading definitions of sustainable entrepreneurship refer to the co-production of economic, environmental and social goals (e.g. Cohen and Winn, 2007; Dean and Mcmullen, 2007), they reveal little about how these outcomes are achieved (Parrish, 2010). This question has been addressed, to some extent, through a parallel literature, which seeks to identify the factors that drive SMEs to adopt environmental practices. The most often commonly identified factors include: compliance with environmental regulations, economic and competitiveness benefits and the personal (ethical/moral) values of entrepreneurs. At the same time, the literature on drivers also reports some evidence about the supportive role of intermediary organisations in advancing sustainable entrepreneurship in SMEs (e.g. Klewitz *et al.*, 2012).

**Environmental regulations**

In the literature, the most frequently discussed driver of environmental practices in SMEs seems to be environmental regulations (Brammer *et al.*, 2012; Lewis and Cassells, 2010; Revell and Rutherfoord, 2003; Tilley, 1999; Wilson *et al.*, 2012). There is also evidence suggesting that SMEs do not welcome environmental regulations (Brammer *et al.*, 2012; Cordano *et al.*, 2010; Lewis and Cassells, 2010; Wilson *et al.*, 2012), primarily because of the complexities and costs attached with their observance (Simpson *et al.*, 2004; Wilson *et al.*, 2012). Moreover, research from some developing countries, like Pakistan and China, also refers to weaker implementation of environmental regulations reducing SMEs compliance (Wahga *et al.*, 2015; Yu and Bell, 2007). On the other hand, some studies refer to compliance-driven environmental improvement in SMEs (Patton and Worthington, 2003; Revell *et al.*, 2010; Studer *et al.*, 2006). The results of such studies appear encouraging for policy makers seeking to steer the environmental behaviour of small businesses through regulatory ***interventions*** (Revell *et al.*, 2010; Tilley, 1999). However, it is argued that unless the inherent complexities in regulations are reduced, they are made less cost intensive (Williamson *et al.*, 2006; Wilson *et al.*, 2012) and their threat is transformed into an opportunity (Studer *et al.*, 2006), compliance would remain the least appealing driver of environmental improvement in SMEs.

**Economic gains and competitiveness**

The research suggests continuing uncertainty in SMEs regarding the financial benefits from environmental practices (Parker *et al.*, 2009; Revell and Rutherfoord, 2003). Some SMEs are happy to invest in environmental initiatives because they perceive growth and profit in such measures (Collins *et al.*, 2007; Font *et al.*, 2016; Thorpe and Prakash-Mani, 2003). Such firms are seen to be innovative and opportunistic (Parker *et al.*, 2009) as well as pro-active in obtaining the resources and capabilities they need to exploit environmentally relevant market opportunities (Collins *et al.*, 2007; Roy and Thérin, 2008; Simpson *et al.*, 2004). Parker *et al.* (2009) consider businesses of this type as “advantage-driven SMEs” because they take environmental measures mainly to gain economic benefits such as reduced costs, increased revenues and enhanced reputation (Thorpe and Prakash-Mani, 2003), which can also enhance their competitiveness (Castka *et al.*, 2004; Parry, 2012; Simpson *et al.*, 2004; Studer *et al.*, 2006). In contrast, some SMEs regard environmental improvement as a drain from their profits (Revell and Blackburn, 2007; Simpson *et al.*, 2004), which does not generate competitive advantage (Dahlmann *et al.*, 2008). The main reasons attributed to lack of faith in economic gains are described to include: extensive financial costs, extra time and additional efforts needed to adopt environmental practices (Revell and Blackburn, 2007).

**Entrepreneurs’ moral values**

Another important factor relates to the personal values, vision and mission of entrepreneurs, which can be transmitted into their enterprises (Battisti and Perry, 2011; Hemingway and Maclagan, 2004; Vidal *et al.*, 2015; Williams and Schaefer, 2013). This implies that if owner-managers are personally considerate towards the natural environment, it is highly likely that they would introduce environmentally friendly practices in their businesses (Cambra-Fierro *et al.*, 2008; Cordano *et al.*, 2010; Font *et al.*, 2016; Hemingway and Maclagan, 2004). There is evidence that, in some SMEs, the environmental values of owner-mangers have induced the adoption of sustainable practices (e.g. Battisti and Perry, 2011; Hamann *et al.*, 2017; Hammann *et al.*, 2009; Hsu and Cheng, 2012; Testa *et al.*, 2016; Williams and Schaefer, 2013). However, though in a minority, some studies still suggest that the environmental attitudes of owners might not serve as an effective predictor of the environmental behaviour in smaller firms (Schaper, 2002).

**Intermediary organisations and environmental practices in SMEs**

Finally, the literature also suggests that intermediary organisations (e.g. industry associations, environment support institutes, NGOs and international donors) can exert normative pressure (DiMaggio and Powell, 1983) on firms to display environmentally responsible behaviour (Berrone *et al.*, 2008; Delmas and Toffel, 2004; Hoffman, 1999). Particularly, in the case of SMEs which are generally considered to be deterred by resource scarcity and capability deficiency to take sustainability-oriented initiatives (Del Brío and Junquera, 2003; Parker *et al.*, 2009), the role of environment support institutions in motivating and enabling these firms to take innovative measures for reducing their environmental footprints has been found to be influential (de Oliveira and Jabbour, 2017; Klewitz and Hansen, 2014; Ortolano *et al.*, 2014; Weltzien Høivik and Shankar, 2011). While operating as a meso-level driver, the intermediary entities have been successful in achieving their environmental targets through different ***interventions*** such as educational and training ***programmes***, and collaborative asset development (Battaglia *et al.*, 2010; Ortolano *et al.*, 2014). Often such ***interventions*** have been cluster based (Battaglia *et al.*, 2010; Ortolano *et al.*, 2014), aimed at achieving more substantial ecological benefits from the environmental engagement of a larger community of smaller firms.

The literature on drivers has focused attention on some of the more significant micro-, meso- and macro-level factors that induce SMEs to adopt sustainable practices. There is also increasing recognition of the need to trace the interactive effect of these multi-level factors on environmentally sustainable entrepreneurial activity (Foxon, 2011; Menguc *et al.*, 2010; Muñoz and Dimov, 2015). Drawing on institutional theory, researchers have applied the concept of isomorphic pressures (DiMaggio and Powell, 1983), in an effort to explain how environmentally responsible business activity can be promoted (Bansal, 2005; Bansal and Roth, 2000; Delmas and Toffel, 2004; Rivera, 2004). However, these pressures remain under-explored in the context of developing economies, such as Pakistan. Furthermore, insufficient attention has been paid to their distinctive institutional arrangements and their interactions with firm-level behaviours. Accordingly, the reviewed literature provides a starting point for this study, informing our understanding about the possible drivers of environmental improvement in Pakistan’s leatherworking industry, while a multi-level conceptual framework, informed by isomorphic institutionalism, allows us to accommodate the interactive effect of discrete drivers identified in the fieldwork in a more holistic way (Muñoz and Dimov, 2015, p. 650).

**Pakistan’s leatherworking industry**

The leather industry, primarily made up of SMEs, is the third largest export-earning sector for Pakistan (Government of Pakistan, 2014-2015, p. 142), but it faces considerable environmental and social challenges. For example, the indiscriminate discharge of contaminated wastewater and poisonous solid wastes are considered a major source of pollution, causing diseases in local populations, reducing the productivity of ***agricultural*** land, threatening the existence of marine life and damaging the ozone layer (Vogt and Hassan, 2011; Wahga *et al.*, 2015). Unfortunately, compared to some other countries (Battaglia *et al.*, 2010; Tewari and Pillai, 2005), the national government in Pakistan has not been very active in supporting its leather industry in addressing its environmental problems. Institutional voids, which appear to exist largely due to a less developed interest of governmental agencies in environmental issues coupled with a lack of competency amongst local officials responsible for inspecting SMEs in this sector (Wahga *et al.*, 2015), make the enforcement of environmental regulations relatively weak (Ortolano *et al.*, 2014). Moreover, there is limited social control of tanneries by the local communities. However, during the last 10-15 years, leatherworking firms have started to face considerable pressure from different stakeholders, particularly from international buyers, to comply with environmental standards.

Challenged by threats to their survival in the international market, leatherworking firms that are members of Pakistan Tanners Association (PTA) have been successful in seeking technical support from some international organisations like United Nations Industrial Development Organization (UNIDO), to set up combined effluent treatment plants in two leatherworking clusters, Kasur and Karachi. Moreover, with financial support from international donors (mainly the Norwegian and Dutch governments) and the backing of industry associations, two environment support institutes → Cleaner Production Centre (CPC) and Cleaner Production Institute (CPI) → were established in early 2000s, which are actively working to advance cleaner production (Van Berkel, 2007) in Pakistan’s leather industry. These institutes have taken substantial initiatives to ignite environmental values and raise environmental awareness amongst tanneries and have also supported them in the adoption of cleaner technologies (Ortolano *et al.*, 2014). A government entity, Small and Medium Enterprises Development Authority (SMEDA), is also collaborating to a limited extent with the industry associations and Chamber of Commerce to raise awareness amongst leatherworking firms for controlling pollution. As a result, many firms, particularly the export-oriented enterprises, have started to reconsider their production processes to reduce their environmental and social impacts (Ortolano *et al.*, 2014; Vogt and Hassan, 2011; Wahga *et al.*, 2015), providing an opportunity to explore the drivers of sustainable entrepreneurial practices in this largely unexplored developing economy context with its unique institutional settings.

**Methodology**

**Research design**

In this study, multiple case study design was adopted to develop a better understating of the phenomena and to achieve robustness in findings (Bryman and Bell, 2007; Easterby-Smith *et al.*, 2008; Yin, 2009). In accordance with Parrish (2010), the cases were considered as “multilevel phenomena stretching between the individual entrepreneurs and collective organisation” (p. 514).

**Sampling**

Snowball sampling strategy was adopted to recruit study participants (Easterby-Smith *et al.*, 2008). Early on in the access efforts, it became clear that SME owner-managers in Pakistan tend to lack faith in government departments. The fear of someone unknown visiting the firm and collecting such information that would later on invite some form of penalties from the government means that entrepreneurs have mistrust even of researchers and are often unwilling to grant access. Referrals from trusted organisations or individuals turned out to be the best strategy to gain access. Initially, the industry associations and environment support institutes, such as CPC, CPI and SMEDA, were contacted to establish access to some SMEs. Later on, building on referrals from these initial participating SMEs, access was gained to further sample firms.

**Data collection**

For this research, 35 interviews were conducted with different owners and managers from 22 SMEs between October 2014 and March 2015 (Table I). In some firms, more than one person was interviewed. Depending on the need for clarification of issues some follow-up interviews were also conducted. The respondents from the sample SMEs provided useful information about the micro-, meso- and macro-level factors that they thought were driving sustainable entrepreneurial activity in their firms. However, not all sample firms were environmentally engaged. Environmentally distanced SMEs shared their thoughts on the factors deterring them from environmental engagement. The sample SMEs were from the Punjab province (areas include: Lahore, Kasur, Sialkot, Gujranwala, Sheikhupura and Muridkey) and the Sindh province (areas include: Karachi). The two provinces house the largest number of tanneries in the country.

In addition, a number of other industry stakeholders were interviewed in this study (Table II). This included detailed discussions with the representatives of environmental support institutes, such as CPI, CPC, Kasur Tanneries Waste Management Agency and Korangi Wastewater Management Project (Karachi), and a leather sector specialist from SMEDA → a representative agency of the national government’s Ministry of Industries and Production. Representatives from industry associations, including the PTA, Pakistan Gloves Manufacturers and Exporters Association (PGMEA), Tanneries Association (Dingarh, Kasur) and Small Tanneries Association (Kasur) were also interviewed in this study. The members of these associations not only provided evidence about the influence of meso- and macro-level factors on environmental improvement, but also shared some of their own experiences and observations about firm-level sustainability drivers. Additionally, discussions with chemical suppliers explored their views about the industry dynamics arising from environmental developments, including the resulting pressures on firms and their own role in encouraging firms to use less harmful chemicals.

Different sets of questions were used for interviewing each group of respondents. Interview questions were initially based on desk research and the outcome of a pilot study with eight firms, and were further developed during the field visits using a “laddering technique” (Easterby-Smith *et al.*, 2008, pp. 146-147). While SME-focused interviews explored firm-level experiences and processes regarding the isomorphic pressures for environmental improvement, interviews with other industry stakeholders revolved around their role in assisting businesses to become environmentally responsible. Another objective behind collecting evidence from multiple respondents was to achieve reliability and validity in the findings (Bryman and Bell, 2007).

All the interviews were semi-structured and face to face. They were mostly digitally recorded and later on transcribed for analysis. In two cases, owner-managers were not comfortable with recording so notes were taken while interviewing them. Photographs were also taken during the site visits to provide additional evidence on firms’ environmental practices. The review of secondary documents included the annual reports of the industrial associations, sector-specific reports, etc. Finally, while attending the Pakistan Mega Leather Show, held in Lahore in March 2015, informal discussions were made with a number of entrepreneurs and industry stakeholders, which deepened the understanding of researchers about the dynamics of leather industry and particularly about the nature of firm-level environmental engagement. These discussions also provided an opportunity to validate findings from the preliminary analysis of data.

Since most of the interviews were conducted in the local language (Urdu), transcripts were therefore translated into English for analytical purposes. The field researcher was fluent in Urdu and English and the accuracy of translation was checked by an academic in Lahore who had good understanding of both languages.

**Analysis**

In this study, NVIVO software was used for data analysis, which was informed by the grounded analysis approach (Easterby-Smith *et al.*, 2008; Gioia *et al.*, 2013; Miles and Huberman, 1994; Williamson *et al.*, 2006). After getting familiarised with the data in a first reading, transcripts were re-read to draw initial concepts and start to develop the coding scheme. In the second round, the initial concepts were catalogued before developing consolidated themes in the third stage of analysis. At this stage, the identified themes were also classified as micro-, meso- and macro-level factors. The micro-level factors were labelled as L1, meso-level as L2 and macro-level as L3. Where necessary, recoding was done to refine the themes. Finally, themes were collated to inform the research objectives more precisely by developing aggregated and analytical dimensions (Figure 1).

Following Gioia *et al.* (2013), Figure 1 illustrates this inductive process of theme identification. A theme customer requirements and industry dynamics, for example, derived from the inductive analysis of data shows that multiple macro-level (L3) factors underpin the international orientation and experience of SMEs. The evidence suggests that the environmental sensitivity of international customers (L3) coupled with the environmental regulations of foreign countries (L3) and pressures from leather industry-related international monitoring bodies (L3) simultaneously generate coercive isomorphic pressure for SMEs in Pakistan’s leather industry to adopt sustainable practices. Similarly, the emergence of other themes was informed by an analysis of their respective micro-foundations.

**Findings**

Figure 1 provides a summary of the multi-level (micro, meso and macro) factors that drive sustainable entrepreneurial activity in Pakistan’s leatherworking industry. The detailed findings reveal how particular micro-, meso- and macro-level factors have combined to exert coercive, normative and isomorphic pressures on the sample firms. However, despite some evidence that micro-level factors played an independent role, it was noteworthy that these micro-level environmental drivers were generally mediated by specific meso- and macro-level forces. For example, the study demonstrates that the educational and awareness-raising initiatives of CPI (meso-level factor) and the environmental pressures from international buyers (macro-level factor) activated sustainability-oriented values amongst SME owner-managers.

The following paragraphs summarise findings related to the most significant; macro-, meso- and micro-level factors driving leatherworking SMEs to adopt environmental practices.

**Customers’ requirements and industry dynamics (macro)**

We found that international buyers and environmental regulations of foreign countries acted as macro-level institutional actors to exert coercive isomorphic pressure (DiMaggio and Powell, 1983) on the majority of our sample firms. In this way, international exposure (Bansal, 2005) and field cohesion (Bansal and Roth, 2000) pushed SMEs in Pakistan’s leatherworking industry to become environmentally responsible. Directly or indirectly, many sample firms were exporting their leather and/or leather products to European countries such as the UK, Germany, France and Italy. Some SMEs were also selling in the Chinese market from where leather was then exported to European countries, resulting in indirect export. All respondents from exporting firms were equally adamant that “Customers require this. The big brands ask about environmental compliance” (SME 12). European markets were thought to not only have environmentally conscious customers, the environmental regulations of these countries were also seen as strict and to be becoming more rigorous over time. International buyers from such markets were therefore pressing their Pakistani suppliers to adopt sustainable practices. For example, as one owner-manager explained:Look, our international market, especially the European market where new laws have been introduced, they give more business to those who work on these things, whose factory is environmentally friendly and does not drain poisonous water, and does not cause land or air pollution […]

Respondents explained that environmental compliance had become a basic requirement for exporting leather and leather products. Non-compliance with international environmental standards could result in rejection of the whole order.

International industry dynamics also provided isomorphic pressures (DiMaggio and Powell, 1983) on our sample firms. For example, the Leather Working Group (LWG), an international multiple stakeholder group and monitoring body, was working to promote environmentally friendly business practices across tanneries worldwide. LWG provides guidelines for continued environmental improvement and gives awards to confirm that a tannery is environmentally compliant. Tanneries that consider themselves more progressive strive to win such awards in order to develop their symbolic capital (Fuller and Tian, 2006; Gergs, 2003; Shaw *et al.*, 2008; Stringfellow and Shaw, 2009) and attract more business from international customers:[…] now the pressure for [wastewater] treatment is coming from LWG [Leather Working Group] […] If the [wastewater treatment] plant is not there, the values cannot be met and the LWG medal would not be awarded […] Any tannery that aims to export will have to adopt this […]

Tanneries use a number of different chemicals for processing leather. Of these, some are regarded as carcinogenic and their use is banned. To confirm that the suppliers have not used harmful chemicals, many international customers now ask for lab reports confirming that the processed leather would not cause any harm to its users. Thus, it seems that in order to satisfy their customers, by pursuing the acquiescence strategy (Oliver, 1991) and drawing on their pollution prevention and product stewardship capabilities (Hart, 1995), many export-oriented SMEs have established responsible supply chains (Gold *et al.*, 2010) for accessing and using environmentally less harmful chemicals. Across the industry, such inputs are known as REACH compliant chemicals:[…] we use chemicals according to the export requirements and their standards[…] it is a must, for the export business, it is a must. The importers want to know if you are REACH compliant or you are ISO certified. So it is a must without it you are not going to do the export business

This was confirmed by the representatives of environment support institutes, who had also observed the prevalence of customer requirements as a leading driver of environmental improvement in export-oriented leatherworking firms:Their buyers also had their requirements. So, they were to adopt these things anyway […] the export-oriented tanneries adopted the new processes more

Overall, the findings about customer requirements and industry dynamics lend support to a key theme of sustainable entrepreneurship: that environmentally relevant market opportunities (e.g. Cohen and Winn, 2007), which in the case of Pakistan’s leather industry are environmentally sensitive international customers, can profoundly drive sustainable entrepreneurial activity.

**Regulations (macro)**

At the macro level, compliance with environmental regulations was found to have only a moderate influence in persuading SMEs to adopt environmental practices because most of the sampled firms did not regard the pressure from national government a major push for environmental improvement. In contrast with a number of previous studies describing regulation as exerting strong coercive isomorphic pressure (DiMaggio and Powell, 1983) on SMEs to behave environmentally responsibly (Revell *et al.*, 2010; Studer *et al.*, 2006), our findings suggest that in Pakistan’s leatherworking industry generally SMEs perceive that “[…] there is some pressure from the government […], but that is limited […]” (SME 4):Government asks about it and in many cases customers also require it. So you can say it is fifty fifty […]

This study finds multiple factors for legislation to have remained a less effective driver of environmental improvement in this industry sector. The major ones are the limited interest of national government in environmental issues and the weaker enforcement of environmental regulations:I do not think that there has been any significant pressure from the government […] it is only on occasional basis that government may wake up for few days and pressurise the industrialists. However, if I talk about overall situation, I do not think that they are doing that due to the pressure from governmentThe implementation of regulation is weak therefore people do not care much about pollution

This provides an opportunity to some noncompliant firms to escape from serious penalties (Ortolano *et al.*, 2014). Moreover, though in isolated instances, the noncompliant attitude of competitors, who were saving costs through non-compliance, was also deterring some other SMEs from complying with regulations. However, it was found that in the recent past the relevant government departments had become more active and were pushing firms to adopt sustainable practices:It is about 4 to 5 years now that the Department of Environment has become stricter […] [therefore] at the moment, everyone is trying [for environmental improvement] because there is pressure from the government, from the Department of Environment

Overall, the analysis reveals that although the enforcement of environmental regulations is weaker in Pakistan that does not mean non-existence of environmental legislation. There is a potential to enhance the effectiveness of regulations as a macro-level driver of environmental improvement in SMEs in leather industry, but that would require serious interest of the national government in environmental issues. However, given the current circumstances, compared to many developed economies where regulations are not only made but are also enforced strictly (Revell *et al.*, 2010), formal compliance might not serve as an effective driver of sustainable entrepreneurial activities in Pakistan’s leather industry. In the light of available evidence, to motivate SMEs for environmental improvement, it looks more appealing to seek support from a set of complimentary drivers of sustainable practices such as sustainability values and support services of intermediary organisations rather than just relying on regulations.

**Proto-institutional sponsors (meso)**

At the meso level, this study finds that in the absence of effective formal institutional mechanisms in Pakistan intermediary organisations have performed as proto-institutional sponsors (Gómez and Atun, 2013; Lawrence *et al.*, 2002; Zietsma and Mcknight, 2009, p. 150). By taking substantive measures to institutionalise cleaner production in the leatherworking industry, they have been successful in exerting normative isomorphic pressure (DiMaggio and Powell, 1983) on many SMEs to adopt sustainable practices. Our findings show that, in addition to their international experiences with multi-level institutional actors, the majority of SMEs attributed their adoption of environmental practices to a large extent to the efforts of different intermediary organisations. Consistent with Ortolano *et al.* (2014), this study finds that the environmental ***interventions*** made by CPC and CPI changed the environmental orientation of many leatherworking firms and pushed them to adopt cleaner production. These environmental support institutes aim to motivate SMEs to control indiscriminate discharge of potentially harmful solid wastes and heavily polluted wastewater by adopting cleaner production techniques. Such techniques, when adopted, have the potential to help SMEs to comply with environmental regulations, meet customers’ demands and achieve eco-efficiency (Van Berkel, 2007). For instance, as an owner-manager described:[…] problems are emerging […] CPC has been working on this and telling us that if we do not meet the [environmental] requirements, we would not be able to export […] CPC is a very good institute regarding leather and they tell us everything about environment. Initially, courses were arranged on a monthly basis with trainers coming from abroad. They used to do experiments here for showing us in order to develop our better understanding. Then they used to conduct tests and exams. They also used to visit our units

On the same topic, the project manager from CPC stated:We made them realise that they were causing diseases […] people gradually started to get convinced. It was like we regularly used to knock at their doors and at times used to invite them for training sessions, and at times we used to visit them personally […] whenever we start, we start from good housekeeping and try to motivate people that they would not be required to spend a lot of money and by making minor investments they could save themselves from major [environmental] problems

Nevertheless, it was not easy for the environment support institutes to bring an attitudinal change in SMEs:[…] we really had to struggle hard to motivate them. Mostly, we convinced them that they would conserve their resources. They were more interested in this, that they would have some economic benefits. So, we kept this factor in mind while motivating them

The intermediary organisations also arranged inter-firm visits, which were considered an influential tool to encourage SMEs to adopt environmental practices:They had formed groups and my group worked on energy conservation […]

The philosophy behind organising such visits was to establish a network of environmentally motivated SMEs and provide the firms an opportunity to share success stories as well as learn from each other’s failures, which can be considered an instance of developing field cohesion (Bansal and Roth, 2000). Thus, in a way, environmentally engaged peers also exerted normative pressure (DiMaggio and Powell, 1983) on some SMEs and pushed them towards better environmental awareness and performance. These findings also suggest the presence of mimetic isomorphic behaviour (Delmas and Toffel, 2004; DiMaggio and Powell, 1983) in some SMEs. As some firms see others successfully adopting cleaner production, they follow them. The words of a ***programme*** manager of CPI also speak to the presence of mimetic isomorphic pressure for environmental improvement in the majority of SMEs:Now when we start working with one tannery, the other tanneries also start doing that after seeing that the other tannery is doing something new. This is very common culture here that if you introduce some new process in one industry, the rest would also start adopting that. So, when we started working in four or five tanneries, all of them started to come to us. Then they also develop confidence

The evidence from Pakistan’s leatherworking industry suggests that intermediary organisations seeking to activate environmental values amongst SMEs and making them realise the salience of the issue of environmental degradation share environmental knowledge, raise awareness of supply chain pressures and enable them to adopt cleaner production through training ***programmes*** and workshops. Intermediaries create further normative and mimetic isomorphic pressure (Bansal, 2005; DiMaggio and Powell, 1983) by forming small working groups to establish networks, which provide an opportunity for entrepreneurs to observe successful implementation of cleaner production processes in other firms and legitimise their own business behaviour while also developing the feeling of being a modern tannery. This is a further means of institutionalising cleaner production in the industry.

However, the active presence of these environment support institutes depended on the continued support from national and regional industrial associations such as the PTA and PGMEA. Referring to the key role of PTA, for example, a ***programme*** manager from CPI stated:Whatever project we do, we do those through the association […] we involve them and tell them about the project […] Then they tell us about three or four tanneries to start our activities with […] tanneries which are progressive because they understand these things they show interest and invite us to start our practices […]

These findings regarding the active role of intermediary organisations in achieving environmental goals lend support to the stream of literature which refers to the success of environment support ***programmes*** in developing environmental attitudes in SMEs in a number of European countries (Bruijn and Lulofs, 2001; Klewitz *et al.*, 2012; Pimenova and van der Vorst, 2004; York and Venkataraman, 2010). However, in contrast with the European context where national governments have provided financial support and political endorsement for environmental ***programmes***, these environmental initiatives in Pakistan were mainly funded by international sponsors (Ortolano *et al.*, 2014). As a respondent from CPI explained:Almost all our major projects are with the Dutch government. The Netherland Embassy in Islamabad has been providing funding for all these

Given that external funding streams are time limited, it seems likely that these initiatives will require ongoing support from the Pakistani Government if the sustainability benefits gained during the earlier phases of these ***programmes*** are to be retained and extended.

**Sustainability-driven values (micro)**

At a micro level, the environmental values of owner-managers also drive leatherworking SMEs to adopt environmental practices (Hamann *et al.*, 2017; Williams and Schaefer, 2013). Many respondents perceived themselves to have a value-driven engagement with cleaner production for protecting the natural environment. For instance, as two respondents asserted: “We will have to protect the mother earth if we are to live on it” (SME 16) and “[…] largely these are the moral values […] that drive us that it should be done” (SME 4). At the same time, some respondents asserted that “Humanity is our priority” (SME 9) and therefore they considered it their liability to protect the planet so that they could play a positive role in providing a better place for fellow human beings and future generations to live:[…] we are not doing this just to get the business; we are going for this because it is imperative for the survival of human beings. It is important to save our children from pollution

When asked: how sustainability values were formed, respondents gave a number of reasons. The majority of respondents referred to the mediating role of environmental support institutes in activating pro-environmental values amongst them, which was also confirmed by the project manager of CPC: “We made them realise that they were causing diseases […] people gradually started to get convinced” (Project manager, CPC). In a way, these findings suggest that the intermediary organisations transmitted their normative isomorphic pressure to SMEs by activating sustainability values amongst owner-managers. Some other respondents mentioned their real-life observations regarding the miseries of the general public due to pollution, such as health issues like stomach and breathing disease (e.g. SME 7) and limited access to clean drinking water (e.g. SME 11) as factors underpinning their sustainability values. It also implies that the sustainability values of SME owner-managers may be activated by international buyers’ demand for environmentally responsible production processes. It thus appears that leatherworking SMEs internalise some external drivers through micro-level internal factors and therefore adopt environmental practices (Vidal *et al.*, 2015).

In the Pakistani context, an Islamic country where many people attach significant value to religious convictions in almost all spheres of their lives, we had expected that religious values might play a major role in the development of sustainability values of entrepreneurs. However, there was very little evidence of SME owners and managers referring specifically to religious values. Only one respondent referred to religious convictions informing his sustainability values:First of all we are Muslims. Being Muslims, we have more rules to follow than the rest of the world - about cleanliness, honesty, quality and measurement. We are different from others because this is what our religion teaches us

These findings are in contrast with some earlier studies which argue for religious values as a potentially powerful driver of environmental practices in SMEs (e.g. Abdelzaher and Abdelzaher, 2015; Vives, 2006), and should be considered with caution because we did not set out explicitly explore the influence of religion on sustainable practices in SMEs. The responses could be different with a more religion-focused discussion. However, in agreement with some of the recent studies on sustainable entrepreneurship, our findings confirm that sustainability-driven owner-managers do “recognise equanimity between ‘self’ and ‘other’, where ‘other’ includes other people and nonhuman nature” (Parrish, 2010, p. 520).

**Competitiveness gains (micro)**

We also found that, at the micro level, sustainability practices of leatherworking SMEs were driven to a large extent by a competitiveness logic, i.e. to save resources and achieve eco-efficiency for cultivating economic benefits (Bansal and Roth, 2000; Font *et al.*, 2016). Owner-managers of environmentally progressive leatherworking SMEs were keen to achieve process efficiency by reducing their input intensity (Van Berkel, 2007) and therefore to address the issues of environmental degradation and rising costs of production at the same time:[…] costs are rising and process efficiency would have to be improved […] You may consider this one of the main reasons

Thus, by adopting cleaner production, many sample firms were trying to achieve financial and ecological benefits simultaneously. Such evidence suggests that, in a way, environmentally driven leatherworking SMEs follow the dual principles of sustainable entrepreneurship → “benefit stacking” and “***strategic*** satisficing” (Parrish, 2010), as an owner-manager’s also responded:[…] a lot of chemical is saved [due to cleaner production]. If environment is saved, we also get the money

Moreover, the competitiveness gains were also perceived to come from resource substitution:[…] we have developed a system in which we do not have to make extensive use of the boiler. We have fitted a small steam generator. That definitely uses less energy as compared to the boiler and it gives better production. This also results in less use of gas

It is, again noteworthy that the proto-institutional sponsors played a key role in raising awareness amongst SMEs owner-managers about the potential competitiveness gains of greening. They motivated them to adopt cleaner production practices by highlighting the economic advantages of these practices. As the ***programme*** manager from CPI said:Mostly, we convinced them that they would conserve their resources. They were more interested in this, that they would have some economic benefits. So, we kept this factor in mind while motivating them

Similarly, the respondent from CPC also explained that financial benefits were a major attraction for SMEs to become environmentally responsible:[…] the thing that attracts people most is economy, we tell them that […] you would be using lesser chemicals and your product would be processed with lower cost, then even slumbering people become attentive

By and large, our findings about economy-led environmental behaviour of SMEs in leatherworking industry are not surprisingly new, and lend support to the arguments made elsewhere in the literature that the attraction of economic gains can be a leading driver of environmental improvement in some SMEs (Collins *et al.*, 2007; Font *et al.*, 2016; Naffziger *et al.*, 2003; Thorpe and Prakash-Mani, 2003). However, one important finding of our research is that intermediary organisations (meso-level actors), through their motivational and educational initiatives, have performed a pivotal role in making the leatherworking firms (micro-level actors) realise that the economic and competitive advantages are attached with environmental improvement. They have also been generating normative isomorphic pressures for them to adopt cleaner production practices. This highlights the interaction of meso- and micro-level factors in promoting environmental improvement in the context of our study. Factors at different levels do not seem to act in isolation but operate in tandem to drive environmentally responsible SME behaviour.

**Symbolic capital (micro)**

Though in a minority, in a few SMEs sustainable entrepreneurial activity was also driven by the desire for developing symbolic capital (Fuller and Tian, 2006; Gergs, 2003) and therefore improving reputation. Developing better reputation equates with building symbolic capital, which is about how one is valued by others, such as the honour and prestige that a person or firm possesses (Fuller and Tian, 2006; Shaw *et al.*, 2008; Stringfellow and Shaw, 2009). Since symbolic capital can be converted into economic capital through entrepreneurial initiatives (Gergs, 2003), environmentally pro-active SMEs may strive to build their reputation as environmentally responsible businesses through adopting eco-friendly practices, allowing them to attract more customers and augment their sales (Fuller and Tian, 2006). By developing symbolic capital, they try to satisfy their stakeholders, such as the regulatory bodies, industry associations and NGOs, and this enables them to seek legitimacy of their behaviour and existence (DiMaggio and Powell, 1983; Fuller and Tian, 2006; Gergs, 2003). The simultaneous pursuance of resource accumulation in the form of symbolic capital and augmenting sales to environmentally sensitive buyers suggest that reputation-driven leatherworking SMEs also seem to follow the “principle of benefit stacking” (Parrish, 2010), as an owner-manager also explained:[…] our image will also improve. It is very clear that the benefit of adopting these [environmental] practices will be an improvement in image […] we will establish a better image in international market. It becomes easier to work with brands

At the same time, another entrepreneur perceived that the reputation of being an ecologically responsible firm would be helpful for enriching social capital (Fuller and Tian, 2006) and broadening the network of customers:[…] when customers come and during the round of factory when they see what we are doing about cleaning, recycling or work processes, they get satisfied […] and they also tell others that the factory is clean, does good work and setup is organised then things move ahead

Moreover, we found that some SMEs were following the “principle of worthy contribution” (Parrish, 2010) of sustainable entrepreneurship because they were aspiring to positively contribute to national image building by adopting sustainable practices. For instance, as an owner-manager narrated:We also want to earn profit. Although companies offer us chemicals at cheaper rates, we do not go for them. We are still using expensive chemicals. We also know that if we use cheaper chemicals that will increase our profits, but sometimes, profit is not everything because, if unfortunately, if anyone who is buying furniture [leather] and it does not clear the tests, at the end we will suffer and bring a bad name to the country also

The above findings are consistent with previous literature which argues that the desire to have better reputation can drive some SMEs to adopt environmental practices (e.g. Pimenova and van der Vorst, 2004). However, in Pakistan’s leather industry, some SMEs do not only appear to attach importance to their own image but are also driven by the ambition to contribute to the national reputation. This suggests that they do not only have micro- and meso-level considerations towards environmental improvement but also realise the macro-level implications of their actions. It appears that, again, (international) buyers are the ones who push SMEs to think about the reputational aspect of environmental practices. Nevertheless, we can trace a clear link between sustainability-driven values and image building: the ecological values of owner-managers that can make them responsible enough to think not only about themselves or profitability of their business but to consider the reputation of their country as well.

**Environmentally disengaged SMEs**

Overall, the findings of this study reveal that Pakistan’s leatherworking industry is now a relatively dynamic sector (Eisenhardt and Martin, 2000), where local industry practices and processes are keeping pace with the sustainability requirements of international markets.

Nevertheless, not every firm in our sample was environmentally progressive. Four of the 22 cases, SME 1, SME 3, SME 21 and SME 22, showed no signs of engaging with the emerging sustainability goals. The owner-managers of these businesses tended to distance themselves from any discussion about environmental challenges, as illustrated by the following comments:It is a time wasting activity to talk about pollution. Talk about the socio-economic issues. Talk about security, I will not die because of the pollution but because of insecurityWe are worried about the survival of our businesses, what to talk about pollution […] we are worried about our survival, how can we think about the environment

Most of these firms were smaller size units (Table I), with little engagement in export markets. With a primary focus on domestic market, these SMEs were not selling their products to environmentally sensitive buyers. In addition, these firms were generating limited revenues and many were struggling for survival because their regions were subject to political instability and violence. Respondents from Karachi region were particularly concerned about the security situation in their area discouraging customers from visiting them. Moreover, the owner-managers of these businesses were not highly educated and had not attained any formal industry-related education, so were relying largely on their own experience and informal, locally acquired learning.

In summary, the analysis suggests that a minority of SMEs remain environmentally disengaged as a result of the following: instability in socio-economic and security situation in their regions, inability to incorporate sustainable practices in businesses, lack of education, limited environmental awareness, weaker inter-firm knowledge exchange collaborations and illegitimate practices of some peers. While some of these structural obstacles may be difficult to overcome, there is considerable scope for policy makers and intermediary organisations to build on the learning experiences of environmentally driven SMEs in order to promote sustainable practices amongst these environmentally disengaged firms.

**Discussion**

In addition to informing our understanding about the geographically situated coercive, normative and mimetic isomorphic pressures driving SMEs in Pakistan’s leatherworking industry to adopt sustainable entrepreneurial practices, this paper contributes to the field of entrepreneurship more generally by linking two streams of literature → sustainable entrepreneurship and motivations for environmental practices in SMEs. At the same time, it examines multi-level (micro, meso and macro) factors influencing the environmental behaviour of leatherworking SMEs. The main contribution of this study is to show how, in the relative absence of effective formal institutional mechanisms (e.g weak support from national government and poor enforcement of environmental regulations), sustainability-oriented informal arrangements between institutional actors, such as between environmental intermediary organisations and SMEs in Pakistan’s leather industry, can lead to the emergence of proto-institutions and help advance sustainable entrepreneurship.

Findings show that coercive, normative and mimetic isomorphic pressures (DiMaggio and Powell, 1983) drive SMEs in the Pakistan leather industry to become environmentally responsible businesses. While multi-level factors including international customers, regulatory authorities, intermediary organisations and peers simultaneously exert these environmental pressures on SMEs, the intensity of the impact of each of these varies. In contrast with some earlier studies, which highlight the role played by regulations in making SMEs behave environmentally responsible (Masurel, 2007; Revell and Rutherfoord, 2003; Studer *et al.*, 2006; Tilley, 1999), local and national-level regulatory frameworks have not proved particularly effective in the case of Pakistan’s leather industry. Several more effective environmental drivers have been identified, such as customer requirements, supply chain pressures, international environmental laws, industrial dynamism and image building, which are consistent with the opportunity-seeking premise that characterised much of the sustainable entrepreneurship:[T]he massive changes occurring in the natural environment, and a growing attention to, and understanding of, these changes redefine the institutional and natural environment of firms and their markets, thus generating additional opportunities in the marketplace

However, while these commercial priorities play a decisive role in this developing economy context, the study has also revealed other important drivers, including the sustainability-driven values of SME owners and managers (Hamann *et al.*, 2017; Hammann *et al.*, 2009; Testa *et al.*, 2016; Williams and Schaefer, 2013). Crucially, it has shown how both value-based motivations for adopting pro-environmental practices, and a greater awareness of their potential commercial benefits, have largely been mediated by the educational and awareness-raising activities of intermediary organisations, such as CPC and CPI (Ortolano *et al.*, 2014). The study contributes to the literature by uncovering that these environmental support institutes appear to have been successful in performing a proto-institutional role (Gómez and Atun, 2013; Lawrence *et al.*, 2002; Zietsma and Mcknight, 2009) and institutionalising cleaner production in the Pakistan leather industry to a greater extent. In contrast with some other developing countries, where intermediary organisations have been seen as a less effective driver of environmental improvement in SMEs (e.g. Hamann *et al.*, 2017), this study demonstrates that these organisations have made substantial efforts for developing environmental orientation in the majority of leatherworking SME owners, managers and employees through raising their level of “eco-literacy” (Tilley, 2000). They have made them realise that by becoming environmentally responsible they could simultaneously protect the wider natural environmental, serve environmentally sensitive customers, comply with regulations and achieve eco-efficiency (Ortolano *et al.*, 2014; Van Berkel, 2007). While such an active role of intermediary organisations in transforming environmental behaviour of firms has been observed in some European countries (Bruijn and Lulofs, 2001; Klewitz *et al.*, 2012; Pimenova and van der Vorst, 2004; York and Venkataraman, 2010), these organisations have been financially supported by national governments, highlighting the effectiveness of strong institutional structures in these economies. In contrast, the CPCs in Pakistan have not been financially backed by national government, but by international sponsors (Ortolano *et al.*, 2014). Their emergence is largely attributed to the efforts of industry associations which strived to seek support from international actors for environmental capacity building of leatherworking firms. Our study thus demonstrates that in countries like Pakistan, where local formal institutional mechanisms are less effective, collaborations between other stakeholders of an organisational field with common environmental objectives can lead to the emergence of proto-institutes (Gómez and Atun, 2013; Lawrence *et al.*, 2002; Zietsma and Mcknight, 2009) that can more effectively create normative isomorphic pressure (DiMaggio and Powell, 1983) to drive SMEs to behave environmentally responsibly. It also appears that to an extent, the normative isomorphic pressure exerted by the CPC and CPI on leatherworking SMEs to comply with environmental regulations has compensated for lacked coercive isomorphic pressure that local and national regulatory authorities could not generate sufficiently due to their internal capacity constraints. These findings lead to the following proposition: *P1.* In cases of less effective formal institutional mechanisms but where SMEs and other actors in the organisational field have common interest in advancing a sustainability agenda, collaborations around this shared logic are likely to play a catalytic role in the evolution of proto-institutes aimed at diffusing cleaner production practices.

More generally, findings reveal patterns of intertwined effects of micro-, meso- and macro-level factors on environmental engagement of SMEs, confirming that these factors operate in tandem with each other (Font *et al.*, 2016; Hamann *et al.*, 2017; Muñoz and Dimov, 2015). Clearly, many respondents who referred to pressure from international customers also mentioned changes in international environmental regulations, sustainability-driven values and financial benefits. There is also evidence that some environmental drivers can mediate the influence of others, and might even be regarded as precursors to their emergence. More specifically environmental support institutes, CPC and CPI, have been stimulating sustainability values amongst SME owners, managers and employees, while also raising their awareness about potential commercial gains within this moderately dynamic industry (Eisenhardt and Martin, 2000). The collaborative efforts of local industrial associations, CPCs and international sponsors, which have also aimed at bringing attitudinal change in human resources in SMEs, illustrate how positive environmental outcomes can be achieved through collaborations between micro-, meso- and macro-level factors (Bruijn and Lulofs, 2001; Wassmer *et al.*, 2014). Thus, we offer the following proposition: *P2.* As SMEs operate in an organisational field, it is likely that they will be driven towards environmental improvement by multi-level factors (micro, meso and macro) emanating in that field.

The importance of social capital clearly emerged from the findings (Adler and Kwon, 2002; Fuller and Tian, 2006; Gergs, 2003; Nahapiet and Ghoshal, 1998). For example, while appreciating the value of networks some respondents described how they were influenced by visits to more environmentally engaged SMEs and to environment support institutes, where they observed the successful implementation of cleaner production processes. Peer support and demonstration of successful environmental projects by CPC and CPI provided these SMEs with opportunities to appreciate the value of sustainable practices, while also developing mimetic and normative isomorphic pressures (DiMaggio and Powell, 1983), respectively, which drove these firms to become more sustainable enterprises. These findings reinforce previous work that highlights a key role for effective networks that can exchange environmental knowledge and support SMEs through a successful transformation process to become more eco-friendly businesses (Bruijn and Lulofs, 2001; Halme and Korpela, 2014; Parry, 2012; Shearlock *et al.*, 2000; Wassmer *et al.*, 2014). While acknowledging the heterogeneity of SME populations (Parker *et al.*, 2009, pp. 296-297), evidence from this study reinforces the case for adopting relational approaches (Blundel *et al.*, 2013, p. 258), and for policy makers to configure effective regional and national-level support networks as a catalyst for promoting sustainable entrepreneurship. Inter-firm collaborations between environmentally progressive and distanced SMEs can particularly encourage the latter group of firms to adopt environmentally sustainable practices.

Finally, while religious motivations were rarely identified explicitly most of the respondents also referred to observing the principles of “benefit stacking” and “***strategic*** satisficing” (Parrish, 2010). This shows that SME owners and managers seek to co-***produce*** multiple benefits for the individual self, other people and the wider natural environment. This emphasis on multiple, inter-related benefits, including protection of planet and creating a better living place for future generations, represents an important addition to our understanding of discrete motivators such as cost saving or reputational gains.

**Conclusions**

The findings of this study suggest that, given the heterogeneity of institutional structures in countries across the globe, a holistic, multi-level approach provides an effective framework for examining drivers of sustainable entrepreneurial practice. The study has also demonstrated that environmental improvements can be achieved in the absence of formal institutional support mechanisms. In this instance, it traced the consequences of a well-designed ***intervention***, which attracted interested stakeholders to perform a proto-institutional role by forming alliances with local actors. This meso-level innovation has proved instrumental in advancing sustainable entrepreneurial practice in Pakistan’s leather sector. There is scope to extend the approach adopted in this study to examine drivers operating amongst SMEs in other industry sectors. This would allow us, first, to verify the relevance of particular factors and, second, to gain a better understating of how they can be promoted, both in Pakistan and in other developing economy contexts.

**Table I**  SMEs interviewed for this study

| **Cases** | **Founded** | **City** | **Size** | **Number of employees** | **Market of operation** | **Product(s)** | **Person(s) interviewed** | **No. of interviews** | **Length (hh:mm)** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| SME 1 | 1992 | Kasur | Small | 10-15 | Domestic | Finished leather | Owner-managers | 2 | 00:30 |
| SME 2 | 2001 | Kasur | Medium | 50-60 | Export | Finished leather | Production manager | 1 | 00:35 |
| SME 3 | 1992 | Kasur | Small | 15-20 | Domestic and export | Finished leather | Owner-managers | 2 | 00:25 |
| SME 4 | 1974 | Sheikhupura | Medium | 200-240 | Export | Finished leather | Manager | 1 | 00:40 |
| SME 5 | 2001 | Kasur | Medium | 50-60 | Export | Finished leather | Owner-manager | 2 | 01:13 |
| SME 6 | 1989 | Sialkot | Small | 6-7 | Domestic | Finished leather | Owner-managers | 2 | 01:21 |
| SME 7 | 1997 | Sialkot | Medium | 60-70 | Domestic | Finished leather | Owner-manager | 2 | 00:50 |
| SME 8 | 1989 | Sialkot | Medium | 100 | Export | Gloves, work wear, motorbike suits | Owner-manager | 1 | 00:50 |
| SME 9 | 1984 | Sialkot | Medium | 55-70 | Export | Leather garments | Owner-manager and general manage | 2 | 01:00 |
| SME 10 | 1988 | Sialkot | Medium | 50 | Domestic and export | Working gloves | Owner-manager | 1 | 00:41 |
| SME 11 | 1992 | Sialkot | Medium | 40-50 | Domestic | Leather processing services | Owner-manager and general manage | 2 | 01:11 |
| SME 12 | 2005 | Kasur | Medium | 50-60 | Domestic and export | Finished leather for shoes and garments | Owner-manager | 2 | 02:16 |
| SME 13 | 1971 | Kasur | Medium | 150-200 | Domestic and export | Semi-finished leather for shoes, sofas, jackets, upholstery | Owner-manager and other partners | 2 | 01:10 |
| SME 14 | 1996 | Sialkot | Small | 10-12 | Domestic | Finished leather for gloves | Owner-manager | 1 | 00:36 |
| SME 15 | 2001 | Sialkot | Medium | 200 | Export | Leather garments | Owner-manager | 2 | 01:00 |
| SME 16 | 1989 | Sialkot | Medium | 40-60 | Export | High performance leather clothing | Owner-manager | 1 | 00:43 |
| SME 17 | 2003 | Sialkot | Medium | 30-40 | Domestic and export | Gloves | Owner-manager | 1 | 00:29 |
| SME 18 | 1992 | Sialkot | Medium | 100 | Export | Leather garments, gloving leather, shoe upper, motorbike leather and fancy leather | General manager and production manager | 2 | 00:30 |
| SME 19 | 1949 | Muridkey | Medium | 200-240 | Domestic and export | Leather shoes | Owner-manager | 2 | 01:05 |
| SME 20 | 1980 | Karachi | Medium | 200-250 | Domestic and export | Finished leather | General manager | 1 | 00:34 |
| SME 21 | 1991 | Karachi | Medium | 100-120 | Domestic and export | Finished leather | Owner-manager | 1 | 01:05 |
| SME 22 | 1985 | Karachi | Small | 15-20 | Domestic and export | Leather garments | Owner-manager | 2 | 01:10 |
| Total |  |  |  |  |  |  |  | 35 | 20:03 |

**Source:** Developed by the researchers

**Table II**  Other stakeholders of Pakistan’s leatherworking industry interviewed for this study

| **Stakeholders** | **Nature of organisation** | **City** | **Person(s) interviewed** | **No. of interviews** | **Length (hh:mm)** |
| --- | --- | --- | --- | --- | --- |
| Pakistan Tanners Association (PTA) | National-level industrial association | Lahore | Association secretary and three members | 4 | 02:44 |
| Pakistan Gloves Manufacturers and Exporters Association (PGMEA) | National-level industrial association | Sialkot | Chairman and two members | 2 | 01:00 |
| Tanneries Association, Dingarh, Kasur | Regional industrial association | Kasur | A representative member of association | 1 | 00:45 |
| Small Tanneries Association, Kasur | Regional industrial association | Kasur | A representative member of association | 1 | 00:55 |
| Cleaner Production Centre (CPC) | Environment support institute | Sialkot | Project manager | 3 | 01:35 |
| Cleaner Production Institute (CPI) | Environment support institute | Lahore and Karachi | Two ***programme*** managers | 4 | 02:52 |
| Small and Medium Enterprises Development Authority (SMEDA) | A government entity ? Ministry of Industries & Production, Pakistan | Sialkot | Station officer | 4 | 02:21 |
| Kasur Tanneries Waste Management Agency (KTWMA) | A private-public partnership initiative ? a combined effluent treatment plant for a tannery cluster in Kasur | Kasur | In-charge | 2 | 01:41 |
| Korangi Wastewater Management Project (KWMP) | A private-public partnership initiative ? a combined effluent treatment plant for tannery cluster in Karachi | Karachi | Manager administration | 1 | 00:54 |
| SGS | Testing laboratory | Lahore | Marketing manager/senior executive officer | 1 | 00:33 |
| National Institute of Leather Technology (NILT) | Industry-related educational institute | Karachi | Staff member | 1 | 00:15 |
| Leather Technology Institute (LTI) | Industry-related educational institute | Gujranwala | Principal and ex-principal | 2 | 02:33 |
| Pakistan Council for Scientific and Industrial Research (PCSIR) | Research and testing laboratories complex ? an institute of national government | Lahore | Two staff members | 2 | 01:35 |
| CC1 | Chemical supplier | Lahore | Staff member ? technical manager | 1 | 00:17 |
| CC2 | Chemical supplier | Lahore | Staff member ? leather technician | 1 | 00:17 |
| CC3 | Chemical supplier | Lahore and Karachi | Owner-manager | 1 | 00:36 |
| CC4 | Chemical supplier | Lahore | Staff member | 1 | 00:25 |
| CC5 | Chemical supplier | Kasur | Owner-manager | 1 | 00:45 |
| TS1 | Cleaner technology seller (e.g. solar tubes) | Lahore | Executive staff member | 1 | 00:30 |
| Total |  |  |  | 34 | 22:39 |

**Source:** Developed by the researchers

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**Body**

KNIGHTS BACHELOR Professor Timothy John Besley London School of Economics and Political Science, services to economics and public policyGraham Stuart Brady Member of Parliament for Altrincham and Sale West, for political and public serviceChristopher Robert Chope Member of Parliament for Christchurch, for political and public serviceRt Hon Nicholas William Peter Clegg for political and public serviceGeoffrey Robert Clifton-Brown Member of Parliament for the Cotswolds, for political and public serviceProfessor John Kevin Curtice professor of politics, University of Strathclyde and senior research fellow, NatCen Social Research, services to the social sciences and politicsBarry Alan Crompton Gibb singer, songwriter and record ***producer***, services to music and charityAnthony John Habgood chairman Court of the Bank of England, services to UK industryMark Hendrick Member of Parliament for Preston, for parliamentary and political serviceRt Hon Lindsay Harvey Hoyle Member of Parliament for Chorley, for parliamentary and political servicesRichard Julian Long artist and sculptor, services to artCraig Thomas MacKey deputy commissioner, Metropolitan Police Service, services to policingTimothy David Melville-Ross chairman, Higher Education Funding Council for England, services to higher educationMichael Andrew Bridge Morpurgo author, services to literature and charityKenneth Aphunezi Olisa services to business and philanthropyAndrew Charles Parmley formerly lord mayor of London, services to music education and civic engagementProfessor Bernard Walter Silverman formerly chief scientific adviser Home Office, for public service and services to scienceProfessor Robert Stephen John Sparks professorial research fellow, University of Bristol, services to volcanology and geologyRichard Starkey musician, services to musicProfessor Terence John Stephenson chairman General Medical Council, services to healthcare and children's health servicesVery Reverend Professor Iain Richard Torrance pro-chancellor University of Aberdeen, services to higher education and theologyEdward Astley (John) Troup formerly executive chairman HM Revenue and Customs, for public service to taxpayers and the tax systemAlan John Tuckett professor of education, University of Wolverhampton, services to education, particularly adult learning Alan Thorpe Richard Wood formerly corporate director, children and young people's services, London Borough of Hackney, services to children's social care and educationWilliam Thompson Wright founder, Wrightbus Ltd, services to the economy and the bus industryORDER OF THE BATHKCBChristopher Edward Wollaston Mackenzie private secretary to HM The Queen, for public service Philip McDougall Rutnam permanent secretary Home Office, for public serviceCBRaymond John Long ***Programme*** director Department for Work and Pensions Digital Group, services to government and the public sectorHoward Orme chief financial and operating officer Department for Education, for public services especially to finance and building delivery capabilityNicholas Proctor Perry services to the criminal justice system in Northern Ireland David Prout formerly director general HS2, services to transportTimothy David Rossington formerly finance director Department for Digital, Culture, Media and Sport, for public serviceStephen John Charles Speed director Civil Nuclear and Resilience, Department for Business, Energy and Industrial Strategy, services to the oil and gas industryORDER OF ST MICHAEL AND ST GEORGECMGHelen Patricia Sharman services to science and technology educational outreachROYAL VICTORIAN ORDERDCVOMary Lady Carew Pole lady-in-waiting to the Princess Royal Kathrin Elizabeth Thomas lord-lieutenant of Mid-GlamorganKCVODenis Fitzgerald Desmond lord-lieutenant of Co LondonderryMarcus James Olone land agent, Sandringham EstateCVODonald Angus Cameron of Lochiel lord-lieutenant of Inverness-shire Joan Christie lord-lieutenant of Co AntrimGuy Wyndham Nial Hamilton Clark lord-lieutenant of RenfrewshireLt-Gen Arundell David Leakey formerly Gentleman Usher of the Black Rod Charlotte Elizabeth Manley chapter clerk, College of St George Nuala Patricia McGourty retail director, Royal Collection Enterprises Ltd Theresa-Mary Morton head of exhibitions, Royal Collection TrustDame Janet Olive Trotter lord-lieutenant of GloucestershireStephen Gregory Wallace formerly secretary to the governor-general of Canada and herald chancellorGalen Willard Gordon Weston services to the Prince's Charities CanadaLVOAnthony Richard Bird chief pilot the Queen's Helicopter FlightAlexander Christopher de Montfort assistant comptroller, Lord Chamberlain's OfficeBrian Edward Ford the Duke of York's household Amanda Jane Foster senior communications officer, household of the Prince of Wales and the Duchess of CornwallNicholas John Henderson trainer of the Queen's racehorsesCommodore Laurence Charles Hopkins formerly gentleman usher to the QueenJohn Lynes Private Secretary's Office, Royal HouseholdJustin Rupert John Hainault Mundy senior director the Prince of Wales's International Sustainability UnitNeil Alexander Wilson head of IT operations, Royal HouseholdMVOEvelyn Margaret Beattie formerly clerk to the lieutenancy of Co ArmaghLt-Cdr James Alexander Kennedy Benbow formerly equerry to the Duke of CambridgePeregrine David Bruce-Mitford gilding conservator Royal Collection TrustSgt Stephen Collingwood Metropolitan Police, services to royalty protectionInspector Rodney Paul Feichtinger Metropolitan Police, services to royalty protection Emma Elizabeth Goodey digital engagement manager, Royal Household Gillian Harding formerly executive assistant to the private secretary to the Queen Karen Louise Lawson picture library manager, Royal Collection TrustSimon Edward Lloyd Systems manager, household of the Earl and Countess of WessexIan John Miles senior manager specialist operations, Dyfed Powys PoliceGeoffrey Charles Munn managing director, WartskiJacqueline Hope Newbold personal assistant, the Queen's DressersJohn Revill formerly the Duke of York's household Katherine Charlotte Scully services to the household of the Prince of Wales and the Duchess of CornwallPaul Eric Southwell manager, Sandringham HouseClive Anthony Stevens messenger sergeant-major, the Queen's Body Guard of the Yeomen of the GuardInspector Douglas Ian Thompson Metropolitan Police, services to royalty protection Audrey Williams services to the lieutenancy of DyfedJohn David Williams formerly clerk to the lieutenancy of West Sussex Rachel Gwendoline Leocadia Murat stud groom, Polhampton StudROYAL VICTORIAN MEDALRVMStephen Henry Ronald Marshall Yeoman of the Glass and China Pantry, Royal HouseholdBar to RVMPaul Alexander Lawrence tractor and machinery operator, Crown Estate, WindsorRVMPhilip Anthony Collins fire safety and access officer Buckingham PalaceJohn Anthony Denton Yeoman Bed Goer the Queen's Body Guard of the Yeomen of the GuardHenry Melbourne Everist Warden Windsor CastleAlan Campbell Haggarty formerly dining room assistant Royal HouseholdAlan Richard Parry Semi-State harness cleaner and assistant to the stores manager Royal MewsBarry Lyndon Jacob Shrubb deputy head chauffeur (operations), Royal HouseholdORDER OF THE COMPANIONS OF HONOURCHBaron Melvyn Bragg services to broadcasting and the artsLady Antonia Fraser author and historian, services to literatureThe Most Ancient and Most Noble Order of the ThistleHis Grace Sir Richard Walter John Montagu Douglas Scott Duke of Buccleuch and QueensberryORDER OF THE BRITISH EMPIREDBEProfessor Janet Patricia Beer vice-chancellor University of Liverpool, services to higher education and equality Darcey Andrea Bussell services to danceProfessor Hilary Anne Chapman chief nurse, Sheffield Teaching Hospitals NHS Foundation Trust, services to nursing Jacqueline Lesley Daniel chief executive University Hospitals of Morecambe Bay NHS Foundation Trust, services to healthcareProfessor Pratibha 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Peters services to the advancement of medical scienceCBEProfessor Stuart Ryan Ball services to political historyPaul David Baumann chief financial officer NHS England, services to NHS financial managementProfessor Nevin Fraser David Bell services to economics and public policyProfessor Norman David Black services to higher education science and the voluntary sector Josephine Catherine Boaden chief executive, Northern Housing Consortium, services to housing providers in the north of EnglandProfessor Timothy William Roy Briggs consultant orthopaedic surgeon, Royal National Orthopaedic Hospital NHS Trust, services to the surgical professionDale Graham Bywater executive regional managing director for Midlands and East NHS Improvement, services to NHS patients and taxpayersProfessor Joy Carter vice-chancellor, University of Winchester, services to higher educationDavid Alan Clarke chief executive, Assured Food Standards, services to the British food and farming industry Blondel Bernadette 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(Lady Kulukundis) Hampshire actress, services to drama and to charityJames Hugh Calum Laurie actor, services to dramaProfessor Richard James Lilford professor of public health, University of Warwick, services to health research Suzannah Claire Lishman consultant histopathologist, North West Anglia NHS Foundation Trust, services to pathology Robin Howard Lovell-Badge senior group leader, Francis Crick Institute, services to genetics, stem cell research and the public understanding of scienceJames Brown Martin formerly Scottish Public Services Ombudsman, services to the Scottish public sectorProfessor Maureen Lesley McAra professor of penology and assistant principal for community engagement, University of Edinburgh, services to criminology Anne McGaughrin legal director for Department for Education government legal department, services to law and order in the public sector Julia Kathleen Nancy McKenzie actress, singer and director, services to dramaDavid Robert Michael Melding for 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England, services to the NHS Norma Redfearn for public and community service in Tyneside Hilary Marion Ruth Reynolds executive director, Research Councils UK, services to policy and researchHoward Charles Fraser Riddle formerly senior district judge (chief magistrate) for England and Wales, services to the administration of justiceTimothy John Rix Group managing director, JR Rix and Sons Ltd, services to the economy and regeneration in the Humber regionAndrew Ogilvie Robertson chairman, LAR Housing Trust, services to veterans, healthcare and affordable housing in Glasgow and the west of Scotland Jacqueline De Rojas (Mrs Andrews) president, techUK, services to international trade in the technology industryProfessor Philip Alexander Routledge consultant physician, Llandough Hospital, Cardiff, and professor emeritus of clinical pharmacology, Cardiff University, services to medicineKevin Ian Sadler director, Courts and Tribunals Development, HM Courts and Tribunals Service, services to the administration of justice Nuzhat Saleh assistant director, directorate of legal services, Metropolitan Police, services to policingAlan Scott deputy director North West Prisons, services to HM Prison and Probation Service and to the community in the northwestSiu Hung Robin Sham Global Long Span and Speciality Bridges director AECOM, services to the civil engineering profession Alexandra Shulman formerly editor, British Vogue, services to fashion journalism Amanda Skelton chief executive, Redcar and Cleveland council, services to the Redcar and Tees Valley economy Alison Helen Stanley services to the creation and leadership of civil service employee policy with a particular focus on improving and implementing workforce policiesChristopher Richard Stein chef and restaurateur, services to the economyDavid James Edwin Stephens director of resources (Army) HM Armed Forces, Ministry of Defence, services to defence Andrea Mary Sutcliffe chief inspector of Adult Social Care Care Quality 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community in South TynesideNick Gerard Peter Whitfield chief executive, Achieving for Children and Children's Services, and lately commissioner, Sunderland and Reading, services to childrenProfessor Ngaire Tui Woods dean, Blavatnik School of Government, Oxford University, services to higher education and public policyORDER OF THE BRITISH EMPIREOBEChristine Abbott chief executive officer, the Education Alliance and Executive Principal, South Hunsley School and Sixth Form College, Melton, services to education Irene Adams adviser to the chair, Green Investment Bank, services to the UK Green EconomyRaja Mohammed Adil chairman, the Adil Group, services to business, job creation and charity Sarah Alexander chief executive and artistic director, National Youth Orchestra, services to musicPeter Mark (Marc) Almond singer-songwriter, musician and campaigner, services to arts and culture Sophie Andrews chief executive, Silver Line, services to older people Patricia Ann Armstrong chief executive officer, Association of Chief Officers of Scottish Voluntary Organisations, services to voluntary organisations William Stewart Arnold principal mechanical specialist inspector, Health and Safety Executive, services to industry health and safetyProfessor James Arthur professor of education and civic engagement, University of Birmingham, services to educationJarnail Singh Athwal founder and managing director, Premier Decorations Ltd, services to business and charityProfessor Jeremy Bagg head of dental school, University of Glasgow, services to dental education Tina Lorraine Barsby chief executive and director, National Institute of ***Agricultural*** Botany, services to UK ***agricultural*** science and biotechnologyProfessor Clive Behagg formerly vice-chancellor, University of Chichester, services to higher education and economic regenerationProfessor Derek Bell president, the Royal College of Physicians of Edinburgh, services to unscheduled care and quality improvement Jacqueline Bene chief executive, Bolton NHS Foundation Trust, services to healthcare Pamela Birch executive principal, Hambleton Primary Academy, and deputy chief executive officer, Fylde Coast Academy Trust, services to education Nilufer von Bismarck head financial institutions group and equity capital markets, Slaughter and May, services to financial servicesProfessor Charanjt Bountra professor of translational medicine, University of Oxford, services to translational medical research Brian Robert Bowsher chief executive, Science and Technology Facilities Council, services to international and national metrologyJames Gerard Boyle head of infrastructure architecture Telford, HM Revenue and Customs, services to taxpayers and government modernisationMatthew Boyle president and chief executive, Sevcon, services to engineering and skills Fiona Janet Bradley director, the Fruitmarket Gallery, services to the artsStephen Brady leader, Hull city council, services to local governmentProfessor Karen Bryan formerly pro-vice-chancellor regional engagement and dean, Faculty of Health and Wellbeing, Sheffield Hallam University, services to higher educationThomas Lional Ashley Burgess services to charity, the RNLI and businessDavid George Harmer Buttery formerly deputy director high speed rail legislation and environment, Department for Transport, services to transportJohn Neil Buxton general manager, Association of Community Rail Partnerships, services to local and rural railwaysDavid Alexander Canning services to children, young people and education Zoe Elizabeth Carr chief executive officer, WISE Academies Multi Academy Trust, services to education Katharine Elizabeth Carruthers director, UCL Institute of Education, Confucius Institute for Schools, services to educationSuranga Chandratillake FREng general partner, Balderton Capital, services to engineering and technologyProfessor Antony Chapman formerly vice-chancellor, Cardiff Metropolitan University, services to higher education Sarah Joanne Churchman head of diversity, inclusion and employee wellbeing, PricewaterhouseCoopers, services to women in business Jane Clare (Margaret Jane Buddle) lately executive ***producer***, English Touring Theatre, services to drama Catherine Jane Clarke formerly headteacher, King's Oak Primary School, New Malden, services to educationKevin Leslie Clifford formerly chief nurse, NHS Sheffield Clinical Commissioning Group, services to nursing Lynn Codling executive headteacher, Portswood Primary and St Mary's CE Primary School, services to education Joanna Clare Coleman director of strategy, Energy Technologies Institute, services to the energy sectorMichael Hyde Collon for parliamentary and public serviceProfessor Sally-Ann Cooper professor of learning disabilities, University of Glasgow, services to science and medicineStephen Melville Criddle principal, South Devon College, Paignton, services to educationProfessor Timothy John Crow honorary scientific director, Prince of Wales International Centre for SANE Research, services to schizophrenia research and treatmentsDavid Deane headteacher, St Thomas of Canterbury Primary School, national leader for education and Ofsted inspector, services to primary educationAnthony Peter Delahunty non-executive board member, Marine Management Organisation, services to the fishing industryRanjit Lal Dheer services to local government and to charityRobert John (Jack) Dobson group executive director, Dunbia (NI) Ltd, and consultant, Cranswick (Ballymena) Ltd, services to economic development in Northern Ireland Caroline Docherty deputy Keeper of the Signet, services to the legal profession and the Society of Writers to Her Majesty's Signet David Docherty chief executive, National Centre for Universities and Business, services to higher education and business Geraldine Patricia Doherty services to public safety and social careNicholas Byron Drinkal deputy director, Border Force, Home Office, services to border security in Calais and Dunkirk Michael Anthony Patrick Durkin formerly national director, Patient Safety, NHS England, services to patient safetyIan Trevor Edwards executive vice-president, Spectrum Geo, services to the UK oil and gas exploration industryRobert Thomas Edwards chairman, Scotframe Timber Engineering Ltd, services to business and charity in Inverurie, AberdeenshireOliver James Entwistle formerly chair, Civil Service Rainbow Alliance, services to diversity and inclusion in the civil serviceRaymond Marvin Entwistle for voluntary and charitable services, particularly to the arts in ScotlandProfessor Margaret Catherine Frame professor of cancer research and science director, Edinburgh Cancer Research Centre, services to cancer research Lynne Joanne Franks services to business, fashion and women's empowerment Janet Frost chief executive, Health Research Authority, services to health and social care researchAndrew John Fry formerly chief fire officer and chief executive, Royal Berkshire Fire and 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dean, academic development and quality assurance, London College of Fashion, University of the Arts London, services to higher educationDavid Greensmith justices clerk, HM Courts and Tribunals Service, services to the administration of justice and to the UK Scout movementProfessor Christopher Ernest Maitland Griffiths foundation professor of dermatology, Faculty of Biology, Medicine and Health, University of Manchester, services to dermatology Revel Sarah Guest Albert chair, Hay Festival, services to literaturePhilip Hamilton chief executive officer and founding trustee, Community Academies Trust, services to education Willimina Ann Beauchamp (Annie) Hampson chief ***planning*** officer and development director, City of London Corporation, services to ***planning*** in London Shabana Rounak Haque head, Government Science and Engineering Profession Team, Government Office for Science, services to civil service science and the engineering professionEdward Mortimer Harley services to heritageDennis Harvey leader, Nuneaton and Bedworth borough council, for political service in Warwickshire Frances Anne Hawkes headteacher, the Federation of St Elpheges and Regina Coeli Catholic Schools, services to education Judith Ann Hay assistant director for children and families, North Yorkshire county council, services to child protection in North YorkshirePaul Leslie Hayden chair, Anglian Eastern Regional Flood and Coastal Committee, services to flood risk management and disaster response Francesca Elizabeth Hegyi executive director, Hull City of Culture 2017, services to culture in Hull Jeannine Hendrick governor, HM Prison Exeter, and violence reduction project manager, services to prison safety and governanceRobert Herman-Smith services to the global aerospace sector Jacqueline Hewitt-Main chief executive officer, the Cascade Foundation, services to prisoners Stanley Derek Higgins formerly chief executive, North East Process Industry Cluster, services to the chemical 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Poppy Jaman chief executive, Mental Health First Aid England, services to people with mental-health issues Clare James Ministry of Defence, services to defenceRichard James tailor, services to men's fashionDavid Johnston chief executive, Social Mobility Foundation, services to social mobility and educationHarry Johnston services to charity and the community in ManchesterPhilip JamesKevin Jones defence adviser to the Ukrainian Ministry of Defence, services to international defence relationsRohinton Minoo Kalifa vice-chairman, Worldpay, services to financial services and technology Stephanie Jane Karpetas founder and director, Sustainability Connections CIC, and director, Orchard Community Energy, services to the community in east KentMartin Kelly head of resources, Children and Young People's Services, North Yorkshire county council, services to children and young people in North Yorkshire Aina Khan services to the protection of women and children in unregistered marriages Rosamund Ann Kidman Cox wildlife editor and writer, services to wildlife conservation through photographyWilliam Stanyer Kilby deputy head Afghanistan, Department for International Development, services to international development Heather Clare Knight captain, England women's cricket team, services to cricket Emma Shevvan Knights chief executive, National Governance Association, services to education Paromita Konar-Thakkar deputy director, Energy Economics and Analysis, Department for Business, Energy and Industrial Strategy, services to energy analysisProfessor Elizabeth Alice Kuipers professor of clinical psychology, Kings College London, services to clinical research, treatment and support for people with psychosis Deborah Lamb deputy chief executive, Historic England, services to heritageStephen Alan Lamb formerly director, Returns Preparation, Immigration Enforcement, Home Office, services to improving immigration systems Susan Lancioni customer insight and analysis lead, HM Revenue and Customs, services to UK and global nuclear securityBernard Derek Lane Grade 6 Tackling Crime Unit, Crime Policing and Fire Group, Home Office, services to community safety and reducing crimeProfessor Hilary Margaret Lappin-Scott services to microbiology and the advancement of women in science and engineering Donna Leong deputy director, Consumer and Competition Policy.

Department for Business, Energy and Industrial Strategy, services to business Sarah Lewis secretary-general, International Ski Federation, services to sportProfessor Christopher Swee Chau Liu consultant ophthalmic surgeon, Sussex Eye Hospital, services to ophthalmology Alwen Lyons formerly company secretary, Post Office Ltd, services to the Post Office and to equality and diversity Rajan Madhok trustee, Darlindas Charity for Renal Research, services to renal research and tackling health inequalities in Scotland Clifford John Mann president, Royal College of Emergency Medicine, services to emergency medicine Naomi Marek chief executive, Sky Badger, services to special educational needs Jane Marjorie Marriott Cabinet Office, services to public administration and finance Wendy Matthews director of midwifery and deputy chief nurse, Barking, Havering and Redbridge University Hospitals NHS Trust, services to midwifery Olive Mary Maybin formerly ***strategic*** policy adviser to head of the Northern Ireland Civil Service, for public service Geraldine McAndrew chief executive, Buttle UK, and chairwoman, Grant Management Panel, Consortium of Voluntary Adoption Agencies, services to the voluntary sector Bernice Alda McCabe headmistress, North London Collegiate School, services to education Elizabeth Angela McDonnell formerly head, Biomass Electricity Policy, Department for Business, Energy and Industrial Strategy, services to bioenergy policyJohn McGregor founder, Contamac, services to international trade and innovation in polymer technologyJohn Ian McLauchlan services to rugby and charity Clive Julian Meux consultant forensic psychiatrist, Oxford Health NHS Foundation Trust, services to people with mental ill health Rosemary Harriet Millard chairwoman, Hull City of Culture 2017, services to culture in HullRichard Mintz services to philanthropy Victoria Marion Miro gallery owner, services to art Deborah Moggach services to literature and drama Patricia Anne Moore regional chairwoman South West of England, Conservative Party, for voluntary political serviceJonathan Howell Morgan services to disability sport in WalesColin Morrison for charitable services to vulnerable young peopleEdward Francis Morrison services to rugby unionElma Murray chief executive, North Ayrshire council, services to local government, education and the economy Vinodka (Vin) Murria services to the UK digital economy and advancing women in the software sectorRobert Anthony Neil head of Project Race, Ministry of Justice, services to race equality in the workplace and the communityGrace Foster Nesbitt head, Pensions Division, Department of Finance, Northern Ireland Executive, services to government in Northern Ireland and for voluntary and charitable services Trevor Leo Ogden services to occupational hygiene and workplace air qualityAnthony O'Hear professor of philosophy and lately head Department of Education, University of Buckingham, services to educationGavin David Redvers Oldham services to children and young people through the Share Foundation Sarah Louise Parkinson (Lou Cordwell) chief executive officer, Magnetic North, services to the creative and digital economyKevin Allen Huw Parry chairman, Royal National Children's Springboard Foundation, services to vulnerable childrenNorman Nathaniel Pascal formerly chief inspector operations, Avon and Somerset Constabulary, services to diversity in the community in Avon and SomersetJohn Cook Pattullo formerly chairman, NHS Blood and Transplant, services to healthcareGraham Richard Pellew formerly deputy chief executive officer, Families for Children Adoption Agency, services to children Lynsey Pinfield Grade 6 British Defence Staff Washington, services to international defence relationsNicholas Powell formerly director, National Film and Television School, services to the music, film and television industriesWilliam John Priestley services to criminal justiceAntony Alan Pritchard deputy command secretary, Navy Command Ministry of Defence, services to the Royal NavyJonathan Peter Pywell city culture and place manager, Hull city council, services to culture Rhona Mary Quinn services to the construction industry and the community in Northern Ireland Jaswant Ramewal Ministry of Defence, services to defence Barbara Kathleen Rayment director, Youth Access, services to children and young people Dorothy Glenda Cerys Rees fellow chemical and biological analysis, Defence Science and Technology Laboratory, services to defenceRichard Rhodes district manager Essex, Work Services directorate, Department for Work and Pensions, services to disadvantaged people in EssexGary Ridley assistant chief officer, Durham Constabulary, services to policingMark Robinson head coach, England women's cricket team, services to cricket MarianBrooke Rogers reader in risk and terror, King's College London, services to academia and government Christian Rucker founder, the White Company, services to retailLesley Sawers equality and human rights commissioner for Scotland, services to business and equality Teresa Patricia Scott founder and chief executive officer, Kennedy Scott, services to entrepreneurship and employabilityProfessor Judith Carmel Sebba services to higher education and to disadvantaged young people Alison Norma Sellar chief executive, Activpayroll, services to business in Scotland and abroadProfessor Richard Sennett chairman LSE Cities ***Programme***, services to design Samenua Sesher coach and culture management consultant, services to artNaymitkumar Shah manager international liaison officer, National Crime Agency, services to law enforcement and diversityJohn Strother Shallcross for voluntary services to young people and youth clubs in the northeast Pauline Shaw director of care and service development, the Royal Star and Garter Homes, services to veteransProfessor Andrew Hoseason Shennan consultant obstetrician, St Thomas Hospital London, services to maternity careActing Detective Inspector David John Simm Metropolitan Police, services to national security and counter-terrorismProfessor John Anthony Sloboda research professor, Guildhall School of Music and Drama, services to psychology and music Annika Elisabeth Small social entrepreneur and co-founder Centre for Acceleration of Social Technology, services to social innovation and digital technologyBartholomew Evan Eric Smith founder, Amber Foundation, services to young peopleColin Stuart Squire services to the horticultural industry and to charityEmeritus Professor Nicholas David Stafford professor of otolaryngology, head and neck surgery, University of Hull, services to medical research and healthcarePeter Graham Stebbings formerly regional chairman, East of England, Conservative Party, for voluntary political service in the east of EnglandProfessor Mary (Maria) Josephine Stokes professor of musculoskeletal rehabilitation, University of Southampton, services to physiotherapy research Lynne Marie Swift director of people and organisational development, Buckinghamshire Fire and Rescue Service, services to the fire and rescue servicePaul Taiano chairman of governors, Central School of Speech and Drama, services to drama training and horse racing welfareTimothy William Trelawny Tatton-Brown services to heritage Kim Bernadette Taylor headteacher, Spring Common Academy, services to education Julia Templeman chief executive officer, Northampton Primary Academy Trust Partnership, services to education Teresa Tennant co-founder, Jupiter Ecology Fund, services to sustainable investmentProfessor Angela Eleine Thomas consultant paediatric haematologist, Royal Hospital for Sick Children, Edinburgh, services to the regulation of public healthDavid Barrie Thompson head, First World War and ceremonials team, Department for Digital, Culture, Media and Sport, services to the First World War centenary commemorationsProfessor Richard Charles Thompson professor of marine biology, University of Plymouth, services to marine scienceJohn Richard Tiffany theatre director, services to dramaSally Clare Uren chief executive, Forum for the Future, services to sustainability practice in business James Patrick Vestey formerly consultant dermatologist and head of service, NHS Highland, services to dermatologyMarc Ferdinand Vlessing chief executive officer, Pocket Living, services to housing deliveryJoanne Wade chief executive, Association for the Conservation of Energy, services to energy efficiencyPaul Walker Grade 6 Department for Environment, Food and Rural Affairs, services to engineering, bio-containment and UK animal, plant and food scienceSam Kennedy-Warburton services to rugby unionWilliam Ward chief executive officer and co-founder, Clipper Round the World Yacht Race, services to the economy and the GREAT CampaignDavid Arwyn Watkins managing director, Cambrian Training Company, services to education and training in WalesProfessor Kathryn Anne Whaler chairwoman of geophysics, University of Edinburgh, services to geophysicsNicholas Charles Tyrwhitt Wheeler founder and managing director, Charles Tyrwhitt Shirts, services to retail Joyce Helen White chief executive, West Dunbartonshire council, services to local government, further education and Girlguiding Linda Teresa Willson formerly head maritime commerce and infrastructure, Department for Transport, services to transportRichard Wilson head office of the chairman and chief executive, Maritime and Coastguard Agency, services to transport Richard Christopher Wilson chief executive officer, Independent Game Developers Association, services to the video-game industry Diane Winder Neighbourhood Watch co-ordinator, West Yorkshire Police, services to community safety Elizabeth Wolverson chief executive, London Diocesan Board for Schools Academies Trust, services to educationJohn Nicholas Woolf co-founder, Charities Leadership ***Programme***, services to the charitable sector in the UK and abroad Marion Wynn services to Girlguiding in the UK and abroadORDER OF THE BRITISH EMPIREMBECharmian Jacqueline (Jackie) Adams-Bonitto head of training assurance, London Fire Brigade, services to the fire and rescue service and to equality and diversity Joyce Adeluwoye-Adams formerly head of diversity, Pact, services to diversity in the media Philipa Ann Ailion casting director, services to theatre and diversity in the artsAdetunji Adeboyejo Akintokun director of CISCO Systems and co-director, Your Future, Your Ambition, services to young people from minority ethnic backgrounds in science and technology Anwara Ali general practitioner, the Spitalfields Practice, East London, services to community healthcare Daphne Claire Amlot for voluntary service to the community in Wirral, MerseysidePeter Robert Andrew deputy chairman House Builders Federation, services to the construction industry Maria Emilia Angel services to the community in Normandy in Surrey Susan Jane Anstiss services to grassroots and women's sportAfrasiab Anwar services to community cohesion in Burnley Ethel Armstrong chair, NHS Retirement Fellowship, services to the NHS workforce and retired peopleJanet Mary Armstrong services to the community in Oakworth, West Yorkshire Sally Arnison pharmacist and director, Barnton Pharmacy and Travel Clinic, services to healthcare and the community in Edinburgh Elaine Louise Atkins ***programme*** leader Society of Musculoskeletal Medicine, services to physiotherapy Elizabeth Rachel Atkinson cancer specialist nurse, Cancer Focus Northern Ireland, services to cancer patients and their familiesRobert Henry Bagley services to disadvantaged children and the community in Canterbury Lisa Anne Baldock administrative officer, human resources, Department for Work and Pensions, services to people with disabilities in public serviceIain Godfrey Ball services to cathedral choral music and to young people Joan Bamber governor, Dame Evelyn Fox and Newfield schools, services to education Comfort Louise Anna Banahene head of educational engagement, University of Leeds, services to higher educationIsabella Bell Banks secretary, Lightburn Elderly Association Project, services to older people in South LanarkshireNorman Leslie Banner for public and charitable services Anne Ellen (Annie) Barr founder, Annie Barr Associates, services to exports in healthcareMichael John Barratt director of Road Space Management Surface Transport, services to transport Claire Elizabeth Batt welfare officer, Defence Police Federation, services to the Ministry of Defence PolicePhilip Andrew Batt services to community safety in Northern Ireland Jean Barbara Beauchamp services to young people in Lockerley, Hampshire Tamsin Tilley Beaumont services to cricket Sara Catherine Beauregard co-founder, Youth Vision, services to special needs education in EdinburghWilliam Alexander Beckett services to the voluntary sector and to sport Cindy Bonita Beckford principal ***programme*** controls manager, Network Rail, network operations, High Speed Rail Phase One team, services to the railway industryMichael Bell services to the Cardiff Philharmonic OrchestraPaul Nicholas Berman chairman of trustees, Wargrave House School, services to children with special educational needs and disabilitiesOnkardeep Singh Bhatia services to the community, particularly young peopleDetective Constable Timothy John Bird North Wales Police, services to policing and the community in North WalesRobert George Black Northern Ireland district chairman, Royal British Legion, services to ex-service personnel and their families Rosamund Anne Blair county vice-president, Girlguiding Dunbartonshire and instructor, Riding for the Disabled, services to children and people with disabilities Lorraine Bliss services to disadvantaged young people in Norfolk and SuffolkNeil David Bohanna head of operations, Royal Northern College of Music, services to higher educationDonovan Bolessa head of international visits Department for International Trade, services to international tradeLeanne Jayne Bonner-Cooke managing director, Evolve-IT Consulting Ltd, services to women in business Barbara Bower foster carer, West Sussex county council, services to children and families Christine Ann Bower athletes services coordinator, British Olympic Association, services to British Olympic sportJohn Edwards Bowers chairman of governors, Dixons Kings Academy, services to education Patricia Edith Boyd services to religious and moral education in ScotlandDouglas Bradbury master farrier and fellow, Worshipful Company of Farriers, services to the farrier profession and the community in the East MidlandsJayne Brady services to economic development in Northern IrelandIan James Brailey services to the magistracy and the community in Bristol Lucille de Zalduondo Briance founder, London Children's Ballet, services to danceMorris Bright leader, Hertsmere borough council, services to local governmentJohn Ross Brodie chief executive, Scottish Midland Co-operative Society, services to business and the voluntary Sector in Scotland Joanna Caroline Jane Brotherstone governor, Greenmead School, Wandsworth, London and co-founder, Small Steps Charity, services to children with special educational needs and disabilitiesChristopher Malcolm Brown governor Sir Tom Finney Community High School, Preston, services to children with special educational needs and disabilitiesJames (Jim) Brown policy officer, secure children's homes, Department for Education, services to education Carol Leslie Browne coordinator, 16 Air Assault Brigade, Ministry of Defence, services to army personnel Deborah Louise Brownson services to autism awareness Jane Bruce formerly clinical director, out of hours service, NHS Tayside, services to general practice and primary care services in TaysideColin George Bryant services to young peopleAdrian James Bull director of external relations, National Nuclear Laboratory, services to the development of public understanding in nuclear researchMichael Burgess services to disadvantaged young people in North TynesideDavid Richard Beveridge Burn services to the magistracy and the community in Hexham, Northumberland Margaret Rose Burn services to the Salvation Army and vulnerable people Kathleen Nancy Burns services to post-16 education and skills in Wales Jessica Rose Butcher co-founder and director, Blippar, services to digital technology and entrepreneurship Sarah Butcher director of care, Priors Court School, Berkshire, services to children with special educational needs and disabilitiesCharles Richard Butler assistant headteacher (community) and head of performing arts, Ulverston Victoria High School, Cumbria, services to music educationDarrell George Buttery services to heritage in YorkPhilipPeter Buxton services to mountain rescue and the community in Cumbria Rosemary Jayne Cadbury services to philanthropy and the community in Bournville, West MidlandsDonald Delachevois Campbell formerly chairman, East Devon area of outstanding natural beauty, services to nature conservation Hilary Cantle services to older people and to charity in Bedfordshire and HertfordshireIan David Carnell services to young people in Solihull Monica Catherine Carroll services to the community in South YorkshireCraig Carscadden services to athletes with disabilities and to the ParalympicsDavid Carter services to the community in TeessideRichard Alan Carter governor, West Suffolk College, services to educationJohn Millar Caskie services to the community in DumfriesBalwant Singh Chadha formerly councillor, North Lanarkshire council, services to local government and community cohesion in the west of ScotlandProfessor David Hugh Gray Cheape services to Scottish cultural education and traditional music Cynthia Louise Hart Cherry services to the community and charitable fundraising in Northern Ireland Claire Marie Chippington deputy director, Border Force, Home Office, services to border security Elinor Chohan chairwoman, North West regional board, Remembering Srebrenica, services to interfaith and community cohesion Nicola Clark tax professional manager, HM Revenue and Customs, services to business and the community in the North EastDerek Kenneth Clarke Duke of Edinburgh's Award coordinator, Broxbourne and Richard Hale schools, services to young people in Hertfordshire Jane Helen Clarke formerly chief executive, Churches Housing Association, Dudley and District, services to vulnerable women and children Catherine Vivian Lindsay Clay for political and public serviceJeffrey Alan Coates social worker and member adoption support expert advisory group, services to children Susan Mary Coates services to GirlguidingPaul Anthony Cobbing chief executive officer, National Flood Forum, services to flood management riskLt-Col Mordaunt Cohen services to Second World War educationMichael Francis Coker services to the community in Warwickshire Linda Colclough services to victims of sexual abuse in West Yorkshire Mary Barbara Collen volunteer, Young Witness Service, NSPCC, services to children and young people in Northern IrelandGeorge Edward Colligan services to the museums sector Christine Rosemary Collins member Northern Ireland Rare Disease Partnership, services to people with rare diseasesAlec George Collyer chairman Dartmoor Search and Rescue Group, services to search and rescue in DartmoorChristopher Constantine Ministry of Defence, services to defenceMartin James Paul Cooke services to the arts and the community in Chester and Tattenhall and North Cornwall Wendy Coombey Community Partnership and funding officer Hereford Diocese, services to churches in Herefordshire Tracey Cooper head of midwifery at Warrington and Halton Hospitals NHS Foundation Trust, services to midwiferyJames Cosmo Copeland services to dramaRoyston Vincent Court services to inclusive judoRichard Cowie musician, services to music Gail Crouchman senior officer, Border Force, Home Office, services to border security and prevention of modern slaveryBrian Albert Leopold Davies senior executive officer Engineering Authority Ministry of Defence, services to military aviation Ian Morris Davies ***programme*** manager renewables and energy at Marine Scotland Science, services to marine science and voluntary service in the UK and abroadAlan Davis coach Maindy Flyers, Cardiff and Newport, services to youth cycling and diversity inclusion in south WalesBobby Gurbhej Singh Dev services to young people in Sheffield South YorkshireAlbert George Dicken for charitable services Gillian Dillon senior executive officer, district employer and partnership manager, Department for Work and Pensions, services to employment and skills in the Humber Nora Dillon services to affordable housing credit management and the community in Rutherglen and Cambuslang, South Lanarkshire Julie Dixon services to the community in NorthumberlandNicholas Dobrik volunteer The Thalidomide Trust, services to people affected by ThalidomideMichael John Doherty services to community cohesion in Northern IrelandGrant Jonathan Douglas founder and chief executive officer Sup Products Ltd, services to people with disabilities Mary Louise Drinkwater services to the community in Worcester Jill Dudley-Toole chairwoman Frank Dudley Ltd services to business and the community in BirminghamDavid Duke founder and chief executive Street Soccer Scotland, services to football and socially disadvantaged peopleAlexander Duncan regional commissioner east region, Scout Association, services to the Scouting movement and the Vine Trust William Jake Dunning deputy ***programme*** director for high consequence infectious disease NHS England, services to clinical research Karyn Dunning head of Detained Casework Immigration Enforcement, Home Office, services to asylum and humanitarian operationsRichard Anthony Edwards services to the community in HastingsDerek Ernest Elton services to Scouting and the community in Stourbridge West MidlandsJohn Alfred Eltringham chairman of trustees South Shields Sea Cadets, for voluntary service to young people Alistair Mark Emslie-Smith general practitioner Arthurstone Medical Centre, Dundee, services to healthcare, particularly diabetes treatment in Scotland David Martyn Evans formerly general practitioner Budleigh Salterton Health Centre, services to the community in Budleigh Salterton, DevonGeoffrey Frank Evans services to local government and the community in Falmouth Maria Eves chairwoman of governors, Broughton Hall Catholic High School and vice-chairwoman, St Teresa of Lisieux Catholic Primary School, services to educationBrian Timothy Exell president Seashell Trust and chairman of governors, Ysgol y Deri, Penarth, services to special needs education in Wales and EnglandJulia Emma Farman head European Intake Unit, UK Visas and Immigration, Home Office, for public service Neelam Farzana co-founder and managing director The Listening Service, services to mental health in the community Susan Mary Fazackerley services to the community in Lytham St Annes LancashireJames William Ferguson services to mental health awareness in DevonPaul Hugh Paterson Ferguson services to carving, gilding and conservationShimon Fhima ***programme*** director HM Revenue and Customs, services to taxpayersNorman Finlay services to UK shipbuildingMichael William Finney director of advice, admissions and marketing, South Cheshire College, services to education Louise Fitzroy-Stone executive director of sport, Guildford High School, services to education Sara Lee Fitzsimmons executive charity director, SiMBA, services to bereaved familiesWilliam David Fleetwood services to the community in the northeast of EnglandCharlie Fogarty services to young people in Solihull West MidlandsLawrence Forshaw life-president Governing BodyAlder Grange School, Rossendale, Lancashire, services to education Rebecca Jane Foster course leader for physical education and senior lecturer in adapted physical education University of Worcester, services to inclusive sport and young people Rosemary Fox national director for screening ***programmes*** Public Health Wales, services to healthcare in WalesArthur Frost foster carer East Cheshire council, services to children and families Dorothy Ann Frost foster carer, East Cheshire council, services to children and families Patricia Veronica Fuller services to the community in Norwich Nicholas Pearson Gair services to ex-service personnel and young people in LondonSgt Scott John Gallagher North Wales Police, services to policing and the National Police Air ServiceConstable James David Gallienne Devon and Cornwall Police, services to policing and search and rescue Angela Gannon training standards verifier London and South Region, St John Ambulance, for voluntary service to first aid Deborah Sylvia Gardiner chief executive officer, Qube Learning, services to apprenticeships and charityDonovan John Gardner services to the community in CornwallEdward Gatenby head of residence and services HM Prison Durham, services to HM Prison Service Beverly Gayle higher executive officer Department for Work and Pensions, services to unemployed people Jacqueline Alexandra Gerrard chairwoman of the Corporation Stodes College, Egham, services to education Margaret Emily Gianotti executive officer Work Service directorate, Department for Work and Pensions, services to employment in south London Ben Michael Goldacre senior clinical research fellow Centre for Evidence-Based Medicine, University of Oxford, services to evidence in policyAntony Goodman chief executive officer Yumsh Snacks Ltd, services to international trade and UK exportsTobiasz Gorniak services to young people in PlymouthCraig Andrew Graham chairman The Spartans Community Football Academy, services to football and the community in EdinburghMichael William Graham formerly constable Police Service of Northern Ireland, services to policing and the community in Northern Ireland Ruth Graham services to disabled and bereaved children in Northern Ireland Evelyn Joan Grieve speaker, Children's Hospice Association Scotland, for voluntary service in PerthshireMalcolm Grindrod services to mountain rescue in Cumbria Anita Rosina Grodkiewicz manager, the Rosmini Centre, services to the community in Wisbech, CambridgeshireHoward Groves member Senior Mathematical Challenge Problems Group and member, UK Mathematics Trust Challenges Sub Trust, services to education Catherine Diane Gullen services to children Rosemary Hadfield member The Clement Danes Trust Board and associate governor, Westfield Academy in Hertfordshire, services to education Susan Morgan Hallam managing director, Hallam Internet Ltd, services to entrepreneurship and innovationSacha Ian Harber-Kelly case controller Serious Fraud Office, services to investigating and prosecution of fraud, bribery and corruptionDavid Lawrence Harcourt services to the community in Stourbridge Jill Hardy for voluntary service to the arts in Dumfries and Galloway Jane Harley team leader Teacher Strategy and Practice Unit, Department for Education, services to education and to the community in SheffieldFlorence Harper services to cardiology in County TyroneIan David Harrabin services to heritage and regeneration in CoventryIan Michael Harris chief executive Wine and Spirit Education Trust, services to the wine and spirit industryIan Richard Harris honorary trustee Citizens Advice Bureau, services to the Citizens Advice Bureau in Newcastle upon TyneEric George Harrison formerly youth team coach Manchester United Football Club, services to footballProfessor Matthew Harrison Trustee STEMNET, services to engineering and education Margaret Ann Harvey vice-chairwoman, Camden Association of Foster Carers, services to childrenDeborah Maria Heald managing director, Heald Ltd, services to exports and promotion of STEM Careers for WomenPeter John Heald director, Lunds of Otley, services to business and the community in West YorkshireRoderick John Heather services to flood risk managementChristopher Charles Hebden chairman, Southend MENCAP, services to people with disabilities in Essex Jonathan Heggarty director of curriculum, Belfast Metropolitan College, services to further education in Northern Ireland Margaret Dorothy Heller services to the magistracy and to vulnerable families in the community in Southampton Jennifer Henderson for parliamentary and voluntary service Anne Hendy Teacher, Hitchin Girls School, services to education Inez May Henriques services to the West Midlands Caribbean Parents and Friends AssociationMatt Henry actor and singer, services to musical theatre Maureen Constance Hercules founder and headteacher, Dallington School, London, services to educationHedley George Heron services to charity and the community in NorthumberlandKenneth Malcolm Hewitt services to cross-community relations in Londonderry Beverley Elizabeth Hickey administrative officer, services to defence Patricia Hiley services to adoptionRachael Maria Hill national flood and coastal risk manager, Environment Agency, services to flood risk management and flood recovery Michele Hodgson formerly chairwoman, County Durham and Darlington Fire and Rescue Authority, services to fire and rescue Margaret Helen (Maggie) Hollingsworth formerly trustee, Inspiration Trust, services to education Susan Yvonne Hollister headteacher, Cefn Hengoed Community School, Swansea, services to education in Swansea Carol Holt flood incident manager, Environment Agency, services to flood risk management and the environmentColinRoy Hopkins School governor and chairman of trustees Church of England Central Education Trust, services to educationWilliam Thomas Hopkins services to the community, particularly children and maritime safety, in south Wales Pearline Evadney Howard Foster Carer, Wandsworth borough council, services to children and familiesChristopher Paul Hudson founder and owner of Chimo Sheffield (Manufacturing) Ltd, services to exports and investment in SheffieldAlan Thomas Hughes area convener, Glasgow Children's Panel, services to the children's hearings system in Scotland Glenys Irene Hughes services to music in Orkney and charity in MalawiJohn Martin Hughes managing director, Ryobi Aluminium Castings (UK), services to economic development in Northern IrelandChristopher Robin Hyson services to the magistracy and the community in HampshireAnthony Impey founder and chief executive officer, Optimity, services to apprenticeships, small businesses and broadband connectivity Lindsey Ann Isaacs formerly head of prevention, Dorset Fire and Rescue Service, services to fire prevention and community safety in DorsetAdrian Antony Jackson artistic director and chief executive officer, Cardboard Citizens, services to the arts Sarah Caroline Jarvis General practitioner in Shepherds Bush, London, services to general practice and public understanding of healthMark Richard Jefferson formerly higher officer, National Deep Rummage Team Immingham, Border Force North Region, Home Office, for public service Christine Ann Jeffery chairwoman, Skills Group UK Ltd, services to skills training and charityDavid Ellis Jenkins services to maritime Safety Philippa Helen Dodds John services to young people and culture in London Sian Bassett John formerly chief security strategist, Symantec Corporation, services to cyber securityAnthony Colin Johnson chairman of governors at Oaklands Primary School, Yeovil, Somerset, services to education Shahina Baloch Johnson services for the arts and creative industries in Swindon and Wiltshire Elizabeth Anne Johnston for voluntary service to the community in Donaghadee, County Down Carly Jayne Jones services to people with autism Karen Jones services to children with life-limiting Illnesses in the northwest and north WalesPeter Jones national account manager, National Employer and Partnership Team, Department for Work and Pensions, services to unemployed people Rowena Wendy Jones paediatric oncology outreach specialist nurse, Hywel Dda University Health Board, services to sick and disabled children and end of life careTrevor John Jones services to the community in Stoke-on-Trent StaffordshireMohammad Yaqub Joya services to the Army and the Muslim community in Northern Ireland Shirley Kankowski project manager HM Revenue and Customs, services to state pension reformAndrew Charles Kaufman services to Holocaust education Dorothy Harriet Keane clinical lead, E-Learning for Healthcare Image Interpretation Project, Society of Radiographers, services to radiography Kathleen Keillor governor, Caroline Haslett Primary School, services to education Susan Stephen Kennedy formerly national co-ordinator, general practice nursing in NHS Education Scotland, services to general practice nurse educationAlexander Khan chief executive officer, Lifetime Training, services to apprenticeships Sadi (Mehmood Sajdah) Khan services to cultural/religious awareness training and voluntary service to vulnerable womenRonald George Knight co-founder, Knight Farm Machinery Ltd and harvesting machinery historian, services to ***agricultural*** engineering entrepreneurship and charitable fundraisingGeoffrey Arthur Knights services to the community in High Kelling in NorfolkReverend Bernd Koschland services to Holocaust education Susan Elizabeth Kruse services to community archaeology in the Highlands of Scotland Grace Ladoja services to music Gillian Lane formerly vice-chairwoman of governors, Central College Nottingham and Governor, Acorn Primary Federation, services to educationMark Ralph Langshaw managing director, Continental Teves Ltd, services to the economy and community in Blaenau GwentGaniyu Laniyan managing director of Shian, services to the community in LondonJohn Larke services to music in Cornwall Susan Florence Moyes Law chairwoman, Muirfield Riding Therapy, services to riding for the disabled Rosemary Leach principal lecturer in sport development, Sheffield Hallam University, services to education Ivy Agnes Lee services to Girlguiding in Northern Ireland Michele Ganley Lee chairwoman, Dyspraxia Foundation Charity, services to improving the diagnosis and treatment of children with dyspraxiaProfessor Michael Levin professor of paediatrics and international child health, Imperial College London and St Marys Hospital, services to infectious disease critical care and research Alison Lewis site lead, HM Revenue and Customs, for public serviceChristopher David Lewis Lifeguard RNLI, services to maritime safety Hannah Lewis services to Holocaust education Leonie Rachelle Lewis services to the Jewish community in LondonRobert Joseph Stanley Long services to the community in Maldon EssexChristopher Charles Loveday services to children to people with mental health issues and the community in Swindon Elizabeth Ann Lovesey services to education and the community in Great Barford, Bedfordshire Deborah Karen Lovett director of export and trade finance, Credit Agricole Corporate and Investment Bank, services to exportsTimothy James Lovett director of public affairs, British Beekeepers Association, services to the beekeeping industryCarol Lukins services to HM Coastguard and the prison service Margaret Ann Lynch for political service Inez Therese Philomena Alice Lynn services to literature and libraries in LondonJames Jamieson Lyon forest management director, Forestry Commission, services to forestry and to conservation in the northeast Katherine Mary (Kay) MacKay chairwoman, Isle of Lewis local committee, Cancer Research UK, services to charitable fundraising Sine Cameron MacVicar formerly headteacher of Dunbeg Primary School, services to education and the community in Dunbeg, Argyll Roisin Maguire formerly principal of St Josephs College, Stoke-on-Trent, services to education Sajda Majeed services to the community in Burnley Suzanne Marie Marklew senior executive officer, foreign liaison staff (Army), Ministry of Defence, services to defence engagementIan George Marks services to the community in Warrington Lucy Marks chief executive officer and clinical psychologist, Compass Wellbeing, services to children's mental health and primary care Margaret Patricia Martin for voluntary service to road safety in Northern IrelandAnthony Marwood violinist, services to classical music Margaret Mather founder of Dundee Junior Showtime Youth Theatre, services to the arts and community in DundeeJohn Bernard Roger Matthews trustee, Heart Your Smile, services to dentistry Linda Jane McAuley presenter BBC Radio Ulster, services to consumers in Northern IrelandThomas Adrian McAuley services to first aid and healthcare in Northern IrelandThomas Celestine McBride head of department for business services, South West College, services to further education in Northern Ireland Margaret Lynne McCabe head, Welsh Tribunals Unit, services to administrative justice in WalesDaniel McCallum co-founder and managing director of Awel Aman Tawe, services to community energy in Wales Hazel Roberta McCready services to disabled ex-police officers in Northern IrelandAngus James McIntosh managing director of Lecht Ski Centre, services to skiing and tourism in North East ScotlandJohn Stuart McLester services to education and the community in Monmouth StefaJanita McManners services to the community in County DurhamRobertDuncan McPhail services to the community in TarbertDonald Wallace McPhie national trustee and regional representative for the West Midlands, SSAFA, for voluntary service to ex-service personnel Carolyn Anne McVittie managing director, Stepahead, services to children and familiesBazil Leonard Duncan Meade London Community Gospel Choir, services to the development of British gospel music Jennifer Meakin services to children with disabilities, particularly through sportThomas Frederic Metcalfe services to bell ringing in CumbriaDetective Constable Garry Millar Police Service of Northern Ireland, services to policing and the community in Northern IrelandProfessor Mark Andrew Miodownik professor of materials science, University College London, services to science, engineering and broadcasting Christine Valerie Mitchell account manager, Department for International Trade, services to international trade Gillian Moglione services to the community in Liverpool Moira Anne Monaghan formerly head teacher, Bushes Primary School, Paisley, services to education in Renfrewshire Margaret Gilmour Wilson Moodie formerly volunteer, St Columbas, services to people with life limiting illnesses and to deaf people in ScotlandHenry Joseph Moore services in support of the Northern Ireland peace process Sandra Moore chief executive officer, Welcome Organisation, services to tackling homelessness Rachel Duncan Morgan services to UK Antarctic Heritage and ConservationConstable Richard Hugh Morgan South Wales Police, for charitable services to armed forces veterans Elizabeth Julie Morris headteacher, Severn Primary School, Cardiff, services to education Margaret Anne Morris services to health and wellbeing in SalfordRichard Morris formerly senior head of service, Children and Family Courts Advisory and Support Service, services to children in England Karen Vivienne Morrison services to the Children's Hearings System in Scotland and the community in North LanarkshireMichael Cecil Moss services to golf tourism and charity in Northern Ireland Alison Moth services to education in Northern Ireland Sylvia Doreen Moys member, Court of Common Council, services to the City of London Corporation and education in Croydon Ann Stewart Muir volunteer, Macmillan Cancer Voice, services to people affected by cancer in ScotlandEric Eugene Murangwa services to raising awareness of the Rwandan genocideKenneth John Nelson chief executive officer, LEDCOM, services to economic development and the voluntary sectorEdward Augustus Nestor services to radio and to charity Moira Newton services to the Jewish community in north LondonPeter John Wellesley Noble services to photography and to charityAlison Elizabeth North teacher and choir leader, Lindley Junior School, Huddersfield, services to education Josephine Maria O'Farrell services to the community in Crowthorne and Bridport, DorsetDavid George Openshaw services to music in Northern IrelandProfessor Gerard Patrick Parr services to developing telecoms infrastructure in Northern Ireland Janet Elizabeth Parrott for voluntary political serviceBernard Neil Parsons co-founder and chief executive officer, Becrypt, services to digital technologyAtulkumar Bhogilal Patel services to heritage and the community in the East MidlandsMubeen Yunus Patel administrative officer, Personal Tax Operations, HM Revenue and Customs, services to public sector digital transformation programmeRobert Ian Paterson services to Paralympic sportDesmond George Arthur Payne Master distiller at Beefeater London Dry Gin, services to the British gin industry Bernadette Peers compliance manager at ***Strategic*** Shipping Ltd, services to export controlMaj (retired) Donald Peploe staff officer, Army Equipment Support, Ministry of Defence, services to military capabilityClifford Edward Perry business coordinator, Railway Division, Institution of Mechanical Engineers, services to railways Janice Pettit services to youth work and the community in the London Borough of Waltham Forest Marcella Eileen Phelan services to young people in Ealing London Helen Margaret Phillips services to Welsh gymnastics and the Commonwealth Games Council for WalesMartin Graham Highmore Phipps harbourmaster, services to UK exportsDavid Pickering education administrator and teacher, The Royal Ballet, services to the arts and educationMichael John Pipes formerly school governor, services to education Susan Platten Bedfordshire and Hertfordshire business and partnership manager, Department for Work and Pensions, services to young peopleTimothy Michael Staden Pocock services to education and charity Kathryn Podmore formerly principal, Birkenhead Sixth Form College, services to education Diana Lois Porter founder, Fresh Start-New Beginnings, services to sexually abused children, young people and their familiesStephen Philip Prenter services to arts, business and educationMichael Julian Prior commercial officer, Military Flying Training System ***Programme***, Ministry of Defence, services to military training provisionAdrian John Prior-Sankey services to the community in TauntonCapt (retired) Santa Pun staff officer, Army Division, Defence Academy, services to defenceNaeem Rabbani Qureshi services to the community in Sparkbrook Robert Ramdhanie services to dance Michael John Rance services to the community in Macclesfield Dorothy Anne Rand services to local government and the community in DurhamGurmit Singh Randhawa services to community cohesion in the Vale of Glamorgan Linda Mary Ransom services to the community in east London and EssexAndrew Rowland Ready senior surgeon, renal transplant ***programmes***, University Hospital Birmingham, services to renal transplantationAlan Regin services to campanology and its heritageAllan Martin Russell Reid services to the community in Winchester Ann Lorraine Reid councillor, City of York council, services to local government Patricia Ann Reid secretary, Dunfermline Tennis Club, services to tennis and lacrosse in Scotland Stefanie McLeod Reid services to Paralympic sport Janet Elizabeth Riches for political and public serviceChristine Elizabeth Robson watch manager, County Durham and Darlington Fire and Rescue Service, services to the Fire and Rescue Service and the community in County Durham James Peter Robson doctor, Scotland national rugby team and head of medical services, Scottish Rugby Union, services to rugby Louise Mary Rooney senior nurse and head of prison healthcare, HM Prison Usk, services to nursing and prison healthcare in Monmouthshire Paula Roots group manager, early years and early ***intervention***, West Lothian council, services to the community in West Lothian Carolyn Ann Roseberry-Sparkes deputy director, Border Force, Home Office, services to border security Nicholas Andrew Nesbitt Rowe director of Converge, York St John University, services to people with mental ill-health in Yorkshire and the North East Linda Ruth Rowles personal assistant to directors for higher education reform, Department for Education, services to education and to the community in BromleyProfessor Helen Elizabeth Roy Group leader, population ecology, Centre for Ecology and Hydrology, services to biodiversity research, science communication and citizen science Leslie Ann Roy services to athletics in ScotlandSean Edward Ryan volunteer, St Monica's Flixton Parish, Manchester, services to refugee resettlementSimon Charles Ryder watch manager, Greater Manchester fire and rescue service, for voluntary service to the Manchester Children's Burns Camp and Northern Burns Care NetworkJoan Salter services to Holocaust education Joan Mary Sanger services to charity and the community in Beckingham, South Yorkshire Mehool Harshadray Sanghrajka services to the Jain faith and educationJeffrey Scorah Ministry of Defence, services to defenceNeil Duncan Scott project support officer, Department for Business, Energy and Industrial Strategy, for public service Martin Pengton Seah emeritus senior fellow in surface and nanoanalysis, National Physical Laboratory, services to measurement scienceKeith Dennis Sears formerly inspector, Sports Ground Safety Authority, services to sport Diana Joyce Seeney services to the Girls BrigadeShyamal Kanti Sengupta services to interfaith relations in RenfrewshireWilliam Robert Sergeant county vice-chairman, Merseyside and West Lancashire, Royal British Legion, for voluntary service to ex-service personnel and to First World War remembranceProfessor Vikas Sagar Shah member, Industrial Development Advisory Board and chief executive officer, Swiscot Group, services to business and the economy Summera Naheed Shaheen owner, The Diamond Studio, services to business and the community in GlasgowRohit Shankar Consultant in adult developmental psychiatry, Cornwall Partnership NHS Foundation Trust, services to people with learning disabilities in Cornwall Anne Florence May Shaw foster carer, Sheffield city council, services to children and families Margaret Ann Shields administrative assistant, Ministry of Defence, services to defence Patricia Anne Shore services to the community in Harrogate Sanjiv Kumar Shridhar General Practitioner in Nantwich, Cheshire, services to primary care Anya Shrubsole services to cricket Hazel Marie Simmons services to local government in LutonColin Ian Angus Skeath formerly neighbourhood inspector, West Yorkshire Police, services to policing and the community in Halifax Frances Jane Sloan chairwoman, Aldouran Wetland Garden, for voluntary service in Leswalt, Wigtownshire Emma Louise Smith head of operations, National Crime Agency, services to tackling economic crimeJeffrey Douglas Reginald Smith founder, Ards Peninsula First Responders group, services to health in Northern IrelandRaymond John Smith ceremonial technical officer, House of Commons, services to parliament Susan Smith joint chief executive, South Northamptonshire and Cherwell district councils, services to local government Wendy Jane Smith community engagement ***strategic*** lead, Peninsula School of Dentistry, services to oral healthcare and dental education in the South WestJonathan William Spencer head of ***planning*** and environment, Forest Enterprise England, services to woodlands, nature conservation and the environmentPeter Stewart Spencer adviser, Environment Agency, services to flood hydrology and the economy Andrew Spiers director of science and technology, Ardingly College, services to educationMichael George Squire foster carer, Wiltshire council, services to children and families Rachel Denise Squire foster carer, Wiltshire council, services to children and families Seema Srivastava safety ***programme*** and falls lead, North Bristol NHS Trust, services to improving quality and patient safetyDavid Leonardus Steenvoorden superintendent coxswain, Humber lifeboat station, RNLI, services to maritime safetyProfessor William Stephens university secretary and head executive office, Cranfield University, services to higher educationMartin Adam Stern services to Holocaust education Alison Rosemary Stewart services to libraries in SuffolkDavid Arthur Stone services to young people and the community in Wolverton, WarwickshireFreda Streeter services to open water swimmingPaul Anthony Strothers formerly chief executive officer, Zodiac Seats (UK) Ltd, services to the development of aerospace manufacturing in the UKDeborah Alison Sugg for political and public serviceMadeleine Sumption director, Migration Observatory, University of Oxford, services to social scienceBryan James Sutherland engineer, Loganair, services to the Orkney air service Claudette Joyce Sutton formerly chief executive officer, Minority Ethnic Talent Association, services to diversity in the civil service Rosamund Anne Sweet police community support officer, City of London Police, services to policing and the community in the City of LondonMelinda Tan Rector, University of Central Lancashire, Cyprus branch campus, services to British higher education overseas and the promotion of bi-communal relations in Cyprus Elizabeth Tappenden owner and founder, In to Biz Ltd, services to small business start-ups and women in business on the Isle of WightAngela Tate probation officer, HM Prison Isle of Wight, services to probationers and voluntary work to the community on the Isle of WightPatrick Francis Benjamin (Ben) Tatham services to the community in the Mole ValleySuzanne Jane Taylor services to educationDavid Anthony Temple musical director, Crouch End Festival Chorus, services to musicGerald Robert Tessier review manager, Boundary Commission for England, Cabinet Office, services to democracyDavid Thomas services to social work education and people with disabilities Elizabeth Ann Patricia Thomas group leader, bereavement service, Gloucestershire, services to supporting people bereaved by suicide in GloucestershireMichael Everard Thornhill services to the community in LeominsterRobert Telford Tinlin formerly chief executive, Southend on Sea borough council, services to local government in EssexProfessor Michael John Tipton professor of human and applied physiology, University of Portsmouth, services to physiological research in extreme environmentsStella Gladys Tomkinson services to foster care in WarwickshireAdrian Treharne Grade 7 capabilities and resources, Home Office, services to people with disabilities in the public and charitable sectorsKevin Trickett services to the community in Wakefield, West YorkshireIan Nigel Tully services to musicProfessor Lynne Frances Turner-Stokes consultant in rehabilitation medicine, Northwick Park NHS Trust, and Herbert Dunhill professor of rehabilitation, Kings College, University of London, services to rehabilitation medicineProfessor Philippa Jane Tyrell professor and consultant, stroke medicine, Salford Royal NHS Foundation Trust and University of Manchester, services to stroke medicine and care Frances Margaret Veal services to the community in Bridgnorth, Shropshire Tracey Jayne Vell General Practitioner, Surrey Lodge Group Practice, Greater Manchester, services to primary careJohn Victor Frederick Voss services to rugby Joanna Margaret Walker consultant paediatrician, Portsmouth Hospitals NHS Trust, services to children, young people and families in Hampshire and West Sussex AnneAmelia Manson Wallace senior personal secretary, Department for Communities Northern Ireland Executive, services to the Northern Ireland civil service Verena Lesley Wallace midwife, services to midwifery in Northern IrelandDavid Walsh Ministry of Defence, services to defence Jennifer Mary Walsh independent research and development manager, services to transmissions research and development Hayley Walters welfare and anaesthesia veterinary nurse, University of Edinburgh, services to veterinary education and animal welfareStephen James (Steve) Waltho formerly mayor of Dudley, services to local government and the community in DudleyCleveland Alexander Watkiss jazz vocalist, actor and composer, services to music Alison Jayne Watson chief executive officer, Class of Your Own, services to educationAndrew Paul Watson leader, Geese Theatre Company, services to the arts in the criminal justice systemWilliam John Allen Watson services to cyclingWilliam Duncan Watt chairman, Wick Harbour Authority, services to the community in Wick and CaithnessEdward John Watts services to the Scouting movement, Mission to Seafarers and community cohesion in South WalesDerek Weaver curator, Marine Engineering Museum, HMS Sultan, for voluntary service to naval heritageJames Lewis West formerly head, product assurance, AWE Aldermaston, services to nuclear safetyChristopher John Whiteside for political and public serviceDerrick John Willer schools liaison officer, Institution of Engineering and Technology, services to education Cheryl Barbara Williams director, Yorkshire Wildlife Park, and chief executive, Yorkshire Wildlife Park Foundation, services to business and conservationJames Hugh Alexander Williams services to the shrievalty and the community in HertfordshireMark Williams manager, investigations, specialist operations, National Crime Agency, services to law enforcementMartin Williams Foster carer, Croydon borough council, and chairman, Croydon Foster Carer Association, services to children and familiesJacqueline Frances Williamson founder, Kinship Care Northern Ireland, services to carers and children in Northern IrelandRobert Clive Wilson director of estates and facilities, University of Bradford, services to higher education and sustainabilityJohn Albert Wood General Practitioner, St Elizabeths Medical Centre, services to general practice in Leicester Janet Sarah Woodroffe for voluntary and charitable services in Wistanstow, South Shropshire Barbara Ann Woodward-Carlton chairwoman, University of Bradford panel for dementia research, services to patient and public involvement in furthering dementia researchBritish Empire MedalBEMDavid John Allen services to the community in BarnsleyThomas Allen services to the community in Donemana County Tyrone Yasmin Jade Allen clinical fellow, NHS, services to oral healthMichael Anthony Amies formerly chair, organ donation committee, Worcestershire Acute Hospitals NHS Trust, services to healthcareAnthony Robin Ardron services to people with learning difficulties in CumbriaAntony Robin Brian Ashburner services to the community in Exford, Somerset Violet Atkinson road safety volunteer, Northumbria Police, services to road safety awareness and education in Northumberland Sarah Avery team manager, child protection and court team, Bath and North East Somerset council, services to children Gertrude Ayer services to the community in Annfield Plain, County DurhamPeter Baillie senior executive officer Ministry of Defence, services to defence and the veteransRamon Lionel (Ray) Banks services to the community in Tiptree EssexReginald Robert Barry services to the community on the Isle of WightJack Alexander Erwin Beattie services to the development of sport in Lisburn Northern IrelandMark Macleod Beaumont services to sport broadcasting and charity Catherine Cicely Beech services to the community in CeredigionJames Bell services to the farming community in Northern IrelandNeomi Beverley Bennett managing director Neo-Innovations UK Ltd, services to nursing and healthcare Jean Bett services to education and community drama in Renfrewshire and West DunbartonshireMark Gunter Beyer administrative officer Ministry of Defence, services to defence and the Dartmoor Mountain Rescue GroupHarry Bibring services to Holocaust educationBryan Birkett services to bell ringing and the community in Nottinghamshire Margaret Jean Bishop services to Age UK and to charity Elizabeth Masson Blades Captain, 5th Motherwell Girls Brigade, services to young people and the community in Motherwell, Lanarkshire Regina Akosua Boakye-Nimo services to danceTerence George Bolt services to the community in Cornwall Sonia Jane Bond services to dance Sandra Jane Booer services to music and the community in DartfordEileen Borton services to older people in Rugby. Warwickshire Alison Sara Bradbury services to the community in Clophill, Bedfordshire Sandra Bradshaw services to the community in ManchesterKulbir Singh Brar community and diversity officer Thames Valley Police, services to community cohesionAndrew Robert Bromley international student support officer Sheffield Hallam University, services to higher education Joyce Ellen Brooker services to the community in Wing, Buckinghamshire Ann Maureen Browning chairman, Berkhamsted Committee, The Children's Society, for charitable servicesFrank Eric Bull services to The Royal British Legion and the community in WhitbyDerek Alan Burnett services to the community in Nottinghamshire Margaret Cahoon learning support assistant, Knockloughrim Primary School, Magherafelt, services to education in Northern Ireland Gayle Luett Carson administrator, Northern Ireland Custody Visitor Scheme, services to prisoner welfare and charity in Northern IrelandSamuel Frederick Erskine (Ricky) Caruth services to rowing in Northern IrelandColin Russell Case for voluntary and charitable services to the community in Ruyton XI Towns Shropshire Anita Itallina Castellina services to the community in CannockStephen Chapman services to music in Northern IrelandPaul Clabburn member London Veterans Advisory and Pensions Committee, services to veterans and to awareness of cardiac risk Susan Clarey office manager, St Anne's Church of England Primary School, Bishop Auckland, services to education Mary Clarke services to flood defence and the community in CardiffJacqueline Clark-Basten services to the community in Sipson, Middlesex Jean Clarkson services to riding for the disabled in Dumfries and Galloway Gayle Denise Clay team manager, homeless healthcare team, Gloucestershire Care Services NHS Trust, services to community health for homeless and vulnerable peopleRichard Cleaves services to the community in Ewhurst, SurreyJonathan Victor Cooke services to cross community relations through sport in Northern IrelandJohn Mervyn Cornish services to the community in Stewkley, BuckinghamshireLee Coulson services to disability basketballJohn Charles Cox services to Scouting and to Holy Trinity Church Bradford on Avon Patricia Anne Cox for voluntary and charitable servicesMichael Credland services to First World War heritage and remembrance June Mary Crew for voluntary service to Natural History and the community in Broxbourne, HertfordshireTom Crosby volunteer Network Rail Community Safety ***Programme***, services to railway safety Diane Gail Curtis manager, Bowel Screening Wales, services to cancer patientsNadine Samantha Daniel services to interfaith and community relations in Merseyside Jacqueline Rhys Davies services to young people in Cheshire Dawn Ruth Davis Northern Ireland Environment Agency, for voluntary services through the Samaritans Wendy Elizabeth Daws for voluntary service to visually impaired people in North KentHamish Dean Pipe Major Huntly and District Pipe Band, services to piping and the community in Aberdeenshire Elizabeth Gabrielle Deans for voluntary service to the Western Health and Social Care Trust, Northern Ireland Sheila Delahoy services to cancer and cystic fibrosis charities in Flintshire Louise Gail Dembny executive officer, Department for Work and Pensions, for public and charitable servicesLeslie David Dennison services to charityWatch Cdr David Denvir Northern Ireland Fire and Rescue Service, services to fire safety in Northern Ireland Rosalind Jane Dolding services to the community in Edington and Polden Hill, SomersetTheresa Mary Douglas police staff Police Service of Northern Ireland, services to policing and the community in Northern Ireland Rosemary Enid Dowie services to the community in Weston-Super-Mare, Somerset Mary Dowson services to community radioGregory Matthew Drozdz services to the community in Hinckley. Leicestershire Hazel Valerie Drummond services to music in Northern IrelandFrances Edwards services to the community in Bishopsteignton, DevonThomas Wallace Elder services to the community in Ahoghill County AntrimJames Andrew Emery for voluntary service to the Boys Brigade and the community in County Tyrone Alison Lesley Evans services to the community in SuffolkGareth Evans deputy Local Policing Inspector South Wales Police, services to community cohesion and engagementGordon Malcolm Evans chairman Stafford Town Football Club, services to football in Stafford Efe Elizabeth Ezekiel services to Young People in LondonSpecial Constable Lloyd Bartle Fairey Northamptonshire Police, services to policing and the community in Wootton Fields NorthamptonAdrian Kenneth Farmer services to the community in Belper and Derwent Valley. Derbyshire Gay Sandra Fifield services to older people in South Wales Susan Ann Fifield services to the community in Farringdon HampshireRobert Fisher services to the Northern Ireland Prison Service Pipes and Drums BandWilliam James Keith Fleming services to young people through the Church Lads and Church Girls Brigades and the Duke of Edinburgh's Award Scheme Joan Marie Flynn formerly senior receptionist, Medical Research Council, services to the Medical Research Council Anne Danson Forbes refugee resettlement co-ordinator, Ashford borough council, services to the resettlement of Syrian refugees in the UK Hilary Cynthia Ford school volunteer, Herringthorpe Junior School, Rotherham, services to educationEdwin Ian Fowles Trumpeter Bunbury Branch, Royal British Legion, for voluntary service to ex-service personnelGregory Francis senior officer National Cyber Crime Unit, National Crime Agency, services to law enforcement and protecting vulnerable people Sabrina Alicia Francis social media officer City, University of London, services to the University of London Margaret Louise Frost services to charity and the community in Bude, CornwallStuart Alan Frost services to the community in Harrogate, North YorkshireAlan Futter services to people with visual impairmentsMathew Fyfe poppy convener Royal British Legion, services to veterans in AberdeenshirePatrick James Gaul for voluntary service in Turriff, AberdeenshireBernard Oswyn George services to Withybush Hospital Chemotherapy Day Unit, Pembrokeshire Patricia Elizabeth George services to Withybush Hospital Chemotherapy Day Unit, PembrokeshireTeifwen Mary George services to equality, young people, charity and the community in Merthyr Tydfil Mary Bernadette Glass services to nursing and the community in the Causeway Area, Northern Ireland Mary Sydney Grace services to the community in Crawley. West SussexAonghas William Grant services to fiddling and music tuition in the HighlandsDavid Edward Gravell services to charity, sport and education in Wales Jenny Griffiths services to Wrexham Maelor Hospital North Wales Lesley Ann Hall services to education Isabella Turnbull Halliday fundraiser, Children's Hospices Across Scotland, services to charityBenjamin David Hammond services to dance and charityPeter George Thomson Hardie badminton and tennis coach, services to sport and young people in the Scottish Borders Celia Hargrave services to charity and the community in Sheepscombe, Gloucestershire Roberta June Harrington education officer, Chelmsford Cathedral, Essex, services to education Margaret Mary Harvie services to music in Dumfries and Galloway Judith Haycocks healthcare assistant, Whitchurch Community Hospital, Shropshire Community Health NHS Trust, services to care of older people Kathryn Jane Heyworth services to the community in Burnley Emmelence Irivuzimana Higgins manager, Barlochan Care Home, services to older people in Castle Douglas, Dumfries and GallowayHenry Arnold Hill tailor to the Royal Navy and Royal Marines, services to naval personnel Norman Wesley Francis Berkeley Hill services to music in Kent Roselyn Hirst senior chief cardiac physiologist Manchester Royal Infirmary, services to the NHS Pauline May Hodgetts services to the community in Tipton West MidlandsColin Brendan Holloway field force collector debt management, HM Revenue and Customs, for voluntary services to young people Jean Holmes services to choral music in Nottinghamshire Lisa Jane Horder domestic abuse champion, British Forces Germany, Ministry of Defence, services to the armed forces and their families in Germany Gail Louise Humphreys troubled families lead, Liverpool city council, services to troubled families in LiverpoolJames George Hurst administrative officer Compliance Operations Processing, HM Revenue and Customs, for voluntary and charitable services in Salford Caroline Anne Husain services to charity and the community in Chandlers Ford, HampshirePercy Edwin Iles services to RAF Veterans and the community in Basingstoke, HampshireAdrian Mark Jacobs volunteer police liaison, Metropolitan Police Service, services to interfaith relations and the community in the London Borough of BarnetRobert Walker James services to the community in Hungerford, Berkshire Margaret Harvey Jamieson founder The Blue Door, services to the community and charity in Orkney Patricia Jardine services to charity through the Annan and District Group of Friends, Dumfries and Galloway Yvonne Margaret Jardine services to the community in Sleaford, Lincolnshire Annwen Selima Amoret Johnson correspondence manager, HM Treasury, for service to diversity and inclusion Betty Irene Johnson visiting assistant, The Royal Star and Garter Home, for voluntary service to veterans Brenda Johnston services to Swimming and the community in GrimsbyBryan Stanley Jones services to education and young peopleGareth Jones services to church communities in Skewen and Neath South West Wales Helena Jones services to young people and the community in Wales Buldev Kaur Angela Kandola founder AWAAZ charity, services to vulnerable people with mental health issuesGeoffrey Miles Keating founder and conductor Solway Sinfonia, services to music and charity in Dumfries and GallowayJohn Roger Kennedy services to the community in St Bees and West Cumberland Sarah Gertrude (Sally) Kennedy services to the community in St Bees and West Cumberland Yvonne Teresa Key main reception coordinator, Queen's Medical Centre, services to the community in NottinghamLeslie Kleinman services to Holocaust education Maria Kovacevic-Thomas services to the National Health Service and voluntary service in Merthyr TydfilPhilip Colin Kyle services to young people and the community in Northern Ireland Janet Eve Lake services to the community in Brancaster, NorfolkSister Mary-Joy Langdon services to disabled and disadvantaged childrenJohn Law services to the community in Coldstream Scottish Borders Elizabeth June Lawrence services to the community in Morton, Shropshire Angeline Margaret Lawson services to children, the judiciary and the community in Denbighshire Sonia Jean Lewis services to the community in Colchester, Essex Kathryn Angela Maria Ann Livingston founder, First Person Plural Charity, services to people with dissociative identity disorder Ann Maria Loader services to charity and the community in Tickenham, North Somerset Elizabeth MacColl for voluntary service in North BerwickJohn Maclean chairman, Peterhead Branch, RAF Association, for voluntary service to ex-service personnelJohn Madden principal, Roddensvale School, services to the community in Larne, County Antrim Eileen Mary Magee services to Cheltenham Croquet Club and the community in Hartpury. GloucestershireSubhash Chander Mahajan services to the community in Hounslow Ellen Maisie Mann nurse, Cwm Taf University Health Board, services to Children and Young PeopleJames Donald Manning services to young people and the community in Ipswich Andrea Manson for voluntary service to disability sportGiles William Margarson services to the community in Aylsham NorfolkJennifer Susan Marlow services to vulnerable people in the community in Alton, HampshireRichard Marriott fundraiser, RNLI, for charitable servicesAndrew Neil Marshallsay Fire Service trainer, Hertfordshire Fire and Rescue Service, for voluntary service to the Fire Cadets Unit and the Fire Service Youth Training AssociationGeorge Edwin Martin train manager, CrossCountry Trains, and founder, Myras Wells, services to charityWilliam John Matheson services to music, culture and charity in the HighlandsNorman Mawhinney services to running and the community in Comber, County Down Ann Margaret Mayer services to the community in Bollington, Cheshire Clare Beatrice McCarthy Member, London and South Region, St John Fellowship, for voluntary service to First Aid Fiona McCormack services to children and young adults with special educational needs in Essex, Hertfordshire and London Margaret Patricia McDonald services to young people through the Dunmurry Girls Brigade and to the community in Lisburn, Northern IrelandVeronica McDonald club leader, Firpark Alma Group, services to adults with special needs in North Lanarkshire Jennifer Mary McGregor-Smith services to the community in BromsgroveAlistair McInnes civilian assistant, Gwent and Powys Army Cadet Force, for voluntary service to young people Elaine Davidson McIntee physiotherapy technical instructor, Douglas Grant Rehabilitation Centre, Irvine, services to holistic rehabilitation in AyrshireAlan McIntosh Company Captain, 1st Buckie Company, services to the Boys Brigade Jennifer Kay McIntosh Officer in Charge, Anchor Boys, 1st Buckie Company, services to the Boys Brigade Barbara McKinley company secretary, Ulster Orchestra, services to culture in Northern Ireland Selma Anne McMullan services to young people through the Girls Brigade in Ballycastle, County Antrim Jeanette McMurray police staff, Police Service of Northern Ireland, services to policing and the community in Northern IrelandSarah Reeman McNamara services to the community in Terling, Essex Iris Phoebe McSwigin services to charity and community relations in Fivemiletown, County Tyrone Heather Mealing services to people with disabilities and their carers in Leeds and East Sussex Lucia Quinney Mee services to promoting public awareness about organ donationAndrew Menmuir Group Scout Leader, Tannadice Scout Group, services to the Scouting movement in AngusJohn Robert Middleton formerly facilities manager, School of Physics and Astronomy, University of Nottingham, services to higher education and scienceSheila Miller volunteer, Leeds Teaching Hospitals NHS Trust, services to the community in Leeds Gillian Ward Milne senior dental nurse, Department of Oral and Maxillofacial Surgery. Ninewells Hospital, Dundee, services to maxillofacial surgery patients in TaysideDean John Milton for voluntary service to young people and charitable fundraisingWilliam David Alexander Mitchell services to the community in County DownColin John Moore services to music in East Sussex Jo-Ann Moran senior executive officer, Home Office, services to people with disabilities in the public sectorJudith Morris unit manager, Halesowen Young Persons Service Unit, St John Ambulance, for voluntary service to First Aid and to young people Patricia (Patsy) Morrison founder and managing director, Universal Comedy, services to comedy, people with long term health conditions and charity Rachel Morrison services to the community in Portstewart, County Londonderry Helen Arrol Morton Childline volunteer, NSPCC, services to children and young people Janice Inglis Moss for voluntary services and for fundraising for the Christie Hospital, ManchesterPeter Francis Mulligan services to archery and the arts in Northern Ireland Diana Stella Murdie services to sport for visually impaired peoplePeter Neild services to the community in Maghull, Merseyside Elizabeth Mary (Elma) Nelson services to the community in Maguiresbridge, County Fermanagh Hayley Angela Rhodes Nelson services to digital inclusion in Sheffield Lucy Nkwameni Njomo services to vulnerable young people on the dangers of female genital mutilationJean O'Hanlon Caseworker, Northumberland Branch, SSAFA, for voluntary service to ex-service personnel and to the community in Alnwick, NorthumberlandErnest O'Hara services to ***agriculture*** and the community in Northern IrelandAlex Peter Oliver services to charity and the community in Durham Chaim Olmer services to Holocaust education Rebekah Mary Olphert founder and artistic director, Ballymena Chamber Orchestra, services to musicFrancis Peter George Osborn civilian instructor, Bexley and Lewisham Sea Cadets, for voluntary service to young peopleJane Claire Owen train running controller, Network Rail, services to the LGBT community Melanie Jane Petrina Parker services to Girlguiding and the Royal British LegionMartin Richard Parry services to film, media and music Ann Marjorie Francescia Pembroke services to the cultural history of the City of LondonJosef Perl services to Holocaust educationHugh Raymond Phillips services to gymnastics Sandra Elizabeth Plasting manager and matron, Queen's House Nursing and Residential Home, services to older people and the community in the Scottish Borders Avril Pollock services to the community in Strabane, County TyroneSamuel Pollock services to the community in Northern IrelandChristine Pratt services to the community in Blurton, Stoke-on-TrentPatrick Joseph Prunty services to the Lough Neagh Rescue ServiceElfyn Pugh for voluntary service to Rugby Manju Rajawat higher officer, Border Force, Home Office, services to border securityRobert Ramsey services to schools and youth football in Northern IrelandSuryadevara Yadu Purna Chandra Prasad Rao formerly chair, Stoke-on-Trent Clinical Commissioning Group, services to health and care Phyllis Martha Kathleen Reeve services to Basildon Hospital Phoebe Ethel Revill-Johnson secretary and treasurer, Leeds Branch, National Association of Retired Police Officers, for voluntary service to police officers Alison Margaret Reynolds services to community sport in Kent Gillian Mary Rhodes services to digital inclusion in SheffieldElvet Owen Richards services to the community in Trelystan, PowysTerry Stephen Ridgley welfare officer, Buckinghamshire Fire and Rescue Service, services to the Fire and Rescue Service and the Fire Fighters CharityWilliam Robert Roberts services to in community in Tyn-y-Groes Conwy Mary Gertrude Robinson services to nursingSteven Michael Robinson services to people with disabilities and the community in West YorkshireStuart Christopher Rose services to the Multiple Sclerosis Society in ScotlandPaul David Roy vice-president, The Spinal Injuries Association, for voluntary service to healthcare Hayley Louise Ryan teaching innovation manager, Southampton City College, services to education Janet Ryles services to the community in Aston-on-Trent, Derbyshire Julie Elizabeth Salmon services to charitable fundraising and the community in the WirralRobert John Savage caretaker, Southern Regional College, Greenbank Campus, services to further education in Northern IrelandAlfred George Scorer services to the community in Ellesmere, Port Cheshire Elizabeth Pauline Scott crossing patrol warden, Alloway Primary School, services to education in AyrshireThomas Richard Scott for voluntary service to the Ulster Special Constabulary AssociationCarl Jonathan Scrivens services to the community in Glenridding, Cumbria Nancie Caroline Shackleton formerly assistant chief officer (Resources), Lincolnshire Police, services to policing and to charityPaul Terence Sheehy driver, Government Car Service, for public service Janet Mary Shephard trustee, The Sunrise Appeal, services to cancer care in Cornwall Elizabeth Joan Shipton services to the community in South Derbyshire Adele Ellen Silvey volunteer, Thames Valley Hospice, services to hospice patientsDaryl Jon Simpson services to community relations and peace and reconciliation in Northern IrelandJoan Edna Simpson services to the community in Coningsby. LincolnshireArthur Roy Skellington services to the community in Gedling Nottinghamshire Jeanette Lavon Smith county youth officer, West Glamorgan St John Ambulance, for voluntary service to first aid and to young people Maureen Smith operations manager, Facility for Airborne Atmospheric Measurements, services to atmospheric science and meteorologyRonald Scott Smith for voluntary service to Harmeny School, the Seagull Trust and the community in Midlothian Amy Margaret Smyton services to local government and the community in Omagh, County Tyrone Susan Mary Sollis services to leukaemia researchAsish Jaidev Soni for voluntary and charitable services to homeless people in LondonMichael John Speight services to the community in Rotherham Susan Spence for voluntary service to Rugby Nicola Jane Spencer services to the arts in LondonHarry Spiro services to Holocaust education Karen Squires services to the community in SheffieldDavid Stark Pipe Major, for voluntary service to Piping in South Lanarkshire Margaret Elizabeth Stead voluntary worker, Breast Cancer Research Action Group, Leeds, services to women suffering from breast cancer in West Yorkshire Lisa Ann Stephenson founder, Lisa's Challenge for Maggie's, services to Maggie's Cancer Care Scotland Maryon Stewart founder, Angelus Foundation, services to drug education Elizabeth MacPhail Stoddart services to the community in LanarkshireThe Reverend Deacon Roger Stone Apostleship of the Seas Port Chaplain, services to Seafarers Eileen Thelma Strange for voluntary service to The Seven Towers Male Voice Choir Sarah Louise Stringer honorary lecturer, Kings College London, services to psychiatry and equality in mental healthcare Marilyn (Marsie) Stuart founder, Sign and Be Heard, services to British Sign Language Education Margaret Janet Sutton chair, Mount Vernon Hospital Comforts Fund, Hillingdon Hospital NHS Foundation Trust, services to the NHSDeviesh Tankaria international youth chairman, Sathya Sai International Organisation, for voluntary serviceGeoffrey Taylor services to the Scouts and the community in Chester Joyce Taylor services to Durham CathedralStephen Terence Taylor services to the community in Midsomer Norton Sheila Lynnette Thomas services to music, education and the Welsh language in PowysDavid Thompson services to the community in BillingshurstJohn Charles Thompson administrative officer, Detection Technology Management Unit, Border Force South and Europe, Home Office, services to border securityMartin Piers Grant Thompson higher officer, Border Force, Home Office, services to border securityRobert James Hamilton Thornberry services to young people through the Boys Brigade in Northern Ireland Lillian Thornton services to local government and the community in County Fermanagh Joanna Tindall for voluntary service to the Pony Club Lisa Tookey for voluntary service Mary Edith Toward for political service in the North East of EnglandJames Travis services to the community in SilkstoneRoy William Tricker services to Heritage in SuffolkRobert John Trimble chief executive and Team Leader, the Bromley by Bow Centre, services to the economy Lisa Mariane Turner services to the community in the Four Churches Benifice, South Cambridgeshire Patricia Catherine Venton business manager, Camelsdale Primary School, services to educationAlfred Shaun Vickers for voluntary service to sport in Tower Hamlets Margaret Ruth Vincent for charitable services in the UK and abroad and the community in SwanseaGraham John Wadley services to church music Marion Maitland (Morag) Wallace for voluntary service in Falkirk and Stirlingshire Bernadette Mary Wallington services to homeless peopleScott John Watkin eye care and vision development officer, SeeAbility, services to people with learning disabilitiesPaul Watson vice-chairman, Lee-on-Solent Branch, Royal Naval Association, for voluntary service to veteransJanine Webber services to Holocaust education Philippa Pia Webster trustee, NSPCC, services to children and young peopleShirley Ann Wells services to education and young people Kerstin Yvonne Wheeler higher officer, Border Force Intelligence, Home Office, services to preventing modern slavery and protecting vulnerable people Susan Jacqueline Whitham head of student services, St Mary's University, Twickenham, services to higher education Ellen Wiles chef, Oak Field Special School, services to children with special dietary requirements Alyson Elizabeth Williams services to young people and the community in SwanseaDavid John Williams first aid volunteer and Trainer, Shrewsbury Branch, British Red Cross, for voluntary service to first aid Doris Williams services to choral singing in the North EastGeoffrey David Williams services to the community in MerseysideDavid Alan Wilson conductor, Slough Philharmonic Orchestra and Chorus, services to music and young peopleJohn Samuel Wilson services to the community in Newtownstewart Freda Wineman services to Holocaust educationAlan Robert Witham parish councillor, services to the community in ErpinghamMichael John Woodhall services to the community in HampshireDavid Thomas William Woodward services to youth hockey in South Yorkshire Frances Elizabeth Woolaway services to The Ways and Means Trust and the community in Caversham, Berkshire Gillian Doreen Worthing manager, Holy Trinity Cadet Unit, Hereford, St John Ambulance, services to first aid and young peopleBrian Arthur Frederick Yeoman services to Lions Clubs International and the community in Bramley and WickersleyDIPLOMATIC SERVICE AND OVERSEAS LISTORDER OF THE BATHCBMarcus Boyd Willett director-general, Foreign and Commonwealth Office, services to national securityORDER OF ST MICHAEL AND ST GEORGEGCMGSir Mark Justin Lyall Grant former national security adviser, services to UK foreign and national security policyKCMGThe Honourable Joseph John Bossano Member of Parliament and minister former chief minister, services to GibraltarDominick John Chilcott Former HM ambassador, Dublin, Ireland, services to British foreign policyPaul John Mahoney UK judge of the European Court of Human Rights in Strasbourg, services to international justiceMark Sedwill national security adviser and former permanent secretary at the Home Office, services to UK national securityCMGDuncan Brierton Allan research analyst, Eastern Europe and Central Asia directorate, Foreign and Commonwealth Office, services to supporting and informing British government policy towards RussiaFrancis Raymond Baker formerly HM ambassador, Baghdad, Iraq, services to British foreign policy and UK/Iraq relations Alison Mary Blake high commissioner Dhaka, Bangladesh, services to British foreign and security policyProfessor Terence Vincent Callaghan professor of Arctic ecology and director University of Sheffield, services to advancing knowledge and international collaboration in Arctic science Diana June Nelson head of Health and Welfare International, Human Resources directorate, Foreign and Commonwealth Office, services to the welfare of staff and families working for the British government overseasQuentin James Kitson Phillips director Foreign and Commonwealth Office, services to British foreign policy William George Stirling formerly director-general European Synchrontron Radiation Facility and lately director Institut Laue-Langevin, Grenoble, France, services to British science and international science collaborationORDER OF THE BRITISH EMPIREOBEMargaret Therese Al-Sayer Founding director, Kuwait Association for the Care of Children in Hospital and the Bayt Abdullah Children's Hospice, Kuwait, services to child health and hospice provision in Kuwait Susanna Gisela Berry deputy director, Foreign and Commonwealth Office, services to national securitySimon Chapman first secretary, Foreign and Commonwealth Office, services to British foreign policyAngus John Clarkson formerly head Syria Office, Amman, Foreign and Commonwealth Office, services to furthering UK interests in Jordan and Syria Hannah Kathryn Cockburn-Logie head, political and bilateral affairs, British High Commission, New Delhi, services to UK/India relationsColin Wynn Crorkin formerly HM ambassador, Banjul, Gambia, services to British interests in the Gambia Karen Danesi first secretary, Foreign and Commonwealth Office, services to British foreign policyMatthew Kingswood first secretary, Foreign and Commonwealth Office, services to British foreign policyRobert James Lygoe first secretary, Foreign and Commonwealth Office, services to British foreign policy Olive Hilda Miller Community volunteer, services to the community in the Cayman Islands Paul Willion Munro Faure former deputy director, Climate Energy and Tenure Division, United Nations Food and ***Agriculture*** Organisation, Rome, services to the development of international land policyStephen Christopher Phillips chief executive, China/Britain Business Council, China, services to promoting trade and investment in support of UK/China relationsHugh Stanley Philpott HM ambassador, Dushanbe, Tajikistan, services to British foreign policy Consulota Carmen Price British Council country director, Nigeria, services to UK/Nigeria cultural relationsProfessor Christopher Douglas Rudd Provost and chief executive officer, University of Nottingham, Ningbo, China, services to higher education and UK/China co-operationProfessor Patrick Salmon chief historian, Foreign and Commonwealth Office, services to British foreign policy Nichola Jane Samuel First secretary, Foreign and Commonwealth Office, services to the British government's legal service Susan Barbara Speller formerly consul general, Dusseldorf, services to UK/German relations Philip Neil Trathan head of conservation biology, British Antarctic Survey, and scientific adviser to the Commission for the Conservation of Antarctic Marine Living Resources, services to Southern Ocean science and conservation Barbara Wickham British Council country director, Bangladesh, services to UK/Bangladesh and UK/Pakistan cultural relationsMBEAnn Aspinall past patron and lifetime honorary member of the British Women's Association Manila, trustee of Stepping Stone Foundation, services to charity and the British community in the Philippines Betty Louise Baraud fundraiser and community volunteer, services to the community in the Cayman Islands Alison Blair founder and clinical director, Madrugada Associacao, Praia da LuZ. Portugal, services to supporting people with life-limiting illness and their families in Portugal Marrena Ruby Bradshaw chief of staff to the director, Middle East and North Africa directorate, Foreign and Commonwealth Office, services to British foreign policyPaul Broom political officer, British High Commission, Singapore, services to UK/Singapore relationsJeremy Chivers Former stabilisation adviser, British Embassy Beirut, services to UK/Lebanon relations Patricia Coelho first secretary political, British Embassy. Tunisia, services to British foreign policy Lesley Anne Hanson De Moura formerly honorary consul for Bahia and Sergipe, Brazil, services to the British community in Bahia and Sergipe states in BrazilPhilip Oscar Dexter global teacher development adviser, English and Exams, British Council, services to special educational needs, equality, diversity and inclusionPaul David Hamilton regional security adviser, Foreign and Commonwealth Office, services to overseas securityWilliam Nicholas Harris second secretary, Foreign and Commonwealth Office, services to national securityPaul Ian Hebbron second secretary, Foreign and Commonwealth Office, services to British foreign policyAndrew Edward Beare Hirst honorary consul, Maldonado and Rocha, Uruguay, services to British interests in Uruguay David John Hitchen second secretary, Foreign and Commonwealth Office, services to British foreign policy William Hrudey Observatory director, University College of the Cayman Islands, services to promoting science education in the Cayman Islands Gillian Karatas formerly head of corporate services, British Consulate General, Istanbul, services to staff and families at the British Consulate General, IstanbulKerrie Louise Kearney second secretary, Foreign and Commonwealth Office, services to British foreign policyDerek Ross King television and radio presenter, services to broadcasting the arts and charity Vijay Kumar director of public health, services to the Gibraltar Health AuthorityLeila Memmi vice-consul, British Embassy. Tunis, services to British victims and families of the terrorist attack in Sousse, Tunisia Carol Angela Murray volunteer and member of the Bahrain Anglican Church Council, services to charity and the community in BahrainJohn Rolfe schools outreach manager, British Council, services to international educationAdrian Donovan Short president, Rolls-Royce Indonesia and chairman, British Chamber of Commerce, services to UK/Indonesia trade and investment Hulian Lynden Smith formerly teacher in the British Virgin Islands, services to developing education ***programmes*** and advocating literacy in the British Virgin IslandsAlan David Thomson managing director, Abu Dhabi Sewerage Services Company, services to the UK and global water industry and associated charities Sally Mary Unsworth director, Cyprus Samaritans, and founder of Paphos Bereavement Group, services to charity and the British community in CyprusJames Verrier chief executive officer, Borgwarner Corporation, USA, services to the UK automotive industryORDER OF THE COMPANIONS OF HONOURCHProfessor Margaret Olwen MacMillan formerly warden, St Antony's College, Oxford, services to higher education, history and international affairsBRITISH EMPIRE MEDALBEMMonica Allen volunteer, services to the community in the British Virgin IslandsIan Alexander Baddon volunteer for Cancer Patients Cyprus, services to supporting patients with both cancer and dementiaPeter George Davies third secretary, Foreign and Commonwealth Office, services to British foreign policyLeo Gabriel Paul Marie Joseph Demay director of international affairs, United Nations Military Cemetery in Korea, services to British and Commonwealth Korea war veterans Gillian Hanlon third secretary, Foreign and Commonwealth Office, services to British foreign policyJohn Allen Hunter formerly chairman of the Argentine-British Community Council, services to the Anglo-Argentine community in ArgentinaPeter Ibbetson third secretary, Foreign and Commonwealth Office, services to British foreign policy Sonia Penelope Stanton service children's education teacher, Ralston School, Alberta, services to service children's education in CanadaMartin Gideon Walsh head of corporate services, British Embassy Budapest, services to British interests in HungarySabra Williams director, The Prison Project and director of engagement, The Actors Group, Los Angeles, services to the arts and prison reformQUEEN'S VOLUNTEER RESERVES MEDALQVRMSuperintendent Andreas Pitsillides Sovereign Base Areas Police CyprusCOMMONWEALTH: ANTIGUA AND BARBUDAORDER OF THE BRITISH EMPIREOBEBarbara Jean Paca services to heritage developmentMBEStephen Joseph services to business and community developmentQueen's Police MedalQPMAlbert Michael Patrick Wade assistant police commissioner, services to national security and public safetyCOMMONWEALTH: BAHAMASORDER OF ST MICHAEL AND ST GEORGECMGLawrence Cartwright services to education and politicsMark Holowesko services to business and to the community Reverend Ranford Patterson services to religion education and to the communityORDER OF THE BRITISH EMPIREOBEPastor Rex Major services to religion and to the communityAntonius Roberts services to education, the arts and to the community Robin Roberts services to medicineDavid Thompson services to the legal community and politicsMBEElma Garraway services to education and to the community Nancy Kelly services to education and volunteering Nigel Lewis services to dentistry, the community and politics Jonathan Rodgers services to ophthalmologyBRITISH EMPIRE MEDALBEMRoney Armbrister services to entertainment and the communityWillis Bain services to the arts and to the communityLewellyn Augustine Cartwright services to businessKendal Romeo Haurtwerth Culmer Jr services to business and politicsElijah Miller services to politics and to the communityQuintin Woodside services to business and to the communityQUEEN'S POLICE MEDALQPMAnthony Ferguson commissioner of police, services to policing and the communityCOMMONWEALTH: BARBADOSORDER OF THE BRITISH EMPIRECBEShirley Farnum for services to public service Reverend Orlando Seale services to religious educationCharles Smith for public serviceOBELinda Brooks services to the labour movementCarlton Hinds services to the catering industryCedric Murrell services to the labour movementMBEVelmo Cadogan services to the Barbados fire serviceAlvin Carter services to educationClifford Clarke services to the Barbados fire serviceCOMMONWEALTH: BELIZECBEDouglas Anthony Singh services to commerce, industry and community leadershipOBEDinesh Bhojwani services to commerce, industry and community leadershipJohn Longsworth for public serviceMBEArmando Chang services to business and to the communityManuel Cowo services to the community and religion Jeaneane Vaneasa Neal services to education and to the communityJoel Westby services to education and to the community Marilyn Williams for public service and to the legal fraternityCOMMONWEALTH: GRENADACBESister Maureen Alexander services to educationOBEAndre Cherman services to businessMBECecil St Louis services to educationBritish Empire MedalBEMAdrian Blackman services to the communitySgt Lawrence Francis services to the communityCOMMONWEALTH: SAINT CHRISTOPHER AND NEVISOrder of the British EmpireOBEPatricia Anelta Hobson services to education and public serviceMBEBenjamin Cromwell Francis services to business Ian Jacobs services to the medical professionQueen's Police MedalQPMInspector Alphonso Leroy Hendrickson services to police serviceCOMMONWEALTH: SOLOMON ISLANDSOrder of the British EmpireOBEKaaba Newton Maagi services to education the Church and rural developmentMBEVioline Evalita Titiulu Aruafu services to nursing and to the communityChief Patteson Kikolo services to rural and community developmentChief Johnson Leamana services to rural and community developmentTaeasi Sanga for public service and community developmentBritish Empire MedalBEMIsrael Ratu Adino services to rural and community developmentCecil Beliga services to community developmentJohn Vine Golomo services to community developmentJerry Jackson Suku services to community developmentCOMMONWEALTH: GUERNSEYORDER OF THE BRITISH EMPIREMBEDerek Alfred Webb services to table tennis in GuernseyBRITISH EMPIRE MEDALBEMAnne Mildred Diamond services to the deaf community in GuernseyCOMMONWEALTH: ISLE OF MANORDER OF THE BRITISH EMPIREMBENorma Angela Aire services to Breast Cancer Now Isle of Man and the wider community Aileen Norma Gelling services to the Isle of Man Prison's independent monitoring boardBritish Empire MedalBEMJulian Roderick Power services to the Manx communityCOMMONWEALTH: JERSEYORDER OF THE BRITISH EMPIREOBEPhilip Sidney Gower services to vulnerable children and young people in JerseyBRITISH EMPIRE MEDALBEMStuart William Elliott services to the community in JerseyMILITARY DIVISION: ROYAL NAVYORDER OF THE BATHKCBVice-Admiral Simon Jonathan Woodcock Royal NavyCBRear-Admiral Keith Edward Blount Royal NavyOrder of the British EmpireCBECommodore Ross Albon Royal NavyCommodore Ian Shipperley Royal NavyRear-Admiral Richard Stokes Royal NavyCommodore Phillip James Titterton Royal NavyOBECdr Johanna Deakin Royal NavyCommodore David Graham Elford Royal NavyCapt Clayton Richard Allan Fisher Royal NavyLt-Col Damian Jon Huntingford Royal MarinesCdr Peter John Pipkin Royal NavyCdr Philip Charles Richardson Royal NavyCapt Stephen John Thompson Royal NavyMBEWO 1 (Communications Technician) David John Bagnall Royal NavyMaj Kevin Charles Carter Royal MarinesColour-Sgt Daniel Gad Curtis Royal MarinesMaj Edward Charles Malet Hall Royal MarinesLt Cdr (now Cdr) Richard Paul Hewitt Royal NavyCdr John Lea Royal NavyLt Cdr David Francis McInerney Royal NavyWO 1 (Seaman) Robert Ratcliffe Royal NavyLt Cdr (Acting Cdr) Stephen Eric Saywell-Hall Royal NavySurgeon Lt-Cdr Manish Tayal Royal NavyLt-Cdr David Nicholas Wilcocks Royal NavyMILITARY DIVISION: ARMYORDER OF THE BATHCBMaj-Gen Angus Stuart James Fay ArmyActing Lt-Gen Ivan Hooper ArmyORDER OF THE BRITISH EMPIRECBEBrig Alastair James Aitken ArmyActing Brig Barry William Bennett ArmyBrig Iain Graham Harrison ArmyBrig John Henry Ridge ArmyOBELt Col Matthew Richard Baker The RiflesCol Nicholas Hugh De Renzy Channer ArmyLt-Col Richard George Hallett The Royal Logistic CorpsWO Class 1 Glenn John Haughton Grenadier GuardsLt Col Rachel Samantha Hawes Royal Army Medical Corps Army ReserveCol Neill Allan Page ArmyLt-Col Rhodri David Phillip Royal Army Medical CorpsLt-Col Victoria Caroline Reid The Royal Logistic CorpsCol Michael Peter Sykes ArmyLt-Col Geoffrey John Whatmough Royal Regiment of ArtilleryMBEActing Lt-Col James Bain Combined Cadet ForceMaj David Andrew Barringer Corps of Army MusicMaj Adam Christopher Birley Corps of Royal EngineersActing Cpl Thomas Oliver Briggs Royal Corps of SignalsCapt Glen Paul Bullivant Royal Army Medical CorpsCpl Craig Cardy Corps of Royal EngineersMaj Andrew John Carter Royal Regiment of ArtilleryMaj John Robert Chetty The Parachute RegimentStaff Sgt Louis John Cleary Royal Corps of SignalsMaj Barry James Cooke Adjutant Generals Corps (Staff and Personnel Support Branch)Maj Oliver Philip Butler Dobson The Royal Regiment of ScotlandCapt Martin Geoffrey Doherty Royal Regiment of ArtilleryWO Class 1 George Richard Douglas The Royal Irish Regiment Army ReserveWO Class 1 Roy Paul Duffin Corps of Royal Electrical and Mechanical Engineers Army ReserveMaj Damian John Flanagan The RiflesLt Col Richard Michael Garbutt Corps of Royal Electrical and Mechanical EngineersLt-Col Timothy John Gillies Corps of Royal Electrical and Mechanical EngineersMaj Paul Dennis Headington The Parachute RegimentCapt Timothy Shanti Holmes-Mitra Royal Canadian Corps of SignalsStaff Sgt David Mark Jones Intelligence CorpsSgt Christopher Robert Jordan The Parachute RegimentCapt Kevin Kirkham-Brown Royal Corps of Signals Army ReserveMaj Edwyn Nicholas Launders Welsh GuardsStaff Sgt Adrienne Richelle Lavery Adjutant Generals Corps (Staff and Personnel Support Branch)Maj James Douglas Louther Leask Scots GuardsWO Class 1 John Richard Lewis Corps of Royal Electrical and Mechanical EngineersLt Col Lorraine Elizabeth Markham Intelligence CorpsWO Class 2 Neil McRae Martin The Royal Logistic Corps Army ReserveWO Class 2 Todd William McCartney Intelligence CorpsSgt Matthew Robert McGlown Royal Corps of SignalsMaj Andrew Thomas George McLannahan The Princess of Wales's Royal RegimentLt-Col Paula Janet Nicholas Adjutant Generals Corps (Staff and Personnel Support Branch)Maj Thomas Michael Parsons Scots GuardsCapt Simon Colin Paterson Intelligence CorpsMaj Richard William Roberts Corps of Royal EngineersMaj Bijayant Sherchan The Royal Gurkha RiflesMaj John Patrick Tymon Army Air CorpsCapt GrantWallace Royal Corps of SignalsMaj Aaron John West The RiflesROYAL RED CROSSRRCLt-Col Simon Davies Queen Alexandras Royal Army Nursing Corps Army ReserveMILITARY DIVISION: ROYAL AIR FORCEORDER OF THE BATHCBAir Vice-Marshal The Honourable Richard John Martin Broadbridge Royal Air ForceAir Vice-Marshal (The Venerable) Jonathan Paul Michael Chaffey Royal Air ForceORDER OF THE BRITISH EMPIRECBEGroup Capt Richard Andrew Davies Royal Air ForceAir Commodore Alan Kenneth Gillespie Royal Air ForceGroup Capt (now Air Commodore) Michael John Smeath Royal Air ForceOBEGroup Capt Andrew Edgar Battye Royal Air ForceWing-Cdr Sean Donoghue Royal Air ForceWing Cdr Darryn George Rawlins Royal Air ForceGroup Capt Roland Stephen Smith Royal Air ForceMBEWing Cdr Edward Challoner Royal Air Force volunteer Reserve (Training)Wing Cdr John Howard Davies Royal Air ForceFlt Sgt Alison Frances Fisher Royal Air ForceSqn Ldr Martin Geraghty Royal Air ForceCpl Liam Paul Grime Royal Air ForceWO Alan Stuart Hart Royal Air ForceSqn-Ldr Scott Smith MacColl Royal Air ForceSqn-Ldr Thomas Martin McMorrow Royal Air Force volunteer Reserve (Training)Sgt Louise Mary Mullen Royal Air ForceCpl Anthony Grant Muller Royal Air ForceSqn-Ldr James Andrew Schofield Royal Air ForceWO Robert Ernest Weaving Royal Air ForceQUEEN'S POLICE MEDALQPMDetective Constable Alice Barr Surrey PoliceDetective Chief Inspector Michael Vincent Callan Durham ConstabularyJeremy Graham Chief Constable, Cumbria ConstabularyCharles Edwin Nelson Hall Chief Constable, Hertfordshire ConstabularyConstable Matthew Hone City of London PoliceMatthew Jonathan Jukes deputy chief constable, South Wales PoliceConstable Virginia Jupp Sussex PoliceConstable Paul Lockhart Metropolitan Police ServiceAndrew David Marsh Chief Constable, Avon and Somerset ConstabularyConstableTina Louise Newman Avon and Somerset ConstabularyConstable Adele Owen Greater Manchester PoliceSuperintendent Lee Porter South Wales PoliceInspector William James Scott North Yorkshire Police Michelle Skeer deputy chief constable, Cumbria ConstabularyNeill Tully formerly Constable, Metropolitan Police ServiceConstable Sara Widdrington North Yorkshire PoliceChief Superintendent Richard Wood Metropolitan Police ServiceSuperintendent Matthew Wratten British Transport PoliceSuperintendent Lesley Clark Police Service of ScotlandChief Superintendent Barry McEwan Police Service of ScotlandSuperintendent Alywin John Barton Police Service of Northern IrelandDetective Inspector Jeremy Thomas McFarland Police Service of Northern IrelandQUEEN'S FIRE SERVICE MEDALQFSMChief Fire Officer James William Courtney South Yorkshire Fire and Rescue ServiceChief Fire Officer Philip John Loach West Midlands Fire ServiceChief Fire Officer Russell Pearson Surrey Fire and Rescue ServiceWatch Manager Karen Anne Soady Tyne and Wear Fire and Rescue ServiceChief Fire Officer Paul Walker Cornwall Fire and Rescue ServiceFirefighter Gordon Brown Scottish Fire and Rescue ServiceQUEEN'S AMBULANCE SERVICE MEDALQAMKuldip Singh Bhamrah Technician, East Midlands Ambulance Service NHS Trust Kath Charters Clinical Data Specialist, Welsh Ambulance Service NHS TrustDavid Roger Thomas John Advanced Paramedic Practitioner, Welsh Ambulance Service NHS Trust Diane Jessica Scott deputy chief executive officer West Midlands Ambulance Service NHS Foundation TrustMark Treherne SORT Team Leader East of Scotland Special Operations Response Team, Scottish Ambulance ServiceQUEEN'S VOLUNTEER RESERVES MEDALQVRMCpl Timothy Byrom Royal Marines ReserveWO Class 2 Peter Lewis Gliwitzki The Mercian Regiment Army ReserveWO Class 1 Nigel Christian Marshall Corps of Royal Engineers Army ReserveSgt Alan Rainey The Royal Logistic Corps Army ReserveWO Class 2 Steven Singleton The Parachute Regiment Army ReserveWO Shobha Earl Royal Auxiliary Air ForceFlt-Lt Norman McKay Gray Royal Auxiliary Air Force

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