

Report No.110

PROJECT ON BUSINESS AND POLITICS IN THE MUSLIM WORLD

Central and Eastern Europe including Russia and Baltic States

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About Sources and Region	2
Headlines	3
Overview of the weekly report No.110	7
Report Summary	8
• Political front	8
• Economic front	11
• Social front	14
Detailed report	16
Central Europe (Poland, Czech, Slovakia & Hungary)	16
• Poland	16
• Czech Republic	23
• Slovakia	26
• Hungary	27
Eastern Europe (Belarus and Ukraine)	34
• Belarus	34
• Ukraine	37
Baltic States (Estonia, Latvia & Lithuania)	39
• Estonia	39
• Latvia	43
• Lithuania	45
Russia	47

(About Sources)

The report is a collection of news regarding the socio- economic, political, cultural and environmental events in the Central and Eastern Europe and Russia. The data for the report is collected through the following News sources: BBC Online Monitoring News-Reuters-Associated Press News-Washington Post-NEWYORKTIMES-Bloomberg-EUROPA News-POLONIA Today Online-Centre for Russian, East European and Eurasian Studies-News Now Eastern Europe-China news-FOCUS News-Fox.news.com-International Herald Tribune-STRATFOR- Economist, Foreign Affairs-Official websites of CEE States, IMF, World Bank and EU etc.

(About Region)

According to UN Statistics Division, the following states have been classified as the Eastern Europe. These states were once under the Soviet Union's influence and were part of the Warsaw Pact, i.e. Poland, Czech Republic, Hungary and Slovakia (Central Europe), Belarus & Ukraine(Eastern Europe), and Estonia Latvia, Lithuania (Baltic States).



Headlines

Central Europe (Poland, Czech Republic, Slovakia & Hungary)

Poland

- Polish president, NATO chief discuss Afghanistan, Russia 12:59, March 13, 2010
- Armenia, Poland open new page in relations-12.03.2010-Pan ARMENIAN.Net
- Georgian and Polish PMs met in Georgia's state chancellery-11.03.2010-Trend News
- EP condemns Belarusian Polish minority crackdown-10.03.2010
- Poland seeks to develop strategic relations with S Caucasian countries-10.03.2010,
- World Bank ups Polish 2010 GDP growth forecast to 2.5-3 pct
- Poland says IMF advice helped to cause unsustainable debts-March 10 2010
- Poland Sells BOGDANKA STAKE for 1.1 Billion Zloty-March 9 (Bloomberg)
- Polish budget gap topped PLN 10 bln after Feb-source
- Poland to liberalize drug law?-12.03.2010
- EU court: Phone providers cannot make clients take extra services-Mar 11, 2010

Czech Republic

- Czech Stresses Importance of Syria's Role in the Region-Mar 13, 2010
- Trade unions call off transport workers strike-By Markus Salzmann -12 March 2010
- Czech left plans to crack down on utility prices
- Czech unemployment rate climbs to 9.9 per cent-Mar 8, 2010
- Czech Political Gridlock May Affect Rating, Moody's Says-March 08, 2010
- Czech stats office shocks with upward GDP revision
- Czech economy contracts 3.1 per cent in fourth quarter-Mar 11, 2010
- Czech minister offers to quit over alleged relationship-Mar 10, 2010

Slovakia

- Slovak president fires minister over misused funds-By: The Associated Press-
- Call for 'civic disobedience' to save minority languages-March 2010

- Slovaks reject law enforcing patriotism-Mar 11, 2010,
- Slovak Industry Output Up 4.4% in January
- The Slovak leader deploys national culture as a political weapon-Mar 11th-Economist
- More people are shopping online-Mar 11 2010-by Jana Liptáková

Hungary

- Greek PM to visit Hungary to discuss crisis management-Mar 12, 2010
- Hungarian, Mongolian PMs discuss ways to strengthen economic ties 10:39, March 11,
- Hungary May Turn Wrong Way On Motorbike Racecourse Project-AFP
- Hungary left faces crushing defeat-March 10, 2010
- OECD urges Hungary reforms, state job cuts after-March 11 (Reuters)
- Hungary Industrial Output Soars-BY Margit Feher-Wall Street Journal-09-3-2010
- Hungary Keeps 1Q, Full-Year Budget Deficit Expectations-BUDAPEST (Dow Jones)
- Hungary's next govt must come clean on budget-
- Holocaust Denial will be Illegal in Hungary from April-AFP
- Hungary keeps 2010 deficit target despite Feb surge

Eastern Europe (Belarus & Ukraine)

Belarus

- Belarusian President to visit Venezuela March 16-17-2010
- OSCE MG Co-Chairs have common approach to Karabakh problem-12.03.2010
- Why Belarus isn't on investors' radar screens
- Belarus invites investment from Oman in major projects
- Belarus to name debut Eurobond leads this month-March 11 (Reuters)
- Russian Trade Zone: A Soviet Reunion-7 March-Reuters
- Belarus strongman threatens to ban national side-13/03/2010-Online news
- Belarus Leans Toward Regulated Gambling-Mar10, (EUNewsNet.com)

Ukraine

- Yanukovich orders government to prepare for Medvedev's visit-12.03.2010,
- Top Ukrainian MP warns Russian could take over as national language-FOCUS NEWS
- Ukraine as a link between East and West?-Aaron Beitman - 3/13-Global Politician.com
- Ukraine's Constitution Amended-MARCH 9, 2010-ASSOCIATED PRESS
- Former finance minister becomes Ukraine's prime minister-Mar 12 2010
- Ukraine President says plans no change to cbank chief-Mar 12, 2010
- Ukraine will prefer IMF loans – deputy Prime Minister Sergei Tigipko-13.03
- S&P raises Ukraine ratings on new-found stability-March 13
- IMF to consider resuming Ukraine program- official-March 12 (Reuters)
- Ukraine's Election and the Future of Democracy-- Kalie Pierce-a research intern at the New America Foundation/American Strategy Program.

Baltic States (Estonia, Latvia Lithuania)

Estonia

- Policy brief: Estonia and the euro zone-Mar 11 2010-by Karsten Staehr
- Estonia aspires to join the euro area in 2011
- Estonia January foreign trade deficit falls
- Estonia's economy shrank 14.1 percent in 2009-All Associated Press news
- Estonian Ministry of the Interior has asked for more finances for the security during the NATO summit-FOCUS News
- Estonia Supports Psychological Services for Georgian Women and Youth Affected by War- Government of Estonia-12 Mar 2010

Latvia

- Latvia fears disruption to incipient stability-By Andrew-March 11
- Latvian Prime Minister marks turbulent first year in office-Mar 11
- Fresh split emerges in Latvia coalition
- Latvia Jan c/a surplus rises mth/mth and yr/yr

- Latvia Jan c/a surplus rises mth/mth and yr/yr
- Latvia central bank cuts rates, sees economy stabilizing
- Latvian economy contracted 18 pct last year-Associated Press, 03.11.10-Associated Press
- EU pays bailout loan installment to Latvia-March 11-A A P news
- Mystery hacker a folk hero for struggling population of Latvia

Lithuania

- Greece Should Copy Baltic Adjustment, SARKINAS Says- March 10 (Bloomberg)
- Lithuania's budget deficit last year widened to 9.1 percent of gross domestic product
- Globalization fund: Parliament backs aid to Germany and Lithuania-09-03-2010
- Fitch Raises Lithuania's Rating Outlook to Stable-LONDON (Dow Jones)
- Lithuania celebrates EU status 20 years after independence-11.03.2010
- Polish president awards Georgian speaker-10.03.2010
- Britain plan immediate inquiry after humiliating defeat-Mar 8, 2010

Russia

- New Russia-China cooperative center hosts first promotion 10:14, March 13
- Medvedev, Abdullah II discussing Mideast, upcoming Quartet meeting-11.03
- Swedish PM to discuss economic ties in Moscow: report 08:50, March 09,
- Russian regions seek new time zone-AFP/Moscow
- Russian steel major to explore mining opportunities-13 March 2010
- Seoul hopes security warning won't harm relations with Russia-12.03
- Indo-Russian trade gets a Putin boost-Hindustan Times-7 March
- Russia and the Emerging 7-By Peter Gerendasi, Managing Partner
- Strict tourist visa system defended as a 'vital filter'
- Putin acknowledges Pakistan's efforts against terrorism

Overview of the Report 110

At the Political Front of Central and Eastern Europe, the growing understanding between South Caucasian states and Poland as the result of Polish Prime Minister, Donald Tusk 's recent visit of these Eastern Partners, the unexpected twister in the domestic politics of Slovakia and Hungary and split in the right-wing coalitions prior to elections were some exceptional events. While the Ukraine's new law allowing deputies to defect from their parties and join a new coalition forming around Kremlin-friendly President, the incoming Belarusian President's visit to Venezuela and Prime Minister Putin's visit to India have occupied reasonable place in News headlines.

At the economic front the signing of wide range of Indo-Russian agreements including a historic Nuclear deal, the IMF and World Bank's concerns over growing budget deficit and unemployment in Czech Republic, Hungary and Slovakia, and signs of slight economic recovery in the Baltic States have remained the attractive News for analysts .

At the social front, the amendment to the Drug Law by Poland's Parliament, the proposed Slovak law aiming at mandatory displays of love for the nation and elevating the nation's patriotic spirit among the Students and the Estonian contribution to the Psycho-Social Rehabilitation Centre of Gali in Georgia have attracted the International Media.

Report Summary

Political and diplomatic front

The situation in Afghanistan and NATO-Russia relations dominated Friday's talks in Warsaw between Polish President Lech Kaczynski and visiting NATO Secretary General Anders

Fogh Rasmussen. Kaczynski said after the meeting that NATO was crucial for the safety of Poland, Europe and the world. He also supported the view that Russia should not be admitted to NATO.

The Polish Prime Minister, Donald Tusk 's first visit to EU's Eastern Partners (South Caucasian countries) like Armenia, Azerbaijan and Georgia have been regarded as the marks of the beginning of close cooperation and a new chapter in the history of the two regions. Poland managed to conclude several bilateral agreements with these States in the fields of economy, energy, regular transportation - air and sea communications and tourism.

The European Parliament has condemned the recent imprisonment of activists of a Polish minority organization (Union of Poles) in Belarus. Parliament also demanded that all independent internet news sites and forums closed by the authoritarian regime of President Aleksander Lukashenko should be allowed to function.

Chairman of the Foreign Affairs, Defense and Security Committee at the Czech Senate Jiri Dienstbier has stressed importance of Syria's role in ensuring stability and security in the region. He criticized the Israeli settlement policy in the occupied Palestinian territories and these Israeli settlement activities constitute an obstacle in the face of the Palestinian-Israeli peace negotiations.

The Czech federation of Trade Unions once again called off a strike by public transport workers that was due to begin the next day. This move was a blatant gesture of support by the trade unions for the policies of the so-called Czech "government of experts" led by the political Independent Technocrat Jan Fischer and the country's right-wing president Vaclav Klaus.

The Social Democrats (CSSD), the leading opposition Parties, have been running a campaign promising a comprehensive tax reform according to which ordinary people will not have to pay for the Global Economic crisis, and companies and the rich should be taxed to maintain a generous welfare system.

An investigation revealed that the Slovak Construction Minister's office misused at least 32,000 Euros (\$43,500) in a public tender. His party denied any wrongdoing and backed the Minister who refused to resign.

Slovakia's language law has generated a new debate regarding the status of minority languages in Europe. “A Challenge for Europe” conference, at the Parliament's Brussels premises was intended to highlight the issue. According to estimates, around 40m people regularly speak over 60 non-recognized European languages in the EU.

Hungarian Prime Minister Gordon Bajnai and his Mongolian counterpart Batbold Sukhbaatar discussed strategies to strengthen ties between the two countries on. The meeting coincided with the 60th anniversary of the two countries' establishment of diplomatic relations. Batbold was in Hungary on his first foreign trip since becoming prime minister in late 2009.

As usual in Hungary before elections, politicians are engaged in a stampede for “those responsible” for any wrong-doing, and parties are trying to push the blame on one another. This time, a motorcycle racecourse project, the financing of which is scheduled to be signed today, is likely to be a main spot of their allegation and counter allegation campaigns.

According to most recent opinion polls, Hungary’s Socialists will face a crushing defeat in an election to be held in April the two right-wing political parties will gain majority votes. According to analysts this sharp decline in support for the Socialists, who have ruled Hungary for eight years, is mainly because of their inconsistent economic policies and corruption scandals. Their fate may mirror the near demise of the Polish left in 2005,

President Alexander Lukashenko of Belarus is expected to make an official visit to Venezuela March 16 and March 17. Venezuela will be the first country Alexander Lukashenko will visit during his tour of Latin America. Meanwhile the Minister of national economy and deputy chairman of the Financial Affairs and Energy Resources Council Oman met with Belarusian authorities and discussed topics related to economic and investment cooperation

The question of Ukraine giving official status to the Russian language has become a matter for heated debate since Viktor Yanukovych was elected president in February on the back of strong support in the mainly Russian-speaking east of the country. The new Ukrainian head of state had spoken before the election of his intention to strengthen the status of Russian language in the country, but now he has declared that Ukrainian should be the only state language.

Ukrainian leaders since 1991 have employed different strategies for navigating the cramped geopolitical space between Russia and the West. As Ukraine's new president designs his foreign policy, his plan for Ukraine "to become a bridge between Russia and the West.

Ukraine's parliament approved a constitutional amendment Tuesday to allow deputies to defect from their parties and join a new coalition forming around Kremlin-friendly President Viktor Yanukovich's party. Mr. Yanukovich, who was narrowly elected last month, won the support of several members of other political parties, gaining 235 of 450 seats. Ukraine's parliament formed a new coalition and proposed AZAROV, a close ally of president Viktor Yanukovich, as Prime Minister.

The Estonian government is seeking membership of the euro area from 2011. In the context of euro area membership, the applicant country must satisfy the Maastricht convergence criteria and this is assessed in convergence reports produced by the European Commission and the European Central Bank. The final decision is made by the Council of Ministers.

Latvian Prime Minister Valdis Dombrovskis said Thursday he was pleased with progress made to restore the Baltic state's financial footing as the crisis-hit economy has started to stabilize but warned of possible political instability in the run-up to an October general election. The People's party, the biggest party in the coalition, this week sided with an opposition group in calling for cuts in value added tax for hotels, in defiance of government agreements with the IMF not to reduce taxes.

Lithuania's central bank governor said Greece should avoid seeking international aid to solve its fiscal crisis and follow the example of Lithuania, which suffered the European Union's second-deepest recession last year without a bailout. Lithuania, unlike neighboring Latvia, managed the adjustment without turning to the International Monetary Fund or the EU.

Russia has signed an agreement with India to build up to 16 nuclear reactors for power stations. In striking this deal, Asia's third largest economy is reaffirming old cold war ties. During his one day visit to India, Russian Prime Minister Vladimir Putin also pledged to boost banking and technology cooperation between the two countries. Indian Prime Minister,

Manmohan Singh claimed that the outcomes of Prime Minister Putin's visit are rich and substantive.

The newly-founded Russian-Chinese Center of Economic Investment Cooperation presented its organizational composition, business specialties and development goals at its first promotion held on Friday. The Russian-Chinese Center of Economic Investment Cooperation founded in December 2009 is the first national institution dedicated to facilitating Chinese enterprises entering Russian market. The center is subordinate to the Russian Productivity Research Committee; a renowned economic counseling agency founded 95 years ago.

Russian President Dmitry Medvedev held talks with King Abdullah II of Jordan on the Middle East settlement and the implementation of joint economic projects. The wide range of bilateral relations is swinging from defense cooperation to humanitarian interaction.

Economic Front

The World Bank experts and analysts of the European Commission had raised their 2010 growth forecast for Poland to a range of 2.5 to 3.0 percent, from 2.2 percent. They revised their growth forecast for Poland in positive upward direction, the only country in the 27-member European Union to avoid recession last year.

Poland's Finance Minister has criticized the International Monetary Fund for advising European governments last year to expand their borrowing and spending because due to that IMF advice, some European governments had increased their public debt burden to unsustainable levels.

The government data showed that the Czech Republic's unemployment rate continued to raise in the midst of the Global Economic Crisis, reaching 9.9 per cent in February, compared to 9.8 per cent in January.

While the Czech Statistical Bureau said that Czech economy has accelerated the recovery in the last quarter of 2009. Gross domestic product grew by 0.7 percent from the previous three months. Analysts said the central bank would still likely keep rates on hold before tightening policy in the second half.

The centre-right opposition party FIDESZ, which is expected to win the next elections next month, has not clarified yet what reforms are on its agenda. The Hungary's new government after April elections will need sweeping reforms including slashing the number of state employees to reduce budget risks and foster economic growth.

Hungarian industrial output increased from a year earlier in January for the first time since the global economic crisis hit the country in the autumn of 2008. Hungary, which was the first European Union country to secure International Monetary Fund support during the crisis, saw its deepest economic decline last year for nearly two decades.

A customs union among Russia, Belarus, and Kazakhstan could boost trade and further the Kremlin's dream of reintegrating the economies of the old Soviet Union. The inauguration of the Russia-Kazakhstan-Belarus customs union at the beginning of this year gave a very visible push to the Kremlin's long-term goal of economic reintegration of the former Soviet republics. Many analysts interpret the Kremlin's intent as to re-create a kind of modernized Soviet Union, at least at the economic level.

The Deputy Prime Minister has announced here that Ukraine has nothing against borrowing from Russia, but they would prefer to resume cooperation with the International Monetary Fund and the World Bank. The IMF would be the main source of Ukraine's borrowing that has withheld its loans for Ukraine. The International Monetary Fund has already announced to reconsider Ukraine's request to resume its suspended loan program.

Standard and Poor's on Friday lifted Ukraine's debt ratings from a level deemed vulnerable to default. Standard and Poor's said it was raising its foreign-currency sovereign credit rating on Ukraine to 'B-/C' from 'CCC+/C' and its local-currency sovereign credit rating to 'B/B' from 'B-/C' with a positive outlook. The change came a day after supporters of new President Viktor Yanukovich succeeded in forming a ruling coalition and his close ally Mykola Azarov became prime minister.

The Estonian statistics office said that Estonia's preliminary foreign trade deficit fell to 514 million kroons in January from a 1.7 billion-kroon deficit in December.

Exports amounted to 8.1 billion kroons and imports were 8.6 billion kroons, with a decline of 6 percent in exports and a 16 percent fall in imports compared to the previous month. Compared to the same month a year ago, imports decreased by 2 percent on year and exports rose 11 percent on year to show the first rise in the last 14 months due the low reference base a year ago when exports were at their lowest, the office said in a statement.

The central bank said that Latvia's current account surplus rose to 64.8 million lats (\$126.1 million) in January from 57.8 million lats the previous month.

The European Union says it has paid Latvia euro500, 000 (\$680,725) the third part of a bailout loan for the Baltic state. Latvia was under pressure last year from the EU and the International Monetary Fund to make budget cuts in return for a euro7.5 billion (\$10.2 billion) loan package. The EU is providing euro3.1 billion (\$4.2 billion.)

Three thousand former car, refrigerator and construction workers in Germany and Lithuania will get €7.6 million in EU globalization adjustment fund aid for training, self-employment and job guidance after Parliament gave the green light on Tuesday. The plans were adopted by the Council in Ministers on Monday. The Commission will transfer the funding to Germany and Lithuania within 15 days of the plenary vote.

Fitch Ratings Monday raised the outlook on Lithuania's rating to stable from negative, citing the degree of financial and economic stabilization the Baltic country has made in the past year.

According to a Price Water House Coopers Forecast, one of the most interesting – and meaningful – results of the worst economic crisis in memory is the acceleration of the global economic power shift toward emerging economies. It's out with the G7, the club of traditionally rich nations. The "Emerging Seven or E7 are the: - China, India, Brazil, Russia, Mexico, Indonesia and Turkey. Their combined gross domestic product could overtake that of the G7 this decade and open up a 30 percent lead by 2030,

Social Front

The government in order to liberalize National drug law introduced a bill which might decriminalize possession of small amounts of drugs, for personal use. The liberalization of Poland's drug law comes after the Czech Republic's decision to abolish penalties for possessing a small quantity of illicit drugs. The draft bill is expected to be forwarded to the Parliament in April.

The EU's court ruled in a case brought in by Poland that European Union states have the right to prohibit Telecoms Companies from forcing clients to sign up to services they do not want in order to get the services they do want. The judgment comes following a clash in late 2006 between Poland's main phone operator, TELEKOMUNIKACJA POLSKA (TP), and the Polish Telecoms regulator, UKE. The UKE had ruled that TP's practice of offering clients a high-speed internet link on condition that they also sign up to a telephone connection was illegal.

Czech Prime Minister Jan Fischer refused late Wednesday to accept the resignation of Human Rights Minister Michael Kocab, who offered to resign over media reports alleging that he had a romantic relationship with a subordinate. Kocab, 55, a rock musician and songwriter, is a political independent. He has held the human rights portfolio since January 2009.

The proposed law aiming at mandatory displays of love for the nation and elevating the nation's patriotic spirit have been met with resistance in Slovakia. The law, if signed by the president, requires students in state-run schools to listen to the national anthem before class each and each classroom to be fixed with a slide of state symbols ranging from Slovakia's flag, the coat of arms, and the text of the constitution's preamble and the words of the national anthem.

Hungarian President Laszlo Solyom signed Wednesday the amendment to the criminal code that now considers holocaust denial illegal. As mentioned in our previous post on the matter, the new law raises certain issues and Mr. Solyom signed the bill into law despite his concerns.

President Alexander Lukashenko on Friday issued an unusual public dressing-down to the Belarus ice hockey side, threatening to ban them from the world championships if they repeated their poor Olympic showing. Their performance in the Olympics was dissatisfactory as was eliminated in the preliminary rounds of the Vancouver Winter Olympics.

President Alexander Lukashenko said that legal gambling in Belarus should not be banned but rather well-regulated to raise government revenue and the problems of gambling corruption could be avoided with proper planning and oversight. Gambling in Belarus has now taken the shape of industry that can create new jobs and attract tourists and investments.

The Estonian Foreign Ministry is supporting the Psycho-social Rehabilitation Centre in the region of Gali in Georgia with 55,860 kroons, donated through the Gali Women's Association. The priority activity of the Gali Women's Association is the development of the Psycho-social Rehabilitation Centre.

The person known as Neo has been embarrassing the 'fat cats' in a country with the EU's highest rate of unemployment. Neo is the nickname of a computer hacker who has stolen millions of supposedly confidential documents from the Latvian tax authorities, and exposed just how much cream the nation's "fat cats" have been guzzling while urging ordinary citizens to swallow crippling cutbacks. Neo revelations have embarrassed scores of public officials and inflamed public anger at a time when unemployment has soared to 23 per cent

British Lawn Tennis Association president Roger Draper condemned a fifth successive Davis Cup defeat as unacceptable on Monday and called for an immediate inquiry into the humiliating loss to Lithuania. Britain, without their number one Andy Murray, lost the Europe/Africa Zone group II first round match 3-2 in Vilnius on Sunday. They now face a relegation playoff against Turkey in July to avoid dropping into group III.

The visiting Russian Prime Minister Vladimir Putin on Friday acknowledged that Pakistan had taken actions against terror outfits in the last few months. Participating in a video conference here with Indian businessmen from Delhi, Mumbai, Kolkata and Bangalore, Putin said "we hope addressing the problem (of terror groups) will be in the best interest of Pakistan. We need to support those efforts,"

Detailed Report

Central Europe (Poland, Czech Republic, Slovakia & Hungary)

Poland

Political Front

Polish president, NATO chief discuss Afghanistan, Russia 12:59, March 13, 2010

The situation in Afghanistan and NATO-Russia relations dominated Friday's talks in Warsaw between Polish President Lech Kaczynski and visiting NATO Secretary- general Anders Fogh Rasmussen. Kaczynski said after the meeting that NATO was crucial for the safety of Poland, Europe and the world. Commenting on Afghanistan, the president noted that the situation in the country called for "determined steps," but added that there was "cause for optimism" in this respect in 2010. Kaczynski said Rasmussen as the NATO chief was a guarantee that the Alliance would "remain a consolidated defensive institution." He also supported Rasmussen's view that Russia should not be admitted to NATO. At Friday's NATO strategy conference in Warsaw, Rasmussen said Russia's NATO membership was "theoretically possible but unrealistic."

Armenia, Poland open new page in relations-12.03.2010-PanARMENIAN.Net

Armenia and Poland are opening a new page in relations, according to RA Prime Minister Tigran Sargsyan. "We discussed ways to strengthen economic cooperation and set priorities," PM Sargsyan said Friday during a joint news conference with his visiting Polish counterpart Donald Tusk. "An agreement on economic cooperation has been already signed. This document will ensure favorable conditions for investments. A bilateral governmental commission will be formed to deal with economic, financial and cultural issues. Agreement was also reached on joint business projects," he said. For his part, Mr. Tusk said it's his first visit to Armenia which marks the beginning of close cooperation between the two countries on both political and public levels

Georgian and Polish PMs met in Georgia's state chancellery-11.03.2010-Trend News

Georgia, Tbilisi-Polish Prime Minister Donald Tusk arrived in Tbilisi today. He met with his Georgian counterpart Nika Gilauri in the State Chancellery of Georgia. The meeting is closed. Prime Ministers' statements are not planned to be voiced as a result of the meeting. Tusk will participate in a press conference in Batumi after his meeting with Georgian President Mikheil Saakashvili. Tusk arrives in Tbilisi to discuss cooperation with Georgia in the fields of economy, energy, regular transportation - air and sea communications and tourism, Georgia's Deputy Foreign Minister ALEXANDER NALBANDOV.

EP condemns Belarusian Polish minority crackdown-10.03.2010

The European Parliament has condemned the recent imprisonment of activists of a Polish minority organization in Belarus. MEPs also demanded, Wednesday, that the closing down of independent internet news sites and forums be reversed by the authoritarian regime under President Aleksander Lukashenko, and leaders of the opposition movement, such as Andrei Bandarenko, Ivan Mikhailau and Aristryom Dubski be released from prison. In February, Belarusian police arrested members of the independent Union of Poles in Belarus, including its leader Angelika Borys (pictured). President Lukashenko has continually accused the organization of being part of a “fifth column” which hostile countries have been using to try and develop an “Orange Revolution” style popular protest to bring down his regime. Four years ago his government set up a rival union of Poles, which the government in Warsaw has refused to recognize. Jacek Protoszewicz, one of the EU observers sent to Belarus to look into the allegations of harassment of the Union of Poles says that this merely confirms that human rights are deteriorating in the ex-Soviet state. “The conditions in Belarus for civic activity, democratic opposition and independent media have worsened in the last year, mainly due to the elections to be held this year,” he told Polish Radio today. Local elections are scheduled for April and Lukashenko will be seeking re-election for a third term in the autumn. Lukashenko has been trying to bring Belarus closer to the EU as he tries to when the country off its economic reliance on Russia. Brussels too has been trying to use economic incentives to encourage Minsk to improve its human rights record.

Poland seeks to develop strategic relations with S Caucasian countries-10.03.2010,

BAKU, March 10 (Itar-Tass) - Poland considers its relations with South Caucasian countries strategic, Polish Prime Minister Donald Tusk said. In his meeting with Azerbaijani Prime Minister Artur Rasi-zade on Wednesday, Tusk said, “For long years Azerbaijan is our valuable partner.” In his words, it was one of the stimuli that convinced Poland to support the EU idea of Eastern Partnership. He is confident that the participation in this programme will be very important for the countries of the region, including for Azerbaijan. “I mean such opportunities that will get Azerbaijan access to European funding, ease the visa regime, and help solve international problems jointly, and bring in standards in the economy and politics,” Tusk said.

The Polish prime minister said his country “will exert maximum effort to feel the Eastern Partnership advantages”. Rasi-zade said Azerbaijan sought to integrate into European structures. Azerbaijan rivets much attention to the Eastern Partnership programme. “We seek to develop multilateral relations with Poland and its support is very important for us, including due to our drive for integration into Europe,” the Azerbaijani prime minister said. Commenting on economic relations, the prime ministers of the two countries said there was a big unused potential to develop cooperation in this field. Rasi-zade and Tusk said cooperation in the oil and gas sector, as well as transportation of Caspian energy resources to Europe, was one of the most important topics at their talks in Baku.

Economic Front

World Bank ups Polish 2010 GDP growth forecast to 2.5-3 pct

WARSAW, March 11 (Reuters) - The World Bank said on Thursday it had raised its 2010 growth forecast for Poland to a range of 2.5 to 3.0 percent, from 2.2 percent, citing recovery in the European Union and capital investment growth. Analysts and the European Commission have also revised upwards in recent months their growth forecast for Poland, the only country in the 27-member European Union to avoid recession last year. "We're raising our forecast for Poland's economic growth (in 2010) to 2.5-3.0 percent. The main reason for the increase is the rebound of the European Union economies and capital investment growth," Peter Harrold, director for Central Europe and the Baltic, told a news conference. Analysts polled by Reuters expect Poland's economy to grow by 2.8 percent this year, up from 1.7 percent in 2009. The European Commission now expects Polish growth of 2.6 percent this year, up from a previous estimate of 1.8 percent. Kaspar Richter, the World Bank's senior economist in Warsaw, said Asia's strong performance in the last six months of 2009 would have a positive knock-on effect for growth in Poland and the wider EU. Increased capital investment, underpinned by EU funds, and a smaller-than-expected rise in unemployment would help Polish growth this year, while net exports will play a smaller role, Richter said.

Poland says IMF advice helped to cause unsustainable debts-March 10 2010

Poland's finance minister has launched a thinly veiled attack on the International Monetary Fund for advising European governments last year to expand their borrowing and spending. Jacek Rostowski said some European governments had increased their public debt burden to unsustainable levels as a result of IMF advice. "A mistake was made last year in many countries that allowed not only automatic stabilizers to function but took additional expansionary measures." "I think the right policy to pursue was the one we pursued, that was to allow automatic stabilizers to work up to a point and then to take countervailing measures," said the 58-year-old economist

Polish budget gap topped PLN 10 bln after Feb-source

WARSAW, March 8 (Reuters) - Poland's budget deficit might have topped 10 billion zlotys (\$3.54 billion), or around one fifth of the full-year plan, by the end of February, a government source told Reuters on Monday. "Preliminary data on performance of the budget showed the deficit at the end of February probably exceeded 10 billion zlotys, but it will probably not top 15 billion," said the source, who asked not to be named. The pace of growth in the deficit usually accelerates in the first months of the year and slows around the half-year mark, when tax revenues start to kick in more. Earlier on Monday Michal Boni, a top aide to Prime Minister Donald Tusk, said the 2010 budget deficit could come in 10-15 billion zlotys below the 52.2 billion zloty target, echoing earlier comments from another official. Poland was the only European Union state to avoid recession last year but the global economic crisis has hit state coffers, forcing the government to double its forecast deficit this year from the 23.8 billion zlotys posted in 2009. Warsaw is seeking to speed up privatization to offset some of the additional borrowing and plans to raise 27 billion zlotys from sell-offs this year.

Social Front

Poland to liberalize drug law?-12.03.2010

The government has drafted a new bill on the prevention of drug addiction, which, in effect, might decriminalize possession of small amounts of drugs, for personal use. "We want to concentrate on prevention and treatment, not punishment," said Justice Minister Krzysztof Kwiatkowski, commenting on the draft bill. "Punishing a person for possessing just one joint is

absurd,” said Kwiatkowski and added that the state should help drug addicts to quit instead of persecuting them. The liberalization of Poland’s drug law comes after the Czech Republic’s decision to abolish penalties for possessing a small quantity of illicit drugs. The draft bill is expected to be forwarded to the Parliament in April.

EU court: Phone providers cannot make clients take extra services-Mar 11, 2010

Luxembourg - European Union states have the right to prohibit telecoms companies from forcing clients to sign up to services they do not want in order to get the services they do want, the EU's court ruled Thursday in a case brought in Poland. But they cannot stop such companies offering packages of services as long as the client can choose not to take them, the European Court of Justice (ECJ) ruled. The judgment comes following a clash in late 2006 between Poland's main phone operator, TELEKOMUNIKACJA POLSKA (TP), and the Polish telecoms regulator, UKE. UKE had ruled that TP's practice of offering clients a high-speed internet link on condition that they also sign up to a telephone connection was illegal. TP challenged the decision in the Polish courts, which asked the ECJ in Luxembourg to give its opinion on the case. EU rules 'cannot preclude national legislation which, for the purpose of protecting end-users, prohibits an undertaking from making the conclusion of a contract for the provision of telecommunications services contingent on the conclusion, by the end-user, of a contract for the provision of other services,' the ECJ decided

Czech Republic

Political Front

Czech Stresses Importance of Syria's Role in the Region-Mar 13, 2010

Prague, (SANA)- Chairman of the Foreign Affairs, Defense and Security Committee at the Czech Senate Jiri Dienstbier has stressed importance of Syria's role in ensuring stability and security in the region. In a statement to SANA correspondent in Prague prior to his visit to Damascus on Sunday, Dienstbier pointed out that Czech identical stance with those of EU, UN and the international community that no peace in the region can be realized unless Israel fully withdraws from the occupied Syrian Golan. He said that the visit of a delegation representing the Foreign Affairs, Defense and Security Committee to Syria is continuity to the standing dialogue

between the two countries on the political and economic issues; particularly the two countries are connected with deep-rooted good relations. He indicated that the Czech, being a member at the EU, is able to help in the standing dialogue between the EU and Syria regarding the Association Agreement. He said that peace and prosperity in the Middle East reflect on the permanent peace in Europe, including Czech. He criticized the Israeli settlement policy in the occupied Palestinian territories. He said that the Israeli settlement activities constitute an obstacle in the face of the Palestinian-Israeli peace negotiations

Trade unions call off transport workers strike-By Markus Salzmann -12 March 2010

On March 3 the Czech federation of trade unions once again called off a strike by public transport workers that was due to begin the next day. The move was a blatant gesture of support by the trade unions for the policies of the so-called Czech “government of experts” led by the political independent technocrat Jan Fischer and the country’s right-wing president Vaclav Klaus. The strike, which had been decided weeks ago, had already been called off once. At that time the unions argued they wanted to give the government time for further consultations. In reality, the trade unions were reacting to the spread of strikes and demonstrations across Europe as workers took to the streets to protest austerity measures being introduced by a number of the continent’s governments. The latest move to call off the strike by transport workers in the Czech Republic came precisely at the point last week when a general strike took place in Greece, and strikes and protests were being held in many other European cities.

Czech left plans to crack down on utility prices

PRAGUE, March 11 (Reuters) - The largest Czech leftist party, leading opinion polls in the run-up to an election in May, pledged on Thursday to impose lower prices for utilities such as electricity and water. The Social Democrats (CSSD) have been running a campaign promising that ordinary people will not have to pay for the economic crisis, and that companies and the rich should be taxed to maintain a generous welfare system. The latest initiative targets big companies, including the Czech power firm CEZ and German power utilities E.ON and or RWE. Party chief Jiri Paroubek said that regardless of the economic crisis, profits at companies providing regulated services have been growing at the expense of customers, whose bills have

been rising in recent years. CEZ had record profit last year of 51.9 billion crowns (\$2.75 billion), but it said the economic crisis and lower wholesale power prices would make this unsustainable.

Economic Front

Czech unemployment rate climbs to 9.9 per cent-Mar 8, 2010

Prague - The Czech Republic's unemployment rate continued to rise in the midst of the global economic crisis, reaching 9.9 per cent in February, compared to 9.8 per cent in January, government data showed Monday. The February jobless rate was up 2.5 percentage points year-on-year, the Ministry of Labor and Social Affairs said. The ministry's rate is based on the number of job seekers registered with the country's labor authorities. The Czech Republic's harmonized jobless rate, a figure suitable for international comparisons, stood at 8.5 per cent in January, or below the European Union's average of 10.1 per cent that month, according to Eurostat data. The overall Czech economy was largely spared by the global financial crisis, but its exporters have been troubled by falling demand from abroad

Czech Political Gridlock May Affect Rating, Moody's Says-March 08, 2010

March 9 (Bloomberg) -- The Czech Republic's A1 credit rating may be at risk if elections in May fail to break a deadlock in parliament that hampers efforts to narrow a record budget deficit, Moody's Investors Service said. A new government must trim the shortfall to the European Union ceiling of 3 percent of gross domestic product by 2013 from a forecast 5.3 percent of GDP this year. The deficit swelled to an estimated 6.6 percent of GDP last year. The country has a bit of a "disappointing track record" in restructuring public finances in recent years, said DIETMAR HORNUNG, a senior sovereign risk group analyst at Moody's, in an interview on March 5. "If the political gridlock continues" it may "put downward pressure on the rating," he said. The country has had a string of minority and interim administrations since communism fell in 1989. It took more than seven months for a government to emerge after the election in 2006, when an evenly divided parliament couldn't agree on a coalition. Former Premier MIREK TOPOLANEK then had to rely on independent or opposition lawmakers for a majority, which prevented him pushing through tax and spending cuts. TOPOLANEK was ousted last year while the country held the European Union presidency, leading to an interim Cabinet with limited powers to cut

last year's record fiscal deficit. The opposition Social Democrats, who pushed through last-minute changes to the 2010 budget to increase social spending, topped an opinion poll last month with 28.6 percent support, ahead of TOPOLANEK'S Civic Democrats, with 23.2 percent.

Czech economy contracts 3.1 per cent in fourth quarter-Mar 11, 2010

Prague - The Czech Republic's gross domestic product (GDP) shrank 3.1 per cent year-on-year in the fourth quarter of 2009, far less than estimated a month ago, revised data showed Thursday. The Czech Statistics Office estimated on February 12 that the economy plunged as much as 4.2 per cent in the last quarter of 2009. The statisticians also dramatically revised the quarter-on-quarter figure. The Czech GDP grew 0.7 per cent in the fourth quarter compared to the previous three months, the office said, after estimating in mid-February a contraction of 0.6 per cent.

Social Front

Czech minister offers to quit over alleged relationship-Mar 10, 2010

Prague - Czech Prime Minister Jan Fischer refused late Wednesday to accept the resignation of Human Rights Minister Michael Kocab, who offered to step aside over media reports alleging that he had a romantic relationship with a subordinate. The newspaper Blesk reported that Kocab had been linked with his ministry's spokeswoman. Roman Prorok, spokesman for Fischer, said in Prague that the prime minister would seek to discuss the matter with Kocab. Kocab, 55, a rock musician and songwriter, is a political independent who was nominated for a cabinet post by the Czech Green Party. He has held the human rights portfolio since January 2009. Parliamentary elections are scheduled for late May in the Czech Republic

Slovakia

Political Front

Slovak president fires minister over misused funds-By: The Associated Press-11 Mar 2010

BRATISLAVA, Slovakia - Slovak President Ivan Gasparovic has fired the country's construction minister amid a corruption scandal. Prime Minister Robert Fico had told Igor Stefanov of a government junior coalition partner — the ultra-nationalist Slovak National Party

— to resign or he would be fired. An investigation revealed Stefanov's office misused at least 32,000 euros (\$43,500) in a public tender. His party denied any wrongdoing and backed Stefanov who refused to step down. But it also said it would not leave the three-party coalition government if he was fired.

Call for 'civic disobedience' to save minority languages-March 2010

Action at grassroots rather than EU level holds the key to ensuring the survival of minority languages such as Galician, heard a major conference at the European Parliament last week, with participants calling for an end to oppressive legislation like Slovakia's language law. The MEPs were speaking at the 'Language Diversity: A Challenge for Europe' conference, organized last week (4 March) by the European Free Alliance group in the European Parliament. The conference, held at the Parliament's Brussels premises, gathered minority language stakeholders from across the EU, among who were native speakers of Catalan, Welsh Corsican and Galician. According to estimates, around 40m people regularly speak over 60 non-recognized European languages in the EU. EU urged to use new treaty to support language rights Agreeing that institutional measures to save endangered languages can only go so far, stakeholders stressed the importance of promoting their use in daily life."Progress has been made at institutional level, but to make it real we need grassroots action, civic disobedience and direct action to ensure that things change on the ground," said Sid Morgan of Plaid Cymru, a political party in Wales. Minority languages are a sensitive issue in Slovakia, where 10% of the population speaks Hungarian as a first language. The Slovak parliament passed a new Language Act on 30 June 2009. The amended law, tabled by Culture Minister Marek Mad"arič, introduced fines of up to €5,000 for using 'incorrect' Slovak. The law also enforced stricter official regulation for 'correct' Slovak. For example, memorials and plaques featuring texts in both Slovak and a foreign language must not carry a foreign inscription that is larger than the Slovak one. Hungary has protested to the European Parliament and the United Nations over Slovakia's language law, which it says discriminates against the country's Hungarian minority

Economic Front

Slovaks reject law enforcing patriotism-Mar 11, 2010,

Bratislava - There is public outrage in Slovakia over Parliament's passage of a law aimed at uplifting the nation's patriotic spirit. The law - which would enter into force April 1 if signed, as expected, by the president - requires students in state-run schools to listen to the national anthem before class each Monday. It also requires each classroom to be fitted with a slew of state symbols ranging from Slovakia's flag, the coat of arms, the text of the constitution's preamble and the words of the national anthem. The mandatory displays of love for the nation have been met with resistance in Slovakia, a former Soviet country where forced ceremonies of the Communist era still resonate.

Slovak Industry Output Up 4.4% in January

Growth fueled by chemical production which was up 69%. As a recovery took hold in the Slovak economy, industrial output grew 4.4% in January. Output grew an impressive 19.3% year-on-year in January, clocking the fastest growth in three years and confirming a recovery with the third straight month of growth, the Slovak Statistics Office said. Growth was fueled by chemical production, which was up 68.9%, while car output -- the main engine of the economy -- rose 40.6%. December industrial production was revised up to 12% from the originally reported 11.9%. At the end of 2008, Slovakia's industry was hit hard by the global downturn which curbed demand for cars produced at plants run by Volkswagen, PSA Peugeot Citroen and Kia Motors. Their combined output declined 27.1% last year while overall Slovak industry posted a 14.5% fall.

Social Front

The Slovak leader deploys national culture as a political weapon-Mar 11th-Economist

IN THE run-up to Slovakia's parliamentary election in June, Robert Fico, prime minister and leader of the centre-left Smer party (pictured), is busy bolstering his nationalist credentials. His supporters say that ordering schoolchildren to sing the national anthem is just an example of a legitimate effort by a newish country to strengthen its sense of self (Slovakia became fully independent only in 1993, after the break-up of Czechoslovakia). Critics find Mr Fico's cocktail of history and culture stodgy or downright creepy. The focus of protests is a new "patriotic act" just passed by parliament that awaits presidential approval. It mandates weekly anthem-playing

in all state educational establishments. School officials who disobey risk being sacked. Its champion is Jan Slota, the bombastic leader of a nationalist party that is part of Mr Fico's coalition. Mr Fico himself takes a softer line, defending only what he calls "reasonable historicism". But even this is sparking angry squabbles over Slovakia's past.

More people are shopping online- Thu, Mar 11 2010 11:01 CET by Jana Liptáková



The popularity of online shopping keeps increasing in Slovakia. And while the overall sales value of online purchases did not change much last year due to the economic crisis, less spending money inspired many more people to search for better prices on the internet to the detriment of brick-and-mortar shops. "In fact, 2009 was good for online shopping and, surprisingly, the crisis has been helping it a bit," Jozef Dvorský, the executive director of the Slovak Association of Electronic Commerce (SAEC) told The Slovak Spectator. "The aggregate turnover of our members increased by only 0.9 percent but the number of orders soared by as much as 29.2 percent to 402,397. This means that customers were buying less overall, which was an outcome of the crisis, but more people went to online shops because of lower prices compared to brick-and-mortar stores."

Hungary

Political Front

Greek PM to visit Hungary to discuss crisis management-Mar 12, 2010

Budapest - Greek Prime Minister George Papandreou has accepted an official invitation from his Hungarian counterpart Gordon Bajnai to meet on March 16 and discuss 'crisis management,' a Hungarian government spokesman said on Friday. The two premiers will exchange views and experiences and discuss possible means of dealing with fiscal crisis, spokesman Domokos Szollar told the state news agency MTI.

Hungarian, Mongolian PMs discuss ways to strengthen economic ties 10:39, March 11,

Hungarian Prime Minister Gordon Bajnai (R) shakes hands with visiting Mongolian Prime Minister Sukhbaatar Batbold in the Hungarian Parliament in Budapest, Hungary, March 10, 2010. (Xinhua/ Dani Dorko) Hungarian Prime Minister Gordon Bajnai and his Mongolian counterpart Batbold Sukhbaatar discussed how to increase economic cooperation and strengthen ties between the two countries on Wednesday in Budapest. The meeting coincided with the 60th anniversary of the two countries' establishment of diplomatic relations. Batbold, on his first foreign trip since becoming prime minister in late 2009, said it was extremely important for Mongolia to build ties with the European Union. Hungary May Turn Wrong Way On Motorbike Racecourse Project-New Europe face book Twitter-AFP. Construction at the site a year ago As usual in Hungary before elections, politicians are engaged in a stampede for “those responsible” for any wrong-doing, and parties are trying to push the blame on one another. However, there’s a motorcycle racecourse project—the financing of which is scheduled to be signed today—that seems being pushed forward by both major parties despite concerns voiced by anti-corruption non-governmental organizations, department heads at the Finance Ministry, as well as advisory firm KPMG and the local media.

Hungary May Turn Wrong Way On Motorbike Racecourse Project-AFP

Construction at the site a year ago As usual in Hungary before elections, politicians are engaged in a stampede for “those responsible” for any wrong-doing, and parties are trying to push the

blame on one another. However, there's a motorcycle racecourse project—the financing of which is scheduled to be signed today—that seems being pushed forward by both major parties despite concerns voiced by anti-corruption non-governmental organizations, department heads at the Finance Ministry, as well as advisory firm KPMG and the local media. Under the dubious project, a major racecourse—also fit to stage the popular Grand Prix motorcycle, or Moto GP events—is planned to be built by Savoly Motorcentrum Kft., owned by Worldwide Circuit Managment SL., in which Spanish construction firm Sedesa is involved. The Balatonring course, to be located in southwest Hungary's Savoly, would be 70% financed from state subsidies provided by Hungary's state-owned development bank MFB Zrt. The total cost of the project is 40 billion forints (\$204 million). The trouble is that the parties plan to sign the contract Wednesday, apparently without the government having calculated the likely return on the investment, but nevertheless gaining a 30% stake in the racecourse. Experts quoted by Hungarian online news agency Index say returns are doubtful and the government will most likely suffer serious losses.

Hungary left faces crushing defeat-March 10, 2010

Hungary's Socialists face a crushing defeat in an election in April which could lead to two right-wing political parties gaining most votes. The Socialists, who have ruled Hungary for eight years, have seen their credibility shattered by flawed economic policies and corruption scandals. Their fate may mirror the near demise of the Polish left in 2005, analysts said, and they may get even fewer votes than the far-right Jobbik party. The main centre-right opposition party Fidesz is expected to score a landslide victory in the election on April 11 and 25 on promises of tax cuts, job creation and faster recovery from the country's deepest recession in almost two decades. The Socialists' opinion poll reading is 18-22 percent compared with 11-15 percent for Jobbik among decided voters. Analysts said if Jobbik continues to gain, the Socialists might end up behind them as the third force in Hungary's next parliament. Even though this is still not the likeliest option, the 'Warsaw Express' could arrive here in a month's time," political analyst Gabor Torok of Vision Consulting wrote in his blog on March 7. "I think so for two reasons: partly due to Jobbik's strengthening, and partly... because the Socialists increasingly seem to be drowning in a swamp of corruption cases." The Socialists have faced a series of corruption scandals in the past

weeks affecting state-owned transport firm BKV and a unit of the defence ministry. Most recently, police began to investigate the sale of the National Post headquarters building.

Economic Front

Hungary Industrial Output Soars-BY Margit Feher-Wall Street Journal-09-3-2010

BUDAPEST — Hungarian industrial output increased from a year earlier in January for the first time since the global economic crisis hit the country in the autumn of 2008. But as the output has solely been fueled by exports and domestic demand remained slack, further interest rate cuts may continue. Hungary, which was the first European Union country to secure International Monetary Fund support during the crisis, saw its deepest economic decline last year for nearly two decades. Industrial output rose 8.8% in January 2010 from December 2009 after a 5.9% monthly fall the previous month

Hungary Keeps 1Q, Full-Year Budget Deficit Expectations-UDAPEST (Dow Jones)

Hungary's finance ministry Thursday maintained its budget deficit expectations for the end of the first quarter as well as for the whole of 2010, on an unchanged view of the economy and as budgetary institutions maintained a prudent spending policy, a ministry official said. "There's no reason to modify upward our annual budget deficit forecast," Tamas Katona, state secretary of the finance ministry, said at a press conference, adding the ministry expects the strict spending policy to continue. "Based on the latest economic indicators, we maintain our view that the worst is over for Hungary, and recovery has started," Katona said. The finance ministry left the initial February budget deficit reading of 381.87 billion forints (\$1.96 billion) unchanged and maintained its deficit target for the first quarter. It projects the budget shortfall will amount to HUF651.27 billion for the January-March period, or as much as 2.5% of gross domestic product. The government targets a full-year budget deficit under cash-flow accounting methods, excluding local councils, of HUF878.9 billion, or 3.3% of gross domestic product

Social Front

Holocaust Denial will be Illegal in Hungary from April-AFP

Hungarian President Laszlo Solyom at the Hall of Remembrance in Jerusalem Hungarian President Laszlo Solyom signed Wednesday the amendment to the criminal code that now considers holocaust denial illegal. As mentioned in our previous post on the matter, the new law raises certain issues and Mr. Solyom signed the bill into law despite his concerns. The law doesn't infringe the Constitution, Mr. Solyom said in a release after signing the document. Denying the holocaust has now become similar to the use of prohibited autocratic symbols, such as the red star, the hammer and sickle, or the swastika, which are already among a narrow pool of symbols that don't belong under the umbrella of freedom of speech and freedom of opinion, Mr. Solyom said. He pointed out however, that the timing of the parliamentary approval of the amendment wasn't right, as the election campaign period—ahead of April's parliamentary elections isn't the proper time for deciding on such weighty matters.

Eastern Europe (Belarus & Ukraine)

Belarus

Political Front

Belarusian President to visit Venezuela March 16-17-2010

CARACAS, March 11 (Itar-Tass) – President Alexander Lukashenko of Belarus is expected to make an official visit to Venezuela March 16 and March 17, Venezuelan Foreign Minister Nicolas Maduro said Thursday as he opened a meeting of the Venezuelan-Belarusian high-level commission. The commission met in session in Caracas to complete preparations for the visit. “Venezuela will be the first country Alexander Lukashenko will visit during his tour of Latin America,” Maduro said. He did not specify the other countries of the region that Lukashenko is going to go to. A Belarusian delegation led by Deputy Prime Minister Vladimir Semashko is taking part in the meeting. It includes Lukashenko's aide at large Viktor Sheiman, as well as top ministers and top officials from governmental departments. “The commission should do everything in its power to provide a clear picture our joint for the two Presidents to discuss here in Caracas in a few days time,” he said. “They should be able to tap new mutually beneficial prospects for cooperation for the benefit of the Venezuelan and Belarusian peoples.” Venezuela's Executive Vice President Elias Jaua welcomed the delegation on behalf of

Comandante President Hugo Chavez. He singled out bilateral cooperation in the energy sector, civil engineering, agriculture, manufacturing industry, science, technology, education, and culture, saying it has become a weighty factor in friendship between the two countries.

Why Belarus isn't on investors' radar screens

MINSK, Belarus — Vladimir Ilyich Lenin may have his best days behind him, but he still retains pride of place in the main square of Minsk, the capital of Belarus, where his statue towers atop a plinth overlooking the ex-Soviet republic's government buildings. The continued presence of the venerable icons of the Soviet past is a sign of the authoritarian government's lack of interest in undertaking any dramatic reforms in the country of 10 million people. While neighboring Ukraine holds a truly democratic election and in Russia enormously wealthy oligarchs dominate the country's economy, Belarus is the least changed part of the former Soviet Union. But the model created by President Aleksander Lukashenko, the mustachioed former collective farm director called Europe's last dictator who has ruled Belarus since 1994, is showing increasing signs of strain, and may begin to break down under the twin impacts of the global economic crisis and increasingly frosty relations with Russia. Belarus was able to keep itself afloat and not undertake any significant reforms thanks to enormous help from Russia. For years Russia would sell Belarus cheap oil and gas, some of which Belarus then re-exported for higher prices to western Europe, while shipping low-tech but reliable goods like trucks and tractors to Russia. In return, Lukashenko promised to unite his country with Russia. But when it became clear to Lukashenko that Belarus would only be a junior partner with Russia, and that he had no realistic chances of besting Vladimir Putin, now Russia's prime minister, and becoming the leader of a Russian-Belarusian federation, Minsk's ardor for a union cooled. In return, Moscow grew tired of subsidizing its increasingly prickly neighbor, and demanded world prices for its exports of energy. Russians also became reluctant to buy lower quality Belarusian goods.

Belarus invites investment from Oman in major projects

Minister of national economy and deputy chairman of the Financial Affairs and Energy Resources Council, received in his office here yesterday a delegation led by Boris Batura, chairman of the Council of the Republic at the national assembly of Belarus. They discussed

topics related to economic and investment cooperation. Macki affirmed keenness of the Sultanate's government to develop its economic and investment relations with Belarus. He stated that Omani investment proposals in Belarus will open wider horizons for economic and investment cooperation between the two countries and enhance the joint investment opportunities between the private and public sectors. He explained the volume of trade is still humble and that the private and public sectors in both countries should benefit from the existing legal frameworks, such as the avoidance of double taxation and protection of mutual investments. These frameworks encourage the establishment of joint ventures, he added. Boris Batura expressed his government's desire to establish joint investment and trade cooperation. He stressed that the president of Belarus is keen to ensure the presence of Omani investment in major economic and investment projects that will be set up by the Belarusian government.

Economic Front

Belarus to name debut Eurobond leads this month-March 11 (Reuters)

Belarus will name the lead managers of its debut Eurobond issue -- worth at least \$500 million -- before the end of the month, a Finance Ministry official said on Thursday. The former Soviet republic is joining a raft of other crisis-hit emerging markets seeking cash abroad this year. They include Belarus's bigger neighbour and key trading partner Russia, which is set to return to the Eurobond market after a decade, looking to raise up to \$17.8 billion. Belarus plans to pick at least three lead managers for its maiden issue, and has mentioned Russia's biggest lender Sberbank as one of the possible candidates.

Russian Trade Zone: A Soviet Reunion-7 March-Reuters

A customs union among Russia, Belarus, and Kazakhstan could boost trade and further the Kremlin's dream of reintegrating the economies of the old Soviet Union. The inauguration of the Russia-Kazakhstan-Belarus customs union at the beginning of this year gave a very visible push to the Kremlin's long-term goal of economic reintegration of the former Soviet republics. There has never been any doubt that the Russian government would play the leading role in decision making, whether in a customs union or the in the next step foreseen, a single market that could soon become a reality. Many analysts interpret the Kremlin's intent as to re-create a kind of

modernized Soviet Union, at least at the economic level. The Kremlin's initial moves in support of Prime Minister Vladimir Putin's goal of a Russian-dominated zone embracing much of the former Soviet Union have been in the economic sphere. A half-dozen states have been drawn into the Russian economic embrace, and now Belarus and Kazakhstan have accepted Moscow's invitation to begin applying common customs tariffs on the majority of imported goods. It's early days yet for the customs union. The three countries began applying common tariffs on 1 January, and a few types of products are temporarily exempt. But the impact of the new measures is provoking indignation among consumers in Kazakhstan, who are upset over higher prices for a wide range of goods.

Social Front

Belarus strongman threatens to ban national side-13/03/2010-Online news

President Alexander Lukashenko on Friday issued an unusual public dressing-down to the Belarus ice hockey side, threatening to ban them from the world championships if they repeated their poor Olympic showing. President Alexander Lukashenko, seen here in 2009, on Friday issued an unusual public dressing-down to the Belarus ice hockey side, threatening to ban them from the world championships if they repeated their poor Olympic showing. "Their performance in the Olympics arouses in me not only concern but also dissatisfaction," said the Belarus strongman, a sports fan who has ruled the country since 1994 and is regularly pictured taking to the ice. The maverick leader said that if the team was going to play badly in the World Championships in Germany in May "then it would be better not to go there and stay at home," a statement from his press service quoted him as saying. "Why waste the money and upset the people?" he said at the meeting devoted to the development of ice hockey in Belarus. The Belarus ice hockey team was eliminated in the preliminary rounds of the Vancouver Winter Olympics, a major disappointment for the young ex-Soviet country where the sport is a national obsession. Lukashenka noted that ice hockey is "the president's favorite sport". Russia's leaders have expressed disappointment with the performance of the Russian team in the Olympics but the comments by the Belarusian president went considerably further. Recalling that Belarus had been hit by the global economic crisis, Lukashenko said that it was "inadmissible to waste money for nothing.

Belarus Leans Toward Regulated Gambling-Mar10, (EUNewsNet.com and Official Wire)

MINSK, Legal gambling in Belarus should not be banned but rather well-regulated to raise government revenue, President Alexander Lukashenko said Tuesday. At a cabinet meeting in Minsk, Lukashenko said the problems of gambling corruption seen in neighboring Russia and Ukraine could be avoided with proper planning and oversight, the Belta news agency reported. "If approached wisely, the gambling industry can become an additional source of revenue for the national budget through taxes," he said. "The industry can create new jobs and attract tourists and investments to our country."The cabinet was reviewing a proposal Lukashenko ordered six months ago from government agencies and commercial interests on how best to manage casinos, the report said."Everything will be alright here if those who are assigned to control this business do their jobs and do not destroy the business, do not criminalize it," Lukashenko said.

Ukraine

Political Front

Top Ukrainian MP warns Russian could take over as national language-13 Mar-FOCUS News

Kiev. The Russian language is stronger than Ukrainian and would become the country's main language if it was given official status, Ukrainian parliament Speaker Volodymyr Lytvyn said on Saturday, cited by RIA Novosti. The question of Ukraine giving official status to the Russian language has become a matter for heated debate since Viktor Yanukovich was elected president in February on the back of strong support in the mainly Russian-speaking east of the country. The new Ukrainian head of state had spoken before the election of his intention to strengthen the status of Russian language in the country, but on Tuesday he declared that Ukrainian should be the only state language. Lytvyn said on Saturday the debate on Russian being a second state language should be laid to rest. Yanukovich's election victory showed a clear split between the pro-Russian east of the country and the more nationalist west, where his opponent, Yulia Tymoshenko, won most votes. A similar divide was seen five years earlier, when Viktor Yushchenko was elected president at the expense of Yanukovich

Ukraine as a link between East and West?-Aaron Beitman - 3/13-Global Politician.com

Ukrainian leaders since 1991 have employed different strategies for navigating the cramped geopolitical space between Russia and the West. Viktor Yanukovich will be the latest to chart a course through these treacherous waters, following his triumph over Yulia Tymoshenko in February's presidential elections. In contrast to Yanukovich's 2004 victory, domestic and international observers roundly affirmed the February votes as free and fair. Though the Orange Revolution has been read its obituary, the February votes should be seen as healthy steps towards democracy in a region that has in recent years experienced backsliding. As Ukraine's new president designs his foreign policy, his plan for Ukraine "to become a bridge between Russia and the West" will be met with a host of challenges. First, he must bring coherence to the overwhelming political disarray in Kiev driven by constitutional ambiguities. Moreover, Yanukovich must revive Western enthusiasm for Ukraine, which has ebbed following the Obama Administration's 'reset' of relations with Russia and continued EU ambivalence towards Ukraine's membership in Western institutions. Despite his "pro-Russian" stance, Ukraine's new leader must also manage Moscow's sometimes heavy-handed use of energy policy as well as uncertainty over Crimea and Russia's Black Sea fleet. Ukraine was the last former Soviet republic to adopt a post-Soviet constitution, which went into effect on June 28, 1996. Though initially in favor of a full presidential system, then-President Leonid Kuchma changed direction in 2002 to support a semi-parliamentary system. Kuchma's reversal aimed to deny rival and then-presidential contender Viktor Yushchenko the extensive powers enshrined in the 1996 constitution. As part of the 2004 compromise agreement allowing Yushchenko's ascension to the presidency, Yushchenko's Our Ukraine bloc agreed to support reforms weakening the presidency. The reforms have created an ambiguous system where president and Parliament battle over policy turf. Without clear constitutional powers to shape Ukraine's foreign relations, Yanukovich will be attempting bridge building with one arm tied behind his back.

Ukraine's Constitution Amended-MARCH 9, 2010-ASSOCIATED PRESS

KIEV, Ukraine—Ukraine's parliament approved a constitutional amendment Tuesday to allow deputies to defect from their parties and join a new coalition forming around Kremlin-friendly President Viktor Yanukovich's party. The new Ukrainian president, Viktor F. Yanukovich, put together a coalition in Parliament on Thursday, allowing him to consolidate control over the

government and avoid new elections that could have created renewed political instability. Mr. Yanukovich, who was narrowly elected last month, won the support of several members of other political parties, gaining 235 of 450 seats. After weeks of speculation that he might face a lengthy battle in Parliament, he formed the coalition relatively quickly. His success suggested that, at least for now, some politicians are coalescing around his leadership, though Parliament remains volatile. Mr. Yanukovich installed a close adviser, Mykola Azarov, as prime minister, seeking to prevent the kind of infighting that caused problems for his predecessor, Viktor A. Yushchenko.

Former finance minister becomes Ukraine's prime minister-Mar 12 2010

Ukraine's former finance minister Mykola Azarov stands during the parliament session in Kyiv, March 11 2010. Ukraine's parliament formed a new coalition and proposed Azarov, a close ally of president Viktor Yanukovich, as prime minister. A new parliamentary coalition in Ukraine has approved a prime minister considered loyal to recently inaugurated President Viktor Yanukovich. But the ousted prime minister says the new government is illegitimate. Former finance minister Mykola Azarov, a close associate of Viktor Yanukovich, received a large bouquet of roses from the president after the parliament, the Supreme Rada, approved his appointment as prime minister. Two hundred forty two lawmakers in the 450-seat Rada voted in Mr. Azarov's favor. Speaking just before the mid-day vote, Mr. Azarov said the country has been plundered, the state treasury is empty, economic decline continues, and the national debt has increased threefold. The situation, he says, requires a realistic 2010 budget. Mr. Azarov says Ukraine has reached a critical limit and the situation must be changed. He adds that the government's task is to give the people responsible, effective and just leadership. The new prime minister moved to Ukraine from Russia in the mid 1980s and is often criticized for poor command of the Ukrainian language. But he has served as first deputy prime minister and finance minister and is considered to be an experienced economic manager.

Economic Front

Ukraine will prefer IMF loans – deputy Prime Minister Sergei Tigipko-13.03.2010,

KIEV, March 13 (Itar-Tass) -- Ukraine has nothing against borrowing from Russia, but at the same time it would prefer to resume cooperation with the International Monetary Fund and the World Bank, Deputy Prime Minister Sergei Tigipko told a news conference at the UNIAN news agency on Friday, when asked about the possibility of resuming loan talks with Russia. "I cannot rule out loans on the bilateral basis, be it from Russia or other countries, but I would like to point out that for Ukraine it will be more important to continue cooperation with the International Monetary Fund," Tigipko said. "First and foremost, it's the World Bank and the IMF. If we need support at the bilateral level, we shall negotiate that." Tigipko recalled that the IMF had suspended lending to Ukraine. The National Bank of Ukraine is not buying any foreign currency and the reserves are shrinking, the deputy prime minister said. For this reason the government will draft measures to stimulate foreign trade and stabilize the balance of payments. Tigipko refrained from speculating when an IMF mission might arrive in Ukraine.

S&P raises Ukraine ratings on new-found stability-March 13

KIEV (AFP) - Standard and Poor's on Friday lifted Ukraine's debt ratings from a level deemed vulnerable to default, citing newly-found political stability after the formation of a government coalition. Standard and Poor's said it was raising its foreign-currency sovereign credit rating on Ukraine to 'B-/C' from 'CCC+/C' and its local-currency sovereign credit rating to 'B/B' from 'B-/C' with a positive outlook. The change came a day after supporters of new President Viktor Yanukovich succeeded in forming a ruling coalition and his close ally Mykola Azarov became prime minister. The formation of the new government has raised hopes of an end to the chronic political instability in Ukraine from the last years, as Yanukovich now controls all the country's main decision-making centres. "The once-high level of political risk in Ukraine has receded. In addition, Ukraine's prospects for external funding have improved," Standard and Poor's said in a statement. One of Yanukovich's main priorities will be to resume talks with the International Monetary Fund (IMF), which has been withholding disbursement of the next tranche from a standby loan due to concerns over political stability. So far the government has received a total of 10.6 billion dollars of the IMF's 16.4-billion-dollar credit extended in November 2008 to help Ukraine cope with its economic crisis.

IMF to consider resuming Ukraine program- official-March 12 (Reuters)

ESTWASHINGTON, - The International Monetary Fund will consider Ukraine's request to resume its suspended loan program, a senior IMF official said on Friday after talks with Deputy Prime Minister Serhiy Tihipko in Kiev. In a statement Max Alier, IMF resident representative to Ukraine, said he and Tihipko had discussed the government's 2010 policy priorities and the possibility of resuming the program, which was suspended last year in the run-up to Ukraine's presidential elections. "I indicated that the fund stands ready to support Ukraine in its endeavor to return to a sustainable growth path, and that I will relay the request for a mission to our headquarters, and consult on next steps," Alier added. In the meantime, the IMF will send a technical mission to Ukraine next week to work on budget issues, Alier said

Baltic States (Estonia, Latvia Lithuania)

Estonia

Political Front

Estonia aspires to join the euro area in 2011

The Estonian government is seeking membership of the euro area from 2011. The process of accession to the euro area bears many similarities to a beauty contest, in which the focus is on the "essential measurements" and where the contestants are assessed by several judges. In the context of euro area membership, the applicant country must satisfy the Maastricht convergence criteria and this is assessed in convergence reports produced by the European Commission and the European Central Bank. The final decision is made by the Council of Ministers. The forthcoming convergence reports for 2010 will be published in April or May. At present it seems likely that Estonia will be found to satisfy all of the Maastricht criteria. The fiscal criteria are satisfied as the 2009 government deficit is estimated to 2.6 percent of GDP and the gross government debt will end at around 7.8 percent of GDP (see Figure 1). The price stability criterion is satisfied since Estonia presently has negative inflation. The exchange rate criterion is also satisfied, because Estonia has had a currency board with a fixed exchange rate since 1992. The interest rate criterion cannot be assessed, since Estonia does not issue long-term government bonds. It is noteworthy that the 2009 government deficit is below the 3 percent threshold of the fiscal criterion given that Estonia experienced a deep recession in 2009 with an estimated GDP

fall of 14 percent. This performance reflects several rounds of budget cuts and tax increases, implemented both in 2008 and 2009. While the budget consolidation may have inflicted substantial social costs, it proves that it is possible to restrain government deficits even in adverse times (see also Staehr 2010.) Estonia is unique among the EU countries by the central government having accumulated reserve funds based on privatisation and other extraordinary revenues as well as budget surpluses. At the end of 2009 the central government reserves amounted to approximately 8.9 percent of GDP (Estonian Ministry of Finance). The reserves have provided liquidity in situations where government borrowing would be difficult or very expensive. The fiscal room for manoeuvre provided by the reserves also allowed Estonia to participate in the IMF-led bailout of Latvia in the autumn 2008. Estonia has pledged to lend 100 million euro to its southern neighbor.

Economic Front

Estonia January foreign trade deficit falls

TALLINN, March 12 (Reuters) - Estonia's preliminary foreign trade deficit fell to 514 million kroons (\$44.58 million) in January from a 1.7 billion-kroon deficit in December, the statistics office said on Friday. Exports amounted to 8.1 billion kroons and imports were 8.6 billion kroons, with a decline of 6 percent in exports and a 16 percent fall in imports compared to the previous month. Compared to the same month a year ago, imports decreased by 2 percent on year and exports rose 11 percent on year to show the first rise in the last 14 months due the low reference base a year ago when exports were at their lowest, the office said in a statement.

Estonia's economy shrank 14.1 percent in 2009-March 11, 2010-All Associated Press news

TALLINN, Estonia (AP) - Economic output in Estonia contracted by 14.1 percent in 2009, the worst performance since 1991 as the Baltic country struggled to emerge from a deep recession, officials said Thursday. Statistics Estonia said the biggest fall was recorded in the second quarter when gross domestic product fell 16.1 percent. The decline eased toward the end of the year but was still 9.5 percent smaller in the fourth quarter than a year earlier, according to agency's adjusted figures.

Estonia Q4 GDP revised down to show 9.5 pct y/y fall

TALLINN, March 11 (Reuters) - Estonia's fourth quarter gross domestic product was revised down to show a 9.5 percent year-on-year fall, bringing the 2009 contraction to 14.1 percent, the statistics office said on Thursday. Last month, the office reported a preliminary 9.4 percent annual contraction in the final quarter of 2009. The revision also brought down the seasonally adjusted growth from the previous quarter to 2.5 percent from the initially reported 2.6 percent GDP, the economy's first quarterly expansion since the fourth quarter of 2007. In the third quarter, Estonia recorded 15.7 percent year-on-year contraction and a revised 0.5 percent decline quarter on quarter. Overall, the office said that gross value added of most economic activities decreased in the fourth quarter.

Estonian Ministry of the Interior has asked for more finances for the security during the NATO summit-FOCUS News Agency

Tallinn. Estonian Ministry of the Interior has turned to the government of the country demanding an additional EEK 24.2 million (more than EUR 1.5 million) for guaranteeing the security during the summit of the foreign ministers of the NATO member states, which will take place on April 22-23 in Tallinn, the press office of the Ministry of the Interior announced, RIA Novosti reported. The summit in Tallinn will be the most significant international event organised in Estonia, as delegations from 65 countries and around 400 journalists will take part. According to the Ministry of the Interior, its existing budget has been reduced to EUR 13 million and would not be sufficient for paying the extraordinary shifts of its employees during the event

Social Front

Estonia Supports Psychological Services for Georgian Women and Youth Affected by War-Government of Estonia-12 Mar 2010

The Foreign Ministry is supporting the Psycho-social Rehabilitation Centre in the region of Gali in Georgia with 55 860 kroons, donated through the Gali Women's Association. One of the priority activities of the Gali Women's Association is the development of the Psycho-social Rehabilitation Centre. The centre has been functional for five years, and its goal is to provide psychological support and counseling to the women and youth of the Gali region. Estonia's contribution is the first donation the centre has received in a long time to support the

maintenance of the facility. For a while the centre only functioned thanks to the volunteer work of psychologists. The region of Gali, which is located on the edge of the Georgian border, is a part of Abkhazia. The region is extremely poor and was ravaged by the war. Georgians make up 95% of the population of the region and many of them are internally displaced persons that are awaiting the chance to return to their homes. The project is being funded from the Foreign Ministry's development and humanitarian aid budget for 2009. The Foreign Ministry's development and humanitarian aid budget for 2009 is 40 million kroons. Along with Afghanistan, Moldova and Ukraine, Georgia is one of Estonia's primary development co-operation partners

Latvia

Political Front

Latvia fears disruption to incipient stability-By Andrew-March 11

Latvia says its crisis-hit economy has started to stabilize but has warned that renewed political instability could disrupt the Baltic country's €7.5bn (\$10.2bn, £6.8bn) rescue programme with the International Monetary Fund. Data on Thursday showed that Latvia's economy contracted by 18 per cent last year, the deepest recession in the European Union and the worst since the country broke from the Soviet Union two decades ago. But Valdis Dombrovskis, prime minister, warned that political squabbling could derail recovery efforts as he struggles to hold together his five-party coalition ahead of elections in October. The People's party, the biggest party in the coalition, this week sided with an opposition group in calling for cuts in value added tax for hotels, in defiance of government agreements with the IMF not to reduce taxes

Latvian Prime Minister marks turbulent first year in office-Mar 11, 2010,

Riga - Latvian Prime Minister Valdis Dombrovskis said Thursday he was pleased with progress made to restore the Baltic state's financial footing but warned of possible political instability in the run-up to an October general election. Asked if he would still be in power at the time of the election, Dombrovskis said the probability was 'certainly more than 50 per cent' and that the public understood his program of austerity measures was necessary to stabilize the Latvian economy.

Economic Front

Latvia Jan c/a surplus rises mth/mth and yr/yr

RIGA, March 12 (Reuters) - Latvia's current account surplus rose to 64.8 million lats (\$126.1 million) in January from 57.8 million lats the previous month, the central bank said on Friday. It was also up sharply from a 4.8 million lats surplus in January 2009, the bank said in a statement. Latvia ran up huge current account deficits during its boom years before its economy deteriorated in 2008. The swing from current account deficit to surplus follows sharply narrowing trade deficits as imports slumped and due to surpluses in the services balance and the income account as investors, particularly banks, covered losses in Latvia. In 2009, Latvia had a current account surplus of 9 percent of gross domestic product (GDP). (\$1=.5137 Latvian Lat)

Latvia central bank cuts rates sees economy stabilizing

RIGA, March 11 (Reuters) - Latvia's central bank cut its key policy rate to 3.5 percent from 4 percent on Thursday, saying the crisis-hit economy was stabilising and urging the five-party coalition government to get to work quickly on the 2011 budget. Under the terms of a 7.5 billion euro (\$10 billion) international bailout, Latvia needs to shrink its budget deficit by another 800-900 million lats over (\$1.5 billion) this year and next. "The country's economic situation, including in exports and competitiveness, is gradually improving," central bank chief Ilmars Rimsevics told a news conference, where the bank announced the reduction in its interest rate.

Latvian economy contracted 18 pct last year-Associated Press, 03.11.10-Associated Press

RIGA, Latvia -- Economic output in Latvia, one of the European Union's most troubled economies, fell a staggering 18 percent last year, the statistics agency said Thursday. The decline is the steepest in the 27-member EU and the worst performance on record since Latvia regained its independence in 1991. The agency said the fourth-quarter fall in gross domestic product amounted to 16.9 percent annually, slightly better than the 19 percent plunge recorded in the third quarter. Latvia's economy is undergoing an unprecedented correction after four years of lightning-fast growth, following EU membership in 2004, that had been fuelled by cheap and easy credit and a boom in domestic consumption. The recession has devastated some sectors, with retail sales plummeting more 30 percent last year.

EU pays bailout loan installment to Latvia-March 11, 2010-A A P news

The European Union says it has paid Latvia euro500, 000 (\$680,725) the third part of a bailout loan for the Baltic state. Latvia was under pressure last year from the EU and the International Monetary Fund to make budget cuts in return for a euro7.5 billion (\$10.2 billion) loan package. The EU is providing euro3.1 billion (\$4.2 billion.)

Social Front

Mystery hacker a folk hero for struggling population of Latvia

LATVIA LETTER: The person known as Neo has been embarrassing the ‘fat cats’ in a country with the EU’s highest rate of unemployment, writes Daniel McLaughlin. In their hour of need the people of Latvia, the European country hardest hit by the economic crisis, have found an unlikely new hero? Neo is the nickname of a computer hacker who has stolen millions of supposedly confidential documents from the Latvian tax authorities, and exposed just how much cream the nation’s “fat cats” have been guzzling while urging ordinary citizens to swallow crippling cutbacks. Neo’s revelations have embarrassed scores of public officials and inflamed public anger at a time when unemployment has soared to 23 per cent – the highest in the EU. His victims include the head of a state heating company, who was shown to have paid himself a 16,000 lat (€22,500) bonus in 2009, and top central bank executives who received salaries of 6,000-23,000 lats (€8,495 to €32,566) per month in 2008. They trimmed their wages last year after the previously booming Latvian economy went into tailspin, but their earnings still caused outrage in a country where the average monthly salary is the equivalent of about €600, and people live with the constant fear of redundancy.

Lithuania

Political Front

Greece Should Copy Baltic Adjustment, SARKINAS Says- March 10 (Bloomberg)

Lithuania’s central bank governor said Greece should avoid seeking international aid to solve its fiscal crisis and follow the example of the Baltic nation, which suffered the European Union’s second-deepest recession last year without a bailout. “Greece must show determination that it is

willing to solve its problems,” Reinoldijus Sarkinas, 63, said in an interview in Vilnius. The EU will probably assist Greece “with loans to tackle the most acute problems. But only Greeks can solve their problems, nobody else will do that for them.” Lithuania, Latvia and Estonia pushed their economies through the EU’s steepest economic contractions in an effort to comply with fiscal rules. Lithuania, unlike neighboring Latvia, managed the adjustment without turning to the International Monetary Fund or the EU. The lessons learned by the former Soviet region may serve as an example to Greece, which faces similar austerity programs to resolve its fiscal crisis.

Economic Front

Lithuania’s budget deficit last year widened to 9.1 percent of gross domestic product

Lithuania’s budget deficit last year widened to 9.1 percent of gross domestic product, compared with Greece’s 12.7 percent of GDP shortfall. The Baltic state’s economy contracted an annual 12.8 percent last quarter, compared with Greece’s 2.6 percent output decline in the same period.

Globalization fund: Parliament backs aid to Germany and Lithuania-09-03-2010

Three thousand former car, refrigerator and construction workers in Germany and Lithuania will get €7.6 million in EU globalisation adjustment fund aid for training, self-employment and job guidance after Parliament gave the green light on Tuesday. The plans were adopted by the Council in Ministers on Monday. The Commission will transfer the funding to Germany and Lithuania within 15 days of the plenary vote. The Member States then have twelve months to use the money. Germany: help for former Karmann workers Between December 2008 and March 2009 2,476 workers lost their jobs at the Karmann car manufacturing group (Wilhelm Karman GmbH and Karmann-Rheine GmbH & Co.KG). Of these, 1,793 will be eligible for help from the European Globalisation Adjustment Fund (EGF). The total cost of this help is estimated at €9,537,449, of which EU aid will cover €6,199,341. **Lithuania:** former construction workers and Snaigė employees A total of 1,612 people lost their jobs at 128 building firms in Lithuania between October 2008 and July 2009. Of these, 806 will be eligible for EU help. The total cost is expected to be €1,721,374, of which the globalization adjustment fund will cover €1,118,893. A total of 651 people lost their jobs at refrigerator manufacturer AB Snaigė and two of its suppliers, UAB Jugos kabeliai and UAB Hoda between December 2008 and May 2009. Of these,

480 will be eligible for help. These measures are expected to cost €397,175, of which Lithuania has applied for €258,163 from the EU fund.

Fitch Raises Lithuania's Rating Outlook to Stable-LONDON (Dow Jones)

Fitch Ratings Monday raised the outlook on Lithuania's rating to stable from negative, citing the degree of financial and economic stabilization the Baltic country has made in the past year. "Although the fiscal deficit remains high, consolidation measures enacted to date have been substantial and the government has articulated a credible medium-term plan for reducing the deficit to 3% of GDP [gross domestic product] by 2012," said Douglas Renwick, associate director in Fitch's emerging Europe sovereign team. Fitch rates Lithuania's long-term foreign currency issuer default ratings at 'BBB'. "Public finance dynamics are now the key rating driver in Lithuania," the rating agency said. Lithuania's fiscal deficit, which reached 9.1% of GDP in 2009, is now expected to narrow to 8% this year based on the 2010 budget, Fitch said. Over the medium term, the government aims to tighten the fiscal deficit by an further 4.5% of GDP over 2011-2012, and in 2012 it aims to reduce the deficit to 3% of GDP. "However, the sustained implementation of austerity measures will be challenging and is subject to political risks," the rating agency said. Lithuania, along with Baltic neighbors Estonia and Latvia, is realigning its economy after years of credit-fueled boom. Rising unemployment, cuts in public spending and swooning property markets are hurting output

Social Front

Lithuania celebrates EU status 20 years after independence-11.03.2010

EUOBSERVER / BRUSSELS - The President of Lithuania has underlined the country's EU status as a marker of development on the 20th anniversary of its split from the Soviet Union. "Breaking away from the USSR and the Soviet repressive system was the foundation stone of the achievements we have today. Lithuania is a free and democratic state, a fully fledged member of the EU and Nato," Ms Dalia Grybauskaite, who came to power on the back of her reputation as EU budgets commissioner. "We wanted to have a modern, European, well-educated, democratic and secure nation governed by the rule of law," she added. "Twenty years on we have freedom and welfare - which we created ourselves. Nothing was imposed upon us by enemies or by

force." Lithuania was the first former Soviet Republic to declare independence as the Kremlin's empire began to break up in the early 1990s. But the real split came on 13 January 1991, on a day known as "Bloody Sunday," when Russian soldiers killed 13 protesters at the TV tower in the heart of Vilnius and - in one of the most iconic moments of the revolution - drove a tank over a young woman called Loretta on live television. The heads of state of Estonia, Finland, Latvia, Poland and Slovenia are to join Ms Grybauskiate on Thursday in Vilnius, where solemnities are to include a military parade. Fourteen other countries are fielding lower-rank VIPs, with Russia to send transport minister Igor Levitin. A follow-up event in Brussels next week is to be attended by EU Council president Herman Van Rompuy and Lithuania's president at the time of the upheaval, Vytautas Landsbergis, currently an MEP and a dogged Russia critic. The reunification of Germany in 1990 and the accession of eight former Iron Curtain countries in 2004 are among the defining moments in the EU's short history. Lithuania's relations with Russia are on an even keel after a low point in 2008, when Vilnius pleaded for EU sanctions against Moscow over the Georgia war.

Britain plan immediate inquiry after humiliating defeat-Mar 8, 2010

LONDON (Reuters) - British Lawn Tennis Association president Roger Draper condemned a fifth successive Davis Cup defeat as unacceptable on Monday and called for an immediate inquiry into the humiliating loss to Lithuania. Britain, without their number one Andy Murray, lost the Europe/Africa Zone group II first round match 3-2 in Vilnius on Sunday. They now face a relegation playoff against Turkey in July to avoid dropping into group III, the bottom tier of the men's team competition. "I share the deep disappointment and frustration at this result. Five defeats in a row is unacceptable," Draper told the association's official website

Russia

Political Front



Russo-Indian nuclear deal-13/03/10-Nuclear Energy-world news

Russia has signed an agreement with India to build up to 16 nuclear reactors for power stations. In striking this deal, Asia's third largest economy is reaffirming old cold war ties. During his one day visit to India, Russian Prime Minister Vladimir Putin also pledged to boost banking and technology cooperation between the two countries. Indian Prime Minister, Manmohan Singh, said:

“The outcomes of Prime Minister Putin’s visit are rich and substantive. There’s much that India and Russia can do together to advance global peace and stability and a process of global economic revival.” Russia has been competing with French and American firms for these lucrative nuclear contracts and Putin is hoping to double the amount of trade with India in the next five years. The two nations are keenly interested in stabilising the region, due to the shared threat of Islamist militant violence and the war in Afghanistan

New Russia-China cooperative center hosts first promotion10:14, March 13, 2010

The newly-founded Russian-Chinese Center of Economic Investment Cooperation presented its organizational composition, business specialties and development goals at its first promotion held on Friday. Igor Rogachev, former Russian ambassador to China and director of the center, said that despite unprecedented high level of political exchanges between Russia and China in recent years, the bilateral economic and investment cooperation has lagged far behind. The creation of the center aims precisely at deepening China's investment cooperation with Russia, he said. Supported by the Russian Economic Development Ministry, Russian Academy of Science and the Chinese side, the Russian-Chinese Center of Economic Investment Cooperation founded in December 2009 is the first national institution dedicated to facilitating Chinese

enterprises entering Russian market. The center is subordinate to the Russian Productivity Research Committee; a renowned economic counseling agency founded 95 years ago.

Medvedev, Abdullah II discussing Mideast, upcoming Quartet meeting-11.03.2010,

MOSCOW, March 11 (Itar-Tass) - Russian President Dmitry Medvedev is holding talks with King Abdullah II of Jordan on the Middle East settlement and the implementation of joint economic projects, including in the defense field. The talks are being held at the Kremlin. Opening the talks, Medvedev said: "Our countries maintain good relations." The Russian president noted that the Jordanian king regularly visited Moscow. "It is very important for the development of relations between our peoples," he stressed. "Our countries assume serious responsibility for resolving a serious of regional problems. We are holding regular consultations. I am pleased that your visit is being made in the beginning of 2010 because I had consultations and I'd like to synchronise positions on the Middle East settlement," Medvedev said. Among priority tasks, he named "the realization of bilateral economic projects, defense cooperation and humanitarian interaction".

Russian regions seek new time zone-AFP/Moscow

Two Russian regions may get closer to Moscow, in time if not on space, after lawmakers took up a proposal by President Dmitry Medvedev. The regional assemblies in Samara and Chukotka both approved the measures on Friday, despite advice from experts and divided public opinion, to shift to one time zone later, Russian news agencies reported. The change, if approved by Prime Minister Vladimir Putin, would put the Samara region to the southeast of the capital in the same time zone with Moscow. Chukotka, in the extreme northeast of the country along the Bering Strait, would move to being eight hours ahead of the capital. Medvedev suggested last November cutting the number of time zones - the country currently spans 11 from Kaliningrad to Chukotka - to improve co-ordination across the country. But some experts have warned against the move. "The polar night lasts for months in certain districts ... changing time zone will have a negative impact on health and productivity," scientists at the Northeast Research Institute said in a report.

Seoul hopes security warning won't harm relations with Russia-12.03.2010,

SEOUL, March 12 (Itar-Tass) -- South Korea hopes that the recommendation that South Korean citizens must be careful while visiting Russia will have no effect on the bilateral relations, the Yonhap news agency said on Friday with the reference to a representative of the Foreign Affairs and Trade Ministry. "The temporarily valid recommendation was given for ensuring the security of fellow citizens against the backdrop of cruel crimes committed against our students in Russia. We hope Russia will understand that," he said. The diplomat made the statement after the Russian Foreign Ministry had expressed regret over the step of Seoul and called it 'not quite founded.' South Korea took the measure after attacks on South Korean students in Barnaul and Moscow. One of the students died, and the other was seriously injured.

Economic Front

Indo-Russian trade gets a Putin boost-Hindustan Times-7 March

Russian Prime Minister Vladimir Putin's 22-hour-trip to New Delhi has gone some distance in adding a strong economic dimension to ties between the two nations. External affairs ministry officials say a roadmap in strengthening economic ties including in the pharmaceutical sector, getting Russian investments in infrastructure projects and accessing Russian markets for Indian services are in place. "The visit is noted for the success in taking this vital strategic partnership forward, giving the much needed economic impetus. A host of steps aimed at scaling up the current \$7.5 billion bilateral trade to \$20 billion by 2015 is set in motion," said an official. India has been wooing Russia's largest diamond company AlRosa for sometime now. "It's a process of now eight to 10 years now. AlRosa have signed pacts with Diamond India Limited. Two more pacts were signed between private diamond trading companies," said an official. Russian state monopoly Gazprom also inked a pact with India's ONGC on oil exploration in Russia. The signing of pacts in fertiliser sectors is also an important step. But Delhi is keen on expanding the cooperation into pharmaceuticals, besides getting Russian investments into the infrastructure sector.

Russia and the Emerging 7-PricewaterhouseCoopers, Russia-12 Mar

One of the most interesting – and meaningful – results of the worst economic crisis in memory is the acceleration of the global economic power shift toward emerging economies. It's out with the

G7, the club of traditionally rich nations. The economies to watch now are the "Emerging Seven," or E7: - China, India, Brazil, Russia, Mexico, Indonesia and Turkey. Their combined gross domestic product could overtake that of the G7 this decade and open up a 30 percent lead by 2030, according to a PricewaterhouseCoopers forecast. The economic growth of many of these nations, such as China, India and Brazil, are well-known.

Less understood is Russia's path back to prosperity after a 10 percent economic slump in the first half of 2009 exposed its economy's dependence on oil and foreign capital. But swift action to stabilize the banking sector and boost fiscal stimulus averted the worst. This wasn't a rerun of Russia's 1998 crisis. Clearly, some companies overreached during the oil boom and, fed with cheap credit, expanded their businesses on a virtual pyramid of debt. But they have learned hard lessons and are cleaning up their balance sheets. Contrary to conventional wisdom, many companies are working to improve transparency and corporate governance to win back the confidence of investors whom they will need to fund future expansion. President Dmitry Medvedev has lamented the challenge of "dragging a primitive, resource-based economy into the future," and implementation of his modernization agenda has indeed been patchy. But to be fair, it's not easy putting up a tent in a roaring gale. But the strategic priorities are right: diversification, innovation, promoting small business, supporting families and strengthening the country's financial system so that it can provide the investment capital that will enable business to grow and people to realize their potential. Russia's leaders are actively discussing how to restructure the country's sprawling state corporations without putting at risk jobs in the Soviet-era single-industry towns or unduly exposing legitimately strategic assets. Privatization needs to be accelerated, as Medvedev stated in a recent Cabinet meeting, but ultimately it's a matter of price. When the stock market recovers toward pre-crisis levels, the state will be in a good position to reduce its strategic holdings in industry and banking. One area that needs more resolute action is supporting small and medium-sized businesses. While legislation may be reducing petty corruption and official harassment, more needs to be done to encourage budding entrepreneurs. Russia could learn from the success of other emerging markets that have created an environment friendlier to business startups.

What will Russia look like in 2030?

Gazing into the crystal ball is always risky, but under the right government policies, the next 20 years should be less turbulent than the last. A growing middle class will gain a vested interest in stability. As prosperity spreads to the regions, it is to be hoped that the ethnic tensions that blight the North Caucasus can be alleviated. Russia needs to tackle the strategic priorities laid out above. It has every chance by 2030 of overtaking Germany to become the world's sixth-largest economy. Russia will play a key role in the global economic power shift from G7 to E7

Social Front

Strict tourist visa system defended as a 'vital filter'

The Department of Justice has defended the Republic's tourist-visa requirements but admitted they are an "unwelcome overhead to very many well-intentioned travellers". It also says it intends to continue with the current tourist-visa requirements for China, India and Russia because of recent illegal migration. Responding to comments in The Irish Times that the Republic's tourist-visa requirements are too onerous, the department says tourist visas are a "vital initial filter for the State in protecting the integrity of its borders". It concedes that visa requirements and the application process can seem the "very essence of red tape" but says distinguishing bona-fide travellers from potential illegal immigrants requires an examination process. Last month the chief executive of the Coach Tourism Transport Council, Gerry Mullins, said the strictures of the tourism visa, which can involve providing six months of bank statements plus marriage certificates, birth certificates and three consecutive pay slips, deter tourists from coming to Ireland, especially from China, India and Russia, which are regarded as important "emerging markets" for Irish tourism.

Putin acknowledges Pakistan's efforts against terrorism

NEW DELHI, March 12 (APP) The visiting Russian Prime Minister Vladimir Putin on Friday acknowledged that Pakistan had taken actions against terror outfits in the last few months. Participating in a video conference here with Indian businessmen from Delhi, Mumbai, Kolkata and Bangalore, Putin said "we hope addressing the problem (of terror groups) will be in the best interest of Pakistan. We need to support those efforts," he said. However, he said "lets be realistic... Pakistan has taken action against those outfits in the last few months. "As far as

terror groups in Afghanistan and Pakistan are concerned, it is a matter of worry for the entire region and in fact, the whole world, “Putin said. Putin said India and Russia were concerned over terror activities and were strategic partners in the fight against terror. “Our (India and Russia) cooperation is in construction and building of nuclear reactors, supply of nuclear fuel and India has expressed interest for help in disposal of nuclear waste,” Putin said. Russia is expected to build 12 to 14 new nuclear reactors in India. In his statement to media on Putin’s visit to India, Prime Minister Manmohan Singh said he had held detailed discussion with Russian leader on regional and global issues. “There is much that India and Russia can do together to advance global peace and stability and the process of global economic revival. We have agreed to intensify our consultations on Afghanistan and the challenges posed by terrorism and extremism in our region,” he said.