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Headlines

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

Poland

- Poland unveils location for proposed US Patriot missiles-Jan 20, 2010
- Russian foreign minister criticizes US missile defense plans-Jan 22, 2010,
- Russian foreign minister 'doesn't understand' Poland's need to station missiles near border-By Associated Press-January 22, 2010
- Russia denies Baltic fleet boost over Patriot move-Jan 21, 2010
- Poland Is Comfortable Without Bailouts-By MARYNIA KRUK January 22, 2010,
- Polish jobless seen at 12.8 pct by end-2010
- Polish business lobby urges easing of debt rules
- Poland Will Lead East Europe in Monetary Tightening (Update1)
- Polish 2009 econ growth stood at 1.7 pct-govt source
- Ferrovial Unit Loses \$2 Billion Polish Road Contract-Jan23, -By David McQuaid
- January 24, 2010-18,000 Poles without electricity-By The Associated Press

Czech Republic

- Kaczynski, Klaus slam EU response to Haiti quake-Jan 21, 2010
- Czech c-bank chief: rates may be at bottom-paper-Tue Jan 19, 2010
- Czechs to freeze \$321 mln spending to curb deficit
- Report: Israel cops nab Czech peace activist in Ramallah raid
- Czech Republic ups financial aid for quake-hit Haiti-Jan 18, 2010

Slovakia

- MEDIA: Slovakia Tightens the Gag-By Pavol Stracansky
- Damages for Slovak who carried explosives
- Slovakia to Take 3 Guantanamo Prisoners-Reporter: Associated Press
- OECD Asks Slovakia To Step Up Anti-Corruption Laws
- Slovakia sells 268.1 mln euros of 364-day T-bills
- Šefčovič eases through hearing, fends off accusations-19 January 2010

Hungary

- Hungary contributes 100,000 Euros towards aid for people injured in Haiti earthquake
- Hungary's Small Firms To Recover On Foreign Demand - Minister
- Hungary to raise 2010 GDP forecast-finmin
- Hungary claims it no longer needs IMF help-By Chris Bryant in Budapest-January 18 2010
- Hungary 2010 budget on track, reserves seen ample –IMF-Wed Jan 20, 2010

Eastern Europe (Belarus & Ukraine)

Belarus

- Georgia's President thanks Belarus deputy PM for firmness in non-recognition of separatists-17.01.2010
- RA President, OSCE MG US Co-Chair discuss Karabakh problem-16.01.2010
- EU trade chief nominee backs Russia's WTO entry-2010-01-20
- Belarus continues to receive Russian oil-17/11/2010-Reuters

- Future Plans for Exports from Belarus-16 January 2010

Ukraine

- Background of the Ukraine's elections-(Euro Active 15/01/10)
- Yushchenko blames populism for election loss-23 January 2010-FOCUS News Agency
- Ukraine's Tigipko Warns State of Emergency Possible
- Putin warning against despotism and chaos-AFP/Moscow
- A New Era For Ukraine-Why a pro-Russia president would be a game changer-by Melik Kaylan-01.22.10-Fobes .com
- Kiev refuses to accept credentials of Russian ambassador-22.01.2010,
- Ukraine election marks declining US influence in region-By Niall Green -21 January 2010- <World socialist website> Published by the International Committee of the Fourth International (ICFI)
- Ukraine: Yanukovich and Tymoshenko face a February 7 runoff-January 20, 2010
- Tymoshenko offers job to rival-January 20 2010
- Poland vows support for Ukraine's EU bid-20 January 2010
- Yanukovich Would Seek Compromise to Unlock IMF Loan
- No Post-Vote Issues With Kiev – GAZPROM-January 20, 2010
- Ukraine's Economy Is Hostage to Politics-BY Richard Barley

Baltic States (Estonia, Latvia & Lithuania)

Estonia

- Estonia ready for euro in 2011, says prime minister-Jan 22, 2010

- Estonian PM aims for lower deficits in euro programme Estonia 12-mth central govt deficit 1.6 bln kroons
- Estonian finmin sure budget criteria met in 2009
- Estonian Support for Victims of Haiti Earthquake Close to Four Million Kroons-18 Jan

Latvia

- Latvian premier wins vote but cracks appear in coalition (Roundup)-Jan 21, 2010,
- Latvian premier calls for unity ahead of crucial vote-Jan 20, 2010,
- Latvian parliament backs IMF bailout deal-22.01.2010
- Latvia says signed IMF letter of intent after parliament vote
- Latvian Freefall Halts, Raised Outlook Possible, Moody's Says
- Latvia c.bank net says net euro position balanced

Lithuania

- Lithuanian foreign minister quits in CIA prison row
- Baltic Economies to Extend Recessions This Year, Nordea Says-January 19, 2010,
- Lithuania Jan HICP seen +1.0 pct mo/mo-stats office
- EU coming to the rescue of jobless Lithuanian builders-Jan 18, 2010

Russia

- Lavrov Gives Strongest Signal Yet of New START Treaty-22 January 2010-Reuters
- Deputy Head of Russian Federal Customs Service is dismissed-23Jan-
- Russo-Azeri humanitarian cooperation forum held in Baku-23.01.2010,
- Russia warns world not to push for Iran sanctions

- Armenia –Russia collaboration strengthened in 2009-22.01.2010
- Introduction and back ground of Ukraine’s elections and Russian influence
- Putin seeks more jobs to stabilise North Caucasus-January 23
- Russia’s unemployment rate to remain unchanged by yearend – Zhukov-22.01.2010
- Poultry sector may be unable to meet Russia’s increased demand
- Russia faces robust rouble rise - IMF
- Bank Rossii Is Buying Canadian Dollars, Securities (Update1)
- Russian bank balances fall to 447.6 bln rbls
- Russian population registers its first increase since 1995-Reuters/Moscow
- Armenia asks Russia for \$100 mln loan to revive diamond industry-24.01.2010
- Turkish Airlines, Aeroflot may launch joint airline-By Hatice Aydogdu and Ayla Jean Yackley / Reuters

The report is a collection of news regarding the socio- economic, political, cultural and environmental events in the Central and Eastern Europe and Russia. For the compilation of this news update the leading News Papers of the region has been explored through Internet. The Central and Eastern European region is consisted upon the following ten States: i.e. (Central Europe: Poland, Czech Republic, Hungary and Slovakia), (Eastern Europe: Belarus & Ukraine), (Baltic States: Estonia Latvia, Lithuania) and Russia.

Political and diplomatic front

A Ministry of Defense spokesman said Wednesday that the US Patriot missiles soon to arrive in Poland and will be located in Morag, near the Baltic coast, instead of on the outskirts of Warsaw. The Morag is a town some 60 miles from the Russian border and will provide good conditions to house the buildings, accommodation and technology that will come along with the missile battery. Poland gave the green light for the new shield by signing a deal with US in December. The short- and medium-range system is a less complicated version of a Bush-era plan to station long-range missile-defense systems in Poland and the Czech Republic. The original system drew sharp criticism from the Kremlin, which said the missiles were a target to its nuclear arsenal.

The Russian Foreign Minister has criticized US President Barack Obama's modified missile defense plans, including the Patriot missile battery to be based in Morag, a town just 100 kilo-meters from the Russian border and he doesn't understand Poland's plans to station a battery of U.S. Patriot missiles near the border with the Russian exclave of Kaliningrad.

In another statement Russia's Defense Ministry denied the reports that Russia has any plan to strengthen the tasks and the military capabilities of its Baltic Fleet in response to U.S. plans to deploy Patriot missiles in Poland.

Polish President Lech Kaczynski and his Czech counterpart Vaclav Klaus, slammed on Thursday the bloc's response to the earthquake in Haiti. While Klaus said that the EU response was sluggish because of the bloc's institutional transition, Kaczynski criticized the EU for giving too little in immediate emergency aid money. The EU sent 3 million Euros (4.3 million dollars) to Haiti one day after the powerful earthquake heavily damaged the Caribbean country's capital

on January 12. Under EU rules, the European Commission is not allowed to allocate more than 3 million Euros in immediate response to a single crisis. Klaus said that the institutional changes the EU has experienced since its reforming Lisbon Treaty entered into force have marred the bloc's reaction to the quake.

Fears are growing for media freedom in Slovakia amid warnings that the country's public television station has become a propaganda tool for the government ahead of elections this year. Media monitoring groups say that public broadcaster STV has abandoned unbiased reporting on the coalition government and is muzzling investigative journalism and any reporting that could be seen as critical of the government.

Slovak government is expected to pay compensation to Stefan Gonda, the electrician who unwittingly carried explosives on a flight from Poprad-Tatry airport to Dublin after a botched security test in his homeland. Slovak opposition parties and media have criticized the government over the incident.

The Slovak Foreign Ministry says the country has agreed to take in three inmates from the U.S. prison at Guantanamo Bay in an effort to help President Barack Obama to close it down.

The Organization for Economic Cooperation and Development Monday asked Slovakia to amend its legislation so that Slovak companies can be held liable for bribing foreign public officials. "Under current Slovak legislation, the conviction of companies that engage in foreign bribery remains impossible because legal persons cannot be held liable for criminal offenses. Since 1999 Slovakia has been a party of the OECD Anti-Bribery Convention.

Ukraine's outgoing President Viktor Yushchenko believes that he has lost the presidential election in 2010 because his main opponents widely used political populism during the election campaign. Yushchenko, who swept to power by the 2004 pro-Western street protests, gained slightly more than 5% of the January 17 vote. His defeat represents a serious blow to the strategic interests of the US. His presidency has been marred by continuous political infighting and economic problems.

Ukrainians will now choose between opposition leader Viktor Yanukovych and Prime Minister Yulia Tymoshenko in a runoff election on February 7 after the January 17 first round

failed to see any candidate gain 50% plus one vote. Both candidates have vowed to improve relations with Russia.

Meanwhile, Serhiy Tigipko, who came third in Ukraine's Jan. 17 presidential vote and may become kingmaker in the Feb. 7 runoff, said a state of emergency is possible and there may be "problems" with the transfer of power. Opposition leader Viktor Yanukovich and Prime Minister Yulia Timoshenko will contest the second round after Tigipko and incumbent President Viktor Yushchenko were eliminated.

Russian Prime Minister Vladimir Putin has hailed the Ukraine's last week's first round of presidential elections as "high quality" as it offered a wide choice of candidates and the world should pay close attention to the imminent election of Viktor Yanukovich, a pro-Russia candidate running for president of Ukraine.

Estonian Prime Minister Andrus Ansip restated Friday that his country was ready to become the next country to join the euro zone in 2011. Ansip said his country had 'already fulfilled all the criteria' to adopt the euro as its national currency.

Latvian Prime Minister Valdis Dombrovskis won a crucial parliamentary vote Thursday to ensure the medium-term future of the Baltic state's 7.5-billion-euro (10.6-billion-dollar) international aid package, despite a large-scale rebellion within his own ruling coalition. Dombrovskis won a vote, by 54 to 22, on whether he could continue negotiations with lenders, including the International Monetary Fund (IMF), World Bank and European Union. However the People's Party - the largest party in the ruling coalition government - voted against the prime minister.

Lithuania's foreign minister has resigned his post following a sharp disagreement between him and his president over whether the country had held detainees at a secret CIA prison. In December, a parliamentary enquiry had found that the country's secret services had operated the prisons in partnership with the American intelligence agency from 2002 to 2006.

oreign Minister Sergei Lavrov said on Friday that an agreement will be reached soon on a landmark nuclear arms reduction treaty with the United States. "The remaining questions, I hope,

will be resolved rather promptly when the negotiations resume, and they will resume at the very beginning of February, I think," Lavrov told reporters.

Prime Minister of Russia Vladimir Putin dismissed deputy head of Russian Federal Customs Service Igor Zavrzhnov. The order stated that Zavrzhnov was dismissed at his request. General Zavrzhnov headed the security department of the Federal Customs, and also held management positions in northwest Russia's customs administration.

Russian Foreign Minister Sergei Lavrov urged Tehran to work constructively to allay Western fears over its nuclear program but said world powers should take a sober approach and beware of pushing Iran into a corner. Russia cautioned world powers against rushing towards sanctions to punish Iran for spurning a UN-brokered proposal to send its uranium abroad for processing.

Collaboration between Armenia and Russia strengthened in 2009. The year of 2009 was marked by Armenia's successful chairmanship in Collective Security Treaty Organization (CSTO) and Organization of the Black Sea Economic Cooperation (BSEC). The Collective Security Treaty Organization, formed under the framework of the Commonwealth of Independent States, serves as a mutual defense alliance among Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan and to strengthen peace and international and regional security and stability and to ensure collective protection of independence, territorial integrity and sovereignty of Member States. On February 4, 2009, the CSTO leaders approved formation of Collective Rapid Reaction Force (RRF).

Economic Front

Poland's unemployment rate will likely stand at above 12 percent in January, up from a probable level of 11.9 percent in December, and may hit 12.8 percent at the end of 2010, the Labor Ministry said on Friday, the Analysts expect that figure to be 11.8 percent.

A leading Polish business lobby, the Entrepreneurial Congress, called on Thursday for a temporary easing of debt safety levels to avert the risk of painful spending cuts. The move would create breathing space for crucial fiscal reforms. The Entrepreneurial Congress, whose members

employ some four million people, believes that the rapid increase in the public debt poses a threat to Poland's mid-term economic perspectives.

The central bank of Poland, the only European Union economy not to contract during the credit crisis, will be the first in emerging Europe to raise interest rates this year, Goldman Sachs Group Inc. said.

Calculations based on data from different agencies show the whole 2009 the Poland's (economic growth) was at 1.7 (percent) and the fourth quarter at around 3 percent. Poland's statistics office said it would publish preliminary 2009 gross domestic product (GDP) data on Jan. 28.

Poland's highways agency canceled a \$2 billion free way-construction contract with AUTOSTRADA- POLUDNIE SA after the Polish unit of Spain's GRUPO FERROVIAL SA failed to get commercial banks to help finance the project. The decision scraps a Jan. 23, 2009, contract with AUTOSTRADA to build and operate 180 kilometers (112 miles) of the A1 motorway that's part of Poland's preparations to host the Euro 2012 soccer championships with neighboring Ukraine.

The Czech caretaker government agreed on Monday to freeze 5.8 billion crowns (\$321.1 million) in spending until a review in mid-year shows whether the country's public budget deficit is on target, Prime Minister Jan Fischer said. The government aims to keep the 2010 budget gap at up to 5.3 percent of gross domestic product, and has said that additional spending approved by parliament at the end of 2009 may require cuts elsewhere.

Slovakia sold 268.1 million Euros (\$385.8 million) worth of 364-day treasury bills at an auction on Monday, the finance ministry's Debt and Liquidity Management Agency said. Total demand for the bills, which mature on January 19, 2011, was 719.1 million Euros. It was the first successful auction of Slovak treasury bills this year.

Hungary's finance minister said on Tuesday that Hungary will raise its outlook for 2010 gross domestic product from its initial forecast of a 0.6 percent fall to a smaller contraction due to expected improvement in its export sector. He said the revised forecast will be released next month.

According to the country's Finance Minister, Hungary doesn't need the International Monetary Fund's financial support, and government efforts to rein in bloated public spending are on track. He emphasized, however, that Hungary continued to benefit from the IMF's regular reviews, which made the country's fiscal reform efforts more credible in the eyes of financial markets. In October 2008 Hungary turned to the IMF, European Union and World Bank for a €20bn (\$28.7bn) stand-by credit when liquidity suddenly dried up.

A top IMF official in a statement on Wednesday said that Hungary was on track to meet its 2010 deficit target and high reserves built into the budget are expected to cover outlook and execution risks that may emerge.

Ukrainian opposition leader Viktor Yanukovich, who is ahead in opinion polls to become the former Soviet republic's next president, said he would seek a compromise with the IMF to unlock a \$16.4 billion bailout. Payments on the loan were frozen by the Washington-based International Monetary Fund after the government failed to adopt the 2010 budget and cut spending. The money is needed to finance the budget and pay for Russian natural-gas imports, which amount to more than 50 percent of Ukraine's total gas needs.

Estonia's prime minister said on Thursday the government's annual Euro Convergence Program will focus on lowering the country's budget deficit and return to collecting budget surpluses in future. Estonia fell into a deep recession in 2008 which slashed government revenues, forcing it to make budget savings in 2009 worth more than 9 percent of expected gross domestic product to help keep its budget deficit at or below 3 percent of GDP to meet Maastricht criteria for joining the euro zone

Estonia's central government budget deficit rose to 1.6 billion kroons (\$145 million) at the end of 2009 from 1.3 billion kroons at the end of November, keeping the budget deficit within the Maastricht budget criteria, the Finance Ministry said on Thursday.

The Estonian Finance Minister said on Wednesday he was sure the country public sector deficit met the Maastricht treaty's 3 percent of gross domestic product limit in 2009. The Estonian government is hoping that it will pass a European commission assessment in spring of this year to be able to join the European common currency from January 1, 2011.

Latvia finalized on Friday its latest round of talks with the International Monetary Fund by signing a new letter of intent, the Finance Ministry said. Latvia took a 7.5 billion euro bailout at the end of 2008 from the IMF, European Union, Sweden and other lenders. In a key vote on Thursday, parliament gave the government a mandate for further talks with the lenders.

Latvia's central bank said on Monday its foreign exchange interventions last week led to a balanced net position, down from net purchase of 5 million Euros a week ago. In early trade on Monday, the lat was firmer and off the intervention levels, with the euro quoted at 0.7076/91 lats versus 0.7082/97 lats last Monday.

According to Nordea Bank's (region's biggest bank) report, Estonia, Latvia and Lithuania will stay in recession this year before returning to growth in 2011 as western European demand for their exports fails to rebound, Estonian gross domestic product may fall 0.5 percent. Latvia's economy will probably contract 2.9 percent this year and Lithuania's output may shrink 2.4 percent, it said.

However, year-on-year price change measured under the EU- methodology (HICP) are seen falling 0.4 percent in January, from a rise of 1.2 percent in December, the office added in a statement.

Over 800 Lithuanian construction workers who have lost their jobs as a result of the economic crisis will benefit from a 1.1-million-euro (1.6-million-dollar) package from Brussels to help them find new employment, the European Commission announced Monday. The money will be disbursed by the EU's globalization adjustment fund (EGF), launched in 2007 to assist people who lose work as a result of globalization.

Russian Prime Minister Vladimir Putin declared on Saturday that peace has returned to North Caucasus, the centre of a growing Islamist insurgency, and called for the region's economy to be rebuilt.

The total number of officially registered unemployed people in Russia will remain at about the current level by the yearend, Russian Deputy Prime Minister Alexander Zhukov said on Friday, summing up results of a plenary discussion at an international conference entitled

“Russian and the World: Challenges of the New Decade.” However, he is worried about the employment of graduates of the higher educational establishments.

Turkish poultry producers say the sector could meet only 100,000 tons of an anticipated 500,000 tons of annual demand from Russia. Turkey’s annual production is 1.2 million tons. Following a recent decision by the Russian government to increase its poultry imports from Turkey to 500,000 tons annually, Turkish poultry producers have voiced concerns that the sector may not actually be able to meet this demand. Sector representatives say Turkey can meet only a small part of Russia’s poultry requirements.

The IMF said on Friday that Russia is facing a solid and speedy strengthening of the rouble, ending a week that saw the currency flirting with its strongest levels in a month. Only one other so-called BRIC nation, Brazil, saw its economy shrinking in the aftermath of the global crisis, while others have expanded, with China growing an estimated 7-8 percent last year.

Bahrain and Russia have expressed their keenness to enhance co-operation in the trade, industrial, economic and financial fields. They also emphasized the importance of encouraging investments by both public and private sectors, and of promoting co-operation in the energy and gas sectors.

Russia’s central bank has started buying Canadian dollars and securities, First Deputy Chairman Alexei Ulyukayev said. The bank can invest a “significant amount” in the Canadian currency, nicknamed the loonie, “but the securities market is limited.” He didn’t specify how much the bank had invested. Russia aims to diversify its reserves, the world’s third- largest stockpile, and promote regional currencies in trade and finance to reduce risks posed by the dominance of the U.S. dollar.

Social Front

Poland's Interior Ministry says that more than 18,000 people across the country are without electricity during the coldest weekend so far this winter. Ministry spokeswoman Malgorzata Wozniak said the icy trees and branches damaged power lines in many places and people without electricity were being offered shelter over the weekend in heated public

buildings. Temperatures across much of Poland on Sunday were around minus 2 degrees Fahrenheit (minus 19 Celsius).

Israeli immigration police were involved in the arrest and deportation earlier this month of a Czech pro-Palestinian activist living in Ramallah, despite the government's denial. Lawyers for Czech activist Eva Novakova accused the immigration police, a unit of the Interior Ministry, of illegally violating Palestinian sovereignty and deporting his client for political purposes.

Foreign Minister of Estonia, Urmas Paet stated that Estonia's contribution to help the victims of the Haiti earthquake totals 3.9 million kroons. He said that the European Union development ministers agreed on the coordinated activity of the European Union to help the victims of the Haiti earthquake over the next few weeks and months.

Armenia asked Russia to provide it with a \$100 million loan to develop the Transcaucasia state's diamond industry, which was the country's major economic locomotive in early 2000th, but has plunged in recent years, a Russian Finance Ministry spokesman said on Saturday.

Turkish Airlines, Europe's fourth-biggest carrier by passengers, and Russia's Aeroflot have discussed launching a joint airline, a Turkish Transport Ministry official said on Friday. Russian and Turkish government officials discussed closer co-operation in transportation, including establishing a joint airline, when Prime Minister Tayyip Erdogan visited Moscow this month.

Detailed Report

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

Poland

Political Front

Poland unveils location for proposed US Patriot missiles-Jan 20, 2010

Warsaw - The US Patriot missiles soon to arrive in Poland will be located in Morąg, near the Baltic coast, instead of on the outskirts of Warsaw, a Ministry of Defence spokesman said Wednesday. The missiles are part of a system proposed by US President Barack Obama in September last year that Washington says will counter Iran's ballistic missile program. It replaces the more controversial Bush- era plan for a missile-defence shield. Morąg, a town some 60 miles from the Russian border, was chosen because it had good conditions to house the buildings, accommodation and technology that will come with the missile battery, Defense Ministry spokesman Janusz Sejmej told the German Press Agency dpa. 'There were no considerations here of a strategic nature,' Defence Minister Bogdan Klich told the daily Wyborcza on Wednesday. 'In Morąg we could offer the best conditions for American soldiers and the best technical base for the equipment.' The battery will be manned by some 100 US soldiers, and will contain four to eight missiles. It is set to arrive in Poland in April and will take two months to set up. The outskirts of Warsaw had previously been reported as the likely location to house the system. Poland signed a deal in December that specified conditions for the stationing of US soldiers on Polish soil, and gave the green light for the new shield. The short- and medium-range system is a less complicated version of a Bush-era plan to station long-range missile-defence systems in Poland and the Czech Republic. The original system drew sharp criticism from the Kremlin, which said the missiles were a target to its nuclear arsenal. The Obama administration's decision to abandon the original shield was viewed by some as a capitulation to Moscow, who had complained the system was aimed at them, rather than Iran.

Russian foreign minister criticizes US missile defence plans-Jan 22, 2010,

Moscow - Russian Foreign Minister Sergey Lavrov on Friday rejected the idea of working with the US on missile defence, and criticized the current US plans to station missiles near Poland's border with Russia. Lavrov told journalists in Moscow that cooperation with the United States on missile defence could only come into question after both countries had together assessed the threats from unstable regions. 'The first step will be a joint task to reveal the regions which

could pose such risks and threats, and later, on the next stages, we will jointly ... consider military and technical means to attentively monitor these threats and counter them by political, diplomatic, economic or other means, if needed,' Lavrov was quoted by the Ria Novosti news agency as saying. Focusing on Iran alone was a wrong idea, he said. The Russian foreign minister further criticized US President Barack Obama's modified missile defence plans, including the Patriot missile battery to be based in Morag, a town just 100 kilometres from the Russian border. Moscow felt an explanation was called for, Lavrov said.

Russian foreign minister 'doesn't understand' Poland's need to station missiles near border-By Associated Press-January 22, 2010

MOSCOW (AP) — Russian Foreign Minister Sergei Lavrov says he doesn't understand Poland's plans to station a battery of U.S. Patriot missiles near the border with the Russian exclave of Kaliningrad. Lavrov was reacting Friday to an announcement Wednesday by the Polish Defense Ministry saying a base with up to eight launch pads and manned by some 100 U.S. troops will be installed in the town 37 miles (60 kilometers) from the Poland-Kaliningrad border. Poland says the missiles, to be installed in April, will be used to train the military. Lavrov said he couldn't comprehend the need "to create the impression as if Poland is bracing itself against Russia." Scrapped U.S. plans to position a missile defense system in Central Europe had angered Moscow, which accused Washington of undermining its national defense.

Russia denies Baltic fleet boost over Patriot move-Jan 21, 2010

MOSCOW (Reuters) - Russia's Defence Ministry denied on Thursday it planned to strengthen its Baltic fleet in response to U.S. plans to deploy Patriot missiles in Poland, following a report by the state news agency RIA. The United States is dispatching the missiles to Poland after dropping an earlier plan -- bitterly opposed by Russia -- to deploy interceptor missiles in the NATO nation as part of an anti-missile system in Europe. RIA quoted an unnamed senior navy official as saying that given plans to install Patriot missile batteries in Poland over the next five to seven years, "there may be significant changes in the approach to defining the tasks and the military capabilities of the Baltic Fleet." The surface ship, submarine and airborne elements of the Baltic Fleet would all be strengthened, he told RIA. But a senior Russian Defence Ministry

official told Reuters there were no such plans to expand the Baltic fleet because of the Patriot deployment. "Alleged plans to expand the strength of vessels, submarines and aviation of the Baltic fleet in connection with the planned deployment of U.S. Patriot missiles near Russian borders do not correspond with reality," he said. Warsaw said this week it would station the Patriot missile battery in the northern city of Morag, near Russia's Baltic enclave of Kaliningrad

Economic Front

JANUARY 22, 2010, 7:14 A.M. ET. Poland Is Comfortable Without Bailouts By MARYNIA KRUK

WARSAW -- Governments across Europe have to weigh their finances against demand from voters and companies for government help through the downturn. But not in Poland, where the government has offered relatively little help but hasn't suffered a political backlash. That's a testament both to Poland's relative economic strength during the downturn and a cultural shift as a more business-friendly generation comes of age. Poland's government hasn't ratcheted up spending significantly amid the downturn, according to Euro stat. As a percentage of GDP, government spending was at 43% in the second quarter of 2009, slightly higher than a decade low of 40.1% in the fourth quarter of 2007 but lower than 50.1% in Hungary, 58.7% in Greece and 55% in Finland. Since the second quarter, the latest Euro stat data available, Poland's ratio may have edged down as economic growth has picked up. The main prop Poland has put under the economy—an anti-crisis package passed in August – has been so restrictive that only 70 companies have applied for the loan guarantees the new law allows state-owned bank BGK to provide, according to Labor Ministry spokeswoman Bozena Diaby. Companies must show they have suffered a sharp drop in revenue and Bank BGK said it had granted only nine such guarantees, worth 4 million zlotys (\$1.4 million), and was analyzing 20 more applications. And that package is also the only offer of help Poland has made to General Motors' subsidiary Adam Opel GmbH, which has one of Opel's newest car-making plants at Gliwice. By contrast, Germany, Spain, Belgium and the United Kingdom have made bailout offers tailor-made to support GM's embattled operations on the continent.

Polish jobless seen at 12.8 pct by end-2010

WARSAW, Jan 22 (Reuters) - Poland's unemployment rate will likely stand at above 12 percent in January, up from a probable level of 11.9 percent in December, and may hit 12.8 percent at the end of 2010, the Labour Ministry said on Friday. "We see a big move in labour offices... The unemployment rate will likely stand at above 12 percent (in January) but it will be a temporary jump," Deputy Labour Minister Czeslawa Ostrowska told Reuters. The unemployment rate, which traditionally rises in winter when many seasonal jobs disappear, usually falls at the start of spring. Poland's statistics office will release the December data on Jan. 28. Analysts expect that figure to be 11.8 percent.

Polish business lobby urges easing of debt rules

WARSAW, Jan 21 (Reuters) - A leading Polish business lobby called on Thursday for a temporary easing of debt safety levels to avert the risk of painful spending cuts, saying such a move should create breathing space for crucial fiscal reforms. The Entrepreneurial Congress, whose members employ some four million people, shares the concerns of government officials that breaching the public debt levels would trigger measures that would stifle demand and wreck a fragile economic recovery. Under Polish law, the government would have to introduce varying degrees of budget tightening when public debt tops 50, 55 and 60 percent of gross domestic product (GDP). Some analysts have speculated that the government's long-delayed plan for reining in its budget deficit, expected sometime this month, will include measures that effectively loosen or suspend those rules."The Entrepreneurial Congress believes that the rapid increase in the public debt poses a threat to Poland's mid-term economic perspectives," the statement read.

Poland Will Lead East Europe in Monetary Tightening (Update1)

Jan. 19 (Bloomberg) -- The central bank of Poland, the only European Union economy not to contract during the credit crisis, will be the first in emerging Europe to raise interest rates this year, Goldman Sachs Group Inc. said. "If there's anywhere in the region where rates are going to go up, it's going to be Poland," Goldman economist Rory MacFarquhar said in an interview. "With growth rates picking up "after a few quarters, they'd have to raise interest rates." Poland, where output is close to full potential, will tighten monetary policy before its neighbor, the

Czech Republic, which is one of the region's most export-reliant economies and will seek to avoid fueling koruna gains that threaten to hamper a recovery, MacFarquhar said. Policy makers in eastern Europe, the region hardest hit by the global crisis, will be slow to follow the west in reversing an easing cycle as they lag behind a rebound in the U.S. and Germany, he said. Economies across the region remain crippled by structural problems, MacFarquhar said. Poland and the Czech Republic are "the more robust" among the 10 eastern countries that have joined the EU since 2004, he said. The two countries "have suffered from the global shock to trade, but went into the crisis with a solid financial system, so the trade shock wasn't amplified by a financial collapse."

Polish 2009 econ growth stood at 1.7 pct-govt source

WARSAW, Jan 21 (Reuters) - Poland's economic growth likely stood at about 3.0 percent year-on-year in the fourth quarter of 2009 and reached 1.7 percent in the whole of last year, a high-ranking government source told Reuters on Thursday. "Calculations based on data from different agencies show the whole 2009 (economic growth) was at 1.7 (percent) and the fourth quarter at around 3 percent," the source said under condition of anonymity. Poland's statistics office said it would publish preliminary 2009 gross domestic product (GDP) data on Jan. 28. Analysts expect the 2009 figure to come in at 1.6 percent, making Poland the only European Union state to have avoided recession last year. Analysts also expect the bloc's biggest ex-communist economy to expand by 2.6 percent this year.

Ferrovial Unit Loses \$2 Billion Polish Road Contract (Update1)-January 23, 2010-By David McQuaid

Jan. 23 (Bloomberg) -- Poland's highways agency canceled a \$2 billion freeway-construction contract with Autostrada- Poludnie SA after the Polish unit of Spain's Grupo Ferrovial SA failed to get commercial banks to help finance the project. "We regret the concessionaire wasn't able to complete the financing," the National Highway and Motorways Directorate said in a statement today. The agency will seek a contractor to build the road section, this time without an operating agreement, in time to begin construction this year. The decision scraps a Jan. 23, 2009, contract with Autostrada to build and operate 180 kilometers (112 miles) of the A1 motorway that's part

of Poland's preparations to host the Euro 2012 soccer championships with neighboring Ukraine. Budimex SA and Ferrovia Agroman SA, local units of Ferrovial that were to build the highway, cut the valuation of the contract to 5.79 billion zlotys (\$2 billion) on Jan. 19, a 14 percent reduction, to help easing financing. Autostrada's one-year deadline to obtain the loans expired Jan. 22.

Social Front

January 24, 2010-18,000 Poles without electricity-By THE ASSOCIATED PRESS

WARSAW, Poland - Poland's Interior Ministry says that more than 18,000 people across the eastern European country are without electricity during the coldest weekend so far this winter. Ministry spokeswoman Malgorzata Wozniak said the outages were caused by icy trees and branches that damaged power lines in many places. She says people without electricity were being offered shelter over the weekend in heated public buildings. Temperatures across much of Poland on Sunday were around 5 degrees Fahrenheit (minus 15 Celsius). In some places, they fell as low as minus 2 degrees Fahrenheit (minus 19 Celsius).

Czech Republic

Political Front

Kaczynski, Klaus slam EU response to Haiti quake-Jan 21, 2010

Prague - Polish President Lech Kaczynski and his Czech counterpart Vaclav Klaus, critics of the European Union's institutional reform under the Lisbon Treaty, slammed on Thursday the bloc's response to the earthquake in Haiti. While Klaus said that the EU response was sluggish because of the bloc's institutional transition, Kaczynski criticized the EU for giving too little in immediate emergency aid money. The EU sent 3 million euros (4.3 million dollars) to Haiti one day after the powerful earthquake heavily damaged the Caribbean country's capital on January 12. 'It was not the best decision,' Kaczynski told reporters during his two-day state visit to the Czech Republic. 'Regardless of how deep the (economic) crisis is, Europe is capable of providing much more.' Under EU rules, the European Commission is not allowed to allocate more than 3 million euros in immediate response to a single crisis. Klaus said that the institutional changes the EU

has experienced since its reforming Lisbon Treaty entered into force have marred the bloc's reaction to the quake. 'The situation is new, relatively unknown. And the result is that practically no one negotiated' immediately after the earthquake, Klaus said. The EU and member states followed up the initial 3 million allocation with pledges of over 400 million euros in immediate and long-term aid to Haiti. Speaking from Prague, Novakova said she was arrested by Israeli soldiers and uniformed men who identified themselves as the immigration police.

Economic Front

Czech cbank chief: rates may be at bottom-paper-Tue Jan 19, 2010

Fri, Nov 13 2009 PRAGUE, Jan 19 (Reuters) - It may be possible that Czech interest rates are at their lowest in the present easing cycle, central bank Governor Zdenek Tuma was quoted as saying on Tuesday. Interest rates are at a record low, with the main two week repo rate at 1 percent, after seven cuts of a total 275 basis points made over the last 17 months.

Czechs to freeze \$321 mln spending to curb deficit

PRAGUE, Jan 18 (Reuters) - The Czech government agreed on Monday to freeze 5.8 billion crowns (\$321.1 million) in spending until a review in mid-year shows whether the country's public budget deficit is on target, Prime Minister Jan Fischer said. The government aims to keep the 2010 budget gap at up to 5.3 percent of gross domestic product, and has said that additional spending approved by parliament at the end of 2009 may require cuts elsewhere. A negative fiscal outlook caused by a steep rise in social spending and a sharp drop in tax revenue is the biggest threat for the Czech economy. "The debate was very demanding. However, the cabinet in the end adopted a resolution which commits all departments to tie up funds equal to five percent of their expenditure, with the exception of defence and agriculture," Fischer told a news conference.

He said departments separately had to freeze 1 percent of wages. Spending required by law will not be affected. The parliament approved in December a 2010 budget including leftist parties' changes estimated to cost an extra 12 billion crowns, which the government said threatened to hike the total public sector gap to 5.7 percent of GDP. Apart from the spending freeze, the extra cost is to be partially covered by 5.1 billion crowns which will come as part of a dividend

payment from the majority state-owned power utility CEZ. This will help the government to cover the cash need but will not change the deficit, because dividends are not included in the calculation of government revenues under the EU-harmonised ESA 95 methodology. The caretaker government led by Fischer is not expected to start any major budget reforms ahead of an election in May, which should lead to a cabinet with a full political mandate. Analysts say the next administration must implement major public finance reform for the country to avoid rating downgrades leading to a capital outflow and soaring debt costs.

Social Front

Report: Israel cops nab Czech peace activist in Ramallah raid

Israeli immigration police were involved in the arrest and deportation earlier this month of a Czech pro-Palestinian activist living in Ramallah, despite the government's denial, a highly placed source familiar with the case said yesterday. Lawyers for Czech activist Eva Novakova accused the immigration police, a unit of the Interior Ministry, of illegally violating Palestinian sovereignty and deporting his client for political purposes.

Czech Republic ups financial aid for quake-hit Haiti-Jan 18, 2010

Prague - The Czech Republic's caretaker government decided on Monday to up the country's aid donation for quake-stricken Haiti to a total of 20 million koruny (1.1 million dollars), a spokesman said. In addition to 5 million koruny the Foreign Ministry earmarked for Haiti on Thursday, the cabinet agreed to tap its reserves for 10 million koruny, while the Defence Ministry plans to give another 5 million koruny, premier's spokesman Roman Prorok said. The Foreign Ministry said Thursday it decided to channel its sum through the United Nations Children's Fund (UNICEF) for projects that would help restore drinking water supplies. Humanitarian aid organizations have also been raising emergency relief money for the Caribbean country devastated by a powerful earthquake last week. People in Need, a Czech group, said it has nearly 7.5 million koruny for Haiti, while the local branch of the Adventist Development and Relief Agency (ADRA) has so far collected more than 3.5 million koruny, a spokeswoman said.

Slovakia

Political Front

MEDIA: Slovakia Tightens the Gag-By Pavol Stracansky

BRATISLAVA, Jan 22, 2010 (IPS) - Fears are growing for media freedom in Slovakia amid warnings that the country's public television station has become a propaganda tool for the government ahead of elections this year. Media monitoring groups say that public broadcaster STV has abandoned unbiased reporting on the coalition government and is muzzling investigative journalism and any reporting that could be seen as critical of the government. Rastislav Kuzel, a media analyst for the MEMO98, an NGO in Bratislava, told IPS: "Recent events at STV are very alarming, especially in light of the fact that there are going to be elections this summer. We have already had the first signs that the government is using STV as a propaganda tool." The warnings come just days after a reporter at the station was laid off following controversy over a documentary on the use of EU funds at one of a number of special social welfare institutes projects brought in by labour minister Viera Tomanova. Some of the projects have subsequently been linked to governing party MPs and their friends. The documentary was pulled hours before it was due to air in October last year on the orders of the head of STV, Stefan Niznansky. Niznansky, who before he took up his post was a media advisor to the current labour minister, claimed the broadcast was stopped because the reporters who made the programme had not followed internal editing procedures. He also said the journalist involved would be disciplined.

Damages for Slovak who carried explosives

SLOVAK government is expected to pay compensation to Stefan Gonda, the electrician who unwittingly carried explosives on a flight from Poprad-Tatry airport to Dublin after a botched security test in his homeland. Slovak opposition parties and media have criticised the government fiercely for failing to discipline senior politicians over the incident, and for providing initially confusing and then severely limited information on the case. Government critics say they have gathered the signatures of enough MPs to demand a parliamentary vote of no-confidence in interior minister Robert Kalinak, who blamed a policeman for forgetting to remove explosives from Mr Gonda's bag after conducting a test for a sniffer dog at Poprad-Tatry

airport, before the departure of the January 2nd Danube Wings flight to Dublin. The policeman told air-traffic controllers of his mistake, but they allegedly told the pilot the explosives were a fake “dummy” sample which was not dangerous. The officer is also accused of not telling his police superiors of the incident for 48 hours.

Slovakia to Take 3 Guantanamo Prisoners-Reporter: Associated Press

The Slovak Foreign Ministry says the country has agreed to take in three inmates from the U.S. prison at Guantanamo Bay in an effort to help President Barack Obama to close it down.

OECD Asks Slovakia To Step Up Anti-Corruption Laws

PRAGUE -(Dow Jones)- The Organization for Economic Cooperation and Development Monday asked Slovakia to amend its legislation so that Slovak companies can be held liable for bribing foreign public officials. "Under current Slovak legislation, the prosecution and thus conviction of companies that engage in foreign bribery remains impossible because legal persons [companies] cannot be held liable for criminal offenses," the OECD said in a statement. Since 1999 Slovakia has been a party of the OECD Anti-Bribery Convention. However, the central European nation "has not made sufficient efforts to hold its companies legally liable for bribing foreign public officials," the OECD said. Slovak government officials weren't immediately available to Reply to questions on the matter from Dow Jones, emailed to them as requested.

Economic Front

Slovakia sells 268.1 mln euros of 364-day T-bills

BRATISLAVA, Jan 18 (Reuters) - Slovakia sold 268.1 million euros (\$385.8 million) worth of 364-day treasury bills at an auction on Monday, the finance ministry's Debt and Liquidity Management Agency said. Total demand for the bills, which mature on January 19, 2011, was 719.1 million Euros. The accepted average, maximum and minimum yield was 1.100 percent. It was the first successful auction of Slovak treasury bills this year

Social Front

Šefčovič eases through hearing, fends off accusations-19 January 2010

Slovakia's Commissioner-designate Maroš Šefčovič displayed assurance in matters related to his future portfolio as vice-president responsible for inter-institutional relations and administration and fended off accusations of "anti-Gypsism" at his hearing in the European Parliament yesterday. During a three-hour hearing, Szájer reiterated his request (see 'Background') that Šefčovič explain why he had waited for five years to express regret over comments made five years ago, when he reportedly said that his Roma compatriots had exploited the Slovak welfare system

Hungary

Political Front

Hungary contributes 100,000 euros towards aid for people injured in Haiti earthquake

Source: Government of Hungary-18 Jan 2010

On January 18, 2010, the European Union Foreign Relations Council held an extraordinary session in order to coordinate EU efforts aimed at assisting earthquake-hit Haiti, as well as to express Member States' sympathy for the families of the victims. Ambassador Gábor Iván represented Hungary at the meeting. The head of the Hungarian Permanent Representation at the European Union in his address emphasised the importance for the Union to act quickly and with determination with regard to the severe crisis in Haiti. He stressed that long term coordinated and effective action is necessary to get back the country suffering from severe natural disasters, on its feet. Mr Iván said that Hungary was contributing 100,000 euros towards the aid programme. The Member States of the European Union are contributing altogether 92 million euros for rescue and recovery work and the Commission is providing 30 million euros, while the community budget has 100 million euros designated for this purpose.

Economic Front

Hungary's Small Firms To Recover On Foreign Demand - Minister

BUDAPEST -(Dow Jones)- Hungarian small and medium-size enterprises are expected to recover somewhat in 2010 on rising exports and possibly joining supplier groups of global companies' local operations, Economy Minister Istvan Varga said Friday. "As there's no hope for

a domestic market expansion in Hungary this year, we are trying to encourage SMEs to focus on international expansion through our regional programs, as well as to supply global companies' local operations," Varga said at a press conference. The Hungarian SME sector employs 1.7 million people, around 65% of the country's workers. While its gross contribution to the country's gross domestic product was 55% in 2008, it only made up 28% of Hungary's exports in the same year, according to the latest available ministry data. The sector suffered badly from the economic downturn last year; 88% of the country's SMEs saw falling revenue, while 140,000 people were made redundant of those employed in the sector, the minister said. The government--after supporting the sector with subsidies equaling 1% of gross domestic product last year--plans to make available 40 billion to 50 billion forints (\$209 million to \$261 million) in general subsidies in 2010, besides research and development, innovation, employment and other one-off subsidies.

Hungary to raise 2010 GDP forecast-finmin

LONDON, Jan 19 (Reuters) - Hungary will raise its outlook for 2010 gross domestic product from its initial forecast of a 0.6 percent fall to a smaller contraction due to expected improvement in its export sector, its finance minister said on Tuesday. "We think the export markets will perform better so there is a better outlook for the country," Peter Oszko told Reuters in an interview on the sidelines of investor meetings in London. He said the revised forecast will be released next month. "That does not mean growth (as Oszko said originally), but at most a smaller contraction," the finance ministry told Reuters later, clarifying the minister's comments. Oszko also said Hungary would limit its foreign borrowing this year to the 1.5 billion euros target set out by its debt management agency to finance expiring debt.

Hungary claims it no longer needs IMF help-By Chris Bryant in Budapest-January 18 2010

Hungary no longer needs the International Monetary Fund's financial support, and government efforts to rein in bloated public spending are on track, according to the country's finance minister. Peter Oszko, 36, told the Financial Times ahead of a series of international investor meetings this week that Hungary was able to cover its external financing needs from financial markets alone. "We don't need IMF money anymore and my expectation is that since Hungary is

targeting the same track for the future, we won't need financial help." He emphasised, however, that Hungary continued to benefit from the IMF's regular reviews, which made the country's fiscal reform efforts more credible in the eyes of financial markets. The stand-by agreement officially expires in October. In October 2008 Hungary turned to the IMF, European Union and World Bank for a €20bn (\$28.7bn) stand-by credit when liquidity suddenly dried up. Markets pinpointed a high public debt and prevalence of foreign exchange lending as significant risks

Hungary 2010 budget on track, reserves seen ample –IMF-Wed Jan 20, 2010

VIENNA, Jan 20 (Reuters) - Hungary is on track to meet its 2010 deficit target and high reserves built into the budget are expected to cover outlook and execution risks that may emerge, a top IMF official said on Wednesday.

Eastern Europe (Belarus & Ukraine)

Ukraine

Political Front

Background of the Ukraine's elections-(Euro Active 15/01/10)

Ukraine held three elections from 2004 to 2007 and was about to hold another poll in 2008 before the president rescinded an order to dissolve the parliament. Viktor Yushchenko won office in 2004 after weeks of mass 'orange' protests against poll fraud, ushering in policies aimed at bringing Ukraine out of the shadow of giant neighbour Russia. Pro-Russian opposition leader Viktor Yanukovich was initially declared the winner, but the result was overturned and Yushchenko won a re-run of the vote. Much of the infighting within the 'orange' camp has focused on antagonism between Yushchenko and his estranged ally from the revolution, Yulia Tymoshenko. Yushchenko first appointed Tymoshenko as prime minister in 2005. He fired her several months later, saying economic growth had slowed under her rule. Yushchenko tried to make a deal with Yanukovich in August 2006 but then dissolved parliament, accusing the pro-Russian politician of trying to oust him. Tymoshenko returned as prime minister in December 2007, after her bloc and Yushchenko's party won a combined 228 seats in the 450-seat parliament. Tymoshenko has repeatedly called on the president to quit. EU leaders have many

times expressed bitterness over the ill-timed political in-fighting between the two former 'Orange Revolution' allies (EurActiv 04/09/08). Eighteen candidates have submitted registration documents for the elections. At the very end of the campaign, Tymoshenko promised that her country would become an EU member if she were elected president

Yushchenko blames populism for election loss-23 January 2010-FOCUS News Agency

Kiev. Ukraine's outgoing President Viktor Yushchenko believes that he has lost the presidential election in 2010 because his main opponents widely used political populism during the election campaign, RIA Novosti reported. Yushchenko, swept to power by the 2004 pro-Western street protests, gained slightly more than 5% of the January 17 vote. His presidency has been marred by continuous political infighting and economic problems. "It is not my course that has lost, it is populism that has won," Yushchenko said in an interview on Ukraine's Inter TV channel. Ukrainians will choose between opposition leader Viktor Yanukovich and Prime Minister Yulia Tymoshenko in a runoff election on February 7 after the January 17 first round failed to see any candidate gain 50% plus one vote. Both candidates have vowed to improve relations with Russia. Yushchenko earlier warned that democracy in Ukraine would be under threat no matter who came to power, Yanukovich or Tymoshenko. "Neither of them has a national ideology. Their ideology is populism. Both have proven by their practical actions that democracy for them is merely a screen shielding authoritarianism and corruption," he said.

Ukraine's Tigipko Warns State of Emergency Possible

Jan. 22 (Bloomberg) -- Serhiy Tigipko, who came third in Ukraine's Jan. 17 presidential vote and may become kingmaker in the Feb. 7 runoff, said a state of emergency is possible and there may be "problems" with the transfer of power. Opposition leader Viktor Yanukovich and Prime Minister Yulia Tymoshenko will contest the second round after Tigipko and incumbent President Viktor Yushchenko were eliminated. Both candidates have said they're prepared to contest the outcome of next month's vote if they suspect irregularities. Tigipko said he had "consultations" with Yushchenko since Jan 17

Putin warning against despotism and chaos-AFP/Moscow

Russian Prime Minister Vladimir Putin has warned against the dangers of totalitarianism and despotism but said Russia must not adopt a similar political system to its neighbour Ukraine. “We shouldn’t allow the ‘Ukraine-isation’ of political life in Russia but we should on no account slide in the other direction, towards totalitarianism and despotism,” Putin said. Ukraine last week held the first round of presidential elections that were hailed by international observers as “high quality” and offering a wide choice of candidates. But the country also suffers from chronic political instability. Speaking at a major meeting chaired by President Dmitry Medvedev and attended by Russia’s political elite, Putin called for cautious reform of the Russian political system. “We need to bring in necessary amendments but we need to act extremely carefully,” he said, speaking at a meeting of leaders of political parties.

A New Era for Ukraine-Why a pro-Russia president would be a game changer-by Melik Kaylan-01.22.10-Fobes .com

The world should pay close attention to the imminent election of Viktor Yanukovich, a pro-Russia candidate running for president of Ukraine. It isn't merely that our unending war on terror has distracted us from other crucial tasks abroad, tasks that matter equally to our long-term survival. It isn't even just a matter of losing our leverage over large strategic swaths of the globe: Russia in Ukraine will mean a pressure-lock on the Black Sea, on Georgia, Azerbaijan and Turkey, which will ultimately furnish Moscow with a choke-hold on fuel supplies to Europe and a geostrategic veto on our Iran policy. No, it's a matter of not knowing our own place in the world, where to intervene, how much and what for. It's been this way since the Cold War ended. Now Russia is reconstituting the Eastern Bloc.

Kiev refuses to accept credentials of Russian ambassador-22.01.2010,

KIEV, January 22 (Itar-Tass) -- Moscow “will have to postpone the arrival of Russian ambassador Mikhail Zurabov to Kiev, or he will have to work for one or two months as a special representative of the Russian president on the development of trade and economic relations, without the status of the head of the diplomatic mission,” the Kommersant-Ukraina newspaper wrote on Friday with reference to Andrei Goncharuk, head of the secretariat of the Ukrainian president. “Aside from the Vienna convention, there are traditions and the established practices

of bilateral relations. All the four previous ambassadors of Russia to Ukraine brought credentials with the name of the Ukrainian president on them. We do not see any reason for changing those practices,” Goncharuk believes. Officials from Viktor Yushchenko’s secretariat say that Kiev will refuse to accredit Zurabov, if the name of the incumbent president of Ukraine is not given in his credentials, the newspaper continued.

**Ukraine election marks declining US influence in region-By Niall Green -21 January 2010-
<Worldsocialistwebsite> Published by the International Committee of the Fourth
International (ICFI)**

The humiliating defeat of incumbent Viktor Yushchenko in Sunday’s Ukrainian presidential election represents a serious blow to the strategic interests of the US, which backed his coming to power through the “Orange Revolution” in 2004. Winning just 5 percent of the vote, the electorate issued a clear rejection of Yushchenko. Having campaigned in 2004 on a platform of opposition to corruption and the domination of the country by oligarchic businessmen, his administration has since become synonymous with these very things. The candidate with the most support in Sunday’s poll was Viktor Yanukovich, the man Yushchenko defeated in a third round of voting in 2004. Winning 35 percent of the vote, Yanukovich will go forward to a second round run-off. There he will face the second-place candidate, Yulia Tymoshenko. Currently serving as prime minister, Tymoshenko garnered 25 percent of Sunday’s ballots.

Ukraine: Yanukovych and Tymoshenko face a February 7 runoff-January 20, 2010

FOCUS Information Agency - Opposition leader Viktor Yanukovych and Prime Minister Yulia Tymoshenko (photo) face a February 7 runoff in Ukraine's presidential polls after neither of them was able to secure victory in the first round of voting, RIA Novosti reported. With 100% of the ballots counted, Yanukovych garnered 35.32% and Tymoshenko took 25.05%. Ex-National Bank head Serhiy Tyhyhko gained 13.06%. He was followed by ex-parliamentary speaker Arseniy Yatsenyuk with 6.96% and incumbent president Viktor Yushchenko with 5.45%. A total of 2.2% of voters voted for "none of the above." "This is preliminary information," deputy Central Election Commission chairman Andrey Magera said, adding that the official results would be made available later. Turnout was 66.7%, sharply down from the 75% of the 2004

polls. Both Yanukovych and Tymoshenko have indicated a desire to better relations with Moscow, soured in recent years over Kiev's NATO bid, gas disputes, and a host of other issues. In line with Ukraine's legislation, a runoff takes place if none of the candidates is able to gain 50% plus one vote in the first round.

Tymoshenko offers job to rival-January 20 2010

Yulia Tymoshenko offered the job of prime minister to defeated presidential candidate Sergei Tigipko on Wednesday, in an attempt to win over his supporters ahead of next month's run-off for the Ukrainian presidency against Viktor Yanukovich. Mr Tigipko, who is seen as kingmaker after being eliminated in the first round, has so far declined to back either candidate. His votes are seen as crucial if Ms Tymoshenko, the current prime minister, is to beat Mr Yanukovich, who won the first round by a margin of 10 points. Mr Tigipko won 13 per cent of the first round votes. Meanwhile Ukrainian Prime Minister Yulia Tymoshenko, one of the presidential candidates in the February run-off vote, has also announced that she has offered her premiership to Sergey Tigipko, who polled third in Sunday's first round.

Poland vows support for Ukraine's EU bid-20 January 2010

Following the smooth and transparent conduct of the first round of presidential elections in Ukraine on 17 January, the Polish authorities stated that no matter who wins the democratic process shows that Ukraine is well on the road to EU membership. In the run-off, Prime Minister Yulia Tymoshenko, who played a key role in the November 2004 'Orange Revolution', will compete with Russophile frontrunner and former President Viktor Yanukovich

Economic Front

Yanukovych Would Seek Compromise to Unlock IMF Loan

By James M. Gomez and Daryna Krasnolutska Jan. 21 (Bloomberg) -- Ukrainian opposition leader Viktor Yanukovych, who is ahead in opinion polls to become the former Soviet republic's next president, said he would seek a compromise with the IMF to unlock a \$16.4 billion bailout. Payments on the loan were frozen by the Washington-based International Monetary Fund after the government failed to adopt the 2010 budget and cut spending. The money is needed to

finance the budget and pay for Russian natural-gas imports, which amount to more than 50 percent of Ukraine's total gas needs.

No Post-Vote Issues With Kiev – Gazprom-January 20, 2010

Russian gas giant Gazprom expects few problems with monthly payments from Ukrainian utility Naftogaz following a runoff election in Ukraine, officials said. Ukrainians took to the polls during the weekend to choose their first president since the 2004 Orange Revolution brought pro-Western President Viktor Yushchenko to power. Viktor Yanukovich, the leader of the pro-Russia Party of Regions, squares off against Ukrainian Prime Minister Yulia Tymoshenko in a Feb. 7 runoff as neither candidate emerged with a clear majority. Alexei Miller, the chief executive at Gazprom, said he does not expect any problems with Kiev regarding monthly payments for Russian gas, Russia's RIA Novosti news agency reports. "After the elections, the situation will not change and a regular payment is due to be made on Feb. 7," he said. "I am confident that Ukraine will pay in full."

Ukraine's Economy Is Hostage to Politics-BY RICHARD BARLEY

The Orange Revolution of 2004 was supposed to usher in new hope for Ukraine. But at the start of 2010, investors are paying more to insure Ukraine's debt over one year than for any other country, even though default seems virtually impossible with just \$400 million of foreign debt falling due this year and \$26.5 billion in reserves. Political risk continues to hold the economy in limbo. Sunday's presidential election brings resolution one step closer

Baltic States (Estonia, Latvia & Lithuania)

Estonia

Political Front

Estonia ready for euro in 2011, says prime minister-Jan 22, 2010

Mezotne, Latvia - Estonian Prime Minister Andrus Ansip restated Friday that his country was ready to become the next country to join the eurozone in 2011. Ansip said his country had 'already fulfilled all the criteria' to adopt the euro as its national currency. Speaking after a

meeting with his Latvian and Lithuanian counterparts, Valdis Dombrovskis and Anrius Kubilius, at Mezotne Palace in southern Latvia, Ansip said Estonia's euro accession would help the whole region.' The road to the euro, he said, justified hard-hitting budget cuts implemented in the Baltic states, all of which want to swap their local currencies for the pan-European currency. 'People understood why those cuts were necessary,' Ansip said, and reserved special praise for Dombrovskis, whom he said had faced the toughest task in stabilizing a particularly challenging financial crisis with the help of a 7.5-billion-euro loan from international lenders including the IMF and EU.

Economic Front

Estonian PM aims for lower deficits in euro programme

TALLINN, Jan 21 (Reuters) - Estonia's prime minister said on Thursday the government's annual Euro Convergence Programme will focus on lowering the country's budget deficit and return to collecting budget surpluses in future. Estonia fell into a deep recession in 2008 which slashed government revenues, forcing it to make budget savings in 2009 worth more than 9 percent of expected gross domestic product to help keep its budget deficit at or below 3 percent of GDP to meet Maastricht criteria for joining the euro zone."The aim (of the programme) is, naturally, to lower the budget deficit, to fulfil all Maastricht criteria, stable growth and to join the euro zone," Prime Minister Andrus Ansip told a news conference. Estonia is hoping it will get approval to join the euro zone this year and join from Jan 1, 2011. Ansip said in the longer term, the government's aim was to collect the budget surpluses in good economic years to build up reserves in case of difficult times. He said the government discussed on Thursday for the first time the country's Euro Convergence Programme and plans to approve the programme in a week's time. Estonia was spared the more difficult fiscal situations of neighbours Latvia and Lithuania, because it could call on stabilisation reserves, which the country had built up from budget surpluses and privatisation revenues over the last 10 years.

Estonia 12-mth central govt deficit 1.6 bln kroons

TALLINN, Jan 21 (Reuters) - Estonia's central government budget deficit rose to 1.6 billion kroons (\$145 million) at the end of 2009 from 1.3 billion kroons at the end of November,

keeping the budget deficit within the Maastricht budget criteria, the Finance Ministry said on Thursday. Estonia has been trying to keep its total public sector deficit, of which the central government is a key part, at or below 3 percent of gross domestic product (GDP) in 2009, so it can meet the entry criteria for the euro zone in the Spring of this year and join the euro zone from Jan 1, 2011. The central government budget revenue in 2009 was 85.7 billion kroons or 100.7 percent of the planned revenue in the 2009 budget, and expenditure came in at 87.3 billion kroons, 95.7 percent of planned expenditure for the year, the ministry said in a statement. The deficit of 1.6 billion kroons is equal to 0.76 percent of the finance ministry's forecasted GDP of 210.3 billion kroons for 2009, according to Reuters calculations.

Estonian finance sure budget criteria met in 2009

TALLINN, Jan 20 (Reuters) - The Estonian finance minister said on Wednesday he was sure the country public sector deficit met the Maastricht treaty's 3 percent of gross domestic product limit in 2009. The Estonian government is hoping that it will pass a European commission assessment in Spring of this year to be able to join the European common currency from January 1, 2011. "I am quite sure that we fulfilled the budget criteria last year," Finance minister Jurgen Ligi told Parliament during question time. The minister said that from Autumn of 2009 the state budget was in surplus adding that many of the budget savings adopted in 2009 had a effect to ensure the budget deficit would be at or below the 3 percent level set in the criteria. Some analysts have said there is some risk that Estonia's public sector budget deficit may cross the three percent limit in 2009. Final data on Estonia's 2009 public sector deficit will be released on March 26 this year. By European law, if the evaluation is positive and backed by the EU's 27 finance ministers, Estonia could become the euro zone's 17th member next year.

Social Front

Estonian Support for Victims of Haiti Earthquake Close to Four Million Kroons-18 Jan

Foreign Minister of Estonia, Urmas Paet stated that Estonia's contribution to help the victims of the Haiti earthquake totals 3.9 million kroons. He said that the European Union development ministers agreed on the co-ordinated activity of the European Union to help the victims of the Haiti earthquake over the next few weeks and months.

Latvia

Political Front

Latvian premier wins vote but cracks appear in coalition (Roundup) Jan 21, 2010,

Riga - Latvian Prime Minister Valdis Dombrovskis won a crucial parliamentary vote Thursday to ensure the medium-term future of the Baltic state's 7.5-billion-euro (10.6-billion-dollar) international aid package, despite a large-scale rebellion within his own ruling coalition. Dombrovskis won a vote, by 54 to 22, on whether he could continue negotiations with lenders, including the International Monetary Fund (IMF), World Bank and European Union. However the People's Party - the largest party in the ruling coalition government - voted against the prime minister, forcing him to rely on support from one opposition party, the Latvia's First Party/Latvian Way, and abstentions from another opposition party, the pro-Russian Harmony Centre party, which had been expected to vote against the legislation.

Latvian premier calls for unity ahead of crucial vote-Jan 20, 2010,

Riga - Latvian Prime Minister Valdis Dombrovskis was fighting Wednesday to keep intact both his fragile coalition government and the country's multi-billion euro loan agreements with international institutions. Parliament is to vote Thursday on whether the government has a mandate to make amendments to its international agreements or whether it requires additional parliamentary approval in every case. The outcome of the vote has been cast into doubt by the reluctance of the largest party in the governing coalition - the People's Party - to back the Dombrovskis' position. The party's opposition to efforts by Finance Minister Einars Repse to sack the head of the tax office has sparked a public war of words between it and the New Era party of which Dombrovskis and Repse are both members.

Latvian parliament backs IMF bailout deal-22.01.2010

A crucial vote in the Latvian parliament on Thursday (21 January) gave a renewed mandate to the government to continue talks with the International Monetary Fund and the European Union regarding the country's €7.5 billion bailout package. The vote was precipitated following a ruling last month by the country's constitutional court against government pension cuts, drawing a

question mark over the country's ability to meet the terms of the international lending programme agreed in December 2008. But internal tensions within the ruling five-party coalition highlight the uneasy nature of the alliance, with the largest coalition partner, the People's party, rejecting the new mandate. Prime Minister Valdis Dombrovskis, from third-largest coalition party New Era, played down the conflict, but added that the People's party had not behaved constructively

Economic Front

Latvia says signed IMF letter of intent after parliament vote

RIGA, Jan 22 (Reuters) - Latvia finalised on Friday its latest round of talks with the International Monetary Fund by signing a new letter of intent, the Finance Ministry said. Latvia took a 7.5 billion euro bailout at the end of 2008 from the IMF, European Union, Sweden and other lenders. In a key vote on Thursday, parliament gave the government a mandate for further talks with the lenders. "Parliament's support for the government to conclude an agreement with the lenders shows that the government's policy, which is aimed at overcoming the crisis, will continue," Finance Minister Einars Repse said in a statement. The ministry said the letter had been signed and sent to the IMF's board and expected the board to consider Latvia's agreement on February 12. A new memorandum of understanding with the EU would be considered by EU officials on February 3, it said. Approval of the two documents will open the way for further funding for Latvia from the bailout program. Latvia is facing the worst recession in the European Union, but has decided to keep the peg of its lat currency to the euro, without a devaluation. The five-party coalition has lately had troubles agreeing over the IMF programme and the vote on Thursday was only won with opposition support after the largest coalition party voted against it.

Latvian µFreefall¶ Halts, Raised Outlook Possible, Moody¶s Says

Bloomberg.- Latvia¶s economic decline, the European Union¶s deepest, may have touched bottom and a recovery may lead to a lifting of the outlook on the Baltic nation¶s credit rating, according to Moody¶s Investors Service. "The economy is no longer in freefall and is stabilizing," said Kenneth Orchard, a vice president and senior analyst at Moody¶s, by telephone from London yesterday. "Financial stress is down significantly and the Treasury¶s liquidity

position is good.” The outlook on the Baa3 rating, the lowest investment grade, may be lifted to stable from negative if there’s a “continuation of the positive trends in the economy and a stabilization of the asset quality in banks.” After a 19 percent economic contraction in the third quarter, the government of Valdis Dombrovskis has appeased international lenders by implementing an austerity budget and restricting the deficit. Interbank lending rates have dropped, credit default swaps are down and industrial production grew the most in at least three years in November. Latvia turned to a group led by the EU and International Monetary Fund for a 7.5 billion-euro (\$10.6 billion) bailout in 2008 after its second-biggest bank failed. The government opted to keep the lats pegged to the euro and avert a devaluation, aiming to boost competitiveness through wage cuts and deflation. “Sharp falls in interbank rates and government bond yields indicate that financial stress has also diminished sharply, particularly over the past couple of months,” Orchard said. Even so, “interbank spreads over Euribor, plus CDS levels, suggest that the risk of devaluation has not been discounted entirely by the markets.”

Latvia c.bank net says net euro position balanced

RIGA, Jan 18 (Reuters) - Latvia's central bank said on Monday its foreign exchange interventions last week led to a balanced net position, down from net purchase of 5 million euros a week ago. In early trade on Monday, the lat was firmer and off the intervention levels, with the euro quoted at 0.7076/91 lats versus 0.7082/97 lats last Monday. Traders said there was some interest to buy lats in the last week when the currency was at the weaker end of its trading band, but it was unknown how active the central bank was as the central bank deals are on both sides of the trading book. The central bank automatically accepts offers to buy lats in what it calls passive interventions when the euro hits 0.7098 lats, the top end of its 1 percent fluctuation band based on a central rate of 0.7028 lats.

Lithuania

Political Front

Lithuanian foreign minister quits in CIA prison row

Lithuania's foreign minister has resigned his post following a sharp disagreement between him and his president over whether the country had held detainees at a secret CIA prison. Vygaudas

Usackas fell on his sword on Thursday (21 January) following a public row with President Dalia Grybauskaite, who believes it likely that Lithuania held such prisoners, something the minister has denied. "I've signed my letter of resignation and I'll present it to the prime minister today. I am confident that Lithuania's diplomatic service will satisfy the expectations of the citizens and will vouchsafe the expression of country's national interests, independent of any change of personality," he told reporters. In December, a parliamentary enquiry had found that the country's secret services had operated the prisons in partnership with the American intelligence agency from 2002 to 2006.

Economic Front

Baltic Economies to Extend Recessions This Year, Nordea Says-January 19, 2010,

Jan. 19 (Bloomberg) -- Estonia, Latvia and Lithuania will stay in recession this year before returning to growth in 2011 as western European demand for their exports fails to rebound, Nordea Bank AB said. Estonian gross domestic product may fall 0.5 percent, the Nordic region's biggest bank said in its Baltic Rim Outlook today. Latvia's economy will probably contract 2.9 percent this year and Lithuania's output may shrink 2.4 percent, it said. The three economies will return to growth in 2011, with Estonia expanding 4 percent, Latvia 2.7 percent and Lithuania 3 percent. The Baltic states are experiencing the deepest recessions in the European Union after a collapse in the real estate market and consumer spending was exacerbated by the global crisis. Optimism about an export-led revival may be overdone because of sluggish growth in western Europe, where the three nations make more than 60 percent of their foreign sales, Nordea said.

Lithuania Jan HICP seen +1.0 pct mo/mo-stats office

VILNIUS, Jan 18 (Reuters) - Lithuania's EU-harmonised month-on-month inflation rate is expected to surge to 1.0 percent due to rising electricity prices after a nuclear power plant shutdown, the statistics office said on Monday. Lithuania shut down its Soviet-era Ignalina nuclear power plant at the end-2009 under agreement with the European Union, and had to switch to more expensive generation based on natural gas, and also electricity imports. In the previous month prices fell by 0.3 percent. "A hike in costs of housing, water, electricity, gas and other fuels supplies due to surge in electricity prices will have the biggest impact on inflation in

January," the office said in a statement, referring to monthly change. However, year-on-year price change measured under the EU- methodology (HICP) are seen falling 0.4 percent in January, from a rise of 1.2 percent in December, the office added in a statement.

EU coming to the rescue of jobless Lithuanian builders-Jan 18, 2010

Brussels - Over 800 Lithuanian construction workers who have lost their jobs as a result of the economic crisis will benefit from a 1.1-million-euro (1.6-million-dollar) package from Brussels to help them find new employment, the European Commission announced Monday. The money will be disbursed by the EU's globalisation adjustment fund (EGF), launched in 2007 to assist people who lose work as a result of globalization. 'I am confident that the planned measures will help these workers to return to employment,' the EU's social affairs commissioner, Vladimir Spidla, said in a press release. In Lithuania, where last year the economy is estimated to have contracted by over 15 per cent and 2009 third quarter unemployment rates hit 14.6 per cent, the EGF is set to assist 806 employees from 128 small and medium enterprises.

Russia

Political Front

Lavrov Gives Strongest Signal Yet of New START Treaty-22 January 2010-Reuters

In Moscow's strongest public statement yet on the issue, Foreign Minister Sergei Lavrov said on Friday that an agreement will be reached soon on a landmark nuclear arms reduction treaty with the United States. "The remaining questions, I hope, will be resolved rather promptly when the negotiations resume, and they will resume at the very beginning of February, I think," Lavrov told reporters. His confident words indicate that an agreement is imminent between the two Cold War foes on a successor to the 1991 Strategic Arms Reduction Treaty (START I). President Dmitry Medvedev and his U.S. counterpart Barack Obama laid out plans last year for the new treaty between the world's two largest nuclear powers. It is a key element of efforts to mend relations between Washington and Moscow, which plunged to post-Cold War lows after Russia's brief war with pro-Western Georgia in 2008. Negotiators were unable to reach agreement by

Dec. 5, when START I expired, and official negotiations in Geneva have not resumed after a break over the holiday period. A top U.S. official had indicated earlier this month that they would resume on Jan. 25.

Deputy Head of Russian Federal Customs Service is dismissed-23 January-FOCUS News Agency

Moscow. Prime Minister of Russia Vladimir Putin dismissed deputy head of Russian Federal Customs Service Igor Zavrazhnov, BBC reported. The order of the Prime Minister, published on the Russian government website stated that Zavrazhnov was dismissed at his request. Earlier general Zavrazhnov headed the security department of the Federal Customs, and also held management positions in northwest Russia's customs administration.

Russo-Azeri humanitarian cooperation forum held in Baku-23.01.2010,

BAKU, January 23 (Itar-Tass) -- President Ilkham Aliyev of Azerbaijan believes that the first Russian-Azerbaijani forum on humanitarian cooperation "is a very positive event." He said this at a meeting with head of the administration of the Russian president Sergei Naryshkin on Saturday. Naryshkin arrived in Baku for a working visit to take part in the forum.

"The Baku forum is a very positive event with a rather extensive program. I think that we'll be able to see its results in the near future," the head of the state said. He didn't rule out such forums could become traditional, noting that such plans are discussed already. "Since such an initiative was welcomed by everybody, we should think what should be done next," Aliyev said. According to him, there are serious drafts already. As a whole, the Azerbaijani president is confident that the forum can become a good example of international cooperation in the humanitarian sphere.

Russia warns world not to push for Iran sanctions-Reuters

Russian Foreign Minister Sergei Lavrov urged Tehran to work constructively to allay Western fears over its nuclear programme but said world powers should take a sober approach and beware of pushing Iran into a corner. Russia on Friday cautioned world powers against rushing towards sanctions to punish Iran for spurning a UN-brokered proposal to send its uranium abroad

for processing. Russian Foreign Minister Sergei Lavrov urged Tehran to work constructively to allay Western fears over its nuclear programme but said world powers should take a sober approach and beware of pushing Iran into a corner.

Armenia –Russia collaboration strengthened in 2009-22.01.2010

/PanARMENIAN.Net/ Collaboration between Armenia and Russia strengthened in 2009, RA Foreign Minister Edward Nalbandian said, summarizing 2009 results. As he told a news conference in Yerevan, a number of meetings were held between Armenian and Russian leaders; steps were undertaken towards bilateral relations' strengthening as well as development and implementation of new programs. The year of 2009 was marked by Armenia's successful chairmanship in Collective Security Treaty Organization (CSTO) and Organization of the Black Sea Economic Cooperation (BSEC). The Collective Security Treaty Organization, formed under the framework of the Commonwealth of Independent States, serves as a mutual defense alliance among Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan. The Collective Security Treaty (CST) was signed on May 15, 1992 for five-year term, with the possibility of prolongation. On December 2, 2004 the General Assembly of the United Nations adopted the Resolution to grant the observer status to the Collective Security Treaty Organization in the General Assembly of the United Nations. The goal of the Collective Security Treaty Organization is to strengthen peace and international and regional security and stability and to ensure collective protection of independence, territorial integrity and sovereignty of Member States, in the attainment of which Member States shall give priority to political methods. On February 4, 2009, the CSTO leaders approved formation of Collective Rapid Reaction Force (RRF). The Commonwealth of Independent States (CIS) is a regional organization whose participating countries are former Soviet Republics, formed during the breakup of the Soviet Union.

Introduction and back ground

The organization was founded on 8 December 1991 by the Republic of Belarus, the Russian Federation, and Ukraine, when the leaders of the three countries met in the Belovezhskaya Pushcha Natural Reserve, about 50 km (30 miles) north of Brest in Belarus and signed a Creation

Agreement on the dissolution of the Soviet Union and the creation of CIS as a successor entity to the USSR. At the same time they announced that the new alliance would be open to all republics of the former Soviet Union, as well as other nations sharing the same goals. The CIS charter stated that all the members were sovereign and independent nations and thereby effectively abolished the Soviet Union. On 21 December 1991, the leaders of eight additional former Soviet Republics – Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Turkmenistan, Tajikistan, and Uzbekistan – agreed to join the CIS, thus bringing the number of participating countries to 11. Georgia joined two years later, in December 1993. As of that time, 12 of the 15 former Soviet Republics participated in the CIS. Three former Soviet Republics, the Baltic states of Estonia, Latvia, and Lithuania chose not to join. The Eurasian Economic Community (EAEC or EurAsEC) originated from the Commonwealth of Independent States customs union between Belarus, Russia and Kazakhstan on 29 March 1996. The Treaty on the establishment of the Eurasian Economic Community was signed on 10 October 2000, in Kazakhstan's capital Astana by Presidents Alexander Lukashenko of Belarus, Nursultan Nazarbayev of Kazakhstan, Askar Akayev of Kyrgyzstan, Vladimir Putin of Russia, and Emomali Rakhmonov of Tajikistan. On 7 October 2005 it was decided between the member states that Uzbekistan would join. Freedom of movement is implemented among the members

Economic Front

Putin seeks more jobs to stabilize North Caucasus-January 23

Russian Prime Minister Vladimir Putin declared on Saturday that peace has returned to North Caucasus, the centre of a growing Islamist insurgency, and called for the region's economy to be rebuilt. Skip related content "The bandits have been fended off. We did this together... Together we won and returned the peace," Putin said at a meeting in region with Kremlin envoy Alexander Khloponin. President Dmitry Medvedev grouped the most violent provinces together in a new federal district this week and appointed Khloponin, a former businessman, as his envoy to one of Russia's poorest regions

Russia's unemployment rate to remain unchanged by yearend – Zhukov-22.01.2010, 23.46

MOSCOW, January 22 (Itar-Tass) -- The total number of officially registered unemployed people in Russia will remain at about the current level by the yearend, Russian Deputy Prime Minister Alexander Zhukov said on Friday, summing up results of a plenary discussion at an international conference entitled "Russian and the World: Challenges of the New Decade." However, he is worried about the employment of graduates of the higher educational establishments. The federal and regional authorities plan to resolve that problem through special programs for the graduate training in the companies, which can employ the young specialists in the future, Zhukov said.

Poultry sector may be unable to meet Russia's increased demand

Turkish poultry producers say the sector could meet only 100,000 tons of an anticipated 500,000 tons of annual demand from Russia. Turkey's annual production is 1.2 million tons

Following a recent decision by the Russian government to increase its poultry imports from Turkey to 500,000 tons annually, Turkish poultry producers have voiced concerns that the sector may not actually be able to meet this demand. Sector representatives say Turkey can meet only a small part of Russia's poultry requirements.

Russia faces robust rouble rise - IMF

MOSCOW, Jan 22 (Reuters) - Russia is facing a solid and speedy strengthening of the rouble, the IMF said on Friday, ending a week that saw the currency flirting with its strongest levels in a month. "Real appreciation puts strong emphasis on structural reforms," Paul Thomson, head of the International Monetary Fund's mission to the country, said during a government conference on economic modernisation. Economists point out that while Russia managed a rather successful macro and foreign exchange policies during the passing crisis, poor performance handling the real sector of the economy have led it to underperform its BRIC peers, with gross domestic product contracting an estimated 8.5 percent last year. Only one other so-called BRIC nation, Brazil, saw its economy shrinking in the aftermath of the global crisis, while others have expanded, with China growing an estimated 7-8 percent last year.

Bahrain-Russia keen to boost investments-January 24, 2010

MANAMA: Bahrain and Russia have expressed their keenness to enhance co-operation in the trade, industrial, economic and financial fields. They also emphasised the importance of encouraging investments by both public and private sectors, and of promoting co-operation in the energy and gas sectors. The main directions of the bilateral co-operation has been presented in the draft "road map" of joint activities between Russia and Bahrain which will be further discussed. The road map was presented during the visit of Russia's First Deputy Prime Minister Victor Zubkov to Bahrain on the invitation of Deputy Prime Minister Shaikh Mohammed bin Mubarak Al Khalifa.

Bank Rossii Is Buying Canadian Dollars, Securities (Update1)

Jan. 20 (Bloomberg) -- Russia's central bank has started buying Canadian dollars and securities, First Deputy Chairman Alexei Ulyukayev said. "The Canadian financial market isn't very big," Ulyukayev told reporters in the central Russian city of Tula today. The bank can invest a "significant amount" in the Canadian currency, nicknamed the loonie, "but the securities market is limited." He didn't specify how much the bank had invested. Russia aims to diversify its reserves, the world's third- largest stockpile, and promote regional currencies in trade and finance to reduce risks posed by the dominance of the U.S. dollar. The central bank said in November that it planned to add Canada's dollar to its reserves and might consider including other currencies later.

Russian bank balances fall to 447.6 bln rbls

MOSCOW, Jan 21 (Reuters) - Banks' balances in their correspondent accounts at the Russian central bank fell to 447.6 billion roubles on Thursday from 539.8 billion roubles in the previous session, the central bank said.

Social Front

Russian population registers its first increase since 1995-Reuters/Moscow

Russia has registered the first population increase since the chaotic years which followed the fall of the Soviet Union, bucking a long-term decline that has dampened economic growth projections, officials said this week. Russia's population increased by between 15,000 and

25,000 to more than 141.9mn in 2009, the first annual increase since 1995, Health Minister Tatyana Golikova told a meeting on Tuesday in the Kremlin with President Dmitry Medvedev. The rise was helped by a 4% decline in mortality rates and an influx of immigrants, mostly from the former republics of the former Soviet Union, Golikova said. "The difference between birth rates and mortality rates will be covered by a rise in migration," Golikova said in a televised Kremlin meeting, adding that Russia was trying to cut the number of abortions

Armenia asks Russia for \$100 mln loan to revive diamond industry-24.01.2010

Armenia asked Russia to provide it with a \$100 million loan to develop the Transcaucasia state's diamond industry, which was the country's major economic locomotive in early 2000th, but has plunged in recent years, a Russian Finance Ministry spokesman said on Saturday, RIA Novosti reported. "The request has been received, we are considering it," Konstantin Vyshkovsky, who heads the ministry's state loan department, said, adding the decision would be taken "within a reasonable time

Turkish Airlines, Aeroflot may launch joint airline-By Hatice Aydogdu and Ayla Jean Yackley / Reuters

ISTANBUL: Turkish Airlines, Europe's fourth-biggest carrier by passengers, and Russia's Aeroflot have discussed launching a joint airline, a Turkish Transport Ministry official said on Friday. Russian and Turkish government officials discussed closer co-operation in transportation, including establishing a joint airline, when Prime Minister Tayyip Erdogan visited Moscow this month, the official said on condition of anonymity. The size of the stakes each state-run carrier would hold has not been decided, nor which aircraft would be used, he said.

Annalysis

Polish deployment of U.S. patriot missile system contrary to Obama plan

January 22, 4:59 PM Alexandria City Buzz Examiner Barbara Maxwell Previous

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WASHINGTON, Jan. 22, 2010 – Riki Ellison, Chairman and Founder of the Missile Defense Advocacy Alliance (MDAA), www.missiledefenseadvocacy.org has released a statement today on his reaction to the Polish government announcement of their deployment of a U. S. patriot missile defense system located in the vicinity of Morag, Poland, which is located 35 miles from the Russian border. Ellison is one of the top lay experts in missile defense. His organization is based in the old town area of Alexandria. According to Ellison:

“ An agreement with the United States, the Polish Defense Minister Mr. Bogdan Klich announced that U.S. Patriot Air Defense Units will be placed in a Polish Military Base located 35 miles from the border of the Russian enclave, Kaliningrad, which is in the vicinity of Morag, in northern Poland.

" U.S. Patriot Air Defense Units are a terminal phase missile defense system that engages and destroys missiles in the atmosphere and are designed specifically for short-range tactical missiles and aircraft over a small tactical valued area. "

“This decision can be seen as provocative to Russia, as the U.S. Patriot Air Defense Units to be deployed can only defend a very small area which will be composed of Polish military forces that directly oppose Russian military forces across the border in Kaliningrad. This defensive system manned by approximately 100 U.S. Army Soldiers, will have the capability to defend against the Russian Iskander tactical nuclear missiles,

which the Russians have threatened to deploy around Kaliningrad, if not already in place, as well as defend against other Russian short- range missiles and aircraft.”

“Contrary to the administration's decision, the President's new missile defense plan and its sensitivity to Russia to withdraw long-range ballistic missile defense sites in Poland and the Czech Republic to defend Europe and the United States from Iran, this decision is directly providing Poland a capability with deployed U.S. troops to defend Polish military against Russia with no intention of the future threat from Iran to Europe.”

“The President's new missile defense plan announced on September 16th, 2009 calls for a phased adaptive approach to defend Europe beginning with current U.S. missile defense systems to defend against the proliferation of short-range missile threats from Iran. It would seem logical that those valuable and limited U.S. Missile Defense assets, such as the Patriot, be deployed in a more useful position then defending Poland against Russia. ”

Ellison finished his comments with: “This decision would also seem to be against the Administration's goodwill and intention to move forward with Russia on the START Follow-On Treaty to reduce strategic nuclear weapons and delivery platforms. Russia could be an important ally with the U.S. on missile defense as it comes to terms with Iran's capabilities and having desired U.S. missile defense systems potentially deployed in one or more countries or regions such as Georgia, Azerbaijan, Turkey, the Black Sea or the Balkans is critical for the President's new missile defense plan do what it has promised to do.”