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PROJECT ON BUSINESS AND POLITICS IN THE MUSLIM WORLD

Central and Eastern Europe including Russia and Baltic States

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Head lines

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

Poland

- Data given on alleged CIA flights to Poland-Associated Press / February 23, 2010
- Polish president condemns Belarus' crackdowns on Poles -Feb 22, 2010,
- Warsaw-Kiev-Minsk-26.02.2010 –International-Polskie Radio-Report by Slawek Szefs
- Kaczynski concerned over worsening Polish-Belarus relations-22.02.2010
- EP welcomes Polish Belarusian activists-25.02.2010
- U.S. Patriot Missiles In Poland Early April: Report Sign in to Recommend-February 21,
- Poland eyes Asian investors for possible bond issue
- Polish deficit unlikely to hit 3 pct in 2012-c.banker-Fri Feb 26, 2010
- (Poland's unemployment surges to 12.7 percent-February 23, 2010
- Poles still cheap, but not the cheapest -26.02.2010- Polskie Radio
- Polish court defends Jaruzelski's pension- Feb 25,
- Brussels Buys Polish Art -23 February 2010

Czech Republic

- Czech parliament overturns anti-crisis measure-Feb 24, 2010,
- Demand for Czech Bonds Rises, Ministry Plans Eurobond-February 24, Bloomberg
- Czech FinMin softens line on Greek deficit targets
- Dividend outflow could be risk for CZK-cbanker
- Czech tests see banks withstanding shocks- c.bank
- Kuwait envoys extol national festivals -2/23/2010-KUNA News Agency)

Slovakia

- Chinese vice premier urges deeper economic ties with Slovakia-English.news.cn -Feb-23

- Slovakia FM meets peace activists ahead of Israel tour-23 Feb-EurActiv Slovakia reports.
- Slovak deputy PM arrives in Beijing for visit-(Xinhua) - 2010-02-22
- January 5, 2010, 4:37 pm Slovak Air Security Test Goes Very Wrong-New York Times.
- Slovakia Extends EUR440 Million Loan to International Monetary Fund-Global Finance

Hungary

- Hungary's Parliament Votes Holocaust Denial to Be against Law-February 25, 2010
- European leaders discuss energy cooperation at Hungarian summit-Feb 24, 2010,
- Great possibilities between Hungary and Azerbaijan to cooperate in IT sector and alternative energy sources-Feb-24
- Hungarian climate law postponed over job concerns-EurActiv Hungary reports
- Hungary's govt to re-nationalize airline MALEV- (Reuters)
- Hungarian Borrowing Costs May Decline, Borbely Says Feb. 26 (Bloomberg)
- Spanish citrus targets Eastern Europe growth-Steven Maxwell- 25 February 2010
- Hungary cbank sees wider budget gap unless new steps-, Feb 24 (Reuters)
- EBRD, Intesa Sanpaolo to Increase Finance to SMEs in Central and Eastern Europe-26Feb
- Hungarian Borrowing Costs May Decline, Borbely Says-Feb. 26 (Bloomberg)
- Hungary to Cut Record Rate Once More, Survey Shows-Feb. 23 (Bloomberg)
- Eight EU states to work out development strategy of Danube river region- Feb 26, Xinhua

Eastern Europe (Belarus & Ukraine)

Belarus

- Russia says no obstacles to Ukraine entering Customs Union, February 27, 2010
- Belarus ambassador warns EU over sanctions-23.02.2010-EUOBSERVER
- Belarus asks Rothschild for privatization advice-19 Feb-Reuters

- IMF, Belarus Reach Tentative Staff-Level Agreement on \$700 Million Loan-02/17-Dow Jones News
- Belarus Wins First Olympic Gold-February 26, 2010

Ukraine

- New Ukrainian President Touts Domestic Reforms, Non-Aligned Foreign Policy-25 Feb-
- Yanukovich sworn in as Ukrainian president Feb 25, 2010-(CNN)
- Yanukovich Proclames Ukraine 'Non-Aligned' European Nation- Feb25-Novinite.com
- New Ukraine president gives right investor signals-Feb 25, (Reuters)
- Davutoğlu conveys Turkey's concerns to Sarkysyan-today's Zaman
- New Ukraine leader set for EU parliament visit-The Parliament.com
- French minister lashes out at Ashton Ukraine visit-EurActiv 22/02/10)
- Congress of Ukraine's Azerbaijanis awards AMI TREND with diploma for active role in propaganda of truth about Armenian vandalism-26.02.2010-Trend News
- Nigeria: FG Moves to Correct Trade Deficit with Ukraine-26 February 2010
- Ukraine faces colossal debts, ruined economy-Yanukovich

Baltic States (Estonia, Latvia & Lithuania)

Estonia

- Labor MEP appointed EP rapporteur on Estonia's possible adoption of the euro- 26th Feb
- The case for pragmatism: a view from Estonia-Rein Müllerson, 18 February 2010
- Japan, Estonia agree to cooperate on climate change, Afghanistan- 16th February,
- Kuwait congratulates Estonia on national day-2/24/2010-(KUNA)

Latvia

- Latvia, Lithuania oppose possible selling of Mistral helicopter ship to Russia-26.02.2010,
- Latvian official to visit Georgia-25.02.2010-Trend News
- Latvia Jan retail sales down 16.0 pct y/y- Feb 26 (Reuters)

- Latvia and Lithuania call for tighter EU rules on arms sales
- Latvia c.bank says bought net 18 mln euros last week
- Unemployment hits 19.7 percent in Latvia: official data-22 February 2010
- Latvia budget gap to widen in 2010 - ministry
- Heroic Neo exposes Latvia's corruption From: Times Online February 27, 2010
- Latvian hackers leak bank pay details via Twitter25 February, 2010
- Cyber-whistleblower stuns Latvia with data heist -Friday, February 26, 2010

Lithuania

- Lithuanian diplomat to be EU Afghan representative, officials say-Feb 20, 2010,
- EU Globalisation Fund: European Parliament Backs Funds For German And Lithuanian Workers-24 February, 2010
- France assures Baltic over ship deal with Russia
- Latvia, Lithuania oppose possible selling of Mistral helicopter ship to Russia-26.02.2010,
- Turkey's chief EU negotiator meets Lithuanian deputy parliament head
- Lithuania: East Europe Bond, Currency Preview
- Estonian economy has better-than-expected fourth quarter-Feb 24, 2010,
- Lithuania budget plan backs 2014 euro goal
- Lithuanian editor publishes facts of Armenians' atrocities witnessed by him-26.02.2010

Russia

- Medvedev to open Russian Year in France, discuss Iran, Afghanistan in Paris-26.02
- Georgia Says Land Border with Russia Will Be Reopened-February 26, 2010, Friday
- Russia ready 'to work' on Iran sanctions: diplomatic source
- Ukrainian President to discuss gas cooperation in Moscow-FOCUS News Agency-27 Feb
- Russia voices concern over US missile plan-2/27/2010-AFP

- Over 66,000 are in hiding from Russian justice abroad – official-26.02.2010,
- Russia, EU Look to Lift Visas
- Medvedev rejects foreign interference in Lebanese affairs-February 26, 2010
- Russian bank balances fall to 492.7 bln rbls
- Russia Cpi Up 0.3 Pct In Latest Week Vs 0.2 Pct In Previous Week - Stats Service
- Coveted position in forex, gold-Sandeep Joshi
- Medvedev to visit Argentina to boost economic ties-25.02.2010
- The reserves shrank \$1.7 billion to \$431.5 billion a week earlier
- Russia Business Roundtable in Moscow-Arkady Dvorkovich-Feb-18-The Economist's
- Russia's President calls widespread alcohol abuse a 'national disaster'-Feb. 26
- Russia's Winter Games performance irks PM Putin-AFP-February 27, 2010
- Russia's Medvedev backs criminal law reforms

Report Summary

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 Web. 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 government-run agency has for the first time provided official records confirming the landing in Poland of planes associated with the CIA's secret detainee program. The Agency claimed that the US spy agency housed a secret prison in Poland where it allegedly held and brutally questioned Al Qaeda prisoners. The data further supports the Council of Europe's 2007 report in which 14 European governments were accused of permitting the CIA to run detention centers or carry out secret flights.

Polish President Lech Kaczynski met with the leader of the Union of Poles in Belarus Andzelika Borys and declared his solidarity Monday with the Polish minority in Belarus ahead of a European Union meeting on recent crackdowns on the Union of Poles by Minsk.

Warsaw has strongly condemned recent actions an organization banned by President Aleksander Lukashenko's regime. Some 40 members of the group were arrested on February 15, and the crackdown continued on February 17 with the arrest of nine ethnic Polish activists. Meanwhile a conference devoted to the situation of the Polish minority in Belarus was held at the European Parliament in Brussels. Among the guest speakers was Alexander Milinkevich, one of the leaders of the Belarusian democratic opposition.

The Polish Defense Ministry expects the first stage of the stationing of a Patriot air-defense battery and a 100-man service team to get under way in the (northern) town of Morag till April. The Patriots are part of a Polish-U.S. agreement signed last December to upgrade the Poland's air defenses, following Washington's decision last September to scrap a Bush-era Missile Shield incorporating installations in Poland and the neighboring Czech Republic.

The Czech Republic's parliament Wednesday overturned one of the measures adopted earlier to help the country ride out the global economic crisis. Just months before the May 28-29 general election, the 200-seat parliament's lower house voted 94-60 to reverse a cut in maternity leave benefits that has been in force since January. If approved by the parliament's upper house, the Senate, and the president, the law would cost 1.5 billion koruny (78.5 million dollars) at a time when the country's budget gap has ballooned owing to the crisis.

Slovakia's minister of Foreign Affairs ahead of his tour of the Middle Eastern Region met Israeli and Palestinian leaders of the think-tank, Geneva Initiative, to promote "realistic and achievable solutions" to the Israeli-Palestinian conflict based on existing international resolutions such as the Quartet Roadmap, the Clinton Parameters, the Bush Vision and the Arab Peace Initiative.

Slovak First Deputy Prime Minister Dusan Caplovic arrived here Monday for a six-day visit to China at the invitation of Chinese vice Premier Li Keqiang. China and Slovakia have enjoyed traditional friendship and maintained high-level contacts. As the two countries marked the 60th anniversary of diplomatic ties, the Chinese President Hu Jintao paid a successful visit to Slovakia in June 2009

In a speedy vote early this week, the Hungarian parliament accepted an amendment to the criminal code, to punish holocaust denial. The amendment landed on President Laszlo Solyom's table, which has 15 days to decide on its ratification. The amendment was initiated by the socialist MSZP party's prime minister Candidate Attila Mesterhazy, who reasoned the spread of anti-Semitism in daily life.

However despite a reasonable majority, the Hungarian Parliament Hungary could have become the second EU member state after the UK to pass an overarching climate framework bill. But the ruling socialist party backed down on Monday (22 February) citing job concerns after heavy pressure from the industrial lobby

The prime ministers of the Visegrad Four countries Hungary, Poland, Slovakia and the Czech Republic discussed regional energy security at a summit in Budapest on Wednesday amid concerns over dependency on Russian gas. Hungarian Prime Minister Gordon Bajnai called for

enhancement of “Gas Supply Triangle Project” comprising of a liquefied natural gas terminal on Poland's northern coast, a planned project in Croatia in southeast Europe, and the long awaited NABUCCO gas pipeline. The Project is aimed at reducing Europe's dependence on gas from Russia.

The meeting of Azerbaijan-Hungary inter-governmental commission was held in Budapest, within which Azerbaijan-Hungary business forum and B2B meeting (business-to-business) took place. B2B meetings covered the sectors such as agriculture and food industry, medicine (pharmaceuticals), logistics, tourism, ICT, alternative energy, textiles, construction and finance.

Ukrainian President Viktor Yanukovich pledged Thursday to make his country "a bridge between east and west" after being sworn into office in Kiev. Yanukovich, who was ousted from office in 2004 in the pro-West "Orange Revolution," beat Prime Minister Yulia Tymoshenko in a bitterly fought election earlier this month that has left the country deeply divided. Yanukovich enjoys support among the Russian-speaking people living in eastern Ukraine.

Speaking in parliament after taking the oath of office, Mr. Yanukovych said Ukraine should be a non-aligned country that serves as a bridge between Europe and the former Soviet Union. He said his aim was not to strengthen the state's role in the economy "but the government's participation in the creation of effective market mechanisms. He sent positive signals to foreign investors.

Labor MEP Edward Scicluna has been nominated as the European Parliament's rapporteur on Estonia's possible adoption of the euro. Under the EU treaties, the EP must give its approval before any new country can join the Euro zone. If approved, Estonia would become the Euro zone's 17th member in 2011.

Prime Minister Yukio Hatoyama and visiting Estonian Prime Minister Andrus Ansip agreed Monday to cooperate on climate change, assistance for Afghanistan and other global issues during their hour-long meeting in Tokyo. Both leaders pledged to make efforts to boost business ties between the two countries.

His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah sent a cable of congratulations on Wednesday to Estonia's President Toomas Hendrik Ilves on the occasion of his country's national day.

Latvia and Lithuania demand stricter arms trade rules in the European Union and NATO in order to prevent the selling of French Mistral Helicopter Ships to Russia. They made a statement during the meeting of EU defense ministers in Palma de Majorca. However, the agreement on possible Russia's acquisition of a French Mistral Helicopter Ship will be reached during the French visit of Russian President Dmitry Medvedev on March 1-3.

Mean while the France Government has assured the Baltic States that by selling Russia a warship, France would not be involved in any kind of transfer of military technology.

Latvian Parliament Speaker Gundars Daudze will pay a visit to Georgia March 3. During his three-day visit, he will meet with Georgian Parliamentary Speaker, the parliamentary opposition and Prime Minister Nika Gilauri.

EU officials said on Saturday that the Lithuania's former foreign minister, Vygaudas Usackas, is to be the European Union's new top official in Afghanistan. The appointment is conditional to the confirmation by the EU's foreign policy director, Catherine Ashton.

Three thousand former car, refrigerator and construction workers in Germany and Lithuania could get €7.6 million in EU globalization adjustment fund aid for training, self-employment and professional orientation under plans approved by the Budgets Committee on Tuesday. But the plans still need to be approved by Parliament as a whole and the EU Council of Ministers.

President Dmitry Medvedev will open the Russian Year in France and will discuss Iran, Afghanistan and the Russian initiative of a European security treaty while visiting Paris on March 1-3. The Russian-French interaction includes an intensive and frank political dialog at various levels, steady economic relations immune from the world crisis, and multifaceted humanitarian contacts. The high status of the upcoming visit is another peculiarity of the bilateral relations. The presidents will open the Holy Russ exhibition at the Louvre on March 2.

Georgian Foreign Ministry said Friday that Georgia and Russia are going to reopen their land border for the first time in more than three years. The Georgian Foreign Ministry announced that the two countries reached an agreement for the reopening of the mountain pass in the Caucasus, which has been closed since July 2006 over tense relations and hostilities culminating in a six-day war in August 2008.

Ahead of a visit to France by Russian President Dmitry Medvedev, Russia is ready to work on a new round of UN sanctions against Iran. Russia and France are working closely together on devising plans that would ensure Iran had access to nuclear fuel while encouraging Tehran to renounce uranium enrichment. As a permanent, veto-wielding member of the UN Security Council, Russia would need to give its support to Security Council to impose a new round of sanctions on Iran.

Russia's Deputy Prosecutor-General Alexander Zvyagintsev announced that tens of thousands of 66,000 wrongdoers wanted in Russia for various offences are still in hiding in different countries around the world. According to the senior official, the Russian Prosecutor-General's Office dispatched over 500 requests to other countries for the extradition of suspects, an absolute majority of such requests goes to the CIS countries.

Russian President Dimitri Medvedev stressed Thursday the importance of dialogue among the Lebanese in order to resolve controversial domestic issues and rejected all kinds of foreign interference in Lebanese affairs.

Economic Front

A finance ministry official said on Wednesday that Polish officials are meeting investors in China and other Asian countries this week as the government decides on plans to issue bonds. The current meetings in Asia will give us further information to choose the format and construction of such bonds. Poland was the only European Union country to avoid recession last year but the sharp slowdown still caused a sharp rise in its borrowing requirements.

According to government figures released Tuesday Poland's jobless rate jumped to 12.7 percent in January from 11.9 percent the previous month. Data presented by the Central Statistical Office said that more than 2 million people in the nation of 38 million were

unemployed at the end of January. The office says that nearly 320,000 people registered with unemployment offices last month.

The Czech Republic, trying to find buyers for a record amount of bonds this year, sold almost all of the offered new 5-year security at an auction that saw the strongest demand since May.

Czech banks have avoided losses in the global financial markets crisis because of a high level of domestic savings, small holdings of toxic assets and a small proportion of lending in foreign currencies. But the economic downturn hit banks' balance sheets, reversing years of double-digit profit growth.

Slovak central bank said Monday that Slovakia has agreed to extend an EURO 440 million loan to the International Monetary Fund, as the part of European Union program to provide the IMF an immediate financial assistance totaling EUR 75 billion" by the entire European Union.

Hungary will almost fully renationalize air carrier MALEV under a deal signed by the government and MALEV'S Hungarian and Russian shareholders in a bid to save the airline. Under the agreement, reached after lengthy negotiations, the Hungarian government will raise MALEV'S capital by 25.2 billion Hungarian forints (\$127.8 million) by injecting cash into the firm and converting its debts into equity.

Hungary, the first European Union member-state to obtain an international bailout in 2008, wants to avoid drawing further funds from the 20 billion-euro (\$28 billion) package by tapping capital markets. Eastern Europe's most indebted nation was forced to suspend bond auctions temporarily as investors' dumped riskier emerging-market assets during the global financial crisis.

Citrus marketer CÍTRICOS VALENCIANOS is running series of in-store tastings in Hungary, the Czech Republic and Slovakia. Spanish citrus marketer CÍTRICOS VALENCIANOS is hoping to boost sales of Valencia-Grown Fruit in Eastern Europe through a series of in-store tastings that are currently taking place in retail outlets across the Czech Republic, Slovakia and Hungary.

Belarus took a step towards more privatization of its economy on Friday when it invited the Rothschild Group to advise the government how to do this in an effort to boost the state-run enfeebled economy. Belarus President Alexander Lukashenko asked the Rothschild Group to advise his government about privatization. Belarus remains one of the least reformed countries of the pre-1990 eastern bloc.

Both the International Monetary Fund and the World Bank, which have been financially aiding the country through the recent downturn, have urged privatization, not only as a way to liberalize the economy but also to generate much needed cash for the government.

Meanwhile the International Monetary Fund said Wednesday it has reached a tentative staff-level agreement to loan Belarus roughly \$700 million as part of an existing loan package. The amount came via the IMF's fourth review of Belarus's economic performance under the loan program.

Nigerian Minister of Commerce and Industry, Chief Achike Udenwa yesterday expressed disappointment over the lopsided trade and investment relations between Nigeria and Ukraine, which has not been favorable to Nigeria. He said "trade and investment relations between Nigeria and Ukraine has been one sided, especially in the area of steel products Auto Spare Parts and in oil and gas. As the export from Ukraine to Nigeria is almost zero, Ukraine gets nothing from Nigeria. He admitted that because of a large number of Nigerian students studying in Ukraine, a kind of cultural relationship has been established between the two countries because.

Gross domestic product (GDP) figures released Thursday in Estonia proved better than expected, suggesting the small Baltic economy is emerging from recession faster than previously forecast. According to flash estimate figures from the national statistics office, Estonian GDP decreased by 9.4 per cent in the fourth quarter of 2009 compared to the same quarter in the previous year.

Latvia's Central Bank bought a net 18 million Euros in currency market interventions last week, down from a 65 million euro net purchase a week before. Traders said that the lat currency was trading at the weaker end of its band against the euro in early trade on Monday. However,

the lat was still off the intervention levels, with the euro quoted at 0.7088/98 versus 0.7082/92 LATS last Monday.

Unemployment in crisis-hit Latvia has continued to climb, reaching 19.7 percent in the fourth quarter of 2009 from 18.4 in the previous three-month period, Latvia's Central Statistical Bureau said Monday. The number of people in the nation of 2.2 million actively seeking work in the fourth quarter climbed to 229,400 from 214,900 in the third quarter.

Consumer confidence data for February are due for release from the statistics office in Vilnius. The indicator was minus 45 in January. The litas, which is pegged to the euro, was little changed at 3.4529 per euro. The yield on the country's 3.75 percent bond due February 2016 was little changed at 5.688 percent. The yield on the 7.5 percent government dollar bond due March 2030 raised one basis point from the previous day to 5.31 percent.

Lithuania said its goal of adopting the euro in 2014 remained on track, provided it met tough deficit-reduction targets under a medium-term budget plan that the finance ministry unveiled on Monday.

Russian consumer prices rose 0.3 percent in the week to Feb. 24 versus 0.2 percent in the previous week, driven primarily by the traditional winter increases in fruit and vegetable prices, data from the Federal Statistics Service showed on Friday. This brings the rise in consumer prices since the beginning of the month to 0.7 percent. Prices for fruit and vegetables, which are more difficult to grow and obtain during the winter months in Russia, rose on average by 1.2 percent in the latest week, the service said in a statement.

The vice president of the Russian Chamber of Commerce and Industry, Georgy Petrov, told a seminar on BUSINESS OPPORTUNITIES IN ARGENTINA'S MINING INDUSTRY on Thursday that Russian President Dmitry Medvedev has planned to visit Argentina this year to step up the two countries' economic relations.

Social Front

Despite rising wages in Poland, Poles are still the sixth cheapest work force in the European Union. In 2008, an average monthly cost of a worker for an employer in Poland was

3,986 zloty (998 euro), while in 2009 it amounted to 4,178 zloty (1,046 euro). In spite of a dynamic salary rise in Poland, however, Polish employees are still among the cheapest in the EU. Only workers from Slovakia, Lithuania, Latvia, Romania and Bulgaria are cheaper than their Polish counterparts. In other post-communist countries, such as the Czech Republic, Hungary and Estonia people earn more than in Poland.

A Polish court says a government move to slash the pensions of communist leaders who imposed martial law in 1981 was illegal. The government has halved the pensions of Gen. Wojciech Jaruzelski, Poland's last communist leader, and eight other officials who imposed martial law between 1981 and 1983 in an attempt to crush the Solidarity movement.

The Polish exhibition at the European Parliament headquarters in Brussels was opened Jan. 25 by European Parliament President Jerzy Buzek. The European Parliament has added ten works by Polish artists to its collection of contemporary art. In buying work for the collection, the European Parliament acts as an art patron and promotes the cultural legacy of Europe.

Kuwaiti ambassadors in Egypt, the United Arab Emirates (UAE), Bahrain and Czech on Tuesday lauded their country's national festivals marking the National Day and Liberation Day, which fall on February 25 and 26 respectively.

At the end of eight EU members meeting at Danube Summit in Budapest, the joint declaration was released, which states that the eight countries, Austria, Bulgaria, the Czech Republic, Germany, Hungary, Romania, Slovakia, and Slovenia, have committed to increase cooperation and making more efficient use of existing EU instruments and funds in order to accelerate the infrastructural, social, and economic development of the Danube region. The declaration is also open for endorsement by the following non-EU member states Bosnia-Herzegovina, Croatia, Moldova, Montenegro, Serbia, and Ukrainian. The Danube region meanwhile has an area of approximately 800,000 square kilometers and a population of more than 80 million people.

Alexei Grishin of Belarus won the first Winter Olympics gold medal for his country in freestyle skiing aericals. Sergey Novikov won silver and Darya Domracheva a bronze earlier in these Games for Belarus, both coming in biathlon.

The Congress of Ukraine's Azerbaijanis presented a diploma to the International Information Agency TREND (AMI) for an active role in informing the world community about Armenian vandalism, as well as for the prepared documentary film "When words freeze.." about the realities of the Nagorno-Karabakh conflict.

To the horror of Latvia's political establishment, a mysterious group of computer hackers is threatening to expose the incomes of top officials after stealing millions of government tax records. The group, calling itself the People's Army of the Fourth Awakening, claimed to have downloaded more than 7.5 million documents, including VAT receipts and income tax returns from the State Revenue Service after exploiting a security loophole on its website. Chief executive of the state-run heating company in the capital, Riga, was embarrassed when Neo showed that he had paid himself a 16,000 lat (\$34,450) bonus last year as city workers were enduring pay cuts.

Russian President Dmitry Medvedev has termed alcoholism in the country as a "national disaster. While talking to the vodka tipplers, he said that the measures aimed at reducing binge drinking had not reduced alcoholism in Russia, where downing vast amounts of vodka at one sitting is an integral part of national culture.

Russian Prime Minister Vladimir Putin yesterday expressed disappointment at his country's ordinary performance at the Winter Olympics in Vancouver. Putin called for "serious critical analysis and conclusive measures. Such measures would be aimed at getting a "worthy performance" from Russian athletes in the next Winter Games in the southern Russian city of Sochi in 2014.

Detailed Report

Poland

Political Front

Data given on alleged CIA flights to Poland-Associated Press / February 23, 2010

WARSAW - A government-run agency has for the first time provided official records confirming the landing in Poland of planes associated with the CIA's secret detainee program. The data adds support to findings from a 2007 Council of Europe report that accused 14 European governments of permitting the CIA to run detention centers or carry out secret flights between 2002 and 2005, the Open Society Justice Initiative and the Helsinki Foundation for Human Rights said. "This is an official confirmation coming from a state-run agency," he told reporters. "The authorities can no longer ignore facts." A 2005 Human Rights Watch report, based on leaked logs of CIA-linked plane flights to Poland, claimed the US spy agency housed a secret prison in Poland where it allegedly held and brutally questioned Al Qaeda prisoners. Poland has denied the allegations and refused to cooperate in international investigations. Though flight logs did not reveal that prisoners were on the plane, it confirmed that the flights landed in Poland, which the country has previously denied, said Adam Bodnar of the Helsinki Foundation.

Polish president condemns Belarus' crackdowns on Poles -Feb 22, 2010,

Warsaw - Polish President Lech Kaczynski declared his solidarity Monday with the Polish minority in Belarus ahead of a European Union meeting on recent crackdowns on the group by Minsk. 'I want to call on the (European) Union to show solidarity,' Kaczynski said ahead of a meeting Tuesday in Brussels of EU foreign ministers. 'Solidarity, which our countrymen - and anyone who wants changes in Belarus - critically needs.' Warsaw has strongly condemned recent actions against the Union of Poles, an organization banned by President Aleksander Lukashenko's regime. Some 40 members of the group were arrested on February 15, and the crackdown continued on February 17 with the arrest of nine ethnic Polish activists.

Warsaw-Kiev-Minsk-26.02.2010 –International-Polskie Radio-Report by Slawek Szefs

Poland is satisfied with the new Ukrainian president's declarations on importance of relations with the EU, while Polish minority problems in Belarus receive special focus. Both developments took place at the presidential inauguration ceremony of Victor Yanukovich in Kiev on Thursday. Ukraine's new head of state pledged to embark to Brussels on his first foreign trip and not, as many had anticipated, to Moscow. Polish president Lech Kaczynski voiced satisfaction with the intentions of Ukraine to continue its pro-European policy. The presidential inauguration in Kiev was also an opportunity to discuss recent problems of the Polish minority in

Belarus. President Alexander Lukashenko met with Poland's foreign minister Radoslaw Sikorski to discuss repressive actions undertaken by the Minsk administration with respect to the Union of Poles in Belarus. Agreement was reached on a special bilateral commission to resolve the problem.

Kaczynski concerned over worsening Polish-Belarus relations-22.02.2010

President Lech Kaczynski met with the leader of the Union of Poles in Belarus Andzelika Borys (right) Monday, following her recent detention by Belarusian authorities in what she says is a campaign of intimidation against the Polish minority in the ex-Soviet country. Borys heads the Union of Poles, an organisation not recognised by the Lukashenko regime, and which has been suffering from increasing harrassment from the Belarusian authorities. President Kaczynski underlined that EU support and solidarity is vital in this case. Lech Kaczynski also said that despite Warsaw's best efforts, Polish foreign policy - which has aimed to bring the country closer to the West - has failed and expressed the hope that the issue should be discussed at the highest levels in Brussels. Andzelika Borys thanked the Polish head of state and reminded that the Unions of Poles in Belarus has been the object of repression in that country since 2005.

EP welcomes Polish Belarusian activists-25.02.2010

A conference devoted to the situation of the Polish minority in Belarus was held at the European Parliament in Brussels, Wednesday. Among the guest speakers was Alexander Milinkevich, one of the leaders of the Belarusian democratic opposition. He told MEPs the latest repressions of the Polish minority by the authoritarian Lukashenko regime are part of preparations for next years presidential elections in Belarus. "The conflict surrounding the Union of Poles in Belarus is not ethnic in nature but a strike at one of the biggest and most influential democratic organizations of civic society," he told MEPs. In the opinion of Milinkevich, EU policy vis-à-vis Belarus has not been able to deal effectively with the authorities in Minsk. Andzelika Borys, president of the Union of Poles in Belarus, who was also in Brussels stressed that the EU has a vital role to play in safeguarding the observance of human rights in Belarus. She also considers the present conflict of the regime with ethnic Poles as a manifestation of anti-democratic actions by Minsk. "The problem of the Union of Poles in Belarus is not an issue between Poles and Belarusians only. It's a matter of trampling on human rights, on a Polish minority organization which only wants to conduct its activity in peace," she said. Andzelika Borys and Alexander Milinkevich received a standing ovation from the MEPs in Brussels. On Monday, EU foreign ministers decided not impose sanctions against Belarus's politicians are mass arrest and harassment of the Union of Poles in February, though the position would be looked at again in April.

U.S. Patriot Missiles in Poland Early April: Report Sign in to Recommend-February 21,

WARSAW (Reuters) - Poland is set to host a battery of U.S. Patriot missiles and the American troops to man it from the start of April, PAP news agency said Sunday. "The Defense Ministry

expects the first stage of the stationing of a Patriot air-defense battery and a 100-man service team to get under way in the (northern) town of Morag at the turn of April," the agency said. The Patriots are part of a Polish-U.S. agreement signed last December to upgrade the NATO member's air defenses, following Washington's decision last September to scrap a Bush-era Missile Shield incorporating installations in Poland and the neighboring Czech Republic. Russia has repeatedly warned against stationing NATO missiles in former Soviet-bloc countries and said it would beef up its naval base across the border from Poland in its Baltic enclave Kaliningrad. Friday, however, the Russian defense minister said Iskander tactical missiles would be installed in Kaliningrad only if Moscow felt directly threatened. A week ago, Poland's lower house of parliament sent the Polish-U.S. agreement to President Lech Kaczynski for ratification, but his signature is expected to be a formality

Economic Front

Poland eyes Asian investors for possible bond issue

WARSAW, Feb 24 (Reuters) - Polish officials are meeting investors in China and other Asian countries this week as the government decides on plans to issue bonds, including a possible US-dollar issue, a finance ministry official said on Wednesday. Piotr Marczak, the head of the finance ministry's debt department, said that ministry officials were visiting China, Singapore and Korea. "We take into account issuing dollar-denominated bonds depending on the market situation," Marczak told Reuters by telephone. "The current meetings in Asia will give us further information allowing (us) to choose the format and construction of such bonds." Poland was the only European Union country to avoid recession last year but the sharp slowdown still caused a sharp rise in its borrowing requirements. The government though said recently that its borrowing this year should be below its earlier estimate of 196.8 billion.

Polish deficit unlikely to hit 3 pct in 2012-c.banker-Fri Feb 26, 2010

(Reuters) - Poland's public finance deficit is unlikely to be cut to 3 percent by 2012 as the government expects, Polish central bank governor Slawomir Skrzypek said on Friday. Skrzypek also said that the Greek debt crisis shows Poland should implement public finance reforms in order to avoid a similar fate. Earlier on Friday, the central bank released its February inflation projection which showed economic growth may accelerate to 3.1 percent in 2010 but then slow to 2.9 percent in 2011.

Poland's unemployment surges to 12.7 percent-February 23, 2010

WARSAW, Poland—Poland's jobless rate jumped to 12.7 percent in January from 11.9 percent the previous month, according to government figures released Tuesday. Data presented by the Central Statistical Office said that more than 2 million people in the nation of 38 million were unemployed at the end of January. The office says that nearly 320,000 people registered with

unemployment offices last month, or 50,000 more than in December. It did not immediately say why there was such a jump but traditionally jobs are lost in farming, forestry and construction during the winter time in Poland.

Social Front

Poles still cheap, but not the cheapest -26.02.2010- Polskie Radio

Despite rising wages in Poland, Poles are still the sixth cheapest work force in the European Union. In 2008, an average monthly cost of a worker for an employer in Poland (80 percent of which is salary) was 3,986 zloty (998 euro), while in 2009 it amounted to 4,178 zloty (1,046 euro), shows a report by Sedlak & Sedlak. In spite of a dynamic salary rise in Poland, however, Polish employees are still among the cheapest in the EU. Only workers from Slovakia, Lithuania, Latvia, Romania and Bulgaria are cheaper than their Polish counterparts. In other post-communist countries, such as the Czech Republic, Hungary and Estonia people earn more than in Poland. In Slovenia salaries are almost 40 percent higher than in Poland and in Luxembourg, Sweden and Denmark four times higher. The cheap work force gives a competitive advantage to Poland for investors, however, encouraging foreign companies to open their branches in Poland, which, in turn, enlarges the labour market, explains economist Prof. Elzbieta Krynska.

Polish court defends Jaruzelski's pension- Feb 25,

WARSAW, Poland (AP) -- A Polish court says a government move to slash the pensions of communist leaders who imposed martial law in 1981 was illegal. The government has halved the pensions of Gen. Wojciech Jaruzelski, Poland's last communist leader, and eight other officials who imposed martial law between 1981 and 1983 in an attempt to crush the Solidarity movement. But Poland's Constitutional Tribunal ruled the move violated the constitution. It said the portion of the pensions earned during the crackdown itself could be cut but the rest could not. The cut was part of a wider law intended to punish former officials and security agents for supporting the communist regime. It took effect Jan. 1.

Brussels Buys Polish Art -23 February 2010

The European Parliament has added ten works by Polish artists to its collection of contemporary art. In buying work for the collection, the European Parliament acts as an art patron and promotes the cultural legacy of Europe. The Polish exhibition at the European Parliament headquarters in Brussels was opened Jan. 25 by European Parliament President Jerzy Buzek. This is the third exhibition of the cultural legacy of "New Europe" since the historical enlargement of the EU in 2004. The works on show were selected, with the help of the European Parliament Information Office in Warsaw, by a four-strong committee comprising the directors of the National Museum in Cracow, the Zachęta National Gallery in Warsaw, the Museum of Art in

Łódź and the Adam Mickiewicz Institute in Warsaw. The experts selected 45 works and the final 10 were chosen by the art committee of the European Parliament together with Buzek. The Polish works were bought for 150,000 Euros. They include a sculpture by Anna Baumgart and paintings by Tomasz Ciecierski, Aneta Grzeszykowska, Ryszard Grzyb, Stefan Gierowski, Zofia Kulik, Włodzimierz Pawlak, Zbigniew Rogalski, Henryk Stażewski and Tomasz Tatarczyk.

Czech Republic

Political Front

Czech parliament overturns anti-crisis measure-Feb 24, 2010,

Prague - The Czech Republic's parliament Wednesday overturned one of the measures adopted earlier to help the country weather the global economic crisis. Just months before the May 28-29 general election, the 200-seat parliament's lower house voted 94-60 to reverse a cut in maternity leave benefits that has been in force since January. If approved by the parliament's upper house, the Senate, and the president, the law would cost 1.5 billion koruny (78.5 million dollars) at a time when the country's budget gap has ballooned owing to the crisis. The Czech Republic faces a deficit of at least 5.3 per cent of the gross domestic product in 2010. President Vaclav Klaus has said that he would oppose all legislation that could increase the gap further.

Economic Front

Demand for Czech Bonds Rises, Ministry Plans Eurobond (Update1)-February 24, 2010, Bloomberg

Feb. 24 (Bloomberg) -- The Czech Republic, trying to find buyers for a record amount of bonds this year, sold almost all of the offered new 5-year security at an auction that saw the strongest demand since May. The ministry sold 6.8 billion koruna (\$356 million) of the 3.4 percent bonds maturing in September 2015 in the competitive part of the auction, the Prague-based central bank said on its Bloomberg page. Demand in the competitive part was 19.7 billion koruna, more than the 8 billion koruna the state had offered. It accepted all bids worth 972 million in the non-competitive part of the auction that ended at 2 p.m.

Czech FinMin softens line on Greek deficit targets

PRAGUE, Feb 24 (Reuters) - The Czech finance minister softened comments doubting Greece's fiscal plans that helped push that country's bond spreads higher on Wednesday, saying he had meant to suggest Athens faced an "extremely difficult task". Eduard Janota, a member of the non-euro zone EU member's interim government, said he was speaking from his experience of difficulties with fiscal consolidation in the Czech Republic, whose deficit jumped to around 6.6 percent last year. Earlier at a business breakfast, Janota said: "They are claiming they are able to lower the deficit from 13 percent to 3 percent in three years." "In my eyes, it is nonsense. I know

that lowering the deficit by one percentage point in the Czech (Republic) is a great problem." Later on Wednesday, Janota called Reuters to explain he had not meant to suggest Greece would not meet its target and that his comment was intended to convey that such consolidation would be impossible in the Czech Republic.

Dividend outflow could be risk for CZK-cbanker

PRAGUE, Feb 24 (Reuters) - Dividend outflows from the Czech Republic can become a risk for the crown currency if investment continues to decline, central bank board member Pavel Rezabek said on Wednesday. "The crown could get to an inverse trajectory, from appreciation to depreciation," he told a business conference. The crown has gained 2 percent against the euro this year, touching a two-month high last week.

Czech tests see banks withstanding shocks- c.bank

PRAGUE, Feb 23 (Reuters) - Stress tests showed the Czech banking system will maintain sufficient capital adequacy in all projected scenarios, the central bank said on Tuesday. Czech banks have avoided losses in the global financial markets crisis thanks to a high level of domestic savings, small holdings of toxic assets and a small proportion of lending in foreign currencies. But the economic downturn hit banks' balance sheets, reversing years of double-digit profit growth. They now face rising costs from provisioning for bad loans, which banks expect to peak later this year. "Banks survived the crisis in a good shape, the results were very solid, therefore they are in a good condition for the years ahead," Jan Frait, deputy chief of the central bank's economic research and financial stability department, told a news conference. Risks to overall financial stability will remain high but the banking sector was seen to be able to resist all potential unfavorable shocks, the tests showed.

Social Front

Kuwait envoys extol national festivals -2/23/2010-KUNA News Agency)

CAPITALS, Feb 23 (KUNA) -- Kuwaiti ambassadors in Egypt, the United Arab Emirates (UAE), Bahrain and Czech on Tuesday lauded their country's national festivals marking the National Day and Liberation Day, which fall on February 25 and 26 respectively. Kuwaiti Ambassador in Cairo Rasheed al-Hamad said Kuwait's 49th National Day and 19th Liberation Day anniversaries are great events in the modern history of Kuwait. Speaking to KUNA following a meeting with Egyptian President Hosni Mubarak's envoy to congratulate him on Kuwait's national festivals, al-Hamad said the festivals are joyful occasions for all Kuwaitis at home and abroad. Hailing the Kuwaiti people for their great sacrifice for the sake of freedom and independence, the ambassador wished Kuwait more progress and development under the leadership of His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah. In the UAE, the Kuwaiti ambassador, Salah al-Buaijan congratulated Kuwait's political leadership, officials

and people on the country's national festivals. Speaking to KUNA on the sidelines of a ceremony held at the Kuwaiti embassy in the UAE to mark the national occasions, the ambassador hailed UAE-Kuwaiti cooperative relations in all fields as very distinguished. Several UAE cabinet ministers and officials were present in the ceremony. In Bahrain, the Kuwaiti ambassador, Sheikh Azzam Mubarak Al-Sabah considered the national festivals a good occasion for reviewing national gains, and the beginning of a fresh era for human and industrial renaissance.

Slovakia

Political Front

Chinese vice premier urges deeper economic ties with Slovakia-English.news.cn -Feb-23

BEIJING, Feb. 23 (Xinhua) -- Chinese vice Premier Li Keqiang Tuesday urged China and Slovakia to deepen their economic and trade ties by exploring new cooperative fields. "To deepen the economic and trade cooperation is a key part for developing China-Slovakia relations," said Li while holding talks with Slovak First Deputy Prime Minister Dusan Caplovic. Li said the two countries should expand trade and investment and further cooperate in areas like renewable energy, infrastructure, medicine and tourism. "This will not only bring benefits to people of the two countries, but also help promote relations between China and the European Union and give impetus to the healthy recovery and sustained development of global economy," said Li. Caplovic arrived in Beijing Monday for a six-day visit to China. It is Caplovic's first China visit since he took office in 2006. Besides Beijing, Caplovic will visit China's southernmost island province of Hainan. Caplovic described China as Slovakia's important partner, hoping that the two countries could step up cooperation in various fields so as to benefit the people of the two countries.

Slovakia FM meets peace activists ahead of Israel tour-23 Feb-EurActiv Slovakia reports.

Slovakia's minister of foreign affairs met Israeli and Palestinian leaders of the Geneva Initiative, a think-tank, ahead of a tour of the region. Lajčák met the Israeli and Palestinian directors of the Geneva Initiative, a think-tank promoting "realistic and achievable solutions" to the Israeli-Palestinian conflict based on existing international resolutions such as the Quartet Roadmap, the Clinton Parameters, the Bush Vision and the Arab Peace Initiative. The meeting took place just days before Lajčák's scheduled visit to the region, during which he plans to meet with Israeli and Palestinian officials. In Slovakia, the think-tank's Israeli director Gadi Baltiansky and his Palestinian counterpart Nidal Foqaha spoke at a conference hosted by the Slovak Foreign Policy Association and EurActiv Slovakia.

Slovak deputy PM arrives in Beijing for visit-(Xinhua) - 2010-02-22

BEIJING: Slovak First Deputy Prime Minister Dusan Caplovic arrived here Monday for a six-day visit to China. Making the visit at the invitation of Chinese Vice Premier Li Keqiang, Caplovic will hold talks with Li in Beijing and will visit China's southernmost island province of Hainan. China and Slovakia have enjoyed traditional friendship and maintained high-level contacts. Chinese President Hu Jintao paid a successful visit to Slovakia in June 2009 as the two countries marked the 60th anniversary of diplomatic ties.

January 5, 2010, 4:37 pm Slovak Air Security Test Goes Very Wrong-New York Times.

In what no doubt seemed like a good idea at the time, Slovak officials decided to test airport security in Slovakia on Saturday by concealing plastic explosives in eight suitcases and waiting to see what happened next. Here's what happened next: airport security workers intercepted seven of the suitcases but failed to detect 96 grams of the plastic explosive RDX loaded into one bag, which belonged to a Slovak electrician who lives in Ireland and had no idea his luggage had been tampered with. The man boarded his flight to Dublin, retrieved his bag and went home to his apartment. The man then unpacked but, The Irish Times reports, "The explosives had been concealed so well that he did not find them." Three days later, on Tuesday, it apparently occurred to someone in Slovakia that the fact that one of the explosive-packed bags had gone missing was a problem and Slovakian airport authorities contacted their counterparts in Dublin to ask for help.

Economic Front

Slovakia Extends EUR440 Million Loan To International Monetary Fund-Global Finance

PRAGUE -(Dow Jones)- Slovakia has agreed to extend an EUR440 million loan to the International Monetary Fund, the Slovak central bank said Monday. "This agreement is part of the pledge by the European Union from March 2009 to provide the IMF an immediate financial assistance totaling EUR75 billion" by the entire European Union, bank spokeswoman Jana Kovacova said in a statement. The central bank handled the loan agreement with the IMF on behalf of the Slovak government, the bank said.

Hungary

Political Front

Hungary's Parliament Votes Holocaust Denial to Be against Law-February 25, 2010

In a speedy vote early this week, the Hungarian parliament accepted an amendment to the criminal code, to punish holocaust denial. The amendment landed on President Laszlo Solyom's table, which has 15 days to decide on its ratification. "Those who publicly hurt the dignity of a victim of the holocaust by denying or questioning the holocaust itself, or claims it insignificant, infringe the law and can be punished by prison sentence of up to three years," the amendment

says. The amendment was initiated by the socialist MSZP party's prime minister candidate Attila Mesterhazy, who reasoned the spread of anti-semitism and neo-fascist notions has accelerated and can be perceived in daily life now. The reason why the president isn't widely expected to pass the law is manifold. On the one hand, it is unclear who can be regarded as a victim of the holocaust, or why is it only the holocaust and not other genocides included in the law. On the other hand, as online daily Index rightfully claims, the "publicly" condition stated in the amendment may also include historians debating on the holocaust, as well as random readers commenting an online story.

European leaders discuss energy cooperation at Hungarian summit-Feb 24, 2010,

Budapest - The prime ministers of the Visegrad Four countries Hungary, Poland, Slovakia and the Czech Republic discussed regional energy security at a summit in Budapest on Wednesday amid concerns of over dependency on Russian gas. Hungarian Prime Minister Gordon Bajnai called for a 'gas supply triangle' comprising a liquefied natural gas terminal on Poland's northern coast, a similar planned project in Croatia in southeast Europe, and the long awaited Nabucco gas pipeline. The Nabucco pipeline project is aimed at reducing Europe's dependence on gas from Russia by pumping supplies from Central Asian or Middle Eastern countries from eastern Turkey all the way to a distribution hub in Austria. 'The countries of Eastern and Central Europe must reduce their one-sided energy dependence in order to strengthen their energy security,' Bajnai said.

Great possibilities between Hungary and Azerbaijan to cooperate in IT sector and alternative energy sources-Feb-24

Ensuring security of supply, petrochemical industry, agriculture, tourism and construction sectors are the priority areas for cooperation between Azerbaijan and Hungary, said Hungarian Secretary of State for National Development and Economy, Zoltan Mester. The meeting of Azerbaijan-Hungary inter-governmental commission was held in Budapest, within which Azerbaijan-Hungary business forum and B2B meeting (business-to-business) took place Feb. 22-23. B2B meetings covered the sectors such as agriculture and food industry, medicine (pharmaceuticals), logistics, tourism, ICT, alternative energy, textiles, construction and finance.

Hungarian climate law postponed over job concerns-EurActiv Hungary reports

Published: 24 February 2010 Hungary could have become the second EU member state after the UK to pass an overarching climate framework bill. But the ruling socialist party backed down on Monday (22 February) citing job concerns after heavy pressure from the industrial lobby. The Hungarian parliament decided not to vote on a draft climate bill in Monday's final plenary sitting, despite strong support from its environment committee a week before. Because Hungary is holding general elections in April, the parliament is not expected to sit again before May, delaying the adoption of the bill. The framework law, which would have created the second such

legislative framework in Europe after the UK, was prompted by an initiative launched two years ago by the National Society of Conservationists – at the request of parliament – and attracted the support of over 400 civil society organizations. On 15 February, 18 of the 19 members of the Parliament's environment committee voted in favor of the draft bill.

Economic Front

Hungary's govt to re-nationalize airline MALEV- (Reuters)

BUDAPEST, Feb 27 (Reuters) - Hungary will almost fully renationalise air carrier Malev under a deal signed by the government and Malev's Hungarian and Russian shareholders in a bid to save the airline, the government said on Saturday. Under the agreement, reached after lengthy negotiations, the Hungarian government will raise Malev's capital by 25.2 billion Hungarian forints (\$127.8 million) by injecting cash into the firm and converting its debts into equity. This will result in the state holding a 95 percent stake in the airline, while the Russian shareholder Air Bridge will have a 5 percent stake, the finance ministry said in a statement. "The Hungarian state taking a majority stake (in Malev) will create the possibility for the company to operate in a financially stable way," the ministry said. The two governments have been in talks for almost a year over loss-making Malev, owned by Air bridge in which Russia's state-owned Vneshekonombank holds 49 percent, with the rest of the shares held by Hungarian executive Magdolna Kolto. Hungary: The government auctions 50 billion forint (\$251 million) of bonds maturing in 2013, 2015 and 2019 at 11:30 a.m. in Budapest. The forint was little changed at 270.53 per euro. The yield on Hungary's 8 percent bond due February 2015 dropped eight basis points to 7.08 percent.

Hungarian Borrowing Costs May Decline, Borbely Says Feb. 26 (Bloomberg)

Yields on Hungary's longer-maturity government bonds have room to decline even as the central bank may be close to ending its series of interest-rate cuts, a top official at the state debt agency said. "There are reserves in the long end of the curve, especially if the country's risk assessment improves," Laszlo Andras Borbely, deputy chief executive at the debt management agency AKK, said in an interview in Budapest. "I don't believe the end of rate cuts will have a negative impact on demand, it won't drive investors away." Hungary, the first European Union member-state to obtain an international bailout in 2008, wants to avoid drawing further funds from the 20 billion-euro (\$28 billion) package by tapping capital markets. Eastern Europe's most indebted nation was forced to suspend bond auctions temporarily as investors' dumped riskier emerging-market assets during the global financial crisis.

Spanish citrus targets Eastern Europe growth-Steven Maxwell- 25 February 2010

Citrus marketer Cítricos Valencianos is running series of in-store tastings in Hungary, the Czech Republic and Slovakia. Spanish citrus marketer Cítricos Valencianos is hoping to boost sales of Valencia-grown fruit in Eastern Europe through a series of in-store tastings that are currently

taking place in retail outlets across the Czech Republic, Slovakia and Hungary. The Protected Geographical Interest (PGI) regulatory organization is staging fruit tastings and other promotions in some 64 stores in the three countries during February and March as part of a strategy to boost sales of its citrus in the region. In a statement, Cítricos Valencianos said the promotions were taking place in Billa and Kaufland in the Czech Republic and Slovakia, as well as in branches of the Czech wholesaler Lipence and the Slovakian retailer Jednota. In Hungary, the tastings are being staged in outlets of the Spar, Inters par and Kaiser Chains

Hungary cbank sees wider budget gap unless new steps-, Feb 24 (Reuters)

BUDAPEST) - Hungary's government needs to take further measures to cut its budget deficit to levels agreed with international lenders both this year and next, the central bank said in its quarterly inflation report on Wednesday. The bank (NBH) projected a deficit of 4.2 percent of GDP for 2010, above the 3.8 percent target, and said that freezing all reserves, on top of an amount equivalent to 0.4 percent already locked in, could bring the deficit to 4.0 percent. A 4.0 percent gap would still be one of the European Union's lowest deficit levels. Also on the bright side, the central bank's figures adjusted with the economic cycle showed a continuous fall in the deficit in the years 2008-2010 to below three percent of gross domestic product (GDP). However, the bank said that without extra measures the deficit next year could hit 4.3 percent of GDP -- or 4.1 percent if reserves which the 2011 budget is supposed to include are frozen. That would be above a 2.8 percent deficit plan agreed with the EU and International Monetary Fund.

EBRD, Intesa Sanpaolo to Increase Finance to SMEs in Central and Eastern Europe-26Feb

European Bank for Reconstruction and Development (EBRD) and Intesa Sanpaolo Group have joined forces to increase the availability of financing to the real economy sector in Central and Eastern Europe with a financing package of up to EUR100m to Intesa Sanpaolo Group's subsidiaries in Bosnia and Herzegovina, Hungary and Serbia for on-lending to small and medium enterprises (SMEs). The EBRD financing offered to Intesa Sanpaolo Group is part of the Joint IFIs action plan, a joint initiative of EBRD, the World Bank Group and the European Investment Bank Group to provide EUR24.5bn in support of banking systems and lending to the real economy in central and Eastern Europe. Subject to completion of legal documentation, the facility includes three SME credit lines of EUR20m to Intesa Sanpaolo Bank in Bosnia and Herzegovina, EUR30m to Banca Intesa Beograd and EUR50m to CIB Bank (Hungary).

Hungarian Borrowing Costs May Decline, Borbely Says-Feb. 26 (Bloomberg)

Yields on Hungary's longer-maturity government bonds have room to decline even as the central bank may be close to ending its series of interest-rate cuts, a top official at the state debt agency said. Hungary, the first European Union member-state to obtain an international bailout in 2008, wants to avoid drawing further funds from the 20 billion-euro (\$28 billion) package by tapping capital markets. Eastern Europe's most indebted nation was forced to suspend bond auctions

temporarily as investors' dumped riskier emerging-market assets during the global financial crisis.

Hungary to Cut Record Rate Once More, Survey Shows-Feb. 23 (Bloomberg)

Hungarian monetary policy makers, who yesterday cut the country's benchmark interest rate to a record low, may decrease borrowing costs one more time before ending the easing cycle, according to a survey of economists. The bank will reduce the benchmark two-week deposit rate to 5.5 percent from 5.75 percent next month and hold it there beyond elections in April, according to six of nine economists in a survey carried out after the decision. One expects the rate to fall to 5 percent and two predict it will remain unchanged.

Social Front

Eight EU states to work out development strategy of Danube river region- Feb 26, Xinhua

Hungarian Minister for Foreign Affairs Peter Balazs announced on Thursday at the Danube Summit intergovernmental meeting in Budapest that eight EU member states have agreed to prepare an EU Strategy for the Danube river region by the end of 2010. The joint declaration states that the eight countries, Austria, Bulgaria, the Czech Republic, Germany, Hungary, Romania, Slovakia, and Slovenia, have committed to increasing cooperation and making more efficient use of existing EU instruments and funds in order to accelerate the infrastructural, social, and economic development of the Danube region as well as improve environmental protection standards. The new strategy would comprise a series of cross-border, trans-regional and trans-national projects and investments aimed at increasing prosperity, security and peace in the region. Challenges facing the Danube region require common solutions, said Peter Balazs, who listed priority areas such as environmental protection, transport infrastructure, energy security, rural development, tourism, food safety, migration, climate changes and the effects of market economic transition. Balazs also stressed that the Strategy is financially neutral. The Summit, which is being held in the Hungarian Parliament, was organized by the European Commission. Representatives from 14 countries, including the prime ministers of Austria, Bulgaria, Moldova, Hungary, and Romania, are attending the summit. As well as the eight EU member states, Thursday's declaration is also open for endorsement by the following non-EU member states Bosnia- Herzegovina, Croatia, Moldova, Montenegro, Serbia, and Ukrainian approval of the strategy by the European Commission would follow in the first half of 2011 when Hungary takes over the Presidency of the European Union. The Danube is the European Union's longest river, flowing through ten countries in Central and Southeastern Europe between the Black Forest in Germany and the Black Sea in Romania and Ukraine. The Danube region meanwhile has an area of approximately 800,000 square kilometers and a population of more than 80 million people.

Eastern Europe (Belarus & Ukraine)

Belarus

Political Front

Russia says no obstacles to Ukraine entering Customs Union, February 27, 2010

Moscow does not exclude the possibility that Ukraine might join the customs union involving Russia, Belarus and Kazakhstan, a Foreign Ministry spokesman said Friday. "Russia sees no legal obstacles to Ukraine's entry into the Customs Union," spokesman Andrei Nesterenko said at a press briefing. However, Nesterenko said the issue would require careful consideration before any action could be taken. "This will need the consent of the EurAsEC (Eurasian Economic Community) member states at the first stage and of the Customs Union member states at the second stage," he said. The statement follows reports that new Ukrainian President Viktor Yanukovich was willing to hold talks on the country's entry into the customs union. Russia, Kazakhstan and Belarus in late November 2009 signed an agreement to form a customs union, paving the way for a single economic space. The document took effect on Jan. 1, when the three countries introduced common foreign trade tariffs.

Belarus ambassador warns EU over sanctions-23.02.2010-EUOBSERVER

BRUSSELS - The Belarusian ambassador to the EU has called for the union to back off in a row over the country's ethnic Polish minority. The ambassador, Vladimir Senko, made the remarks in an open letter to the media on Tuesday (23 February) entitled: "EU is concerned, but Belarus asks for patience." Mr Lukashenko. Belarus' ambassador to the EU said it should stay out of the Polish minority dispute. He complained that some Polish "official bodies" have given the EU institutions a "perverted interpretation of [the] real situation in the Polish national minority," citing an unspecified "recent" survey in which 97 percent of Poles in Belarus had said they "do not consider themselves to be discriminated or prejudiced

Economic Front

Belarus asks Rothschild for privatization advice-19 Feb-Reuters

MINSK, Feb 19 (Reuters) - Belarus took a step towards more privatization of its economy on Friday when it invited the Rothschild Group to advise the government how to do this in an effort to boost the state-run, enfeebled economy. Belarus President Alexander Lukashenko asked the Rothschild Group to advise his government about privatisation at a meeting with top executive of the financial services group. "We not only want to receive your (price) estimates of privatised companies, we would like to learn a lot from you," Lukashenko told the gathering. Belarus, which Lukashenko has ruled since 1994, remains one of the least reformed countries of the pre-1990 eastern bloc. Last year, deteriorating demand from recession-hit Russia and Europe, its chief exports markets, dented the \$44.5 billion economy drastically, forcing the government to

look for sources of external funding and shifting it to seek warmer ties with the West. "It would suit us very well to work with your specialists. If you agreed we could soon delegate several projects and work on them seriously," Lukashenko told the visiting Rothschild executives, who only recently backed the initial public offering of Russia's UC RUSAL, the world's largest aluminum maker. Belarus's gross domestic product, GDP, grew by a mere 0.2 percent last year, according to official statistics, following five years of around 10 percent growth. Both the International Monetary Fund and the World Bank, which have been financially aiding the country through the recent downturn, have urged privatization, not only as a way to liberalize the economy but also to generate much needed cash for the government.

IMF, Belarus Reach Tentative Staff-Level Agreement on \$700 Million Loan-02/17-Dow Jones News

The International Monetary Fund said Wednesday it has reached a tentative staff-level agreement to loan Belarus roughly \$700 million as part of an existing loan package. The amount came via the IMF's fourth review of Belarus's economic performance under the loan program. The IMF Executive Board must approve the agreement, which is likely before the end of March, IMF said in a statement. The 15-month financial package amounts to roughly \$3.52 billion. As of December 2009, total disbursement under the program totaled \$2.88 billion when IMF approved a \$668 million loan to Belarus after completion of its third review. IMF said Belarus' performance under its lending facility has been "good" because the country has met all performance criteria and structural benchmarks at the end of December. Additionally, Belarusian authorities have expressed "interest in continued cooperation with the IMF after the expiration of the current program," the IMF said, adding that a possible follow-up program could be considered.

Social Front

Belarus Wins First Olympic Gold-February 26, 2010

Alexei Grishin of Belarus won the first Winter Olympics gold medal for his country Thursday, sailing to victory in freestyle skiing aerials. Prior to the Vancouver Olympics, competitors from Belarus had won three silver and three bronze medals in appearances at the Lillehammer, Nagano, Salt Lake City and Turin Games. Sergey Novikov won silver and Darya Domracheva a bronze earlier in these Games for Belarus, both coming in biathlon, but no one from that country had stepped to the top of a podium in the Winter Olympics until Grishin pulled off a breathtaking stunt in his second jump. American Jeret Peterson finished second and China's Liu Zhongqing was third.

Ukraine

Political Front

New Ukrainian President Touts Domestic Reforms, Non-Aligned Foreign Policy-25 Feb-

ASSOCIATED PRESS-Ukraine's newly inaugurated president, Viktor Yanukovich, says the country can only address its endemic poverty and corruption if it reforms a system of government currently designed to serve the interests of individual politicians. Speaking in parliament after taking the oath of office, Mr. Yanukovich said Ukraine should be a non-aligned country that serves as a bridge between Europe and the former Soviet Union. Mr. Yanukovich took the oath of office on the 16th century Peresopnytska Gospel, the oldest religious text printed in the Ukrainian language. After receiving a mace, the traditional symbol of Ukrainian power, Mr. Yanukovich told lawmakers and foreign dignitaries that he assumes the presidency amid extremely complicated circumstances - including the absence of a national budget, a colossal foreign debt, poverty, a ruined economy and corruption. He says addressing these problems will require an effective government and political opposition, which all synchronize their work with the president. He urged Ukrainians to cleanse their hearts of what he called "the poison of hate", in terms reminiscent of President Obama's call to extend a hand to foreign adversaries willing to unclench their fists.

Yanukovich sworn in as Ukrainian president Feb 25, 2010-(CNN)

Ukrainian President Viktor Yanukovich pledged Thursday to make his country "a bridge between East and West" after being sworn into office in Kiev. Yanukovich, who was ousted from office in 2004 in the pro-West "Orange Revolution," beat Prime Minister Yulia Tymoshenko in a bitterly fought election earlier this month that has left the country deeply divided. Yanukovich enjoys support among the Russian-speaking people living in eastern Ukraine, while Tymoshenko is mainly supported by the Ukrainian speakers in the western part of the country. There is concern Yanukovich will move the former Soviet state more closely into Moscow's orbit and many fear further political turmoil. But in his inaugural address, Yanukovich said it was in Ukraine's interest to build close relations with Russia, the European Union and the U.S.

Yanukovich Proclames Ukraine 'Non-Aligned' European Nation- Feb25-Novinite.com

New Ukrainian President, Viktor Yanukovich, has declared during his inauguration that his country should be an "independent European nation." In his speech before the Ukrainian Parliament, Yanukovich, stated that the challenges faced by the international community necessitates unified efforts on part of all actors, and that Ukraine was ready to participate in them as a non-aligned European country. He vowed to have an independent foreign policy without entering into alliances with the West or Russia. "Ukraine is going to have such foreign policy that will allow it to achieve maximum results from equally and mutually beneficial relations with Russia, the EU, and the US," said Yanukovich. The President stressed the fact that he was taking over at a time when Ukraine had enormous debts, destroyed economy, and impoverished population

New Ukraine president gives right investor signals-Feb 25, (Reuters)

KIEV – Ukrainian President Viktor Yanukovich sent positive signals to foreign investors in his inaugural speech on Thursday, but whether the ex-Soviet company manager succeeds in bringing them back remains to be seen. Yanukovich was sworn in on Thursday after a bitter campaign against his election rival, Prime Minister Yulia Tymoshenko, and faces the tough task of consolidating his power to produce a stable government that can bring back vital IMF lending. In his first speech as president, he said Ukraine faced "colossal debts, poverty, a collapsing economy, corruption", and vowed to win the trust of investors. "What is needed for investors and international financial institutions to renew their trust in Ukraine is securing internal stability, overcoming corruption, restoring clear, and most importantly, constant rules of relations between the state and business," Yanukovich said. He said his aim was not to strengthen the state's role in the economy "but the government's participation in the creation of effective market mechanisms".

Davutoğlu conveys Turkey's concerns to Sarksyán-today's Zaman

Turkish Foreign Minister Ahmet Davutoğlu and Armenian President Serzh Sarksyán had a comprehensive discussion on developments in the Caucasus and the normalization of Turkish-Armenian relations during a meeting in the Ukrainian capital of Kiev, the Anatolia news agency reported on Thursday. Davutoğlu was in Kiev to attend the inauguration of Ukrainian President Viktor Yanukovich. Following the meeting, Davutoğlu told reporters that he had expressed the Turkish side's concerns to Sarksyán during the meeting. "We also discussed what should be done in the Nagorno-Karabakh conflict. I had the chance to convey our concerns, views and vision for the region to Sarksyán," he said.

New Ukraine leader set for EU parliament visit-The Parliament politics, policy and people.com

Viktor Yanukovich, the opposition leader who won Ukraine's recent election, will visit the EU parliament next week, it has been revealed. Yanukovich, who was inaugurated as the country's new president on Thursday, will hold meetings with parliament's president Jerzy Buzek and appear at a news conference on Monday. He accepted an invitation from Buzek who was in Kiev for his inauguration. The fact that the pro-Russian leader has chosen Brussels, rather than Moscow for his first overseas visit will be seen as symbolically important. A parliament source said, "It's a feather in the cap for parliament and the EU." His electoral opponent, Prime Minister Yulia Tymoshenko, says Yanukovich won through fraud and refuses to recognize his victory. Meanwhile, a resolution adopted by parliament on Thursday calls for closer ties with Ukraine. The EPP motion said the EU "must respond with clear signals welcoming" Ukraine's EU aspirations.

French minister lashes out at Ashton Ukraine visit-EurActiv 22/02/10)

On 22 February, EU ministers discussed strategies with Ukraine, as the country has now a new president, Viktor Yanukovich, seen as pro-Russian. Even before the ministerial meeting, it was already known and acknowledged by French diplomats, that Ashton would not preside over a meeting of defense ministers in Palma de Mallorca, as the inauguration of Yanukovich the same day. Diplomats said this was the first example of how overstretched Ashton would be, as her duties combine those of former High Representative Javier Solana, External Affairs Commissioner Benita Ferrero-Waldner and EU foreign ministers. Ashton to fight for EU leaders' 'respect' The defense ministers' meeting was their first since Briton Catherine Ashton took over as the EU's high representative for foreign affairs and security policy under its Lisbon reform treaty, and was attended by NATO chief Anders Fogh Rasmussen. "It's quite rich that this morning, at the first meeting of defense ministers after the entry into force of the Lisbon treaty, that when we talked of the relationship between the EU and NATO, the NATO secretary-general was there and not the high representative," Morin said at the meeting in Palma de Majorca. EU officials said Ashton was in Kiev for Thursday's inauguration of President Viktor Yanukovich. They made no further comment. Since EU leaders selected her last November, Ashton has faced criticism for her perceived slowness to react to the Haiti earthquake and for what is seen as a lack of experience.

Congress of Ukraine's Azerbaijanis awards AMI TREND with diploma for active role in propaganda of truth about Armenian vandalism-26.02.2010-Trend News

The Congress of Ukraine's Azerbaijanis presented a diploma to the International Information Agency TREND (AMI) for an active role in informing the world community about Armenian vandalism, as well as for the prepared documentary film "When words freeze about the realities of the Nagorno-Karabakh conflict. The propaganda of the truth about Armenian vandalism in foreign countries rests on the Azerbaijani press. "In this regard merits of Trend must be appreciated. A film prepared by the Information Agency on the basis of citizenship, will make a significant contribution to spreading the truth about the Nagorno-Karabakh conflict," the Congress of Ukraine's Azerbaijanis chairman Akif Gulmammadov said. Chairman of the Congress awarded Deputy Director of Trend News Agency Emil Huseynli with diploma. The documentary film prepared by AMI TREND was presented in Donetsk on Feb. 22 and in Kiev on Feb. 24.

Economic Front

Nigeria: FG Moves to Correct Trade Deficit with Ukraine-26 February 2010

Abuja — Minister of Commerce and Industry, Chief Achike Udenwa yesterday expressed disappointment over the lopsided trade and investment relations between Nigeria and Ukraine, which has not been favorable to Nigeria, saying the bilateral trade agreement to be signed next month, expectedly should correct the present imbalance. He said "trade and investment relations

between Nigeria and Ukraine has been one sided, especially in the area of steel products auto spare parts and in oil and gas."Udenwa said Ukraine gets nothing from Nigeria as the country for now does not export much to Ukraine, adding that with the large number of Nigerian students studying in Ukraine, a kind of cultural relationship has come to fore between the two countries.

Baltic States (Estonia, Latvia & Lithuania)

Estonia

Political Front

Labor MEP appointed EP rapporteur on Estonia's possible adoption of the euro- 26th Feb

Labor MEP Edward Scicluna has been nominated as the European Parliament's rapporteur on Estonia's possible adoption of the euro. He pledged he would use his expertise as an EU appointed euro expert, prior to his election as an MEP to "good practice". Under the EU treaties, the EP must give its approval before any new country can join the Euro zone. If approved, Estonia would become the Euro zone's 17th member in 2011."Having acted as Malta's euro expert between 2006-09, I know the challenges facing new countries wishing to join the Euro zone, and will put my expertise to good practice."Iam delighted that, with my rapporteurship on the European Central Bank due to be voted in March, my socialist and democrat group continues to keep faith in my abilities to deal with important dossiers."

The case for pragmatism: a view from Estonia-Rein Müllerson, 18 February 2010

The complex realities of international politics make a wise and patient foreign-policy approach the only sensible one - especially for Russia's smaller neighbors, says Rein Müllerson. In world politics, to fail to be realist enough is to be lost. Although international society is almost by definition an anarchical society, its condition is hardly as bleak as described by Alexander Rondeli . Neither is today's Russia dragging the world back into the realm of Real politik - since the world never really left it. The implications are both more demanding and more hopeful than the analyst in Tbilisi suggests. Here then is a response from another small and "post-Soviet" country on Russia's border, namely Estonia.

Japan, Estonia agree to cooperate on climate change, Afghanistan- 16th February,

Prime Minister Yukio Hatoyama and visiting Estonian Prime Minister Andrus Ansip agreed Monday to cooperate on climate change, assistance for Afghanistan and other global issues. Noting that the two countries face global challenges, including nuclear disarmament, Hatoyama told his Estonian counterpart during their hour-long meeting in Tokyo, "I want to make bilateral ties closer." Ansip agreed and noted there is also room for promoting bilateral cooperation in areas such as information technology and energy, while Hatoyama said his government will

assist efforts to boost business ties between the two countries, the Japanese Foreign Ministry said.

Kuwait congratulates Estonia on national day-2/24/2010-(KUNA)

KUWAIT, Feb 24 -- His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah sent a cable of congratulations on Wednesday to Estonia's President Toomas Hendrik Ilves on the occasion of his country's national day. His Highness the Deputy Amir and Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah and His Highness the Prime Minister Sheikh Nasser Al-Mohammad Al-Ahmad Al-Jaber Al-Sabah sent similar cables to the leader of Estonia on this occasion

Latvia

Political Front

Latvia, Lithuania oppose possible selling of Mistral helicopter ship to Russia-26.02.2010,

LONDON, February 26 (Itar-Tass) -- Latvia and Lithuania demand stricter arms trade rules in the European Union and NATO in order to prevent the selling of Mistral helicopter ships to Russia. They made a statement to that effect at the Thursday meeting of EU defense ministers in Palma de Majorca. "The European Union and NATO should sell armaments and military hardware to countries, which do not pose the risk of regional tensions," Latvian Defense Minister Imants Liegis said. "Before concluding strategic deals, EU member countries should hold internal consultations on items that may call into question the security of other members," he noted. "The European Union and NATO need clearer rules of arms exports," Lithuanian Defense Minister Rasa Juknevičienė said. She noted that some East European countries, among them Poland, shared the opinion. Negotiations on Russia's possible acquisition of a French Mistral helicopter ship continue, but it is not planned to sign any deals during the French visit of Russian President Dmitry Medvedev on March 1-3, a high-ranking source in the Russian Defense Ministry said earlier in the day

Latvian official to visit Georgia-25.02.2010-Trend News

Latvian Parliament Speaker Gundars Daudze will pay a visit to Georgia March 3. During his three-day visit, he will meet with Georgian Parliamentary Speaker David Bakradze. The Latvian official will also meet with the parliamentary opposition. Daudze is expected to meet with Prime Minister Nika Gilauri, State Reintegration Minister Temur Yakobashvili and President Mikheil Saakashvili. He will also visit Signagi and see the Pirosmiani exhibition, as well as visit Tbilisi Museum, the Monastery of the Cross and other attractions

Economic Front

Latvia Jan retail sales down 16.0 pct y/y- Feb 26 (Reuters)

Latvian retail sales fell 16.0 percent year-on-year in January, the statistics office said on Friday.

LATVIA RETAIL SALES	Jan '10	Dec '09	Jan '09
Pct change mth/mth	+4.0	-1.9	-8.5
Pct change yr/yr	-16.0	-30.2	-19.8

Latvia and Lithuania call for tighter EU rules on arms sales

EUOBSERVER / BRUSSELS - Latvia and Lithuania have called for tighter EU rules on arms exports in reaction to French plans to sell a state-of-the-art warship to Russia. The Baltic countries made their appeal during an informal EU defence ministers' meeting in Majorca on Thursday (25 February). "The EU and Nato should only sell their military equipment and weapons to third countries if it does not create risks of regional security tension," Latvian defence minister Imants Liegis said, according to his press statement. "EU member states should consult among themselves on issues that might compromise the security of other member states before clinching strategic and military deals. The two former Soviet republics raised the alarm earlier this month when they found out via media that France is in talks to sell a Mistral class warship to Russia. The vessel can be used to launch large-scale amphibious assaults, with a Russian admiral recently remarking that he could have won the 2008 war against Georgia in 40 minutes with the help of such a ship

Latvia c.bank says bought net 18 mln euros last week

RIGA, Feb 22 (Reuters) - Latvia's central bank bought a net 18 million euros in currency market interventions last week, down from a 65 million euro net purchase a week before, the bank said on Monday. Traders said that the lat currency was trading at the weaker end of its band against the euro in early trade on Monday. However, the lat was still off the intervention levels, with the euro quoted at 0.7088/98 versus 0.7082/92 lats last Monday. The central bank automatically accepts offers to buy lats in what it calls passive intervention 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. One trader said they would be watching with interest a State treasury placement of 2-year bonds in domestic market.

Unemployment hits 19.7 percent in Latvia: official data-22 February 2010

Riga. Unemployment in crisis-hit Latvia has continued to climb, reaching 19.7 percent in the fourth quarter of 2009 from 18.4 in the previous three-month period, Latvia's Central Statistical Bureau said Monday, AFP reports. The number of people in the nation of 2.2 million actively seeking work in the fourth quarter climbed to 229,400 from 214,900 in the third quarter. On

January 29, Eurostat, the European Union's statistics office, said Latvia topped the 27 European Union nations in joblessness having recorded 22.9 percent unemployment in December 2009.

Latvia budget gap to widen in 2010 - ministry

RIGA, Feb 23 (Reuters) - Latvia's public sector deficit will rise in 2010 after hitting 8.1 percent of gross domestic product in 2009, though the government may not need to draw on all the bailout funds it was granted, a finance ministry official said. Under an International Monetary Fund-led 7.5-billion-euro (\$10.2 billion) bailout agreed in 2008, Latvia pledged to limit the deficit to 8.5 percent of GDP in 2010. It has to reduce this figure in stages to 3 percent of GDP by 2012 in order to meet the Maastricht budget criteria in 2014. Finance Ministry State Secretary Martins Bicevskis told parliament's budget and finance committee on Tuesday that the 2009 deficit was well inside the 10 percent of GDP limit set for that year.

Social Front

Heroic Neo exposes Latvia's corruption From: Times Online February 27, 2010

TO the horror of Latvia's political establishment, a mysterious group of computer hackers is threatening to expose the incomes of top officials after stealing millions of government tax records. The group, calling itself the People's Army of the Fourth Awakening, claimed to have downloaded more than 7.5 million documents, including VAT receipts and income tax returns from the State Revenue Service after exploiting a security loophole on its website. One hacker used the name Neo, in apparent tribute to the hero of The Matrix films, in which a vast system for enslaving humanity is exposed. "The purpose of the group is to unmask those who gutted the country," Neo told the Latvian television current affairs program Kas Notiek Latvija in an interview posted on its website. Neo has been hailed as a digital Robin Hood by disgruntled Latvians after posting details from the documents on the internet to contrast the earnings of top officials with cuts experienced by other workers. Latvia's economy shrank by almost a fifth last year and is the weakest in the EU. The government slashed state salaries by up to 50 per cent and raised taxes in return for an EU-led bailout that saved the country from bankruptcy as revenues slumped and unemployment jumped to 23 per cent. Another leak showed the pay of managers of a bank that was bailed out, revealing that many did not keep promises they made to cut their salaries. The chief executive of the state-run heating company in the capital, Riga, was embarrassed when Neo showed that he had paid himself a 16,000 lat (\$34,450) bonus last year as city workers were enduring pay cuts.

Lithuania

Political Front

Lithuanian diplomat to be EU Afghan representative, officials say-Feb 20, 2010,

Brussels - Lithuania's former foreign minister, Vygaudas Usackas, is to be the European Union's new top official in Afghanistan, EU officials said on Saturday. The EU's foreign policy director, Catherine Ashton, is set to confirm Usackas' appointment at a meeting of EU foreign ministers on Monday, diplomatic sources said. The EU's current special representative in Afghanistan and Pakistan, Ettore Francesco Sequi, is due to stand down at the end of the month.

EU Globalisation Fund: European Parliament Backs Funds For German And Lithuanian Workers-24 February, 2010

Three thousand former car, refrigerator and construction workers in Germany and Lithuania could get €7.6 million in EU globalisation adjustment fund aid for training, self-employment and professional orientation under plans approved by the Budgets Committee on Tuesday. But the plans still need to be approved by Parliament as a whole and the EU Council of Ministers. Parliament's reports on the plans were drafted by Reimer Böge (EPP, DE). Germany - help for former Karmann workers. Between December 2008 and March 2009 2,476 workers lost their jobs at the Karmann car manufacturing group (Wilhelm Karman GmbH and Karmann-Rheine GmbH & Co.KG). Of these, 1,793 would be eligible for help from the European Globalisation Adjustment Fund (EGF)

France assures Baltic over ship deal with Russia

VILNIUS, Feb 24 (Reuters) - France told Lithuania on Wednesday its plans to sell Russia a warship, if realised, would not involve any transfer of military technology, a spokesman for Lithuanian President Dalia Grybauskaite said. Plans by Paris to sell military equipment to Moscow have raised concerns among its NATO allies Lithuania, Latvia and Estonia, ex-Soviet republics which fear that any such deal could affect their security. French President Nicolas Sarkozy sent his European Affairs Minister Pierre Lellouche to Lithuania, Latvia and Estonia this week to calm nerves. "He (Lellouche) assured, that if the deal on the Mistral sale is reached, France would sell the ship stripped of military equipment, as a civilian vessel," Lithuanian presidential spokesman Linas Balsys told Reuters. Lithuanian media cited experts as saying that the ship would still be of interest to Russia, because it was buying Mistral not for the weaponry but for its ability to transport troops at high speed, a capability Russia lacks at the moment.

Turkey's chief EU negotiator meets Lithuanian deputy parliament head

Turkish State Minister and Chief Negotiator for European Union talks Egemen Bağış met Wednesday with Lithuanian Deputy Parliament Speaker Česlovas Vyautas Stankevičius. Speaking to reporters before the meeting, Stankevičius said he was very pleased to have Bağış in Lithuania. The meeting was closed to the press. Bağış is set to meet later in the day with President Dalia Grybauskaite, and Foreign Minister Audrius Azubalis as well as a group of Lithuanian lawmakers. Bağış will also attend a conference at the Vilnius University.

Economic Front

Lithuania: East Europe Bond, Currency Preview

Feb. 25 (Bloomberg) -- The following events and economic reports may influence trading in eastern European bonds and currencies today. Bond yields and exchange rates are from the previous session. Consumer confidence data for February are due for release from the statistics office at 11 a.m. in Vilnius. The indicator was minus 45 in January. The litas, which is pegged to the euro, was little changed at 3.4529 per euro. The yield on the country's 3.75 percent bond due February 2016 was little changed at 5.688 percent. The yield on the 7.5 percent government dollar bond due March 2030 raised one basis point from the previous day to 5.31 percent.

Estonian economy has better-than-expected fourth quarter-Feb 24, 2010,

Tallinn - Gross domestic product (GDP) figures released Thursday in Estonia proved better than expected, suggesting the small Baltic economy is emerging from recession faster than previously forecast. According to flash estimate figures from the national statistics office, Estonian GDP decreased by 9.4 per cent in the fourth quarter of 2009 compared to the same quarter in the previous year.

Lithuania budget plan backs 2014 euro goal

VILNIUS, Feb 22 (Reuters) - Lithuania said its goal of adopting the euro in 2014 remained on track, provided it met tough deficit-reduction targets under a medium-term budget plan that the finance ministry unveiled on Monday. The Baltic state, which saw its economy shrink 15 percent, last year, said it aimed to cut the public sector deficit to below 3 percent of gross domestic product (GDP) by 2012 from an expected 8.1 percent in 2010. The government also proposed extending the retirement age to 65 years. "With all the measures to meet the (euro) convergence criteria being implemented, 2014 would be a realistic date to adopt the euro," the finance ministry said in a statement. Lithuania, which first signaled 2014 as its target for joining the single currency in January, did not set a formal adoption date. The ministry said the country's public debt as calculated under European Union rules is expected to reach 36.6 percent of GDP in 2010, down from an earlier estimate of 40 percent. It would rise to 39.8 percent in 2011 and to 41 percent in 2012 but remain well below the EU's 60 percent ceiling.

Social Front

Lithuanian editor publishes facts of Armenians' atrocities witnessed by him-26.02.2010

During the roundtable discussion on "Khojali genocide: political, legal and psychological aspects" at the Center for Strategic Studies under the Azerbaijani President, journalist and editor of the Lithuanian socio-political newspaper 'Lazdiyay ulduzu' Richardas Lapaytis disclosed the facts of the Armenians' atrocities witnessed by him.

"During six visits to Nagorno-Karabakh, I was the only witness of nurse Gultekin Askerova's murder committed by the Armenians, as well as other atrocities in a combat zone," Lapaytis said. According to him, foreign and local journalists have made every effort to gather many facts from the combat zone. The journalist stressed that currently the information blockade on coverage of the Nagorno-Karabakh events created by the Armenians in Lithuania, has been destroyed. Political commentator, advisor to the chairman of the Economy Committee of the Lithuanian Seimas Imantas Melyanas also stressed the fact of the myth created by the Armenians in the information sphere of Lithuania. "During the last two years in Lithuania, we were able to reverse the unhealthy information war of the Armenian diaspora, and periodically publish truthful material on Khojali", Melyanas said. On Feb. 25-26 February, 1992 Armenian occupation forces together with the 366-th infantry regiment of the Soviet troops stationed in Khankendi (earlier Stepanakert) fired Azerbaijani Khojali town by all kinds of artillery systems, and then occupied the town in Nagorno-Karabakh of Azerbaijan, located about 23 km from Khankendi. Armenian troops committed genocide in Khojali on Feb. 26, 1992. The tragedy began early morning. Within hours, over 613 unarmed Azerbaijani citizens were killed. Among them were 106 women and 83 children. About 1,000 people were disabled by shots; 8 families were fully destroyed. A total of 25 children lost both of their parents and 130 children lost one of them. About 1,275 people were taken prisoner and around 150 people went missing. Eight families were completely killed

Russia

Political Front

Medvedev to open Russian Year in France, discuss Iran, Afghanistan in Paris-26.02.2010,

MOSCOW, February 26 (Itar-Tass) -- President Dmitry Medvedev will open the Russian Year in France and will discuss Iran, Afghanistan and the Russian initiative of a European security treaty while visiting Paris on March 1-3, a Kremlin representative told Itar-Tass on Friday. "France is a privileged partner of Russia. We have close historical relations in all spheres. The Russian-French interaction includes an intensive and frank political dialog at various levels, steady economic relations immune from the world crisis, and multifaceted humanitarian contacts," he said. The high status of the upcoming visit is another peculiarity of the bilateral relations, the source said. The Russian and French presidents will discuss the entire range of bilateral relations. There will be detailed negotiations with Prime Minister Francois Fillon and meetings with Paris Mayor Bertrand Delanoe, Senate President Gerard Larcher and National Assembly Bernard Accoyer. Medvedev will deliver a number of speeches and take part in several cultural events. "The opening of the Russian Year in France and the French Year in Russia will be the landmark event and an important contribution to the strategic partnership between France and Russia," the source said. "The presidents will open the Holy Rus exhibition at the Louvre on March 2. In all, the national years' program includes over 400 events, among them a Comedy Francois tour in

Russia, the Russian Day in Paris, the Russian national exhibition and the Picasso show in Russia,” he said. “The colossal project will intensify the cultural dialog and inter-regional contacts and promote the teaching of the Russian language in French schools. In all, it will strengthen mutual understanding between the people of Russia and France,” the source said. “Foreign political interaction will be in the focus of the visit. The high level of Russia-France cooperation on the international scene is based on similarity or coincidence of national positions. The sides favor a multi-polar world order, the supremacy of international laws, the central role of the United Nations and the UN Security Council, and indivisibility of international security,” the source said.

Georgia Says Land Border with Russia Will Be Reopened-February 26, 2010, Friday

Georgia and Russia are going to reopen their land border for the first time in more than three years, Georgian Foreign Ministry said Friday. There has been no immediate confirmation on part of Russia to the announcement, which states that the border crossing points of Verkhny Lars in Russia and Kazbegi, Georgia, will start processing traffic on March 1, 2010. The Georgian Foreign Ministry announced that the two countries reached an agreement for the reopening of the mountain pass in the Caucasus, which has been closed since July 2006 over tense relations and hostilities culminating in a six-day war in August 2008, was reached with during talks in December 2009, with Swiss mediation.

Russia ready 'to work' on Iran sanctions: diplomatic source

MOSCOW (AFP) – Russia is ready to work on a new round of UN sanctions against Iran, a top Russian diplomatic source said Friday, ahead of a visit to France by Russian President Dmitry Medvedev. "Today it is Russia's readiness in principle to work on the sanctions which is important," the senior diplomatic source told reporters, speaking on condition of anonymity. But "going into detail on this would be somewhat premature," the source added. Medvedev was scheduled to arrive Monday in France, where he is expected to discuss the standoff over Iran's nuclear program with his French counterpart, Nicolas Sarkozy. Russia and France are working closely together on devising plans that would ensure Iran had access to nuclear fuel while encouraging Tehran to renounce uranium enrichment, French diplomats say. As a permanent, veto-wielding member of the UN Security Council, Russia would need to give its support in order for the Council to impose a new round of sanctions on Iran.

Ukrainian President to discuss gas cooperation in Moscow-FOCUS News Agency-27 Feb

Kiev. Relations in gas field between Ukraine and Russia will be discussed during the visit of the newly elected Ukrainian President Viktor Yanukovich to Moscow, sources close to Yanukovich announced. “As it is known Viktor Yanukovich is to pay a visit to Russia. I am convinced that new gas agreements and price of the natural gas as well as organization in the field of the gas-

transit system will be under discussion, with sure". This is what Deputy-leader of the President's administration Irina Akimova said for Inter TV channel

Russia voices concern over US missile plan-2/27/2010-AFP

MOSCOW: Russia has serious concerns about US plans to deploy missile interceptors in Romania, the Foreign Ministry said yesterday. The statement from ministry spokesman Andrei Nesterenko reflected Moscow's irritation about the US missile defense plans and signaled tensions in relations with Washington. Nesterenko said that Russia has been annoyed to learn about the move from the media. "We are worried that we find out about important decisions regarding the US missile defense in Europe from the media rather than our official counterparts in Washington or Bucharest," Nesterenko told a briefing. Nesterenko wouldn't comment on whether the dispute could affect talks with the United States on a key nuclear arms reduction treaty that expired in December. But other Russian officials, including the nation's top military officer, recently said the US missile defense plans threaten Russia and have slowed down negotiations on a successor deal to the 1991 Strategic Arms Reduction Treaty. Nesterenko also voiced skepticism about Washington's explanation that the interceptors were needed to protect US troops and Nato allies against the Iranian missile threat. "Russia has serious questions regarding the true purpose of the US missile defense in Romania," Nesterenko said. "That is why we will consistently oppose any dubious unilateral actions in the missile defense field that could have a negative impact on the international security." He added that the US plans would make a "fragile European security structure hostage to the imaginary missile threats that are defined unilaterally." Russia has applauded President Barack Obama's decision to scrap Bush administration plans for missile defense systems in Poland and the Czech Republic. But Moscow has grown increasingly critical of the planned site in Romania and also criticised the US plans to deploy Patriot air defense missiles in Poland.

Over 66,000 are in hiding from Russian justice abroad – official-26.02.2010,

MOSCOW, February 26 (Itar-Tass) -- Tens of thousands of 66,000 wrongdoers wanted in Russia for various offences are in hiding in different countries around the world, Russia's Deputy Prosecutor-General Alexander Zvyagintsev told the government-published daily Rossiiskaya Gazeta in an interview. "Over 66,000 people are on the international lists of wanted offenders. They were put there at Russia's initiative. The list has grown that long over the many years Russia has been involved in the international mechanisms of the search for criminals within the framework of Interpol and the CIS. In cooperation with the Interior Ministry we arrange for their international search and, once they have been tracked down, take measures using Foreign Ministry resources to secure their detention," Zvyagintsev said. According to the senior official, last year alone the Russian Prosecutor-General's Office dispatched over 500 requests to other countries for the extradition of suspects. "An absolute majority of such requests goes to the CIS countries," Zvyagintsev said. Last year other countries made decisions in favor of the extradition

of 289 accused persons to Russia. Many ask for asylum ostensibly for political reasons for the sole purpose of gaining immunity from extradition to the Russian judiciary,” Zvyagintsev said. “The greatest number of runaway offenders is in Israel and Britain. Incidentally, the latter’s capital is quite often referred to as Londongrad. As you may have guessed, it is a shelter not for ordinary pickpockets, but persons of means,” he remarked. The list of countries where escapees tend to take refuge grew considerably of late. Ever more often they set eyes on some exotic countries, with which Russia has no extradition agreements. For instance, Russia had to request extraditions on the condition of reciprocity from such countries as Guyana, Trinidad and Tobago, Cambodia and Nicaragua.

Russia, EU Look to Lift Visas

MOSCOW — A daunting amount of work is necessary to achieve visa-free travel between Russia and Europe, but Moscow is promising maximum cooperation with Brussels on that issue, Foreign Minister Sergei Lavrov and new EU foreign policy chief Catherine Ashton said Wednesday. A European initiative to lift travel restrictions could be put into practice “in a short time,” Lavrov told reporters at a joint news conference with Ashton, Interfax reported. “We are ready to introduce visa-free travel with Europe tomorrow,” he said, adding that technical hurdles should be moved out of the way during expert consultations “in good time.” Afterward, a time frame for agreements could be set. Ashton, who was on her first visit to Moscow, cautioned that the process was just a beginning, and “there is a substantial amount of work to be done,” she told reporters at a separate briefing late Wednesday. She refused to elaborate or give a time frame. Spain, which currently holds the rotating EU presidency, announced last month that the EU would start a process to ultimately lift visa requirements. But similar attempts have yielded few results in the past, mainly because of technical difficulties and fears among EU members of a mass influx of refugees. Migration rules are stringent on both sides, although Russians must undergo interviews and demonstrate that they have sufficient funds for travel before obtaining visas to the EU’s border-free Schengen zone. Europeans wishing to travel to Russia are spared those procedures but face stiff bureaucracy, having to register and deregister if they spend three or more working days at any place in the country.

Medvedev rejects foreign interference in Lebanese affairs-February 26, 2010

BEIRUT: Russian President Dimitri Medvedev stressed Thursday the importance of dialogue among the Lebanese in order to resolve controversial domestic issues, while highlighting Russia’s rejection of foreign interference in Lebanese affairs. “I told President Michel Sleiman that Russia always stood by Lebanon’s sovereignty and we consider that it is unacceptable to interfere in Lebanese domestic affairs as the Lebanese should resolve their issues through dialogue among all parties,” Medvedev said in a joint news conference with Sleiman. Thursday’s visit was the first ever by a Lebanese head of state to Russia, and Medvedev described it as a “landmark event” in relations between Moscow and Beirut.

Economic Front

Russian bank balances fall to 492.7 bln rbls

MOSCOW, Feb 26 (Reuters) - Banks' balances in their correspondent accounts at the Russian central bank fell to 492.7 billion roubles on Friday from 564.9 billion roubles in the previous session, the central bank said. All figures are in billions of roubles:

BALANCES	Feb 26	Feb 25
Total	492.7	564.9
Moscow region	337.8	418.7
Banks' deposits at the central bank	370.5	381.3

Russia Cpi Up 0.3 Pct In Latest Week Vs 0.2 Pct In Previous Week - Stats Service

MOSCOW, Feb 26 (Reuters) - Russian consumer prices rose 0.3 percent in the week to Feb. 24 versus 0.2 percent in the previous week, driven primarily by the traditional winter increases in fruit and vegetable prices, data from the Federal Statistics Service showed on Friday. This brings the rise in consumer prices since the beginning of the month to 0.7 percent - in line with official forecast of around 0.8 inflation in the whole of February. Since the start of the year prices rose 2.4 percent -- significantly lower than the 3.6 percent recorded in the same period of 2009. Prices for fruit and vegetables, which are more difficult to grow and obtain during the winter months in Russia, rose on average by 1.2 percent in the latest week, the service said in a statement.

Medvedev to visit Argentina to boost economic ties-25.02.2010

MOSCOW, February 25 (Itar-Tass) - Russian President Dmitry Medvedev plans to visit Argentina this year to step up the two countries' economic relations, the vice president of the Russian Chamber of Commerce and Industry, Georgy Petrov, told a seminar on business opportunities in Argentina's mining industry on Thursday. "Our trade relations are, first of all, based on a very stable political dialogue at the highest level," he said adding that in 2008 the two countries' presidents signed documents setting the tasks for the development of Russian-Argentinean relations. "We hope for stronger trade and economic relations between our countries and Dmitry Medvedev's visit to Argentina scheduled for this year will contribute to this," Petrov said.

The reserves shrank \$1.7 billion to \$431.5 billion a week earlier

Russia: International reserves for the week ending Feb. 19 are due for release by the central bank in Moscow. The reserves shrank \$1.7 billion to \$431.5 billion a week earlier. The ruble traded at

30.0131 per dollar, compared with 30.0638 on Feb. 19. Official markets were closed Feb. 22-23 for a public holiday.

Russia Business Roundtable in Moscow-Arkady Dvorkovich-Feb-18-The Economist's

Over the past year, the financial crisis has made it imperative for governments to review past practices, determine what has worked and what has not, and develop a new economic development agenda. As a result, the Russian government stands ready to help businesses by fostering a climate that combats corruption and offers political and economic stability. Among our priorities: President Medvedev already is working on modernization of the judiciary and of law enforcement. We are going to do further work on protection of property rights. How can a company chart a long-term strategy when it can't be sure that its assets won't be commandeered? We also will develop more transparent policies for regional governments, more predictable tax and customs regimes, and encourage genuine competition among businesses. Results are achievable, but that will take time. Within two to three years, we expect our modernization efforts to have borne fruit. We have the economic and political resources to make that a reality. At the same time, businesses cannot and should not stand back and wait for the state to act - doing so would put them at risk of missing out on the vibrant and growing Russian market. This must be a partnership in which we achieve results together.

Social Front

Russia's President calls widespread alcohol abuse a 'national disaster'-Feb. 26

MOSCOW - Russian President Dmitry Medvedev on Wednesday called time on the country's vodka tipplers, saying alcoholism had become a "national disaster." Medvedev said measures aimed at reducing binge drinking had not reduced alcoholism in Russia, where downing vast amounts of vodka at one sitting is an integral part of national culture.

Russia's Winter Games performance irks PM Putin-AFP-February 27, 2010

MOSCOW, Russia (AFP) — Russian Prime Minister Vladimir Putin yesterday expressed disappointment at his country's mediocre performance at the Winter Olympics in Vancouver, vowing personnel changes to get better results in 2014. "Of course, we expected more," Putin said in televised remarks during the opening of a judo centre in the Siberian city of Tyumen. PUTIN... of course, we expected more. "But all the same it's not a reason to lose heart, scatter our heads with ashes and beat ourselves to exhaustion with chains." In a hint that heads would roll in official Russian sports bodies, Putin called for "serious critical analysis and conclusions, perhaps including organisational conclusions". Such measures would be aimed at getting a "worthy performance" from Russian athletes in the next Winter Games in the southern Russian city of Sochi in 2014.

Russia's Medvedev backs criminal law reforms

Russian laws must be changed to keep corrupt police from extorting money from businessmen and to allow suspects in economic crimes to be released on bail instead of being jailed, President Dmitry Medvedev said Friday. The comments, made to a meeting of business leaders, marked a strikingly candid recognition that Russia's endemic police corruption is raising public anger. Opposition groups and rights activists have planned a rally Sunday to demand an overhaul of the police force. Medvedev told the meeting he would be submitting a bill on such issues to parliament soon.