

Report No.112

PROJECT ON BUSINESS AND POLITICS IN THE MUSLIM WORLD

Central and Eastern Europe including Russia and Baltic States

Weekly report 21st Mar to 27th March 2010

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Head Lines

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

Poland

- EU leaders pledge aid to Greece-26.03.2010
- Visegrad countries hold mini-summit in Brussels-26 March 2010
- Tusk to Washington for nuclear summit-26.03.2010-POLSKEI RADIO NEWS.
- EC Assesses Stability and Convergence Programs of Ten EU Member States-European Commission-25 March, 2010
- Race for President Heats Up-13 January 2010-The Warsaw VoiceNews
- Poland's ruling party picks parliament speaker Bronislaw Komorowski as Presidential candidate- Associated Press Writer-March 27
- Tusk to Washington for nuclear summit-26.03.2010
- Why Goldman Wants a Branch in Warsaw-March 26, 2010, the New York Times
- Polish Q1 GDP growth at 2.5-2.8 pct-Deputy Finance Minister-Mar 25, 2010
- Poland's unemployment up, confirms stat office-24.03.2010
- Catholic Church wants total IVF ban in Poland-25.03.2010
- Polish president invited to Moscow for WW II ceremony-24.03.2010

Czech Republic

- Former Czech PM withdraws from poll over remarks
- President of Armenia thanks Czech Republic for unbiased position on Karabakh
- Prague agrees to host disarmament treaty signing-Mar 24, 2010

- Arms Control Experts Applaud Announcement of New Nuclear Reductions Treaty with Russia-Common Dream .Org-26 Mar
- Gilani hopeful for support in EU on trade issues-A P of Pakistan -25 Mar
- Czech central bank holds rates as expected-Bloomberg-(Reuters) -25 Mar
- Research and Markets: Estimates- DUBLIN--(BUSINESS WIRE)—27 Mar
- Prince Charles leaves Prague, fails to meet Havel-AFP-Mar 23

Slovakia

- April Fools' Day Woes Slovak President To Delay Anthem-Singing Bill March 22,
- Slovaks sell EUR 239.5 mln worth of two-year bonds
- Religious registration in the Slovak Republic-Ekklesia News Breif.UK-26 Mar

Hungary

- Hungary's sale of used carbon credits damages investor confidence-The Economist print edition
- Polish-Hungarian Friendship Day-23.03.2010
- Hungary's budget watchdog warns of overshooting deficit target-Mar 25, 2010
- Investors are cautious on Hungary ahead of April election-March 25, 2010,
- IMF sees fiscal risks in Hungary, says prudence key
- IMF Completes Hungary Review; Makes \$1.1 Billion Available-Dow Jones News
- Hungary cbank sells HUF 2,083.8 bln 2-week bills

- A bad law against Holocaust denial-Hungary's new legislation will only stifle debate and boost the country's far-right parties-March 25, 2010

Eastern Europe (Belarus & Ukraine)

Belarus

- Development of dialogue to highest level between Belarus and Azerbaijan to be discussed-26.03.2010
- Chinese vice president says Sino-Belarusian ties have broad prospects- March 25, 2010. (Xinhua / Lan Hongguang)
- Minsk sues over Russian oil fees-25 March 2010
- Belarus adapts to oil price gets \$700 million IMF loan.
- BELARUS: Crackdown on Dissent Feared Ahead of Elections

Ukraine

- The New Power Struggle in Ukraine-Eastern Europe March 26-By Sergey Sydorenko
- Ukraine leader threatens to call snap election-Yuri Kulikov, Reuters March 27,
- Russia remains interested in Ukraine's gas transportation system-25.03.2010
- Ukraine must not join any collective security organization, says president-26 March 2010-FOCUS News Agency
- Turkey, Ukraine and the EU-Today's ZAMAN-25 Mar
- Ukraine Says Needs More IMF Cash For Reform-March 26, 2010-Reuters
- Russia Won't Cut Gas Price for Ukraine
- 10,000 Ukrainians protest 'pro-Russian' minister-Agence France-Presse-AFP-

Baltic (Estonia, Latvia & Lithuania)

Estonia

- Malta, Estonia discuss closer business links-22nd March 2010
- Estonia predicts more economy-crippling cyber attacks-3/23/2010
- Profane Estonian Democracy and Blank Newspaper Pages-Associated Press-
- Estonia eyes euro after budget gap within limit
- Estonia long-term overdue loans firms on mo in Feb-Mar 23, 2010
- Estonia Announces Intention to Block Online Casino and Poker Sites-03/24/2010
- Estonian President Addresses Kennedy School-March 23, 2010

Latvia

- Four ministers quit Latvian government-Mar 22, 2010
- Latvia's First Party Begins Talks for Government Role
- Latvia backs restructuring of failed bank Parex-Mar 23,
- ECB criticizes Latvian deposit facility plans-23 Mar- (Reuters)
- No resolution for trial pair-March 26, 2010,

Lithuania

- Putin meets Lithuanian PM, calls for better ties-
- EU SUMMIT:Lithuania President:German Stance On Greece Responsible-03/25-Dow Jones News
- Trade between Russia, Lithuania shrinks against 2008 – Putin-26.03.2010
- Lithuania GDP to grow 1-1.5 pct this year-cbank

Russia

- US, Russia sign pact to cut nuclear arms-By ASSOCIATED PRESS-26/03/2010
- U.S., Russia finalize landmark nuke treaty-The China Post-25 March
- Russia does not rule out sanctions against Iran: Medvedev-March 28
- NATO chief seeks Russia's cooperation on missile defense-(Xinhua)-2010-03
- Putin says thousands of Russian towns could be flooded after harshest winter in years-25 March
- UN, EU, Nato welcome US-Russia START accord-Mar 27 201
- Russia invites general Jaruzelski-27.03.2010
- Mexico simplifies visa issuance for Russians to boost tourism-27 March 2010-
FOCUS News Agency
- Russia cuts key rates to record low -March 27, 2010
- World Bank Gives Positive Forecast to Russian GDP-25.03.2010
- Russia passes bill replacing jail with bail-March 26, 2010-Associated Press
news
- Russian bank balances fall to 516.8 bln rbls
- Russia's Failure in the Olympic Games-March 28, 2010
- Kremlin proposes zero tolerance law on drinking and driving-Mar 27, 2010,

Overview of the Weekly Report No 112

At the Political front of Central and Eastern Europe, the selection of Czech Republic as the host of the Summit on April 8 in Prague for the signing of the most comprehensive new Russian-US nuclear arms reduction treaty, the Visegrad group Summit prior to forth coming EU summit in Brussels and NATO Secretary General's proposal to include Russia to Defense Missile Shield are some exceptional events.

While the ratification of new "patriotic law" by Slovak President, Belarusian dialogues with Azerbaijan and China, the nomination of Presidential Candidates by Political Parties in Poland and the protests by Estonian press against the violation of freedom of speech in Estonia have occupied reasonable place in International News headlines.

At the economic front of the region, the World Bank's consolidated report predicting growth for the Russian GDP, the IMF and World Bank's negotiation with Ukrainian, Hungarian and Latvian authorities regarding the issue of bail out loan and lastly the signs of slight economic recovery in the Baltic States have attracted the analysts.

At the social front, Polish bishops demand for a total ban on IVF, a four kilometers long human chain in the Ukrainian against a new education minister, Russian law banning driving with any level of alcohol in the blood and "unusually strong" spring floods in the Central Voronezh Region of Russia have got some attraction for International Media.

Report Summary

Political and diplomatic front

Prime ministers from Slovakia, the Czech Republic, Poland and Hungary – the so-called Visegrad group – are meeting this morning (25 March) ahead of a two-day EU summit in Brussels to hammer out common positions on the EU's future diplomatic service and economic issues. On their agenda is the 'Europe 2020' strategy for growth and jobs and the EU's future diplomatic corps. The group was first set up in 1991 by Czechoslovakia, Hungary and Poland to speed up their EU accession.

PM Donald Tusk will represent Poland at the high-level summit on nuclear security in Washington D.C. on April 12-13 to be hosted by US president Barack Obama. This Summit will further verify the influential role of Poland on the international arena.

European Commission examined the updated Stability and Convergence Programs (SCPs) of the Czech Republic, Denmark, Hungary, Lithuania, Luxembourg, Latvia, Malta, Poland, Romania and Slovenia against the background of the economic and financial crisis which has led to a sharp deterioration of public finances since 2009.

The presidential elections in the fall will likely prove to be the biggest political event of 2010. According to various opinion polls, the Civic Platform (PO) has strengthened its grip on power and Prime Minister Donald Tusk, head of the PO, the senior party in the ruling coalition, is well confident to become the next head of state. Meanwhile the present President, Lech Kaczyński, from the opposition Law and Justice (PiS) party chaired by his twin brother Jarosław will have no chance of being reelected. Poland's center-right governing party has already chosen Parliament Speaker Bronisław Komorowski as its candidate for president.

Former Czech Prime Minister Mirek Topolánek has stepped down as his party's top candidate for a May general election after making contemptuous remarks about gays, Jews and the church.

The Czech Republic will host the Summit scheduled to be held on April 8 in Prague for the signing of a new Russian-US nuclear arms reduction treaty. Russia and the United States are hopeful to finalize the deal before a “Washington Nuclear Security Summit” with dozens of countries scheduled to begin April 12.

April Fools’ Day is a day when people play practical jokes on others but the Slovak President wants to ratify a new, “patriotic law”, A new Slovak law that centers on requiring Slovak school children to sing the national anthem at the start of each school week and would require new clerks in state administration to take a pledge of allegiance to Slovakia. Slovak President has returned the bill back to the National Council last Friday but the Slovakia’s parliament returned it with some minor amendments.

Minister Mariusz Handzlik, a special presidential envoy from Poland is in Budapest to mark Polish-Hungarian Friendship Day. The Day will begin with a mass celebrated in both languages at a Catholic church in the Hungarian capital. Later, representatives will attend a special event organized at Budapest University and in the city’s Old Town quarters.

Dialogue between Belarus and Azerbaijan at the level of deputy ministers will be held in Baku from 29 to 31 March. Belarusian-Azerbaijani trade turnover in 2009 amounted to \$ 124.6 million and increased by 11.6% compared with 2008, export - \$120.3 million (an increase of 14, 1%), import - \$ 4.3 million (decreased by 31.1%).

Under new circumstances, bilateral relations between China and Belarus are bestowed with great opportunities and have broad prospects, said visiting Chinese Vice President Xi Jinping in a meeting with Belarusian Prime Minister Sergei Sidorsky on Thursday.

The International Monetary Fund has released a \$700 million trenches for Belarus amid a growing rift over the Gas tariff between Belarus and Russia. Belarus has already filed a lawsuit against Russia over oil export fees. The suit was filed to an official Commonwealth of Independent States Court.

Ukrainian President Viktor Yanukovich warned Friday he would call a snap parliamentary election if a court ruled that a coalition supporting him in parliament had been formed illegally. His comment to European parliamentarians appeared aimed at assuring Ukraine's Western partners of his democratic credentials.

Russian Prime Minister Vladimir Putin told reporters that Russia is prepared to invest in the reconstruction of Ukraine's gas transportation system, although Russia is implementing the NORD STREAM and SOUTH STREAM pipeline projects, which bypass the Ukrainian territory, it is ready to get engaged in the modernization of transit pipelines in Ukraine.

Maltese Foreign Affairs Minister Tonio Borg said during a meeting with Estonian Foreign Minister last week that Maltese and Estonian businessmen could assist each other in projects in the North African and northern European regions and there is huge potential for such initiatives.

The Estonian press protests against the infringement of freedom of speech in the country. Many Estonian newspapers were published with at least one blank page on March 18. Some publications wrote: "This is how the future of the press will look like if the Estonian parliament passes the bill stipulates the mandatory exposure of news sources upon request from the authorities.

Four ministers included Foreign Minister had tendered their resignations. Last week their political party withdrew from the ruling coalition. Meanwhile after the biggest coalition party pulled out, the Latvian First Party began talks to support the government. The next elections in the Baltic state are due in October.

Russian Prime Minister Vladimir Putin on Friday called for improved ties between Moscow and Vilnius as he met his Lithuanian counterpart in the first such talks in six years. Russia's Prime Minister Vladimir Putin was very conscious about volume of trade between two states which has shrunk during last couple of years.

Lithuanian President Dalia Grybauskaitė, on her way to attend the Summit in Brussels, said that Germany was taking a responsible stance on plans to help Greece to

overcome its debt crisis. The involvement of International Monetary Fund in any possible bail-out plan would be "helpful".

After months of intense negotiations, U.S. President Barack Obama and his Russian counterpart Dmitry Medvedev have finalized a historic new deal to cut long-range nuclear arms. The pact will replace and expand a 1991 treaty that has expired in December. The deal is called by Obama as "the most comprehensive arms control agreement in nearly two decades. The agreement would require both sides to reduce their arsenals of long-range nuclear weapons by about a third, from 2,200 now to 1,550 each.

NATO Secretary General Anders Fogh Rasmussen proposed on Friday that NATO members, at NATO's next summit in November, should sort out strategy to include Russia to Defense Missile Shield in order to attain one security roof for entire Europe

Prime Minister Vladimir Putin says thousands of Russian towns and villages could be affected by "unusually strong" spring floods as record snowfall melts after the harshest winter in years. Hundreds of people in the central VORONEZH region had to be evacuated after their homes were flooded.

European Union foreign policy Chief Catherine Ashton has "warmly congratulated" the United States and Russia on concluding negotiations on the post-START treaty.

Economic Front

According to Statistic Office data, Poland's economy may grow by 2.5 to 2.8 percent in the first quarter of the year. Poland's unemployment rose to 13 percent in February. According to this data, unemployment is worst in the north east and east, while the jobless rate is the lowest in central and southern Poland.

The Czech central bank voted on Thursday to hold interest rates at record lows as previously forecast. The export-driven economy is recovering modestly after a more

than 4 percent contraction last year, mainly on rising foreign demand. The economy expanded 0.7 percent quarter-on-quarters in the last three months of 2009.

Research and Markets has announced the addition of the "*Czech Republic Retail Report Q2 2010*". The estimates reveal that retail sales of Furnishings in the Czech Republic amounted to US\$5.27bn in 2009 and should increase to US\$ 7.10bn By 2014. report to their offering.

According to the finance ministry's Debt and Liquidity Management Agency (ARDAL), Slovakia has sold 239.5 million euros (\$323.6 million) worth of two-year, zero- coupon state bonds in an auction. The bonds mature on January 27, 2012

An independent budget review body, the Fiscal Council, predicted on Thursday that Hungary could end 2010 with a budget deficit of 4.2 per cent instead of the current government target of 3.8 per cent. On the other hand, the International Monetary Fund completed its fifth review in Hungary, and made \$1.1 billion available.

Meanwhile the stocks in Hungary have done better than its other neighbors this year, but some investors are becoming more cautious ahead of the upcoming parliamentary elections amid the over sizing of the budget deficit and slower pace of economic growth.

Hungary's central bank sold 2,083.8 billion forint (\$10.65 billion) worth of two-week bills at a weekly tender on Tuesday, boosting the total stock of bills to 4,155.1 billion forint (\$21.24 billion).

An IMF mission is in Kiev until April 2 to discuss with Ukraine's new leadership the bailout program which was first agreed in November 2008 but suspended at the end of last year. The Ukraine Ministry of Finance has demanded for extra funding beyond the \$6 billion (4 billion pounds) left in a suspended International Monetary Fund in order to follow the reform strategy

Estonia on Friday passed its last major economic test for entering the euro zone in 2011 after its budget deficit met bloc rules, and analysts now expect political approval to join from the crisis-hit currency zone. The statistics office said the 2009

public sector budget deficit, the toughest barrier to entry, was 1.7 percent of gross domestic product, well below the 3 percent limit mandated for euro zone accession.

Latvia's government on Tuesday backed a restructuring plan for failed bank PAREX involving the formation of a new bank for PAREX'S sound assets. This was one of the reasons that Latvia had to take a 7.5 billion euro (\$10.1 billion) bailout package from the International Monetary Fund (IMF) and European Union.

The European Central Bank has criticized Latvian plans to bring in a seven-day deposit facility, saying it does not fit the euro zone criteria and will have to be phased out if Latvia wants to adopt the euro.

Russia's central bank cut key rates by 25 basis points, knocking the rouble off multi-month highs yesterday, and analysts forecast more easing to come as the economy remains sluggish and the currency still strong. The widely expected cut, the 12th in a year, puts the benchmark refinancing rate at a fresh historic low of 8.25 per cent effective from Monday.

The World Bank consolidated its faith in the Russian economy. The WB experts predicted a 3.2-percent growth for the Russian GDP in November 2009. Now specialists of this global financial organization forecast the growth of Russia's Gross Domestic Product on the level of 5-5.5 percent. The growth of the world economy is predicted on the level of 2.7 percent this year.

Social Front

Polish bishops have once again called for a total ban on IVF. A statement issued by the bio-ethics experts unit of the Conference of the Polish Episcopate stresses that IVF violates human dignity and the rights of the child and is contrary to Christian faith and "natural law". Currently, IVF has no clear legal standing in Poland despite the fact that there have been six bills submitted to Parliament so far.

The Presidential Chancellery has informed it has finally received an official invitation for Lech Kaczynski to attend the 65 anniversary of the victory over Nazi Germany in W.W II, to be held in the Russian capital on May 9.

Britain's Prince Charles and his wife Camilla ended their nine-day tour of Poland, Hungary and the Czech Republic on Tuesday and left for home. On the last day of their visit, the meeting with Havel, hero of the 1989 Velvet Revolution that toppled the communist regime in then-Czechoslovakia, was scheduled but postponed due to the illness of Havel.

Civil rights leaders in Belarus are facing a campaign of persecution and harassment as autocratic President Aleksandr Lukashenko looks to crack down on the opposition especially the Polish minority ahead of local and presidential elections over the next year.

About 10,000 protesters formed a four kilometers long human chain in the Ukrainian city of Lviv, a city in western Ukraine considered a stronghold of Ukrainian nationalism, on Tuesday to demonstrate against a new education minister accused of being pro-Russian.

The Constitutional Court of the Slovak Republic has turned down the complaint filed by Prosecutor General about the discriminatory and unconstitutional nature of the law governing the registration of churches and religious organizations in the Slovak Republic.

In a move that has allegedly been criticized for going against European Union legislation, the government of Estonia has announced that they will begin to ban online casino and poker sites that do not have a license in the country.

President of Estonia Toomas H. Ilves, at the Harvard Kennedy School, discussed the relationships between the EU and NATO and between Estonia and the Soviet Union. He evaluated about the efforts, policies and strategies of his Government to bring the political freedom and economic development in Estonia. The Lecture drew a large Estonian audience.

Russian lawmakers have passed a bill that would allow those accused of economic crimes to be released on bail instead of being sent to jail. President Dmitry

Medvedev has said the bill would help end a practice common among corrupt police officers, who jail businessmen and then extort money to set them free.

The authorities are looking for scapegoats for failure of the Russian team at the Olympics. The failure of the Russian team in the Vancouver Olympic Games would not have become a serious problem, if the Russian authorities had not spoken about the sports in its propaganda for many years. Russia requires the great power status in sports, if not in world politics and economy.

The policy, proposed by Russian President Dmitry Medvedev and forwarded to the parliament, or Duma, would make it a criminal act to drive with any level of alcohol in the blood. Current law, in place since July 2008 - allow a blood-alcohol level of up to 0.03 per cent when driving.

Detailed Report

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

Poland

Political Front

EU leaders pledge aid to Greece-26.03.2010

European Union leaders have come to a compromise to provide financial aid with the International Monetary Fund (IMF) to help debt-riddled Greece, at the urging of countries like Poland, who overcame the hesitancy shown by a group of countries led by Germany.

Visegrad countries hold mini-summit in Brussels-26 March 2010

Prime ministers from Slovakia, the Czech Republic, Poland and Hungary – the so-called Visegrad group – are meeting this morning (25 March) ahead of a two-day EU summit in Brussels to hammer out common positions on the EU's future diplomatic service and economic issues. On their agenda is the 'Europe 2020' strategy for growth and jobs and the EU's future diplomatic corps, the European External Action Service. For the first time, European Commission President José Manuel Barroso will attend the mini-summit. Collectively, the 'Visegrad Four' have the same voting weight as France and Germany combined. Paris and Berlin have reportedly expressed their discontent over the revival of internal meetings between the Visegrad Four (V4) in an EU context. The group was first set up in 1991 by Czechoslovakia, Hungary and Poland to speed up their EU accession.

Tusk to Washington for nuclear summit-26.03.2010-POLSKEI RADIO NEWS.

PM Donald Tusk will represent Poland at the high-level summit on nuclear security in Washington D.C. on April 12-13 to be hosted by US president Barack Obama – confirmed the head of diplomacy, Radoslaw Sikorski. The Foreign Affairs Minister stressed at the same time that the invitation extended by the American President is further proof of Poland's increasingly influential role on the international arena. Radoslaw Sikorski also stated that, when it comes to restricting the potential of tactical weapons, it should be binding to both the Americans and the Russians – the perspective Poland will express during the summit. Minister Sikorski also expressed hope that the signing of the American-Russian agreement on a replacement for the Strategic Arms Reduction Treaty (START) will considerably limit such potential in Europe.

EC Assesses Stability and Convergence Programs of Ten EU Member States-European Commission-25 March, 2010

Today the European Commission examined the updated stability and convergence programs (SCPs)¹ of the Czech Republic, Denmark, Hungary, Lithuania, Luxembourg, Latvia, Malta, Poland, Romania and Slovenia. In line with the Commission's assessments of a first group of fourteen Member States last week (see IP/10/288), the

evaluation must be seen against the background of the economic and financial crisis which has led to a sharp deterioration of public finances since 2009 and triggered the Council decisions to open Excess Deficit Procedures (EDP) for a large majority of Member States. Within the batch of countries assessed today, only Denmark and Luxemburg have kept their general government deficits below 3% in 2009, although their fiscal situation is set to deteriorate markedly in 2010. For most countries this year will mark a fiscal consolidation process consistent with the recommendation set out in the EDPs and, in the case of Latvia, Hungary and Romania, with the conditions set out in the international financial assistance programs. As to the budgetary targets set out in the programmes, the growth assumptions underlying these projections are in several cases optimistic especially in outer years, while the budgetary consolidation strategy is often not sufficiently backed up by concrete measures from 2011 onwards.

Race for President Heats Up-13 January 2010-The Warsaw VoiceNews

The presidential elections in the fall, which will likely prove to be the biggest political event of 2010, could see the Civic Platform (PO) strengthen its grip on power to a degree that no other party in Poland has managed over the past two decades. All the signs are that the incumbent president, Lech Kaczyński, hailing from the opposition Law and Justice (PiS) party chaired by his twin brother Jarosław, stands no chance of being reelected. Meanwhile, Prime Minister Donald Tusk, head of the PO, the senior party in the ruling coalition, looks certain to become the next head of state. Admittedly, Tusk has not yet officially announced that he will run and some members of his Civic Platform have been openly saying that the PO, which is way ahead in the polls, may put forward another candidate, such as Foreign Minister Radosław Sikorski or Bronisław Komorowski, the speaker of the lower house of parliament. But few believe that Tusk would want to miss an opportunity to make up for his unexpected defeat at the hands of Lech Kaczyński in the 2005 presidential elections. The high-profile political head-to-head between Tusk and Kaczyński looks certain to eclipse the election campaigns of other candidates, including those of left-winger Jerzy Szmajdziński, a long-standing senior Democratic Left Alliance (SLD) politician, and Andrzej Olechowski, backed by the Democratic Party (SD), who was foreign and finance minister in several governments during the 1990s.

Poland's ruling party picks parliament speaker Bronislaw Komorowski as Presidential candidate- Associated Press Writer-March 27

WARSAW, Poland (AP) — Poland's center-right governing party has chosen Parliament Speaker Bronislaw Komorowski as its candidate for president, a largely ceremonial job but one with significant symbolic weight in this proud and patriotic country. The pro-EU Civic Platform chose Komorowski over Foreign Minister Radek Sikorski in Poland's first primary, which was modeled somewhat along U.S. lines. In results announced Saturday, Komorowski won 68.5 percent of the votes to Sikorski's 31.5. About 21,000 of the party's 46,000 members voted in recent days by ballot or by Internet

Tusk to Washington for nuclear summit-26.03.2010

PM Donald Tusk will represent Poland at the high-level summit on nuclear security in Washington D.C. on April 12-13 to be hosted by US president Barack Obama. Donald Tusk will be one of the 44 world leaders participating in the summit on nuclear security in Washington. Meanwhile the Foreign Affairs Minister stressed that the invitation extended by the American President is further proof of Poland's increasingly influential role on the international arena. President Lech Kaczynski, on his part, stated that, being head of state, he should be informed about the invitation for the nuclear summit for PM Tusk. According to Poland's constitution, it is the country's president who is responsible for the state's security and hence represents Poland at international meetings devoted to security issues.

Economic Front

Why Goldman Wants a Branch in Warsaw-March 26, 2010, the New York Times

Goldman Sachs is looking to open a branch office in Warsaw, in a move to take advantage the Polish government's plans to sell \$10 billion worth of assets in share offerings this year, Bloomberg News reported. Goldman's move follows plans by Credit Suisse to establish a brokerage in the city, as global investment banks jockey for a piece of the proposed asset sales, according to Bloomberg. The news service reports: The main lure is advisory work for the Polish government, which plans to sell stakes this year in its energy, insurance, chemical and phone companies to raise \$10 billion to finance the widening budget deficit. The growing economy, the only one in the European Union to avoid a recession, and the Warsaw Stock Exchange, where the total value of listed companies has tripled since 2003, is also attractive, bankers said

Polish Q1 GDP growth at 2.5-2.8 pct-Deputy Finance Minister-Mar 25, 2010

WARSAW, March 25 (Reuters) - Poland's economy may grow by 2.5 to 2.8 percent in the first quarter of the year, Deputy Finance Minister Ludwik Kotecki said on Thursday.

Poland's unemployment up, confirms stat office-24.03.2010

The Main Statistical Office (GUS) says Poland's unemployment rose to 13 percent in February. The data translates into 2, 10,000 jobless in the country. Compared to the same period in 2009 the number of unemployed has grown by almost 400,000. Unemployment is worst in the north east and east, while the jobless rate is the lowest in central and southern Poland.

Social Front

Catholic Church wants total IVF ban in Poland-25.03.2010

Polish bishops have once again called for a total ban on IVF, as competing bills on the issue makes their way through parliament. A statement issued by the bio-ethics experts unit of the Conference of the Polish Episcopate stresses that IVF violates human dignity and the rights of the child and is contrary to Christian faith and "natural law". "It's good that someone is recalling what are the Church's teachings in this respect and what road should be followed by Christians who cannot have children for various reasons – that

adoption is the best solution,” Father Kazimierz Sowa, director of a religious television station, told Polish Radio. Currently, IVF has no clear legal standing in Poland but no less than six bills on the treatment have been submitted to Parliament. A draft proposing a total ban on IVF, sponsored by a civic committee, was rejected by the lower house. Another bill, banning the procedure, drafted by a deputy of the opposition Law and Justice, provides for adoption of the embryos already created and frozen.

Polish president invited to Moscow for WW II ceremony-24.03.2010

The Presidential Chancellery has informed it has finally received an official invitation for Lech Kaczynski to attend anniversary ceremonies of the end of WW II in Moscow. The invitation has been extended by the Russian ambassador in Warsaw, Vladimir Grinin. Head of the Presidential Chancellery Wladyslaw Stasiak said Lech Kaczynski is “seriously considering” his presence at the 65 anniversary ceremony of the victory over Nazi Germany, to be held in the Russian capital on May 9.

Czech Republic

Political Front

Former Czech PM withdraws from poll over remarks

Former Czech Prime Minister Mirek Topolanek has stepped down as his party’s top candidate for a May general election after making derisive remarks about gays, Jews and the church. During an interview and photo shoot for a gay magazine, Mr Topolanek talked about reportedly homosexual Transport Minister Gustav Slamecka and Prime Minister Jan Fischer, who replaced the outspoken ODS leader as Premier when his government collapsed last year.

President of Armenia thanks Czech Republic for unbiased position on Karabakh

PanARMENIAN.Net/-26 March- Armenian President Serzh Sargsyan received vice prime minister and minister of defense of the Czech Republic Martin Bartak. During the meeting the Armenian president noted that Armenia is interested in developing relations with the Czech Republic, both in bilateral and plurilateral formats. The two sides agreed that Armenia and the Czech Republic have great potential for cooperation in the European and Euro-Atlantic structures.

Prague agrees to host disarmament treaty signing-Mar 24, 2010

Prague/Geneva - The Czech Republic has agreed to host the signing of a new Russian-US nuclear arms reduction treaty once the ongoing negotiations are completed, the Czech Foreign Ministry said Wednesday. Russia and the United States reportedly hope to finalize the deal before a Washington nuclear security summit with dozens of countries scheduled to begin April 12.

Arms Control Experts Applaud Announcement of New Nuclear Reductions Treaty with Russia-Common Dream .Org-26 Mar

WASHINGTON - March 26 - Today, the Obama Administration announced that negotiations for the text of the most significant nuclear reductions treaty between the United States and Russia in decades are complete. President Barack Obama and Russian President Dmitry Medvedev will sign the agreement on April 8 in Prague, Czech Republic.

Gilani hopeful for support in EU on trade issues-A P of Pakistan -25 Mar

ISLAMABAD, Mar 24 (APP): Prime Minister Syed Yusuf Raza Gilani expressed the hope that the Czech Government would continue to support Pakistan's case in the EU for institutionalization of Pakistan-EU Summit process, enhanced market access through GSP Plus facilities and for initiation of negotiations on FTA between Pakistan and the EU. The Prime Minister was talking to Martin Bartak, Deputy Prime Minister & Minister of Defense of the Czech Republic, who along with his delegation called on him this afternoon. He appreciated Czech Republic's important lead role as the rotating Chair of European Union in 2009, for arranging the first Pakistan-EU Summit.

Economic Front

Czech central bank holds rates as expected-Bloomberg-(Reuters) -25 Mar

PRAGUE, March 25 - The Czech central bank voted on Thursday to hold interest rates at record lows as forecast, leaving intact market expectations it will keep policy unchanged for several months before tightening in the second half. Czech borrowing costs are at their lowest ever, with the main two-week report used to suck up excess liquidity from banks at 1 percent, the same as the benchmark euro zone rate. All 19 central bank watchers surveyed by Reuters predicted flat rates, citing the strong crown, weak household consumption and a slower-than-expected price growth. The export-driven economy is recovering modestly after a more than 4 percent contraction last year, mainly on rising foreign demand. The economy expanded 0.7 percent quarter-on-quarter in the last three months of 2009.

Research and Markets: Estimates- DUBLIN--(BUSINESS WIRE)—27 Mar

Estimates Reveal that Retail Sales of Furnishings in the Czech Republic Amounted To US\$5.27bn In 2009 And Should Increase To US\$7.10bn By 2014. Research and Markets has announced the addition of the "*Czech Republic Retail Report Q2 2010*" report to their offering. The Czech Republic Retail Report provides industry professionals and strategists, corporate analysts, retail associations, government departments and regulatory bodies with independent forecasts and competitive intelligence on the Czech Republic's retail industry

Social Front

Prince Charles leaves Prague, fails to meet Havel-AFP-Mar 23

PRAGUE (AFP) – Britain's Prince Charles and his wife Camilla ended their nine-day tour of Poland, Hungary and the Czech Republic on Tuesday and left for home, the British embassy in Prague said. On the last day of their visit, the prince and Camilla, the

Duchess of Cornwall, had to adjust their program once again as former Czech president Vaclav Havel could not meet them because of fever. The meeting with Havel, hero of the 1989 Velvet Revolution that toppled the communist regime in then-Czechoslovakia, was scheduled to cap the royal couple's tour of the three former Soviet bloc countries.

Slovakia

Political Front

April Fools' Day Woes Slovak President To Delay Anthem-Singing Bill March 22,

April Fools' Day is a day when people play practical jokes on others. And the Slovak President wants to make sure his country's voters won't confuse the proposed April 1 enactment of a new, supposedly patriotic law, with just another April Fools' Day joke. So he's stalling. A new Slovak law that centers on requiring Slovak school children to sing the national anthem at the start of each school week and would require new clerks in state administration to take a pledge of allegiance to Slovakia may not go into force Apr. 1 as earlier planned. Last Friday, Slovak President Ivan Gasparovic returned the anthem bill back to the National Council, Slovakia's parliament, requesting some minor amendments and demanding that it become effective from a later date than Apr. 1 to ensure that students at public elementary and high schools take the anthem-singing seriously.

Economic Front

Slovaks sell EUR 239.5 mln worth of two-year bonds

BRATISLAVA, March 22 (Reuters) - Slovakia sold 239.5 million euros (\$323.6 million) worth of two-year, zero-coupon state bonds in an auction on Monday, the finance ministry's Debt and Liquidity Management Agency (ARDAL) said. The bonds mature on January 27, 2012. The bid/cover ratio was 1.71 in the second tranche of the paper, compared with 1.6 in the previous sale. Total demand reached 408.5 million euros. The agency said investor demand for euro zone member's shortest maturity was slightly below expectations, reiterating that Greek fiscal problems were still causing certain volatility on the markets, including Slovakia's

Social Front

Religious registration in the Slovak Republic-Ekklesia News Breif.UK-26 Mar

In February 2010, the Constitutional Court of the Slovak Republic rendered a long-awaited landmark decision on a complaint filed by Prosecutor General Dobroslav Trnka, who argued primarily that the present law governing the registration of churches and religious organizations in the Slovak Republic is discriminatory and unconstitutional. In what some might view as a controversial ruling, the Constitutional Court found Trnka's complaint unsubstantiated and as a result, the religious registration law will stay intact for the time being. The Court's ruling is very bad news for presently unregistered smaller churches and religious organizations, which under the present

statute are required, inter alia, to have 20,000 adult members before they can be officially recognized by the Ministry of Culture.

Hungary

Political Front

Hungary's sale of used carbon credits damages investor confidence-Mar 25th 2010-The Economist print edition

THE point of carbon markets is to put an efficient price on the right to emit carbon dioxide. Recent events in Hungary show how tricky it is to achieve that goal. At issue is the sale by Hungary's Ministry of Environment and Water of 800,000 certified emission-reduction credits (CERs). CERs are generated by the Kyoto protocol's "Clean Development Mechanism", whereby reductions in greenhouse gases in developing countries can produce a carbon credit for use in industrialised markets. The problem with the sale was that Hungarian firms had already used the CERs to offset their own emissions. Used credits are worthless on European carbon exchanges. The European Union argues that one credit must equal one tonne of carbon dioxide for its Emissions Trading Scheme, the largest emissions market, to be effective. Since the whole point of the credits is to cut carbon, double-counting them makes a mockery of the system.

Polish-Hungarian Friendship Day-23.03.2010

A special presidential envoy from Poland is in Budapest to mark Polish-Hungarian Friendship Day. Minister Mariusz Handzlik is meeting Hungarian president Laszlo Solyom. The visit began with a mass celebrated in both languages at a Catholic church in the Hungarian capital. Later, representatives of the two countries will attend a special event organized at Budapest University and in the city's Old Town quarters.

Economic Front

Hungary's budget watchdog warns of overshooting deficit target-Mar 25, 2010

Budapest - Hungary could end 2010 with a budget deficit of 4.2 per cent instead of the current government target of 3.8 per cent, an independent budget review body, the Fiscal Council, predicted on Thursday. Council chairman Gyorgy Kopits told reporters that unless the government applies further economic policy measures, higher interest payments and other factors could widen the negative gap between state revenue and expenditure.

Investors are cautious on Hungary ahead of April election-March 25, 2010,

FRANKFURT (MarketWatch) -- Stocks in Hungary have outperformed most of their emerging-markets peers this year, but some investors are becoming more cautious ahead of the upcoming parliamentary elections amid concerns over the size of the budget deficit and the pace of economic growth. Hungary has come a long way since a deep recession and high external debt levels forced it to secure a \$25 billion loan program from the International Monetary Fund and other institutions in late 2008.

Investor confidence has improved following deep cuts in government spending and the stabilization of the domestic financial sector.

IMF sees fiscal risks in Hungary, says prudence key

BUDAPEST, March 26 (Reuters) - Hungary's fiscal position has improved but there are risks to the 2010 deficit target and further action will be needed if existing budget buffers prove insufficient to cover risks, the IMF said on Friday. In a detailed report on the February review of Hungary's performance, published on Friday, the IMF said continued improvement in fiscal sustainability will be "essential". It said strict cost control, a cautious use of reserves and the saving of windfall revenue gains was needed to meet targets. "The underlying fiscal position has been strengthened, but more needs to be done to put debt firmly on a declining path," the IMF said. "Continued adherence to prudent policies will be essential if Hungary is to ensure macroeconomic stability and return to sustained growth."

IMF Completes Hungary Review; Makes \$1.1 Billion Available-03/25-Dow Jones

The International Monetary Fund completed its fifth review in Hungary, and made \$1.1 billion available, the IMF said in a statement Thursday. The statement modified its earlier release Wednesday, which said that Hungary could use \$3.2 billion, the IMF told Dow Jones Newswires in Washington. Hungary, which was hit hard by the global financial crisis at the end of 2008, was the first European Union member to receive a standby loan from the IMF. Hungary has made progress by prudent fiscal policies that have helped strengthen investor confidence, the IMF said, adding that this could also contribute to a further cut in the key rate from the current 5.75%

Hungary cbank sells HUF 2,083.8 bln 2-week bills

BUDAPEST, March 23 (Reuters) - Hungary's central bank sold 2,083.8 billion forints (\$10.65 billion) worth of two-week bills at a weekly tender on Tuesday, boosting the total stock of bills to 4,155.1 billion forints (\$21.24 billion), the bank said. The bank's short-term two-week instrument drains increased forint liquidity from the inter bank system. Forint liquidity surged last year as tranches of a 20 billion euro IMF-led facility, secured by Hungary in 2008 to prevent financial meltdown, were converted. This week 1,888.01 billion forints worth of bills expire.

Social Front

A bad law against Holocaust denial-Hungary's new legislation will only stifle debate and boost the country's far-right parties-March 25, 2010

Bismarck once said that no-one with an interest in laws or sausages should watch either being made. Hungary's new law banning Holocaust denial proves the Iron Chancellor right. The country's Socialist-led government has tried for years to get the legislation on to the statute books. This month it finally succeeded. The law states: "Those who publicly hurt the dignity of a victim of the Holocaust by denying or questioning the Holocaust itself, or claim it is insignificant, infringe the law and can be punished by a prison sentence of up to three years." President Laszlo Solyom ratified the law, although

noting that it was unseemly to force such sensitive legislation through parliament just a few weeks from the general election, expected on April 11. The law was welcomed by Hungary's Jewish community, which at around 80,000 is the third largest on mainland Europe, and by many politicians. Lajos Bokros, a respected former finance minister who now heads the electoral list for the centrist Hungarian Democratic Forum, argued that the country needed the law because it was too politically immature. "Hungary cannot allow itself to interpret freedom of speech without any limits because this would violate the human rights of others and upset the sound checks and balances. Hungary is not the United States. Perhaps in 100 to 150 years it will become that. Then this law can be repealed.

Eastern Europe (Belarus & Ukraine)

Belarus

Political Front

Development of dialogue to highest level between Belarus and Azerbaijan to be discussed-26.03.2010

Development of dialogue to highest level between Belarus and Azerbaijan to be discussed Consultations between the Foreign Ministries of Belarus and Azerbaijan at the level of deputy ministers will be held in Baku from 29 to 31 March, the press service of Foreign Ministry of Belarus told BelTA. The Belarusian side will be represented by the first deputy minister Igor Petryshenko. Belarusian-Azerbaijani trade turnover in 2009 amounted to \$ 124.6 million and increased by 11.6% compared with 2008, export - \$120.3 million (an increase of 14, 1%), import - \$ 4.3 million (decreased by 31.1%)

Chinese vice president says Sino-Belarusian ties have broad prospects- March 25, 2010. (Xinhua / Lan Hongguang)

Under new circumstances, bilateral relations between China and Belarus are bestowed with great opportunities and have broad prospects, said visiting Chinese Vice President Xi Jinping in a meeting with Belarusian Prime Minister Sergei Sidorsky on Thursday. "Developing good relationship with Belarus is a policy that China highly values and will never change, regardless of the fluctuation of international and regional situations," said Xi. China is willing to further deepen and broaden bilateral ties with Belarus, said Xi. Economic cooperation is an important component of Sino- Belarusian strategic cooperation, which has transformed from commercial trade to economic and technological cooperation, said the Chinese leader. In order to further enhance bilateral economic cooperation, China and Belarus should pay close attention to the implementation of major comprehensive projects, and give full play to the role of the Sino-Belarusian cooperative committee of economy, science and military technology

Minsk sues over Russian oil fees-25 March 2010

Belarus has filed a lawsuit against Russia over oil export fees, the Belarusian Justice Ministry said today-The suit was filed to an official Commonwealth of Independent

States court, a Reuters report said. Russia allowed Belarus to import oil last year at only 35.6% of its crude export tariff. But in January the two countries signed a new supply deal resolving a month-long row that had threatened to disrupt Russian oil flows to European Union members Germany and Poland.

Economic Front

Belarus adapts to oil price gets \$700 million IMF loan.

MINSK, March 26 (Reuters) - The International Monetary Fund has approved on Friday releasing a \$700 million trenches for Belarus and said the country was adapting well to higher Russian oil prices. The trenches bring the total financing provided to Belarus by the IMF to roughly \$4 billion and discussions about a new loan program could start as early as May. "New discussions could start in May when the IMF mission visits the country," Natalia Kolyazina, the Fund's head in Belarus, told Reuters on Friday. The trenches come amid a fresh dispute between Belarus and Russia over customs duties on oil supplies. Kolyazina said Belarus was now able to adapt to high Russian fuel prices after cutting budget spending and supporting a flexible exchange rate.

Social Front

BELARUS: Crackdown on Dissent Feared Ahead of Elections

WARSAW, Mar 23, 2010 (IPS) - Civil rights leaders in Belarus are facing a campaign of persecution and harassment as autocratic President Aleksandr Lukashenko looks to crack down on the opposition ahead of local and presidential elections over the next year, rights activists warn. They say a riot police crackdown on protests last month, amid a row over the confiscation of property belonging to an opposition group representing the Polish minority, was part of a new wave of repression that will last until Lukashenko confirms his dictatorship once again early next year.

Ukraine

Political Front

The New Power Struggle in Ukraine-Eastern Europe March 26-By Sergey Sydorenko

In a political arena dramatically reshaped by the Yanukovych victory, old and new faces are jostling to lead the opposition. Since Viktor Yushchenko rode to power on the back of the Orange Revolution five years ago, Ukrainian politics has revolved around three power bases controlled by Yushchenko, Yulia Tymoshenko, and Viktor Yanukovych. These forces – sometimes cooperating, sometimes compete in a complex dance of interests – left no room for competition. Most other political parties and leaders were compelled to join forces with one or another of the triad. And those who tried to play an independent game, such as parliamentary speaker Vladimir Litvin and the ever-less popular Communist Party, had no effect on the big picture. These independents had to be content with a marginal role. This winter, the alignment of political forces was

transformed beyond recognition. Yushchenko's influence, long on the wane, withered completely after his devastating defeat in the first round of the presidential election when he won just 5.5 percent of the vote, setting what may be a world record for worst performance by a sitting head of state. Temporarily, at least, new President Yanukovich and his Party of Regions have all the power in their hands. A loyal follower, Mykola Azarov, has replaced Tymoshenko as prime minister and the party dominates the new governing coalition in parliament.

Ukraine leader threatens to call snap election-Yuri Kulikov, Reuters March 27,

KIEV (Reuters) - Ukrainian President Viktor Yanukovich warned Friday he would call a snap parliamentary election if a court ruled that a coalition supporting him in parliament had been formed illegally. His comment to European parliamentarians appeared aimed at assuring Ukraine's Western partners of his democratic credentials in the face of criticism that he played fast and loose with the constitution to secure a government of old friends and allies. Analysts say a new election would only push back prospects for a quick return to political stability and delay resumption of co-operation with the International Monetary Fund, whose credit helped Ukraine avoid default through much of last year.

Russia remains interested in Ukraine's gas transportation system-25.03.2010

NOVO-OGARYOVO, near Moscow, March 25 (Itar-Tass) - Russia is prepared to invest in the reconstruction of Ukraine's gas transportation system, Russian Prime Minister Vladimir Putin told reporters here Thursday. He indicated that although Russia is implementing the Nord Stream and South Stream pipeline projects, which bypass the Ukrainian territory, it is ready to get engaged in the modernization of transit pipelines in Ukraine. Putin admitted that "other gas projects reduce our interest towards joint work on Ukrainian gas transportation networks but we still have some."

Ukraine must not join any collective security organization, says president-26 March 2010-FOCUS News Agency

Kiev. Ukraine must not join any collective security organization, President Viktor Yanukovich said, Xinhua News Agency informed. "Ukraine needs to think of other ways of maintaining national security instead of choosing which existing collective security system to join," Yanukovich said at a ceremony marking the 18th anniversary of the Ukrainian Security Council. "To join any collective security organization could upset the balance of forces inside Ukraine and in Europe," he said. "As a reliable country, Ukraine will seek other ways to guaranteeing national security and cooperation with the international military organization," he added.

Turkey, Ukraine and the EU-Today's ZAMAN-25 Mar

Turkey and Ukraine both want to join the European Union. They are both big countries, and they both have their fair share of difficulties. Fortunately for Turkey, Ankara is now on the right side of the door. Ukraine is still on the wrong side, trying to get through. While Turkey's biggest stumbling blocks are its size, its geographical position and -- like it or not -- its religion, for Ukraine it is a different story. While Ukraine may be big,

at least it is viewed as being European; although some say it is too “Soviet” to ever be part of the EU. Ukraine faces serious problems with corruption and a lack of rule of law, which is evident at every level of society. Presently, so many people are gaining from this that it makes reforms difficult and in many cases undesirable. It will take a strong leadership to change this culture. If the EU was to offer Ukraine a clear EU perspective, it may make a difference, but at the moment, there is little sign this is going to happen even though a stable and prosperous Ukraine is what the EU wants and needs. Without such a perspective, change will be very difficult to achieve. Then there is Russia.

Economic Front

Ukraine Says Needs More IMF Cash for Reform-March 26, 2010-Reuters

KIEV (Reuters) - Ukraine needs extra funding beyond the \$6 billion (4 billion pounds) left in a suspended International Monetary Fund program if it is to undergo deep reforms and it hopes for initial cash to come after April, top officials said Friday. An IMF mission is in Kiev until April 2 to discuss with Ukraine's new leadership the bailout program which was first agreed in November 2008 but suspended at the end of last year.

Russia Won't Cut Gas Price for Ukraine

Russia won't lower gas prices for Ukraine in exchange for a stake in a consortium that would manage and operate the country's gas pipeline system, the main lobbyist of gas monopoly OAO Gazprom and deputy parliament speaker Valery Yazev said Thursday. Ukraine's new leadership under President Viktor Yanukovich has suggested a joint Russian-European Union consortium to be set up to help modernize the country's gas pipeline network.

Social Front

10,000 Ukrainians protest 'pro-Russian' minister-Agence France-Presse-AFP-

LVIV, Ukraine - About 10,000 protesters formed a human chain in the Ukrainian city of Lviv on Tuesday to demonstrate against a new education minister accused of being pro-Russian. The mostly student protesters formed a human chain around four kilometres long in central Lviv, a city in western Ukraine considered a stronghold of Ukrainian nationalism, an AFP correspondent witnessed.

Baltic (Estonia, Latvia & Lithuania)

Estonia

Political Front

Malta, Estonia discuss closer business links-22nd March 2010

Maltese and Estonian businessmen could assist each other in projects in the North African and northern European regions, according to Foreign Affairs Minister Tonio

Borg. Speaking during a meeting with Estonian Foreign Minister Urmas Paet last week, Dr Borg said the two countries were exploring ways to enhance trade and business links. "There is huge potential for such initiatives, which would ultimately be beneficial for both countries," he said.

Estonia predicts more economy-crippling cyber attacks-3/23/2010

The small Baltic nation was hit by denial-of-service attacks three years ago that shut down its digital economy. Now the country's defense minister expects that will become more commonplace.

Profane Estonian Democracy and Blank Newspaper Pages-Associated Press-26

The Estonian press protests against the infringement of freedom of speech in the country. Many Estonian newspapers were published with at least one blank page on March 18. Some publications wrote: "This is how the future of the press will look like if the Estonian parliament passes the bill about the protection of 656 SE sources." Estonia's large newspapers, such as Postimees, Eesti Päevaleht, Ohtuleht, Eesti Ekspress and Maaleht took part in the action. The bill stipulates the mandatory exposure of news sources upon request from the authorities. The document therefore disrupts many journalist investigations. Journalists very often use the information provided to them on conditions of anonymity.

Economic Front

Estonia eyes euro after budget gap within limit

TALLINN, March 26 (Reuters) - Estonia on Friday passed its last major economic test for entering the euro zone in 2011 after its budget deficit met bloc rules, and analysts now expect political approval to join from the crisis-hit currency zone. Estonia has made good progress towards euro zone entry, despite facing its worst recession since the collapse of the former Soviet Union. The downturn helped tame formerly double-digit inflation, while tough government measures kept a rein on the budget deficit. The statistics office said the 2009 public sector budget deficit, the toughest barrier to entry, was 1.7 percent of gross domestic product, well below the 3 percent limit mandated for euro zone accession.

Estonia long-term overdue loans firms on mo in Feb-Mar 23, 2010

TALLINN, March 23 (Reuters) - The amount of loans overdue more than 60 days in Estonia's banking system rose 0.2 percent to 6.6 percent of the total loan portfolio in February compared to the previous month, the Estonian central bank said on Tuesday. Estonia's banking system is 95 percent controlled by four Nordic financial groups, with Swedbank's (SWEDa.ST) market leading Estonia unit and SEB's (SEBa.ST) SEB Eesti dominating the market in a country of just 1.3 million people. Almost all loans are issued in euros. The total loan portfolio eased at the end of February was 249.2 billion kroons (\$21.52 billion), compared to 249.3 billion kroons at the end of January.

Social Front

Estonia Announces Intention to Block Online Casino and Poker Sites-03/24/2010

In a move that has allegedly been criticized for going against European Union legislation, the government of Estonia has announced that they will begin to ban online casino and poker sites that do not a license in the country. Having introduced a new domestic licensing system that has so far only been taken up by one registrant, Olympic Casino, the Estonian Tax and Custom Board has indicated that internet service providers will now begin blocking an estimated 200 online gambling websites who do not hold an operating license in Estonia. This means that well-known brands such as PokerStars and PartyPoker, who have not applied for an Estonian domestic license, will no longer be able to operate in the country, nor will a host of smaller operations who had previously been allowed to conduct their business in Estonia unhindered by the new licensing law. It is even believed that should internet service providers fail to ban the unlicensed sites suggested by the Estonian government, they could receive a hefty fine under the new legislation – which Estonian authorities are hoping will be passed if the EU deems remote gambling a national concern rather than an international one.

Estonian President Addresses Kennedy School-March 23, 2010

President of Estonia Toomas H. Ilves discussed the relationships between the EU and NATO, and between Estonia and the Soviet Union yesterday at the Harvard Kennedy School. Widely acclaimed for the political freedom and economic development made possible in Estonia under his leadership, Ilves drew a large Estonian audience, including an Estonian woman who was over ninety-years old and too weak to climb to the fourth floor of Littauer Building, and who waited downstairs for the President until the seminar ended. The lecture segment of the event focused on the relationship between NATO and the EU. The real problem, according to Ilyes, is that NATO and the EU do not talk to each other, and if the lack of formal and legal communication continues, Europe will see little progress in the near future.

Latvia

Political Front

Four ministers quit Latvian government-Mar 22, 2010

Riga - Four ministers handed in their resignations Monday, following the withdrawal of their political party from the ruling government coalition in the Baltic state. The four included Foreign Minister Maris Riekstins who rejected calls for him to stay in his job until elections are due in October.

Latvia's First Party Begins Talks for Government Role

March 23 (Bloomberg) -- The Latvian First Party began talks to support the government six days after the biggest coalition party pulled out and left Prime Minister Valdis Dombrovskis at the head of a minority administration. "On April 12, we will say the final word; today's talks were very hopeful," party Chairman Ainars Slesers said today, after meeting Dombrovskis, the Leta newswire reported. The First Party's 10 seats would restore Dombrovskis's majority in the 100-seat legislature after the People's

Party withdrew its 19 lawmakers on March 17. The government is the third since parliamentary elections in 2006 and the second since the country turned to a group led by the European Commission and the International Monetary Fund for a 7.5 billion euro (\$10.1 billion) loan after its second biggest bank failed

Economic Front

Latvia backs restructuring of failed bank Parex-Mar 23,

RIGA, March 23 (Reuters) - Latvia's government on Tuesday backed a restructuring plan for failed bank Parex involving the formation of a new bank for Parex's sound assets. The takeover of Parex, at the time the second-largest bank in Latvia, was one of the reasons Latvia had to take a 7.5 billion euro (\$10.1 billion) bailout package from the International Monetary Fund (IMF) and European Union. The Finance Ministry said in a statement the restructuring was in line with a recommendation from investment bank Nomura (8604.T) and with European Commission guidelines

ECB criticizes Latvian deposit facility plans-23 Mar- (Reuters)

The European Central Bank has criticized Latvian plans to bring in a seven-day deposit facility, saying it does not fit the euro zone mould and will have to be phased out if Latvia wants to adopt the euro. "The ECB draws Latvijas Banka's attention to the fact that a seven-day deposit facility does not exist in the operational framework for the implementation of the ECB's monetary policy," a ECB legal opinion published on its Web site on Tuesday said. "Thus, such a seven-day deposit facility will need to be phased out at the latest when Latvia adopts the euro. The ECB understands that such phasing out could be performed expeditiously," it said. Latvia is seen far from joining the euro by economists. Its public finances mean it has a long way to go before it could qualify to enter the single currency bloc

Social Front

No resolution for trial pair-March 26, 2010,

A EURO MP who met with Latvian officials has been unsuccessful in his attempt to have the court case in the country against two Derby men be dropped. Roger Helmer spoke to Ministry of Justice officials in the East European country's capital Riga to highlight the "intolerable" plight of Matthew Neale and David Birkinshaw. They were cleared of assaulting a police officer in Riga but then summoned back for an appeal hearing today. But as both men were preparing to travel to the country, the hearing was cancelled because the officer said he was ill and could not attend

Lithuania

Political Front

Putin meets Lithuanian PM, calls for better ties-

MOSCOW (AFP) – Russian Prime Minister Vladimir Putin on Friday called for improved ties between Moscow and Vilnius as he met his Lithuanian counterpart in the first such talks in six years. But he also lobbed barbs at Lithuanian Prime Minister Andrius Kubilius, reflecting Moscow's rocky relations with the small Baltic nation, which became the first Soviet republic to declare independence in 1991, triggering the wave that led to the demise of the Soviet Union in December that year.

EU SUMMIT: Lithuania President: German Stance On Greece Responsible-03/25-Dow Jones News

Lithuanian President Dalia Grybauskaitė said Thursday that Germany is taking a responsible stance on plans to help Greece to overcome its debt crisis. Speaking to the press on her way into the heads of state summit in Brussels, Grybauskaitė said that it was important that all parties in the crisis were behaving responsibly, and that "Germany is exactly doing that." The Lithuanian president also said that International Monetary Fund involvement in any possible bail-out plan would be "helpful", adding that European Union aid could only be based on a combined approach from the IMF and some member states.

Economic Front

Trade between Russia, Lithuania shrinks against 2008 – Putin-26.03.2010

NOVO-OGARYOVO, March 26 (Itar-Tass) -- The trade turnover between Russia and Lithuania has shrunk against 2008 to about 4.5 billion dollars, Russia's Prime Minister Vladimir Putin said at a meeting with his Lithuanian counterpart Andrius Kubilius on Friday. "A turnover of 5.5 billion dollars was more than modest for Lithuania," Putin said. "But, unfortunately, over the crisis year it has shrunk and now makes up almost 4.5 billion." Moscow and Vilnius "have an urgent need to address a set of questions of mutual interest," Putin said, mentioning infrastructure projects and energy cooperation.

Lithuania GDP to grow 1-1.5 pct this year-cbank

VILNIUS, March 23 (Reuters) - Lithuania's central bank governor forecast on Tuesday that the economy would grow 1-1.5 percent this year, more than previously expected as exports are picking up and credit conditions are improving. Bank lending, which fell sharply during recession last year, was not falling as fast and the banking sector could return to profit this year, Reinoldijus Sarkinas said. Lithuanian gross domestic product (GDP) shrank 15 percent last year after a credit boom ended in a property price crash.

Russia

Political Front

US, Russia sign pact to cut nuclear arms-By ASSOCIATED PRESS-26/03/2010

WASHINGTON — President Barack Obama and Russian President Dmitry Medvedev agreed on Friday to sharp cuts in the nuclear arsenals of both nations in the most comprehensive arms control treaty in two decades. "We have turned words into action,"

Obama declared. Obama said the pact, to be signed April 8 in Prague, was part of his effort to "reset" relations with Russia and a step on a path toward "the peace and security of a world without nuclear weapons. "The agreement would require both sides to reduce their arsenals of long-range nuclear weapons by about a third, from 2,200 now to 1,550 each. The pact, replacing and expanding a 1991 treaty that expired in December, was a gesture toward improved US-Russian relations that have been badly frayed.

U.S., Russia finalize landmark nuke treaty-The China Post-25 March

WASHINGTON -- U.S. President Barack Obama and his Russian counterpart Dmitry Medvedev have finalized a historic new deal to cut long-range nuclear arms, agreeing to slash the number of deployed warheads by a third. After months of intense negotiations, the pair sealed what Obama called "the most comprehensive arms control agreement in nearly two decades," as they hailed improved ties that hit a low under U.S. president George W. Bush. The new pact, due to be signed April 8 in Prague by both the presidents of the former Cold War foes, replaces the landmark 1991 Strategic Arms Reduction Treaty (START), which expired in December. In the Czech capital last year, Obama unveiled a plan to purge the world of atomic weapons by cutting stockpiles, curtailing testing, choking fissile production and securing loose nuclear material.

Russia does not rule out sanctions against Iran: Medvedev-March 28

Russia still supports a diplomatic way to resolve the dispute over Iran's nuclear program, but the possibility of sanctions against Tehran can not be ruled out, said Russian President Dmitry Medvedev Saturday in his address to participants of the conference of the League of Arab States. "We are convinced that sanction is not an optimal path. But at the same time, such scenario cannot be ruled out," he said.

NATO chief seeks Russia's cooperation on missile defense-(Xinhua)-2010-03

BRUSSELS - NATO Secretary General Anders Fogh Rasmussen said on Friday that NATO members should agree on a missile shield that includes Russia at the alliance's next summit in November. He made the appeal while addressing the fifth Brussels Forum, an annual high-level forum on transatlantic relations and hosted by the German Marshall Fund of the United States. "We need a decision by NATO's next summit in November that missile defense for our populations and our territories is an alliance mission and that we will explore every opportunity to cooperate with Russia," he said, adding "one security roof, that we support together, and that we operate together. One security roof that protects us all

Putin says thousands of Russian towns could be flooded after harshest winter in years-25 March

MOSCOW (AP) — Prime Minister Vladimir Putin says thousands of Russian towns and villages could be affected by "unusually strong" spring floods as record snowfall melts after the harshest winter in years. Russia's NTV television reported Friday that hundreds of people in the central Voronezh region had to be evacuated after their homes were flooded. TV footage showed emergency workers using boats to ferry stranded

people out. Putin told emergency officials in a televised meeting Friday that some 3,000 villages and towns, as well as hundreds of railroad tracks and bridges, could be submerged throughout the spring across Russia's vast territory, which spans 11 time zones.

UN, EU, Nato welcome US-Russia START accord-Mar 27 201

European Union foreign policy chief Catherine Ashton has "warmly congratulated" the United States and Russia on concluding negotiations on the post-START treaty. According to media reports, the new pact will require both sides to cut their deployed nuclear warheads, missiles and launchers. It will also re-establish a verification mechanism to replace the one that expired with START last December.

Russia invites general Jaruzelski-27.03.2010

The administration of Russian President Dmitri Medvedev has invited Poland's general Wojciech Jaruzelski to the 65th anniversary celebrations of the end of WW2. Twelve heads of state have already confirmed their presence at the anniversary. Moscow said it was still waiting for responses from Poland, Britain, the USA, the Czech Republic, Greece, Canada and Israel, among others. General Jaruzelski was also named as one of the nine former heads of state who had fought in World War 2, among them USA's George Bush senior and France's Valery Giscard d'Estain

Mexico simplifies visa issuance for Russians to boost tourism-27 March 2010- FOCUS News Agency

Mexico City. Mexican President Felipe Calderon announced on Friday new measures to simplify visa issuance for Russian nationals in an urge to give a boost to the country's tourism industry, RIA Novosti reported."We have decided to simplify visa issuance procedures for Russians. They will no longer have to come to the Mexican embassy in Moscow from distant cities to obtain a visa," Calderon said at a meeting with Mexican travel industry representatives.

Economic Front

Russia cuts key rates to record low -March 27, 2010

MOSCOW: Russia's central bank cut key rates by 25 basis points, knocking the rouble off multi-month highs yesterday, and analysts forecast more easing to come as the economy remains sluggish and the currency still strong. The widely expected cut, the 12th in a year, puts the benchmark refinancing rate at a fresh historic low of 8.25 per cent effective from Monday. That takes the cumulative easing since April last year to 475 basis points.

World Bank Gives Positive Forecast to Russian GDP-25.03.2010

The World Bank consolidated its faith in the Russian economy. The WB experts predicted a 3.2-percent growth for the Russian GDP in November 2009. Now specialists of this global financial organization forecast the growth of Russia's Gross Domestic

Product on the level of 5-5.5 percent. The growth of the world economy is predicted on the level of 2.7 percent this year.

Russia passes bill replacing jail with bail-March 26, 2010-Associated Press news

MOSCOW (AP) - Russian lawmakers have passed a bill that would allow those accused of economic crimes to be released on bail instead of being sent to jail. President Dmitry Medvedev has said the bill would help end a practice common among corrupt police officers, who jail businessmen and then extort money to set them free. The lower house of parliament gave final approval to Medvedev's bill Friday in a vote of 374 to 55. All Communist lawmakers voted against it, saying that portions of the legislation are too soft on certain economic crimes.

Russian bank balances fall to 516.8 bln rbls

MOSCOW, March 23 (Reuters) - Banks' balances in their correspondent accounts at the Russian central bank fell to 516.8 billion roubles on Tuesday from 609.4 billion roubles in the previous session, the central bank said. All figures are in billions of roubles

BALANCES	March 23	March 22
Total	516.8	609.4
Moscow region	377.1	456.9
Banks' deposits at the central bank	758.6	599.5

Social Front

Russia's Failure in the Olympic Games-March 28, 2010

The authorities are looking for scapegoats for failure of the Russian team at the Olympics, but what is going on in sports is only an example of what is going on in other spheres of life - neoliberalism yields the same results no matter where it is applied. The failure of the Russian team in the Vancouver Olympic Games would not have become a serious problem, if the Russian authorities had not spoken about the sports in its propaganda for many years. The successes of the Russian football and hockey players were presented as a proof that Russia requires the great power status in sports, if not in world politics and economy.

Kremlin proposes zero tolerance law on drinking and driving-Mar 27, 2010,

Moscow - Even one drink would be too much for Russian drivers under legislation proposed by the Kremlin Saturday. The policy, proposed by Russian President Dmitry Medvedev and forwarded to the parliament, or Duma, would make it a criminal act to drive with any level of alcohol in the blood. Current law, in place since July 2008 - allow a blood-alcohol level of up to 0.03 per cent when driving.

