

## **Report No.114**

### **PROJECT ON BUSINESS AND POLITICS IN THE MUSLIM WORLD**

#### **Central and Eastern Europe including Russia and Baltic States**

**Weekly report 4<sup>th</sup> April to 11<sup>th</sup> April 2010**

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- Brief STRATFOR analysis: Political Implications of the Crash-April 10, 2010-
- ANALYSIS - Poland rocked by president's death-By Gabriela Baczynska
- Poland Won't Attend US Nuclear Summit-Apr/11/10-IsraelNN.com
- Elections to be announced Soon in Poland-Associated Press-April 10
- US hopes Russia-Poland gathering at KATYN good sign for peaceful future in E-Europe
- FACTBOX - Poland's Central Bank Governor killed in crash-Apr 10, 2010
- Poles prefer to be self-employed-08.04.2010
- Polish GDP may rise 3 percent in 2010: OECD- April 09,
- KATYN massacre: Stalin executed POWs out of revenge: Putin -By APP-April 07,

### **Czech Republic**

- Czech president "shaken, shocked, saddened" by Polish tragedy-Apr 10, 2010
- Obama departs Prague after US-Russia arms treaty signing-Apr 9, 2010
- Obama meets with Czech president before leaving Prague-April 10,
- 'Safer Environment' to Emerge from New START Treaty
- Czech Leftist Party Sets Conditions for Coalition by REUTERS-April 9, 2010
- U.S. choice of Prague for new pact signing rich in symbolism-2010-04-04
- Czech right pledges to balance budget by 2017

- Czech c.bank: CPI touch below forecast, food, fuel prices higher
- IISEIE & Microsoft to Help Develop a Local Software Economy in the Czech Republic

### **Slovakia**

- Russian president visits Slovakia to revive bilateral economic ties-7 Apr-FOCUS News
- Medvedev Oversees Deals in Slovakia-08 April 2010
- Elections in Central Europe-April 6, 2010-by Katerina Zachovalova

### **Hungary**

- Rightists, Nationalists to Dominate Hungary Parliament Elections-April 11, 2010
- Hungary's Opposition Wins First Round of Voting
- Economy the decisive force: Five facts about Viktor ORBAN of Hungary's Fidesz
- Hungary's bitter voters turn toward extreme populist party-April 9, 2010-By Edith Balazs

### **Eastern Europe (Belarus & Ukraine)**

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- Pilots of the crashed plane offered to land in Minsk, Vitebsk-10 April-FOCUS News
- Belarus in Burma for arms talks-Reuters-By JOSEPH ALLCHIN-8 April 2010
- Ambassador: OSCE Minsk Group to visit region in April-07.04.2010
- Belarus, Kazakhstan Lukewarm Over Customs Union-06 April 2010-Reuter
- IMF forecasts Belarus to register record foreign debt in 2010 08:59, April 06,
- Lithuanian petition rejects Belarus nuclear plant-AFP-April 9

#### **Ukraine**

- Ukraine reaffirms willingness to strengthen strategic partnership with Russia-Apr 10

- Ukraine court rules Yanukovich coalition legal-Apr 8, 2010
- Russia keen to join EU in revamping Ukraine's pipelines-07 April 2010
- Ukraine shelves NATO membership plan-April 6.
- UPDATE 1-Russia may lend \$5-6 bln to Ukraine for nuclear build-Apr 10, 2010
- Ukraine govt intends to collect \$600 mln in luxury tax in 2010-10.04.
- Nine lenders table bids for Ukraine's Eurobonds-Bloomberg-April 10, 2010
- Irish women overcome Ukrainian challenge
- Cherkassk city council urges Ukrainian President to recognize Armenian Genocide

### **Baltic States (Estonia, Latvia & Lithuania)**

#### **Estonia**

- Estonian PM: Estonia to join euro zone in 2011- April 10-FOCUS News
- Azerbaijan President completes his state visit to Estonia-08.04.2010
- No Russia talks planned at Estonian NATO summit-Apr 6,
- Estonia a touch more upbeat on '10 outlook-April 9 (Reuters)
- Inflation no threat to Estonia's plan to adopt euro, says premier-Apr 8, 2010
- Baltic Lead In European Unemployment-April 07,
- Estonia prepares for cyberwar-7 April-COMPUTERWORLD.UK

#### **Latvia**

- Former Latvian president visits Taiwan-Apr 6, 2010
- Latvia – from Baltic Tiger to the sick man of Europe-Tony Paterson reports
- European Debt Wars-10 April- Opinion: Michael Hudson

- Latvia teeters on brink in spite of \$14bn IMF rescue-Apr 5-By Tony Paterson
- The threat of Baltic ultra-nationalism-Analysis by Efraim Zuroff guardian.co.uk, 3 April

### **Lithuania**

- Former Lithuanian President to Present Campus Talk in Yale University-Apr 09
- Lithuanian MPs reject Polish spelling on passports-09.04.2010
- Lithuania Realizes Gain from Pain of Harsh Austerity Cuts

### **Russia**

- Construction of Contentious Nord Stream Gas Line to Begin
- Russian president visits Slovakia to revive bilateral economic ties-7 Apr-FOCUS News
- Brief: Russian Outreach After The Crash-April 11-STRATFOR analysis
- TABLE-Russia Jan-Feb trade surplus \$34.4 bln-customs-2010-04-07
- Royals, PM express shock over Polish president's death-AFP/London
- Armenian-Russian innovation center to open soon-April 8, 2010

## **Report Summary**

### **Political and strategic front**

#### **Political Front**

Polish President Lech Kaczynski, 60, along with the country's highest military and civilian leaders died on Saturday when the presidential plane crashed as it came in for a landing in thick fog in western Russia, killing 97 people. The plane was taking the president and his delegation to events marking the 70th anniversary of the massacre of 22,000 Polish officers in KATYN forest by Soviet secret police.

The crash devastated the upper echelons of Poland's political and military establishments. On board were the army chief of staff, national bank president, deputy foreign minister, head of the National Security Office, deputy parliament speaker, civil rights commissioner and at least two presidential aides and three lawmakers. Reflecting the grave sensibilities of the crash to relations between the two countries, Russian Prime Minister Vladimir Putin personally assumed charge of the investigation.

#### **Mr. Kaczynski**

60 year old late Polish President, Mr. Kaczynski was born on June 18, 1949, when Warsaw was in ruins therefore his suspicions of Russia and Germany had deep roots. His engineer father and mother, Jadwiga had been active in the Polish resistance against the Nazis. He and his brother became famous at age 12 when they starred in a film version of The Two Who Stole the Moon, a beloved children's story. They began their rise to political prominence in the underground Solidarity movement in the 1980s. They were close, at first, to Mr. Walesa, but they fell out with his movement during the 1990s, claiming that the intellectuals, led by Adam Michnik, had made too many compromises with former Communists and the secret police. According to Lech Walesa, "His approach is to first destroy and then think about what to build". The brothers remained active in politics, with Lech Kaczynski serving as justice minister from 2000 to 2001 and gaining popularity by emphasizing his tough stance against crime. He became mayor of Warsaw in 2002, and his brand of nationalism has attracted the critics.

He and his brother wanted a complete break with the past by purging the civil service and the media of former Communists. When in 1999 Poland joined NATO along with Hungary and the Czech Republic, he supported the move on the apprehensions that Russia's leaders had not yet abandoned their desire to regain influence in the region and Russia would try to regain its influence by using its natural gas as a weapon. But later on, he publicly admitted that NATO had not even resolved the fundamental questions regarding the Eastern European Security. His inclination towards US is evident from the fact that even after Poland joined the European Union in 2004, he preferred dealing with the United States. He lobbied hard for the United States to deploy part of its controversial shield against ballistic missiles in Poland, arguing that it would enhance Poland's security against Russia.

A devout Roman Catholic, Mr. Kaczynski was regarded as skeptical (Disbeliever) of the European Union while he fought to defend Poland's sovereignty against Brussels and to protect its traditional, conservative values. In 2008, he argued against ratifying the Union's Lisbon Treaty for fear its prohibition of discrimination on the basis of sexual orientation would become Polish law. Mr. Kaczynski's star had been fading in recent years, and he would have faced a difficult re-election battle this year.

### **Implications of the disaster**

The deaths of Polish President Lech Kaczynski and leading politicians from the opposition Law and Justice have changed at a stroke Poland's political landscape.

- 1- Kaczynski was widely expected to seek another five-year term as president in elections that had been scheduled for the autumn. The vote will now be brought forward and its outcome is far from clear. Opinion polls had suggested the conservative Kaczynski would lose to Prime Minister Donald Tusk's centrist candidate, but Saturday's tragedy may have changed the picture.
- 2- Kaczynski's twin brother Jaroslaw heads the opposition rightist Law and Justice (PiS) party. Senior Law and Justice party officials were also reported to have died in the crash, including the head of its parliamentary faction, Grazyna Gesicka. The loss of senior figures will severely weaken the parliamentary party.

- 3- Another presidential candidate, Jerzy Szmajdzinski of the small leftist SLD, was also among the passengers travelling on the plane along with the military head of staff, several generals and other top state representatives.
- 4- Poland's speaker of parliament, Bronislaw Komorowski, who has taken over as the head of state is also the presidential candidate of Prime Minister Donald Tusk's centrist Civic Platform (PO) party.

Meanwhile Polish Prime Minister Donald Tusk has cancelled his country's participation in the nuclear summit being held in Washington this week. The cancellation came as Poland declared a period of national mourning over the loss of Polish President Lech Kaczynski and many other senior Polish figures

Acting president and the Poland's parliament speaker said that he will announce early elections within 14 days according to the country's constitution. Lech Kaczynski (lekh kah-CHIN'-skee) and many other top political, military and church leaders were on their way to a ceremony in Russia commemorating a 1940 massacre in which 22,000 Polish officers were killed by Soviet secret police.

A statement by the US State Department called the KATYN massacre "a tragic stain on Europe's past. The United States has welcomed the ceremonies in KATYN, Russia, at which top leaders of Poland and Russia had commemorated the killing by Russian soldiers of 22,000 Polish prisoners of war 70 years ago. Russia has long been denying the massacre as a war crime but now Putin has joined the Poles in honoring the victims.

Czech President Vaclav Klaus said that he was 'shaken, shocked and saddened' by the death of Polish President Lech Kaczynski, his wife and dozens of Polish officials in a Saturday plane crash in western Russia. He called Kaczynski 'an extraordinary president' and 'a unique friend of our country.'

US President Barack Obama on Friday wrapped up a two-day visit to the Czech Republic that saw the signing of a new US- Russian nuclear arms control treaty. Obama left the capital Prague after talks with Czech President Vaclav Klaus and Prime Minister Jan Fischer. They

spoke about Afghanistan, the NATO's new strategic concept and a planned expansion of a Czech nuclear power plant, a contract for which both US and Russian firms are competing,

Russian president Medvedev arrived in Slovakia on Tuesday to take part in activities commemorating the 65th anniversary of the end of World War II in Europe and liberation of former Czechoslovakia. In 2008, the bilateral trade exchange between Russia and Slovakia reached the record USD 9.6 billion, but in 2009 it dropped to a half of the figure. An important point in the Bratislava talks is to be the extension of the broad-gauge railway from the Ukrainian-Slovak border to Vienna, which would for the first time directly connect central Europe with the Russian railway system, including the Trans-Siberian Railway.

In Slovakia, several groups have sought to make an election issue out of the questions of nationhood and ethnic minorities. Meanwhile, the Czechs look like they might swing to the left. The Czech voters will choose their next government on May 28-29, while in Slovakia the general election is scheduled for June 12. All these countries have suffered from the effects of the global economic crisis.

According to the country's national election office OVI after processing 99% of the votes, Hungary's center-right opposition party headed by FIDESZ got 52.8% of the vote in Sunday's first round of parliamentary elections, while all other parties gained considerably less support,. The ruling minority Socialist Party gained 19.3% of the votes, while the extremist right-wing party Jobbik, known for its anti-Semitic and anti-Roma statements and wants to drop free market reforms received 16.7%. The second round of the elections is scheduled for April 25. If Fidesz prevails, the new government's stance on fiscal policy and structural reforms will be crucial for investor sentiment toward Hungary.

The plenipotentiary of the Russian President in the Central Federal Province has announced that the pilots of the President Lech Kaczynski plane TU- 154, which crashed on Saturday, were offered to land in Minsk and Vitebsk, however, the pilots decided to fly to Smolensk and then to decide whether to land there.

The Belarusian President Alexander Lukashenko who has been in power since 1994 was on his first state visit to NAYPYIDAW, the Burmese Burma. Belarus is considered the only non-democracy in Europe and is the only country on the continent to still practice the death penalty.

The OSCE Minsk Group co-chairs will visit the region in April. This will be Merzlyakov's last visit to the region as OSCE Minsk Group co-chair. The date of the visit has not yet been specified.

Ukrainian President Victor Yanukovich during a meeting with visiting Russian Foreign Minister Sergei Lavrov has reiterated his country's willingness to strengthen strategic partnership with Russia. "Russia is an important strategic partner of Ukraine".

Ukraine's Constitutional Court ruled on Thursday that a coalition supporting newly-elected President Viktor Yanukovich in parliament had been formed legally. Yanukovich, who took power in late February, had warned that he would call a snap parliamentary election if the court had found the coalition was formed illegally.

The Ukrainian president has dissolved the government's commission working toward NATO membership. The move has buried the ambitious pro-NATO policies by his predecessor, Orange Revolution hero Viktor Yushchenko. That anti-Russian course helped Ukraine win new friends in Europe but angered Moscow and alienated the country's Russian-speaking community.

Visiting Estonian Prime Minister Andrus Ansip said in Finland on Friday that he expects Estonia to join the euro zone at the beginning of next year. Estonia has fulfilled all the criteria of Maastricht Treaty in a sustainable way and there should not be any obstacles for Estonia to join euro zone.

Estonian Foreign Minister Urmas Paet denied that there will be any direct talks between NATO and Russia at a forthcoming meeting of NATO foreign ministers later this month.

Former Latvian president arrived in Taiwan Tuesday for a week-long visit. Vike-Freiberga has remained Latvia's president from 1999-2007 and now was invited by the European Union Centre of Taiwan to visit the island to attend the inauguration of the EU Centre in National Chung Hsing University and deliver a speech on challenges facing the EU

The late President Lech Kaczyński, prior to his visit to Russia, has expressed his astonishment with the Lithuanian parliament's rejection of a bill allowing the Polish minority, and others, to have their names spelled in accordance with the rules of the Polish language.

Currently, Lithuanian-Poles must spell their names in official documents using the Lithuanian alphabet.

The Nord Stream pipeline project is laid Friday in PORTOVAYA Bay, north of St. Petersburg, Russia. The dual-pipeline project, the first phase of which is to be completed in 2011, will allow Russia to pump its natural gas directly under the Baltic Sea to Germany. But the project has been hugely contentious in Europe, especially by Poland, who accused Germany of going behind the backs of its Eastern European neighbors by forging a closer energy alliance with Russia. The European Union obtains nearly 45 percent of its gas imports from Russia, while 70 percent of Russia's gas exports are earmarked for the 27-country bloc.

It is often said that Russia has a desire to reconstitute and revive its old sphere of influence in Central Europe. In this regards, Russia has been persuading the strategy of isolating anti-Russian politicians in Polish politics in order to create an attractive for Polish people, At this tragic moment, aside from Putin's immediate personal involvement in dealing with the tragedy, the Moscow mayor's office has moved quickly and emphatically to expedite and accommodate family visits for Polish officials killed in the crash. Furthermore, Russian President Dmitri Medvedev called for a day of mourning in Russia on April 12 and Russian state television will broadcast "Katyn," a Polish movie about the massacre, on the evening of April 11, an unprecedented step for a country that for decades refused to acknowledge responsibility for the event.

This is intended to make it more difficult for Warsaw to continue its opposition to the ongoing Russian resurgence as well as to make an entrenched security and military alliance with the United States less appealing to the Polish electorate.

### **Economic Front**

Poland has seen a notable leap in the number of Poles becoming self employed. In the first quarter of 2010 as many as 5,300 new companies were registered at the National Court Register, over 5 percent more than last year. Thanks to EU subsidies the number of self-employed Poles may reach record numbers. Even in crisis-stricken 2009 a record number of 19,500 companies were set up. According to Euro barometer, young people in Poland (between 15 and 24 years old) are more interested in opening their own business than any other European

youths. As many as 48 percent of young Poles would like to set up their own company in five years, while the average for the EU is 31 percent

According to a report of the Organization for Economic Co-operation and Development (OECD), Poland's GDP may rise 3 percent this year and up to 3.6 percent in 2011. Poland's economy had proven stronger than forecast at the close of 2009. According to the report, in 2009 Poland's GDP rose 1.7 percent, the highest figure of all OECD members. The report praised a 2008 reform of the bridge pension system.

The Czech Republic's main right-wing party said on Wednesday it would balance the country's finances by 2017. The rightist Civic Democrats (ODS), led by former Deputy Prime Minister lag the leftist Social Democrats in opinion polls and face an uphill battle to win enough votes in the May 28-29 election to build a centre-right coalition. International organizations including the OECD have warned reforms are necessary to put Czech public finances on a sustainable path.

Czech food and fuel prices were above the central bank forecast in March but the overall inflation was marginally below the bank's quarterly prediction released in February, the bank said on Friday. Czech consumer prices rose by 0.3 percent on the month in March, putting year-on-year inflation at 0.7 percent. The bank said it saw inflation near the 2 percent target in the first half of 2011, the bank's policy horizon. The bank cut the main repo rate to a record low of 1.0 percent in December

The move to create a trade bloc along with Russia has met growing dissatisfaction from officials and business leaders in Kazakhstan and Belarus. Russia has persistently announced to join the customs union jointly along with Belarus, an industrialized nation bordering the European Union and Kazakhstan, , the world's largest uranium miner.

Latest report from the International Monetary Fund (IMF) forecast that the total external debt of Belarus in 2010 would reach the highest level in history to take up some 52 percent of its gross domestic product (GDP). In 2011, the percentage would slightly decline to 50 percent, while in 2015 further down to 35 percent with the improvement of Belarusian economy.

Russia's Prime Minister Vladimir Putin said on Saturday after a meeting with Ukraine's new Prime Minister Mykola Azarov at Moscow's Vnukovo Airport that Russia may lend \$5-6 billion to Ukraine to construct two nuclear reactors, while promising to consider a new deal on gas supply prices.

Meanwhile the Ukrainian government has offered the parliament to introduce in 2010 the luxury tax in the country that will ensure additional budget revenues of about 600 million US dollars annually.

Ukraine's Finance Ministry has received offers from nine lenders as the government prepares to sell Eurobonds after it resumed talks with the International Monetary Fund (IMF). The ministry is still receiving offers from banks across the globe, including the United States and Japan.

Estonia expects modest economic growth this year, helped by the global recovery and rising domestic confidence, paving the way for it to join the euro zone on schedule at the start of 2011, officials said on Friday. The Finance Ministry will increase its GDP growth forecast for 2010 to around 1 percent from zero in economic forecasts next week. Estonia has suffered one of the European Union's worst recessions but returned to quarter-on-quarter growth of 2.5 percent in October-December.

The Baltic countries of Latvia, Lithuania and Estonia were in the top four in unemployment among European Union countries in February. Latvia led with a 21.7 percent unemployment rate, followed by Spain at 19 percent, Lithuania was third with 15.8 percent unemployment rate, while Estonia reported a 15.5 percent jobless rate. The average unemployment rate in the 27-member European Union member states was 9.6 percent in February.

The Federal Customs Service said on Wednesday that Russia's foreign trade surplus rose to \$34.4 billion in January-February from \$15.5 billion in the same period a year ago. The value of exports rose 60.3 percent year-on-year, "due to the rise of average prices for the goods exported by Russia, as well as an increase in the physical volume of supplies,"

## **Social Front**

Russian Prime Minister Vladimir Putin made an unprecedented gesture of good will to Poland on Wednesday by attending a memorial ceremony for 22,000 Poles executed by Soviet secret police during World War II. But hours later he soured the mood by offering a controversial justification for the massacres. After attending the solemn event with Polish Prime Minister Donald Tusk, Putin said Soviet dictator Josef Stalin ordered the atrocity as revenge for the death of Red Army soldiers in Polish prisoner of war camps in 1920. Putin said 32,000 troops under Stalin's command had died of hunger and disease in the Polish camps. U.S. Sen. Benjamin Cardin, who has advocated greater Russian recognition of the atrocities, said there can be no justification for the murder of innocent people

Several local start-up software developers attended the first Czech Republic Microsoft Business Academy held in Brno last week. Participants gained valuable knowledge and insights on best business practices within the Information and Communications Technology (ICT) sector designed to help stimulate the local software industry. Under the supervision of experts in the global software industry, the workshop covered a number of areas critical for Czech Republic software businesses to succeed in the dynamic software market.

More than 20,000 Lithuanians have signed an electronic petition to the government against the planned construction of a nuclear power station in neighboring Belarus for the safety of 500,000 inhabitants around 50 kilometres (30 miles) from the planned site of the plant. Belarus plans to build a new nuclear plant that could possibly export energy to Lithuania. Lithuania agreed to close its own Soviet-era IGNALINA nuclear station by 2009 as part of its 2004 EU accession agreement.

Upon consideration of an appeal by city council parliamentarian of the Armenian Apostolic Church, Cherkassk city council decided to urge the Ukrainian President and parliament to support the Armenian people and confirm legislatively the recognition and condemnation of the Armenian Genocide at the hands of the Ottoman Empire.

Estonia's banking, media and government presence online was disrupted by several waves of distributed denial of service attacks that knocked services offline. The country is heavily wired - 90 percent of all financial transactions are conducted over the Internet and 70

percent of the population files their tax returns electronically. Therefore the incident was widely felt by the country's 1.3 million citizens

The Armenian government has approved the decision to sign a memorandum of cooperation with Russian Government in the field of information technologies, the memorandum envisages establishment of the pioneer Armenian-Russian innovation center, which will bring together leading specialists in the field. The opening ceremony will take place in mid-April.

## **Detailed Report**

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

#### **Poland**

#### **Political Front**

#### **Air crash kills Polish president-Associated Press-Moscow, April 10, 2010**

**URL<<http://www.hindustantimes.com/News-Feed/world/Air-crash-kills-Polish-president/Article1-529542.aspx>>**

Polish President Lech Kaczynski, 60, and some of the country's highest military and civilian leaders died on Saturday when the presidential plane crashed as it came in for a landing in thick fog in western Russia, killing 97 people, officials said. Russian and Polish officials said there were no survivors on the 26-year-old Tupolev, which was taking the president, his wife and staff to events marking the 70th anniversary of the massacre in Katyn forest of 22,000 Polish officers by Soviet secret police. The crash devastated the upper echelons of Poland's political and military establishments. On board were the army chief of staff, national bank president, deputy foreign minister, head of the National Security Office, deputy parliament speaker, civil rights commissioner and at least two presidential aides and three lawmakers. Reflecting the grave sensibilities of the crash to relations between the two countries, Russian Prime Minister Vladimir Putin personally assumed charge of the investigation. Andrei Yevseyenkov, spokes-man for the Smolensk regional government, said Russian dispatchers asked the crew to divert from the military airport in North Smolensk and land instead in Minsk, the capital of neighbouring Belarus, or in Moscow because of the fog. Air Force General Alexander Alyoshin confirmed the pilot disregarded instructions to fly to another airfield. Russia's Emergency Minister Sergei Shoigu said there were 97 dead, of which 88 were part of the Polish state delegation. The deaths were not expected to directly affect the functioning of the Polish government as the president's domestic duties are chiefly symbolic. Poland has long discussed replacing the planes that carry the country's leaders but said they lacked the funds

**Obituary-Lech Kaczynski: President and patriot of Old Poland-The New York Times-Apr.11**

**URL<<http://www.theglobeandmail.com/news/world/lech-kaczynski-president-and-patriot-of-old-poland/article1530474/>>**

Lech Kaczynski, who died Saturday in a plane crash in western Russia, rose from childhood fame as an actor to become President of Poland. He was 60. Half of an unusual tandem of power, Mr. Kaczynski was elected president in 2005 from the nationalist-conservative Law and Justice Party, led by his identical twin, Jaroslaw, whom he later appointed prime minister. Swept into office as voters repudiated the group of former Communist officials who had dominated the country's politics for much of the preceding decade, Mr. Kaczynski and his brother struggled at the top, frequently putting Poland on a collision course with its European Union partners and Russia, while polarizing voters at home with a shift to the right. "His approach is to first destroy and then think about what to build," Lech Walesa, hero of the Solidarity movement and former president, said in 2006 of Mr. Kaczynski, who once served as Mr. Walesa's national security chief. "He and his brother – who could be told apart only by a mole on Lech's left cheek – became famous at age 12 when they starred in a film version of *The Two Who Stole the Moon*, a beloved children's story." Poland joined the European Union in 2004, but Mr. Kaczynski often preferred dealing with the United States. As soon as Mr. Kaczynski took office in the presidential headquarters in the center of Warsaw, he forged close relations with Ukraine and Georgia, determined to bring them closer to NATO and eventually have them admitted to the American-led military organization. His defense of those two countries often upset leading members of the European Union, especially Germany, which was concerned that an expanded NATO would make Russia feel threatened and lead to new East-West tensions. Mr. Kaczynski, however, believed passionately that a strong NATO would prevent Russia from reasserting its influence over Eastern and Central Europe. Mr. Kaczynski was born on June 18, 1949, when Warsaw was in ruins. His suspicions of Russia and Germany had deep roots. His father, Rajmund, an engineer, and his mother, Jadwiga, who studied linguistics, had been active in the Polish resistance against the Nazis. He and his brother – who could be told apart only by a mole on Lech's left cheek – became famous at age 12 when they starred in a film version of *The Two Who Stole the Moon*, a beloved children's story. They began their rise to political prominence in the underground Solidarity movement in the 1980s. They were close, at first, to Mr. Walesa, but they fell out with his movement during the 1990s, claiming that the intellectuals, led by Adam Michnik, had made too many compromises with former Communists and the secret police. The

brothers remained active in politics, with Lech Kaczynski serving as justice minister from 2000 to 2001 and gaining popularity by emphasizing his tough stance against crime. Jaroslaw Kaczynski arrives at the scene of the plane crash that killed his twin brother, Polish President Lech Kaczynski, on Saturday.

He became mayor of Warsaw in 2002, and critics began to see his brand of nationalism – he and his brother wanted a complete break with the past by purging the civil service and the media of former Communists – as overzealous and provincial. But the twins were helped in their rise to power by an image of honesty in a country that had witnessed one corruption scandal after another for years. Yet he was not reluctant to create tensions with Moscow or Berlin. Poland joined NATO in 1999, part of the first bloc of former Communist countries, along with Hungary and the Czech Republic, to join the alliance. “It was obvious to us that this was the only tough security structure there was in the world, and that the membership of NATO would only mean benefits for Poland,” Mr. Kaczynski said in an interview last year. He added that did not mean that Russia’s leaders had “abandoned their ideas to regain influence, like using natural resources, natural gas, as a weapon and trying to influence politicians.” “Indeed,” he said, “back in the early 1990s, my impression was that Poland’s entry into NATO would finally resolve those questions. And here I must admit I was wrong.” He lobbied hard for the United States to deploy part of its controversial shield against ballistic missiles in Poland, arguing that it would enhance Poland’s security against Russia. Those plans, supported by President George W. Bush, were scaled back by President Barack Obama.

A devout Roman Catholic, Mr. Kaczynski was regarded as skeptical of the European Union while he fought to defend Poland’s sovereignty against Brussels and to protect its traditional, conservative values. In 2008, he argued against ratifying the union’s Lisbon Treaty for fear its prohibition of discrimination on the basis of sexual orientation would become Polish law.

Mr. Kaczynski’s star had been fading in recent years, and he would have faced a difficult re-election battle this year. His wife, Maria, an economist, also died in the crash. Mr. Kaczynski is survived by his brother, Jaroslaw, who was forced to step down as prime minister in 2007 after a bruising party defeat at the polls. He is also survived by his daughter, Marta; two granddaughters, Ewa and Martyna; and his mother.

## **Brief: Political Implications of the Crash-April 10, 2010-STRATFOR analysis**

Polish Prime Minister Donald Tusk on April 10 called the plane crash which killed Polish President Lech Kaczynski the “most tragic event in the history of Poland outside wartime.” STRATFOR sources in Poland have also confirmed that the Polish military’s chief of staff, Gen. Franciszek Gągor, as well as the heads of all armed services died in the crash. According to the Polish constitution, the speaker of the lower house of parliament, Bronisław Komorowski, will take on the duties of acting president and will have 14 days to announce presidential elections, which must take place within two months of the announcement. The presidency is largely a ceremonial post in Poland, although the president often weighs in on foreign affairs and defense matters. Presidential elections had been planned for the latter part of 2010, and Komorowski was already the leading contender for the presidency as a candidate of Tusk’s Civic Platform party. Kaczynski was trailing Komorowski in the polls, as was Jerzy Szmajdzinski, the deputy parliamentary speaker and candidate of the third-largest party in Poland, the Left Democratic Alliance, who also died in the crash. The plane crash leaves Kaczynski’s Law and Justice (PiS) party and the Left Democratic Alliance without front-runners for the election, although Kaczynski’s twin brother Jarosław — a former prime minister and the current chairman of PiS— may take his place in the election.

## **SNAP ANALYSIS - Poland rocked by president's death-By Gabriela Baczyńska**

**URL<[http://thestar.com.my/news/story.asp?file=/2010/4/10/worldupdates/2010-0410T174342Z\\_01\\_NOOTR\\_RTRMDNC\\_0\\_-475913-1&sec=Worldupdates](http://thestar.com.my/news/story.asp?file=/2010/4/10/worldupdates/2010-0410T174342Z_01_NOOTR_RTRMDNC_0_-475913-1&sec=Worldupdates)>**

WARSAW (Reuters) - The deaths of Polish President Lech Kaczynski, the central bank governor and leading politicians from the opposition Law and Justice have changed at a stroke Poland's political landscape.

- 1- Kaczynski was widely expected to seek another five-year term as president in elections that had been scheduled for the autumn. The vote will now be brought forward and its outcome is far from clear. Opinion polls had suggested the conservative Kaczynski would lose to Prime Minister Donald Tusk's centrist candidate, but Saturday's tragedy may have changed the picture.

"The political consequences will be long term and possibly will change the entire future landscape of Polish politics. This will have a huge impact on the elections and its hard now to say much more but their outcome could be a surprise," said Jacek Wasilewski of the Warsaw's Higher School of Social Psychology.

"Of course Law and Justice has taken the greatest blow from this event, but it does not make (the ruling) Civic Platform's life any easier. It is hard to be opposed to someone who suffered such a great loss."

- 2- Kaczynski's twin brother Jaroslaw heads the opposition rightist Law and Justice (PiS) party. Senior Law and Justice party officials were also reported to have died in the crash, including the head of its parliamentary faction, Grazyna Gesicka. Sources told Reuters Jaroslaw Kaczynski was not on the plane. The loss of senior figures will severely weaken the parliamentary party.
- 3- Another presidential candidate, Jerzy Szmajdzinski of the small leftist SLD, was also among the passengers travelling on the plane along with the military head of staff, several generals and other top state representatives.
- 4- Poland's speaker of the lower chamber of parliament, Bronislaw Komorowski, has taken over as the head of state and will announce the date of the presidential election. Komorowski is also the presidential candidate of Prime Minister Donald Tusk's centrist Civic Platform (PO) party.

The Polish constitution says the election date must be announced within two weeks and the election must take place within two months of the announcement. That means Poles will chose their new head of state by the end of June. Poland's government started an extraordinary sitting at 1100 GMT.

- 5- Financial markets are likely to focus on the death of trusted central bank governor Slawomir Skrzypek.

"It's important for the central bank to quickly have a new governor who would, with his background and history, confirm that our currency and reserves are in good hands," said Andrzej Arendarski, head of the National Chamber of Commerce.

## **Poland Won't Attend US Nuclear Summit-Apr/11/10-IsraelNN.com**

<http://www.israelnationalnews.com/News/Flash.aspx/184100>

Polish Prime Minister Donald Tusk has cancelled his country's participation in the nuclear summit being held in Washington this week. The cancellation came as Poland declared a period of national mourning over the loss of Polish President Lech Kaczynski and many other senior Polish figures

## **Elections to Be Announced Soon In Poland-Associated Press-April 10**

<http://www.kake.com/news/headlines/90546019.html>

Poland's parliament speaker -- who is now the country's acting president -- says he will announce early elections within 14 days. That's required under the country's constitution following the death of Poland's president -- who was killed along with 96 other people today in the crash of an aging Russian jetliner. Lech Kaczynski (lekh kah-CHIN'-skee) and many other top political, military and church leaders were on their way to a ceremony in Russia commemorating a 1940 massacre in which 22,000 Polish officers were killed by Soviet secret police. Their plane went down just a short drive from the site of that massacre. A week of mourning has been declared in Poland. Russian officials have declared Monday a day of mourning.

## **US hopes Russia-Poland gathering at Katyn presages bright, peaceful future in East Europe-<http://www.orlandosentinel.com/news/nationworld/sns-ap-us-us-katynobservance,0,4824895.story>**

WASHINGTON (AP) — The United States is welcoming ceremonies in Katyn, Russia, at which top leaders of Poland and Russia are commemorating the killing by Russian soldiers of 22,000 Polish prisoners of war 70 years ago. A statement by the State Department called the Katyn massacre "a tragic stain on Europe's past." It goes on to say that Wednesday's commemoration by Russian Prime Minister Vladimir Putin (POO'-tih-n) and his Polish counterpart, Donald Tusk, "is a sign of a much better present and of the hope for an increasingly bright and peaceful future." Putin is the first ranking Russian official to join the Poles in honoring the victims. Russia has not recognized the massacre as a war crime.

## **Economic Front**

### **FACTBOX - Poland's Central Bank Governor killed in crash-Apr 10, 2010**

Poland's central bank governor SLAWOMIR SKRZYPEK was among 96 people killed in a plane crash in Russia on Saturday, along with President Lech Kaczynski.

### **Poles prefer to be self-employed-08.04.2010**

[http://www.thenews.pl/business/artykul129007\\_poles-prefer-to-be-self-employed-.html](http://www.thenews.pl/business/artykul129007_poles-prefer-to-be-self-employed-.html)

Poland has seen a notable leap in the number of Poles becoming self employed, as a means of beating the economic downturn. In the first quarter of 2010 as many as 5,300 new companies were registered at the National Court Register, over 5 percent more than last year. Thanks to EU subsidies the number of self-employed Poles may reach record numbers. More companies are opened in Poland every year than closed down. Even in crisis-stricken 2009 a record number of 19,500 companies were set up, while only 168 companies went bankrupt. "The recession has not managed to halt the growth of the number of companies. Poles realize that it is still possible to make money on the Polish market so they want to grab that opportunity," says Jaroslaw Nowrotek from the Centre of Economic Information. According to Euro barometer, young people in Poland (between 15 and 24 years old) are more interested in opening their own business than any other European youths. As many as 48 percent of young Poles would like to set up their own company in five years, while the average for the EU is 31 percent

### **Polish GDP may rise 3 percent in 2010: OECD10:37, April 09,**

<http://english.people.com.cn/90001/90777/90853/6945353.html>

Poland's GDP may rise 3 percent this year and up to 3.6 percent in 2011, the Polish news agency said Thursday, quoting a report of the Organization for Economic Co-operation and Development (OECD). Poland's economy had proven stronger than forecast at the close of 2009 and that this would translate into higher growth figures, Andrew Dean, head of OECD Economics Department's Country Studies was quoted as saying. According to the report, in 2009 Poland's GDP rose 1.7 percent, the highest figure of all OECD members. The report praised a 2008 reform of the bridge pension system, thanks to which Poles will be able to work longer and

more jobs will be available to older age groups. They also suggested that the Polish government stop raising minimum wages and recommended the gradual introduction of one retirement age for women and men.

## **Social Front**

**Gesture to Poland on Katyn massacre: Vladimir Putin says Stalin executed POWs out of revenge-By Associated Press-April 07,**

[http://www.cleveland.com/world/index.ssf/2010/04/katyn\\_massacre\\_gesture\\_to\\_pola.html](http://www.cleveland.com/world/index.ssf/2010/04/katyn_massacre_gesture_to_pola.html)

Russian Prime Minister Vladimir Putin hosted his Polish counterpart Donald Tusk in Katyn, the site of Stalin-era massacres of Polish troops during World War II. Putin's attendance at the Russian memorial ceremony for 22,000 Polish prisoners of war killed by Soviet dictator Josef Stalin's secret police in 1940 is an unprecedented gesture of good will and reconciliation. Russian Prime Minister Vladimir Putin made an unprecedented gesture of good will to Poland on Wednesday by attending a memorial ceremony for 22,000 Poles executed by Soviet secret police during World War II. But hours later he soured the mood by offering a controversial justification for the massacres. After attending the solemn event with Polish Prime Minister Donald Tusk, Putin said Soviet dictator Josef Stalin ordered the atrocity as revenge for the death of Red Army soldiers in Polish prisoner of war camps in 1920. Putin said 32,000 troops under Stalin's command had died of hunger and disease in the Polish camps. "It is my personal opinion that Stalin felt personally responsible for this tragedy, and carried out the executions (of Poles in 1940) out of a sense of revenge," Putin said, the RIA Novosti news agency reported. The Polish side had no immediate response to this suggestion. U.S. Sen. Benjamin Cardin, who has advocated greater Russian recognition of the atrocities, said there can be no justification for the murder of innocent people

## **Czech Republic**

### **Political Front**

**Czech president "shaken, shocked, saddened" by Polish tragedy-Apr 10, 2010**

[http://www.monstersandcritics.com/news/europe/news/article\\_1547139.php/Czech-president-shaken-shocked-saddened-by-Polish-tragedy](http://www.monstersandcritics.com/news/europe/news/article_1547139.php/Czech-president-shaken-shocked-saddened-by-Polish-tragedy)

Prague - Czech President Vaclav Klaus said that he was 'shaken, shocked and saddened' by the death of Polish President Lech Kaczynski, his wife and dozens of Polish officials in a Saturday plane crash in western Russia. 'I personally lost a genuine friend ... It is a horrible and immense loss,' Klaus told reporters in remarks televised on the CT24 news channel. He called Kaczynski 'an extraordinary president' and 'a unique friend of our country.'

### **Obama departs Prague after US-Russia arms treaty signing-Apr 9, 2010**

Prague - US President Barack Obama on Friday wrapped up a two-day visit to the Czech Republic that saw the signing of a new US- Russian nuclear arms control treaty. Obama left the capital Prague after talks with Czech President Vaclav Klaus and Prime Minister Jan Fischer. They spoke about Afghanistan, the NATO's new strategic concept and a planned expansion of a Czech nuclear power plant, a contract for which both US and Russian firms are competing, Klaus said in a briefing televised on the CT24 news channel. On Thursday, Obama and his Russian counterpart Dmitry Medvedev signed the so-called new Strategic Arms Reduction Treaty (START). The deal marks a thaw in Russia-US ties and aims to set a tone for other countries that possess nuclear arms or have nuclear ambitions

### **Obama meets with Czech president before leaving Prague-April 10,**

<http://english.people.com.cn/90001/90777/90853/6946184.html>

U.S. President Barack Obama met with Czech President Vaclav Klaus and Prime Minister Jan Fischer one Friday, one day after signing a new nuclear disarmament deal with Russian President Dmitry Medvedev. The meeting at the Prague Castle with the Czech leaders was shorter than originally planned and the U.S. delegation left the Czech capital soon after to return to Washington. The fact that both sides met for only a half an hour was not considered important, as both sides had a lot of chances to speak to each other during unofficial meetings Thursday. Main issues of bilateral relations were already pre-negotiated in official talks between Czech Foreign Minister Jan Kohout and U. S. Secretary of State Hillary Clinton on Thursday.

### **'Safer Environment' to Emerge from New START Treaty**

<http://www.ens-newswire.com/ens/apr2010/2010-04-08-03.html>

PRAGUE, Czech Republic, April 8, 2010 (ENS) - "I think this signing will start a new page in cooperation between our countries and create a safer environment for life on our planet," said Russian President Dimitry Medvedev today in Prague as he and U.S. President Barack Obama signed a new treaty limiting the deployment of nuclear weapons. Signing of the new Strategic Arms Reduction Treaty, START, "demonstrates the determination of the United States and Russia - the two nations that hold over 90 percent of the world's nuclear weapons - to pursue responsible global leadership," said President Obama. President Barack Obama, left, and President Dimitry Medvedev sign the new START treaty in Prague. (Photo courtesy The Kremlin) "Together, we are keeping our commitments under the Nuclear Non-Proliferation Treaty, which must be the foundation of global non-proliferation," Obama said. The new 10-year agreement replaces the START Treaty of 1991 which expired on December 4, 2009 and the 2002 Moscow Treaty on nuclear weapons terminates upon entry into force of the new START Treaty. The U.S. Senate and the Russian legislature must approve the Treaty before it can enter into force. Prague was selected for the signing ceremony because it was there last April that President Obama first stated his vision of a world without nuclear weapons.

#### **Czech Leftist Party Sets Conditions for Coalition by REUTERS-April 9, 2010**

[http://www.nytimes.com/reuters/2010/04/09/world/international-uk-czech-politics-election.html?\\_r=1&ref=global-home](http://www.nytimes.com/reuters/2010/04/09/world/international-uk-czech-politics-election.html?_r=1&ref=global-home)

PRAGUE (Reuters) - The main Czech leftist party leading in polls ahead of May elections set conditions on Friday for potential coalition partners, with many of the terms likely to rule out right-wing parties. Although opinion polls show the Social Democrats with a healthy lead ahead of the May 28-29 vote, they will need partners to form a parliamentary majority. The Central European country needs to reform spending and taxes to narrow a budget deficit, and analysts said this might bring the Social Democrats together with the right-wing Civic Democrats to forge a compromise government. But Social Democrat chief Jiri Paroubek said his party would only enter a government which will abolish all payments in health care, pay a one-off extra pension benefit and re-introduce progressive taxation -- all attacks on the trademarks of the right-wing agenda. The demands would be more acceptable to centrist parties or the far-left Communists,

who The Social Democrats said they would insist on cutting the budget gap to 3 percent of gross domestic product by 2013, in line with plans of the current caretaker administration that has been in charge since the fall of a centre-right cabinet last year. Cutting the deficit is a key agenda for the right wing, but the Civic Democrats insist it must be done through spending cuts rather than tax hikes advocated by the left. may back a minority Social Democrat cabinet.

### **U.S. choice of Prague for new pact signing rich in symbolism-2010-04-04**

[http://news.xinhuanet.com/english2010/indepth/2010-04/04/c\\_13237098.htm](http://news.xinhuanet.com/english2010/indepth/2010-04/04/c_13237098.htm)

PRAGUE, April 4 (Xinhua) -- U.S. President Barack Obama and his Russian counterpart Dmitry Medvedev will sign a new arms reduction treaty on April 8 in Prague. The choice of the Czech Republic's capital for the signing ceremony carries symbolic importance. U.S. and Russian experts have gathered in the city to prepare for the signing of the new pact, which will replace the expired 1991 Strategic Arms Reduction Treaty (START). Former Czech Deputy Prime Minister Alexandr Vondra said Prague is a symbolic place for Obama, who laid out a long-term vision of a world without nuclear weapons at an EU-U.S. summit here last April. Ever since the Obama administration scrapped the Bush-era missile defense project in Poland and the Czech Republic, countries in the former Soviet backyard have been worried that the development of U.S.-Russian ties will undermine their interests, analysts said. Apprehensions mount in Eastern and Central Europe, now that the former Cold War foes are set to sign the new arms treaty, which was described by Alexei Malashenko, scholar-in-residence at the Carnegie Moscow Center, as "a positive move which will undoubtedly help increase confidence between Moscow and Washington."

### **Economic Front**

#### **Czech right pledges to balance budget by 2017**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7829889&action=article>

PRAGUE April 7 (Reuters) - The Czech Republic's main right-wing party said on Wednesday it would balance the country's finances by 2017, hoping to improve its election prospects by tapping into public concern over debt levels. The rightist Civic Democrats (ODS), led by former Deputy Prime Minister Petr Necas, lag the leftist Social Democrats in opinion polls and face an

uphill battle to win enough votes in the May 28-29 election to build a centre-right coalition. International organizations including the OECD have warned reforms are necessary to put Czech public finances on a sustainable path. But the country has so far been able to raise financing on the market throughout the economic crisis and its debt is below 40 percent of gross domestic product, low by EU standards.

### **Czech c.bank: CPI touch below forecast, food, fuel prices higher**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7833523&subject=economic&action=article>

PRAGUE, April 9 (Reuters) - Czech food and fuel prices were above the central bank forecast in March but the overall inflation was marginally below the bank's quarterly prediction released in February, the bank said on Friday. Czech consumer prices rose by 0.3 percent on the month in March, putting year-on-year inflation at 0.7 percent. The bank said it saw inflation near the 2 percent target in the first half of 2011, the bank's policy horizon. The bank cut the main repo rate to a record low of 1.0 percent in December. Two members on the seven-strong board voted for a further 25 basis point cut last month. One member was absent. The bank next meets on policy on May 6

### **Social Front**

**IISEIE & Microsoft to Help Develop a Local Software Economy in the Czech Republic-8 April-<http://press-releases.techwhack.com/50374-iiseie-6>**

Brno, Czech Republic, April 08, 2010 – (PR.com) – Several local start-up software developers attended the first Czech Republic Microsoft Business Academy held in Brno last week. This initiative provides support for software startups and entrepreneurs in developing specific skills to assist in growing their business. They gain valuable knowledge and insights on best business practices within the Information and Communications Technology (ICT) sector, designed to help stimulate the local software industry. Delivered by experts in the global software industry at the Microsoft Innovation Center, the content of the workshop covered a number of areas critical for Czech Republic software businesses to succeed in the dynamic software market. Attendees to the workshop were provided with practical advice in key areas such as strategic development, sales

and marketing, operational management, capability development, collaboration and channel management. As well as covering business practices from successful operations within the international ICT sector, the Microsoft Innovation Academy also examined the local software market conditions including opportunities and challenges that would contribute to economic growth of this emerging industry. Attendees gained insights into the structure and market mix of the current software economy, as well as export and local channel opportunities. Michael Hrabi from Microsoft Innovation Center was delighted to work with IISEIE to support the global community of software entrepreneurs.

## **Slovakia**

### **Political Front**

**Russian president visits Slovakia to revive bilateral economic ties-7 April 2010****FOCUS News Agency-**<http://www.focus-fen.net/?id=n215660>

Bratislava. Russian president Dmitry Medvedev arrived in Slovakia on Tuesday to take part in activities commemorating the 65th anniversary of the end of World War II in Europe and liberation of former Czechoslovakia, Xinhua News Agency informed. On Wednesday, Medvedev will hold negotiations with Slovakia's top leaders. They will focus mainly on the revival of Slovak- Russian economic cooperation recently affected by the crisis. In 2008, the bilateral trade exchange reached the record USD 9.6 billion, but in 2009 it dropped to a half of the figure.nSlovakia, depending on the import of energy raw materials from Russia, expects Medvedev's visit to enhance its energy security. Apart from nuclear fuel, Slovakia annually imports some 6 million tonnes of oil and 6 billion cubic meters of gas from Russia. An important point in the Bratislava talks is to be the extension of the broad-gauge railway from the Ukrainian-Slovak border to Vienna, which would for the first time directly connect central Europe with the Russian railway system, including the Trans-Siberian Railway. The Slovak Presidential Office previously said Medvedev's visit would confirm the high level of bilateral relations and enhance Slovak-Russian cooperation in the economic area.

**Medvedev Oversees Deals in Slovakia-08 April 2010**  
<http://www.themoscowtimes.com/business/article/medvedev-oversees-deals-in-slovakia/403504.html>

President Dmitry Medvedev saluted Slovakia's strong economic partnership with Russia on Wednesday on his first visit to Slovakia, where he oversaw the signing of several energy and transportation deals. Medvedev cited the Russian-Slovak relationship as an example for other East European countries and pointed to the role of various notable Slovaks in Russian history, such as Leo Tolstoy's doctor Dushan Makovetsky. Slovak President Ivan Gasparovic and Prime Minister Robert Fico met with Medvedev, who emphasized the close ties between the two countries in the energy sector, where Slovakia is a "key and dependable link for transporting Russian gas to Europe." TVEL, a subsidiary of Atomenergoprom, signed an agreement with generator Slovenske Elektrarne to service and supply nuclear fuel for two power units in the Mochovce nuclear plant currently being built by Russia's Atomstroieksport, among others. The 300 million euro (\$400 million) contract will last from 2012 to 2017, according to the terms of the deal. Russian companies already have several long-term contracts to supply fuel to Slovak nuclear plants. Slovak Electrical Systems is majority-owned by Italy's Enel. Russia and Slovakia are also developing plans to jointly build a facility in Slovakia that will produce fuel for nuclear plants in Slovakia and Ukraine, Tvel president Dmitry Olenin said Wednesday. A plant based in the European Union would give Russia better access to European markets, he said. The countries had agreed to the joint venture during Fico's November visit to Moscow. Other deals reached included those in the spheres of gas trade, intellectual property rights and combating illegal drug trafficking

### **Elections in Central Europe-April 6, 2010-Katerina Zachovalova**

<http://www.nation.com.pk/pakistan-news-newspaper-daily-englishonline/Opinions/Columns/06-Apr-2010/Elections-in-Central-Europe>

When the polling booths open on April 11 and 25, Hungary will be the first of the three countries in Central Europe to choose a new government this spring. For Hungary and Slovakia, several groups have sought to make an election issue out of the questions of nationhood and ethnic minorities. Meanwhile, the Czechs look like they might swing to the left. The Czech voters will choose their next government on May 28-29, while in Slovakia the general election is slated for June 12. All three countries have suffered from the effects of the global economic crisis, and how parties propose to get their countries' economies moving again is set to be a decisive factor in the elections. In Hungary, the indications are that the centre-right party Fidesz, headed by former

Prime Minister Viktor Orban, is set to form the next government. Support for Fidesz in recent polls, at around 60 percent, is roughly triple that of its main political opponents, the governing Socialists and the far-right party Jobbik. The Hungarian Socialist Party has been in power since 2002 and has backed an interim government rather than face early elections a year ago when Prime Minister Ferenc Gyurcsany resigned. A year of stringent austerity measures including major cuts to the public sector wages and pensions, although greeted with approval abroad, has done little to improve the Socialists' popularity at home. The Socialists appear to be facing a massive defeat in the wake of the economic crisis and numerous high-profile corruption scandals. The nationalist party Jobbik has seen its popularity increase during the hard times, enough to secure it three of Hungary's 22 seats at the European Parliament with 15 percent of the vote in elections since last June. The party is known for its uniformed paramilitary "Hungarian Guard," recently outlawed for violating the rights of Roma villagers during a rally against "gypsy crime". Jobbik speaks of all Hungarians in the region - not just the 10 million that live in Hungary - as one nation, and looks set to form a noisy caucus on the opposition back benches. Slovakia, home to a half-a-million strong Hungarian-speaking minority, has been watching closely. In March, the Slovak Parliament passed a new "patriotism act" aimed at fostering a love of their mountainous homeland among the country's 5.4 million citizens. Last year, the introduction of legislation that restricts the use of minority languages in Slovak public life led to a diplomatic row between Slovakia and Hungary that required international mediation. It has since been vetoed and sent back to Parliament, where its fate remains uncertain.

## **Hungary**

### **Political Front**

#### **Hungary's Opposition Wins First Round of Voting**



BUDAPEST—Hungary's center-right opposition party Fidesz garnered 52.8% of the vote in Sunday's first round of parliamentary elections, while all other parties gained considerably less support, the country's national election office OVI said after processing 99% of the votes. The ruling minority Socialist Party gained 19.3% of the votes, while the extremist right-wing party Jobbik received 16.7% and green party LMP got 7.4%. No other party crossed the 5% threshold of voter support to get into Parliament. Both Jobbik and the LMP will make it to Parliament for the first time. Considerable support for Jobbik, known for its anti-Semitic and anti-Roma statements, could be a concern because it could hinder economic reforms. The final results from the first round are still due. The second round of the elections is scheduled for April 25. If Fidesz prevails, the new government's stance on fiscal policy and structural reforms will be crucial for investor sentiment toward Hungary, the first European Union country that secured International Monetary Fund support amid the global financial crisis Hungary, which has yet to emerge from recession, last year experienced its deepest economic decline of the past two decades. Starting in October 2008, investors turned away from Hungary, because of its large external debt and lax fiscal policy, which the Socialist government tried to mend with severe austerity measures that led to rising unemployment and falling consumption

## **Economic Front**

**Economy the decisive force: Five facts about Viktor ORBAN of Hungary's Fidesz**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7834799&subject=markets&action=article>

BUDAPEST, April 11 (Reuters) - The Hungarian opposition Fidesz party is forecast to win by a landslide in a parliamentary election on Sunday, opinion polls say. Followings are facts about Fidesz Chairman Viktor Orban, who is poised to become the country's new prime minister.

1- Orban, 46, a trained lawyer, will start his second term as prime minister after spending the past eight years of Socialist rule in opposition. He headed a Fidesz government between 1998 and 2002, in coalition with the agrarian populist Smallholders' Party.

2- A founder of Fidesz in 1988, Orban rose to fame when he demanded Soviet troops get out of Hungary during a 1989 reburial ceremony of 1956 prime minister Imre Nagy. Orban has been the figurehead of Fidesz since the party was founded.

3- As prime minister, Orban advocated a growth-centered economic policy. While maintaining a relatively frugal fiscal regime, his government initiated a program that distributed around 100 billion forints (\$500 million) mostly to local small and medium enterprises to invigorate the economy.

4- Though the party got into parliament in 1990 on a liberal platform and focused its policies on young voters, Orban subsequently transformed Fidesz into a mainstream conservative group, appealing to the middle class and entrepreneurs.

5-Orban himself also appeals to many ordinary Hungarians with his rural preferences and down-to-earth approach. He is a keen amateur soccer player. He is married with five children.

**Hungary's bitter voters turn toward extreme populist party-April 9, 2010-By Edith Balazs**

<http://www.busrep.co.za/index.php?fArticleId=5422018&fSectionId=613&fSetId=662>

HUNGARY's Jobbik party, which wants to drop free market reforms and create armed guards to police the country's gypsy minority, is enjoying the strongest support for a nationalist bloc since the country abandoned communism. Jobbik is poised to win 17 percent of the vote in national elections on April 11, according to a Median poll published yesterday. That would give it 50 legislators in the 386-seat parliament, the most for a nationalist group since the EU member became a democracy. Jobbik's rise follows the country's worst economic contraction in almost two decades. Unemployment is at record highs after the Socialist government was forced to turn

to the International Monetary Fund (IMF) for a loan that came with harsh austerity strings attached.

## **Eastern Europe (Belarus & Ukraine)**

### **Belarus**

#### **Political Front**

#### **Pilots of the crashed plane offered to land in Minsk, Vitebsk-10 April 2010 FOCUS News Agency**

Smolensk. The pilots of the President Lech Kaczynski plane TU- 154, which crashed on Saturday, were offered to land in Minsk and Vitebsk, the plenipotentiary of the Russian President in the central federal province Georgi Poltavchenko announced. "However, according to the message of dispatcher in Smolensk Airport the pilots decided to fly to Smolensk and then to decide whether to land there," he said.

#### **Belarus in Burma for arms talks-Reuters-By JOSEPH ALLCHIN-8 April 2010**

<http://www.dvb.no/news/belarus-in-burma-for-arms-talks/8569>

The Burmese junta is saddling up to another questionable regime this week as a delegation from the government of Belarusian leader Alexander Lukashenko arrives in Naypyidaw. The landlocked former Soviet republic has been heavily censured because of political 'irregularities' by the country's self confessed 'authoritarian' leader, Alexander Lukashenko, who has been in power, despite various controversial elections, since 1994. Belarus is considered the only non-democracy in Europe and is the only country on the continent to still practice the death penalty.

#### **Ambassador: OSCE Minsk Group to visit region in April-07.04.2010**

<http://en.trend.az/news/karabakh/1665366.html>

Azerbaijan, Baku, Apr. 7 / Trend E.Tariverdiyeva /The OSCE Minsk Group co-chairs will visit the region in April, Russia's Ambassador to Azerbaijan Vladimir Dorokhin said today. He said the co-chairs will arrive in the old format - Russian Ambassador Yuri Merzlyakov, French Ambassador Bernard Fassier and U.S. Ambassador Robert Bradtke."This will be Merzlyakov's

last visit to the region as OSCE Minsk Group co-chair," he added. According to the ambassador, the date of the visit has not yet been specified.

## **Economic Front**

### **Belarus, Kazakhstan Lukewarm Over Customs Union-06 April 2010-Reuters**

ALMATY, Kazakhstan — Russia's partners in a new customs union, Kazakhstan and Belarus, are getting cold feet about a pact designed to boost trade among the trio and add clout to their WTO accession talks. The move to create a trade bloc with annual turnover in excess of \$600 billion has met growing discontent from officials and business leaders in Kazakhstan and Belarus, who say their interests are being neglected. "This is going to hit our wallets," said Talgat Akuov, head of Kazakhstan's Independent Association of Entrepreneurs. Russia, the largest economy outside the 153-member World Trade Organization, announced in June that it would pursue membership only as part of the customs union with Belarus and Kazakhstan, effectively resetting 16 years of accession talks. Kazakhstan, the world's largest uranium miner, and Belarus, an industrialized nation bordering the European Union, were originally keen to join the union to secure benefits such as cheap energy from Russia.

### **IMF forecasts Belarus to register record foreign debt in 2010 08:59, April 06,**

<http://english.people.com.cn/90001/90777/90853/6941205.html>

Latest report from the International Monetary Fund (IMF) forecast that the total external debt of Belarus in 2010 would reach the highest level in history to take up some 52 percent of its gross domestic product (GDP). In 2011, the percentage would slightly decline to 50 percent, while in 2015 further down to 35 percent with the improvement of Belarusian economy, according to the report reaching here. Statistics showed that last year Belarusian foreign debt surged 45 percent to reach 19.3 billion U.S. dollars, or 45 percent of its total GDP. Belarusian state foreign debt would also reach its highest level this year to take up 24 percent of the total GDP. Last year, the percentage is 18 percent. By 2015, the stage foreign debt would account for 16 percent of the GDP, said the report

## **Social Front**

### **Lithuanian petition rejects Belarus nuclear plant-AFP-April 9**

Vilnius (AFP)-More than 20,000 Lithuanians have signed an electronic petition to the government against the planned construction of a nuclear power station in neighboring Belarus, organisers said Thursday. Belarus plans to build a new nuclear plant that could possibly export energy to Lithuania. Lithuania agreed to close its own Soviet-era Ignalina nuclear station by 2009 as part of its 2004 EU accession agreement. and environment minister. The petition expressed concern for the safety of the Lithuanian capital Vilnius, a town of 500,000 inhabitants around 50 kilometres (30 miles) from the planned site of the Belarussian plant. They expressed concerns that the waters of the river Neris, which rises in Belarus and runs through Vilnius, could be polluted after being used in the Belarus nuclear station.

### **Ukraine**

#### **Political Front**

### **Ukraine president reaffirms willingness to strengthen strategic partnership with Russia-April 10, <http://english.people.com.cn/90001/90777/90853/6946194.html>**

Ukrainian President Victor Yanukovich on Friday reiterated his country's willingness to strengthen strategic partnership with Russia."Russia is an important strategic partner of Ukraine, further advancing mutually beneficial bilateral cooperation serves the interests of both countries," Yanukovich said during a meeting with visiting Russian Foreign Minister Sergei Lavrov."Recently, I had discussed with Russian leaders in Moscow on working together to strengthen bilateral cooperation in various fields, especially in energy," Yanukovich said, who had twice visited Russia in a month since taking office on February 25."We are looking forward to Russian President Dmitry Medvedev's visit to Kiev in May, to continue dialogue on these issues," he added. The two sides also exchanged views on developing bilateral economic and trade cooperation, hosting a joint celebration of the 65th anniversary of Victory in the Great Patriotic War of 1941- 1945, according to a statement released by the President's press service

### **Ukraine court rules Yanukovich coalition legal-Apr 8, 2010**

<http://www.reuters.com/article/idUSLDE63713Z20100408?rpc=401&feedType=RSS&feedName=bondsNews&rpc=401>

KIEV, April 8 (Reuters) - Ukraine's Constitutional Court ruled on Thursday that a coalition supporting newly-elected President Viktor Yanukovich in parliament had been formed legally. Yanukovich, who took power in late February, had warned that he would call a snap parliamentary election if the court had found the coalition was formed illegally. An early election would have led to intense political campaigning, pushing back government action on reform, and the ruling, though widely expected, seemed certain to bring relief to potential investors in the ex-Soviet republic. The next scheduled parliamentary election is set for autumn 2012

### **Russia keen to join EU in revamping Ukraine's pipelines-07 April 2010**

Russian Ambassador to the EU Vladimir Chizhov told EurActiv yesterday (6 April) that his country welcomed recent proposals by the new government in Kiev for a "three-sided" plan to modernize Ukraine's gas pipeline network, with Moscow's involvement. Ukraine's gas transit system not for sale, says deputy minister "We envisage a three-sided approach to modernisation: the participation of Russia, the EU and the Ukrainian side," Ukrainian Prime Minister Mykola Azarov announced in Kiev on 2 April. "Russia has been in favour of such cooperation all along," Chizhov said, welcoming the fact that the new statements from Kiev appeared to reverse a March 2009 agreement signed between the European Commission and then-Ukrainian Prime Minister Yulia Tymoshenko, which excluded Moscow

### **Background**

Russian Prime Minister Vladimir Putin threatened last March to review his country's ties with the EU after a European Commission plan to modernise Ukraine's gas pipeline system failed to include Moscow. Putin called the EU-Ukraine gas pipeline modernisation plan, announced on 23 March and signed by then-Ukrainian Prime Minister Yulia Tymoshenko, "ill considered and unprofessional". Russian Energy Minister Sergei Shmatko saw "political motivation" in the Commission's haste to push for a deal to modernize Ukraine's gas pipeline system. He also warned that the project, which he compared to a "crystal aquarium," would lead to "nothing". On 7 February, Viktor Yanukovich won the presidential election in Ukraine, forcing prime minister and presidential hopeful Yulia Tymoshenko to admit defeat. Yanukovich quickly secured a majority coalition in parliament, which voted in a new government headed by his ally Mykola Azarov, a former finance minister.

## **Ukraine shelves NATO membership plan-April 6.**

[http://www.spacewar.com/reports/Ukraine\\_shelves\\_NATO\\_membership\\_plan\\_999.html](http://www.spacewar.com/reports/Ukraine_shelves_NATO_membership_plan_999.html)

The Ukrainian president has dissolved the government's commission working toward NATO membership, a sign that the country's ambitious pro-NATO course is over. Ukraine's President Viktor Yanukovich per decree dissolved the commission this week, in a move that buries the ambitious pro-NATO policies by his predecessor, Orange Revolution hero Viktor Yushchenko. Yushchenko's stark anti-Russian course helped Ukraine win new friends in Europe but angered Moscow and alienated the country's Russian-speaking community. Under the new president, Ukraine could become a key link between both worlds, supporters of the new government hope.

## **Economic Front**

### **UPDATE 1-Russia may lend \$5-6 bln to Ukraine for nuclear build-Apr 10, 2010**

MOSCOW, April 10 (Reuters) - Russia's Prime Minister Vladimir Putin said on Saturday after a meeting with Ukraine's new Prime Minister Mykola Azarov at Moscow's Vnukovo Airport that Russia may lend \$5-6 billion to Ukraine to construct two nuclear reactors, while promising to consider a new deal on gas supply prices. The two prime ministers also discussed the price of Russian gas exports to Ukraine, an issue that has long been a bone of contention between the two countries, but did not reach a new agreement.

### **Ukraine govt intends to collect \$600 mln in luxury tax in 2010-10.04**

<http://www.itar-tass.com/eng/level2.html?NewsID=15011201&PageNum=0>

KIEV, April 10 (Itar-Tass) - The Ukrainian government has offered the parliament to introduce in 2010 the luxury tax in the country that will ensure additional budget revenues of about 600 million US dollars annually, Prime Minister Nikolai Azarov said on the Inter television channel on Friday. He also promised that the government in the short run will complete drafting the 2010 budget. He confirmed that the tax collection so far lags behind the schedule.

### **Nine lenders table bids for Ukraine's Eurobonds-Bloomberg-April 10, 2010**

<http://gulfnews.com/business/economy/nine-lenders-table-bids-for-ukraine-s-eurobonds-1.610181>

Kiev: Ukraine's Finance Ministry has received offers from nine lenders as the government prepares to sell eurobonds after it resumed talks with the International Monetary Fund (IMF). The ministry is still receiving offers from banks across the globe, including the United States and Japan, the government said in the statement on its website yesterday. The statement didn't provide specifics on the nature of the offers. Prime Minister Mykola Azarov's spokesman, Vitaliy Lukyanov, didn't answer calls to his mobile phone seeking clarification. Finance Ministry spokeswoman Kateryna Ustymenko declined to comment. Ukraine's \$16.4 billion (Dh60.2 billion) loan was suspended in November after lawmakers were unable to commit to budget cuts in compliance with the IMF's terms

## **Social Front**

### **Irish women overcome Ukrainian challenge**

Noel King's Republic of Ireland women's U17 side today recorded a convincing 3-1 victory over tournament hosts Ukraine in the Crimean region of the country today (Saturday) in the opening game of the UEFA Championship, elite qualifying phase. This victory has boosted the Irish confidence ahead of the Poland and Sweden games next week,

### **Cherkassk city council urges Ukrainian President to recognize Armenian Genocide**

**April 8, 2010-** <http://www.panarmenian.net/eng/world/news/46741/>

PanARMENIAN.Net - Upon consideration of an appeal by city council parliamentarian Arayik Mkrtchyan, as well as Ararat community of Cherkassk region and a priest of the religious community of the Armenian Apostolic Church, Cherkassk city council decided to urge the Ukrainian President and parliament to support the Armenian people and confirm legislatively the recognition and condemnation of the Armenian Genocide at the hands of the Ottoman Empire

### **Baltic States (Estonia, Latvia & Lithuania)**

#### **Estonia**

## **Political Front**

### **Estonian PM: Estonia to join euro zone in 2011-10 April FOCUS News Agency**

<http://www.focus-fen.net/?id=n216004>

Helsinki. Visiting Estonian Prime Minister Andrus Ansip said in Finland on Friday that he expects Estonia to join the euro zone at the beginning of next year, Xinhua News Agency informed. After talks with his Finnish counterpart Matti Vanhanen, Prime Minister Ansip said at a press conference that Estonia has fulfilled all the criteria of Maastricht Treaty in a sustainable way and there should not be any obstacles for Estonia to join euro zone. According to Ansip, Estonia cut its public expenditures dramatically last year. The deficit was equivalent to 1.7 percent of its GDP and the general government sector debt is 7.2 percent of the GDP, which are the lowest in the European Union.

### **Azerbaijan President completes his state visit to Estonia-08.04.2010**

<http://en.trend.az/news/official/chronicle/1666224.html>

On April 8, the President of Azerbaijan Ilham Aliyev ended his state visit to Estonia, AzerTAJ state news agency reported. President Ilham Aliyev and first lady Mehriban Aliyeva were seen off by Estonian President Toomas Hendrik Ilves and his spouse Evelin Ilves. Later the same day, the Head of State returned to Baku.

### **No Russia talks planned at Estonian NATO summit-Apr 6,**

[http://www.monstersandcritics.com/news/europe/news/article\\_1546122.php/No-Russia-talks-planned-at-Estonian-NATO-summit](http://www.monstersandcritics.com/news/europe/news/article_1546122.php/No-Russia-talks-planned-at-Estonian-NATO-summit)

Tallinn - Direct talks between NATO and Russia will not be included at a meeting of NATO foreign ministers due to take place in Tallinn later this month, Estonian Foreign Minister Urmas Paet said Tuesday. The Baltic News Service reported that Paet told reporters there would be no meeting of the NATO-Russia Council when the summit takes place on April 22-23 in the Estonian capital as Russia had declared such talks unnecessary.

## **Economic Front**

### **Estonia a touch more upbeat on '10 outlook-April 9 (Reuters)**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7833530&subject=economic&action=article>

HELSINKI, - Estonia expects modest economic growth this year, helped by the global recovery and rising domestic confidence, paving the way for it to join the euro zone on schedule at the start of 2011, officials said on Friday. The Finance Ministry will increase its GDP growth forecast for 2010 to around 1 percent from zero in economic forecasts next week, Andres Kuningas, a ministry official, told a seminar in Helsinki. Estonia has suffered one of the European Union's worst recessions but returned to quarter-on-quarter growth of 2.5 percent in October-December. The leap was boosted by some inventory build-up ahead of duty hikes, and growth could slow again in January-March, said Ulo Kaasik, who heads the economics department at the central bank. Estonia saw a surprise leap in consumer prices in March, but it has met all the criteria for entering the euro zone in January next year, including the toughest goal of keeping its budget deficit within EU limits during a deep recession.

### **Inflation no threat to Estonia's plan to adopt euro, says premier-Apr 8, 2010**

[http://www.monstersandcritics.com/news/business/news/article\\_1546722.php/Inflation-no-threat-to-Estonia-s-plan-to-adopt-euro-says-premier](http://www.monstersandcritics.com/news/business/news/article_1546722.php/Inflation-no-threat-to-Estonia-s-plan-to-adopt-euro-says-premier)

Tallinn - Estonian Prime Minister Andrus Ansip insisted on Thursday that an unexpected rise in inflation would not threaten his country's chances of adopting the euro as its currency next year. Data released by the Estonian national statistics office Thursday showed that consumer prices increased 1.7 per cent in March 2010 compared to March 2009 and by 1.3 per cent compared to February this year. Estonia's cyber meltdown coincided with major civil unrest. Protests by Russian nationals, unhappy at the government's decision to relocate a Soviet military war memorial to a less-prominent location, had flooded the streets of Tallinn. The country's Russian embassy was blocked by protesters too

### **Baltics Lead In European Unemployment-April 07,**

[http://www.officialwire.com/main.php?action=posted\\_news&rid=124834](http://www.officialwire.com/main.php?action=posted_news&rid=124834)

The Baltic countries of Latvia, Lithuania and Estonia were in the top four in unemployment among European Union countries in February, Eurostat reported. For the sixth month in a row, Latvia led with a 21.7 percent unemployment rate, followed by Spain at 19 percent, The Baltic Times reported. Lithuania was third with 15.8 percent unemployment rate, while Estonia reported a 15.5 percent jobless rate. The average unemployment rate in the 27-member European Union member states was 9.6 percent in February, compared with 9.5 percent in January, Eurostat said. The lowest unemployment rates were the Netherlands at 4 percent, Austria with 5 percent and Luxembourg at 5.5 percent, the report said.

## **Social Front**

### **Estonia prepares for cyberwar-7 April-COMPUTERWORLD.UK**

<http://www.computerworlduk.com/management/security/cybercrime/in-depth/index.cfm?RSS&articleid=3226>

More than anyone else, Jaak Aaviksoo has first-hand knowledge of what a cyberwar might feel like. In April 2007, Estonia's banking, media and government presence online was disrupted by several waves of distributed denial of service attacks that knocked services offline. The country is heavily wired - 90 percent of all financial transactions are conducted over the Internet and 70 percent of the population files their tax returns electronically - so the incident was widely felt by the country's 1.3 million citizens

## **Latvia**

### **Political Front**

#### **Former Latvian president Vaira Vike-Freiberga visits Taiwan-Apr 6, 2010**

[http://www.monstersandcritics.com/news/asiapacific/news/article\\_1546170.php/Former-Latvian-president-Vaira-Vike-Freiberga-visits-Taiwan](http://www.monstersandcritics.com/news/asiapacific/news/article_1546170.php/Former-Latvian-president-Vaira-Vike-Freiberga-visits-Taiwan)

Taipei - Former Latvian president Vaira Vike-Freiberga arrived in Taiwan Tuesday for a week-long visit. Vike-Freiberga, Latvia's president from 1999-2007, was invited by the the European Union Centre of Taiwan to visit the island, the Foreign Ministry said. She will meet with

President Ma Ying-jeou, attend the inauguration of the EU Centre in National Chung Hsing University and deliver a speech on challenges facing the EU. Michael Hudson: The Coming

### **Latvia – from Baltic Tiger to the sick man of Europe-Tony Paterson reports**

<http://www.tribune.ie/news/international/article/2010/apr/04/latvia-from-baltic-tiger-to-the-sick-man-of-europe/>

Riga: With the highest unemployment rate in the EU, the capitalist boom time is over for Riga and communism is back in fashion beggars abound. The capitalist pig has returned to Riga. Rosy-cheeked, fat and with a briefcase full of workers' cash clasped between his trotters, he stares out greedily from a placard opposite the Latvian parliament on the capital's main boulevard. Next to the hoarding, unemployed men in balaclavas and worn anoraks huddle around a fire. As little as two years ago, any public display of such anti-capitalist clichés would have been considered madness in Latvia, after shedding the Soviet yoke nearly two decades ago, the country enjoyed an economic boom but the party is long over.

### **European Debt Wars-10 April Opinion: Michael Hudson-**

<http://www.scoop.co.nz/stories/HL1004/S00057.htm>

Government debt in Greece is just the first in a series of European debt bombs that are set to explode. The mortgage debts in post-Soviet economies and Iceland are more explosive. Although these countries are not in the Euro zone, most of their debts are denominated in Euros. Some 87% of Latvia's debts are in Euros or other foreign currencies, and are owed mainly to Swedish banks, while Hungary and Romania owe euro-debts mainly to Austrian banks. So their government borrowing by non-euro members has been to support exchange rates to pay these private-sector debts to foreign banks, not to finance a domestic budget deficit as in Greece. All these debts are unplayable high because most of these countries are running deepening trade deficits and are sinking into depression. Now that real estate prices are plunging, trade deficits are no longer financed by an inflow of foreign-currency mortgage lending and property buyouts. There is no visible means of support to stabilize currencies (e.g., healthy economies). For the past year these countries have supported their exchange rates by borrowing from the EU and IMF. The terms of this borrowing are politically unsustainable: sharp public sector budget cuts,

higher tax rates on already over-taxed labor, and austerity plans that shrink economies and drive more labor to emigrate.

## **Economic Front**

**Latvia teeters on brink in spite of \$14bn IMF rescue-Apr 5, 2010-By Tony Paterson**

[http://www.nzherald.co.nz/economy/news/article.cfm?c\\_id=34&objectid=10636358&ref=rss](http://www.nzherald.co.nz/economy/news/article.cfm?c_id=34&objectid=10636358&ref=rss)

The capitalist pig has returned to Riga. Rosy-cheeked, fat and a briefcase full of workers' cash clasped between its trotters, he stares out greedily from a placard opposite the Latvian Parliament on the capital's main boulevard. Next to the hoarding, unemployed men in balaclavas and worn anoraks huddle around a fire. As little as two years ago, any public display of such anti-capitalist, communist-style clichés would have been considered madness in Latvia, after shedding the Soviet yoke nearly two decades ago, the country enjoyed an unprecedented economic boom. But the party is long over. Latvians like 33-year-old Gints Berneckis have lost their faith in the Western economic model. In common with thousands of others in Latvia, where unemployment is running at 23 per cent, he was made redundant from his job as a computer salesman last year.

## **Social Front**

**The threat of Baltic ultra-nationalism-Efraim Zuroff guardian.co.uk, 3 April 2010**

<http://www.guardian.co.uk/commentisfree/2010/apr/03/baltic-far-right-eu>

The EU is wrong to ignore the resurgence of neo-fascism in Lithuania, Latvia and Estonia – it threatens European democracy. No one can accuse the British press of ignoring the recent march in Riga of approximately 1,000 Latvian Waffen-SS veterans and their supporters. There were detailed news reports on all the aspects of the march, as well as regarding the counter-demonstration mounted by some 150 mostly ethnic Russian anti-fascists, in the Guardian, Independent, Daily Mail, and the Times, all of which had journalists on the ground to report firsthand from the scene. This is ostensibly hardly surprising, given the fact that Latvia is a member of both the European Union and NATO. One would assume that an attempt to honour troops who fought alongside the Nazis would attract media attention, certainly in the capitals of those countries that made such great sacrifices to save the world from Hitler and Nazism. Yet

with the exception of Russia, the extensive coverage of the march in the British media was unique, not only in the European Union but also in the rest of the world, most surprisingly in the United States and Canada, where the event was virtually ignored. But even in the UK, the solid coverage of the march did not stem from a highly justified concern regarding the resurgence of neo-fascism in an EU member country, but for internal political reasons related to the upcoming general election. In fact, I believe that it is fair to say that if not for the fact that the Conservative party had created an alliance in the European parliament with several rightwing east European parties, among them Latvian Fatherland and Freedom party, which staunchly supports the march, the British media would no doubt would have ignored the march in Riga as well. In this context, it was particularly shocking to read the remarks made by the new US ambassador to Lithuania, Anne E Derse, who in a speech last week at Vilnius University made no mention of the march but asserted that "The United States and Lithuania are partners in the fight against anti-Semitism and in efforts to address the legacy of the Holocaust." If Lithuania, Latvia and Estonia, had been making serious progress in educating its people about the horrible crimes committed by local Nazi collaborators during the Holocaust and had made an honest effort to bring unprosecuted local killers to justice, then perhaps we could ignore the marches. But not a single Lithuanian, Latvian, or Estonian Nazi war criminal has been punished by a Baltic court since independence. Instead, Jewish anti-Nazi Soviet partisans in Lithuania have been singled out for legal harassment, and these countries are leading the campaign to equate communism with Nazism. Regardless of whether the Tories add the Lithuanian Conservative party to their alliance in the European parliament, I think the time has come in the UK to stop treating the resurgence of neo-fascism in the Baltic as an election issue, and elsewhere in the EU to start treating it as a threat to the integrity of European democracy.

## **Lithuania**

### **Political Front**

**Yale University: Former Lithuanian President Valdas Adamkus to Present Campus Talk  
April 09, 2010**

[http://www.thenews.pl/international/artykul129088\\_lithuanian-mps-reject-polish-spelling-on-passports.html](http://www.thenews.pl/international/artykul129088_lithuanian-mps-reject-polish-spelling-on-passports.html)

New Haven, Conn-Former president of Lithuania Valdas Adamkus will visit the campus on Wednesday, April 14. Adamkus' talk will begin at 4:30 p.m. in the Luce Hall auditorium, 34 Hillhouse Ave. The lecture is open to the public free of charge. Adamkus emigrated from Lithuania to the United States with his family in the late 1940s. He joined the United States Environmental Protection Agency (EPA) and served as the Midwest regional administrator of the EPA for 16 years. He retired in 1997 after 29 years of service. Shortly after leaving the EPA, he moved back to Lithuania. Power and Cooling Capacity Management for Data Centers Learn more, download free white paper. Deploying High-Density Zones in a Low-Density Data Center Learn more, download free white paper. Selecting an Industry-Standard Metric for Data Center Efficiency Learn more, download free white paper. Adamkus was elected president of Lithuania in 1998, and served until 2003. He ran for re-election, but was defeated by Rolandas Paksas. After Paksas was impeached and removed from office, Adamkus ran for the presidency again and was re-elected, serving from 2004 to 2009. Adamkus, who chose not to run for re-election during the presidential election of 2009, has one of the highest approval ratings among politicians in Lithuania.

### **Lithuanian MPs reject Polish spelling on passports-09.04.2010**

President Lech Kaczyński has expressed his astonishment with the Lithuanian parliament's rejection of a bill allowing the Polish minority, and others, to have their names spelled in accordance with the rules of the Polish language. Currently, Lithuanian-Poles must spell their names in official documents using the Lithuanian alphabet. The decision to reject a debate on the issue by the Lithuanian parliament (Siemas) affects not just Polish names but all those spelled in the Latin alphabet. After a meeting with his Lithuanian counterpart in Vilnius, Dalia Grybauskaite, Thursday, President Kaczyński stressed that he is an advocate of very good cooperation between the two countries but added that the resolving of the issue of the spelling of Polish names is in the common interest of Poland and Lithuania. He expressed hope that the matter will be taken up again soon. Dalia Grybauskaite, who was in favour of the changes in spelling, told journalists that she would not like current problems to have a negative impact on future cooperation

### **Economic Front**

## **Lithuania Realizes Gain from Pain of Harsh Austerity Cuts**

<http://www.thejakartaglobe.com/business/lithuania-realizes-gain-from-pain-of-harsh-austerity-cuts/367162>

Vilnius, Lithuania. If leaders of the world's many indebted countries want to see what austerity looks like, they might want to visit this Baltic nation of 3.3 million. Faced with rising deficits that threatened to bankrupt the country, Lithuania cut public spending by 30 percent — including slashing public-sector wages by 20 to 30 percent and reducing pensions by as much as 11 percent. Even the prime minister, Andrius Kubilius, took a pay cut of 45 percent. And the government didn't stop there. It raised taxes on a wide variety of goods, such as pharmaceutical products and alcohol. Corporate taxes rose to 20 percent, from 15 percent. The value-added tax rose to 21 percent, from 18 percent. The net effect on the country's finances was a saving equal to 9 percent of gross domestic product, the second-largest fiscal adjustment in a developed economy, after Latvia's, since the credit crisis began. But austerity has exacted its own price in social and personal pain. Pensioners, their benefits cut, swamped soup kitchens. Unemployment jumped to a high of 14 percent, from single digits, and an already wobbly economy shrank 15 percent last year.

## **Russia**

### **Political Front**

### **Construction of Contentious Nord Stream Gas Line to Begin**



BERLIN — When the first of 100,000 steel pipes of the Nord Stream pipeline project are laid Friday in PORTOVAYA Bay, north of St. Petersburg, Russia, it will be the culmination of a long Russian-German effort to build stronger economic ties and the beginning of a project that probably will not unfold as its promoters had hoped. The dual-pipeline project, the first phase of which is to be completed in 2011, will allow Russia to pump its natural gas directly under the Baltic Sea to Germany. But the project has been hugely contentious in Europe, where countries have raised concerns ranging from environmental effects to energy security because of an increase in dependence on Russian natural gas. The project was bitterly criticized by Polish politicians, who accused Germany of going behind the backs of its Eastern European neighbors by forging a closer energy alliance with Russia and making Germany in particular and Europe in general more dependent on Russian gas. The European Union obtains nearly 45 percent of its gas imports from Russia, while 70 percent of Russia's gas exports are earmarked for the 27-country bloc. The project also faces challenges as a result of the economic downturn, which might make it hard for Nord Stream to be as profitable as its shareholders, including the Russian gas monopoly GAZPROM, expect.

**Russian president visits Slovakia to revive bilateral economic ties-7 April 2010-FOCUS News Agency <<http://www.focus-fen.net/?id=n215660>>**

Bratislava. Russian president Dmitry Medvedev arrived in Slovakia on Tuesday to take part in activities commemorating the 65th anniversary of the end of World War II in Europe and liberation of former Czechoslovakia, Xinhua News Agency informed. On Wednesday, Medvedev will hold negotiations with Slovakia's top leaders. They will focus mainly on the revival of Slovak- Russian economic cooperation recently affected by the crisis. In 2008, the bilateral trade exchange reached the record USD 9.6 billion, but in 2009 it dropped to a half of the figure. Slovakia, depending on the import of energy raw materials from Russia, expects Medvedev's visit to enhance its energy security. Apart from nuclear fuel, Slovakia annually imports some 6 million tones of oil and 6 billion cubic meters of gas from Russia.

**Brief: Russian Outreach After The Crash-April 11, 2010-STRATFOR analysis to breaking news**

Poland's deputy head of the National Security Bureau, Witold Waszczykowski, said April 11, "We did not expect this gentle, kind approach, this personal involvement from [Russian Prime Minister] Putin." Waszczykowski was a close adviser to Polish President Lech Kaczynski, who died in the April 10 plane crash. The statement comes as a number of Polish commentators have offered their appreciation for the Russian government's handling of the situation following the death of the Polish president, who was en route to Smolensk for ceremonies marking the 70th anniversary of the Katyn massacre of Polish officers by Soviet troops. Aside from Putin's immediate personal involvement in dealing with the tragedy, the Moscow mayor's office has moved quickly and emphatically to expedite and accommodate family visits for Polish officials killed in the crash. Furthermore, Russian President Dmitri Medvedev called for a day of mourning in Russia on April 12 and Russian state television will broadcast "Katyn," a Polish movie about the massacre, on the evening of April 11, an unprecedented step for a country that for decades refused to acknowledge responsibility for the event. The Kremlin is continuing its strategy of endearing itself to the Polish government — one that STRATFOR identified before the tragedy — by making an effort to accommodate the Poles in any way possible. The point of this strategy is to isolate anti-Russian politicians in Polish politics — ironically the bloc to which the late President Kaczynski belonged — and characterize them as "phobic" and "irrational." This is intended to make it more difficult for Warsaw to continue its opposition to the ongoing Russian resurgence as well as to make an entrenched security and military alliance with the United States less appealing to the Polish electorate.

## **Economic Front**

### **TABLE-Russia Jan-Feb trade surplus \$34.4 bln-customs-2010-04-07**

April 7 (Reuters) - Russia's foreign trade surplus rose to \$34.4 billion in January-February from \$15.5 billion in the same period a year ago, the Federal Customs Service said on Wednesday. The value of exports rose 60.3 percent year-on-year, "due to the rise of average prices for the goods exported by Russia, as well as an increase in the physical volume of supplies," the customs service said. Imports rose by a much more modest 14.1 percent, probably reflecting still lack luster domestic demand after last year's recession. It provided the following data:

### **RUSSIAN FOREIGN TRADE Y/Y Pct chg**

	Jan-	Feb
Exports	58.0	+60.3
To non-CIS countries:	50.5	+63.1
To CIS countries:	7.5	+44.2
Imports	23.6	+14.1
From non-CIS countries:	19.9	+9.9
From CIS countries:	3.7	+44.1
Balance (\$ bln)	+34.4	+121.9

## **Social Front**

### **Royals, PM express shock over Polish president's death-AFP/London**

A man lowers the Polish national flag outside the Polish Embassy in London yesterday. Poland's President Lech Kaczynski, its central bank head and the country's military chief were among 96 people killed when their plane crashed in Russia yesterday. Queen Elizabeth II and British Prime Minister Gordon Brown expressed shock and condolences yesterday after the death of President Lech Kaczynski in a plane crash. Heir to the throne Prince Charles and wife Camilla were also "shocked and deeply upset" at the crash, which killed 96 people including scores of Polish establishment figures in western Russia, according to his office.

### **Armenian-Russian innovation center to open soon-April 8, 2010**

[http://www.panarmenian.net/eng/it\\_telecom/news/46703/](http://www.panarmenian.net/eng/it_telecom/news/46703/)

The Armenian government has approved the decision to sign a memorandum of cooperation in the field of information technologies between the RA Ministry of Economy and the RF Federal Agency on CIS affairs, compatriots living abroad and international humanitarian cooperation. According to Armenian Economy Minister, NERSES YERITSYAN, the memorandum envisages establishment of the pioneer Armenian-Russian innovation center, which will bring together leading specialists in the field. The opening ceremony will take place in mid-April.