

**Report No.116**

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

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

**Weekly report 18<sup>th</sup> April to 24<sup>th</sup> 2010**

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### (About Sources)

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

### (About Region)

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



## Head Lines

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

#### Poland

- Unpacking a Funeral Speech-The Wall Street Journal-23April
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- Polish President Poll Due on June 20-Polish opposition gains, ruling party leads-  
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- Poland fails to sell 5-yr bonds at top-up tender  
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- Czech parliamentary speaker resigns over loan-April 22, 2010

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- Czech Prime Minister Jan Fischer to arrive in Armenia on April 30-April 20, 2010

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

### **Belarus**

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- Ukrainian Prime Minister Azarov elected Party of Regions' head-23.04.2010

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- “Old hag” president cans Valinskas' ministerial hopes-2010-04-23

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## **Russia**

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## **Report Summary**

### **Political and Diplomatic Front**

#### **Poland**

Since the death of his identical twin brother, President Lech Kaczynski, the question on everyone's mind in Poland has been: what will Jaroslaw do? Whether he is willing to lead the nation in this moment of grief and uncertainty, and whether he will announce to participate the forthcoming presidential Elections. He in his most recent broadcasts tried to compare the present situation with the Past. He usually praises the Polish Nation by reciting the Poland's national anthem also known as Song of the Polish Legions in Italy. It was written when Poland didn't exist on the map of Europe, having been partitioned between Austria, Prussia, and Russia. By using the imagery of marching towards Poland, Jaroslaw Kaczynski is saying that today's Poland is sharing a common fate with the partitioned, trod-up Poland of yesteryear. The question over the next two months will be whether voters agree with this comparison.

Polish politician Bronislaw Komorowski faces a difficult task these days, balancing his role as a presidential candidate with that of acting president. In accordance with the Polish constitution, Komorowski set a date of June 20 for early presidential elections. That leaves the politician with a difficult two months ahead of the elections, in which he must act as both the head of state and the presidential candidate for the ruling, centre-right Civic Platform party.

Russia is alarmed by the intentions behind the U.S. missile defense plan in Eastern Europe and its deployment of Patriot missiles in Poland, said spokesman for the Foreign Ministry on Thursday. It is not clear to us why Patriot anti-aircraft and anti-missile systems are being deployed near the Russian border. Nor have we an answer to the question about what threats will be tackled in the drill which will be held very close to Russia's Kaliningrad region," said the spokesman as quoted by the Interfax news agency.

Poland's Democratic Left Alliance party announced that Grzegorz Napieralski would be their presidential candidate in the upcoming early elections after their former candidate died in a plane crash on April 10 in Russia. Napieralski is the head of the party, and a member of parliament since 2004. Acting President Bronislaw Komorowski set elections for June 20.

The speaker of the Czech Republic's lower house of Parliament has resigned and said he will not compete in next month's general election. Social Democrat Miloslav Vlcek -- who also gave up his parliamentary seat -- made the announcement after admitting he had violated Czech law by repaying in a single cash installment a loan of 1.1 million koruna (\$58,000) he had received from a former assistant.

The President of the Czech Republic Vaclav Klaus has fiercely criticized EU officials for not turning out for president Lech Kaczynski's funeral. It is absolutely unforgivable that some European leaders and officials from Brussels did not come to the funeral it reflects that solidarity within the EU is just an empty word. The only representative of the EU offices at the funeral was a Polish politician Jerzy Buzek, President of the European Parliament.

Supporters of the candidate of the center right opposition party Fidesz, from former Prime Minister Viktor Orban celebrates their victory in Budapest, Hungary. Hungary faces a second round of parliamentary elections this weekend. Fidesz won a resounding victory, promising an economically shocked public badly needed jobs and growth. Fidesz is planning to reduce the number of politicians in the country.

In an equally major development, the far-right Jobbik party surfaced as a political challenger, taking nearly 17 per cent of the vote. Jobbik is openly anti-Semitic and anti-gypsy. It is the founder of a rapidly growing,

Kyrgyzstan's interim leader Roza Otunbayeva has condemned Belarus' decision to take in ousted Kyrgyz president Kurmanbek Bakiyev, warning that Bishkek would appeal to Interpol if he is not extradited. 'Kyrgyzstan's people may not react positively to Belarus taking in such a man that has the lives of many people on his conscience.

Ukrainian Prime Minister Nikolai Azarov has been elected the chairman of the ruling Party of Regions. The Friday party congress made President Viktor Yanukovich the honorary chairman. The congress amended the party charter to introduce the honorary chairman's position. Yanukovich quitted the Party of Regions on March 3, as the Ukrainian constitution did not allow the president to hold any ruling positions in public organizations.

The Kremlin has scored a major diplomatic victory, striking a deal that will allow Russia's Black Sea Fleet to stay in Ukraine for another thirty years, more than a quarter of a century after it was supposed to leave. Russia has agreed to give Ukraine multi-billion dollar discounts to the price it pays for Russian natural gas in return. The deal is controversial in the extreme and means that the Russian fleet will no longer have to abandon its famous base in the city of Sevastopol in Crimea in 2017 as originally planned.

Mean while the US Secretary of State Clinton said the decision by Ukrainian President Viktor Yanukovich should be seen as an attempt to balance his country's foreign policy, not a step away from the West toward Russia.

Latvia's right-wing government has slashed public-sector pay by an average of 31 per cent over the past two years in a bid to satisfy international financiers. The average salary for a ministerial worker plummeted from 1,136 lats (£1,392) in February 2008 to 786 lats (£963) in February 2008.

Russia does not support a final document distributed at an international nuclear conference in Iran, which gathered top officials and experts from 56 countries, According to Russian Government, the document was not discussed by the event's participants and it was not submitted for approval by delegates. Russian Deputy Foreign Minister Sergei Ryabkov attended the conference on disarmament and nonproliferation, entitled Nuclear Energy for All, Nuclear Weapons for None, which was held in Tehran on April 17-18

The New Start treaty signed by U.S. President Barack Obama and Russian President Dmitri Medvedev two weeks ago, aimed at cutting each country's nuclear arsenal, contains a provision demanding the United States decommission one nuclear missile for every missile it deploys under a new program called Prompt Global Strike. These Minuteman missiles would be armed with 1,000-lb. conventional warheads, but would be designed to strike targets anywhere in the world within an hour of launch with incredible accuracy — ideal, perhaps, for striking a cave if intelligence hears that a certain terrorist is momentarily hiding there, or destroying a North Korean missile before it is fired. But the weapons' capabilities are enough to raise fears in other nations of a nuclear strike.

The Peruvian Defense Minister said Friday his country plans to buy attack and transport helicopters from Russian for deployment with counter-narcotics forces. There are plans to buy six Mi-17 transport helicopters and two Mi-35 attack helicopters.

Russian Deputy Foreign Minister Sergey Ryabkov said here Friday that sanctions against Iran have become unavoidable because of its unwillingness to comply with the international community and to carry out the resolutions of the United Nations Security Council (UNSC) and those made by International Atomic Energy Agency (IAEA) Board of Governors. But it is necessary for such sanctions to be selective and do not include the Iranian energy sector,

A high-level Russian delegation headed will negotiate Russian accession to the World Trade Organization (WTO) with U.S. The U.S. delegation will comprise “key economic figures in the administration.

Russian President Dmitri Medvedev said April 21 that Russia will give preferential treatment to its partners. In an example of the benefits of partnership with Moscow, Russia cut the price it charges Ukraine for natural gas by nearly 30 percent. In doing so, Moscow is signaling its displeasure to Belarus. It is also signaling the Europeans that cooperation has its benefits. He said that Russia will give “preferential treatment” to countries that are partners of Russia in practice, not just in rhetoric.

## **Economic Front**

Poland’s economic growth will reach 2.7 percent this year and will accelerate to 3.2 percent in 2011, according to a new forecast by the International Monetary Fund. The report says the Polish economy is doing "relatively well during the global economic crisis." Inflation is predicted at 2.3 percent this year and 2.4 percent in 2011

The Swiss government said Tuesday it has signed a revised double-taxation agreement with Poland, which complies with guidelines set out by the Organization for Economic Cooperation and Development, or OECD.

President of the Poland-Nigeria Chamber of Commerce and Industry, Chief Julius Ogunyemi, has urged the Federal Government to consider Poland's initiative of revamping the

nation's power and steel sectors. The late president was considering the deployment of Polish technology towards the revamping of Nigeria's railway system.

Czech production of personal and light utility vehicles jumped by nearly a third in the first three months of 2010, showing a recovery in the export-reliant economy was gaining traction. Cars and car parts production is the backbone of Czech exports, equivalent to nearly 70 percent of the central European country's gross domestic product. Production rose to 265,985 vehicles, up 29.6 percent year on year, Czech Automotive Industry Association said on Tuesday,

Finance Minister Jan Pociatek said on Thursday that Slovakia will cut its fiscal deficit to 5.5 percent of the gross domestic product (GDP) as planned this year despite overshooting its past year's target. The euro zone member saw its public finance gap jump to 6.77 percent of GDP in 2009, above the original 6.3 percent ceiling. The government of Prime Minister Robert Fico, running for re-election in a June general election, pledged to bring the fiscal deficit back to the European Union's official limit of 3 percent in 2012 and reach a balanced budget later in 2015.

Monthly Reuter's poll of analysts showed on Thursday that Hungary's central bank (NBH) is expected to cut interest rates by another 25 basis points. In the poll conducted on April 19-21, 23 out of 27 analysts forecast a quarter percentage point cut to 5.25 percent, while four analysts expected the bank to keep rates unchanged.

Belarusian President Alexander Lukashenko said in his annual address to the Belarusian nation and the National Assembly (parliament) of the country here on Tuesday and said that Belarus should fully overcome the negative consequences of the world financial and economic crisis this year. In his opinion, Belarus should come out of the crisis as a stronger and more competitive country.

Ukraine hopes to secure a new \$12 billion lending program from the International Monetary Fund for the next 30 months. The IMF had released around \$11 billion of a \$16.4 billion program to Ukraine before freezing lending in late 2009 after large spending increases were passed into law. The country badly needs to secure further lending to revive its economy after a 15% contraction last year.

Sweden may agree to lend Latvia 720 million euros (\$970 million) within weeks as part of its contribution to the Baltic nation's international bailout. Latvia turned to a group including the European Commission, the International Monetary Fund and neighboring Nordic states for a 7.5 billion-euro loan at the end of 2008 after taking over its second biggest bank as the credit crisis deepened.

Central bank Governor Ilmars Rimsevics said that Latvia, which was forced to take a 7.5 billion-euro (\$10.1 billion) bailout during the credit crisis, may sell bonds abroad at the end of the year for the first time since February 2008.

Lithuanian Finance Minister Ingrida Simonyte said Saturday that 2014 would be a "natural date" for her country to adopt the euro as the Baltic state is expected to cut its budget deficit to less than 3% of gross domestic product by 2012. Lithuania wants the euro despite the problems faced by some euro-zone members. Lithuania is ready for budget cuts in the coming years to meet its goal of joining the euro zone in 2014. For 2011 and 2012 there will be a need for some additional (fiscal) consolidation.

Ibrahim al-Muhanna, an adviser to Saudi Arabia's Petroleum Ministry, said India, Russia and Brazil would become "major" oil consumers over this decade and that the share of Saudi crude shipped to Europe will decrease. "Within 10 years, if the trend of current economic growth continues, there are likely to be three additional major consumption centers: India, Russia and Brazil.

The Russian government has placed two bonds worth 5.5 billion dollars on the international market for the first time since Moscow defaulted on domestic debts in 1998, the business daily Vedemosti reported Friday.

Russia's economic development minister said Wednesday that the country's economy grew 0.6 percent in the first quarter this year, which means the recovery, has lasted for three consecutive quarters. The quarterly GDP growth of the third and fourth quarter of last year were 1.7 percent and 2 percent

## **Social Front**

CISCO AND NEXTIRA ONE today announced that they have completed a major deployment to extend and support the Polish Border Guard's information technology and communications platform. The project was co-financed by the European Union's Outer Borders Fund. Under the scope of the project, NextiraOne experts have installed a dedicated Cisco wireless infrastructure, providing voice over wireless local area network, or VoWLAN, communications and Wi-Fi mesh technology for the 14 Border Guard posts located along Poland's borders with Russia, Belarus and Ukraine.

The Czech Republic will bring "the best of its culture" to China with the Czech cultural festival starting next month. The two-month festival will feature Czech's two strengths: ballet and sculpture. The exhibition entitled "New Sensitivity" centers on the glass sculpture of the 1960s-1980s which gave rise to a new artistic sphere. The cultural event is being organized by the ministries of culture of both countries. It comes after a Chinese culture festival was held in the Czech Republic from October 2009 to January 2010.

In Slovakia, in the first quarter of 2010, representing the first three months of the running of the electronic motorway toll system, its operator SkyToll collected US\$35.10 million for the government, of which more than 40 per cent was paid by foreign road haulers. Almost 160,000 vehicles have been registered by the system.

The Stockholm city authorities have asked diplomats from Bulgaria, Romania, Hungary and Poland for cooperation in solving the problem of immigrant beggars in the city. No official statistics are available, but it is estimated that about 100 homeless immigrants from new EU member states are staying in Stockholm currently.

While Washington plans to pump unprecedented sums into what critics call a government takeover of health care, Moscow is moving in the opposite direction by backing legislation that could force hospitals and other public institutions to go commercial or close. A bill scheduled to be approved by the State DUMA in a third and final reading Friday aims to overhaul the financing for medical, educational, cultural and scientific institutions by giving them for the first time a free hand in how they spend state subsidies. But opponents warn that the "anti-socialist" reform also could lead to a drop in state subsidies, forcing hospitals, schools and even libraries to increase their numbers of paid services or reduce work hours so as to make ends meet.

A group of U.S. lawmakers is calling on Russian President Dmitry Medvedev not to suspend adoptions between Russia and the United States. The group, led by Sen. Kirsten Gillibrand, D-N.Y, wants Medvedev to intervene with Russian authorities to ensure that adoptions of Russian children by American families, especially those already being processed, not be halted. Russian authorities have said all adoptions to the U.S. are on hold pending a new agreement on the matter that could take months.

## Detailed Report

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

#### Poland

#### Political Front

#### Unpacking a Funeral Speech-The Wall Street Journal-23April

<http://blogs.wsj.com/new-europe/2010/04/23/unpacking-a-funeral-speech/>

Since the death of his identical twin brother, President Lech Kaczynski, the question on everyone's mind in Poland has been: what will Jaroslaw do? This pressing question has made local journalists and analysts parse every one of his public speeches and appearances in search of clues on whether he will run and what tone his campaign will adopt. "Soon tens, hundreds, and thousands of her (the Republic of Poland's) best sons will walk down the road marked towards a better, more dignified, and a more just Republic," said Jaroslaw Kaczynski at a speech read out by a party colleague at the funeral of Aleksander Szczyglo, a close associate who died in the plane crash in Smolensk. "We must take up their work, so suddenly interrupted," Jaroslaw Kaczynski said during that same funeral, as quoted by daily Gazeta Wyborcza. "Maybe we will lose, maybe we will not come by the fruits of our labor, maybe we will not manage this time to return to Poland." The funeral took place on Polish soil, so to what Poland does Jaroslaw Kaczynski long to return? Maybe subconsciously, by using the phrase "to Poland", Kaczynski is alluding to Poland's national anthem.

Poland has not perished yet

So long as we still live

That which alien force has seized

We at sabrepoint shall retrieve

March, march, Dąbrowski

From Italy to Poland

Under thy command

Let us now rejoin the nation

Dąbrowski's Mazurka, also known as Song of the Polish Legions in Italy, is about Polish soldiers who were in Napoleon Bonaparte's Army. It was written when Poland didn't exist on the map of Europe, having been partitioned between Austria, Prussia, and Russia. By using the imagery of marching towards Poland, Jaroslaw Kaczynski is saying that today's Poland is sharing a common fate with the partitioned, trod-up Poland of yesteryear. The question over the next two months will be whether voters agree with this comparison.

**ANALYSIS: Poland's acting president faces balancing act after crash-By Dominika Maslikowski Apr 23, 2010**

[http://www.monstersandcritics.com/news/europe/news/article\\_1550553.php/ANALYSIS-Poland-s-acting-president-faces-balancing-act-after-crash](http://www.monstersandcritics.com/news/europe/news/article_1550553.php/ANALYSIS-Poland-s-acting-president-faces-balancing-act-after-crash)

Warsaw - Polish politician Bronislaw Komorowski faces a difficult task these days, balancing his role as a presidential candidate with that of acting president after a plane crash killed the previous president and many of Poland's leading politicians. Komorowski became the temporary head of state after the death of President Lech Kaczynski in a plane crash on April 10 in Smolensk, Russia that also killed 95 other crew and high-ranking politicians. In accordance with the Polish constitution, Komorowski set a date of June 20 for early presidential elections, which had originally been slated for this autumn. That leaves the politician with a difficult two months ahead of the elections, in which he must act as both the head of state and the presidential candidate for the ruling, centre-right Civic Platform party. 'The fact Bronislaw Komorowski is a candidate for president is surely nothing pleasant and he likely did not imagine taking on such responsibilities,' said analyst Jaroslaw Zbieranek of the Institute of Public Affairs, a Warsaw-based think-tank. 'It's a hard situation for a candidate who at the same time feels the weight of the role he fulfills, and must keep a distance so his actions will not be seen as the launch of a campaign.' 'The situation is so delicate,' said analyst Jacek Kloczkowski of the Centre for Political Thought, a think tank in Krakow. 'Each move that would not have been noticed in normal circumstances can now have a bigger meaning.' Komorowski set the date for the early elections after a Wednesday meeting with other political parties. He had planned to make the

announcement earlier, but the opposition appealed to wait until Kaczynski was buried Sunday in Krakow. It was Komorowski's first - and most important - task in his temporary role as head of state, analysts said. The decision was quietly announced on a government website, without a show or press conference, Zbieranek said. 'Kaczynski's supporters, in this atmosphere of grief, can take note that he took on the role with concern that the state would continue to function, and he took on the responsibility calmly,' Zbieranek said. 'It seems at least Komorowski did not give the opposition a reason for criticism that he's leading a presidential campaign.' Other analysts said Komorowski rushed to announce the elections and that setting them so quickly was a mistake that escaped the public's notice as the nation was in the midst of mourning. 'He rushed because he wanted to quickly show that, although everything was falling, he was taking care of the state,' Kloczkowski said. 'But he exaggerated.' Komorowski now faces the task of nominating the army chief of staff and heads of the armed forces, positions left vacant after the plane crash. He also has the right to veto legislation. The role will require strong leadership, but not sudden decisions or choices that could be interpreted as politically motivated, analysts said. 'Some heads of institutions must be replaced, and without quick or controversial moves,' Zbieranek said. '(Komorowski should) only make the decisions that are necessary for the functioning of the state, and leave the rest of the choices until after elections.' 'The worst would be if he began to take advantage that there are vacancies,' Kloczkowski said, 'and if he began to fill them with people who could be considered behind the Civic Platform

### **Russia concerned about U.S. missile defense plans-*People's Daily Online*-April 23,**

<http://english.people.com.cn/90001/90777/90853/6960722.html>

Russia is alarmed by the intentions behind the U.S. missile defense plan in Eastern Europe and its deployment of Patriot missiles in Poland, said spokesman for the Foreign Ministry on Thursday. "We are concerned about the United States' absolutely unfounded anti-missile activities in Poland," Andrei Nesterenko told a press briefing. "It is not clear to us why Patriot anti-aircraft and anti-missile systems are being deployed near the Russian border. Nor have we an answer to the question about what threats will be tackled in the drill which will be held very close to Russia's Kaliningrad region," said the spokesman as quoted by the Interfax news agency.

"This sort of unilateral moves on the part of the United States cannot be left without attention," he said. Russia remained opposed to other European countries' participation in anti-missile drills, he added.

#### **Polish leftist alliance names new candidate after plane crash-Europe News-Apr 22, 2010**

[http://www.monstersandcritics.com/news/europe/news/article\\_1550306.php/Polish-leftist-alliance-names-new-candidate-after-plane-crash](http://www.monstersandcritics.com/news/europe/news/article_1550306.php/Polish-leftist-alliance-names-new-candidate-after-plane-crash)

Warsaw - Poland's Democratic Left Alliance party announced that Grzegorz Napieralski would be their presidential candidate in the upcoming early elections after their former candidate died in a plane crash on April 10 in Russia. Napieralski is the head of the party, and a member of parliament since 2004. The left-wing party's original presidential candidate was killed in the plane crash that claimed 95 others, including the Polish president and dozens of politicians. Acting President Bronislaw Komorowski set elections for June 20.

#### **Polish President Poll Due on June 20-Polish opposition gains, ruling party leads-polls-Reuters-April 22**

<http://www.washingtonpost.com/wpdyn/content/article/2010/04/22/AR2010042203731.html>

WARSAW (Reuters) - Poland's main opposition party received a significant boost after the death of President Lech Kaczynski, but the ruling Civic Platform maintained its lead, according to a poll released on Thursday. The Law and Justice party, led by Jaroslaw Kaczynski, the late president's twin brother, was backed by 35 percent of Poles, according to a poll for broadcaster TVN by Millward Brown SMG/KRC. The figure was 14 percentage points above its showing in the last survey, taken before last month's plane crash that claimed Kaczynski's life and 95 others. The Civic Platform of Prime Minister Donald Tusk remained in the lead, with 41 percent support among Poles, down 6 points from the last poll. Of the remaining parties, only the leftist SLD party would be entitled to representation in parliament after securing 6 percent backing. Tusk's junior coalition partner, the Peasants' Party, on 3 percent would not secure enough support to gain a seat. Polls have also show that parliament speaker and Acting President, Bronislaw Komorowski, would win in the June presidential elections against any other candidate

#### **Economic Front**

### **Poland fails to sell 5-yr bonds at top-up tender**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7852345&subject=companies&action=article>

WARSAW, April 21 (Reuters) - Poland's finance ministry failed to sell any of its 5-year bonds on offer at a non-competitive top-up tender on Wednesday, the ministry said in a statement. Poland offered 600 million zlotys of its PS0415 bonds at the top-up but there were no bids for the paper.

### **ECB signals concern over Polish c-bank profit row**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7857521&subject=markets&action=article>

WARSAW, April 23 (Reuters) - Polish Monetary Policy Council's stance on calculating the central bank's currency reserves for 2009 may raise concerns over its transparency and the correctness of the calculation, the European Central Bank said on Friday. The row over the central bank's 2009 profits has pitted the MPC against the bank's management board. The bank's late governor Slawomir Skrzypek, killed in an April 10 plane crash, had asked the ECB to offer an opinion on the matter. The management board had originally set the bank's profit at 4.2 billion zlotys, but MPC policymakers, largely appointed to the board by the ruling parties, favoured a higher profit signalling it could be as high as 8 billion. Poland's budget receives 95 percent of the central bank's profit, which would help keep the state deficit under control.

### **IMF revises Poland's growth prediction upwards-22.04.2010**

[http://www.thenews.pl/business/artykul130107\\_imf-revises-polands-growth-prediction-upwards.html](http://www.thenews.pl/business/artykul130107_imf-revises-polands-growth-prediction-upwards.html)

Poland's economic growth will reach 2.7 percent this year and will accelerate to 3.2 percent in 2011, according to a new forecast by the International Monetary Fund. The IMF's new World Economic Outlook report predicts GDP growth at 4 percent by 2015. In its October report last year, the IMF predicted growth of 2.2 percent in 2010. The report says the Polish economy is doing "relatively well during the global economic crisis." Inflation is predicted at 2.3 percent this year and 2.4 percent in 2011

### **Switzerland, Poland Sign Revised Double-Taxation Pact-04/20/2010**

[http://www.advfn.com/news\\_Switzerland-Poland-Sign-Revised-Double-Taxation-Pact\\_42454591.html](http://www.advfn.com/news_Switzerland-Poland-Sign-Revised-Double-Taxation-Pact_42454591.html)

The Swiss government said Tuesday it has signed a revised double-taxation agreement with Poland, which complies with guidelines set out by the Organization for Economic Cooperation and Development, or OECD.

### **Chamber Seeks Poland's Support in Power Sector Development-VENGUARD-21 April**

<http://allafrica.com/stories/201004210728.html>

Lagos — President of the Poland-Nigeria Chamber of Commerce and Industry, Chief Julius Ogunyemi, has urged the Federal Government to consider Poland's initiative of revamping the nation's power and steel sectors. He said Poland's proposal was to revamp Nigeria's epileptic power supply sector and run over a period of 10 years before handing them over. Noting that the Polish desire to revamp the nation's economy was snubbed by the government in 1995, Ogunyemi said the current government in Poland was still determined to bail Nigeria out of her current economic problems. The chamber's president who made the remarks at a symposium to mark the death of the Polish President, Mr. Lech Kaczynski, his wife and 94 others, in a plane crash last week, said the late president was considering the deployment of Polish technology towards the revamping of Nigeria's railway system.

### **Social Front**

### **CISCO: Cisco and NextiraOne Extend Polish Border Guard Communications Network**

<http://www.tmcnet.com/usubmit/2010/04/23/4746361.htm>

WARSAW, Poland, Apr 23, 2010 (M2 PRESSWIRE via COMTEX) -- Cisco and NextiraOne today announced that they have completed a major deployment to extend and support the Polish Border Guard's information technology and communications platform. The project was co-financed by the European Union's Outer Borders Fund. Under the scope of the project, NextiraOne experts have installed a dedicated Cisco wireless infrastructure, providing voice over wireless local area network, or VoWLAN, communications and Wi-Fi mesh technology for the 14 Border Guard posts located along Poland's borders with Russia, Belarus and Ukraine. The

Polish Border Guard deployment will provide a far more integrated communications experience for officers working across disparate locations. The use of voice over WLAN and the integration of the Cisco IP Interoperability and Communications System (IPICS) for push-to-talk communications aim at increasing responsiveness and further enhance safety and security

#### **Conservatives to send homosexual MP on gay rights march-Telegraph.co.UK-22 April**

<http://www.telegraph.co.uk/news/newstoppers/politics/conservative/7616897/Conservatives-to-send-homosexual-MP-on-gay-rights-march.html>

The most senior homosexual member of David Cameron's front bench team will be sent on a gay rights march in Poland to encourage the party's European Conservative allies to become less prejudiced Nick Herbert, the shadow environment secretary, will join the event in Warsaw in July in an effort to persuade the right wing Law and Justice party to abandon their homophobic views. The announcement comes as Mr Cameron braces himself against criticism that he has become too close to extremists in the EU.

#### **Czech Republic**

##### **Political Front**

#### **Czech parliamentary speaker resigns over loan-April 22, 2010**

[http://www.boston.com/news/world/europe/articles/2010/04/22/czech\\_parliamentary\\_speaker\\_resigns\\_over\\_loan/](http://www.boston.com/news/world/europe/articles/2010/04/22/czech_parliamentary_speaker_resigns_over_loan/)

PRAGUE—the speaker of the Czech republic's lower house of Parliament has resigned and said he will not compete in next month's general election. Social Democrat Miloslav Vlcek -- who also gave up his parliamentary seat -- made the announcement after admitting he had violated Czech law by repaying in a single cash installment a loan of 1.1 million koruna (\$58,000) he had received from a former assistant. Vlcek also acknowledged that he had lied to the media by saying he didn't know a former aide he had helped get a state subsidy a few years ago.

#### **Czech Prime Minister Jan Fischer to arrive in Armenia on April 30-April 20, 2010**

<http://www.panarmenian.net/eng/economy/news/47405/>

On April 30, the Armenian Development Agency (ADA) jointly with the RA Union of Producers and Entrepreneurs will organize an Armenian-Czech business forum within the framework of Czech Prime Minister Jan Fischer's visit to Armenia. Meetings between Armenian and Czech entrepreneurs will take place the same day, the ADA press

### **Czech President slams EU over Lech Kaczynski's funeral-19.04.2010**

[http://www.thenews.pl/international/artykul129868\\_czech-president-slams-eu-over-lech-kaczynskis-funeral.html](http://www.thenews.pl/international/artykul129868_czech-president-slams-eu-over-lech-kaczynskis-funeral.html)

Vaclav KlausThe President of the Czech Republic Vaclav Klaus has fiercely criticized EU officials for not turning out for president Lech Kaczynski's funeral. "The fact that Canada's Prime Minister or Australia's Governor-General did not attend the funeral [of the Polish presidential couple] is fairly understandable. But it is absolutely unforgivable that some European leaders and officials from Brussels did not come to the funeral", Klaus told the Czech Radio. "It is a proof that solidarity within the EU is just an empty word," added the Czech President. Dozens of foreign delegations attended the funeral of Poland's President Lech Kaczynski and his wife Maria in the historic city of Krakow and remembered the tragic accident in which numerous Polish officials and military commanders died. Among those who announced their participation in the burial ceremony but cancelled their visit due to volcanic ash cloud which made it impossible for them to fly were the President of the European Commission Jose Manuel Barroso and the President of the European Council Herman Van Rompuy. The only representative of the EU offices at the funeral was a Polish politician Jerzy Buzek, President of the European Parliament.

### **Economic Front**

#### **Czech car production gains steam in early 2010**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7850211&subject=economic&action=artce>

PRAGUE, April 20 (Reuters) - Czech production of personal and light utility vehicles jumped by nearly a third in the first three months of 2010, showing a recovery in the export-reliant economy was gaining traction. Cars and car parts production is the backbone of Czech exports, equivalent to nearly 70 percent of the central European country's gross domestic product. Production rose to

265,985 vehicles, up 29.6 percent year on year, Czech Automotive Industry Association said on Tuesday, according to news agency CTK. Volkswagen's Skoda Auto increased output 37.6 percent to 134,853 cars, the association said. A higher production of cars and machinery was the main drive behind the 7 percent rise in February industrial output as new orders in the car sector rose by 16 percent.

## **Social Front**

### **Czech culture festival to be held in China next month 2010-04-23**

<http://english.cctv.com/20100423/101112.shtml>

BEIJING, April 22 (Xinhua) -- The Czech Republic will bring "the best of its culture" to China with the Czech cultural festival starting next month, according to ambassador Libor Secka. The two-month festival will feature Czech's two strengths: ballet and sculpture. The Czech National Theater ballet troupe will perform The Nutcracker, a major classical ballet ensemble, in the Chinese capital and in the coastal city of Yantai in east China in May. Sculpture has played an important role in Czech art since the Middle Ages. The exhibition entitled "New Sensitivity" centers on the glass sculpture of the 1960s-1980s which gave rise to a new artistic sphere. The cultural event is being organized by the ministries of culture of both countries. It comes after a Chinese culture festival was held in the Czech Republic from October 2009 to January 2010.

## **Slovakia**

### **Economic Front**

#### **Slovakia will cut fiscal deficit to 5.5 pct of GDP, as planned-22 April Reuters**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7855524&subject=companies&action=artle>

BRATISLAVA, April 22 (Reuters) - Slovakia will cut its fiscal deficit to 5.5 percent of the gross domestic product (GDP) as planned this year despite overshooting its past year's target, Finance Minister Jan Pociatek said on Thursday. The euro zone member saw its public finance gap jump to 6.77 percent of GDP in 2009, above the original 6.3 percent ceiling, figures showed on Thursday, as the global downturn sent the heavily export-reliant economy into its deepest recession on record. "We have reserves in the state budget to cope with a drop in tax revenues,

and we can limit ministries' spending," Pociatek told reporters. Pociatek said the higher 2009 gap was due to bigger deficits on the municipal level and at universities. Slovakia's heavily export-reliant economy contracted by 4.7 percent last year as weak foreign demand sent the country into its deepest downturn ever, but it is expected to emerge from the crisis as one of the EU's fastest growing members this year. The government of Prime Minister Robert Fico, running for re-election in a June general election, pledged to bring the fiscal deficit back to the European Union's official limit of 3 percent in 2012 and reach a balanced budget later in 2015.

### **Slovak budget deficit reaches 6.77 per cent of GDP-Apr 22, 2010**

[http://www.monstersandcritics.com/news/business/news/article\\_1550159.php/Slovak-budget-deficit-reaches-6-77-per-cent-of-GDP](http://www.monstersandcritics.com/news/business/news/article_1550159.php/Slovak-budget-deficit-reaches-6-77-per-cent-of-GDP)

Bratislava - Slovakia's budget deficit swelled to 6.77 per cent of the country's gross domestic product (GDP) in 2009, data released by the Slovak Statistics Office showed Thursday. The was nearly triple the 2008 figure, when it stood at 2.3 per cent of GDP.

### **Social Front**

#### **Slovakia motorway tolling system**

<http://www.itsinternational.com/news/article.cfm?recordID=17503>

In Slovakia, in the first quarter of 2010, representing the first three months of the running of the electronic motorway toll system, its operator SkyToll collected US\$35.10 million for the government, of which more than 40 per cent was paid by foreign road haulers. Almost 160,000 vehicles have been registered by the system. SkyToll says that the toll revenue has a rising tendency, with the March take more than twice as large as in comparison with the previous two months. Meanwhile, the European Commission (EC) has sent a letter to the Slovak government in which it claims that Slovakia favoured SkyToll, the toll system operator, initially by excluding all other bidders in the tender and later by changing conditions when the system was launched, such as introduction of the ticketing system. The EC says that at least one bidder, who submitted a bid about US\$271 million lower than SkyToll's bid, was excluded unfairly. It also says that significant changes in the contract with SkyToll could be a reason for annulling the tender. The Commission also asks for explanation of an additional permission to pay the tolls with petrol

cards. It is estimated that all these changes could reduce SkyToll's costs by up to €140 million. Slovakia's transport ministry has said that it is preparing a response to the EC letter

## **Hungary**

### **Political Front**

#### **Big shift in Hungary's political landscape Apr 20**

<http://www.thestar.com/news/world/article/798316--big-shift-in-hungary-s-political-landscape>

Supporters of the candidate of the center right opposition party Fidesz, from former Prime Minister Viktor Orban celebrates their victory in Budapest, Hungary, on Sunday, April 11, 2010. Foreign Affairs Reporter Hungary faces a second round of parliamentary elections this weekend. But voters aren't holding their breath for the results. On the heels of an economic disaster, the biggest political shift in two decades is already underway — with the socialists ousted by a mainstream right-wing party, while an extreme right party linked to a neofascist-style militia came a narrow third to the former ruling party. In the poll's first round last week, Fidesz won a resounding victory, promising an economically shocked public badly needed jobs and growth. In an equally major development, the far-right Jobbik party surfaced as a political challenger, taking nearly 17 per cent of the vote. "They polled one year ago at 2 per cent," says Hungarian expert Christopher Adam of Carleton University, who publishes the online Canadian Hungarian Journal. "Now they're only 2 per cent behind the former governing Socialists." In Hungary's complicated political landscape, Adam points out, the success of Fidesz and Jobbik does not mean that its 8 million voters have made a massive right turn. While Jobbik capitalizes on its anti-immigrant, anti-Roma and anti-Semitic rhetoric, it holds leftist economic views. And Fidesz's platform is little different from many left-wing socialist parties. "There's really no market for conservative economic policy in Hungary," says Adam. Fidesz leader Viktor Orban — a former prime minister — recently declared that "the era of financial capitalism is over," and he would look for an economic "third way." He's spoken out against medical user and university tuition fees, and said he would like to renationalize some industries. He has also turned thumbs down on the influence of multinationals. "It's a very hybrid movement," said Adam. But for many inside and outside Hungary, the rise of Jobbik is more worrying. "Hungary has been

through a terrible transition period,” says Robert Austin, who coordinates University of Toronto’s Hungarian studies program. “It started out at the front of the race in Central Europe, and now it’s an economic catastrophe. That allows movements like Jobbik to make gains.” With a heavy reliance on foreign credit, Hungary was one of the hardest-hit European countries during the 2008 economic meltdown. Its economy shrank more than 6 per cent in 2009, and it was forced to seek a \$25 billion (U.S.) bailout from the International Monetary Fund. The Socialist government’s resulting tax hikes and spending cuts alienated many voters. The economic squeeze fuelled anti-immigrant sentiment in Hungary, and the Roma minority — widely accused of criminal activity — was a prime target for popular anger, galvanized by Jobbik. So were “foreign speculators” from Israel, whom Jobbik accuses of trying to dominate the country’s economy. But the party denies it harbours racist sentiments, insisting it represents the views of many Hungarians. “Jobbik’s rise isn’t so surprising,” says Marko Papić of the U.S.-based global intelligence firm, Stratfor. “As the recession hits more pocketbooks in Europe we’ll be seeing more nationalists in parliaments.” In former Iron Curtain countries, he says, Jobbik’s ultranationalism doesn’t face the same taboos as in North America because in their memories, the holocaust took second place to the Soviet invasion. Some predict Jobbik could gain even more support during forthcoming municipal elections. And that it could force Fidesz into more extreme positions by going on the political attack at a time when traumatized Hungarians are looking for quick solutions. “In the 1990s, Hungary had a far right movement that didn’t attract much interest,” said Adam. “This party is quite different in its methods, and is extremely good at using electronic media. It appeals to youth in all the wrong ways. It’s a much more disturbing phenomenon

### **Support for far-right ideas doubles in ten years**

Hungarian liberal think-tank Political Capital meanwhile has been measuring support for far-right ideas across Europe for a number of years. According to its latest Demand for Right-Wing Extremism (Derex) index, which gauges people's predisposition to far-right politics in 32 European countries, 21 percent of Hungarians are open to extreme right-wing ideas, the highest percentage of any European country other than Bulgaria, where 24.6 percent of the population is so predisposed. Just seven years ago in 2003, only 10 percent of Hungarians had such a

propensity, according to the think-tank's surveys. Poland at the same time also had a score of 10 percent. This has since fallen to 6.5 percent.

### **Hungary's Fidesz Plans Smaller Parliament - 04/22/2010-Dow Jones News**

[http://www.advfn.com/news\\_Hungarys-Fidesz-Plans-Smaller-Parliament\\_Report\\_42485678.html](http://www.advfn.com/news_Hungarys-Fidesz-Plans-Smaller-Parliament_Report_42485678.html)

BUDAPEST (Dow Jones)Hungarian center-right opposition party Fidesz, which is poised to form the next government, is planning to reduce the number of politicians in the country, Hungarian business weekly Figyelo said Thursday, citing unnamed Fidesz sources. Fidesz, which is expected to gather a two-third parliamentary majority in the second round of the general elections Sunday, plans a smaller parliament, a halving of the number of local council representatives, the granting of dual citizenship for minority Hungarians living abroad, and a strengthening of the police force, Figyelo said. The party plans to reduce the number of parliamentary seats to 200 from 386, with local council representatives falling by half from the current 30,000. There will also be a reorganization of the police with the opening of 1,500 new police stations, mainly in the countryside. In Hungary, the amendment of certain laws require a two-thirds parliamentary majority. Hence, any modification has so far been impossible due to the lack of political consensus

### **Economic Front**

#### **Hungary cbank seen cutting rates by 25 bps on Mon**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7854405&subject=markets&action=article>

BUDAPEST, April 22 (Reuters) - Hungary's central bank (NBH) is expected to cut interest rates by another 25 basis points on Monday, the day after a second round of parliamentary elections, a monthly Reuters poll of analysts showed on Thursday. In the poll conducted on April 19-21, 23 out of 27 analysts forecast a quarter percentage point cut to 5.25 percent, while four analysts expected the bank to keep rates unchanged. The NBH has cut its base rate by four percentage points in total since July to a record low, slowing the monthly pace to 25 basis points in the past months from 50 basis points earlier.

## **Social Front**

### **Sweden concerned about eastern European begging-22.04.2010**

The Stockholm city authorities have asked diplomats from Bulgaria, Romania, Hungary and Poland for cooperation in solving the problem of immigrant beggars in the city. "We should try together to help beggars and homeless 'tourists' from Bulgaria, Romania as well as Poland and Hungary," says Ulf Kristersson, who organized a meeting between diplomats and representatives of the city authorities. No official statistics are available, but it is estimated that about 100 homeless immigrants from new EU member states are staying in Stockholm currently. In the summer, their number is likely to increase to several hundred. The Polish consul in Stockholm, Katarzyna Moleda says no homeless or destitute Poles have so far asked the Polish consulate for help. "We are grateful to the city for such a meeting. But I have to stress that there can be no talk of a phenomenon of homeless or begging Poles in Stockholm," consul Moleda declared. "Polish homeless" hit the headlines in Stockholm last January, when Swedish TV4 aired a report about a Pole sleeping under a bridge in the city centre, who declared that he preferred to stay in Sweden than return to Poland. The report was also shown by a Polish TVN television

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

#### **Belarus**

#### **Political Front**

### **Azerbaijan wants to see Turkey in OSCE Minsk Group-21.04.2010**

<http://en.trend.az/news/karabakh/1673742.html>

"Turkey's joining the OSCE Minsk Group, mediating in resolving of the Armenian-Azerbaijani Nagorno-Karabakh conflict, is on the agenda, the Azerbaijani Presidential Administration department head said."Turkey's joining the OSCE Minsk Group is on the agenda. But only the OSCE can evaluate the proposals ", the Azerbaijani Presidential Administration socio-political department head Ali Hasanov told media. The conflict between the two South Caucasus countries began in 1988 when Armenia made territorial claims against Azerbaijan. Armenian armed forces have occupied 20 percent of Azerbaijan since 1992, including the Nagorno-

Karabakh region and 7 surrounding districts. Azerbaijan and Armenia signed a ceasefire agreement in 1994. The co-chairs of the OSCE Minsk Group - Russia, France, and the U.S. - are currently holding the peace negotiations.

### **Kyrgyz leader slams Belarus-Apr 21, 2010**

[http://www.straitstimes.com/BreakingNews/Asia/Story/STIStory\\_517302.html](http://www.straitstimes.com/BreakingNews/Asia/Story/STIStory_517302.html)

BISHKEK (Kyrgyzstan) - KYRGYZSTAN'S interim leader Roza Otunbayeva has condemned Belarus' decision to take in ousted Kyrgyz president Kurmanbek Bakiyev, warning that Bishkek would appeal to Interpol if he is not extradited. 'Kyrgyzstan's people may not react positively to Belarus taking in such a man that has the lives of many people on his conscience,' Ms Otumbayeva told reporters late on Tuesday. 'Anyone who suffered from him thinks that there can be no refuge anywhere in the world for this sadist,' she added. 'This criminal must be handed over back to our country. If that does not happen, there is Interpol,' Ms Otumbayeva added. Belarusian President Alexander Lukashenko confirmed on Tuesday that Mr Bakiyev was in Belarus, ending days of uncertainty over the toppled leader's whereabouts. 'Mr Bakiyev and his family, four people in all, have been in Minsk since Monday evening, as guests,' Mr Lukashenko said during an address to the Belarusian parliament

### **Belarus hosts Bakiyev as five die in Kyrgyz unrest-Reuters**

[http://www.gulfimes.com/site/topics/article.asp?cu\\_no=2&item\\_no=356594&version=1&template\\_id=39&parent\\_id=21](http://www.gulfimes.com/site/topics/article.asp?cu_no=2&item_no=356594&version=1&template_id=39&parent_id=21)

Minsk-Kyrgyz riot police approach the settlement of Nizhnyaya Ala-archa outside Bishkek during a rally by ethnic Kyrgyz people. Ethnic Kyrgyz rioters seized plots of land from Russians and Turks in Mayevka, a village outside the capital Bishkek, prompting the country's interim government to send in hundreds of police to quell the unrest. The deposed Kyrgyz leader Kurmanbek Bakiyev has found refuge in the Belarusian capital of Minsk, that nation's president, Alexander Lukashenko, said yesterday. Bakiyev, 60, is in Minsk with three family members, according to Lukashenko. "He can stay and live here, and there is work for him," Lukashenko said during question time in parliament. He also noted that Bakiyev still considers himself to be the president of Kyrgyzstan. Bakiyev had fled Kyrgyzstan to neighbouring Kazakhstan last

Thursday and resigned there in an internationally brokered agreement designed to restore calm. His supporters in southern Kyrgyzstan have demanded his reinstatement, but he faces arrest should he attempt to return. He and his family have been blamed for the more than 80 people killed and 1,600 injured during the uprising against him in April.

## **Economic Front**

### **Belarus to overcome crisis consequences in 2010 – Pres-20.04.2010**

<http://www.itar-tass.com/eng/level2.html?NewsID=15044119&PageNum=0>

MINSK, April 20 (Itar-Tass) - Belarus should fully overcome the negative consequences of the world financial and economic crisis this year, Belarusian President Alexander Lukashenko said in his annual address to the Belarusian nation and the National Assembly (parliament) of the country here on Tuesday. "This year we should fully overcome the consequences of the crisis and, as a minimum, should reach the pre-crisis development rate," he stressed. In his opinion, Belarus should come out of the crisis as a stronger and more competitive country. "We vitally need a qualitative breakthrough in the national economy," Lukashenko said. The Belarusian president spoke about the drafting of an energy strategy of Belarus, which would become "the main direction of work of all branches of power, because this is the main factor of ensuring the sovereignty and independence of our country." He specially mentioned the need for diversifying the deliveries of energy carriers to Belarus

### **Belarus c.bank cuts rates to 12.5 pct**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7845743&subject=economic&action=article>

MINSK, April 17 (Reuters) - The Belarussian central bank cut its benchmark refinancing rate by 50 basis points on Saturday to 12.5 percent, the second cut this year, on the back of low inflation and a stable forex market. "The decision to cut rates has been made taking into account low inflation, a stable situation on the forex market and the high rate of growth of individual deposits in the local currency," the central bank said in a statement.

## **Ukraine**

### **Political Front**

## **Ukrainian Prime Minister Azarov elected Party of Regions' head-23.04.2010**

<http://www.itar-tass.com/eng/level2.html?NewsID=15058996&PageNum=0>

KIEV, April 23 (Itar-Tass) -- Ukrainian Prime Minister Nikolai Azarov has been elected the chairman of the ruling Party of Regions. The Friday party congress made President Viktor Yanukovich the honorary chairman. The congress amended the party charter to introduce the honorary chairman's position. Yanukovich quitted the Party of Regions on March 3, as the Ukrainian constitution did not allow the president to hold any ruling positions in public organizations

## **Russia's Black Sea Fleet to stay in Ukraine until 2042- 21 Apr 2010**

The Kremlin has scored a major diplomatic victory, striking a deal that will allow Russia's Black Sea Fleet to stay in Ukraine for another thirty years, more than a quarter of a century after it was supposed to leave.. Russian missile cruiser Moskva sits anchored in the Black Sea port of Sevastopol Photo: AP Russia capitalized on its growing soft power and substantial energy reserves to clinch the deal, agreeing to give Ukraine multi-billion dollar discounts to the price it pays for Russian natural gas in return. The deal is controversial in the extreme and means that the Russian fleet will no longer have to abandon its famous base in the city of Sevastopol in Crimea in 2017 as originally planned. Instead, it can remain until 2042 with a possible option to stay on until 2047. Germany's tactics with the Northern powers - May 4, 1939 Analysts said the move buried Ukraine's chances of joining NATO for four decades, while Ukrainian opposition politicians claimed the deal violated the country's constitution and vowed to mount a legal challenge. Dmitry Medvedev, the Russian president, savored the moment, reveling in a diplomatic victory that is certain to bolster Russia's geopolitical influence in the former Soviet Union in the face of what it sees as growing encroachment by NATO and the United States

## **Russian Fleet Concerns NATO's Black Sea Members-22 April 2010**

<http://www1.voanews.com/english/news/europe/Russian-Fleet-Concerns-Natos-Black-Sea-Members--91836204.html>

"I think that given Ukraine's history and geographic position, that balancing act is a hard one, but it makes sense to us," says Hillary Clinton, US Secretary of State U.S. Secretary of State

Hillary Clinton says Wednesday's agreement by Moscow and Kyiv to extend the Russian Black Sea Fleet lease in the port city of Sevastopol does not represent a Ukrainian drift toward Russia. VOA correspondent reports from the NATO foreign ministers meeting in Tallinn, Estonia. Asked about the Russian-Ukrainian Black Sea fleet agreement, Secretary of State Clinton said the decision by Ukrainian President Viktor Yanukovich should be seen as an attempt to balance his country's foreign policy, not a step away from the West toward Russia.

## **Economic Front**

### **Russia and Ukraine Sign Gas Agreement-04/23/2010**

<http://english.pravda.ru/news/world/23-04-2010/113157-deal-0>

Russia's \$40 billion gas-subsidy deal with Ukraine and a new 25-year lease for a Russian navy base may put paid to Ukraine's NATO ambitions and lay the country open to Russian companies, analysts said. Russia agreed to cut the gas prices it charges Ukraine by 30 percent, saving the former Soviet republic about \$40 billion over the next decade. At the same time, Ukraine extended Russia's lease on the Crimean port of Sevastopol, home to the Black Sea Fleet, until 2042, Bloomberg reports.

### **Ukraine Sees New \$12 Billion IMF Program-21 April-Wall Street Journal**

<http://online.wsj.com/article/SB10001424052748704448304575196121494426774.html>

KIEV — Ukraine hopes to secure a new \$12 billion lending program from the International Monetary Fund for the next 30 months, Deputy Prime Minister Serhiy Tihipko said Tuesday. "We will present a Ukrainian draft program for cooperation with the IMF over the next 2.5 years. It's a new program aimed at supporting economic growth," he said ahead of a trip to Washington, D.C. Thursday for talks on a new agreement with the fund. Mr. Tihipko added that he hopes a deal will be reached at the beginning of May, with the first tranche disbursed in June. The IMF had released around \$11 billion of a \$16.4 billion program to Ukraine before freezing lending in late 2009 after large spending increases were passed into law. The country badly needs to secure further lending to revive its economy after a 15% contraction last year

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

## **Estonia**

### **Social Front**

#### **Estonia leading the world in e-voting-Published on 19 April 2010**

James Oates, a former British Parliamentary candidate, reports from Estonia about the country's pioneering experience of e-voting, e-elections and e-government. In the last election I was one of the several thousand candidates standing for election to the British House of Commons, in my case in the Liberal Democrat interest in the Wycombe constituency. However, although we improved the vote for the party and had a lot of fun trying to persuade the voters, we did not win and I went back to my day job as a financial specialist in Central and Eastern Europe. For people involved in politics there is still a certain romance about 'the count': the much parodied announcement by the returning officer followed by the speeches by the candidates. There is even a certain shamefaced excitement about the physical process of going into the polling station and making the simple pencil marks upon which our democracy depends. Yet for a new generation, the process of voting is a mystery. The turnout of people casting their ballot has been falling for a long time. Far distant are the days when 70 or 80 per cent of voters would voluntarily turn up. At the last general election only 61.4 per cent of those registered to vote in the UK actually did so. Local and European elections typically show far lower levels of voter participation, and last year in Bootle only 12.6 per cent of the voters bothered to turn up for the European polls. Now, as we finally face the 2010 general election, politicians of all parties fear another low turnout could threaten the very legitimacy of democratic institutions in the UK. Perhaps, some argue, the time has come to update the way we hold our elections

## **Latvia**

### **Political Front**

#### **Right-wing Latvian government slashes a third from pay-22 April 2010**

<http://www.morningstaronline.co.uk/index.php/news/content/view/full/89486>

Latvia's right-wing government has slashed public-sector pay by an average of 31 per cent over the past two years in a bid to satisfy international financiers, according to an official report

published on Wednesday. The average salary for a ministerial worker plummeted from 1,136 lats (£1,392) in February 2008 to 786 lats (£963) in February 2008, according to the report. In some ministries - such as Regional Development and Agriculture - average salary cuts reached 46 per cent, while Foreign Ministry employees were hit with only a 17 per cent reduction. After years of economic growth Latvia was hit hard by the market meltdown, which compounded the collapse of a property bubble, and in late 2008 it appealed to the US-dominated International Monetary Fund and the European Union for emergency bail-out funds

#### **Azerbaijani MPs will visit Latvia-17.04.2010**

<http://en.trend.az/news/official/parliament/1671374.html>

Azerbaijan, Baku-The Azerbaijan-Latvia interparliamentary working group will pay a visit to Riga."The inter-parliamentary working group comprising MPs Aynur Guliyeva, Ilyas Ismaylov Dunyamin Khalilov and headed by Group Head, MP Gultekin Hajibeyli, will visit Latvia April 19," the parliamentary pres-service told Trend

#### **Economic Front**

#### **Sweden's Latvia Loan Accord in Weeks, Ministry Says (Update2)-April 19, 2010,**

<http://www.businessweek.com/news/2010-04-19/sweden-s-latvia-loan-accord-in-weeks-ministry-says-update1-.html>

April 19 (Bloomberg) -- Sweden may agree to lend Latvia 720 million euros (\$970 million) within weeks as part of its contribution to the Baltic nation's international bailout, according to a draft of the loan agreement. Latvia turned to a group including the European Commission, the International Monetary Fund and neighboring Nordic states for a 7.5 billion-euro loan at the end of 2008 after taking over its second biggest bank as the credit crisis deepened. The money helped preserve the lats' peg to the euro and curb loan losses at Sweden's Swedbank AB and SEB AB, the biggest banks in the Baltic region.

#### **Latvia May Sell Bond after Budget, Rimsevics Says (Update1)**

<http://www.bloomberg.com/apps/news?pid=20601085&sid=apO2Liii.R30>

April 19 (Bloomberg) -- Latvia, which was forced to take a 7.5 billion-euro (\$10.1 billion) bailout during the credit crisis, may sell bonds abroad at the end of the year for the first time since February 2008, central bank Governor Ilmars Rimsevics said. "Sooner or later, we are striving for replacing all the aid money with money borrowed in international markets," Rimsevics said in an interview in Madrid on April 17. "Latvia has plenty of money now, there is no need to borrow. The best time to tap the market would be after the acceptance of the budget for 2011, when the rest of the world sees Latvia is strong and continuing the fiscal consolidation and premiums will be even lower

## **Social Front**

### **Latvian gov't salaries down 31 pct-April 21, 2010**

[http://www.boston.com/news/world/europe/articles/2010/04/21/latvian\\_govt\\_salaries\\_down\\_31\\_pct/](http://www.boston.com/news/world/europe/articles/2010/04/21/latvian_govt_salaries_down_31_pct/)

RIGA, Latvia—Latvian government workers saw their salaries slashed by an average 31 percent over the past two years, according to a government report published Wednesday that reflects the staggering cuts the Baltic state was forced to make to curb public spending and satisfy international lenders. The average salary for a ministerial worker plummeted from 1,136 lats (\$2,225, euro1,620) in February 2008 to 786 lats (\$1,540, euro1,120) in February 2008, according to the report. In some ministries -- such as Regional Development and Agriculture -- average salary cuts reached 46 percent, while Foreign Ministry employees were hit with only a 17 percent reduction.

## **Lithuania**

### **Political Front**

#### **Senior Chinese political advisor meets former Lithuanian president-April 13, 2010**

Zhang Meiyang, vice chairwoman of the National Committee of the Chinese People's Political Consultative Conference, met with former Lithuanian President Rolandas Paksas here Tuesday. They exchanged views on deepening China-Lithuania relations and furthering friendly cooperation. Paksas paid the visit to China as guest of Chinese People's Institute of Foreign Affairs.

## **“Old hag” president cans Valinskas' ministerial hopes-2010-04-23**

<http://www.alfa.lt/katalogas/AlfaEnglish>

President Dalia Grybauskaite is an "old hag," parliamentarian Arunas Valinskas said Friday. Grybauskaite extinguished Valinskas' hopes of becoming the Minister of Culture today when she said that he has neither the abilities for the job nor the popular approval of the public. He responded by saying that she was an "insulted old hag" whose opinion shouldn't be taken verbatim. The tantrum continued with Valinskas saying that he wouldn't accept the word of the president and would wait for the formal rejection

### **Economic Front**

#### **Lithuania ready for austerity in euro effort-finmin**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7845774&subject=economic&action=article>

MADRID, April 17 (Reuters) - Lithuania is ready for budget cuts in the coming years to meet its goal of joining the euro zone in 2014, Finance Minister Ingrida Simonyte said on Saturday. "For 2011 and 2012 there will be a need for some additional (fiscal) consolidation. Otherwise, I don't know how we will get the deficit below 3 percent of GDP," she told Reuters on the sidelines of a meeting of European Union finance ministers. A country wishing to adopt the euro must have a deficit, if any, below 3 percent of gross domestic product, a level Lithuania wants to achieve in 2012. She said her Baltic country was emerging from the economic crisis, with its economy forecast to grow by some 1.6 percent this year after a 15 percent contraction in 2009.

#### **ECOFIN: Lithuanian Fin Min: 2014 Natural Date For Euro Entry-DOW JONES NEWSWIRES**

[http://www.advfn.com/news\\_ECOFIN-Lithuanian-Fin-Min-2014-Natural-Date-For-Euro-Entry\\_42422545.html](http://www.advfn.com/news_ECOFIN-Lithuanian-Fin-Min-2014-Natural-Date-For-Euro-Entry_42422545.html)

MADRID---(Dow Jones)- Lithuanian Finance Minister Ingrida Simonyte said Saturday that 2014 would be a "natural date" for her country to adopt the euro as the Baltic state is expected to cut its budget deficit to less than 3% of gross domestic product by 2012. Lithuania wants the euro

despite the problems faced by some euro-zone members, she told Dow Jones Newswires in an interview after a meeting of European Union finance officials. Greece's debt problems were due to fiscal policies, rather than euro membership, she added. The Lithuanian currency's peg to the euro meant the country had the negative impact of euro-zone membership without all the benefits, the finance minister said. "Once you are in the euro zone, you must keep an eye on your fiscal policies, so that you remain competitive, because you don't have this natural instrument of devaluation anymore," Simonyte said. Lithuania wants to slash its deficit to avoid rapid growth in its national debt, not just to qualify for euro membership, she added.

### **Lithuania 2009 deficit smaller than forecast**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7851792&subject=markets&action=article>

VILNIUS, April 21 (Reuters) - Lithuania's preliminary public sector deficit was 8.9 percent of gross domestic product (GDP) in 2009, less than an earlier government forecast of 9.5 percent, the statistics office said on Wednesday. The public sector deficit widened from 3.3 percent of GDP in 2008 as the country's economy contracted at a double digit rate last year, with government revenues tumbling. The government said it had managed to achieve fiscal consolidation of about 9 percent of GDP last year, but is still facing an 8 percent gap in 2010. The gap between public sector revenues and expenditures was 8.2 billion Lithuanian litas (\$3.19 billion) in 2009 and included a deficit of 5 billion litas from the central government budget, 0.2 billion from local government and 3 billion litas from social security funds. Lithuania has promised the European Union to cut its deficit to 3 percent of GDP by 2012 to be able to meet Maastricht criteria for euro adoption, seen at the earliest in 2014.

### **Russia**

#### **Political Front**

#### **Russia opposes Iranian nuclear conference statement-24.04.2010**

<http://en.trend.az/regions/iran/1675511.html>

Russia does not support a final document distributed at an international nuclear conference in Iran, which gathered top officials and experts from 56 countries, a Foreign Ministry spokesman

said Friday, Xinhua reported."We consider the final document drafted by the Iranian side following the Tehran conference on disarmament and nonproliferation as nothing more than a resume by its chairman reflecting exclusively his private opinion," the spokesman Andrei Nesterenko said, quoted by the RIA Novosti news agency."The document was not discussed by the event's participants and it was not submitted for approval by delegates," he said, without elaborating on the essence of the document. Russian Deputy Foreign Minister Sergei Ryabkov attended the conference on disarmament and nonproliferation, entitled Nuclear Energy for All, Nuclear Weapons for None, which was held in Tehran on April 17-18

### **Obama Eyeing Non-Nuclear Missile Defense-April 23, 2010-AP)**

[http://www.cbsnews.com/8301-503543\\_162-20003261-503543.html](http://www.cbsnews.com/8301-503543_162-20003261-503543.html)

The New Start treaty signed by U.S. President Barack Obama and Russian President Dmitri Medvedev two weeks ago, aimed at cutting each country's nuclear arsenal, contains a provision demanding the United States decommission one nuclear missile for every missile it deploys under a new program called Prompt Global Strike. These Minuteman missiles would be armed with 1,000-lb. conventional warheads, but would be designed to strike targets anywhere in the world within an hour of launch with incredible accuracy — ideal, perhaps, for striking a cave if intelligence hears that a certain terrorist is momentarily hiding there, or destroying a North Korean missile before it is fired. But the weapons' capabilities are enough to raise fears in other nations of a nuclear strike.

### **Peru plans helicopter purchase from Russia-April 23, 2010**

[http://www.upi.com/Business\\_News/Security-Industry/2010/04/23/Peru-plans-helicopter-purchase-from-Russia/UPI-37971272034848/](http://www.upi.com/Business_News/Security-Industry/2010/04/23/Peru-plans-helicopter-purchase-from-Russia/UPI-37971272034848/)

LIMA, April 23 (UPI) -- The Peruvian defense minister said Friday his country plans to buy attack and transport helicopters from Russian for deployment with counter-narcotics forces. Rafael Rey, defense minister for Peru, said there are plans to buy six Mi-17 transport helicopters and two Mi-35 attack helicopters, Russian state-run news agency RIA Novosti reports.

### **Russia and Georgia clash over uranium- guardian.co.uk, 23 April 2010**

President Saakashvili accused of lying after he says Russia made foiled attempt to smuggle uranium across border last month. Russian foreign ministry accused Mikheil Saakashvili, above, of 'making false statements', according to reports. A new row has erupted in the Caucasus after Georgia's president blamed Russia for a failed attempt last month to smuggle highly enriched uranium across the volatile border. Moscow today accused Mikheil Saakashvili of lying after he declared that such nuclear seizures have been "mostly from the direction of Russia".

#### **Sanctions on Iran inevitable -- Russian FM-4/23/2010**

<http://www.kuna.net.kw/NewsAgenciesPublicSite/ArticleDetails.aspx?id=2078027&Language=en>

MOSCOW, April 23 (KUNA) -- Sanctions against Iran have become unavoidable, Russian Deputy Foreign Minister Sergey Ryabkov said here Friday. "Iran's unwillingness to comply with the international community and to carry out the resolutions of the United Nations Security Council (UNSC) and those made by International Atomic Energy Agency (IAEA) Board of Governors make imposing these sanctions an inevitable option," Ryabkov said in an interview today with Echo of Moscow Radio Station. He also remarked that many countries reechoes Russia on the futility of international sanctions against Iran, saying that such curbs lead to hardening the stances of the concerned country and uniting its society in the face of them. It is necessary for such sanctions to be selective and do not include the Iranian energy sector, Ryabkov said, warning that doing harm to this sector means inflicting punishment on the people as a whole. Russian Foreign Minister Sergey Lavrov had said yesterday that UNSC will not put up with Iran for too long if it maintains its intransigent stance. Lavrov, who was talking in a press briefing, stressed the necessity of implementing the UNSC relevant resolutions and agreements reached within the framework of the P5+1 Group.

#### **High-level Russian delegation to discuss WTO accession-23.04.2010**

<http://www.itar-tass.com/eng/level2.html?NewsID=15055829&PageNum=0>

NEW YORK, April 23 (Itar-Tass) -- A high-level Russian delegation headed by First Deputy Prime Minister Igor Shuvalov and comprising Finance Minister Alexei Kudrin and Economic Development Minister Elvira Nabiullina will negotiate Russian accession to the World Trade

Organization (WTO) with U.S. counterparts next Tuesday, an official in the delegation told Tass on Thursday. The U.S. delegation will comprise “key economic figures in the administration” – Director of the National Economic Council Larry Summers, United States Trade Representative Ron Kirk, and senior White House adviser on Russia Michael McFaul.

### **Russia: Formalizing Energy Leverage-April 21, 2010-JIM WATSON/AFP/Getty Images**

Russia will give preferential treatment to its partners, Russian President Dmitri Medvedev said April 21. In an example of the benefits of partnership with Moscow, Russia cut the price it charges Ukraine for natural gas by nearly 30 percent. In doing so, Moscow is signaling its displeasure to Belarus. It is also signaling the Europeans that cooperation has its benefits — something that could have serious repercussions in an already-fraying Europe.

### **Analysis**

Russian President Dmitri Medvedev said April 21 that Russia will give “preferential treatment” to countries that are partners of Russia in practice, not just in rhetoric. Medvedev cited Ukraine, which just reached a natural gas agreement with Russia, as an example of a country that deserves such treatment. Medvedev said the agreements reached by Moscow and Kiev are “a genuine step” in the Russo-Ukrainian partnership. “If we are talking about other countries,” he added, “we need to look and see to what extent their actions are in proportion with the results which are obtained.” In an April 21 meeting with Ukrainian President Viktor Yanukovich, Russia rewarded the pro-Russian leader by slashing the price it charges Ukraine for natural gas by nearly 30 percent. Perhaps not coincidentally, Ukraine extended Russia’s lease on a naval base in Sevastopol by 25 years during the same meeting. With this move Moscow is broadcasting that political loyalty to Russia will yield very real economic benefits. Moscow used the strategy of rewarding countries politically favorable to it with economic and energy concessions extensively until the Orange Revolution. Russia has now returned to this de facto strategy, which it appears to be adopting as a formal public policy. When Medvedev spoke of “other countries,” he likely had Belarus in mind. On April 20, Belarusian President Aleksandr Lukashenko expressed frustration with Russia in his State of the Nation speech, saying that Russia was “strangling” Belarus economically, to the point of threatening the smaller country’s survival. While Belarus and Russia are actually quite close politically, Lukashenko has been known for his rhetorical

flares against Russia and flirtations with the European Union. Moscow's response is not meant solely for Belarus, however; Russia already enjoys an economic stranglehold on Belarus via the three-party customs union, which also includes the former Soviet republic of Kazakhstan. The European Union, which gets about a quarter of its energy supplies from Russia, is the other intended recipient of this message. Europe's energy dependence was exposed by the natural gas cutoffs of January 2009, which sent the Europeans reeling in the middle of winter. Though it had a dramatic effect on Europe, Moscow's primary target for the cutoff was Ukraine, which at the time was pro-Western under former President Viktor Yushchenko. Now, with Yanukovich at the helm and Ukraine re-oriented toward Russia, natural gas supplies will keep flowing — and at a much cheaper cost. In the past Russia has used Europe's energy dependence to extract political concessions. Up until now the Europeans have managed the prices it pays Russia for energy supplies as a bloc. This has mitigated Russia's use of energy as a political tool. Moscow wants to break this unity and has decided to use Ukraine to emphasize the benefits of cooperation rather than focusing on the price of resistance. This could cause many European countries to rethink their position. This is particularly the case for the European heavyweights such as Germany and Italy, which have enjoyed warming relations with Russia lately in the fields of energy and economic cooperation. The impact on Europe, should these countries successfully renegotiate their prices at a lower rate, could be quite significant; charging — or simply discussing the possibility of charging — Germany or Italy less than Poland or Romania could see some very real fractures in an already-divided Europe. Of course, to get that lower rate, these countries would need to follow the Ukrainian — not the Belarusian — example

## **Economic Front**

### **Russia to Consume More Saudi Oil -23 April 2010-Bloomberg**

<http://www.themoscowtimes.com/business/article/russia-to-consume-more-saudi-oil/404581.html>

PARIS — Ibrahim al-Muhanna, an adviser to Saudi Arabia's Petroleum Ministry, said India, Russia and Brazil would become "major" oil consumers over this decade and that the share of Saudi crude shipped to Europe will decrease. "Within 10 years, if the trend of current economic growth continues, there are likely to be three additional major consumption centers: India, Russia

and Brazil,” al-Muhanna said. “International oil demand will become more highly diversified.” Oil futures have rebounded 70 percent over the past year on confidence that the economic recovery will boost demand. On April 13, the International Energy Agency raised its 2010 global oil consumption forecast by 30,000 barrels a day to 86.6 million a day, citing demand in North America and the Asia-Pacific region. The Organization of Petroleum Exporting Countries said April 14 that Brazil and Russia would continue to drive growth

### **Russia places first bond issue in 12 years-Apr 23, 2010,**

[http://www.monstersandcritics.com/news/business/news/article\\_1550460.php/Russia-places-first-bond-issue-in-12-years](http://www.monstersandcritics.com/news/business/news/article_1550460.php/Russia-places-first-bond-issue-in-12-years)

Moscow - The Russian government has placed two bonds worth 5.5 billion dollars on the international market for the first time since Moscow defaulted on domestic debts in 1998, the business daily Vedemosti reported Friday. It said the two-part Eurobond issue placed in New York included one worth 2 billion dollars with a five-year maturity and a yield of 3.74 per cent.

### **Russian GDP increases in three consecutive quarters -April 22, 2010**

<http://english.people.com.cn/90001/90778/90858/90865/6959188.html>

Russia's economic development minister said Wednesday that the country's economy grew 0.6 percent in the first quarter this year, which means the recovery has lasted for three consecutive quarters. Elvira Nabiullina said the gross domestic product (GDP) of Russia increased by 4.9 percent in March year-on-year, which was also a 0.2 percent growth over February. The quarterly GDP growth of the third and fourth quarter of last year were 1.7 percent and 2 percent

### **Social Front**

### **Russia Takes 'Anti-Socialist' Approach to Health Care-23 April 2010**

<http://www.themoscowtimes.com/news/article/russia-takes-anti-socialist-approach-to-health-care/404551.html>

While Washington plans to pump unprecedented sums into what critics call a government takeover of health care, Moscow is moving in the opposite direction by backing legislation that

could force hospitals and other public institutions to go commercial or close. A bill scheduled to be approved by the State Duma in a third and final reading Friday aims to overhaul the financing for medical, educational, cultural and scientific institutions by giving them for the first time a free hand in how they spend state subsidies. But opponents warn that the "anti-socialist" reform also could lead to a drop in state subsidies, forcing hospitals, schools and even libraries to increase their numbers of paid services or reduce work hours so as to make ends meet. They say this free-market approach could ultimately hurt the population, especially in poor rural areas. The current system of funding public institutions is based on cost sheets — detailed lists of planned expenses that the institutions submit to the authorities each year. The funding rules, which are rigid and have been unchanged for years, earmark similar funding for similar institutions regardless of the quality of their work. Leftover funds are confiscated at the end of the year — a practice that leads to wasteful spending.

#### **Russia to give humanitarian aid to quake-stricken China-23.04.2010**

<http://www.itar-tass.com/eng/level2.html?NewsID=15059101&PageNum=0>

MOSCOW, April 23 (Itar-Tass) -- Russia will give humanitarian aid to quake-stricken China, a source at the Emergency Situations Ministry said on Friday. "By the Russian president's order, the ministry will deliver tents, blankets, diesel generators and food to China, in all, about 40 tonnes of cargo," the ministry said. The flight is scheduled for Saturday. "An Ilyushin Il-76 cargo plane of the ministry will bring the aid to the Qinghai province, which sustained the heaviest damage in the recent quake," the ministry said. Another plane bring more of humanitarian aid to China in the near future

#### **US lawmakers appeal to Russian president to keep adoption channel open-Associated Press Writer-April 22, 2010**

<http://www.courant.com/news/politics/sns-ap-us-us-russia-adoptions,0,7429072.story>

WASHINGTON (AP) — A group of U.S. lawmakers is calling on Russian President Dmitry Medvedev not to suspend adoptions between Russia and the United States. The group, led by Sen. Kirsten Gillibrand, D-N.Y, wants Medvedev to intervene with Russian authorities to ensure that adoptions of Russian children by American families, especially those already being

processed, not be halted. Russian authorities have said all adoptions to the U.S. are on hold pending a new agreement on the matter that could take months. In a letter to be sent on Friday to Medvedev and Secretary of State Hillary Rodham Clinton, Gillibrand, four other senators and 12 House members say they understand the concerns that led Russia to impose the freeze. Moscow acted following an incident this month in which an American woman put her adopted Russian son, 8-year-old Artyom Savelyev, on a plane alone to Moscow. She said she "no longer wishes to parent" the boy. A U.S. delegation is to travel to Moscow next week to discuss a new adoption agreement. The lawmakers appealed to Medvedev, urging him to ensure that "adoptions between our two countries — particularly those already in process — will continue." They said they "stand ready to support such improvements as are needed to serve the best interests of the children and their new families." Russia has not formally informed Washington of the suspension in adoptions, according to U.S. officials. But officials say at least some adoptions to the U.S. have been frozen as a result of the incident. More than 1,800 children from Russia were adopted in the United States last year, according to the Russian Education and Science Ministry