

Report No- 118

PROJECT ON BUSINESS AND POLITICS IN THE MUSLIM WORLD

Central and Eastern Europe including Russia and Baltic States

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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

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Czech Republic

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- 'Israel should follow Czech example of two-state solution'
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- Czech Government Resolved To Cut Budget Gap To 3%/GDP By 2013
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- Czechs are scheduled to hold parliamentary elections May 28-29.
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Slovakia

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Eastern Europe (Belarus & Ukraine)

Belarus

- Belarus leader says will not extradite Bakiyev

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Ukraine

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- Relations with Moscow and the West
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Baltic States (Estonia, Latvia & Lithuania)

Estonia

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- Estonia to meet euro criteria in 2010, 2011 -EU
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- Estonia prices leap in April to 14-mth high yr/yr
<http://www.iii.co.uk/news/?type=afxnews&articleid=7880616&subject=economic&action=article>
- Employment: EU takes four countries to court over working conditions for rail workers
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Latvia

- Latvia PM sees 2011 budget cuts less than expected
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- Past EU/IMF bailouts show risks, pluses for Greece-May 5, 2010
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Lithuania

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- Russian bank balances rise to 617.2 bln rbls
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- Unemployment rate drops in Russia-Moscow, May 5, 2010
http://businesstoday.intoday.in/index.php?option=com_content&task=view&issueid=60&id=14925&Itemid=1§ionid=4
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Report Summary

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

Poland

Political front

Russian President Dmitry Medvedev on Saturday handed over score of volumes from an investigation into the Katyn massacre to his Polish counterpart as a move to repair long-troubled relations with Warsaw. The World War II massacre of some 20,000 Polish officers and other prominent citizens by Soviet secret police has been an issue that soured relations between the countries for decades. After decades of blaming, the Soviet Union in 1990 acknowledged responsibility but officially refused to refer to it as a genocide attempt. Russia's president, Dmitry Medvedev has said that the 1940 Katyn massacre was a dark period in Russian history and is an issue that has not been dealt with honestly by the Kremlin, until now.

Immigrant including Poles and others from central and Eastern Europe in the UK became a key issue in the election campaign in the British elections. The issue of Poles and others in Britain has been raised by voters and candidates alike. The far-right British National Party, which claims that Britain should remain fundamentally British, is not the only political grouping which openly expresses its dislike for foreigners. Recently, almost all British leaders raised the Polish issue during their televised debate. Although Polish migration cannot be cut due to EU law, the Conservative leader David Cameron also wants to cut migration to UK by introducing immigration limits,

Jaroslaw Kaczynski, the twin brother of Poland's late president told reporters in first political speech since his brother's death that he has gathered some 1,650,000 signatures of support for his campaign in the presidential elections.

Czech Republic

Ghana 's Parliamentary delegation currently on a four-day goodwill visit to the Czech Republic. The Czech Government has expressed its willingness to support Ghana to explore her oil and gas potentials and is prepared to provide the needed expertise to increase Ghana's power generation capacity.

The Czech Republic will hold a general election on May 28-29 that looks likely to bring back the centre-left Social Democrats to power. The election could break a deadlock that has crippled policymaking in the central European country since an election produced a hung parliament in 2006. But polls show that no strong government is likely to emerge, owing to the fine balance between left and right-leaning voters, and a minority government is a possibility.

Interestingly the Czechs have not had a government with a clear majority for more than a decade, leading to weak governments and created a policy deadlocks. The Social Democrats hold a 7-9 percentage point lead over their centre-right Civic Democrats. If they fail to find partners in the political centre, they could form a minority government backed by votes of the far-left Communists, a party which is deemed unacceptable by most in the political spectrum and which

has not had any share in power since the end of its totalitarian rule in 1989. A close result could lead to a grand coalition of the two biggest parties, **the Civic Democrats** and **the Social Democrats**, which analysts say could hamper decisive reforms because of their very different agendas.

The Social Democrats have pledged to hike taxes on higher wage earners to cut the budget gap to 3 percent in 2013 in order to enter the euro zone in 2015. The Civic Democrats on other hand have promised to cut the budget deficit to 3 percent by 2012 by spending cuts without raising taxes.

The European Parliament has adopted a resolution called on Canada to ensure visa-free travel for all EU citizens. Canada is still imposing visa requirements on citizens of the Romania and Bulgaria and even Czech Republic with which Canada had a visa-free travel agreement since 2007. Previously in 2007, Canada lifted visa requirements for Czech citizens, but hundreds of thousand requests for seeking asylum have been filed by Czech citizens, mostly of Roma origin. Therefore, Canada reinstated visa requirements for Czech visitors in July 2009.

President Shimon Peres told Czech Foreign Minister Jan Kohut who is on Israel's tour to celebrate the 20th anniversary of the re-establishment of diplomatic relations between Czechoslovakia and Israel that in adopting the two-state solution to the Israeli-Palestinian conflict, Israel should follow the example set by the Czech Republic, referring to the amicable division of the former Czechoslovakia.

Slovakia

The Prime Minister of Eurozone member Slovakia has insisted that it will vote on financial aid for debt-laden Greece only after its June election if Athens must do its homework on spending cuts before receiving any Slovak cash. Left-wing Prime Minister Robert Fico is seeking re-election on 12 June and aid for Greece has become a campaign issue because the opposition rejects the package.

Hungary

Viktor Orbán, Hungary's new prime minister has announced the composition of cabinet. He reduced his National Ministries to eight, mostly amongst those who served as Ministers when he was last prime minister, from 1998 to 2002

Belarus

Belarussian President Alexander Lukashenko said Tuesday he would not hand over Kyrgyzstan's ousted President Kurmanbek Bakiyev to face charges of violence in Kyrgyzstan. Bakiyev fled to Belarus and Kyrgyzstan's interim government has asked for his extradition. He criticized both Moscow and the West for supporting Kyrgyzstan new government.

Ukraine

Russian Prime Minister Vladimir Putin signed a decree that resets the export duty on Russian natural gas for Ukraine to zero for volumes of 1.1 trillion cubic feet in 2010.

Prime Minister Vladimir Putin has proposed merging Gazprom with Ukraine's much smaller National Energy Company, Naftogaz Ukrainy. The proposal came after the new Ukrainian President Viktor Yanukovich's agreement last month to extend the lease of a Russian naval base in exchange for cheaper gas imports. The merger would give Russia a say in running Ukraine's pipelines which are essential for gas transit to Europe.

Estonia

Jordanian Minister of Energy and Mineral Resources Khaled Irani said in the presence of Estonian president that the Jordanian government was going to approve a milestone trade agreement with an Estonian firm in a bid to tap the Kingdom's vast oil shale reserves in the southern region. The Estonian company is estimated to produce 36,000 barrels of oil a day.

Russia

According to a report published by the Gulf News, despite many potential co-operative opportunities and common interests shared by both GCC countries and Russia, the economic and strategic interests of Western countries have prevented the development of cooperative relations between the Gulf countries and Russia. If on one hand there is Russia, the world's largest oil producer in the past months (surpassing Saudi Arabia), one of the largest producers of electricity through nuclear reactors and one of three largest natural gas producers and then on the other hand, than there are GCC countries that produce 20 per cent of the world's oil, and are gradually transforming into a global market for gas and renewable energy (solar energy). They are major global producer of petrochemicals, aluminum and oil products. Therefore, Russia's population of 140 million and GCC can utilize the advantages available of each another.

China and Russia are among those Countries who scheduled to address the Nuclear Non-Proliferation Treaty conference at the United Nations Tuesday. The United States has been engaged in negotiations with these countries on a plan to possibly impose another round of UN sanctions on Iran. Russian Deputy Foreign Minister is optimistic" about talks between Russia and five other world powers about U.N. sanctions against Iran.

Somali pirates armed with automatic weapons launched an attack on the Liberian-flagged ship, with 23 Russian crew onboard Wednesday, which is named the Moscow University. The ship is carrying 86,000 tons of crude oil. Later on Russian Defense Ministry says a warship has freed tanker from pirates off Somalia

Economic front

Poland

The Polish finance ministry on Wednesday asked the central bank (NBP) to back its request to prolong a credit line of more than 20 billion dollars granted to Poland by the IMF last year. US \$-20.58-billion (EUR-16-billion) credit line for Poland was approved in May 2009 and extended for six months in November 2009.

Czech Republic

Czechs are scheduled to hold parliamentary elections May 28-29. Voters' opinion polls suggest that no single party will gain a parliamentary majority in the election, and this could lead to protracted talks on the formation of a coalition cabinet. This would then likely force the current caretaker cabinet to stay on through late summer and likely to present 2011 budget draft in September.

Slovakia

The Ministry of Defense of the Slovak Republic (MoSR) unveiled its first Iveco M65E 4x4 Light Multirole Vehicle (LMV) at the International Defence Exhibition Bratislava (IDEB) on 5 May. The vehicle is the first of ten LMVs that were delivered to the MoSR last week following an 'integration' program bringing the systems up to date with current Slovakian standard operating procedures.

Hungary

Hungary's incoming government says the budget deficit this year could come in at 7-8 percent of GDP, based on its current estimate, but it will seek to get it down to 5-6 percent, economy. Hungary targets a deficit of 3.8 percent of GDP this year under a key financing deal with the IMF and the EU. Meanwhile according to Hungary's next Economy Minister, the country by the end of next year should be able to set a target date for adopting the euro currency.

Belarus

The new leadership of President Viktor Yanukovich improved prospects for economic reform and set course for a new IMF bail-out program. An IMF mission is to visit Kiev again from May 17 and the government hopes a deal for a \$19 billion package can be tied up in June.

Estonia

European Commission forecasts showed on Wednesday that Estonia looks set to meet on a sustainable basis the criteria it needs to adopt the euro, with inflation and deficits staying within EU limits in 2010 and 2011. Estonia says it already met the criteria for 2009, the year on which its 2011 entry bid will be judged. But to convince European authorities of its fitness to adopt the single currency it will have to show those goals.

Latvia

Latvia, which has implemented tough budget cuts to qualify for loans from an international bailout, will need to tighten its belt less than expected in 2011, the Baltic state's prime minister said on Wednesday. Under a 7.5 billion euro (\$10.2 billion) deal with the International Monetary Fund (IMF) and the European Union agreed in 2008, Latvia had to cut its public sector budget deficit by 500 million lats in both 2009 and 2010.

Lithuania

The Lithuanian government has approved an amendment to the country's electricity law to implement the EU's third energy package of legislative reforms, which provides a new framework for competition in the energy sector, Lithuania's energy ministry said. The

government also approved a plan for the reorganization of Lithuania's power companies, which stipulates that the activities of electricity transmission, generation, distribution and maintenance must be unbundled into four separate companies. The state will retain control of all units.

Lithuania's central bank on Thursday kept unchanged its 2010 forecast for gross domestic product (GDP) at 0.5 percent growth, but saw downside risks. It also reduced its 2011 outlook to growth of 3.1 percent from 3.4 percent.

Russia

President Barack Obama in an interview with Russian television broadcast on Saturday, referring to US \$, said if the United States has a strong economy it will have a strong dollar. Obama's remarks were unusual as he normally leaves it to Treasury Secretary Timothy Geithner to take the lead role in commenting on the US currency. The statement came at the time when some foreign investors, including China, have been showing their concerns about dollar weakness late last year and even they are calling for discussion of the possibility of creating a new international reserve currency.

According to sources in the Ministry of Health and Social Development, the official unemployment rate in Russia has decreased by 1.36 per cent in the past week. The total number of the officially registered unemployed makes up 2.166 million while a week ago it was 2.195 million.

Social front

Poland

The European Commission today referred Poland to the EU Court of Justice for incorrectly implementing EU rules prohibiting discrimination based on race or ethnic origin. The move comes after Poland failed to adequately transpose the legislation agreed at EU level in its national law.

Czech Republic

Czech customs officers have arrested a Polish man in possession of 15 kilograms of pure methcathinone, an illegal stimulant also known as ephedrone which is commonly abused in Russia and Ukraine, officials and experts said Wednesday. It was the first-ever seizure of the addictive recreational drug in the Czech Republic.

Slovakia

The far-right Slovak National Party (SNS) has outraged Roma with election posters suggesting they abuse the welfare state, straining ethnic relations in the run-up to a general election. Posters for the SNS show a dark-skinned man with tattoos and a golden necklace, accompanied by the slogan "Do not feed those who do not want to work."

Belarus

Belarusian sexual minorities have asked President Alexander Lukashenko to allow a Slavonic gay parade to be held in Minsk on May 15, but permission has not yet been obtained from the city authorities. According to organizers the parade will be held regardless of whether it has permission or not.

Ukraine

According to the report of a joint United Nations-European Union mission of experts, the Mining in the Kalush area of Ukraine has left the ground unstable and flat to subsidence, endangering the security dams at risk of bursting as a result of snowmelt and spring floods. Ground and surface water has become highly contaminated.

Ukraine's manufacturer Antonov has unveiled its new An-158 regional twin-jet, a stretched variant of the baseline An-148. The jet complies with all modern standards and is one of the best in its class. The presentation of the 99-seat passenger was intentionally planned before the visit of the Russian President to Ukraine.

Estonia

The European Commission has today referred four Member States to the EU's Court of Justice for failing to communicate their national measures for transposing legislation on working conditions in the international rail sector. The countries concerned are Estonia, Italy, Luxembourg and Portugal. The move follows a final warning sent to all four countries in June 2009. The EU rules aims to ensure satisfactory conditions for those working in cross-border rail services.

Russia

A Russian businessman has had £6.5 million seized in the biggest recovery of its kind under proceeds of crime legislation. The money was recovered from Moscow-based Anatoly Kazachkov after a suspicious multi-million dollar bank transfer from an account in Hungary to a Scottish bank in 2004, prosecutors said. The seized money will be invested in community projects across Scotland

Detailed Report

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

Poland

Political front

Polish immigration an election issue in UK-06.05.2010

http://www.thenews.pl/international/artykul130979_polish-immigration-an-election-issue-in-uk.html

The Brits go to the polls today after a general election campaign where immigration became a key issue, including the amount of Poles and others from central and Eastern Europe in the UK. All the major candidates - from the Conservative, Labor and Liberal Democrat parties - emphasized they were going to get tough with the amount of foreigners coming to the country. Since Poland and other post-communist countries came in their thousands to Great Britain after accession to the EU in 2004, an unprecedented number of central and eastern Europeans now live there, putting a strain on services and unemployment queues. Though EU migration is not strictly in the control of a British government, the issue of Poles and others in Britain has been raised by voters and candidates alike. "The British public health system is underfinanced, similarly to the Polish one. There are hundreds of people waiting at A and E departments, and, according to some Brits, immigrants are to blame," says Marek Rybarczyk from Newsweek Polska. "After a huge wave of immigration to Britain which started after Poland's accession to the EU in 2004, for many Brits Poles have become synonymous with Eastern European immigrants," says Artur Kozak from mojawyspa.co.uk, a web site for Polish immigrants in Great Britain. The far-right British National Party, which claims that Britain should remain fundamentally British, is not the only political grouping which openly expresses its dislike for foreigners. Recently, British party leaders raised the Polish issue during their third televised debate. "When Poland entered the EU we were told that 13,000 Poles would come to work in Britain. Instead, there are almost a million," said the Conservative leader David Cameron, who wants to cut migration to UK by introducing immigration limits, although Polish migration cannot be cut due to EU law.

Poland needs scientists, says government-06.05.2010

http://www.thenews.pl/business/artykul131032_poland-needs-scientists--says-government.html

Poland's government is to launch especially sponsored degree courses in an attempt to boost numbers of students taking up science-based subjects. As school leaving exams continue in Poland, the Ministry of Science and Higher Education has announced a list of universities which will offer education at government sponsored faculties. The ministry has divided 200 million zlotys (about 50 million euro) between 27 state-run and private schools. It will sponsor education at 17 faculties, including automation and robotics, bioengineering, construction and environment engineering, computer science, mechatronics, mathematics and physics. The ministry chose these specializations on the basis of signals from employers, job centers and statistical office forecasts, which say that in five years from now Poland will be hit by an acute shortage of engineering and sciences university graduates, estimated at 75,000.

Kaczynski gathers 1.65 million signatures for presidential race-May 6, 2010

http://www.monstersandcritics.com/news/europe/news/article_1553697.php/Kaczynski-gathers-1-65-million-signatures-for-presidential-race

Warsaw - Jaroslaw Kaczynski, the twin brother of Poland's late president, gathered some 1,650,000 signatures of support for his campaign in the presidential elections, his commission said Thursday. 'I wanted to cordially thank everyone who gathered signatures, and everyone who signed, and everyone who showed support and kindness,' Kaczynski told reporters in what was his first political speech since his brother's death in a plane crash in Russia.

Economic front

Poland requests IMF to prolong flexible credit line-5 May 2010-FOCUS News Agency

<http://www.focus-fen.net/?id=n218810>

Warsaw. The Polish finance ministry on Wednesday asked the central bank (NBP) to back its request to prolong a credit line of more than 20 billion dollars granted to Poland by the IMF last year, AFP reported. "The minister of finance has asked president Piotr Wiesiolek (interim NBP head) to support the government's request addressed to the International Monetary Fund for a further extension of the flexible credit line," a Polish finance ministry statement said. The USD-20.58-billion (EUR-16-billion) credit line for Poland was approved in May 2009 and extended for six months in November 2009. It was intended to reassure investors and allow Poland to access credit easily if necessary, which ultimately it did not.

Social front

Poland Taken To Court of Justices for Failure to Enact Anti Racial Discrimination Law beyond Employment Areas-6 May, 2010

<http://www.egovmonitor.com/node/36215>

The European Commission today referred Poland to the EU Court of Justice for incorrectly implementing EU rules prohibiting discrimination based on race or ethnic origin (Race Equality Directive 2000/43/EC, see also MEMO/07/257). The move comes after Poland failed to adequately transpose the legislation agreed at EU level in its national law. In referring Poland to the Court, the Commission pointed out that:

* Poland has not transposed the Directive outside the field of employment. There are no specific provisions in Polish legislation that would prohibit discrimination on grounds of race or ethnic origin with regard to social protection and social advantages, access to goods and services, including housing, membership in trade unions, employers' bodies and professional organisations and access to education.

* Similarly, the Polish provisions on protection against victimisation cover only the field of employment and not the other areas within the Directive's scope

Polish man seized in Czech Republic with 15 kilos of drugs -May 5, 2010,

http://www.monstersandcritics.com/news/europe/news/article_1553505.php/Polish-man-seized-in-Czech-Republic-with-15-kilos-of-drugs

Prague - Czech customs officers have arrested a Polish man in possession of 15 kilogrammes of pure methcathinone, an illegal stimulant also known as ephedrone which is commonly abused in Russia and Ukraine, officials and experts said Wednesday. It was the first-ever seizure of the addictive recreational drug in the Czech Republic, said Jiri Bartak, a spokesman for the country's customs administration.

Poland president names new chief of staff-AFP/Warsaw

http://www.gulf-times.com/site/topics/article.asp?cu-no=2&item_no=359639&version=1&templateid=39&parent_id=21

Poland's acting president Bronislaw Komorowski said yesterday he would name General Mieczyslaw Cieniuch as the military chief of staff, replacing General Franciszek Gagor killed in an April air crash. "The nomination will be presented on Friday and I intend to name General Mieczyslaw Cieniuch as chief of the general staff, whom I know well from the time I served as defence minister," Komorowski told reporters yesterday.

Czech Republic

Political front

Czech Government to support Ghana's Oil Find

<http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=181150>

April 30, GNA - The Czech Government has expressed its willingness to support Ghana to explore to the full, her oil and gas potentials. In addition, it is prepared to provide the needed expertise to increase Ghana's power generation capacity. These sentiments were made known by Deputy Foreign Minister, Mr Hynek Kmonicek on behalf of Czech Government at a meeting with members of Ghana's Parliamentary delegation currently on a four-day goodwill visit to the Czech Republic. Mr Kmonicek called on Ghana's Parliament to be actively involved in the drive towards attracting potential investors to Ghana, especially with double taxation, investment protection and ratification of treaties. The Speaker of Parliament, Mrs Joyce Bamford-Addo, leading the delegation, called for closer co-operation between Ghana and Czech Republic to further strengthen the existing relations for their mutual benefits. She observed that such visits were important in promoting peace and understanding across the globe.

FACTBOX-Key political risks to watch in Czech election-Tue May 4, 2010

<http://uk.reuters.com/article/idUKLDE63Q1CZ20100504?rpc=401&feedType=RSS&feedName=euRegulatoryNes&rpc=401>

PRAGUE, May 4 (Reuters) - The Czech Republic will hold a general election on May 28-29 that looks likely to bring the centre-left Social Democrats to power after a four-year hiatus, handing them the task of slashing a crisis-inflated budget gap. The election could break a deadlock that has crippled policymaking in the central European country since an election produced a hung parliament in 2006. But polls show that no strong government is likely to emerge, owing to the fine balance between left and right-leaning voters, and a minority government is a possibility.

Key issues to look for:

Vote Results and Coalitions

The Czechs have not had a government with a clear majority for more than a decade and vote results tend to be close, leading to weak governments and frequent policy deadlocks. The Social Democrats hold a 7-9 percentage point lead over their main rivals, the centre-right Civic Democrats, but will almost certainly need coalition partners to control a majority of parliament's

200 seats. If they fail to find partners in the political centre, they could form a minority government backed by votes of the far-left Communists, a party which is deemed unacceptable by most in the political spectrum and which has not had any share in power since the end of its totalitarian rule in 1989. A close result could lead to a grand coalition of the two biggest parties, the Civic Democrats and the Social Democrats, which analysts say could hamper decisive reforms because of their very different agendas. The success of new small parties, derived from voter dissatisfaction with a series of graft scandals in the main parties, could alter the picture, possibly opening the way for a centre-right coalition. Some of the small parties have been gaining strength in recent polls.

-- A close result could unnerve markets and lead to lengthy coalition-building, possibly a grand coalition.

-- If the Social Democrats and the Communists between them win more than half of the seats, a minority Social Democrat cabinet backed by the Communists is possible. This would be the least market-friendly scenario for fears of loose fiscal policy and higher taxes.

-- If the two combined win less than half of the votes, a centre-right coalition of the Civic Democrats and the small parties is possible. This would likely lead to pro-business policies and fewer tax hikes but questions would remain about the ability to cut the budget gap.

-- The Social Democrats could also form a coalition with the smaller parties of the centre or centre-right. But some of those parties have been icy toward them.

-- If small parties pass the 5 percent threshold for winning seats in parliament, this will be an important factor in coalition-building.

Election Campaign and policy statement regarding fiscal policies Energy Policy and Regulation

The Social Democrats have pledged to hike taxes on firms and higher wage earners to cut the budget gap to 3 percent in 2013 from 5.9 percent last year and enter the euro zone in 2015 but promise a generous welfare agenda. Analysts say taxes will not be enough to help balance a budget that faces pressures from the financial crisis -- the economy shrank by 4.1 percent in 2009 -- and more importantly is weighed down by long-neglected structural problems which pose a medium-term threat to the country's 'A' rating from S&P.

The IMF and OECD have warned Prague it must reform pension, health and welfare, and changes should focus on spending rather than tax.

The Civic Democrats have said they would not raise taxes and have promised to cut the budget deficit to 3 percent by 2012 via spending cuts. They pledged to balance the budget by 2017.

Fiscal tightening is key to taming the growing debt pile, which is expected to reach 39 percent of GDP this year, up from 29 percent just two years ago but still half of the EU average.

Probable emerging picture to be seen

- Social Democrats may scale back welfare plans to help the budget but the entry target may still slip. The strong crown currency has in the past weathered postponements of euro entry targets, but lack of fiscal consolidation could spook investors.
- Coalition partners may limit the left's tax hike plans.
- The 2011 budget, which will define the speed of fiscal consolidation.
- Pensions. The left rejects the need to reform the system which analysts and international institutions say is headed for ever greater deficits.

Energy Policy and Regulation

The Social Democrats have lashed out at utilities, promising to bring down power prices through tougher regulation. They have also said they would tighten regulation of telecoms and push for lower bank fees. Power firm CEZ (CEZPsp.PR), central Europe's biggest company with market capitalization of \$26 billion, is almost 70 percent state-owned and a significant source of government revenue. The Social Democrats have said they would raise dividend payments to fund a one-off bonus to pensioners. CEZ is also running the biggest tender in the country's history to order up to five nuclear power station units. The government will play a crucial role in the deal, estimated by Czech media as worth 500 billion crowns (\$26.16 billion) and may influence which of three bidders -- AREVA SA, Westinghouse Electric, a unit of Toshiba Corp (6502.T), and Russia's Atom story export -- wins the project.

MEPs ask Canada to lift visa requirements for all EU citizens-06 May 2010

<http://www.euractiv.com/en/enlargement/meps-ask-canada-lift-visa-requirements-all-eu-citizens-news-493836>

The European Parliament called on Canada to ensure visa-free travel for all EU citizens in a wide-ranging resolution adopted yesterday (5 May) by a show of hands. EurActiv Czech Republic contributed to this article. The resolution, adopted on the occasion of yesterday's EU-Canada summit in Brussels, saw MEPs restate their concern that Canada is still imposing visa requirements on citizens of the Czech Republic, Romania and Bulgaria."The European Parliament calls for that requirement to be lifted as speedily as possible," the text reads. Regarding the special case of Czech Republic, with which Canada had a visa-free regime between 2007 and 2009, MEPs called on member states "to adequately address the situation of the Roma people in Europe". Canada reinstated visa requirements for Czech visitors on July 2009 after hundreds of Roma from the Central European country had sought asylum there

Background

Since Canada lifted visa requirements for Czech citizens in 2007, almost 3,000 asylum requests have been filed there by Czech citizens, mostly of Roma origin. In comparison, in 2006 only five asylum requests by Czechs were filed in Canada. According to Czech and Canadian media, the vast majority of the asylum requests came from Czech Roma. Canada, which provides a generous social package for asylum seekers, said the wave of Czech asylum seekers was draining the capacity and budget of its immigration services. Thus Canada reinstated visa requirements

for Czech visitors in July 2009, provoking fury in Prague and the European Union institutions (Euro-Active 15/07/09). In September 2009, the previous EU commissioner in charge of justice, freedom and security, Jacques Barrot, threatened Canada with retaliatory measures. He suggested imposing an EU visa requirement on Canadian diplomatic passport holders as a first sanction (EurActiv 22/09/09).

'Israel should follow Czech example of two-state solution'

<http://www.jpost.com/Israel/Article.aspx?id=174809>

In adopting the two-state solution to the Israeli-Palestinian conflict, Israel should follow the example set by the Czech Republic President Shimon Peres told Czech Foreign Minister Jan Kohut on Wednesday. "We are following in your footsteps as far as a two-state solution of dividing one land is concerned," Peres told his guest, referring to the amicable division of the former Czechoslovakia. "The Czech Republic is an encouraging example of two states being good neighbors," he said. Kohut, who arrived in Israel with a delegation of academics, businesspeople and journalists, said that part of his visit was within the framework of the 20th anniversary of the re-establishment of diplomatic relations between Czechoslovakia and Israel.

Economic front

Czech Government Resolved To Cut Budget Gap To 3%/GDP By 2013

http://www.advfn.com/news_Czech-Government-Resolved-To-Cut-Budget-Gap-To-3-GDP-By-2013_42631247.html

The Czech caretaker cabinet is resolved to ensure that forthcoming governments will be required to strive to cut state budget to 3% of gross domestic product in 2013 from 5.3% expected in 2010. "The agreement is on maintaining the [budget gap] cutting trajectory as outlined in the convergence agreement with the [European Union] made by this cabinet," Prime Minister Jan Fischer said after a weekly government meeting. The agreement calls for budget deficit cuts to 4.8% of GDP in 2011, 4.2% in 2012 and 3% in 2013, Fischer said.

Czechs are scheduled to hold parliamentary elections May 28-29.

http://www.advfn.com/news_Czech-Government-Resolved-To-Cut-Budget-Gap-To-3-GDP-By-2013_42631247.html

Czechs are scheduled to hold parliamentary elections May 28-29. Voters' opinion polls suggest that no single party will gain a parliamentary majority in the election, and this could lead to protracted talks on the formation of a coalition cabinet. This would then likely force the current caretaker cabinet to stay on through late summer or even into the autumn. "We'd like to ensure that any successor cabinet is required to follow the [budget gap cutting] convergence plan," Fischer said. Fischer's cabinet is also likely to complete writing the 2011 budget draft ready for it to be debated by Czech lawmakers in September.

Social front

Last week, the Korea Foundation Cultural Center (KFCC) presented a rare art exhibition.

http://www.koreatimes.co.kr/www/news/special/2010/05/139_65606.html

It features modern and contemporary art from Zimbabwe, probably the first time in Korea. And the exhibition was organized not by the Zimbabwean Embassy -- Zimbabwe doesn't have an embassy in Seoul -- or a Zimbabwean national but by unrelated incumbent foreign ambassadors in Korea: Ambassadors Jaroslav Olsa, Jr. of the Czech Republic and Hans Heinsbroek of the Netherlands. Both were posted in Zimbabwe until 2006. Why would they promote Zimbabwean art, when they have plenty to promote from each of their home countries? The answer was rather simple: both have a great fondness for the African country and happen to possess a significant body of art works, Heinsbroek in particular, to share. The idea came from Olsa, who had already known about Heinsbroek's extensive collection in his residence in Seoul and his own collection. It came to his mind about a year ago, he said, and the KFCC found it interesting. Heinsbroek, a painter himself, had purchased countless paintings while in Zimbabwe -- 81 of which he had contributed for the exhibition. A few of them were gifts from his wife Donna, who knew her art-loving husband would appreciate them. "It's so good to see them all out," Donna said in amusement. Zimbabwe is now a special place for Heinsbroek as it is the birthplace for his artistic passion. When he first began, however, he said he wasn't so ambitious. It was more of a survival strategy to overcome boredom.

Slovakia

Political front

Greek rescue held hostage by Slovak election-04 May 2010

<http://www.euractiv.com/en/euro/greek-rescue-held-hostage-by-slovak-election-news-493662>

Eurozone member Slovakia will vote on financial aid for debt-laden Greece only after its June election, the country's prime minister said on 3 May, insisting that Athens must do its homework on spending cuts before receiving any Slovak cash. Left-wing Prime Minister Robert Fico is seeking re-election on 12 June and aid for Greece -- a country with higher wages and wealth than new euro member Slovakia -- has become a campaign issue, as the opposition rejects the package. Greece won eurozone finance ministers' approval on Sunday to draw €110 billion in loans over the next three years from eurozone partners and the International Monetary Fund. Fico, who has expressed doubt about Greece's ability to implement the required savings measures, reiterated his earlier warning that the Slovak portion of the aid -- around €800 million -- would not come automatically.

Slovak government backs premier's reluctance on Greek bailout-May 5, 2010,

http://www.monstersandcritics.com/news/business/news/article_1553464.php/Slovak-government-backs-premier-s-reluctance-on-Greek-bailout

Prague - Slovakia's centre-left government backed Prime Minister Robert Fico in his reluctance to send the country's share of aid to Greece until its parliament approves belt-tightening measures, the Czech news agency CTK reported on Wednesday.

China's JAC eyes car assembly plant in Slovakia-May 4, 2010

<http://www.reuters.com/article/idUSLDE64312Y20100504?rpc=401&feedType=RSS&feedName=rbssConsumerGoodsAndRetailNews&rpc=401>

BRATISLAVA, May 4 (Reuters) - Chinese carmaker Jianghuai Automobile Co (600418.SS) is in talks with the Slovak government on a possible investment, the economy ministry said on Tuesday. JAC, which says it is among the top 10 Chinese automotive firms with an annual capacity of 500,000 cars, is considering building an assembly plant in Slovakia to take advantage of the country's euro zone membership, central European location and business environment, the ministry said. The euro zone's newest member, emerging from its deepest crisis to date, needs new investment to cut unemployment which has hit five-year highs. "We are negotiating conditions of our entry to your (Slovak) market with Slovak officials," the economy ministry cited JAC regional head David Wang as saying. "Therefore, I do not want to be specific about the size of the investment in this phase. All I can say is that it is about passenger cars and light trucks," he said

Economic front

IDEB 2010: Slovakia unveils upgraded LMV-May 06, 2010

<http://www.shephard.co.uk/news/landwarfareint/ideb-2010-slovakia-unveils-upgraded-lmv/6283/>

The Ministry of Defense of the Slovak Republic (MoSR) unveiled its first Iveco M65E 4x4 Light Multirole Vehicle (LMV) at the International Defence Exhibition Bratislava (IDEB) on 5 May. The vehicle is the first of ten LMVs that were delivered to the MoSR last week following an 'integration' program bringing the systems up to date with current Slovakian standard operating procedures. Variations include EVPU's ZSRD 08 .50-calibre remote weapon station, comprising an electro-mechanical pan and tilt head; targeting and monitoring system; day surveillance and aiming cameras; infrared night camera; laser rangefinder with a maximum range of 5km; gunner workstation; and ballistic protection

Social front

Slovak Roma outraged by far-right poster campaign-May 6

http://news.yahoo.com/s/nm/20100506/wl_nm/us_slovakia_roma

BRATISLAVA (Reuters) – The far-right Slovak National Party (SNS) has outraged Roma with election posters suggesting they abuse the welfare state, straining ethnic relations in the run-up to a general election. Posters for the SNS show a dark-skinned man with tattoos and a golden necklace, accompanied by the slogan "Do not feed those who do not want to work." The SNS, a government coalition partner of Prime Minister Robert Fico, has been running low in opinion polls before the June 12 vote. SNS leader Jan Slota's campaign was "disgusting," Frantisek Tanko of the Union of Slovak Roma told reporters. "We hear nothing from Mr Slota but 'Roma are dirty and steal'." Up to 10 percent of Slovakia's 5.4 million people are Roma. Most live on the margins of society in squalid settlements with limited access to education, electricity and running water. In many communities, unemployment runs at well over 50 percent. The euro zone member

was criticized by U.N. High Commissioner for Human Rights Navi Pillay in March for eroding the treatment of Roma

Hungary

Political front

Viktor Orbán has reduced the number of ministries and members of cabinet.

<http://www.europeanvoice.com/article/2010/05/hungary-announces-small-government-/67859.aspx>

Viktor Orbán, Hungary's new prime minister, has announced the composition of his cabinet, reducing his team to nine and the number of national ministries to eight. Orbán has explained his decision to reduce the number of ministries, from 12, and to reduce the size of his cabinet team, from 15, as a cost-cutting measure. In announcing his team yesterday (3 May), Orbán stressed the new ministers' experience, and several served as ministers under Orbán when he was last prime minister, from 1998 to 2002

Economic front

Hungary 2010 deficit may reach 7-8 pct/GDP - Matolcsy

<http://www.iii.co.uk/news/?type=afxnews&articleid=7878713&subject=markets&action=article>

BUDAPEST, May 6 (Reuters) - Hungary's incoming government says the budget deficit this year could come in at 7-8 percent of GDP, based on its current estimate, but it will seek to get it down to 5-6 percent, economy minister-designate Gyorgy Matolcsy said on Thursday. Hungary targets a deficit of 3.8 percent of GDP this year under a key financing deal with the IMF and the EU but the incoming Fidesz government, which won elections last month, has said the shortfall could be much higher.

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Past EU/IMF bailouts show risks, pluses for Greece-May 5, 2010

<http://uk.reuters.com/article/idUKLNE64401Y20100505?rpc=401&feedType=RSS&feedName=stocksNews&rpc=401>

PRAGUE (Reuters) - As Greece struggles to tame its debt with international aid, the three other European Union states to get bailouts in the global crisis -- Latvia, Romania and Hungary -- offer Athens grounds for both hope and alarm. In the 12 to 18 months since the three countries obtained emergency financing from the International Monetary Fund and other donors, all three have won back enough respect from financial markets to resume issuing bonds. Latvia has fended off heavy market pressure to devalue the lat -- an important omen for Greece, which insists it will stay in the euro currency zone despite its uncompetitive economy. But all three countries have missed targets for cutting their budget deficits by big margins. All of them found spending cuts and tax hikes pushed their economies into much deeper recessions than expected, and all were forced to renegotiate budget targets with the IMF.

Hungary should set euro date by end 2011-Matolcsy

<http://www.iii.co.uk/news/?type=afxnews&articleid=7871725&action=article>

BUDAPEST, May 3 (Reuters) - Hungary's next economy minister Gyorgy Matolcsy said on Monday he believed the country by the end of next year should be able to set a target date for adopting the euro currency. "At the moment I think that Hungary by the end of 2011 must be ready to name its euro target date," Matolcsy told reporters after he was nominated to the next government. Matolcsy also said that depending on what risks the new government finds in the present budget, a deficit between 4.5 and 6.5 percent of gross domestic product could be acceptable still to financial markets and international lenders this year.

Hungary minister sketches new economic policy

<http://www.iii.co.uk/news/?type=afxnews&articleid=7871851&subject=markets&action=article>

BUDAPEST, May 3 (Reuters) - Hungary's next economy minister, Gyorgy Matolcsy, said on Monday his main priorities would be cutting taxes, reducing state debt and the budget deficit and boosting employment to put the economy back on the growth path.

Following are some of his comments.

On Fiscal Policy, Debt

"As Hungary has a track record of a loss of (investor) confidence from 2005-2006 and there is also an external environment which has Greece, Portugal, Spain ... so everybody feels the world of higher than 10 percent deficits who have lower (deficits) but have high debts.

"Hungary has a big debt, so from the aspect of public debt we are among the ten most vulnerable countries in the world." "We must also say clearly that from whatever deficit level we start this year, in the next 3-4 years we must reduce it... So we must stick to a tight fiscal policy.

IMF/EU

"We must by all means come to agreement with the IMF and the EU, we must inform them continuously and we must cooperate continuously as they are among our most important financiers." "There is a new wave of thinking in the world, which says that countries in a situation like Hungary must focus on cutting state debt and starting economic growth.

Euro Adoption

"I personally think that in the next one and a half years, by the end of 2011 we must declare in a very precise manner that is considered credible by everyone, when we consider the euro realistic." At the moment I think that Hungary by the end of 2011 must be ready to name its euro target date."

Eastern Europe (Belarus & Ukraine)

Belarus

Political front

Belarus leader says will not extradite Bakiyev

http://news.yahoo.com/s/nm/20100504/wl_nm/us_belarus_kyrgyzstan_bakiyev

MINSK (Reuters) – Belarussian President Alexander Lukashenko said Tuesday he would not hand over Kyrgyzstan's ousted President Kurmanbek Bakiyev to face charges over the violent upheaval in the Central Asian nation last month. In an interview with Reuters the same day that Kyrgyzstan's interim government ordered prosecutors to seek Bakiyev's extradition, Lukashenko said such a request would be futile. "Nobody has appealed to me officially (with an extradition request)," Lukashenko said. "But I want to immediately declare officially: These requests will be hopeless and humiliating for the interim government." He added: "The president of Kyrgyzstan is under the protection of the Belarussian state and its president." Bakiyev fled to Belarus following his overthrow in April 7-8 turmoil in which least 85 people were killed. Kyrgyzstan's interim government, made up of Bakiyev's opponents, earlier accused him of mass murder in connection with the violence in which security forces fired on protesters, some of whom were armed

INTERVIEW - Belarus president says West rejected better ties-By Steve Gutterman

http://thestar.com.my/news/story.asp?file=/2010/5/5/worldupdates/2010-05-05T035027Z_01_NOOTR_RTRMDNC_0_-482329-1&sec=Worldupdates

MINSK (Reuters) - Belarus leader Alexander Lukashenko lashed out at the West in an interview with Reuters on Tuesday, saying he has received little in return for his efforts to improve relations with the European Union and United States. Belarus President Alexander Lukashenko (L) sits prior to the interview with a Reuters correspondent in Minsk, May 4, 2010. (REUTERS/Yuri Oreshkin/Presidential Press Service) "I cannot even talk about all the steps that I have taken that are very sensitive for us -- and the West cast me aside," said Lukashenko, who is under Western pressure for political reform and broader civil rights in Belarus. "I have come to understand that there is a huge number of irresponsible politicians in the West," he said. In a wide-ranging interview, Lukashenko accused long-time ally Russia of tightening the screws on Belarus by scrapping preferential oil pricing, but stopped short of threatening to torpedo a nascent customs union over the dispute. He criticised both Moscow and the West for engaging with the leaders who took power in Kyrgyzstan after a violent upheaval last month, and vowed not to hand over ousted President Kurmanbek Bakiyev, who has taken refuge in Belarus. "Russia and the West create a terrible precedent when they support an illegal government that came to

power through bloodshed," he said. He warned that any appeal for Bakiyev's extradition would be "hopeless". Moscow's embrace of Kyrgyzstan's interim government has sent a potentially alarming signal to Lukashenko, who has relied on Russian economic and political support during his 16-year rule over his landlocked, energy-poor nation of nearly 10 million. Long shunned by the EU and the United States, which accuse him of maintaining power through unfair elections and the harsh suppression of dissent, Lukashenko has sought to improve ties with the West as Moscow has decreased its backing.

Iran's Industry and Mines Minister visits Belarus-06.05.2010

<http://en.trend.az/regions/iran/1682675.html>

Iran's Industry and Mines Minister Ali-Akbar Mehrabian today has visited Belarus. IRNA News Agency reported. Within the visit he will meet with Belarusian President, Foreign Minister and Industry Minister. Besides, Mehrabian will attend opening ceremony of projects implemented by Iran's companies in Belarus and will discuss bilateral projects with Belarusian officials

Economic front

Belarus says will not ask for new IMF credit

<http://www.iii.co.uk/news/?type=afxnews&articleid=7875127&subject=economic&action=articl>

MINSK, May 4 (Reuters) - Belarus will not ask the IMF for new loans as it has emerged from the recession that followed the global financial crisis, President Alexander Lukashenko said on Tuesday. "We will not ask the IMF for additional credits," Lukashenko told Reuters in an interview.

Social front

Second National exhibition of Belarus Republic starts in Baku-04.05.2010

<http://en.trend.az/capital/entrepreneurship/1681385.html>

Azerbaijan, Baku, May 4 / Trend, N. Ismayilova /The second National exhibition of Belarus Republic, organized by the Foreign Ministry and Trade Ministry, as well as the Belarusian Commercial and Industrial Chamber with Azerbaijani Embassy in Belarus May 5-7 in Baku, Nikolay Patskevich, Ambassador Extraordinary and Plenipotentiary of the Republic of Belarus to Azerbaijan said today at a press conference. "This exhibition will not only to demonstrate the potential of Belarus, but will allow the Azerbaijani and Belarusian businessmen to discuss prospective projects and work out concrete proposals," Patskevich said.

Lukashenko urged to permit Belarusian gay parade-7 May 2010-FOCUS News Agency

<http://www.focus-fen.net/?id=n218964>

Minsk. Belarusian sexual minorities have asked president Alexander Lukashenko to allow a Slavonic gay parade to be held in Minsk, the event's organizer told RIA Novosti on Friday. The parade in the Belarusian capital of Minsk is planned for May 15, but permission has not yet been

obtained from the city authorities. "We sent a letter to Alexander Lukashenko requesting that the issue be brought under his personal control because we think the decision will be made on a higher level," Sergei Androsenko said. He said the local authorities have until May 10 to reply to the application, although the parade will be held regardless of whether it has permission or not.

Ukraine

Political front

Ukraine gas export duty report- May 3, 2010

http://www.upi.com/Science_News/Resource-Wars/2010/05/03/Ukraine-gas-export-duty-reset/UPI-26691272902792/

MOSCOW, May 3 (UPI) -- A zero duty for supplies of Russian gas for Ukraine applies to volumes of up to 1.1 trillion cubic feet for 2010, the Russian prime minister said. Russian Prime Minister Vladimir Putin signed a decree that resets the export duty on Russian natural gas for Ukraine to zero for volumes of 1.1 trillion cubic feet in 2010. That volume increases to 1.4 trillion cubic feet from 2011-19, Russia's state-run news agency RIA Novosti reports. "This decree applies to legal relations arising from 1 April 2010," the decree states

Putin Floats Merger of Gazprom, Ukraine's Naftogaz-04 May 2010-AP

<http://www.themoscowtimes.com/business/article/putin-floats-merger-of-gazprom-ukraines-naftogaz/405325.html>

Prime Minister Vladimir Putin, right, and Ukrainian Prime Minister Mykola Azarov, left, walking together after a meeting in Sochi on April 30. In the background, at right, is Gazprom chief executive Alexei Miller. Prime Minister Vladimir Putin has proposed merging Gazprom with Ukraine's much smaller national energy company, Naftogaz Ukrainy, a seemingly offhand idea that could effectively mean a swap of assets between the companies. The proposal came as Moscow and Kiev are exploring ways of profiting from their newfound political proximity, cemented by new Ukrainian President Viktor Yanukovich's agreement last month to extend the lease of a Russian naval base in exchange for cheaper gas imports. If it materializes, the merger would give Russia a say in running Ukraine's pipelines — which are essential for gas transit to Europe — and the headache of taking on losses generated by Naftogaz

Energy Rift Widens Between Moscow, Minsk -05 May 2010- Reuters

<http://www.themoscowtimes.com/business/article/energy-rift-widens-between-moscow-minsk/405390.html>

Belarussian President Alexander Lukashenko, right, and Ukrainian President Viktor Yanukovich greeting each other in Minsk on April 29. Transneft said Tuesday that it was steaming ahead on a pipeline circumventing Belarus, days after Minsk received a shipment of Venezuelan crude, widening the rift in energy trade between the countries. Transneft chief Nikolai Tokarev, speaking at a meeting with Prime Minister Vladimir Putin, reiterated that the company would complete the Baltic Pipeline System-2 ahead of schedule. "We are not seeing any big, serious

problems at the moment,” Tokarev said about the progress on the pipeline. “Work is moving considerably ahead of schedule.” Having laid 70 percent of the pipes to date, Transneft plans to start operating the route at the end of next year, earlier than the original deadline of September 2012, Tokarev said. By emphasizing the pipeline project, which would cause Belarus to lose much of its oil transit flows — and fees — when the pipeline starts operating, Moscow may well have sent a fresh warning to Belarussian President Alexander Lukashenko, who has been trying to pull his country away from its dependence on Moscow

Turkey, Ukraine sign NATO Air Situation Data Exchange accord-5/5/2010

<http://www.kuna.net.kw/NewsAgenciesPublicSite/ArticleDetails.aspx?id=2081127&Language=en>

BRUSSELS, May 5 (KUNA) -- Turkey, as a NATO member, and Ukraine signed a memorandum of understanding (MOU) here Wednesday on "Air Situation Data Exchange" (ASDE). Ukraine is not a NATO member. The formal basis for NATO-Ukraine relations is the 1997 Charter on a Distinctive Partnership, which established the NATO-Ukraine Commission. The MoU was signed on the margins of the meeting of NATO military chiefs

Turkey-Ukraine action plan signed-06.05.2010

<http://en.trend.az/regions/met/turkey/1682379.html>

Turkish Foreign Minister Ahmet Davutoglu and Ukrainian Foreign Minister Kostyantyn Hryshchenko signed "action plan for 2010-2011" between the two countries in Kiev on Wednesday, Reuters reported. The two ministers also initialled joint declaration of high-level strategic cooperation council. Davutoglu told reporters that Turkey saw Ukraine as a strategic partner in the aspect of international relations.

Ukraine to join NATO force despite leadership change, general says-May 6, 2010

http://www.monstersandcritics.com/news/europe/news/article_1553750.php/Ukraine-to-join-NATO-force-despite-leadership-change-general-says

Brussels - Ukraine is determined to supply troops for NATO's standing rapid-reaction force in the second half of this year despite the country's election of a president widely seen as pro-Russian, the head of NATO's military committee said Thursday. Ukraine's last government made strenuous efforts to improve ties with NATO, even applying for a membership plan, in a bid to reduce Russian influence. The new president, Viktor Yanukovich, is seen as being much closer to Moscow, raising fears that he would seek to reverse the recent rapprochement.

POLITICAL STABILITY REPORT 2010-KIEV, May 4 (Reuters)

<http://www.iii.co.uk/news/?type=afxnews&articleid=7874307&subject=markets&action=article>

Yanukovich moved quickly to bring in Azarov and restore to government many other old faces who fell from grace under the "Orange Revolution" leadership of Viktor Yushchenko. But protests in parliament on April 27 over the Russian navy extension in the Crimea were a reminder of the opposition's potential strength. The Azarov budget for 2010, rammed through

parliament in almost siege conditions, was a big step towards unlocking IMF funds. A \$16.4 billion IMF bail-out was suspended late in 2009 after promises on fiscal restraint were breached under the Yushchenko administration.

RUSSIAN GAS AND UKRAINE'S FUTURE RISKS -KIEV, May 4 (Reuters)

<http://www.iii.co.uk/news/?type=afxnews&articleid=7874307&subject=markets&action=article>

Under the April 21 agreement with Russia, Ukraine will now receive supplies of gas at a 30 percent discount, relieving huge pressure on the government which struggled every month to meet its gas bill under the terms of a January 2009 agreement. The Yanukovich leadership said a price of \$300 per thousand cubic metres was unfair and it needed to secure a better deal from Moscow to balance its budget. Past disputes over gas pricing and conditions have had a knock-on effect on Russian supplies to Europe which also transit Ukraine. In January 2009, a cut-off in supplies by Russia led to millions of European householders being left without heating. The Ukrainian government has offered Russia a role together with the European Union in revamping Ukraine's gas pipeline network which carries Russian gas to Europe. Moscow reacted with little enthusiasm to this idea and instead took the Ukrainians by surprise on April 30 with the Gazprom-Naftogaz merger proposal. The Ukrainians have been chewing that over over the long May Day holiday and it was unclear how Kiev will react.

Relations with Moscow and the West

Yanukovich says he intends to take Ukraine along a middle path between Russia and Europe, improving poor relations with the former but moving his country into the European mainstream. But he has taken major steps toward Russia and exposed himself to opposition charges that he plays fast-and-loose with Ukraine's sovereignty.

Economic front

Key political and economic risks to watch in Ukraine

<http://www.iii.co.uk/news/?type=afxnews&articleid=7874307&subject=markets&action=article>

KIEV, May 4 (Reuters) - The new leadership of President Viktor Yanukovich with an ally as prime minister has reduced much of the political tension in Ukraine, improved prospects for economic reform and set course for a new IMF bail-out programme. Yanukovich has already fulfilled many pre-election prophecies that he would sharply tilt Ukraine back towards its old Soviet master by extending the Russian navy's stay in a Ukrainian port until 2042, sparking riots in parliament. An April 21 deal with Moscow on the price of gas supplies has enabled Prime Minister Mykola Azarov to get a 2010 budget through parliament and this should pave the way for the new multi-billion-dollar IMF deal. The economic consequences of a shift to warmer ties with Russia were highlighted by a surprise offer from Prime Minister Vladimir Putin to merge gas giant Gazprom with Ukraine's state energy firm Naftogaz. Whatever policy moves Yanukovich makes, he will have to bear in mind that he was elected by less than 50 percent of the electorate and that his rival, former prime minister Yulia Tymoshenko, came within 3.5 percentage points of defeating him. In particular, if he wants to be certain of a second term, he

may have to improve his standing in the Ukrainian-speaking west and centre which voted primarily for Tymoshenko.

RETURN OF THE IMF AND UKRAINE'S ECONOMY-KIEV, May 4 (Reuters)

<http://www.iii.co.uk/news/?type=afxnews&articleid=7874307&subject=markets&action=article>

With the budget through parliament, the way should be clear in principle for Ukraine to receive new credit from the IMF. The IMF says some points on fiscal consolidation and financial reform have yet to be ironed out before the new stand-by credit programme can be agreed. The budget appeared to set a deficit of 5.3 percent of Gross Domestic Product, a relatively tight target which should please the IMF. But the leadership is also committed to raising social spending, specifically the minimum wage and pensions, the very issue that prompted the IMF to suspend the credit last year. An IMF mission is to visit Kiev again from May 17 and the government hopes a deal for a \$19 billion package can be tied up in June.

DANGERS OF DEFAULT-KIEV, May 4 (Reuters)

<http://www.iii.co.uk/news/?type=afxnews&articleid=7874307&subject=markets&action=article>

Ukraine's risk premiums have fallen and investors have returned since the vote, making it more likely that the government will be able to borrow domestically and even abroad to replenish its coffers. Government figures show that Ukraine plans to issue a \$1.3 billion Eurobond in 2010 -- its first since the global economic crisis. This is a more viable prospect now that investors have slashed Ukraine's risk premiums. Total external and domestic repayment and servicing requirements this year are just over \$3 billion. Ukraine's FX reserves are worth \$25 billion, providing around six months of import cover. High payments for Russian gas are a drain on Ukraine's coffers but the hryvnia currency has been on a strong footing since the elections, so at least there is no need to spend reserves on currency market interventions. Credit default swaps have narrowed sharply since the vote, and investors have lined up to buy domestic debt, yields for which have fallen dramatically. This should enable Kiev to secure cash to meet sizeable debt repayments due. Large corporate debt is a potential risk, including in the state-controlled sector, and restructuring is expected.

Social front

Eco-hazard from disused mines in Ukraine – report-May 03 2010

http://sofiaecho.com/2010/05/03/895798_eco-hazard-from-disused-mines-in-ukraine-report?ref=rss&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+rss2%2Fall-news+%28The+Sofia+Echo%29

Immediate action is needed to avert an environmental disaster in western Ukraine where toxic materials from former mines could spread into the area and threaten the health of local communities, according to the report of a joint United Nations-European Union mission of experts, the UN News Service said. The final report of the UN-EU mission to the Kalush area of Ukraine describes the situation there as "critical," according to a media statement by the UN Office for the Coordination of Humanitarian Affairs, which manages a joint environment unit

with the UN Environment Programme. "A window of opportunity exists to prevent the existing situation from deteriorating into a disaster," the media statement said, citing the mission's report. "Immediate action should be taken to address and remedy the identified problems." The mission, conducted last month at the request of Ukrainian authorities, found there was a high probability that an open-cast mine could break through into the Sivka River and thus spread the dangerous organic pollutant hexachlorobenzene (HBC) into the local environment. Mining in the Kalush area has left the ground unstable and prone to subsidence, with mine tailings dams at risk of bursting as a result of snowmelt and spring floods. Ground and surface water has become highly salinized and contaminated. The mission members, accompanied by national experts, assessed the stability of the dams and the risks posed by subsidence, and it also conducted sampling at a nearby hazardous waste site to screen for threats to potential local communities

Ukraine's Antonov Unveils New An-158 Jumbo Passenger Jet-04.05.2010

<http://english.pravda.ru/science/tech/04-05-2010/113248-antonov-0>

In Kiev, Ukraine's manufacturer Antonov has unveiled its new An-158 regional twin-jet, a stretched variant of the baseline An-148. The jet complies with all modern standards and is one of the best in its class. The presentation of the 99-seat passenger An was intentionally planned before the visit of the Russian President to Ukraine. The cooperation between Russia and Ukraine with regard to An-70 and An-140 was re-commenced last year. The Russian leader ordered to include twenty units of An-124 "Ruslan" in the purchasing plan under the state armament program up to 2020.

Baltic States (Estonia, Latvia & Lithuania)

Estonia

Political front

Jordan and Estonian firm to seal milestone oil shale deal-5/4/2010

http://www.thepeninsulaqatar.com/Display_news.asp?section=Business_News&subsection=market+news&month=May2010&file=Business_News2010050495042.xml

Amman: The Jordanian government will today approve a milestone trade agreement with an Estonian firm in a bid to tap the Kingdom's vast oil shale reserves in the southern region. Jordanian Minister of Energy and Mineral Resources Khaled Irani said the government would officially announce this key deal with the Estonian company of Eesti Energia on May 11 here in the presence of the Estonian president. "The cabinet will also endorse tomorrow a memorandum of understanding (MoU) with a Canadian company to explore gas and oil in the southern area of Jafer," he added. Director General of the Natural Resources Authority (NRA) Maher Hijazin earlier told Petra the extraction for oil shale will target southern Attart Um Ghudran area. The Estonian company is estimated to produce 36,000 barrels of oil a day, Hijazin said, adding the firm will reach its full commercial production capacity within ten years at an estimated cost of \$6bn.

Economic front

Estonia to meet euro criteria in 2010, 2011 -EU

<http://www.iii.co.uk/news/?type=afxnews&articleid=7876043&subject=markets&action=article>

BRUSSELS, May 5 (Reuters) - Estonia looks set to meet on a sustainable basis the criteria it needs to adopt the euro, with inflation and deficits staying within EU limits in 2010 and 2011, European Commission forecasts showed on Wednesday. Estonia says it already met the criteria for 2009, the year on which its 2011 entry bid will be judged. But to convince European authorities of its fitness to adopt the single currency it will have to show those goals can continue to be met. The Commission's latest forecast said it expected Estonian annual average inflation of 1.3 percent in 2010 and 2.0 percent in 2011, both within the maximum of the average of the three best-performing EU states, plus 1.5 percentage points. The forecasts showed that the average inflation rate of the three countries with the lowest inflation, stripping out those with deflation, would be 1.1 percent in 2010 and 1.2 percent in 2011. "In 2011, wage and price growth is set to be moderately positive," the commission said in statement. The Commission also forecast that Estonia's public sector budget deficit would reach 2.4 percent of gross domestic product in both 2010 and 2011 after 1.7 percent in 2009, staying well within the euro zone limit of 3 percent of GDP.

Estonia prices leap in April to 14-mth high yr/yr

<http://www.iii.co.uk/news/?type=afxnews&articleid=7880616&subject=economic&action=articl>

TALLINN, May 8 (Reuters) - Consumer prices in euro-hopeful Estonia rose at their fastest rate for 14 months in April on a year-on-year basis as energy and food prices climbed, but a statistics official said she expected the pace to ease in coming months. Estonia hopes to adopt the euro next year and is awaiting a report from the European Commission, due on May 12, on its readiness. The statistics office said in a statement that the consumer price index rose 0.5 percent in April from March for a 2.9 percent year-on-year gain, the biggest since February 2009's 3.4 percent rise. In March, Estonia reported a year-on-year price rise of 1.7 percent and a month-on-month change of 1.3 percent

Social front

Employment: EU takes four countries to court over working conditions for rail workers

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/515&format=HTML&age d=0&language=EN&guiLanguage=en>

The European Commission has today referred four Member States to the EU's Court of Justice for failing to communicate their national measures for transposing legislation on working conditions in the international rail sector. National measures must cover minimum standards in working conditions, driving times, breaks and daily and weekly rest periods. The countries concerned are Estonia, Italy, Luxembourg and Portugal. The move follows a final warning sent to all four countries in June 2009. The EU rules on working conditions for mobile workers in international rail transport (Directive 2005/47/EC) translate an agreement between European trade unions and employers. They aim to ensure satisfactory conditions for those working in cross-border rail services. Legislation on the conditions for rail workers should have been

transposed by the Member States by 27 July 2008 at the latest, following consultation of the social partners. On 1 October 2008, the Commission sent letters of formal notice – the first stage of the infringement procedure – to 17 Member States for failing to take the necessary national measures to comply with the EU rules (i.e. national laws, regulations and administrative provisions) and notify them within the required time limit. On 25 June 2009, nine countries had still neither adopted the necessary measures to comply with the Directive nor provided notification. This is why the Commission decided to issue a final warning (reasoned opinion for non-communication) to these Member States

Latvia

Economic front

Latvia PM sees 2011 budget cuts less than expected

<http://www.iii.co.uk/news/?type=afxnews&articleid=7875916&subject=markets&action=article>

RIGA, May 5 (Reuters) - Latvia, which has implemented tough budget cuts to qualify for loans from an international bailout, will need to tighten its belt less than expected in 2011, the Baltic state's prime minister said on Wednesday. Under a 7.5 billion euro (\$10.2 billion) deal with the International Monetary Fund (IMF) and the European Union agreed in 2008, Latvia had to cut its public sector budget deficit by 500 million lats in both 2009 and 2010. The minority government, facing an election in October, had said that a further 800-900 million lats (\$1.5-1.7 billion) of cuts would be needed over 2011 and 2012

Past EU/IMF bailouts show risks, pluses for Greece-May 5, 2010

<http://uk.reuters.com/article/idUKLNE64401Y20100505?rpc=401&feedType=RSS&feedName=stocksNews&rpc=401>

PRAGUE (Reuters) - As Greece struggles to tame its debt with international aid, the three other European Union states to get bailouts in the global crisis -- Latvia, Romania and Hungary -- offer Athens grounds for both hope and alarm. In the 12 to 18 months since the three countries obtained emergency financing from the International Monetary Fund and other donors, all three have won back enough respect from financial markets to resume issuing bonds. Latvia has fended off heavy market pressure to devalue the lat -- an important omen for Greece, which insists it will stay in the euro currency zone despite its uncompetitive economy. But all three countries have missed targets for cutting their budget deficits by big margins. All of them found spending cuts and tax hikes pushed their economies into much deeper recessions than expected, and all were forced to renegotiate budget targets with the IMF.

Lithuania CPI expected up y/y, Latvia's down in April-May 10 (Lithuania), may 12 (Latvia)-Reuters forecast

<http://www.iii.co.uk/news/?type=afxnews&articleid=7881802&subject=economic&action=article>

`LATVIA (6 analysts)

M/M

Y/Y

Median	0.1	-3.6
Average	0.2	-3.5
LITHUANIA (5 analysts) M/M Y/Y		
Median	0.2	0.1
Average	0.2	0.1

FACTORS TO WATCH - The two countries use a currency board or modified currency board system and have opted for internal devaluation with cuts to domestic prices and wages to help restore competitiveness instead of considering a devaluation of their currencies. The fall in wages and prices is seen as boosting confidence in the hard hit region.

Lithuania

Political front

Georgia, Lithuania institutionalize relations-05.05.2010

<http://en.trend.az/news/politics/foreign/1682202.html>

Georgia, Tbilisi, May 5 / Trend N. Kirtskhalia / Lithuania's new extraordinary and plenipotentiary ambassador to Georgia Jonas Paslauskas delivered his credentials to Georgian Deputy Foreign Minister David Jalagania. After the official ceremony of delivering copies of credentials, a meeting was held. The parties discussed bilateral relations, the foreign ministry information and press department told Trend. Jalagania thanked ambassador for Lithuania's assistance to Georgia, and expressed the hope that close relations between the two countries will continue in future.

Economic front

Lithuania approves power sector reorganization Printer friendly-05 May 2010

<http://www.argusmedia.com/pages/NewsBody.aspx?id=706499&menu=yes>

London, 5 May (Argus) — The Lithuanian government has approved an amendment to the country's electricity law to implement the EU's third energy package of legislative reforms, which provides a new framework for competition in the energy sector, Lithuania's energy ministry said. The government also approved a plan for the reorganisation of Lithuania's power companies, which stipulates that the activities of electricity transmission, generation, distribution and maintenance must be unbundled into four separate companies. The state will retain control of all units. "By reorganising the country's electricity companies we aim to achieve the strategic objectives of a new nuclear power plant and electricity interconnections, ensuring energy security of the Republic of Lithuania is implemented, and efforts are being made to ensure that the free electricity market is developed, efficiency of the companies is enhanced and the overall electricity infrastructure complies with the third energy package of the EU. By consolidating control of the electricity sector in the hands of the state we strive to co-ordinate the

implementation of the strategic goals and socially oriented energy policy,” energy minister Arvydas Sekmokas said. The transmission grid, transmission system operator Litgrid and market operator Baltpool will be separated from parent company Lietuvos Energija, while the state-owned shares of the Lietuvos Elektrine power plant will be incorporated into the capital of Lietuvos Energija

Lithuanian c.bank sees downside risks for growth

<http://www.iii.co.uk/news/?type=afxnews&articleid=7878420&subject=economic&action=article>

VILNIUS, May 6 (Reuters) - Lithuania's central bank on Thursday kept unchanged its 2010 forecast for gross domestic product (GDP) at 0.5 percent growth, but saw downside risks. It also reduced its 2011 outlook to growth of 3.1 percent from 3.4 percent. "Although the projection of GDP growth in 2010 was not changed, it is worth noting that downside risks to this scenario have emerged recently," the central bank said in a statement.

Russia

Political front

GCC should boost Russian ties-Russia is a massive country that is abundant in natural resources-May 6, 2010

<http://gulfnews.com/business/opinion/gcc-should-boost-russian-ties-1.622863>

The economic and strategic interests of Western countries have prevented the development of cooperative relations between the Gulf countries and Russia, whether it was Tsarist Russia of the 19th and early 20th century, or the Soviet Union of the past century. Despite many potential cooperative opportunities and common interests shared by both GCC countries and Russia. At the forefront of these potential opportunities is cooperating in the field of energy. After all, Russia is a massive country that is abundant in natural resources. It has transformed into the world's largest oil producer in the past months, consequently surpassing Saudi Arabia. It is also among the three largest natural gas producers, providing Europe with one third of its natural gas needs.

Advantages for the trade between GCC and Russia-Gulf News.

<http://gulfnews.com/business/opinion/gcc-should-boost-russian-ties-1.622863>

Moreover, Russia is considered to be one of the largest producers of electricity through nuclear reactors. In addition, it strives to develop renewable energy sources, which turned it into a major player in the global energy supply. On the other hand, the GCC countries produce 20 per cent of the world's oil, and are gradually transforming into a global market for gas supplies and renewable energy, in particular, solar energy. They are also a major global producer of petrochemicals, aluminum and oil products. Therefore, Russia's population of 140 million can become a major market for GCC countries' products. Russia can also utilize the advantages available in the GCC countries, such as their sophisticated financial structures, which are

considered to be international financial centre with services and facilities that may contribute to the growth of the Russian economy.

Russia Says "Optimistic" on Iran Sanctions TalksBy REUTERS-May 4, 2010

http://www.nytimes.com/reuters/2010/05/04/world/international-uk-iran-nuclear-russia.html?_r=1&ref=global-home

UNITED NATIONS (Reuters) - Russian Deputy Foreign Minister Sergei Ryabkov said on Tuesday he was "optimistic" about talks on a fourth round of U.N. sanctions against Iran between Russia and five other world powers. "These talks are slowly moving forward," said Ryabkov, who is Russia's lead negotiator on the Iranian nuclear issue. "Definitely there is still some space to bridge over, but I wouldn't exaggerate or over-exaggerate the differences." "I'm reasonably optimistic," he added.

Culprits in Poland's World War II massacre become clearer

http://news.yahoo.com/s/mcclatchy/20100504/wl_mcclatchy/3495817

WASHINGTON — Documents published for the first time on a Soviet government website last week confirmed what the West has known for decades: The 1940 massacre of nearly 22,000 Polish prisoners of war in Russia's Katyn forest was approved by top Soviet leadership and carried out by the Soviet security police, not the Nazis who had long been accused of the atrocity. But experts say there's much more in the Russian archives on Katyn that has yet to be revealed, including key pieces of information that would offer further insight into one of the largest wartime massacres of the 20th century. "There is a sign that this is the tip of the iceberg," said Slavic studies scholar and expert Ewa M. Thompson of Rice University in Houston. Part of that iceberg, according to Thompson and other experts, is the details of U.S. complicity in the crime's initial cover-up and past efforts by the U.S. government to suppress what it knew about Katyn. The massacre, its Soviet cover-up — and U.S. knowledge of both — will be discussed at an international conference at the Library of Congress on Wednesday. When German soldiers announced in 1943 that they'd found a mass grave containing thousands of bodies in a Russian forest, the Soviet government blamed them for the crime, and continued to do so until Soviet President Mikhail Gorbachev finally admitted Soviet guilt in 1990 and disclosed the location of two more mass graves in the Katyn forest. The three graves contained the remains of almost 22,000 Polish officers, prisoners of war, each with a bullet hole in the base of his skull. A 1951-52 U.S. congressional commission concluded an extensive investigation by unanimously finding the Soviets responsible for the crime. It also revealed that a number of individuals in the State Department, Army intelligence, the Office of War Information, the Federal Communications Commission and other government agencies had "failed to properly evaluate the material being received from our sources overseas," and that information about Katyn was "deliberately withheld from public attention and knowledge." While U.S. archives on Katyn, which include the congressional report, are extensive, they are also incomplete; some information is missing and may have been illegally destroyed, according to Kyle Parker, Russian expert and policy adviser to the U.S. Helsinki Commission. "There are certainly good reasons one could argue for keeping a certain prudential silence on Katyn at the time," Parker said, adding that there's a big difference between a cover-up and silence. The Kosciuszko Foundation called Tuesday for the release of

U.S. documents about Katyn, including a 1945 report by Army Col. John Van Vliet , who as a German prisoner of war had been taken to the Katyn gravesite in May 1943 .Upon his return to the U.S., Van Vliet described his observations, concluding "emphatically and unequivocally (sic), that he was convinced the Polish officers were murdered by the Soviets," according to the congressional report. By the time the congressional report was published in 1952, Van Vliet's report had disappeared. According to the congressional committee, "the Van Vliet report was either removed or purposely destroyed in Army Intelligence."

Moscow's New Best Friend-05 May 2010

<http://www.themoscowtimes.com/opinion/article/moscows-new-best-friend/405389.html>

The election of Ukrainian President Viktor Yanukovich has led to a real rapprochement between Ukraine and Russia that has happened far more quickly than anyone expected. We have seen a fleet-for-gas deal and breakthrough initiatives in nuclear energy and the aviation industries. Prime Minister Vladimir Putin on Friday suggested that Gazprom be merged with Ukraine's national energy company, Naftogaz Ukrainy. These are all long-awaited developments in Russian-Ukrainian relations. What is behind all of these deals? One motive is to give a boost to Russia's nuclear industry. Between 2000 and 2009, only two power-generating units went into operation in Russia and two more at the Tianwan nuclear plant in China. And this happened as interest in nuclear energy is falling worldwide. That could be why there is so much talk concerning the possible consolidation of Russia's and Ukraine's nuclear power industries. The talks include the completion of construction of the Khmelnytsky nuclear power plant, an offer of a 25-year contract for the supply of nuclear fuel to Ukraine with substantial discounts, and Russian companies' access to the development of the promising Novokonstantinovskaya uranium ore deposit. Cooperating with Ukraine might prove to be not only profitable for but possibly the salvation of Russia's

China, Russia Address Nuclear Non- Proliferation Conference in New York on May 4, AP

http://english.chosun.com/site/data/html_dir/2010/05/05/2010050500753.html

Representatives from nuclear powers China and Russia are among those scheduled to address the Nuclear Non-Proliferation Treaty conference at the United Nations Tuesday. The United States has been engaged in negotiations with both countries on a plan to possibly impose another round of UN sanctions on Iran to pressure the country to stop enriching uranium. Meanwhile, Iranian President Mahmoud Ahmadinejad has canceled a news conference he had planned to hold at the UN on Tuesday, a day after he told conference delegates that U.S. production of nuclear weapons had encouraged other nations to produce weapons

Hu's Moscow tour to boost strategic partnership-(Xinhua)Updated: 2010-05-05

http://www.chinadaily.com.cn/china/2010-05/05/content_9813722.htm

BEIJING - Chinese President Hu Jintao's upcoming visit to Moscow will boost the China-Russia strategic partnership for coordination, China's Assistant Foreign Minister Cheng Guoping said Wednesday."At the invitation of Russian President Dmitry Medvedev, Hu will visit Moscow on

Saturday and Sunday to commemorate the 65th anniversary of the end of the Russian Great Patriotic War," Cheng said at a press briefing in Beijing. Russia's "Great Patriotic War," known in the West as a part of World War Two, refers to the battles from June 1941 to May 1945 against Nazi Germany and its allies on the Eastern Front."It is of great significance for Russia to celebrate the 65th anniversary of the end of the Russian Great Patriotic War," Cheng said, stressing the celebrations will help the international community remember history, reach consensus, seek unity and promote peace.

Russia Warship freed oil tanker after Pirates Attack Tanker- -by The Associated Press

<http://www.npr.org/templates/story/story.php?storyId=126525231&ft=1&f=1001>

May 5, 2010 Somali pirates armed with automatic weapons boarded an oil tanker with 23 Russian crew onboard Wednesday, and a Russian warship was rushing to intervene, a European Union Naval spokesman said. Cmdr. John Harbour said pirates launched an attack on the Liberian-flagged ship, which is named the Moscow University, at dawn. He said the crew managed to evade the pirates for several hours while sending out distress calls. At one point the pirates, who attacked in a small speedboat, returned to their larger mothership before returning to attack again, he said. The pirates are now onboard the 106,000 ton ship but it is unclear if they are in control of the ship or the 23 Russian crew. The ship is carrying 86,000 tons of crude oil. A Russian warship is heading to the ship at full speed, said Harbour. He declined to say how long the warship would take to arrive or what action it might take, citing security. The attack occurred about 500 miles east of the Somali coast. The ship was not registered with the Maritime Security Center, said Harbour. The ship's route was from the Red Sea to China, the ship's owner said. Russian Defense Ministry says a warship has freed tanker boarded by pirates off Somalia. Russian Defense Ministry says a warship has freed tanker boarded by pirates off Somalia.

Russia, Belgium talk Euro-Atlantic security

<http://www.dailynews.lk/2010/05/06/wld02.asp>

Russia: Russian Foreign Minister Sergei Lavrov and his Belgian counterpart Steven Vanackere discussed Tuesday a proposal for Euro-Atlantic security, bilateral cooperation and signing of a joint action plan. Lavrov pointed out the need to review and take into account the declarations of principles made in Europe in the late twentieth century about the need for an indivisible security in the area to draft the said initiative. During the meeting the fifth joint action plan for 2010-2011 was signed and both parties noted the development of the bilateral dialogue under the UN, the European Union and the Organization for Security and Cooperation in Europe.

Economic front

Strong economy means strong dollar, says Obama-Reuters / Washington/ Moscow May 10,

<http://www.business-standard.com/india/storypage.php?autono=394301>

President Barack Obama said if the United States has a strong economy it will have a strong dollar, in rare comments about the US currency in an interview with Russian television broadcast on Saturday. Obama also expressed fresh American concern over the debt turmoil roiling

Greece, which has affected world markets. The interviewer from Russian television's state-run Channel Rossiya asked Obama whether he would like to see a weaker or a stronger dollar. "My basic principle is to focus on the fundamentals of the economy. I think that if we have a strong US economy we're going to have a strong dollar," Obama said, according to an English-language transcript of the May 6 interview provided by the White House. Obama's remarks were unusual as he normally leaves it to Treasury Secretary Timothy Geithner to take the lead role in commenting on the US currency. Geithner has typically repeated his long-standing mantra that a strong dollar is in the US interest and its value would reflect the strength of the US economy. Some foreign investors, including China, expressed concern about dollar weakness late last year. Russia joined China in calling for discussion of the possibility of creating a new international reserve currency.

Russian bank balances rise to 617.2 bln rbls

<http://www.iii.co.uk/news/?type=afxnews&articleid=7873164&subject=economic&action=articl>

MOSCOW, May 4 (Reuters) - Banks' balances in their correspondent accounts at the Russian central bank rose to 617.2 billion roubles on Monday from 513.9 billion roubles in the previous session, the central bank said. All figures are in billions of roubles

BALANCES May 4 April 30

Total 554.2 513.9

Moscow region 400.7 338.1

Banks' deposits at the central bank 576.7 536.3

Unemployment rate drops in Russia-Moscow, May 5, 2010

http://businesstoday.intoday.in/index.php?option=com_content&task=view&issueid=60&id=14925&Itemid=1§ionid=4

The official unemployment rate in Russia has decreased by 1.36 per cent in the past week. According to sources in the Ministry of Health and Social Development, the total number of the officially registered unemployed makes up 2.166 million while a week ago it was 2.195 million. The unemployment rate dropped in 80 entities of the Russian Federation in the past week, including in Adygeya, Mari El, Astrakhan, Kurgan and Sakhalin regions, in the Transbaikal territory and in the Chukotka Autonomous Area.

Social front

£6.5m in crime cash seized from Russian-6 May 2010

<http://www.eveningtimes.co.uk/news/6-5m-in-crime-cash-seized-from-russian-1.1025613>

A Russian businessman has had £6.5 million seized in the biggest recovery of its kind under proceeds of crime legislation. The money was recovered from Moscow-based Anatoly Kazachkov after a suspicious multi-million dollar bank transfer from an account in Hungary to a Scottish bank in 2004, prosecutors said. Crown Office officials used the Proceeds of Crime Act 2002 to seize the cash after a three-year investigation involving the Scottish Crime and Drug Enforcement Agency and Scottish Money Laundering Unit. The probe led to Russia where, with the help of local authorities, evidence of false documents and stolen identities were uncovered. Mr Kazachkov, 64, and others had left an “audit trail” and investigators connected the paperwork to a Russian bank bankrupted in 2004 in relation to money-laundering offences. The Crown Office said it had no more information on Mr Kazachkov. Lord Advocate Elish Angiolini QC said: “I am pleased to announce the biggest single recovery we have made so far using the proceeds of crime legislation.” The seized money will be invested in community projects across Scotland