

**Report No.122**

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

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

**Weekly report 30<sup>th</sup> May to 5<sup>th</sup> June 2010**

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## (About Sources)

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

## (About Region)

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



## Article Summary

- **Davies, Norman, “Europe at War, 1939-1945: No Simple Victory/Europe East and West”, Macmillan, 2006- and “Europe at War, 1939-1945: No Simple Victory”, Jonathan Cape, 2006.**

**Reviewed by: Gordon, Philip H**

### Original Text

*“ The British-born historian Davies--author of a best-selling history of Europe and several respected works on Poland--has written two books to help compensate for what he sees as a parochial, Western view of European history. Europe at War is not just another survey but an opinionated, iconoclastic reassessment that relentlessly drives home the point that the greatest and most decisive developments of World War II took place on the Eastern Front. Davies hardly denies the importance of D-day or the Battle of El Alamein, but he wants his readers to know that the war's center of gravity was farther east--and that Stalin's version of totalitarianism was no less evil than Hitler's. Davies' notion that most Americans and most British are unaware of this is a bit of a straw man. His own footnotes, after all, refer to widely read works by writers such as Anne Applebaum, Antony Beevor, Alan Bullock, Robert Conquest, and Richard Overy that address the horrors of the Eastern Front and shine a bright light on Stalin's crimes. But the evidence Davies amasses to justify focusing on the East is compelling. The German-Soviet war accounted for 406 million "man-months," compared with 16.5 million for the Western Front and 5 million for the North Africa campaign. The Soviet Union lost an estimated 11 million soldiers in the European theater, while the United States and the United Kingdom combined lost fewer than 300,000 there. Battle deaths in Operation Barbarossa (Germany's attack on the Soviet Union in 1941) were over 1.5 million, compared with 132,000 for Operation Overlord (the Allied invasion of Normandy in 1944). And Stalin's concentration camps killed more people than Hitler's. Davies' facts and opinions on everything from technology to wartime movies are stimulating, and even his hobbyhorses are entertaining. The second book, Europe East and West, is a collection of more specialized essays that Davies has published over the past ten years, but the message is the same: "Europe" does not end at the Oder-Neisse Line”.*

**(Foreign Affairs; Mar/Apr2007, Vol. 86 Issue 2, p173-173, 2/3p)**

### **Article Summary**

This is a review of two Books on European history by the British-born historian Davies Norman. Most of the Western writers have been asserting since very long that Hitler's ruthlessness and his atrocities at the western fronts were more deadly than Stalin's expansionistic moves in and around the Eastern Europe. Davies Norman evaluates that Stalin's version of totalitarianism was no less evil than Hitler's but actually the center of gravity of war was its eastern front. From the first day to the last day of the War, Poland's territory remained a battle field for fierce fighting between Germans, Poles and Russians. Davies brings circumstantial evidence from history to explain the horrors of the Eastern Front. According to him German-Soviet war claimed hundreds of millions more lives as compared to the combine casualties at all Western and North African fronts. The Soviet Union lost an estimated 11 million soldiers in the European theater, while the United States and the United Kingdom combined lost fewer than 300,000 there.

## Headlines

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

#### Poland

- Solidarity elections - 21 years later-04.06.2010  
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- Poland's economy grows by 0.5 per cent in 1st quarter - slower but still healthy-  
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- UEFA satisfied with Polish Progress towards EURO 2012-  
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#### Czech Republic

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- Czech parties agree centre-right majority coalitionPublished on 2 June-  
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- The Lighter Side of Czech Elections: Voting for Miss Parliament 2010-June 2, 2010,  
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- Czech Republic Supports Israel - Again

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- Czech leader NECAS: Fitch upgrade can help budget  
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- Czech Yields May Rise on Larger Second-Half Borrowing (Update2)  
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- Bahrain logistics credentials to be showcased in Europe-June 03 - 2010  
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- Czech Parliament overturns President's veto on higher biofuels blending-June 01 2010  
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## **Slovakia**

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- Slovak MPs counter with citizenship threat-May 31 2010  
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## **Hungary**

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- Hungary Bonds Sink, Forint at 12-Month Low on Default Comments  
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## **Eastern Europe (Belarus & Ukraine)**

### **Belarus**

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- Bulgaria Eases Visa Regime for Russia, Ukraine, Belarus and Moldova-June 4, 2010  
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### **Ukraine**

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- Journalists protest against censorship in Ukraine-Jun 5, 2010  
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## **Baltic States (Estonia, Latvia & Lithuania)**

### **Estonia**

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- First aid to aid Helmand-Jun 02, 2010
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- Construction activity remains weak-Jun 03, 2010

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- Estonia keen to host EU's future IT agency: minister June 5, 2010

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- Indian Minister Raja cancels Estonia trip

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## **Latvia**

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- IMF backs Latvia peg, rejects claim in "forged" letter

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- Latvia's 'Blonde Parade' Hope To Stimulate Economy

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## **Lithuania**

- European Commission president urges for support of euro at Baltic Sea summit

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- Lithuania gets A-bomb peace stone

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## Russia

- Russia Seeks Tighter Ties with Germany  
<http://www.nytimes.com/2010/06/05/world/europe/05iht-germany.html?ref=europe>
- Sarkozy to meet Putin for talks in Paris next Friday- 6/4/2010  
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- Higher oil price helps Russian economy recover: Putin-June 03, 2010  
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- Russia and crisis-hit EU seek to ease disputes at summit-31 May 2010  
<http://www.rnw.nl/english/bulletin/russia-and-crisis-hit-eu-seek-ease-disputes-summit>
- IMF Sells 15.1 Metric Tons of Gold in April, 152.1 Tons for Sale Remaining as Russia Keeps Waving It In  
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- Russian Ministry has difficulties telling erotica from porn  
<http://rt.com/prime-time/2010-06-04/sex-videos-law-russia.html#>
- Sixth China-Russia Women's Culture Week opens in Moscow  
[http://news.xinhuanet.com/english2010/china/2010-06/05/c\\_13334151.htm](http://news.xinhuanet.com/english2010/china/2010-06/05/c_13334151.htm)
- Pamela Anderson appeals to Putin over Canada seals

## **Report Summary**

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

## **Political Front**

### **Poland**

Today marks the 21st anniversary of parliamentary elections which brought Solidarity a landslide victory, ending decades of communism in Poland. The post-communist Democratic Left Alliance (SLD) is to table a draft resolution in Parliament on the 21st anniversary of the 1989 election. In the draft, the election is described as the turning point in the grand political transformations. Poland would not have achieved this historic success if it had not been for the nation's commitment to change

The crew of a doomed Polish government airliner continued to try to land, despite at least a dozen warnings from onboard systems to regain altitude, according to a dramatic transcript released Tuesday of the final moments of the flight that killed the country's president.

### **Czech Republic**

Three Czech parties that won a majority in parliament at weekend elections agreed on a centre-right coalition focused on austerity Wednesday as the president looked poised to name a prime minister. The right-wing Civic Democrats (ODS), TOP 09 and centrist Public Affairs who together have a solid 118-seat majority in the 200-seat parliament.

The Czech Republic's general elections last weekend were a very serious affair. There was record turnout of young voters thanks to free beer and Face book campaigns, the result looks to have created a center-right government with the strongest majority in the country's history, and a record 44 women were elected into the 200-seat lower house of Parliament. Weekly magazine Ona ("she" in English) has turned attention to the new female parliamentarians, specifically, to their attractiveness. Ona is asking its readers to select Miss Parliament 2010,

The President of the Czech Senate, Dr. Přemysl Sobotka, says the Turkish flotilla was a planned provocation designed to entrap Israel. Dr. Sobotka told Knesset Speaker Ruby Rivlin on Wednesday, "As a doctor, I certainly regret any loss of life, but there is no doubt that this was a planned provocation designed to drag Israel into a trap." Sobotka met with Rivlin in the Knesset, and told him, "I support the position that views Hamas as a terrorist organization. It is too bad that European countries present an unbalanced position on this matter.

### **Slovakia**

Greek Cypriot and Turkish Cypriot political parties, which attend bi-communal meetings hosted by the Slovak embassy, condemned on Wednesday the violence used by the Israeli

government against the flotilla, which was carrying humanitarian aid to Gaza, in international waters.

Hungary's parliament passed an amendment to its Citizenship Act on May 26 granting an easier route to citizenship for over two million ethnic Hungarians living in the region. Ethnic Hungarians living in Slovakia, however, might find themselves in trouble if they take such a step, after the Slovak government endorsed a counter-strike against the measure just approved in Budapest.

## **Hungary**

Hungarian Prime Minister Viktor Orban, who scored a landslide victory with promises of tax cuts and economic stimulus, may be forced to backtrack after being rebuffed by the European Union. European Commission President Jose Manuel Barroso said yesterday in Brussels that bailed out by the EU and the International Monetary Fund in 2008, is still "in a very delicate situation" and needs further budget consolidation.

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

### **Belarus**

President of Belarus Alexander Lukashenko has today ended his official visit to Azerbaijan. Belarus will join the customs union with Russia and Kazakhstan on July 1 despite some ongoing disputes. The meeting between Belarusian President Alexander Lukashenko and Russian Deputy Prime Minister Igor Shuvalov has confirmed the assertion that the sides intend to settle their issues and enter into a customs area by July 1.

### **Ukraine**

Ukraine has officially taken NATO membership off its agenda in a volte face on policy ardently pursued by the previous President, Viktor Yushchenko. The Ukrainian Parliament on Thursday approved in first reading a Bill that amends a 2003 national security law to exclude the goal of "integration into Euro-Atlantic security and membership in NATO".

Ukrainian President Viktor Yanukovich has marked 100 days in office, outlining an ambitious vision of his country's future, he inherited a ruined economy when he took office in February. Opposition blamed him that he is limiting civil liberties and surrendering national sovereignty to Russia. Mr. Yanukovich spoke to the nation on his 99th day as president and followed up on the 100th day with a news conference in Kyiv.

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

### **Estonia**

### **Political Front**

ESTONIA says it has signed an accession treaty with the Organization for Economic Cooperation and Development to become the first former Soviet republic to join the exclusive club for the world's most prosperous industrial nations. Estonia was invited to join in the Paris-based organization along with Israel and Slovenia in May, after starting membership talks in 2007.

### **Latvia**

Reports and discussions at the Baltic Forum in Latvia have shown high levels of interest among attendees in the World Political Forum, scheduled to take place in Russia's Yaroslavl in September. The recent forum, attended by diplomats and foreign policy experts from Russia, Latvia, Germany and the United States, was devoted to post-crisis society. It took place in the resort town of Yurmala in the last days of May

### **Lithuania**

The president of the European Commission urged countries Wednesday to support the ailing euro as the bloc grapples with a financial crisis that has caused the currency's value to plummet. He was speaking on the sidelines of a meeting of government leaders from 11 countries surrounding the Baltic Sea, which is aimed at increasing cooperation in a region badly hit by the recent global economic downturn.

### **Russia**

Chancellor Angela Merkel of Germany and President Dmitri A. Medvedev of Russia began two days of talks Friday outside Berlin, with Russia asking Germany, and German companies, to help with modernization. Although Mrs. Merkel has put Iran, North Korea and the Middle East high on her list of issues to discuss, Mr. Medvedev has come with his own list, which includes forging even closer trade and economic ties with Germany, German exports to Russia fell by 36 percent, to €25.8 billion

Russian Foreign Minister Sergei Lavrov and U.S. Secretary of State Hillary Clinton held a phone conversation over a draft U.N. Security Council resolution on Iran's nuclear issue, said the Russian Foreign Ministry on Friday.

Chinese President Hu Jintao on Friday called on the foreign affairs departments of China and Russia to strengthen coordination and cooperation in order to advance the comprehensive development of bilateral ties.

Russia has firm positions regarding a Middle East settlement and the creation of a Palestinian independent state that will exist peacefully with Israel, President Dmitry Medvedev said on Thursday. Medvedev said that Russia's principled approach on this issue remains unchanged, i.e. there should be an independent Palestinian state that will live in peace with Israel.

# **Economic Front**

## **Poland**

The situation in the euro zone and the possibilities of Poland adopting the common currency are among the top issues discussed during the third day of the European Economic Congress in Katowice in Silesia. The participants are also to focus also on the future of the coal-mining sector and steel industry

The quarter-on-quarter growth figure released Monday by the Central Statistical Office reveals that Poland's economy grew by 0.5 per cent in the first quarter, expanding at a slower pace than in the previous quarter during a particularly harsh winter but still on track for a strong full-year performance amid Europe's broader financial and economic turmoil. Poland's unemployment rate fell to 12.3 percent in April.

## **Czech Republic**

Likely to be the next Prime Minister Petr Necas said on Friday that an upgrade of the Czech Republic's rating outlook by Fitch can lead to lower debt spreads and thus cut borrowing costs and help the 2011 budget, Fitch rating agency raised its 'A+' sovereign rating on the country to 'positive' based on the victory of centre-right parties in a national election last weekend. President Vaclav Klaus earlier on Friday asked Necas, chief of the right-wing Civic Democrats, to lead coalition talks, a step confirming him as the clear frontrunner to become prime minister.

A Bahrain delegation is heading to Prague to showcase the Kingdom's logistics credentials at the annual European Supply Chain & Logistics Summit next week and will attend the event in the Czech Republic capital from 7-9 June. Theme of the expedition is “Accelerating growth in the economic upturn”, it is the ideal opportunity to engage with Europe's leading supply chain and logistics decision makers

## **Slovakia**

The Slovak government has set itself the goal of investing 1.8% of its budget for GDP in research and development (R&D) by 2015. This target is smaller than 3% target, for the EU as a whole by 2020.

## **Hungary**

The International Monetary Fund said Friday it would send a senior official to Hungary for talks with the new government early next week, amid rising concerns about the country's public finances.

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

## **Estonia**

### **Economic Front**

The vice president and head of SAS Group investor relations in a statement reveals that the agreement with the Estonian government involves SAS divesting its stake. The Estonian government will provide about 205 million kronor (\$25.89 million) of new capital in a new rights issue. In return, SAS will convert about 20 million kronor it currently holds in loans into equity. After the rights issue, the Estonian government will hold 90 percent of Estonian Air, with SAS holding the balance. SAS will also remain the lender of about 70 million kronor in loans with a maturity in 2014.

Industrial production in euro zone hopeful Estonia rose by a record 18.4 percent year-on-year in April, although production for the domestic market declined. Estonia fell into a deep recession in early 2008 and industrial output fell 34 percent in April last year as demand for its exports dried up and domestic consumption collapsed.

## **Latvia**

The International Monetary Fund said on Tuesday it still supported Latvia's plan to keep its currency peg and that a letter in which it reportedly suggested devaluation was a forgery. The Fund said it was responding to an article by Latvian news agency LETA, which had reported that a letter was circulating in political circles which quoted IMF head Dominique Strauss-Kahn supposedly raising the possibility of a small devaluation.

## **Russia**

### **Economic Front**

Natural gas production in Russia in 2010 is expected to grow 10.7% year-on-year to 646 billion cubic meters, according to a government forecast published on Friday. It said gas exports should grow 22.1% to 205.7 bcm. In 2011, gas production is to grow to 655 bcm and to 676 bcm in 2013, while exports will be 207.9 bcm and 211.6 bcm, respectively. Russian gas exports will continue to be affected by Central Asian gas exports to Europe.

Thanks to higher oil prices, Russia saw extra budget revenues allowing Russia to deal with its main financial issues. Putin said that whereas the 2010 budget was based on a projected oil price of 58 U.S. dollars per barrel, the average price so far this year had in fact exceeded 70 dollars.

Russian President Dmitry Medvedev met EU leaders Monday for a summit over shadowed by the euro zone's economic woes but aimed at resolving longstanding trade and visa disputes. The meeting in the southern city of Rostov-on-Don is the first between Medvedev and

EU President Herman Van Rompuy, who leads the EU since the Lisbon Treaty took effect last year.

The IMF has announced its gold reserves declined to 2,966.4 in April from 2,981.5 tones in March, a 15.1 ton decline. And while the IMF sold well over half a billion worth of gold in April, Russia was once again taking advantage of fire sale prices, bulking up its gold holdings by 5 tones, which increased from 663.7 to 668.7. Russia has now been adding gold every month since February.

## **Social Front**

### **Poland**

RAINS have caused new flooding in parts of Poland, inundating some neighborhoods still struggling to recover from major floods that killed at least 20 people last month. Sandomierz, a town in the country's south among the worst-hit places last month, is bracing for floods expected to strike on Friday afternoon. Landslides also destroyed houses in some waterlogged areas, including in Klodne, in southern Poland, where people have been trying to salvage their belongings after their homes collapsed.

### **Czech Republic**

The parliament has approved once again the Amendment to the Air Protection Act under which the share of ethanol and petrol will rise from the current 3.5% vol. to 4.1% vol. and the share of bio-diesel to 6% vol. from 4.5% vol. This vote effectively overturns the earlier veto of Czech President Vaclav Klaus' veto.

### **Slovakia**

Unemployment in the Euro-zone is continuing to rise, with the unemployment figure reaching 10.1% in April 2010 compared with 10.0% in March. The unemployment figure across Belgium, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland stood at 9.2% in April 2009. And in Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom (UK) unemployment rate was 9.7% in April 2010, unchanged compared with March.

### **Hungary**

The Hungarian Parliament Monday passed a bill submitted by the new center-right government to introduce a National Unity Day on June 4 to commemorate the anniversary of a traumatic treaty that left much of the Hungarian nation outside the country's borders after Hungary lost two thirds of its territory following World War I. According to the bill, "all

Hungarians and Hungarian communities are part of a unified Hungarian nation, which exists over state boundaries and is an essential element of the Hungarian identity.”

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

### **Belarus**

Bulgarian Foreign Ministry has made it easier for Russians, Ukrainians, Belarusians and Moldovans to visit the country. Photo by Dnevnik.bg Bulgaria relaxes visa procedures for Russian, Ukrainian, Belarusian and Moldovan nationals following an order signed by the Bulgarian Foreign Minister Nikolay Mladenov this Friday. Visas for organized tourism will be issued within 10 days.

### **Ukraine**

Some 50 journalists in the Ukraine on Friday used a presidential press conference to protest against what they consider to be press censorship. The television channel 1+1 reportedly wants to contractually oblige its journalists not to report critically on the government and to stipulate how they report on the opposition.

### **Latvia**

Hundreds of blondes from around the country came to Riga, Latvia's capital, on Saturday to parade in pink in an effort to cheer up the struggling nation. The theme this year "is 'pink and blonde' and includes a Marilyn Monroe look-a-like contest, a Blonde Diva concert and a Pink party."

Drug trafficking channel has been busted in a joint international police operation. Four Latvian citizens, who lived on the territory of Sofia, have been arrested. The group received the drugs by parcel post from Brussels, later the drug was mixed with herbs, bath salts and nutritional supplements and put in luxurious packs of different trade brands and sent as sample post throughout the world. The international police operation for busting the drug trafficking was realized by General Directorate Combating Organized Crime (GDCOC) – Ministry of Interior and their Belgium colleagues.

### **Lithuania**

A civic group from Hiroshima on Friday presented a stone struck during the 1945 atomic bombing to Lithuania as a symbol of peace, in a ceremony at a park named after a Japanese diplomat. Engraved with an image of a Buddhist goddess of mercy, the "Stone for Peace," was handed over at Chiune Sugihara Park in the Lithuanian capital of Vilnius.

### **Russia**

The sixth Women's Culture Week as well as the fourth Women Forum between China and Russia kicked off here on Friday. Speaker of the Russian Federal Council or the upper house of the parliament, Sergei Mironov extended his warm welcome to the inauguration of the event themed "Women and Economy." Calling the strategic partnership of cooperation with China one of the top priorities for Russia in its foreign affairs.

## **Cyber/Internet/Telecommunication Front**

### **Hungary**

Hungary's newly-installed Government has added a new home page to all of its official web sites calling them unworthy. Hungary's center-right Fidesz party formed a new government Saturday released a universal message that begins with a very non-governmental "OMG" (Oh my God, for those of you over the age of 17) and pledges that some 443 domain names are registered to the government, but only 125 of these have some kind of content. All the websites of the ministries lack any kind of uniform structure and design and are technically out-of-date. Government is going to check every single website. The Government will decide if they need to be kept or need restructuring.

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

#### **Estonia**

The country's foreign minister said Friday that "IT-savvy Estonia", which already hosts NATO's cyber-defense centre, is also keen to draw the European Union's future IT agency. Estonia is competing with France to become the new EU agency's host state and the tiny Baltic nation has said it is willing to invest about 20 million euros (24 million US dollars) in the project should its bid win.

Telecom Minister A Raja, who was to lead a delegation to Estonia for an international conference, has called off his visit because of delay in clearance from the Prime Minister's Office (PMO). The Minister along with four MPs and 15 officials from Department of Telecom and various state governments was to travel to Estonia from June 7-13 for a conference on e-governance, sources said.

#### **Russia**

Despite multiple attempts, Russia's deputies have been unable to clearly define the difference between acceptable erotica and banned pornography. The problem of distinguishing two kinds of sex videos has come in the spotlight due to complex licensing laws in the country. Russia is lacking a precise definition of pornographic and erotic films, which is vitally needed for permission to release of films

## **Detailed Report**

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

#### **Poland**

##### **Political Front**

##### **Solidarity elections - 21 years later-04.06.2010**

[http://www.thenews.pl/national/artykul132901\\_solidarity-elections---21-years-later.html](http://www.thenews.pl/national/artykul132901_solidarity-elections---21-years-later.html)

Today marks the 21st anniversary of parliamentary elections which brought Solidarity a landslide victory, ending decades of communism in Poland. The post-communist Democratic Left Alliance (SLD) is to table a draft resolution in Parliament on the 21st anniversary of the 1989 election. In the draft, the election is described as the turning point in the grand political transformations in Poland – from an non-democratic and not fully independent state into a democratic and independent country, a member of the European Union and NATO. The draft proposed by the Democratic Left Alliance says that Poland would not have achieved this historic success if it had not been for the nation's commitment to change and the determination, prudence, far-sightedness and courage of the leaders of the political camps of the time. Among those leaders, the draft mentions general Wojciech Jaruzelski, described as the main initiator and patron of Polish reforms, and Lech Wałęsa, 'the historic leader of Solidarity'. The other architects of Polish reforms mentioned in the document are former Prime Minister Tadeusz Mazowiecki and former Aleksander Kwaśniewski, as well as the late President Lech Kaczyński and the late Solidarity leaders Bronisław Geremek and Jacek Kuron. Even though it was only a semi-free ballot in June 1989, in which Solidarity could gain a maximum of 35 percent of the seats in the Lower House, the outcome of the elections is seen as a milestone on the Polish road towards democracy. A wide range of events is scheduled in Warsaw aimed at re-creating the unique atmosphere of 4 June 1989 in concerts, happenings, city games, parades and dance parties. The Solidarity opposition acquired 160 seats in the 460-seat Lower House and 92 seats in the 100-seat Upper House – the Senate. The election to the Senate was completely free

##### **Doomed Polish crew tried to land despite warnings, transcript says-June 2, 2010**

<http://www.washingtonpost.com/wp-dyn/content/article/2010/6/1/AR2010060103636.html>

The crew of a doomed Polish government airliner continued to try to land, despite at least a dozen warnings from onboard systems to regain altitude, according to a dramatic transcript released Tuesday of the final moments of the flight that killed the country's president. The transcript from the black box voice recorder appears to back the contention of Edmund Klich, the lead Polish investigator into the crash, that the disaster was caused by pilot error, something that could influence Poland's presidential elections to replace Lech Kaczynski, who was killed in the April 10 crash along with 95 others.

## **Economic Front**

### **Euro Zone on congress agenda-02.06.2010**

[http://www.thenews.pl/business/artykul132821\\_euro-zone-on-congress-agenda.html](http://www.thenews.pl/business/artykul132821_euro-zone-on-congress-agenda.html)

The situation in the euro zone and the possibilities of Poland adopting the common currency are among the top issues discussed during the third day of the European Economic Congress in Katowice in Silesia. The participants are also to focus also on the future of the coal-mining sector and steel industry. The last day of the Katowice conference is to concentrate on the crisis on European finance markets, which are still unbalanced due to lack of credible information from companies and states on the actual financial situation. Poland's rotating EU presidency and its priorities remain high on the Congress agenda. Poland should focus on strengthening the EU and tighten cooperation within member states, underlines economic expert and former member of the Monetary Policy Council Dariusz Rosati

### **Unemployment down in Poland-02.06.2010**

[http://www.thenews.pl/business/artykul132805\\_unemployment-down-in-poland.html](http://www.thenews.pl/business/artykul132805_unemployment-down-in-poland.html)

Poland's main statistical office (GUS) has confirmed that the unemployment rate fell to 12.3 percent in April, in keeping with a preliminary report released by the Labour Ministry early. The data shows that 1.97 million people were registered as unemployed at the end of April, 101,000 fewer than in March. The rate of unemployment in April 2009 was 10.9 percent.

**Poland's economy grows by 0.5 per cent in 1st quarter - slower but still healthy-Associated Press** [http://www.canadianbusiness.com/markets/headline\\_news/article.jsp?content=b3512475](http://www.canadianbusiness.com/markets/headline_news/article.jsp?content=b3512475)

WARSAW, Poland - Poland's economy grew by 0.5 per cent in the first quarter, expanding at a slower pace than in the previous quarter during a particularly harsh winter but still on track for a strong full-year performance amid Europe's broader financial and economic turmoil. The quarter-on-quarter growth figure released Monday by the Central Statistical Office compared with growth of 1.1 per cent in the last three months of 2009.

## **Social Front**

### **Jun 4, 2010-Poland hit by more floods**

[http://www.straitstimes.com/BreakingNews/World/Story/STIStory\\_535546.html](http://www.straitstimes.com/BreakingNews/World/Story/STIStory_535546.html)

WARSAW - RAINS have caused new flooding in parts of Poland, inundating some neighbourhoods still struggling to recover from major floods that killed at least 20 people last month. News station TVN24 aired images from the Warsaw suburb of Piaseczno, where water rose high enough in some places to nearly immerse cars. Firefighters are using motorboats to move down streets as they help evacuate residents. Sandomierz, a town in the country's south

among the worst-hit places last month, is bracing for floods expected to strike on Friday afternoon. Landslides also destroyed houses in some waterlogged areas, including in Klodne, in southern Poland, where people have been trying to salvage their belongings after their homes collapsed.

### **UEFA satisfied with Polish Progress towards EURO 2012-**

<http://www.sportbusiness.com/news/177291/uefa-happy-with-ukraine-2012-progress>

Ukraine's progress over the past two months has satisfied UEFA that the country is capable of staging Euro 2012 alongside Poland. In April, UEFA president Michel Platini said Ukraine had two months to show improvement in its preparations for its four venues or it would be stripped of its hosting rights. Since being chosen to co-host the event in 2007, both Poland and Ukraine have been criticised for the slow progress in building stadiums, hotels and roads. "Ukraine's updated plan includes targets for specific projects "spread between now and summer 2011," read a governing body statement released after the Euro 2012 steering group meeting. "There is no reason for UEFA to look into alternatives – so-called 'Plan B' – if this plan is respected and delivered."

### **Czech Republic**

#### **Political Front**

#### **UPDATE 2-Czech right leader to form govt, Fitch ups outlook-Jun 4, 2010**

<http://www.reuters.com/article/idUSLDE6530IP20100604?rpc=401>

PRAGUE, June 4 (Reuters) - Czech President Vaclav Klaus asked right-wing Civic Democrat leader Petr Necas on Friday to lead talks on forming the next government, after centre-right parties won a decisive majority in an election last weekend. The victory of parties promising fiscally prudent reforms cheered investors. On Friday, Fitch Ratings revised the Czech Republic's outlook to positive from stable based on the election result. The Civic Democrats have been negotiating with two new centre-right parties on forming a coalition, and talks are expected to last for several weeks as parties overcome differences. The trio -- the right-wing Civic Democrats, the conservative TOP09 party and the centrist Public Affairs -- won a combined 118 seats in the 200-member lower house, which could give it the largest majority of any government since the nation came into existence in 1993 in the split-up of the former Czechoslovakia.

#### **Czech parties agree centre-right majority coalition Published on 2 June-**

<http://www.rnw.nl/english/bulletin/czech-parties-agree-centre-right-majority-coalition>

Three Czech parties that won a majority in parliament at weekend elections agreed on a centre-right coalition focused on austerity Wednesday as the president looked poised to name a prime

minister. The right-wing Civic Democrats (ODS) and TOP 09 and centrist Public Affairs, who together have a solid 118-seat majority in the 200-seat parliament, penned their deal after four days of talks. The deal sidelines the left-wing Social Democrats (CSSD), who actually won the vote although narrowly.

### **The Lighter Side of Czech Elections: Voting for Miss Parliament 2010-June 2, 2010,**

<http://blogs.wsj.com/new-europe/2010/06/02/the-lighter-side-of-czech-elections-voting-for-miss-parliament-2010/>

The Czech Republic's general elections last weekend were a very serious affair. There was record turnout of young voters thanks to free beer and Facebook campaigns, the result looks to have created a center-right government with the strongest majority in the country's history, and a record 44 women were elected into the 200-seat lower house of Parliament. The elections showed voters want fiscal responsibility over populist handouts, and most attention so far has been focused on negotiations to assemble the ruling coalition. But weekly magazine Ona ("she" in English), a supplement in the leading upper-market newspaper Mlada Fronta Dnes, has turned attention to the new female parliamentarians. Specifically, to their attractiveness. As women break through the glass ceiling in the Czech Republic, to a large degree many, if not most of them, also retain a sense of humor and see little reason to hide or lose their femininity just because they've become public officials. Ona is asking its readers to select Miss Parliament 2010, and the competition is tough. Many of the challengers are well-educated professionals with experience in the public and private sectors. Some are doctors, lawyers, politicians. And in step with stereotypes that Czech women are beautiful, quite a few of the new parliamentarians are indeed attractive.

### **Czech Republic Supports Israel - Again**

<http://www.israelnationalnews.com/News/News.aspx/137860>

Is the world waking up? Following U.S. Vice President Joe Biden and others, the President of the Czech Senate, Dr. Přemysl Sobotka, says the Turkish flotilla was a planned provocation designed to entrap Israel. Dr. Sobotka told Knesset Speaker Ruby Rivlin on Wednesday, "As a doctor, I certainly regret any loss of life, but there is no doubt that this was a planned provocation designed to drag Israel into a trap." Sobotka met with Rivlin in the Knesset, and told him, "I support the position that views Hamas as a terrorist organization... It is too bad that European countries present an unbalanced position on this matter. Unfortunately, the positions of the international community are not always to my taste, particularly in Europe." Rivlin took the opportunity to explain once again that "despite the international criticism, the naval blockade on Gaza is in accordance with international law. Israel left Gaza, but it became a terrorist entity supported by Iran. This week, instead of peace activists we found terror activists who endangered our soldiers and left them with no choice. At least 100 out of the 120 Knesset Members support the IDF action."

## **Economic Front**

### **Czech leader NECAS: Fitch upgrade can help budget**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7928211&subject=companies&action=artic>

PRAGUE, June 4 (Reuters) - An upgrade of the Czech Republic's rating outlook by Fitch can lead to lower debt spreads and thus cut borrowing costs and help the 2011 budget, the likely next prime minister Petr Necas said on Friday. Fitch rating agency raised its 'A+' sovereign rating on the country to 'positive' based on the victory of centre-right parties, which pledged budget austerity, in a national election last weekend. President Vaclav Klaus earlier on Friday asked Necas, chief of the right-wing Civic Democrats, to lead coalition talks, a step confirming him as the clear frontrunner to become prime minister.

### **Czech Yields May Rise on Larger Second-Half Borrowing (Update2)**

[http://www.bloomberg.com/apps/news?pid=20601009&sid=aAr6vBiAI5\\_8](http://www.bloomberg.com/apps/news?pid=20601009&sid=aAr6vBiAI5_8)

June 2 (Bloomberg) -- Czech bond yields may rise to the highest since October 2009 as the government ramps up debt sales to finance the budget deficit, according to Raiffeisenbank AS. The yield on the benchmark koruna note due 2019 is poised to rise to as much as 4.6 percent by year-end, Michal Brozka, an economist at Raiffeisenbank, said in an interview.

### **Bahrain logistics credentials to be showcased in Europe-June 03 - 2010**

<http://www.ameinfo.com/234353.html>

PRESS RELEASE.A Bahrain delegation is heading to Prague to showcase the Kingdom's logistics credentials at the annual European Supply Chain & Logistics Summit next week. Representatives from the Kingdom's Economic Development Board (EDB), Bahrain Logistics Zone (BLZ) and Batelco will attend the event in the Czech Republic capital from 7-9 June. Themed 'Accelerating growth in the economic upturn', it is the ideal opportunity to engage with Europe's leading supply chain and logistics decision makers

## **Social Front**

### **Czech Parliament overturns President's veto on higher biofuels blending-June 01 2010**

<http://www.agranet.com/portal2/home.jsp?template=newsarticle&artid=20017780826&pubid=ag>

The parliament has approved once again the Amendment to the Air Protection Act under which the share of ethanol and petrol will rise from the current 3.5% vol. to 4.1% vol. and the share of biodiesel to 6% vol. from 4.5% vol., informed sources said. This vote effectively overturns the earlier veto of Czech President Vaclav Klaus' veto.

## **Slovakia**

## **Political Front**

### **Cypriots condemn violence used by the Israeli government-03.JUN.10The Famagusta Gazette Cyprus-**

Greek Cypriot and Turkish Cypriot political parties, which attend bicomunal meetings hosted by the Slovak embassy, condemned on Wednesday the violence used by the Israeli government against the flotilla, which was carrying humanitarian aid to Gaza, in international waters. In a joint communique issued after their meeting today, the parties said they were pleased to hear the decision that the negotiating process on the Cyprus problem will continue from the point where it was interrupted and encouraged Cyprus President Demetris Christofias and Turkish Cypriot leader Dervis Eroglu to find an early solution on the basis of the agreed framework of bizonal, bicomunal federation, with a political equality as it is defined in the relevant Security Council resolutions.

### **Slovak MPs counter with citizenship threat-May 31 2010**

[http://sofiaecho.com/2010/05/31/909208\\_slovak-mps-counter-with-citizenship-threat?ref=rss&utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+rss2%2Fall-news+%28The+Sofia+Echo%29](http://sofiaecho.com/2010/05/31/909208_slovak-mps-counter-with-citizenship-threat?ref=rss&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+rss2%2Fall-news+%28The+Sofia+Echo%29)

One of the first legislative gifts given by the newly-elected Hungarian parliament to ethnic Hungarians living in countries bordering Hungary is the opportunity to acquire Hungarian citizenship with much less difficulty. Ethnic Hungarians living in Slovakia, however, might find themselves in trouble if they take such a step, after the Slovak government endorsed a counter-strike against the measure just approved in Budapest. Hungary's parliament passed an amendment to its Citizenship Act on May 26 granting an easier route to citizenship for over two million ethnic Hungarians living in the region.

## **Economic Front**

### **Slovakia calls for its own R&D target-04 June 2010**

<http://www.euractiv.com/en/priorities/slovakia-calls-for-own-rd-target-news-494751>

The Slovak government has set itself the goal of investing 1.8% of its budget for GDP in research and development (R&D) by 2015. This target, smaller than 3% target, for the EU as a whole by 2020 is still to be negotiated. According to the country's deputy prime minister for the knowledge society, European affairs, human rights and minorities, Dušan Čaplovič, Slovakia has "a tradition of planning everything in five-year or ten-year terms and from our experience, we don't consider setting numbers without real analysis as natural: because they are unrealisable"

## **Social Front**

### **Eurozone unemployment rates are on the increase-02 June 2010**

<http://www.hrmagazine.co.uk/news/rss/1007408/Eurozone-unemployment-rates-increase/>

Unemployment in the Eurozone is continuing to rise, with the unemployment figure reaching 10.1% in April 2010 compared with 10.0% in March. According to Eurostat, the unemployment figure across Belgium, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland stood at 9.2% in April 2009. And in Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom (UK) unemployment rate was 9.7% in April 2010, unchanged compared with March. It was 8.7% in April 2009. Eurostat estimates 23.311 million European men and women were unemployed in April 2010. Compared with March 2010, the number of persons unemployed increased by 25 000. Compared with April 2009, unemployment went up by 2.400 million. Among the European Union member states, the lowest unemployment rates were recorded in the Netherlands (4.1%) and Austria (4.9%), and the highest rates in Latvia (22.5%), Spain (19.7%) and Estonia (19.0% in the first quarter of 2010).

## **Hungary**

### **Political Front**

#### **Hungary's Orban May Scrap Budget Plans on EU Rebuff (Update2)-June 04, 2010,**

<http://www.businessweek.com/news/2010-06-04/hungary-s-orban-may-scrap-budget-plans-on-eu-rebuff-update2-.html>

June 4 (Bloomberg) -- Hungarian Prime Minister Viktor Orban, who scored a landslide victory with promises of tax cuts and economic stimulus, may be forced to backtrack after being rebuffed by the European Union. Hungary, bailed out by the EU and the International Monetary Fund in 2008, is still "in a very delicate situation" and needs further budget consolidation, European Commission President Jose Manuel Barroso said yesterday in Brussels. Orban, who had sought permission for a wider deficit, pledged to reduce debt and "fight" the shortfall. Euro-area economies are cutting spending because of Europe's sovereign debt crisis.

### **Economic Front**

#### **Hungary's finances in 'grave' state, official says-The Washington Post**

<http://www.thestar.com/business/article/819224--hungary-s-finances-in-grave-state-official-says>

BUDAPEST, HUNGARY — Hungary's economy is in a "very grave situation," a government official said Friday, adding to concern about Europe's sovereign debt crisis, weakening the euro and pushing the forint to a 12-month low. "It's clear that the economy is in a very grave

situation,” Peter Szijjarto, spokesman for Prime Minister Viktor Orban, said in Budapest. “I don’t think it’s an exaggeration at all” to talk about a default. The comments sparked concern that Europe’s debt crisis would spread to eastern Europe. European governments crafted a \$904 billion (U.S.) financial backstop for the euro area last month after Greece’s widening budget deficit threatened to shatter confidence in the single currency

### **IMF to hold talks with Hungary amid rising financial fears-Fri Jun 4,**

[http://news.yahoo.com/s/afp/20100604/bs\\_afp/financeeconomyhungarygovernmentimf](http://news.yahoo.com/s/afp/20100604/bs_afp/financeeconomyhungarygovernmentimf)

WASHINGTON (AFP) – The International Monetary Fund said Friday it would send a senior official to Hungary for talks with the new government early next week, amid rising concerns about the country's public finances. "Our new mission chief for Hungary, Christoph Rosenberg, is going to Budapest on Monday for a short visit to meet the new government and discuss the economic situation and prospects with senior officials," an IMF spokesperson told AFP.

### **Hungary Bonds Sink, Forint at 12-Month Low on Default Comments**

<http://www.bloomberg.com/apps/news?pid=20601087&sid=abNnDO0gdICA>

June 4 (Bloomberg) -- Hungarian bonds tumbled, pushing up borrowing costs by the most since October 2008, and the forint and stocks plunged after a government official said speculation of a default “isn’t an exaggeration.” The extra yield investors demand to own Hungary’s debt over U.S. Treasuries rose 149 basis points, or 1.49 percentage point, to 468, according to JPMorgan Chase & Co.’s EMBI Global Index. The BUX Index of equities tumbled as much as 8.4 percent, while the forint fell 1.7 percent to 286.74 per euro at 11:19 a.m. in New York, the weakest level since June 2009.

### **Social Front**

#### **Hungary Sets Unity Day to Remember National Trauma**

<http://blogs.wsj.com/new-europe/2010/06/01/hungary-sets-unity-day-to-remember-national-trauma/>

The Hungarian Parliament Monday passed a bill submitted by the new center-right government to introduce a National Unity Day on June 4 to commemorate the anniversary of a traumatic treaty that left much of the Hungarian nation outside the country’s borders after Hungary lost two thirds of its territory following World War I. According to the bill, “all Hungarians and Hungarian communities are part of a unified Hungarian nation, which exists over state boundaries and is an essential element of the Hungarian identity.”

#### **OMG... our web sites are rubbish**

<http://www.thinq.co.uk/2010/6/1/omg-our-web-sites-are-rubbish/>

Hungary's newly-installed Government has added a new home page to all of its official web sites calling them unworthy. Hungary's center-right Fidesz party formed a new government Saturday and party leader Viktor Orban was sworn in as prime minister. The universal message begins with a very non-governmental "OMG" (Oh my God, for those of you over the age of 17) and continues thus: The new Government of Hungary wants to put the governmental websites in order as well. We consider the present situation to be unworthy of Hungary: the websites of the ministries lack any kind of uniform structure and design. Most of them are technically out-of-date and incoherent. We have been informed that, at the moment of hand-over, 443 domain names are registered to the government, but only 125 of these have some kind of content. We are going to check every single website. We will decide if they need to be kept, and if they should be operated in the present form or need restructuring.

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

### **Belarus**

#### **Political Front**

##### **Belarusian President completes his visit to Azerbaijan-05.06.2010**

<http://en.trend.az/news/official/chronicle/1699811.html>

President of Belarus Alexander Lukashenko has today ended his official visit to Azerbaijan, AzerTAj state news agency reported. Belarus will join the customs union with Russia and Kazakhstan on July 1 despite some ongoing disputes, Economics Minister Nikolay Snopkov said Friday. "The meeting between Belarusian President Alexander Lukashenko and Russian Deputy Prime Minister Igor Shuvalov has confirmed the assertion that the sides intend to settle their issues and enter into a customs area by July 1," Snopkov said. To date Russia and Belarus remained unable to reach an agreement over tariffs on oil and petroleum imports. The importation of foreign cars and aircraft into the Union's custom territory were also among the disputed issues, according to previous reports.

#### **Social Front**

##### **Bulgaria Eases Visa Regime for Russia, Ukraine, Belarus and Moldova-June 4, 2010**

[http://www.novinite.com/view\\_news.php?id=116820](http://www.novinite.com/view_news.php?id=116820)

Bulgarian Foreign Ministry has made it easier for Russians, Ukrainians, Belarussians and Moldovans to visit the country. Photo by Dnevnik.bg Bulgaria relaxes visa procedures for Russian, Ukrainian, Belarussian and Moldovan nationals following an order signed by the Bulgarian Foreign Minister Nikolay Mladenov this Friday. The news comes immediately after Mladenov reported Friday morning that he has a draft ready for facilitating the visa regime for those countries. Visas for organized tourism from Russia will be issued within 10 days of

submission of the application (up to now the term was 10-30 days), according to a press release from the Foreign Ministry. The regime for multiple-entry visas is also going to be relaxed.

## **Ukraine**

### **Political Front**

#### **Ukraine drops NATO membership plans**

<http://www.hindu.com/2010/06/04/stories/2010060455931600.htm>

MOSCOW: Ukraine has officially taken NATO membership off its agenda in a volte face on policy ardently pursued by the previous President, Viktor Yushchenko. The Ukrainian Parliament on Thursday approved in first reading a Bill that amends a 2003 national security law to exclude the goal of “integration into Euro-Atlantic security and membership in NATO”. The Bill submitted by President Viktor Yanukovych commits Ukraine to “a non-bloc policy which means non-participation in military-political alliances”. Kiev formally applied to join NATO in 2008, and even though the alliance failed to immediately give the green light to the Ukrainian bid, Mr. Yushchenko vowed to win NATO membership as the only way to “safeguard Ukrainian sovereignty

#### **Ukrainian President Marks 100 Days in Office**

<http://www1.voanews.com/english/news/europe/Ukrainian-President-Marks-100-Days-in-Office-95631219.html>

Ukrainian President Viktor Yanukovych has marked 100 days in office, outlining an ambitious vision of his country's future, but amid opposition concerns he is limiting civil liberties and surrendering national sovereignty to Russia. Mr. Yanukovych spoke to the nation on his 99th day as president and followed up on the 100th day with a news conference in Kyiv. Speaking at a news conference in Kyiv, President Yanukovych said he inherited a ruined economy when he took office in February. He said he is seeking passage of laws to encourage economic development and investments, and is fighting red tape that often stands in their way. Ukraine's president has defended his policy of forging closer ties with Russia, saying the ex-Soviet neighbors need closer economic integration. Viktor Yanukovych said he intends to sign a new friendship treaty with Russia to further bolster relations. Ukrainian-Russian ties worsened badly under Yanukovych's pro-Western predecessor, Viktor Yushchenko, who has sought to bring Ukraine to NATO and the European Union. Yanukovych moved to repair relations with Moscow after his February's elections

### **Social Front**

#### **Journalists protest against censorship in Ukraine-Jun 5, 2010**

[http://www.monstersandcritics.com/news/europe/news/article\\_1560937.php/Journalists-protest-against-censorship-in-Ukraine](http://www.monstersandcritics.com/news/europe/news/article_1560937.php/Journalists-protest-against-censorship-in-Ukraine)

Kiev - Some 50 journalists in the Ukraine on Friday used a presidential press conference to protest against what they consider to be press censorship. The television channel 1+1 reportedly wants to contractually oblige its journalists not to report critically on the government and to stipulate how they report on the opposition.

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

### **Estonia**

#### **Political Front**

##### **Estonia set to be in OECD**

[http://www.straitstimes.com/BreakingNews/World/Story/STIStory\\_535139.html](http://www.straitstimes.com/BreakingNews/World/Story/STIStory_535139.html)

TALLINN (Estonia) - ESTONIA says it has signed an accession treaty with the Organisation for Economic Cooperation and Development to become the first former Soviet republic to join the exclusive club for the world's most prosperous industrial nations. Estonia was invited to join in the Paris-based organisation along with Israel and Slovenia in May, after starting membership talks in 2007. Estonia is set to join the economic think-tank later this year after the ratification process is completed. Secretary-General Angel Gurría says OECD members can learn from Estonia's recent experiences in how to recover from economic recession.

##### **First aid to aid Helmand-Jun 02, 2010**

TALLINN - According to the Estonian Ministry of Foreign Affairs, within the framework of a development co-operation project funded by the Foreign Ministry, NPO Mondo and the Estonian Defense Forces sent 1,500 first aid kits to Afghanistan, which are meant to be given to those in Helmand Province who complete first aid training.

#### **Economic Front**

##### **SAS sells 49 percent stake in Estonian Air**

<http://www.thelocal.se/27048/20100604/>

"Since 2003, SAS has held a 49 percent interest in the airline. According to the Core SAS strategy with focus on the Nordic home market, this stake has been set out for divestment," said Sture Stølen, vice president and head of SAS Group investor relations, in a statement. The agreement with the Estonian government involves SAS divesting its stake. The Estonian government will provide about 205 million kronor (\$25.89 million) of new capital in a new rights issue. In return, SAS will convert about 20 million kronor it currently holds in loans into

equity. After the rights issue, the Estonian government will hold 90 percent of Estonian Air, with SAS holding the balance. SAS will also remain the lender of about 70 million kronor in loans with a maturity in 2014.

### **Estonia industrial output shows record rise in April**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7918976&subject=economic&action=articl>

TALLINN, May 31 (Reuters) - Industrial production in euro zone hopeful Estonia rose by a record 18.4 percent year-on-year in April in seasonally adjusted terms as output for exports rose, although production for the domestic market declined. Estonia fell into a deep recession in early 2008 and industrial output fell 34 percent in April last year as demand for its exports dried up and domestic consumption collapsed.

### **Construction activity remains weak-Jun 03, 2010**

<http://www.baltictimes.com/news/articles/26291/>

TALLINN - Total production of Estonian construction companies in Estonia and foreign countries decreased 34 percent at constant prices in the 1st quarter of 2010, compared to the same period last year, reports news agency LETA. The value of the work amounted to 3.0 billion kroons (192.3 million euros), of which the cost of building construction was 1.9 billion kroons and that of civil engineering totaled 1.1 billion kroons

### **Social Front**

#### **Estonia keen to host EU's future IT agency: minister June 5, 2010**

<http://news.smh.com.au/breaking-news-technology/estonia-keen-to-host-eus-future-it-agency-minister-20100605-xl59.html>

IT-savvy Estonia, which already hosts NATO's cyber-defence centre, is also keen to draw the European Union's future IT agency, the country's foreign minister said Friday. "Estonia hopes that the European Union's IT agency will be set up here," Estonian Foreign Minister Urmas Paet said Friday, after meeting Alexander Alvaro, shadow rapporteur of the European Parliament. Estonia is competing with France to become the new EU agency's host state and the tiny Baltic nation has said it is willing to invest about 20 million euros (24 million US dollars) in the project should its bid win.

#### **Indian Minister Raja cancels Estonia trip**

<http://expressbuzz.com/nation/raja-cancels-estonia-trip/178960.html>

NEW DELHI: Telecom Minister A Raja, who was to lead a delegation to Estonia for an international conference, has called off his visit because of delay in clearance from the Prime

Minister's Office (PMO). The Minister along with four MPs and 15 officials from Department of Telecom and various state governments was to travel to Estonia from June 7-13 for a conference on e-governance, sources said.

## **Latvia**

### **Political Front**

#### **Baltic summit tests ground for upcoming World Political Forum**

<http://rt.com/Politics/2010-06-02/baltic-forum-crisis-security.html>

Reports and discussions at the Baltic Forum in Latvia have shown high levels of interest among attendees in the World Political Forum, scheduled to take place in Russia's Yaroslavl in September. The recent forum, attended by diplomats and foreign policy experts from Russia, Latvia, Germany and the United States, was devoted to post-crisis society. It took place in the resort town of Yurmala in the last days of May

### **Economic Front**

#### **IMF backs Latvia peg, rejects claim in "forged" letter**

<http://www.iii.co.uk/news/?type=afxnews&articleid=7921396&subject=markets&action=article>

RIGA, June 1 (Reuters) - The International Monetary Fund said on Tuesday it still supported Latvia's plan to keep its currency peg and that a letter in which it reportedly suggested a devaluation was a forgery. The Fund said it was responding to an article by Latvian news agency LETA, which had reported that a letter was circulating in political circles which quoted IMF head Dominique Strauss-Kahn supposedly raising the possibility of a small devaluation. "Regarding this morning's LETA story, which referred to a purported letter from the IMF Managing Director: the letter mentioned is false and we advised LETA that it was forged. It does not represent the views of the IMF," the IMF representative office in Latvia said in a statement

#### **Latvia hopes euro zone to sort out crisis**

<http://economictimes.indiatimes.com/news/international-business/Latvia-hopes-euro-zone-to-sort-out-crisis/articleshow/6003264.cms>

VILNIUS: Latvia, whose economy contracted by 18 per cent last year, has overcome the impact of Greece's debt crisis and is on track for complying with the terms of its 7.5 billion euro bailout, the prime minister said on Wednesday. "We have not felt an immediate effect from the Greek crisis," Valdis Dombrovskis said in an interview. He said borrowing on international markets had become tougher, but added: "Latvia has enough funds from the international rescue package."

## **Social Front**

### **Latvia's 'Blonde Parade' Hope To Stimulate Economy**

[http://www.huffingtonpost.com/2010/06/03/latvias-blonde-parade-hop\\_n\\_599704.html](http://www.huffingtonpost.com/2010/06/03/latvias-blonde-parade-hop_n_599704.html)

Latvia, Latvia Blonde Parade, Latvia Blonde Parade Photos, Latvia Blonde Parade Pictures, Slidepollajax, Slideshow, World News The Latvian Association of Blondes (LAB) is doing its part to ensure their country has a robust economic comeback. Hundreds of blondes from around the country came to Riga, Latvia's capital, on Saturday to parade in pink and strut with their poodles in an effort to cheer up the struggling nation. The theme this year "is 'pink and blonde' and includes a retro blonde competition and a Marilyn Monroe look-a-like contest, a Blonde Diva concert and a Pink party."

### **Drug trafficking channel busted in international operation**

<http://www.focus-fen.net/?id=n221379>

Sofia. Drug trafficking channel has been busted in a joint international police operation, press centre of the Ministry of Interior announced. Four Latvian citizens, who lived on the territory of Sofia, have been arrested. The group received the drugs by parcel post from Brussels, later the drug was mixed with herbs, bath salts and nutritional supplements and put in luxurious packs of different trade brands and sent as sample post throughout the world. The international police operation for busting the drug trafficking was realized by General Directorate Combating Organized Crime (GDCOC) – Ministry of Interior and their Belgium colleagues. Employees of the National Customs Agency (NCA), Belgium customs service and the Bulgarian Supreme Cassation Prosecutor's Office took part in eth course of today's operation.

## **Lithuania**

### **Political Front**

#### **European Commission president urges for support of euro at Baltic Sea summit**

<http://www.orlandosentinel.com/business/nationworld/sns-ap-eu-baltic-eu-summit,0,2231030.story>

VILNIUS, Lithuania (AP) — The president of the European Commission urged countries Wednesday to support the ailing euro as the bloc grapples with a financial crisis that has caused the currency's value to plummet. Jose Manuel Barroso was speaking on the sidelines of a meeting of government leaders from 11 countries surrounding the Baltic Sea, which is aimed at increasing cooperation in a region badly hit by the recent global economic downturn. "What is important is to show and to understand our commitment to keep the euro a strong and credible currency, which it is now," Barroso said. "I can guarantee that the euro is a very stable and strong currency. The current level is above what it was when it was created."

## **Social Front**

### **Lithuania gets A-bomb peace stone**

<http://search.japantimes.co.jp/cgi-bin/nn20100530a7.html>

VILNIUS (Kyodo) A civic group from Hiroshima on Friday presented a stone struck during the 1945 atomic bombing to Lithuania as a symbol of peace, in a ceremony at a park named after a Japanese diplomat. Engraved with an image of a Buddhist goddess of mercy, the "Stone for Peace," was handed over at Chiune Sugihara Park in the Lithuanian capital of Vilnius. Based in the city during World War II, the Japanese diplomat risked his career and his family's life by helping several thousand Jewish refugees escape Europe via Japan by issuing them transit visas.

## **Russia**

### **Political Front**

#### **Russia Seeks Tighter Ties with Germany**

<http://www.nytimes.com/2010/06/05/world/europe/05iht-germany.html?ref=europe>

BERLIN — Chancellor Angela Merkel of Germany and President Dmitri A. Medvedev of Russia began two days of talks Friday outside Berlin, with Russia asking Germany, and German companies, to help with modernization. Although Mrs. Merkel has put Iran, North Korea and the Middle East high on her list of issues to discuss, Mr. Medvedev has come with his own list, which includes forging even closer trade and economic ties with Germany, according to German and Russian officials. Germany is Russia's most important trading and political partner. But the global financial crisis led to a sharp fall of trade last year, according to the Committee on Eastern European Economic Relations, an organization of German business representatives. German imports from Russia fell by 30 percent, to €20.4 billion, or \$25 billion; German exports to Russia fell by 36 percent, to €25.8 billion

#### **Sarkozy to meet Putin for talks in Paris next Friday- 6/4/2010**

<http://www.kuna.net.kw/NewsAgenciesPublicSite/ArticleDetails.aspx?id=2092412&Language=en>

PARIS, June 4 (KUNA) -- French President Nicolas Sarkozy will host a "working lunch" for Russian Premier Vladimir Putin next Friday to discuss bilateral, regional and international issues, Sarkozys office announced here. The talks will follow shortly on the heels of a meeting here Tuesday between the French leader and the Georgian President Mikhael Saakachvili, who is an avowed opponent of Putin and who fought a war two years ago against Russia over the break-away areas of South Ossetia and Abkhazia, which Moscow recognizes and supports. Sarkozy, as EU President in August 2008, was instrumental in brokering an agreement that brought an end to the fighting, but relations between Georgia and Russia remain tense

### **Lavrov, Clinton discuss Iran nuclear problem over phone-June 04, 2010**

<http://english.people.com.cn/90001/90777/90853/7013302.html>

Russian Foreign Minister Sergei Lavrov and U.S. Secretary of State Hillary Clinton held a phone conversation over a draft U.N. Security Council resolution on Iran's nuclear issue, said the Russian Foreign Ministry on Friday.

### **Chinese president calls for joint efforts to advance Sino-Russian ties -2010-06-04**

[http://news.xinhuanet.com/english2010/china/2010-06/04/c\\_13333894.htm](http://news.xinhuanet.com/english2010/china/2010-06/04/c_13333894.htm)

BEIJING, June 4 (Xinhua) -- Chinese President Hu Jintao on Friday called on the foreign affairs departments of China and Russia to strengthen coordination and cooperation in order to advance the comprehensive development of bilateral ties. The world situation was changing, and the foundation for the recovery of world economy was still fragile, Hu told Russian Foreign Minister Sergei Lavrov who was in Beijing for a one-day visit.

### **Russia committed to independent Palestinian state: Medvedev-3 June 2010**

<http://www.focus-fen.net/?id=n221697>

Moscow. Russia has firm positions regarding a Middle East settlement and the creation of a Palestinian independent state that will exist peacefully with Israel, President Dmitry Medvedev said on Thursday, RIA Novosti reported. "Going forward, Russia will continue to promote a settlement in the region on the universally recognized international legal basis," Medvedev said. "Our principled approach on this issue remains unchanged - the result of this work should be an independent Palestinian state that will live in peace with Israel." Israeli commandos on Monday stormed a convoy of vessels in neutral waters in the Mediterranean Sea that were en route to the Hamas-run Gaza Strip with some 10,000 tons of humanitarian aid and 700 human rights activists.

### **Economic Front**

#### **Russian gas production to grow 10.7% in 2010-4 June 2010-FOCUS News Agency**

<http://www.focus-fen.net/?id=n221798>

Moscow. Natural gas production in Russia in 2010 is expected to grow 10.7% year-on-year to 646 billion cubic meters, according to a government forecast published on Friday, RIA Novosti reported. It said gas exports should grow 22.1% to 205.7 bcm. In 2011, gas production is to grow to 655 bcm and to 676 bcm in 2013, while exports will be 207.9 bcm and 211.6 bcm, respectively. Russian gas exports will continue to be affected by Central Asian gas exports to Europe.

## **Higher oil price helps Russian economy recover: Putin-June 03, 2010**

<http://english.people.com.cn/90001/90777/90853/7010418.html>

Russia saw extra budget revenues thanks to higher oil prices, which has allowed Russia to deal with its main financial issues, Russian Prime Minister Vladimir Putin said on Wednesday. Putin said that whereas the 2010 budget was based on a projected oil price of 58 U.S. dollars per barrel, the average price so far this year had in fact exceeded 70 dollars.

## **Russia and crisis-hit EU seek to ease disputes at summit-31 May 2010**

<http://www.rnw.nl/english/bulletin/russia-and-crisis-hit-eu-seek-ease-disputes-summit>

Russian President Dmitry Medvedev met EU leaders Monday for a summit overshadowed by the euro zone's economic woes but aimed at resolving longstanding trade and visa disputes. The meeting in the southern city of Rostov-on-Don is the first between Medvedev and EU President Herman Van Rompuy, who leads the EU since the Lisbon Treaty took effect last year. They were joined for an informal dinner to launch the two-day talks by European Commission chief Jose Manuel Barroso, at what is the 25th EU-Russia summit. The summit is set to gloss over geopolitical disputes -- with Moscow and Brussels seized by economic worries at home -- to smooth bumps in ties over trade, visas and EU concerns about its reliance on Russian energy supplies. A priority will be "continuing dialogue on the chances of abolishing visa restrictions, the presence of which has a destructive effect on all spheres of Russia-EU cooperation," the Kremlin said in a statement.

## **IMF Sells 15.1 Metric Tons of Gold in April, 152.1 Tons for Sale Remaining as Russia Keeps Waving It In**

<http://www.zerohedge.com/article/imf-sells-151-metric-tons-gold-april-1521-tons-sale-remaining-russia-keeps-waving-it>

The IMF has announced its gold reserves declined to 2,966.4 in April from 2,981.5 tonnes in March, a 15.1 ton decline. And while the IMF sold well over half a billion worth of gold in April, Russia was once again taking advantage of what some are calling firesale prices, bulking up its gold holdings by 5 tonnes, which increased from 663.7 to 668.7. Russia has now been adding gold every month since February. As has long been known, in 2009 the IMF announced it would sell 403.3 tonnes of gold, of which 212 was purchased in prearranged deals by India, Mauritius and Sri Lanka. This means the IMF, after accounting for all disclosed sales, has 152.1 tonnes of gold left to sell from its original quota.

## **Social Front**

### **Russian Ministry has difficulties telling erotica from porn**

<http://rt.com/prime-time/2010-06-04/sex-videos-law-russia.html#>

Despite multiple attempts, Russia's deputies have been unable to clearly define the difference between acceptable erotica and banned pornography. The challenging task was successfully tackled by the Ministry of Culture. The problem of distinguishing two kinds of sex videos has come in the spotlight due to complex licensing laws in the country. As it turned out, Russia is lacking a precise definition of pornographic and erotic films, which is vitally needed for those who decide whether or not the film should receive permission to be released

### **Sixth China-Russia Women's Culture Week opens in Moscow**

[http://news.xinhuanet.com/english2010/china/2010-06/05/c\\_13334151.htm](http://news.xinhuanet.com/english2010/china/2010-06/05/c_13334151.htm)

MOSCOW, June 4 (Xinhua) -- The sixth Women's Culture Week as well as the fourth Women Forum between China and Russia kicked off here on Friday. Speaker of the Russian Federal Council, or the upper house of the parliament, Sergei Mironov extended his warm welcome to the inauguration of the event themed "Women and Economy." Calling the strategic partnership of cooperation with China one of the top priorities for Russia in its foreign affairs, Mironov said the long-time collaboration between Russian and Chinese women has made great contribution to the deepening of mutual friendship and understanding. At present, the Russian government and people pay more attention to gender equality and the protection of women rights, said Mironov.

### **Pamela Anderson appeals to Putin over Canada seals**

[http://www.kuwaittimes.net/read\\_news.php?newsid=MzgxOTUzNjc4](http://www.kuwaittimes.net/read_news.php?newsid=MzgxOTUzNjc4)

Ex-Baywatch star Pamela Anderson has appealed to Russian strongman Vladimir Putin to ban imports of baby seal pelts, a newspaper reported yesterday. The prime minister's apparent "fondness" for animals prompted Anderson's plea, the spokeswoman for animal rights group PETA wrote in a letter cited by the Izvestia daily. "My friends at PETA and I were happy to see a recent slideshow spotlighting your fondness for animals," the Canadian actress said. Russia last year banned the hunting of baby whitecoat seals after Putin condemned the "bloody practice". Better known in the West for pushing a muscular foreign policy and tightening control over Russia's politics, Putin has shown compassion for wildlife and nature.