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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).



Key words for headings (in the Report Summary): -

Geo-strategic front-Economic Front-Social Front-Cyber news-Central Europe-Eastern Europe-Baltic States-Russia

Report Summary

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

Poland

- Weimar Triangle plus Russia meet in Paris-23.06.2010
- http://www.thenews.pl/international/artykul134158_weimar-triangle-plus-russia-meet-in-paris.html
- Russian gas supplies to Lithuania, eastern Germany and Poland have been reduced
- <http://english.people.com.cn/90001/90777/90853/7035854.html>
- Second round of Patriots expected imminently-24.06.2010
- http://www.thenews.pl/international/artykul134215_second-round-of-patriots-expected-imminently.html
- Interim president leads Polish voting
- Polish coalition partner fails to back presidential hope
- Kaczynski win would harm Polish finances-FinMin
- <http://www.iii.co.uk/news/?type=afxnews&articleid=7959379&action=article>
- Poland Cautions on NATO Strategy in Afghanistan
- http://online.wsj.com/article/SB10001424052748704227304575327022540618094.html?mod=WSJEUROPE_hps_SECONDTopStories
- Economic Front
- Poland to raise \$1.3b from utility Tauron's IPO-June 23, 2010
- <http://gulftoday.ae/portal/5cd94847-1a7a-4a69-8ceb-1806a7201cb5.aspx>
- Why Was Poland the Only EU Country to Avoid Recession? June 25- by John B Taylor
- <http://wallstreetpit.com/32924-why-was-poland-the-only-eu-country-to-avoid-recession>

- EC Requests Changes to States' VAT Provisions-June 25, 2010
- http://www.lowtax.net/asp/story/front/EC_Requests_Changes_To_States_VAT_Provisions___44001.html
- CNN week on Poland-23.06.2010 08:31
- Votes for sale on internet-25.06.2010
- Germans to close borders for Polish car thieves?-25.06.2010

Czech Republic

- Czech President on Visit to Macedonia
- <http://www.balkaninsight.com/en/main/news/28925/>
- Czech caretaker cabinet resigns clears way for new government-Jun 25, 2010
- http://www.monstersandcritics.com/news/europe/news/article_1566264.php/Czech-caretaker-cabinet-resigns-clears-way-for-new-government
- Reluctantly, Czech President Sees Euro Limping Ahead
- <http://blogs.wsj.com/new-europe/2010/06/25/reluctantly-czech-president-sees-euro-limping-ahead/>
- Report: Czech youths watch president through rifle telescope-Jun 23, 2010,

Slovakia

- Slovak President Ivan Gašparovič charged Fico with the task of trying to form the next government Jun 21 2010
- Radicova to form new Slovak government 10:04, June 24, 2010
- Government not to approve EU rescue fund for now
- Slovak government sees higher deficit-June 23, 2010
- Slovaks sell EUR 118 million worth of 210-day T-bills
- Slovak tax revenue seen EUR 1 bln below fcast-paper
- Slovakia coach hopes win over Italy will silence critics

Hungary

- Two candidates nominated for Hungarian presidency 11:06, June 26
- Hungary plans to cut budget gap, wants new IMF/EU deal
- Hungary: New government presents radical austerity package-19 June 2010
- Hungary seeks to extend ban on foreign land buys to 2014 -25 June 2010
- Hungary to levy bank tax on balance sheets-website-Jun 25, 2010
- Hungarian ex-PM to give up immunity to fight misinformation charges- June 21,

Eastern Europe (Belarus & Ukraine)

Belarus

- Belarus rejects bid to extradite former Kyrgyz leader 21:27, June 23,
- Russian gas shutdown MINSK-June 24, 2010
- Belarus Says It Has Paid Gas Debt to Russia-VOA News 23 June 2010
- Russia resumes gas supplies to Belarus: EU sees end of row-Reuters
- RF-Belarus security ties more important than economics – Lukashenko-21.06.2010,
- CIS EC dismisses Belarus claim to suspend duties on RF oil products-24.06.2010,

Ukraine

- No merger between Gazprom, Ukraine's Naftogaz: PM-Jun 20, 4:26 pm ET
- Sri Lanka President to pay official visit to Ukraine-Jun 24, 2010,
- Russia, Ukraine to increase joint military drills-24.06.2010
- Ukraine economic growth speeds up in Jan-May
- Internet and Telecommunication Front
- Internet Fraud: FTC Takes On Antivirus Scam in Crackdown-Mon Jun 21

Baltic States (Estonia, Latvia & Lithuania)

Estonia

- EC Requests Ten Member States to Comply With EU Legislation

- Internet and Telecommunication Front
- Why Estonia Is the Poster Child for Cyber-Security .Analysis by Clark Boyd-Jun 20,

Latvia

- State aid: Commission extends Austrian and Latvian bank support schemes
- Midsummer festival gives Latvians a break from slump June 24, 2010

Lithuania

- Lithuanian representation in Georgia to operate like NATO contact embassy
- Lithuania c.bank sees 2010 bank losses down
- Lithuania Unveils Austerity Programme, by Ulrika Lomas, Tax-June 22, 2010
- De Montfort University to Host Lithuanian Student Performers at World Theatre Congress

Russia

- G8 leaders clarify positions, advance new initiative on G8 1st day-26.06.2010, 04:41
- US, Russia to coordinate on aid for Kyrgyzstan-The Associated
- The Russia slammed the appointment of a UN Panel of Experts on Sri Lanka-2010-06-26
- Obama, Medvedev agree on US poultry exports
- Russian trade surplus doubles year-on-year 11:36, June 26,
- US supports Russia's WTO entry-PTI, Jun 25, 2010,
- Moscow Mayor's wife accused of grabbing Indian Embassy land-Moscow, Jun 25 (PTI):

Caucasian and Chechnya

- Russia protests Chechen separatist leader's visit to Council of Europe21:40,

Report Summary

Geo-strategic Front

Poland

Poland foreign minister Radoslaw Sikorski attended a meeting of Weimar Triangle, comprising of foreign ministers of France, Germany and Poland. The Weimar Triangle, this time has extended an invitation to Russian Foreign Minister Sergei Lavrov. Much of the discussion centers on EU relations with Russia, European security and current international problems, primarily the situation in Afghanistan

European Parliament President Jerzy Buzek said on Tuesday that since there is no security of Russian gas supplies, the volumes that are being supplied now to Europe are lower than they expected. According to Buzek, Lithuania, eastern Germany and Poland have been affected by the gas transit problems across Belarus.

The first contingents of American troops and patriot missiles stationed in northern Poland have returned to base in Germany for training purpose. According to Defense Ministry spokesman, the second round is scheduled to be in late June or early July. One hundred US troops, six Patriot missiles and around 40 military vehicles were officially welcomed in Poland on May 26 in the town of Morag for training purposes. Further training of Polish troops stationed at the base in northern Poland will resume in the coming days when a second battery of missiles arrives. Poland's decision to deploy a battery of U.S. Patriot missiles just 100 kilometres from the Russian Kaliningrad border raised tension with the Kremlin in Moscow, which sees it as an unnecessary act of provocation.

According to exit polls, Bronislaw Komorowski, the candidate of Civic Platform, won 40.7% of the vote. The late president's identical-twin brother, Jaroslaw Kaczynski, representing the conservative Law and Justice party, finished in second place, with 35.8% of the vote. A final round of voting will be held on July 4 after both men failed to win more than 50 percent in a June 20 first round.

Czech Republic

Czech President Vaclav KlausThe president of the Czech Republic, Vaclav Klaus, began an official visit to Macedonia today. While in Skopje, Klaus held talks with his Macedonian counterpart Gjorge Ivanov. The negotiations between Athens and Skopje over their name dispute should continue as this is the only option for reaching a solution, Klaus said after meeting with Ivanov.

The Czech Republic's caretaker government of Prime Minister Jan Fischer resigned on Friday, moving the country closer to a new centre-right government resulting from the May general election.

Slovakia

At last, the Slovak President Ivan Gasparovic Wednesday invited Iveta Radicova (53) to form a new government, making her the first woman Slovakian prime minister. The president's decision came after Radicova announced she had successfully formed a parliamentary majority through a coalition of four small center-right parties: her SKDU-DS, Freedom and Solidarity (SaS), the Christian Democratic Movement (KDH) and Most-Hid.

Slovak Prime Minister Fico captured 34.78 per cent of the vote and 62 seats in the 150-seat parliament. The parliamentary election held on June 12.

Hungary

Hungary's Parliament Speaker Pal Schmitt and ambassador to Thailand Andras Balogh were nominated for the presidency Friday. The Fidesz party, which holds two-thirds of the 386 seats in the National Assembly, nominated Schmitt with 62 signatures. The Socialist MSZP, which has 59 seats, nominated Andras Balogh with all 59 MPs signing on. Hungary's president is elected by parliament and not by the public. Political parties may nominate candidates for the post if at least 50 MPs sign. The vote is scheduled for next Tuesday. The new president will take office on August 5 after current President Laszlo Solyom's term in office expires.

Eastern Europe (Belarus & Ukraine)

Belarus

The Belorussian state prosecutor had blocked the extradition of former Kyrgyz president Kurmanbek Bakiyev. Bakiyev has been in Belarus under its president's personal protection since April this year. He fled Kyrgyzstan after a popular uprising there ended his rule. The interim Kyrgyz authorities ordered the arrest of Bakiyev and his family members. His son, Maxim, initially fled to Lithuania, and later moved to London where he asked for political asylum.

Belarus President Alexander Lukashenko has threatened that it has already paid its gas debt to Russia and as the Russia has cut supplies to Belarus by a third so Belarus will also block the passage of Russian gas supplies to Europe. Russia earlier announced it was reducing supplies to Belarus by 30 per cent of normal daily volume because Minsk had taken no steps to resolve a debt to Gazprom of nearly \$US200 million (\$A229 million).

However, the fears of supply cuts to the European Union has made the Parties to reach some sort of compromise and Russia on Thursday acknowledged that Belarus has paid the dues so she was restoring the Belarusian Gas

Ukraine

Ukrainian Prime Minister Mykola Azarov said Sunday a merger between Russian energy giant Gazprom and Ukraine's state gas firm Naftogaz was not in the pipeline. Gazprom last

month proposed creating a 50-50 joint venture with Naftogaz, calling it a possible first step toward a merger of the two companies. The proposal came after Russian Prime Minister Vladimir Putin floated the idea of the merger, angering critics in Ukraine who said the move would amount to a takeover of Naftogaz by the much larger Gazprom.

The director of Information Policy Department of the Foreign Ministry of Ukraine, Oleg Voloshyn has informed the Ukrainian Press on Sri Lanka President's visit. This is the first time a Sri Lankan leader is visiting the former Soviet bloc country.

Baltic States (Estonia, Latvia & Lithuania)

Estonia

Political Front

The Commission is requesting ten Member States (Belgium, Bulgaria, Estonia, France, Portugal, Latvia, Finland, Poland, Malta and Slovakia) to comply with EU environmental legislation in five different areas, namely prevention of floods, electrical and electronic equipment waste, water policy, management of environmental noise and landfill waste sites.

Lithuania

Political Front

The Lithuanian diplomatic representation will serve as the NATO contact embassy in Georgia for two years. This decision was made by member-countries of the alliance. The Embassy of Lithuania in Georgia told Trend that the NATO countries can propose an office to serve as a contact embassy. The decision will be reviewed every two years.

Russia

Political Front

The main result of the first G8 summit day was that the sides got more clarification on each other's positions and advanced new initiatives. The leaders voiced support to the initiative to bring down maternal and child mortality. Russia has outlined its positions on two key issues. Moreover, the Russian leader urged to work for the global initiative to fight drug trafficking. On the sideline of the Summit, British Prime Minister David Cameron and Russian President Dmitry Medvedev met to improve the recently strained relationship between their two countries. G-8 was founded in 1975 at Rambouillet, France with original members France, Germany, Italy, Japan, UK, US. while Canada (joined at 1976 summit, San Juan, Puerto Rico), Russia (joined at 1998 summit, Birmingham, UK).

President Barack Obama says the U.S. and Russia have agreed to coordinate on humanitarian aid for Kyrgyzstan. Kyrgyzstan's president was driven from power in April amid

corruption allegations. The violence that erupted after his ouster has left about 2,000 people dead and 400,000 ethnic Uzbeks homeless. Kyrgyzstan's security agency claims relatives of the toppled president have worked with the Taliban and other Islamic militant movements to provoke the violence

The Russian government has slammed the appointment of a UN Panel of Experts on Sri Lanka and had stated that investigating the events that occurred in the past in Sri Lanka lies with its Government. The Russian government has questioned as to why the opinion of the Security Council or the General Assembly was not sought in the matter? In a statement issued by Russia said, "Moscow has taken note of UN Secretary General Ban Ki-moon's decision to appoint a UN panel of experts to investigate war crimes during the period of the campaign against the Tamil Tigers.

US President Barack Obama and Russian President Dmitry Medvedev have agreed on to allow US companies to restart exports of poultry to Russia as the two leaders found common ground on trade and investment. Speaking to reporters after morning meetings with his Russian counterpart, Obama said the United States supported Moscow's bid to join the World Trade Organization and both men said they hoped to have technical issues that have stymied that effort to be resolved by the fall.

Caucasian and Chechnya

Russia formally protested the decision of the Council of Europe to allow a Chechen separatist leader to attend a CE meeting. Akhmed Zakayev, who has been on a Russian wanted list since 2001 as a "foreign affairs envoy" of separatists, entered the Council's building in Strasbourg by personal invitation of one Council member. Zakayev entered the building under another name to cheat the computer security system, the diplomat said. The Council of Europe has not commented on the incident so far.

Economic Front

Poland

Poland is the only country in the European Union which did not have a recession during 2009, as shown in this chart. And among all the OECD countries, Poland had the best real growth performance in 2009. What are the reasons for Poland's extraordinary performance in 2009?

It kept its inflation rate and its debt levels low, limited its borrowing in foreign currencies, and accumulated a large amount of foreign reserves. It did not overreact to the financial crisis and hence prevented the panic.

Some say that the flexible exchange rate was a factor in avoiding recession as the depreciation of the Zloty helped keep net exports from declining as sharply as in other countries.

According to IMF data on debt, including the United States, Poland is currently in far better shape than other countries.

The European Commission has requested that Ireland, the Netherlands, Poland and Austria change certain aspects of their legislation which are not in compliance with EU rules on value-added tax (VAT). In the absence of satisfactory responses within two months, the Commission may refer these member states to the Court of Justice.

Czech Republic

Czech President Vaclav Klaus, a pronounced euro-skeptic and a global warming contrarian, has recently scored reluctant acknowledgements from his opponents that he was right when saying the euro area project was flawed from its conception.

Slovakia

The outgoing Slovak government says the fiscal deficit could reach 7 percent of gross domestic product this year, up from the 5.5 percent originally estimated. Finance Minister Jan Pociatek said Wednesday the higher deficit would be a result of lower tax revenues, due to the global economic downturn

Hungary

Hungary's new government hopes to cut next year's budget deficit below 3.0 pct of GDP as agreed with lenders and will seek IMF/EU backing for reforms to raise the country's growth potential, the deputy prime minister said.

Just one week after taking office, the new Hungarian government led by Victor Orban has put forward an unprecedented package of austerity measures. In the recent election campaign, Orban had played down the crisis. Now, after taken office, he has “suddenly” discovered that the country’s budget deficit—amounting to 7.5 percent of GDP (gross domestic product)—was twice as high as his predecessors had indicated.

Hungary will amend legislation to give the state the right to intervene in land sales and will seek to extend a ban on land purchases by foreign investors until 2014, its agriculture minister said. The country's accession treaty opens the land market to foreigners in 2011. One of the electoral promises of Hungary's European People's Party-affiliated Fidesz was to bar foreigners from buying arable land indefinitely. The Hungarian parliament passed a resolution in February, one of its last acts before plenary sessions ended ahead of the elections, authorizing the government to negotiate a two-year extension to the restrictions with the European Union.

Hungary's government will levy a special tax on banks based on their end-2009 balance sheet totals at a rate of 0.4 or 0.5 percent balance sheets because it sees that as the only way to

collect the planned 200 billion forints that Prime Minister Viktor Orban targeted for this year in his economic plan unveiled earlier this month.

Eastern Europe (Belarus & Ukraine)

Belarus

Belarusian President Alexander Lukashenko claimed that Security issues in the relations between Russia and Belarus are more important than the problems in economy and other spheres. He has made a statement at a meeting with Russian Security Council Secretary Nikolai Patrushev in Minsk on Monday.

Ukraine

Ukraine's gross domestic product growth accelerated to 6.1 percent in the first five months of 2010 from 4.8 percent in the first quarter. Ukraine's economy, dominated by commodities exports, shrank by 15.1 percent in 2009 but has started recovering this year.

The Ukrainian government sees full-year GDP growth at 3.7 percent this year but Yanukovich's senior economic adviser Iryna Akimova said it could reach 4.5 percent. To help the recovery and bridge its budget gap, the government is seeking a loan of up to \$19 billion from the International Monetary Fund whose mission is in Ukraine this week.

Latvia

The European Commission has extended until the end of 2010 an aid scheme for credit institutions in Austria and a Latvian bank guarantee scheme. The extended schemes feature higher premiums to be paid by banks to the State for guaranteeing the loans they raise on the market. This is to encourage banks to finance themselves without state support and to limit distortions of competition.

Lithuania

Lithuania's bank sector, dominated by Scandinavian groups, will suffer further loan losses this year, but less than in 2010, the central bank said on Tuesday. The biggest players in the Baltic banking sector are Scandinavian banks, led by Swedbank, SEB, DnB NORD and Nordea.

Lithuania's Prime Minister Andrius Kubilius has unveiled a new wave of austerity measures, designed to reduce the country's deficit to 3% of GDP by 2012, while ruling out plans either to introduce new taxes in Lithuania or to increase existing taxes. The government is hoping to generate in the region of LIT2bn as a result of economic growth.

Russia

Russia's foreign trade surplus from January to May 2010 was 72 billion U.S. dollars, RBC news agency reported. According to the Economic Development Ministry, the country's surplus for these five months surged 100 percent year-on-year. During this period, imports to Russia rose by 25.7 percent year-on-year and amounted to 84.3 billion dollars. Exports rose 50 percent year-on-year, to 156.3 billion dollars. In May alone, Russia's export fell by 1 percent, mostly due to an oil price decrease of 11.1 percent month-on-month. World prices for copper, nickel and aluminium fell 12 to 15 percent. Gas prices fell by 5.8 percent against April.

US President Barack Obama has extended his full support to Russia's entry into the World Trade Organisation, saying that it would deepen Moscow's integration into the global economy.

Social Front

Poland

28 June to 2 July CNN will be broadcasting a week of programs on Poland's political, business, cultural and sports scene. Current affairs program will be broadcast live from Warsaw, Krakow and Wroclaw. The program will look at the aftermath of the Smolensk tragedy, how Poland is preparing for its six-month presidency of the EU next year and how infrastructure and other projects are developing ahead of the Euro 2012 championship. The story of modern Poland is echoing onto the broader world stage politically, socio-economically, culturally and in the sporting arena. The broadcasts will also be examining cultural developments in the country, particularly events surrounding Chopin Year, celebrating the 200th anniversary of the birth of Poland most famous classical composer

German politicians are calling for the reintroduction of border controls in the areas adjacent to Poland and the Czech Republic due to a growing number of car thefts. According to the German Interior Ministry, the number of cars stolen in Germany in 2009 increased by 9 percent in comparison with 2008, while in federal lands adjacent to Poland, such as Saxony, Brandenburg and Mecklenburg-Vorpommern, the number of car thefts went up by over 30 percent.

Czech Republic

Two Czech teenagers were briefly arrested after watching President Vaclav Klaus from a rooftop with an air rifle telescope. The two 19-year-olds used the telescope of an air rifle to observe the president visiting their home city of Olomouc last week. One of them detached the telescope to watch Klaus, the report said, while the other played around with the air gun, aiming it at objects around about.

Slovakia

Slovakia coach Vladimir Weiss hopes he has silenced his critics with the team's 3-2 win over Italy, which sent the Slovaks into the second round of their first World Cup and eliminated the defending champions Italy. "It was not easy for us before the Italy match," Weiss said. "We were under intense pressure from our fans and media. I hope it will change the minds of the people, especially the Slovakian media"

Eastern Europe (Belarus & Ukraine)

Belarus

The CIS Economic Court (EC) has dismissed Belarus' motion to suspend duties on oil products from Russia. On March 25, the Belarusian Ministry of Justice filed a claim to the CIS Economic Court, over export customs duties on Russian oil products and petrochemical raw materials.

Latvia

Locked in one of the deepest economic slumps in Europe, Latvians are getting some relief thanks to their annual pagan-rooted Midsummer festival, when the Baltic nation goes wild. Residents of this nation of 2.2 million let loose every June 23 for "Jani", which officially honors Saint John the Baptist but taps pre-Christian roots.

Cyber-Internet Front

Poland

Popular auction web sites are not only selling the usual consumer durables in the run up to the second round presidential elections in Poland on July 4 - some are also selling their votes. The price of an electoral vote offered on Allegro.pl - the Polish version of eBay - range from 1 zloty [24 euro cents] up to 15,000 zloty [3,700 euro].

Ukraine

At the Kiev offices of Innovative Marketing Ukraine, hundreds of programmers, translators and database engineers created a software product that made the company a world leader - an exceptional achievement in the impoverished former Soviet republic. But the way the company made its multimillion-dollar profits is nothing to celebrate, according to the criminal charges its owners now face in a district court in Chicago. Innovative Marketing was one of the biggest and cleverest propagators of "scare ware" - programs that run fake scans on computers of unsuspecting users and then claim to find viruses that can only be removed by downloading some software. Except the viruses don't exist and the software - which can cost between \$30 and \$70 - is either useless or can infect the computer itself. Scare ware is one of the fastest-growing and most prevalent types of Internet fraud

Baltic States (Estonia, Latvia & Lithuania)

Estonia

In Estonia, more than 90 percent of all banking is done online, digital signatures are used widely by government officials and you can pay for parking with your cell phone. The four Estonians built SKYPE. Since 2008, Estonia has also been home to the Cooperative Cyber Defense Center of Excellence (CCD COE), a NATO-approved think-tank whose mission is essentially to formulate new strategies for understanding, and preventing, online attacks. IT-savvy Estonia, which already hosts NATO's cyber-defense centre, is also keen to draw the European Union's future IT agency,

Last time Estonia was in the headlines was back in 2007, when a series of denial of service attacks wrecked havoc with the e-services. Online, banks, newspapers, and some government ministry websites were on the target list. Some accused the Russians of coordinating the attacks, although no conclusive proof has ever been shown. The Estonians took things a bit more in stride, and got to work getting their systems back online.

Lithuania

Student performers from Lithuania are to take part in the International University Theatre Association's (IUTA) 8th World Congress next week, hosted by De Montfort University (DMU) in Leicester for the first time in the UK. Running from Monday 28 June to Friday 2 July, the Congress is based at DMU's Centre for Excellence in Performance Arts PACE Building and Clephan Building. It is part of the Igniting Ambition Festival 2010 – the third in a five year program of events across the East Midlands in the run-up to the Olympic and Paralympics Games 2012 in London, UK. Students from Lithuania, Columbia, France, Italy, and Korea will perform 'Sappho' at the Y Theatre in Leicester, UK, on Monday (28 June). This is held during DMU's International Youth Theatre Festival, which runs alongside and as part of the IUTA Congress and features a selection of student performances from international young people's theatre groups in a range of locations across the city centre.

Russia

Russia's richest woman, construction magnate and the wife of the mayor of Moscow has been accused of grabbing prime land allocated to several foreign missions, including Indian Embassy in the capital. Russian foreign ministry has lodged a complaint with Prosecutor General to probe into the takeover of plots allocated to foreign diplomatic missions and transferring their ownership to Yuri Luzhkov's wife Elena Baturina, web-based Gazeta.ru reported. Baturina is owner of investment and construction corporation Inteco which is involved in constructing elite residential buildings. She has been named as the richest woman in Russia, owning a personal fortune of USD 3.1 billion by the Forbes magazine in 2007.

Detailed Report

Poland

Political Front

Weimar Triangle plus Russia meet in Paris-23.06.2010

http://www.thenews.pl/international/artykul134158_weimar-triangle-plus-russia-meet-in-paris.html

Poland foreign minister Radoslaw Sikorski is attending a meeting of Weimar Triangle foreign ministers with their Russian opposite number, Sergei Lavrov. The Paris talks are being held at the initiative of minister Bernard Kouchner and are another in a series of meetings conducted in an expanded formula comprising foreign ministers of France, Germany and Poland and an invited head of diplomacy of a country from outside the Weimar Triangle. This time the invitation has been extended to Russian foreign minister Sergei Lavrov. Therefore, much of the discussion centers on EU relations with Russia, mostly the PCA 2 agreement on partnership and cooperation. Among other issues raised at the Paris meeting of the Weimar Triangle foreign ministers are European security and current international problems, primarily the situation in Afghanistan

Russian gas supplies to Lithuania, eastern Germany and Poland have been reduced

<http://english.people.com.cn/90001/90777/90853/7035854.html>

Russian gas supplies to Lithuania, eastern Germany and Poland have been reduced, European Parliament President Jerzy Buzek said on Tuesday. "There is no security of Russian gas supplies. The volumes that are being supplied now are lower than we expected," Buzek said at a meeting with Russian Energy Minister Sergei Shmatko. According to Buzek, Lithuania, eastern Germany and Poland have been affected by the gas transit problems across Belarus. But Shmatko denied such allegations. "I do not have such information. Supplies, including those to Poland, are continuing in full. I do not know that supplies have been cut in the past one or two days," said Shmatko, who also believed that the irregularities in Russian gas supplies and transit across Belarus will not last long.

Second round of Patriots expected imminently-24.06.2010

http://www.thenews.pl/international/artykul134215_second-round-of-patriots-expected-imminently.html

The first contingent of American troops and patriot missiles stationed in northern Poland have returned to base in Germany, with the second round scheduled to be in the country in late June or

early July, says a Defence Ministry spokesman. One hundred US troops, six Patriot missiles and around 40 military vehicles were officially welcomed in Poland on May 26 in the town of Morag for training purposes. The first round of the air defense system and accompanying US troops have now returned to base in Kaiserslautern, Germany, Defence Ministry spokesman Robert Rochowicz has informed the PAP news agency. Further training of Polish troops stationed at the base in northern Poland will resume in the coming days when a second battery of missiles arrives. Poland's decision to deploy a battery of U.S. Patriot missiles just 100 kilometres from the Russian Kaliningrad border raised tension with the Kremlin in Moscow, which sees it as an unnecessary act of provocation. Defence Minister Bogdan Klich said earlier this year that the town of Morag was not chosen for political reasons but "only reason was the good infrastructure there."

Interim president leads Polish voting

WARSAW—The standard-bearer of Poland's ruling party, which seeks closer ties with other members of the European Union and wants to curb the state's role in the economy, won the first round of the country's presidential election Sunday, according to exit polls cited by national broadcasters. Bronislaw Komorowski, the candidate of Civic Platform, won 40.7% of the vote, putting him ahead in the race to succeed Poland's late head of state, Lech Kaczynski, who was killed in a plane crash in Russia in April, public-television station TVP reported Sunday night. The late president's identical-twin brother, Jaroslaw Kaczynski, representing the conservative Law and Justice party, finished in second place, with 35.8% of the vote, according to TVP, which cited nationwide exit polls by survey firm TNS OBOP. Other exit polls gave Mr. Komorowski a wider lead. Official tallies weren't expected until some time Monday. If the exit polls are proven correct, a final round of voting on July 4 will pit Mr. Komorowski against Mr. Kaczynski. Eight other candidates, who finished far behind the two leaders, would be of the race. Support for Mr. Kaczynski—buoyed, analysts say, by sympathy for his late brother, who received a hero's burial after he and dozens of other Polish dignitaries were killed in the crash of the presidential jet—has climbed in the weeks before the voting.

Polish coalition partner fails to back presidential hope

WARSAW – The junior partner in Poland's coalition government declined yesterday to back the main ruling party's candidate in the presidential election, but a leading lawmaker said the decision did not threaten the coalition. The small Peasants' Party (PSL) said it had decided against endorsing either Bronislaw Komorowski of the ruling pro-business Civic Platform (PO) or Jaroslaw Kaczynski of the right-wing Law and Justice party (PiS) in the July 4th run-off vote. Some analysts expressed surprise at Mr Pawlak's decision. "He is breaking the rules. He is a member of the coalition so he should really give his support to Komorowski," said Iwona Jakubowska-Branicka, a sociologist at Warsaw University. Prime Minister Donald Tusk, who heads PO, said earlier this week he expected the coalition to last until the end of this

parliamentary mandate next year and that he hoped his party and PSL would co-operate in the new parliament too

Kaczynski win would harm Polish finances-FinMin

<http://www.iii.co.uk/news/?type=afxnews&articleid=7959379&action=article>

WARSAW, June 24 (Reuters) - A win for right-wing opposition leader Jaroslaw Kaczynski in next month's presidential election runoff would pose a threat to Poland's financial stability, Finance Minister Jacek Rostowski said on Thursday. Kaczynski is the arch rival of Prime Minister Donald Tusk's economically liberal government. Though conservative on moral and social issues, Kaczynski tilts leftward on economic policy, favouring more state spending and opposing privatisation. Kaczynski and Bronislaw Komorowski, the candidate of Tusk's ruling Civic Platform (PO), are facing off in the July 4 second and decisive round of the presidential election after both men failed to win more than 50 percent in a June 20 first round. Asked by reporters whether Kaczynski's victory could be a risk for state finances, Rostowski said: "Yes, I believe so." "It appears that way from Kaczynski's recent remarks. This is creating an ideological basis for vetoes from a future president Jaroslaw Kaczynski," Rostowski said.

Poland Cautions on NATO Strategy in Afghanistan

http://online.wsj.com/article/SB10001424052748704227304575327022540618094.html?mod=WSJEUROPE_hps_SECONDTopStories

A top Polish security official warned Thursday that NATO needs to change its approach in Afghanistan or risk a "strategic catastrophe," as allied political support for the U.S.-led counterinsurgency campaign there wavers. Stanislaw Koziej, director of Poland's National Security Bureau, wrote in an analysis made public Thursday that North Atlantic Treaty Organization forces stationed in Afghanistan are just "passively waiting" for developments as the situation there grows "continuously worse." Public opinion and official views in Poland, a staunch U.S. ally that has contributed troops to the American-led war efforts in Iraq and Afghanistan, have been shifting against the country's further involvement in the Afghan conflict. More than 2,500 Polish troops are now serving in Ghazni, southwest of Kabul. Eighteen Polish soldiers have been killed in the conflict

Financial and Economic Front

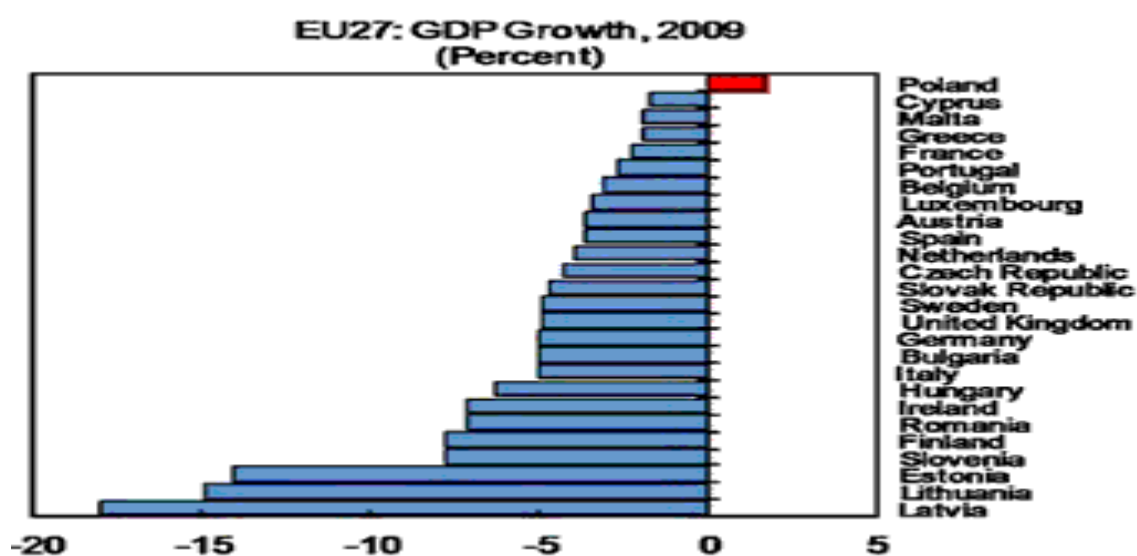
Poland to raise \$1.3b from utility Tauron's IPO-June 23, 2010

<http://gulftoday.ae/portal/5cd94847-1a7a-4a69-8ceb-1806a7201cb5.aspx>

WARSAW: Poland's No.2 utility Tauron's listing will raise 4.2 billion polish zlotys (\$1.3 billion) for depleted government coffers after Europe's fourth largest initial public offering this year was priced at the low end. Treasury minister Aleksander Grad said on Tuesday the IPO of a

52 per cent stake in Tauron had been priced at 0.57 zloty per share, close to the bottom of a 0.55-0.70 range set earlier this month and confirming a Reuters report on Monday. Investor demand proved to be lower than hoped amid worries about the state of European economy, forcing the treasury to set a lower price, but Grad told reporters: “The price is optimal from the government’s perspective as well as for individual investors and financial institutions”. More than a dozen IPOs have been cancelled in recent weeks due to market concerns over Greece, although there have been successful listings, such as Polish insurer PZU and British fund Jupiter. Tauron will debut on the Warsaw bourse on June 30

Why Was Poland the Only EU Country to Avoid Recession? June 25- by John B Taylor
<http://wallstreetpit.com/32924-why-was-poland-the-only-eu-country-to-avoid-recession>



Poland is the only country in the European Union which did not have a recession during 2009, as shown in this chart. And among all the OECD countries, Poland had the best real growth performance in 2009. I visited Poland this past week to give some talks and to better understand Poland’s resiliency. One particularly enjoyable talk was joint with Leszek Balcerowicz the former central bank governor and finance minister who deserves much of the credit for transforming Poland’s economy from central planning to a market economy back in 1989. What are the reasons for Poland’s extraordinary performance in 2009? Good economic policy had much to do with it. As with some other emerging market economies Poland was in a much better macroeconomic position in 2009 than it was 10 years ago. It kept its inflation rate and its debt levels low, limited its borrowing in foreign currencies, and accumulated a large amount of foreign reserves. It also did not overact to the financial crisis, despite urging of many inside and outside of Poland to do more to stimulate the economy with discretionary fiscal policy. By not overacting it prevented the kind of panic seen in other countries. Some say that the flexible exchange rate was a factor in avoiding recession as the depreciation of the Zloty helped keep net exports from declining as sharply as in other countries. However, the Zloty appreciated before the crisis which would have had negative effects, and the subsequent depreciation essentially took the exchange rate back to about where it was before that appreciation, as shown in the second chart.



While Poland still needs to be vigilant and keep its government debt from rising as a share of GDP, it is currently in far better shape than other countries according to IMF data on debt, including the United States.

EC Requests Changes to States' VAT Provisions-June 25, 2010

http://www.lowtax.net/asp/story/front/EC_Requests_Changes_To_States_VAT_Provisions_44001.html

The European Commission has requested that Ireland, the Netherlands, Poland and Austria change certain aspects of their legislation which are not in compliance with EU rules on value-added tax (VAT). The Commission's requests take the form of reasoned opinions (second step of EU infringement proceedings). In the absence of satisfactory responses within two months, the Commission may refer these member states to the Court of Justice. The Commission has given Ireland two months to amend its legislation which grants a reduced VAT rate of 4.8% to the supply of horses and greyhounds, the hiring of horses and the sale of nomination services in studs.

Socio-cultural Front

CNN week on Poland-23.06.2010 08:31

From Monday 28 June to Friday 2 July CNN will be broadcasting a week of programmes on Poland's political, business, cultural and sports scene. Hosted by Fionnuala Sweeney, the World One current affairs program will be broadcast live from Warsaw, Krakow and Wroclaw. The program will look at the aftermath of the Smolensk tragedy, how Poland is preparing for its six-month presidency of the EU next year and how infrastructure and other projects are developing ahead of the Euro 2012 championship. The story of modern Poland is reverberating onto the broader world stage politically, socio-economically, culturally and in the sporting arena," says Mike McCarthy, vice president of coverage and feature programming for CNN International.

The broadcasts will also be examining cultural developments in the country, particularly events surrounding Chopin Year, celebrating the 200th anniversary of the birth of Poland most famous classical composer

Internet/Telecom/Cyber NEWS

Votes for sale on internet-25.06.2010

Popular auction web sites are not only selling the usual consumer durables in the run up to the second round presidential elections in Poland on July 4 - some are also selling their votes. The price of an electoral vote offered on Allegro.pl - the Polish version of Ebay - range from 1 zloty [24 euro cents] up to 15,000 zloty [3,700 euro]. Most of the sellers explain that they have decided to try and sell their vote because the candidate they supported in the first round on June 20 did not advance to the second.

Germans to close borders for Polish car thieves?-25.06.2010

German politicians are calling for the reintroduction of border controls in the areas adjacent to Poland and the Czech Republic due to a growing number of car thefts. According to the German Interior Ministry, the number of cars stolen in Germany in 2009 increased by 9 percent in comparison with 2008, while in federal lands adjacent to Poland, such as Saxony, Brandenburg and Mecklenburg-Vorpommern, the number of car thefts went up by over 30 percent. Dresden, situated near the Czech border, has been hailed by the German Die Welt newspaper as being “the capital of car thieves”, after a 60-percent growth in car thefts was reported there. German media relates the growth of car thefts to the abolishment of border controls after Poland entered the Schengen Area in 2007.

Czech Republic

Political Front

Czech President on Visit to Macedonia

<http://www.balkaninsight.com/en/main/news/28925/>

Czech President Vaclav KlausThe president of the Czech Republic, Vaclav Klaus, began an official visit to Macedonia today. While in Skopje, Klaus held talks with his Macedonian counterpart Gjorge Ivanov. The negotiations between Athens and Skopje over their name dispute should continue as this is the only option for reaching a solution, Klaus said after meeting with Ivanov.

Czech caretaker cabinet resigns clears way for new government-Jun 25, 2010

http://www.monstersandcritics.com/news/europe/news/article_1566264.php/Czech-caretaker-cabinet-resigns-clears-way-for-new-government

Prague - The Czech Republic's caretaker government of Prime Minister Jan Fischer resigned on Friday, moving the country closer to a new centre-right government resulting from the May general election.

Financial and Economic Front

Reluctantly, Czech President Sees Euro Limping Ahead

<http://blogs.wsj.com/new-europe/2010/06/25/reluctantly-czech-president-sees-euro-limping-ahead/>

Czech President Vaclav Klaus, a pronounced euro-skeptic and a global warming contrarian, has recently scored reluctant acknowledgements from his opponents that he was right when saying the euro area project was flawed from its conception. The Greek fiscal crisis and concerns about the fiscal health of other euro area member states have proven Mr. Klaus and other euro critics correct, they said.

Socio-cultural Front

Report: Czech youths watch president through rifle telescope-Jun 23, 2010,

Prague - Two Czech teenagers were briefly arrested after watching President Vaclav Klaus from a rooftop with an air rifle telescope, Mlada Fronta Dnes daily reported Wednesday. The two 19-year-olds used the telescope of an air rifle to observe the president visiting their home city of Olomouc last week. One of them detached the telescope to watch Klaus, the report said, while the other played around with the air gun, aiming it at objects around about. The president's bodyguards noticed the teenagers, who got scared and hid in an apartment. Police arrested them minutes later, the report said. 'We did not realize at all that it could have gotten us in trouble. We didn't think that someone would see us,' the report cited one of the youths as saying

Slovakia

Political Front

Slovak President Ivan Gašparovič charged Fico with the task of trying to form the next government Jun 21 2010

Fico, whose party captured 34.78 per cent of the vote and 62 seats in the 150-seat parliament, has not yet abandoned the thought of retaining power. Even though the Slovak Democratic and Christian Union (SDKÚ), the Freedom and Solidarity party (SaS), the Christian Democratic Movement (KDH), and the Most-Híd party have all declared that none of them will walk down the aisle and wed Smer in a coalition government, Fico has been given a chance to knock on their doors until June 23. Slovak President Ivan Gašparovič charged Fico with the task of trying

to form the next government and gave Smer 10 days to undertake what may be an impossible task. The parliamentary election held on June 12.

Radicova to form new Slovak government 10:04, June 24, 2010

Slovak President Ivan Gasparovic Wednesday invited Iveta Radicova (53) to form a new government, making her the first woman Slovakian prime minister. The president's decision came after Radicova announced she had successfully formed a parliamentary majority through a coalition of four small center-right parties: her SKDU-DS, Freedom and Solidarity (SaS), the Christian Democratic Movement (KDH) and Most-Hid. Before the decision, Robert Fico, chairman of the left-leaning Smer-SD, which won 35 percent of vote announced he had not found necessary coalition partners to form a majority government. The four-party coalition agreed to common program of actions late Tuesday

Government not to approve EU rescue fund for now

BRATISLAVA, Slovakia-Slovak Prime Minister Robert Fico says his outgoing government will not sign the country's participation in a euro750 billion (\$1 trillion) rescue fund agreed by EU leaders last month until it is approved by the opposition parties that won last week's election. The fund is aimed at soothing jittery markets by creating a financial backstop for euro states that risk default. Slovakia's share is one percent

Financial and Economic Front

Slovak government sees higher deficit-June 23, 2010

BRATISLAVA, Slovakia—The outgoing Slovak government says the fiscal deficit could reach 7 percent of gross domestic product this year, up from the 5.5 percent originally estimated. Finance Minister Jan Pociatek said Wednesday the higher deficit would be a result of lower tax revenues, due to the global economic downturn. Four opposition parties, who won a majority in the June 12 parliamentary election and are likely to form a new center-right coalition said that healthy public finances and the reduction of the country's debt was a priority for them.

Slovaks sell EUR 118 million worth of 210-day T-bills

BRATISLAVA, June 21 (Reuters) - Slovakia sold 118.0 million euros (\$146.1 million) worth of 210-day treasury bills at an auction on Monday, the finance ministry's Debt and Liquidity Management Agency said. Total demand for the bills, which mature on Jan. 19, 2011, was 169.0 million euros. The accepted average, maximum and minimum yield was 0.9399 percent, compared with 0.9631 percent in the previous sale on June 7. It was the eight auction of Slovak treasury bills this year. The euro zone's newest member sold 1.742 billion euros worth of treasury bills since January, including the Monday's sale.

Slovak tax revenue seen EUR 1 bln below fcast-paper

BRATISLAVA, June 23 (Reuters) - Slovak tax revenue will likely lag expectations this year by 1 billion euros, widening the budget deficit above the plan of 5.5 percent of gross domestic product, daily Sme reported on Wednesday. The news comes shortly after a general election on June 12 and confirms opposition fears that the budget was in worse shape than expected. Sme said the deficit could reach about 7 percent this year. The sharp revenue drop comes despite healthy economic recovery in Slovakia, whose economy is seen growing by over 3 percent this year, possibly the highest growth in Europe. The Finance Ministry said it would hold a news conference later on Wednesday.

Socio-cultural Front

Slovakia coach hopes win over Italy will silence critics

PRETORIA: Slovakia coach Vladimir Weiss hopes he has silenced his critics with the team's 3-2 win over Italy, which sent the Slovaks into the second round of their first World Cup and eliminated the defending champions. Weiss has had a rocky relationship with domestic media, and was heavily criticised for losing his cool after his tactics were blamed for Slovakia's 2-0 loss to Paraguay on Tuesday, launching a verbal attack against a reporter. "It was not easy for us before the Italy match," Weiss said. "We were under intense pressure from our fans and media. I hope it will change the minds of the people, especially the Slovakian media

Hungary

Political Front

Two candidates nominated for Hungarian presidency 11:06, June 26

Hungary's Parliament Speaker Pal Schmitt and ambassador to Thailand Andras Balogh were nominated for the presidency Friday. The Fidesz party, which holds two-thirds of the 386 seats in the National Assembly, nominated Schmitt with 62 signatures. With Fidesz's majority in the parliament, Schmitt is considered a shoo-in. The Socialist MSZP, which has 59 seats, nominated Hungary's ambassador to Thailand Andras Balogh with all 59 MPs signing on. Hungary's president is elected by parliament, not by the public. Political parties may nominate candidates for the post if at least 50 MPs sign. The vote is scheduled for next Tuesday. The new president will take office on August 5 after current President Laszlo Solyom's term in office expires.

Financial and Economic Front

Hungary plans to cut budget gap, wants new IMF/EU deal

BUDAPEST, June 23 (Reuters) - Hungary's new government hopes to cut next year's budget deficit below 3.0 pct of GDP as agreed with lenders and will seek IMF/EU backing for reforms to raise the country's growth potential, the deputy prime minister said. Tibor Navracsics reiterated that the centre-right Fidesz government was firmly committed to this year's 3.8 percent

of GDP deficit target and wanted to negotiate an extension of a \$25.1 billion financing deal with international lenders.

Hungary: New government presents radical austerity package-19 June 2010

Just one week after taking office, the new Hungarian government led by Victor Orban has put forward an unprecedented package of austerity measures. In so doing, Orban is treading the same path as his social democratic colleague, Greek Prime Minister Giorgos Papandreou. In the recent election campaign, Orban had played down the crisis. Now, after taken office, he has “suddenly” discovered that the country’s budget deficit—amounting to 7.5 percent of GDP (gross domestic product)—was twice as high as his predecessors had indicated. Orban’s announcement of the new figures on June 4 sent shock waves through international financial markets, which feared a repetition of the crisis in Greece. Stock markets worldwide registered sharp declines in values, and the euro slipped to a four-year low of US\$1.18.

Hungary seeks to extend ban on foreign land buys to 2014 -25 June 2010

Hungary will amend legislation to give the state the right to intervene in land sales and will seek to extend a ban on land purchases by foreign investors until 2014, its agriculture minister said. The country's accession treaty opens the land market to foreigners in 2011. One of the electoral promises of Hungary's European People's Party-affiliated Fidesz was to bar foreigners from buying arable land indefinitely. Fidesz won the elections by a landslide. Hungary's 2004 accession treaty barred land purchases by foreigners until 2011 in an effort to prevent wealthy European investors from buying up large chunks of arable land in the poor new member state. Similar transition clauses were negotiated by other ex-communist newcomers. Agriculture accounts for only 4.3% of Hungary's gross domestic product but the land issue touches an emotional political nerve in a landlocked country that endured foreign domination and has deep agrarian traditions. The Hungarian parliament passed a resolution in February, one of its last acts before plenary sessions ended ahead of the elections, authorising the government to negotiate a two-year extension to the restrictions with the European Union. Hungarian MEP József Szájer, who is vice-chairman of the EPP, recently told that negotiations would be held with the European Commission to prolong the ban. He said that what should be expected is a "package deal" with gives and takes, adding that whoever was in power would press for a similar deal. Similar transition clauses were negotiated by other ex-communist newcomers such as Poland and the Czech Republic

Hungary to levy bank tax on balance sheets-website-Jun 25, 2010

BUDAPEST June 25 (Reuters) - Hungary's government will levy a special tax on banks based on their end-2009 balance sheet totals at a rate of 0.4 or 0.5 percent, the news portal index.hu said on Friday, citing multiple unspecified sources. The government chose to levy the tax on balance sheets because it sees that as the only way to collect the planned 200 billion forints that Prime Minister Viktor Orban targeted for this year in his economic plan unveiled earlier this month.

Socio-cultural Front

Hungarian ex-PM to give up immunity to fight misinformation charges- June 21,

Hungary's former Socialist Prime Minister Ferenc Gyurcsany said on Monday that he was ready to renounce his parliamentary immunity if he was faced with charges over misleading the voters. Gyurcsany was prime minister from September 2004 to April 2009. Then opposition Fidesz Party questioned his legitimacy after he admitted withholding information about the government's budget deficit in his 2006 re-election campaign. Officials from the Fidesz party, which won the elections by a landslide in April, said Gyurcsany might be charged with withholding of the crucial information in 2006. Fidesz's Laszlo Kover described it as a "de facto conspiracy to mislead the Hungarian voters, and a cover-up of reality ... cheating in the 2006 elections."

Eastern Europe (Belarus & Ukraine)

Belarus

Political Front

Belarus rejects bid to extradite former Kyrgyz leader 21:27, June 23,

The Belorussian state prosecutor had blocked the extradition of former Kyrgyz president Kurmanbek Bakiyev, RIA Novosti news agency reported Wednesday. "We have not found any judicial reasons to satisfy the extradition request," Prosecutor General Grigory Vasilevich said. Bakiyev has been in Belarus under its president's personal protection since April this year. He fled Kyrgyzstan after a popular uprising there ended his rule. The interim Kyrgyz authorities ordered the arrest of Bakiyev and his family members. His son, Maxim, initially fled to Lithuania, and later moved to London where he asked for political asylum.

Russian gas shutdown MINSK-June 24, 2010

Belarus President Alexander Lukashenko is blocking the passage of Russian gas supplies to Europe after Russia cut supplies to Belarus by a third in a debt dispute. "I have now ordered the government to shut down transit through Belarus until Gazprom pays for transit," Mr Lukashenko said during a meeting with Russian Foreign Minister Sergei Lavrov. Russia earlier announced it was reducing supplies to Belarus by 30 per cent of normal daily volume because Minsk had taken no steps to resolve a debt to Gazprom of nearly \$US200 million (\$A229 million).

Belarus Says It Has Paid Gas Debt to Russia-VOA News 23 June 2010

Belarus says it has paid its gas debt to Russia and is warning it will block the flow of Russian gas to Europe if Moscow fails to pay off its transit bill. Belarus' First Deputy Prime Minister

Vladimir Semashko said Wednesday that his country had borrowed \$200 million and used it to pay off - in full - its debt to Gazprom, Russia's natural gas monopoly.

Russia resumes gas supplies to Belarus: EU sees end of row-Reuters/Moscow/Novokuznetsk

Russia resumed gas supplies to Belarus yesterday after paying gas transit debts to Minsk in an effort to ease fears of supply cuts to the European Union, which said it believed the dispute was over. EU members Poland and Lithuania, which saw a brief fall in deliveries on Wednesday, were getting full supplies yesterday.

Financial and Economic Front

RF-Belarus security ties more important than economics – Lukashenko-21.06.2010,

MINSK, June 21 (Itar-Tass) -- Security issues in the relations between Russia and Belarus are more important than the problems in economy and other spheres, Belarusian President Alexander Lukashenko claimed. He has made a statement at a meeting with Russian Security Council Secretary Nikolai Patrushev in Minsk on Monday. “No matter what relations in economy and other spheres we have, the security of our countries, the Union State are the matters settled long ago and none can make jokes about it,” the Belarusian president said. Alexander Lukashenko noted there are many unsettled problems, which the Security Councils of Belarus and Russia are dealing with. Some unsettled problems should be discussed either. “Here on the western borders the Russian national has a reliable support and friends regardless the circumstances in which we live and work,” Alexander Lukashenko said. “All should be done for our people in Belarus and Russia not to doubt that we are cooperating closely in the sphere of security and defence of our countries,” he noted.

Socio-cultural Front

CIS EC dismisses Belarus claim to suspend duties on RF oil products-24.06.2010,

MINSK, June 24 (Itar-Tass) -- The CIS Economic Court (EC) has dismissed Belarus’ motion to suspend duties on oil products from Russia, the Prime-Tass economic news agency reported on Thursday. On March 25, the Belarusian Ministry of Justice filed a claim to the CIS Economic Court, which is EurAsEC court as well, over export customs duties on Russian oil products and petrochemical raw materials. Both international agreements within the CIS and EurAsEC, and agreements between Russia and Belarus envisage duty-free trade within the frames of the free trade regime, with the only exception of crude oil, which is subject to export duty under a special bilateral agreement. “Mutual trade in all other commodities shall be duty-free,” the Belarusian Ministry of Justice insisted and qualified Russia’s imposing a duty on oil products and petrochemical raw materials as illegal action

Ukraine

Political Front

No merger between Gazprom, Ukraine's Naftogaz: PM-Jun 20, 4:26 pm ET

KIEV (AFP) – Ukrainian Prime Minister Mykola Azarov said Sunday a merger between Russian energy giant Gazprom and Ukraine's state gas firm Naftogaz was not in the pipeline. Gazprom last month proposed creating a 50-50 joint venture with Naftogaz, calling it a possible first step toward a merger of the two companies. The proposal came after Russian Prime Minister Vladimir Putin floated the idea of the merger, angering critics in Ukraine who said the move would amount to a takeover of Naftogaz by the much larger Gazprom. Interfax news agency quoted Azarov as telling Ukrainian television on Sunday there would be no such deal

Sri Lanka President to pay official visit to Ukraine-Jun 24, 2010,

The director of Information Policy Department of the Foreign Ministry of Ukraine, Oleg Voloshyn has informed the Ukrainian Press on Sri Lanka President's visit. This is the first time a Sri Lankan leader is visiting the former Soviet bloc country. The visit by the President is expected to boost the bilateral relations between the two countries, the Ukrainian official has said.

Russia, Ukraine to increase joint military drills-24.06.2010

PARTENIT, Crimea, June 24 (Itar-Tass) - Russian and Ukrainian defence ministries will increase the number of joint military trainings, Russian Defence Minister Anatoly Serdyukov told reporters on Thursday. “We will increase joint military drills. I invited Ukrainian Defence Minister Mikhail Yezhel for the Vostok 2010 strategic exercise that will soon begin in Siberia and the Far East with participation of the two regions’ armed forces and the Pacific Fleet,” he said.

Financial and Economic Front

Ukraine economic growth speeds up in Jan-May

KIEV, June 21 (Reuters) - Ukraine's gross domestic product growth accelerated to 6.1 percent in the first five months of 2010 from 4.8 percent in the first quarter, the administration of President Viktor Yanukovich said on Monday. Ukraine's economy, dominated by commodities exports, shrank by 15.1 percent in 2009 but has started recovering this year. The government sees full-year GDP growth at 3.7 percent this year but Yanukovich's senior economic adviser Iryna Akimova said it could reach 4.5 percent. To help the recovery and bridge its budget gap, the government is seeking a loan of up to \$19 billion from the International Monetary Fund whose mission is in Ukraine this week.

Internet and Telecommunication Front

Internet Fraud: FTC Takes on Antivirus Scam in Crackdown-Mon Jun 21

At the Kiev offices of Innovative Marketing Ukraine, hundreds of programmers, translators and database engineers created a software product that made the company a world leader - an exceptional achievement in the impoverished former Soviet republic. But the way the company made its multimillion-dollar profits is nothing to celebrate, according to the criminal charges its owners now face in a district court in Chicago. Innovative Marketing, say investigators and Internet-security researchers, was one of the biggest and cleverest propagators of "scareware" - programs that run fake scans on computers of unsuspecting users and then claim to find viruses that can only be removed by downloading some software. Except the viruses don't exist and the software - which can cost between \$30 and \$70 - is either useless or can infect the computer itself. (See the photo-essay A Brief History of Pixar.) Scareware is one of the fastest-growing and most prevalent types of Internet fraud. Security-software firm McAfee says it saw a 400% increase in incidents reported last year and predicts the use of scareware will be the most costly online scam in 2010, infecting around 1 million computers per day and bringing in illegal global profits of over \$300 million. Charges against Innovative Marketing, run by Swede Bjorn Daniel Sundin and Indian-born Shaileshkumar Jain, put it squarely in the frame as one of the leading perpetrators of the scam.

Baltic States (Estonia, Latvia & Lithuania)

Estonia

Political Front

EC Requests Ten Member States to Comply With EU Legislation

The Commission is requesting ten Member States (Belgium, Bulgaria, Estonia, France, Portugal, Latvia, Finland, Poland, Malta and Slovakia) to comply with EU environmental legislation in five different areas, namely prevention of floods, electrical and electronic equipment waste, water policy, management of environmental noise and landfill waste sites

Internet/Telecom/Cyber News

Why Estonia Is the Poster Child for Cyber-Security .Analysis by Clark Boyd-Jun 20, 2010

In Estonia, more than 90 percent of all banking is done online, digital signatures are used widely by government officials and you can pay for parking with your cell phone. Geeks have dubbed the place E-stonia. Oh, and four Estonians built Skype."

You may also remember that the last time Estonia was in the headlines was back in 2007, when a series of denial of service attacks wrecked havoc with the the e-services that Estonians have come to depend on, and expect. The attacks began at the same time a real-world battle had

developed over the fate of a statue of a Russian soldier in Tallinn. Online, banks, newspapers, and some government ministry websites were on the target list.

Some accused the Russians of coordinating the attacks, although no conclusive proof has ever been shown. Likewise, groups inside and outside Russia have claimed responsibility, but that's never proven either. To date, one student in Tallinn has been convicted of being involved. His punishment: A \$1,500 fine. At the time, headlines outside of the country did a lot of screaming about "Cyber-War!!" etc. The Estonians took things a bit more in stride, and got to work getting their systems back online. The attack was "the IT equivalent of a paleolithic attack with rocks and clubs," President Ilves said. "But we know that even attacks with rocks and clubs can cause damage." Ilves was speaking last week in the capital Tallinn, at the opening of a major conference on cyber-security. Since 2008, Estonia has also been home to the Cooperative Cyber Defense Center of Excellence (CCD COE), a NATO-approved think-tank whose mission is essentially to formulate new strategies for understanding, and preventing, online attacks. Representatives from across NATO countries and beyond use the center to carry out research and share information. The Center was actually in the works long before the attacks, but they did lend an added urgency to the need for concentrated, coordinated and above all global thinking when it comes to fending off Internet attacks. It's not just about dealing with the technical aspects of understanding and eliminating threats. It's also thinking about how we update our national laws, and the laws of war, into a world where, as Ilves said, "You don't need a tank. All you need is a keystroke." Estonia's Defense Minister, Jaak Aaviksoo, has spent three years thinking about these things. On the attention focused on Estonia he says, "I wouldn't say it's good or bad. I have to live with it." He's philosophical when it comes to dealing with a future filled with online threats: "New technologies emerge every day, and both the good guys and the bad guys have access to them. We can't monopolize technology into the good guys' hands." The only way we'll learn to move forward, he says, is by going through a painful growing process of suffering from, and dealing with, online attacks.

Latvia

Financial and Economic Front

State aid: Commission extends Austrian and Latvian bank support schemes

The European Commission has extended until the end of 2010 an aid scheme for credit institutions in Austria and a Latvian bank guarantee scheme. The extended schemes feature higher premiums to be paid by banks to the State for guaranteeing the loans they raise on the market. This is to encourage banks to finance themselves without state support and to limit distortions of competition. The current schemes for the financial sector expire at the end of the month. To be extended, the fees charged by government need to be increased and the banks that continue to rely heavily on such guarantees for their financing should undergo a viability review. EU finance ministers agreed with this approach. The Commission has already extended under

these conditions bank support schemes in Sweden and Germany. The extensions are for six months, until the end of 2010.

Latvia

Socio-cultural Front

Midsummer festival gives Latvians a break from slump June 24, 2010

Locked in one of the deepest economic slumps in Europe, Latvians are getting some respite thanks to their annual pagan-rooted Midsummer festival, when the Baltic nation goes wild. Residents of this nation of 2.2 million let loose every June 23 for "Jani", which officially honours Saint John the Baptist but taps pre-Christian roots. Latvians jump at their annual chance to flock to the countryside, adorn their hair with flowers and fill their stomachs with beer and "sasliki" or meat barbecued on a skewer

Lithuania

Political Front

Lithuanian representation in Georgia to operate like NATO contact embassy

From January 1, 2011 the Lithuanian diplomatic representation will serve as the NATO contact embassy in Georgia for two years. This decision was made by member-countries of the alliance. The Embassy of Lithuania in Georgia told Trend that the NATO countries can propose an office to serve as a contact embassy. The decision will be reviewed every two years.

Financial and Economic Front

Lithuania c.bank sees 2010 bank losses down

VILNIUS, June 22 (Reuters) - Lithuania's bank sector, dominated by Scandinavian groups, will suffer further loan losses this year, but less than in 2010, the central bank said on Tuesday. The biggest players in the Baltic banking sector are Scandinavian banks, led by Swedbank, SEB, DnB NOR and Nordea.

Lithuania Unveils Austerity Programme, by Ulrika Lomas, Tax-June 22, 2010

Lithuania's Prime Minister Andrius Kubilius has unveiled a new wave of austerity measures, designed to reduce the country's deficit to 3% of GDP by 2012, while ruling out plans either to introduce new taxes in Lithuania or to increase existing taxes – for the time being at least. Announcing the new measures, Kubilius emphasized the need to cut the country's deficit in order to curb spiralling public debt, the biggest threat to long-term welfare. The measures, which are expected to save in the region of between LTL1.3bn (EUR0.38bn) and LTL1.5bn over two years, include plans to drastically reduce paternity benefits, to progressively increase the age of

retirement and to extend cuts in public sector pay. The government is also hoping to generate in the region of LIT2bn as a result of economic growth

Socio-cultural Front

De Montfort University to Host Lithuanian Student Performers at World Theatre Congress

LEICESTER, England--(BUSINESS WIRE)--Student performers from Lithuania are to take part in the International University Theatre Association's (IUTA) 8th World Congress next week, hosted by De Montfort University (DMU) in Leicester for the first time in the UK.

Running from Monday 28 June to Friday 2 July, the Congress is based at DMU's Centre for Excellence in Performance Arts PACE Building and Clephan Building. It is part of the Igniting Ambition Festival 2010 – the third in a five year program of events across the East Midlands in the run-up to the Olympic and Paralympics Games 2012 in London, UK. Students from Lithuania's Vilnius Gediminas Technical University's theatre group, 'Palèpè', will perform 'Sappho' at the Y Theatre in Leicester, UK, on Monday (28 June). This is held during DMU's International Youth Theatre Festival, which runs alongside and as part of the IUTA Congress and features a selection of student performances from international young people's theatre groups in a range of locations across the city centre. Other theatre groups performing hail from Columbia, France, Italy, and Korea, but the Congress also boasts a packed program of talks, discussions and workshops in various languages, bringing over 100 theatre practitioners and academics from more than 30 countries around the world together in the two University venues

Russia

Political Front

G8 leaders clarify positions, advance new initiative on G8 1st day-26.06.2010, 04.41

TORONTO, June 26 (Itar-Tass) -- The main result of the first G8 summit day was that the sides got more clarification on each other's positions and advanced new initiatives. "Apart from this, the leaders voiced support to the initiative to bring down maternal and child mortality, and it is a significant step. According to Russian spokesman Dvorkovich, Russia has outlined its positions on two key issues. Moreover, the Russian leader urged to work for the global initiative to fight drug trafficking." British Prime Minister David Cameron and Russian President Dmitry Medvedev pledged Friday to improve the recently strained relationship between their two countries after meeting for the first time. G-8 was founded in 1975 at Rambouillet, France with original members France, Germany, Italy, Japan, UK, US. while Canada (joined at 1976 summit, San Juan, Puerto Rico), Russia (joined at 1998 summit, Birmingham, UK).

US, Russia to coordinate on aid for Kyrgyzstan-The Associated

WASHINGTON — President Barack Obama says the U.S. and Russia have agreed to coordinate on humanitarian aid for Kyrgyzstan. Kyrgyzstan's president was driven from power in April amid corruption allegations. The violence that erupted after his ouster has left about 2,000 people dead and 400,000 ethnic Uzbeks homeless. Kyrgyzstan's security agency claims relatives of the toppled president have worked with the Taliban and other Islamic militant movements to provoke the violence

The Russia slammed the appointment of a UN Panel of Experts on Sri Lanka-2010-06-26

Colombo, 26 June, (Asiantribune.com): The Russian government has slammed the appointment of a UN Panel of Experts on Sri Lanka and had stated that investigating the events that occurred in the past in Sri Lanka lies with its Government. The Russian government has questioned as to why the opinion of the Security Council or the General Assembly was not sought in the matter? In a statement issued by Russia said, “Moscow has taken note of UN Secretary General Ban Ki-moon’s decision to appoint a UN panel of experts to investigate war crimes during the period of the campaign against the Tamil Tigers. As follows from UN sources, this panel is not a fact finding or investigation mechanism, but is designed solely to advise him on accountability issues relating to alleged violations of international human rights and humanitarian law

Obama, Medvedev agree on US poultry exports

US President Barack Obama and Russian President Dmitry Medvedev have agreed on to allow US companies to restart exports of poultry to Russia as the two leaders found common ground on trade and investment. Speaking to reporters after morning meetings with his Russian counterpart, Obama said the United States supported Moscow’s bid to join the World Trade Organization and both men said they hoped to have technical issues that have stymied that effort to be resolved by the fall.

Financial and Economic Front

Russian trade surplus doubles year-on-year 11:36, June 26,

Russia's foreign trade surplus from January to May 2010 was 72 billion U.S. dollars, RBC news agency reported. According to the Economic Development Ministry, the country's surplus for these five months surged 100 percent year-on-year. During this period, imports to Russia rose by 25.7 percent year-on-year and amounted to 84.3 billion dollars. Exports rose 50 percent year-on-year, to 156.3 billion dollars. In May alone, Russia's export fell by 1 percent, mostly due to an oil price decrease of 11.1 percent month-on-month. World prices for copper, nickel and aluminium fell 12 to 15 percent. Gas prices fell by 5.8 percent against April.

US supports Russia's WTO entry-PTI, Jun 25, 2010,

WASHINGTON: US President Barack Obama has extended his full support to Russia's entry into the World Trade Organisation, saying that it would deepen Moscow's integration into the

global economy. "I believe that Russia belongs in the WTO. That's good for Russia. It's good for America. And it is good for the world economy," Obama said at the US-Russia Business Summit held at the US Chamber of Commerce here.

Socio-cultural Front

Moscow Mayor's wife accused of grabbing Indian Embassy land-Moscow, Jun 25 (PTI):

Russia's richest woman, construction magnate and the wife of the mayor of Moscow has been accused of grabbing prime land allocated to several foreign missions, including Indian Embassy in the capital. Russian foreign ministry has lodged a complaint with Prosecutor General to probe into the takeover of plots allocated to foreign diplomatic missions and transferring their ownership to Yuri Luzhkov's wife Elena Baturina, web-based Gazeta.ru reported. Baturina is owner of investment and construction corporation Inteco which is involved in constructing elite residential buildings. She has been named as the richest woman in Russia, owning a personal fortune of USD 3.1 billion by the Forbes magazine in 2007."Baturina has been named in Foreign Ministry's complaint, the concerned plots were earlier allocated to diplomatic missions of foreign countries, but later landed into ownership of other people. The probe is on and is still not complete," the website stated

Caucasian and Chechnya

Russia protests Chechen separatist leader's visit to Council of Europe21:40,

Russia formally protested the decision of the Council of Europe to allow a Chechen separatist leader to attend a CE meeting, RIA Novosti news agency reported Wednesday. Akhmed Zakayev, who has been on a Russian wanted list since 2001 as a "foreign affairs envoy" of separatists, entered the Council's building in Strasbourg by personal invitation of one Council member, a Russian diplomat told RIA Novosti. Zakayev entered the building under another name to cheat the computer security system, the diplomat said. The Council of Europe has not commented on the incident so far.