

**Report No.131**

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

**EUROPEAN UNION, CENTRAL AND EASTERN EUROPE**

**INCLUDING RUSSIA AND BALTIC STATES**

**Weekly report 1<sup>st</sup> Aug to 7<sup>th</sup> Aug 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).



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

*EU-Geo-strategic front- Geo-strategic Front-Financial and Economic Front-Social Front -Cyber news-Central & Europe-Eastern Europe-Baltic States-Russia*

## Headlines

### European Union

- Tour planned for Gaddafi's summit hits problems-5 Aug 10
- Pacific islands keep hardliner against military-ruled Fiji-AFP-August 6, 2010
- Millions eligible for EU passport
- EU experts, IMF call for next slice of Romania rescue loan-Aug 4,
- Canada has another chance-Make Canada the G20's permanent home
- Plea for struggling farmers to be supported as CAP negotiations loom-By Ray Ryan,
- EU approval may be sought to extend €450bn bank guarantee
- Greece passes key EU/IMF test but long road ahead-Aug 5, 2010
- EU spending €150m a year on consultants
- Liberia: EU Commission allocates additional €10 million for humanitarian aid-06 Aug
- European Commission rejected Blackberry-Blackberry under fire-04 August 2010
- Google to sell brand name keywords to European markets
- Tech America to Host United States/Mexico Technology Summit
- Public consultation on Scientific Basis for a Definition of the Term "Nanomaterial"8/6/2010
- Without Registration, Swedish Law Does Not Protect Wikileaks Sources-August 07

### Poland

- Polish president sworn in as rival boycotts-Aug 7
- Georgia hosts talks on illegal migration with Polish delegation-02.08
- Polish Yields Advanced to Three-Month High at Bond Auction on Rate Bets-Aug 5,
- Poland's finances are safe with government, claims Tusk-04.08
- End this liberal hostility to the Pope-06 August 2010
- One third of Poles over 55 without work-05.08.2010
- Poles clash over memorial cross

### Czech Republic

- U.S. missile center may operate on Czech soil in 2011: minister
- Czech politicians mourn anti-communist fighter
- Czech central bank keeps rates on hold related stories -Aug. 5, 2010,
- UPDATE 1-Czech Komerčni Q2 profit rises, provisioning falls
- Czech Koruna Weakens From 21-Month High before 'Dovish' Policy Meeting-Aug 5

### **Slovakia**

- Slovak coalition faces first test on government program-Aug 4, 2010,
- Slovakia heads V4, embraces Hungary-Aug 03 2010
- Slovak Prime Minister to Speak At IPI Congress-Friday, 1 Aug
- Slovakia gets in on chicken demand from Asia-August 06 2010
- Dexia Second-Quarter Profit Declines 12%, Hurt by Provision in Slovakia- Aug 6, 2010
- Police disperse right-wing extremist march in Slovakia

### **Hungary**

- Hungary can boost economy without foreign help: govt-AFP/Budapest
- Hungary's new president, Pal Schmitt 19:22, August 06,
- Orban out on a limb-Hungary's new prime minister takes on the world -Aug 5th 2010
- Forint Strengthens for Third Day on Hungarian Exports, European Earnings
- Hungary's Two Tail Dog Party Wants Free Booze, World Peace, Cash for All
- Clemson student spends summer on mission trip

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

#### **Belarus**

- Moscow pulling back on grain exports- Aug. 6
- European safety equipment, Belarus (Deadline: not listed)-05 August
- Russia, Belarus to Invest In Oil, Gas Industry
- Belarus promises to recognize Abkhazia, South Ossetia: Medvedev-August 03
- Belarus Denies Providing S-300 Missiles to Iran-August 5, 2010,

- Belarus to import Venezuela oil via Lithuania-Aug 5, 2010
- A free-thinking Belarusian university can only operate outside of Belarus-08.08.2010

## **Ukraine**

- Ukraine's Crimea to hold parliamentary elections on October 31-04.08.2010,
- Ukraine offers help in fighting wildfires in Russia-02.08.2010
- Prayer and politics: Russia's pincer movement in Ukraine-4 August 2010
- Ukraine has no need to cut exports on weather worries-August 04 2010
- Emerson Awarded Automation Contract to Modernize 100 Hydroelectric Turbine Generators in Ukraine
- President receives Order of Merit from Ukraine's President-06 August 2010
- Surgeons arrested in Ukraine for selling transplants organs-Associated Press-

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

### **Estonia**

- Gas supply monopoly challenged-Aug 04, 2010
- Estonian consumer prices fell 2.9% on year
- Estonian inflation dips in July-Aug 6, 2010
- The European Central Bank and European Commission have approved Estonia's bid
- Exports up 38%, imports 47% in May
- Europe's Estonian lessons-August 3 2010
- US gets suspect extradited from Estonia to face charges in hacking case touching 280 cities
- Estonia in brief - 2010-08-05

### **Latvia**

- World Bank boss heading to Eastern Europe-07.08.2010
- Dombrovskis Says Latvia's Austerity Program May Ease as Economy Recovers
- 'Day of Action' politicized-Aug 04, 2010
- Latvija in brief - Aug 04, 2010

- Latvia in brief - 2010-08-05

### **Lithuania**

- EU approves Lithuanian bank support scheme -Aug 5, 2010
- Annual leave in Lithuania-Aug 04, 2010
- Lithuanian court frees terrorism suspect.4 Aug 2010

### **Russia**

- Russia Accuses U.S. of Violating Old Arms Pacts
- FACTBOX-Key facts about U.S.-Russia START I arms deal-Aug 7, 2010
- The following are key facts on arms control treaties:
- Russian troops dig canal to bar fire from atom site-Reuters/ Aug 7, 2010
- Zuma arrives in Russia-05 Aug 2010
- Canada holding joint exercises with Russia week after bomber intercepts-August 6, 2010
- IMF Predicts 4.25% Growth for Russian Economy in 2010-Aug 07, 2010
- Kuwaiti businessmen urged to invest in Russia
- Wheat prices fuel inflation worries-Aug 07th, 2010- Reuters.
- Russia's lost opportunity with Japan
- Interior Ministry posts draft law "On Police" on Internet for public discussion-07.08.2010

## **REPORT SUMMARY**

### **ABOUT EUROPEAN UNION**

EU is consisted upon 27 member states and governed by seven following institutions: the European Parliament, the European Council, the Council of the European Union (the Council of Heads of member states); the European Commission, the Court of Justice of the European Union, the European Central Bank and the Court of Auditors. Most of these institutions were created with the establishment of the European Coal and Steel Community (ECSC) in the 1950s.

### **European Union**

#### **Geo-strategic Front**

Pacific island leaders Thursday agreed to maintain their hard-line stance against military-ruled Fiji but said they would keep the door open to dialogue with the major regional player. After two days of talks in Vanuatu, leaders from Australia and New Zealand along with other 15 Pacific Islands Forum countries alleged that Fiji would remain suspended from the region's most important grouping until it moved towards democracy.

Passport loopholes offered by three EU nations could be indirectly expanding the boundaries of the bloc. It will give nearly 5 million outsiders, mostly from Europe's poorest countries, the desirable right to live and work in the union. Meanwhile the possible influx will cause the most immediate challenge to the European Union, which is grappling with tight labor markets and a wave of anti-immigrant sentiment.

European Union economic experts believe that Romania has imposed deep enough budget cuts to have earned the next slice of a massive international rescue loan. Romania's economy came close to collapse in 2008-09 as the world financial crisis swept across Central and Eastern Europe. The country was saved from disaster by a 20-billion-euro (26 billion dollars) bailout from the EU, International Monetary Fund (IMF) and World Bank.

In June, when Canada played host to the leaders of the G20 in Toronto, along with the EU and remaining 18 member countries, it failed to seize an important opportunity to be a permanent home for G-20. Since its creation in 1999, the G20 has been trying to enhance its role in Global Activities. Canada, one of the original founders of the G20 has been regarded as the best place to establish its Secretariat.

#### **Financial and Economic Front**

The Family Farmers Association in Britain has called on the European Commission to provide ongoing financial support for working livestock producers and growers unable to make a living from agriculture. A blueprint for the Common Agricultural Policy after 2013 is to be published by Brussels in November, but prior to final announcement it is triggering detail negotiations, debate and eventual decisions.

The Irish Department of Finance has indicated the Government may seek European Commission approval for the extension of the €450 billion guarantee for the banking system.

International inspectors on Thursday applauded Greece's efforts to exit its debt crisis, endorsing a fresh 9 billion euro payment from an EU/IMF bailout scheme, but urged reforms in energy, banking and the public sector.

According to a report recently published by the Euro stat, the EU has spent more than €601m on "external advice" between 2005 and 2008. Only €84,000 has paid for drawing up a questionnaire asking EU officials about their career plans. European Commission spending on consultants averages more than €150m a year.

## **Social Front**

The European Commission is allocating an extra €10 million in humanitarian aid for Liberia. This assistance will directly or indirectly benefit around 500,000 vulnerable people across Liberia.

After the news regarding Blackberry's security concerns originated from the Middle East and North Asia, the European Commission has also rejected use of the devices in favor of the I Phone and HTC handsets. That latest decision from the EU could well be a telling blow to the Canadian mobile devices company. The European Union's executive body reviewed the use of smart phones by its staff, which number over 30, 000, two years ago.

## **Cyber /Internet News**

Google has announced that starting September 14th, it will allow European markets to bid on brand names as keywords, something it already allows North America, Ireland, and the UK to do. This will allow advertisers to have their ads show up when users search for names such as Nike, Louis Vuitton, Coach, Apple, and other well known brands. The European Court of Justice ruled in favor of Google however, saying it had done its part to protect trademarks by allowing brand owners to bid for keywords belonging to third party trademarks.

Tech America, partnering with the Dallas Regional Chamber and University of North Texas will host the first United States/Mexico Technology Summit. The event will be held Sept. 29 and Sept. 30 at the City place Conference and Event Center north of Downtown Dallas

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

### **Geo-strategic Front**

#### **Poland**

Bronislaw Komorowski has taken the oath of office as Poland's new president, vowing to build national unity in a ceremony boycotted by his opponent Mr. Kaczynski. Mr. Komorowski said Poland very seriously needs cooperation between the institutions of the state, like the government, the parliament, the president and political parties.

A delegation of the Polish Interior Ministry is in Georgia with the support of the International Organization for Migration to exchange experience. High-ranking delegation members held a meeting on borders monitoring and combating illegal migration in the Georgian Interior Ministry.

## **Czech Republic**

The early warning center of U.S. missile defense may start operating on Czech soil by the middle of next year, Czech Defense Minister Alexander Vondra said here on Sunday. The planned center should become a part of NATO missile defense, but be operated by Czech soldiers trained by U.S. experts.

Top Czech politicians on Wednesday attended the funeral of controversial anti-communist fighter Milan Paumer. Prime Minister alongwith other government members and the speakers of both houses, attended Paumer's funeral in the town of Podebrady, 50 kilometers (30 miles) east of Prague. Paumer died July 22 in Prague at age 79. The Czechs are divided over Paumer. While some consider him an anti-communist hero, for others he is a murderer.

## **Slovakia**

The Slovakian parliament on Wednesday debated the new government program of the four-party, center-right coalition led by Prime Minister Iveta Radicova. A vote of confidence scheduled for the evening was postponed till Thursday because of the large number of legislators who had yet to speak.

Slovakia's newly-formed government is expected to pursue a policy of reducing tensions in domestic inter-ethnic relations as well as improving relations with the Hungarian government. Slovakia took over the rotating presidency of the central-European Visegrad Four (V4) grouping. The summit of the group's was held in Budapest on July 20.

The International Press Institute (IPI) today announced the inclusion of recently-elected Slovak Prime Minister Iveta Radičová in its World Congress program. Ms Radičová will be the first Slovak prime minister to attend an IPI World Congress this year. For the first time, it will be held jointly in Vienna, Austria, and in Bratislava, Slovakia.

## **Hungary**

Hungary wants to take control of its economic decisions and boost growth without relying on loans from foreign institutions as it did in 2008 to avoid bankruptcy, the prime minister's office said.

Newly elected Hungarian President Pal Schmitt was officially inaugurated on Friday. The president-elect was born on May 13, 1942. He was a successful fencer in his youth, winning an Olympic gold medal for his country in 1968 and another one in 1972. Schmitt became president of the Hungarian Olympic Committee in 1989. He later became a diplomat, serving as Hungary's ambassador and also served as vice president of the International Olympic Committee and presided over the World Olympians Association.

Ever since Viktor Orban's Fidesz party won two-thirds of the parliamentary seats in April's general election, the signals have been threatening. First Mr Orban extended the right to citizenship to all ethnic Magyars living beyond the country's borders. Then the new prime minister started replacing the leaders of public institutions.

## **Financial and Economic Front**

## **Poland**

Polish borrowing costs jumped to the highest in at least three months at yesterday's sale of 2-year and 5-year bonds on expectations a plan to increase the value-added tax will fuel inflation and prompt the central bank to raise interest rates. The Finance Ministry sold a combined 7.2 billion zloty (\$2.38 billion) of debt yesterday at two bond auctions.

Prime Minister Donald Tusk has presented plans going forward for Poland's economy and the way his government intends to tackle the budget deficit. Addressing the Lower House he underlined that the past few years of his government have shown Poland as an example of sound economic management and pointed how Poland managed to survive the crisis and earned the admiration all around the world.

## **Czech Republic**

The koruna dropped from its strongest level in 21 months against the euro on speculation the Czech central bank will try to talk down the currency at today's press conference to protect economic growth and prevent disinflation. The world's best-performing currency in July weakened 0.4 percent.

## **Slovakia**

In common with other Eastern European chicken meat producers, Slovakia has enjoyed orders from Hong Kong and Vietnam that boosted its exports of frozen cuts to 3,600 tons in the first four months of this year, up from 1,600 tons a year earlier.

## **Hungary**

The forint strengthened, extending the world's biggest rally this week without International Monetary Fund backing. The forint appreciated for a third day, trading 0.4 percent higher at 278.76 per euro as of 3:59 p.m. in Budapest. The forint was still up 1.8 percent this week, the biggest rally among more than 170 currencies worldwide tracked by Bloomberg.

## **Social Front**

### **Poland**

Poland has one of the lowest employment rates of people over 55 in the European Union. In 2009, 32.3 percent of Poles over 55 are in gainful employment, beating only Malta, where a mere 28.1 percent of people over 55 works. The average in the European Union amounts to 46 percent. The number of Poles over 55 out of work has gone down year on year, however. In 2008, that number was 31.6 percent, whereas in 2004 only 26.2 percent of Poles over 55 were in employment. New figures published by Eurostat show that the highest percentage of older workers can be found in Iceland, with 80.2 percent. In the EU proper, Sweden has the highest rate of employment of the over-55s, with 70 percent

### **Slovakia**

Slovak police intervened against a march by the far-right Our Slovakia People's Party (LSNS) in front of the castle in Bratislava. Taking Slovak national symbols in hands and

shouting abuse about homosexuals, liberals and "Zionists," the protestors were chanting slogans such as "Police state!", "Slovakia for the Slovaks!" and "Go to hell, SAS, Israel. Police blocked protesters when they tried to march to the statue of Prince Svatopluk on the castle grounds.

## **Hungary**

Hungary's Two-Tailed Dog Party joins an already impressive list of political parties across central Europe that decided to lure voters with promises of world peace, prosperity and free beer. The Two-Tailed Dog Party is a critical of the system, the media, and anything in general and will run in municipal elections, scheduled for October 3. If the party wins, it promises to start work in the local biotech laboratories to finally create a two-tailed dog.

Clemson University students who helped organize backyard Bible clubs in Hungary, Slovakia and Czech Republic would now served around the world this summer through the Cooperative Baptist Fellowship's Student, through which undergraduate and graduate students will receive "a \$1,000 stipend along with other facilities to spend a summer or semester involved in hands-on missions.

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

### **Geo-strategic Front**

#### **Belarus**

Moscow will call on the Kazakh and Belarusian governments to halt grain exports because of drought conditions in the region. A drought brought on by the worst heat wave in recorded history is having a dramatic impact on regional grain supplies. The Russian Agriculture Ministry announced it was cutting its grain forecast for 2010 from 90 million tons to less than 75 million tons.

With three more months left for Ghana to begin the commercial production of oil, Russia and Belarus have expressed their commitment to invest \$1 billion in the country's emerging oil and gas industry. Other areas of interest to the two countries are gold production and the agricultural and health sectors.

Belarusian President Alexander Lukashenko has promised to recognize the independence of Abkhazia and South Ossetia. Lukashenko made the promise in the presence of several Commonwealth of Independent States (CIS) leaders.

#### **Ukraine**

The Supreme Council (parliament) of Ukraine's Crimean autonomy on Wednesday announced local parliament election day on October 31. The decision was taken by an overwhelming majority of votes. Thus, parliamentary elections in the Crimea will be held concurrently with the elections to local legislatures throughout Ukraine.

Ukraine has offered its fire fighting air squadron to fight wildfires in Russia. Russia has not asked for such assistance but Ukraine offered the assistance on its own free only on the humanitarian grounds.

## **Economic and Financial Front**

### **Belarus**

The state military-industrial complex of Belarus has denied the reports that the country has provided S-300 missiles to Iran. There have been no negotiations and no deliveries have been made to Iran of any rocket complexes or of elements of them.

Belarus is testing new routes for its oil imports from Venezuela, eyeing shipments via Lithuanian ports, as Minsk seeks to diversify crude deliveries due to strained relations with Russia.

### **Ukraine**

Ukraine Hydro Energy, the main hydroelectric generating company of Ukraine, has awarded Emerson Process Management, an Emerson (NYSE: EMR) business, a US\$28 million contract for automation systems to manage and control 100 turbine generators in nine hydroelectric power plants. Funding is being provided by a loan from the World Bank to the government of Ukraine

## **Social Front**

### **Belarus**

Lukashenko of Belarus shut down the European Humanities University in 2004 - he felt it was too independent. But the university reopened in Lithuania and is now a magnet for students from Belarus. The name written at the entrance of the University, became a Maxim “ The University in Exile”. The EHU is located in a building on the outskirts of the Lithuanian capital, Vilnius, where it moved by invitation of the Lithuanian government after being forcibly and abruptly closed down by the Belarusian authorities in Minsk six years ago. The European Commission, several EU nations and the United States also provide support to the exile university.

### **Ukraine**

IAAF President Lamine Diack received the Order of Merit I Class by the President of Ukraine Viktor Yanukovich at a ceremony on Wednesday. At the beginning of the meeting the Ukrainian President expressed appreciation of the fact that Ukraine will host the meeting of the IAAF Council this weekend (7-8) in which representatives of 33 countries will take part.

Ukraine's interior ministry says four surgeons and four others have been arrested for taking part in a scheme to recruit organ donors from former Soviet countries and transplant the organs into wealthy foreigners. The head of the ministry's department on human trafficking, Yuriy Kucher, says the scheme was headed by an Israeli who was arrested last month.

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

## **Geo-strategic Front**

### **Estonia**

The Estonian government announced that it plans to unbundle national energy company Estonia Gas in an effort to break Gazprom's hold over the country's gas market. Eesti Gaas, which has a monopoly on natural gas transmission and sales in Estonia, is 37 percent owned by Russian Gazprom. Natural gas is imported into Estonia not only from Russia, but from the Inčukalns's underground gas storage in Latvia

## **Financial Front**

### **Estonia**

Estonia's annual inflation rate in July was 2.9 percent, Statistics Estonia said today. On the month, consumer prices rose 0.3 percent. Meanwhile Estonia, which is set to join the euro zone next year, saw the consumer price index increased 2.9 per cent in July 2010 compared to July of the previous year.

In May exports of goods from Estonia amounted to 11.3 billion kroons and were 38% higher than a year earlier. Imports were up 47% to 12.5 billion kroons. Trade deficit stood at 1.2 billion kroons and was four times more than in May 2009

According to Standard & Poor's in June, the Baltic state has moved from a severe recession and its gross domestic product that shrank 14 per cent in 2009 are now expected 1 per cent growth this year. A current account deficit of 17 per cent of GDP in 2007 became a surplus of 4.7 per cent last year. It was a Estonia's rewards for joining the euro zone in January.

### **Latvia**

World Bank President Robert Zoellick will travel to Bulgaria, Moldova and Latvia next week for meetings with leaders and business executives. During his five-day trip, he will hold discussions on the impact of the global economic crisis on Eastern Europe, one of the region's hit hardest by the downturn.

Latvia's economy is rebounding from last year's 18 percent slump as manufacturing and exports advance. The growth probably accelerated in the second quarter after economic production expanded 0.3 percent from the previous period in the first three months of the year. The Baltic country turned to a group led by the European Commission and International Monetary Fund for a 7.5 billion- euro (\$9.9 billion) loan in 2008 after its second-biggest bank collapsed.

### **Lithuania**

The European Union's executive on Thursday gave the green light to a Lithuanian scheme for supporting troubled banks, saying that it was necessary to overcome the financial crisis.

## **Social Front**

### **Estonia**

In November 2008, with the nation transfixed by a presidential election and a collapsing economy, a group of international hackers infiltrated the computer network of a major financial

services company in what authorities describe as one of the most sophisticated attacks ever concocted. The hackers entered RBS World Pay servers, accessed prepaid payroll card numbers, cracked their encrypted PIN codes, raised the balances on the cards and distributed dozens of them to a team of people around the world.

Estonia is going to send equipments to Russian Federation to help put out forest fires. Estonian authorities are prepared to discuss the details for putting out forest fires with the Russian authorities.

## **Latvia**

The Cabinet was on Aug. 3 to make a decision on the reallocation of funding for the new 'Palace of Light' building for the Latvian National Library. To ensure completion of the structure by 2012, the Culture Ministry suggests increasing the amount of emergency funds already in the 2010 state budget by 13,562,417 lats (19.3 million euros).

On July 29, in Vilnius, a special working group discussed guidelines for the creation of the Litvak Heritage Forum (LHF). The group was established by the decision of Lithuanian Prime Minister Andrius Kubilius, reports ELTA. Litvak Jews, who lived in Lithuania and also in the large region of Eastern and Central Europe, suffered terrible losses during the Holocaust, wars and occupations.

## **Lithuania**

According to Lithuanian government, during the first year of employment, the teaching staff of educational institutions shall be granted annual leave during the summer holiday for school children and students, irrespective of the date when the staff began to work at the respective institution

The Lithuanian Court of Appeals has set free on bail a Lithuanian woman who is accused of plotting to carry out a terrorist attack in Russia. Egle Kusaite, a 21-year-old Muslim convert, allegedly planned a suicide bombing in revenge for the death of her Chechen friend. She initially pled guilty to the charges, but later reversed her plea

## **Russia**

### **Geo-strategic Front**

Russia's Foreign Ministry released a report on Saturday accusing the United States of violating dozens of provisions of nuclear, chemical and biological weapons treaties, apparently in a reply to American critics, who have been accusing Russia of violating past agreements. The 10-page report detailed lapses in security at Los Alamos National Laboratory.

Russian troops dug an 8-km (5-mile) long canal to keep fires caused by a record heat wave away from a nuclear arms site. Forest and peat fires caused by the hottest weather ever recorded in Moscow have killed at least 52 people, made more than 4,000 homeless, diverted many flights and forced Muscovites to wear surgical masks to filter out foul air

President Jacob Zuma arrived in Russia on Thursday for an official visit, his office said. "The visit is the first by President Zuma to Russia, following the state visit to South Africa of former Russian Federation's President Vladimir Putin in 2006.

Canadian and U.S. military personnel will be taking part in a historic exercise with their Russian counterparts to battle airborne terrorism, a little more than a week after Defense Minister Peter MacKay suggested Canada was facing new threats from Russia. The Aug. 8-11 exercise, which will involve for the first time, the Russian military and the joint Canadian-U.S. North American Aerospace Defense Command co-operating in tracking and intercepting a hijacked aircraft.

## **Economics and Financial Front**

In 2010, the Russian economy will grow by 4.25%, after falling 7.9% last year. This forecast was made yesterday by the International Monetary Fund. Foreign experts expect a "moderate recovery of the Russian business." It will be caused by a gradual increase of household incomes and decrease in unemployment. In 2011, the economic growth will slow to 4%. Inflation is expected to be 6% in 2010 and 5.5% in 2011

A Russian minister has urged Kuwaiti investors to launch business ventures in Russia, claiming that bilateral ties are booming. Russia's energy minister issued the call following the third meeting of the Kuwaiti-Russian government committee for trade, economic, scientific and technical cooperation in Moscow.

Suppliers of Russian wheat to Asia are edging nearer to cancelling contracts after Moscow's ban on grain exports, forcing buyers to turn to alternative origins as US wheat futures soar to a 23-month high. There was no immediate panic reaction from top Asian importers because global stockpiles were ample, but the rally could stoke fears of food inflation in key buyers with a near doubling of prices on the Chicago Board of Trade since lows in June.

The recent smooth exchange of spies between Russia and the United States appears to demonstrate that the 'reset' in relations between the two countries has worked. But Russia has so far done little to 'reset' its relations with Japan. That is not only a lost opportunity, given Russia's need to modernize its economy, but a grave strategic error in view of Russia's increasing worries about China's ambitions in Asia.

## **Social Front**

The Russian Interior Ministry has posted the draft law "On Police" on the Internet for public discussion. Police in Russia has been traditionally called "militia" (or militia) to emphasize their closeness to the people. President Dmitry Medvedev on Friday, August 6, suggested renaming the law enforcement service into police to bring it in line with new realities and better reflect the essence of its work

## **Detailed Report**

### **European Union**

#### **Geo-strategic Front**

##### **Tour planned for Gaddafi's summit hits problems-5 Aug 10**

Brussels. A planned tour of a major exhibition of African art to Libya, currently on show in Belgium, is now under threat. Masterminded by Tanzania-born British architect David Adjaye, the show was due to open in Tripoli for the European-African summit in November, hosted by Colonel Gaddafi. "Geo-graphics: a Map of Art Practices in Africa, Past and Present", at the Bozar centre in Brussels (part of the "Visionary Africa" festival until 26 September), has at its heart 220 pieces of traditional African art (16th to 20th century), loaned by the Royal Museum for Central Africa in the Brussels suburb of Tervuren and Belgian private collectors. These are joined by contemporary art from eight organisations in Africa, as well as architectural photographs by Adjaye of 17 African capitals

##### **Pacific islands keep hardliner against military-ruled Fiji-AFP-August 6, 2010**

PORT HAVANNAH, Vanuatu (AFP) - Pacific island leaders Thursday agreed to maintain their hardline stance against military-ruled Fiji but said they would keep the door open to dialogue with the major regional player. After two days of talks in idyllic settings in Vanuatu, leaders from the 15-other Pacific Islands Forum countries said Fiji would remain suspended from the region's most important grouping until it moved towards democracy. Sevele said member states should keep engaged with Fiji, one of the most developed nations in the Pacific and a regional hub for transport, telecommunications and trade for many remote and impoverished islands. Fiji, which has torn up its constitution and dismissed the judiciary since military strongman Voreqe Bainimarama seized power in 2006, was suspended from the forum in 2009 after reneging on a promise to hold elections. Australia and New Zealand have strongly supported Fiji's suspension from the grouping, but its absence has prompted questions about the forum's relevance and its ability to help lift Pacific islanders out of poverty.

##### **Millions eligible for EU passport**

BUCHAREST (Romania) - PASSPORT loopholes offered by three EU nations could be indirectly expanding the boundaries of the bloc - potentially giving nearly 5 million outsiders, mostly from Europe's poorest countries, the coveted right to live and work in the union. The possible influx represents the most immediate challenge to the European Union, which is grappling with tight labour markets and a wave of anti-immigrant sentiment. But those numbers could be swollen by millions more - immigrants or their descendants living in other hardship regions who are also eligible for EU citizenship under passport giveaways.

No reliable and comprehensive global tally exists of just how many people living elsewhere are eligible for EU passports. But the figures available suggest such passport policies could put a strain on the EU at a time when most of the bloc's nations favour putting enlargement on hold as they try to put their economic houses in order

## **EU experts, IMF call for next slice of Romania rescue loan-Aug 4,**

Brussels/Bucharest - European Union economic experts believe that Romania has imposed deep enough budget cuts to have earned the next slice of a massive international rescue loan, the EU's executive said in a statement on Wednesday. Romania's economy came close to collapse in 2008-09 as the world financial crisis swept across Central and Eastern Europe. The country was saved from disaster by a 20-billion-euro (26 billion dollars) bailout from the EU, International Monetary Fund (IMF) and World Bank.

## **Canada has another chance.**

### **Make Canada the G20's permanent home**

In June, when Canada played host to the leaders of the G20 in Toronto, along with the EU and remaining 18 member countries that constitute the group, it failed to seize an important opportunity. If the G20 ever hopes to play a key role in global governance, it needs a permanent home. A secretariat focused on the longer-term challenges to the global community would go some way in healing the growing divisions that emerged in Toronto between G20 members. Canada, one of the original founders of the G20 in 1999 when it was a group of finance ministers, is perfectly positioned to host the secretariat. More importantly, the world needs it to

## **European Union**

### **Financial and Economic Front**

#### **Plea for struggling farmers to be supported as CAP negotiations loom-By Ray Ryan,**

THE Family Farmers Association in Britain has called on the European Commission to provide ongoing financial support for working livestock producers and growers unable to make a living from agriculture. A blueprint for the Common Agricultural Policy after 2013 is to be published by Brussels in November, triggering detailed negotiations, debate and eventual decisions. Agriculture, Fisheries and Food Minister Brendan Smith is holding a series of meetings in other EU member states where he is outlining Ireland's vision for a strong and properly funded CAP after 2013.

#### **EU approval may be sought to extend €450bn bank guarantee**

THE DEPARTMENT of Finance has indicated the Government may seek European Commission approval for the extension of the €450 billion guarantee for the banking system. It follows calls from a second bank, Anglo Irish Bank, for the guarantees to be extended because the Irish system is not yet strong enough to stand on its own without them. There are two guarantees in place. The first, which was given in the aftermath of the collapse of Lehman Brothers in 2008, covered all of the existing debts of the Irish banks

#### **Greece passes key EU/IMF test but long road ahead-Aug 5, 2010**

ATHENS (Reuters) - International inspectors on Thursday applauded Greece's efforts to exit its debt crisis, endorsing a fresh 9 billion euro payment from an EU/IMF bailout scheme, but urged reforms in energy, banking and the public sector. In their most positive assessment so far that

offered an antidote to market skepticism, IMF, ECB and European Commission officials said Athens would likely meet this year's deficit cutting target, though risks remained

### **EU spending €150m a year on consultants**

AN €84,000 bill for drawing up a questionnaire asking EU officials about their career plans was among European Commission spending on consultants that averages more than €150m a year. Despite a ballooning administration budget -- already €7.9bn a year and due to grow by 4.5pc next year -- the EU spent more than €601m on "external advice" between 2005 and 2008

## **European Union**

### **Social Front**

#### **Liberia: EU Commission allocates additional €10 million for humanitarian aid-06 Aug**

**Summary:** 6 August 2010, Brussels - The European Commission is allocating an extra €10 million in humanitarian aid for Liberia. This assistance will directly or indirectly benefit around 500,000 vulnerable people across Liberia, by improving access to healthcare, nutrition, water and sanitation as well as bridging a funding gap during the shift from humanitarian to development funding.

#### **European Commission rejected Black Berrys-Blackberry under fire-04 August 2010**

The latest news out of the Middle East and North Asia citing Blackberry security concerns could well be a telling blow to the Canadian mobile devices company when combined with the latest decision from the EU. As the row over BlackBerry security continues to rumble on, there was more bad news for Research in Motion today with news emerging that the European Commission rejected use of the devices in favor of the I Phone and HTC handsets. The European Union's executive body reviewed the use of smartphones by its staff, which number over 30,000, two years ago, according to a Reuters report today. "Following this evaluation, the HTC and the iPhones emerged as the most suitable platforms for voice/mail-centric mobile devices," a Commission spokesman told Reuters in an email. "As a result, the Commission currently supports these two platforms." The news will be a blow to RIM as it struggles to fend off strong competition from Apple and phones running Google's Android operating system

### **Cyber /Internet News**

#### **Google to sell brand name keywords to European markets**

Google has announced that starting September 14th, it will allow European markets to bid on brand names as keywords, something it already allows North America, Ireland, and the UK to do. This will allow advertisers to have their ads show up when users search for names such as Nike, Louis Vuitton, Coach, Apple, and other well known brands. Many brand owners tried to block the move, saying it would sellers of fake designer goods to have their ads show up alongside results for the real thing, confusing buyers. The European Court of Justice ruled in favor of Google however, saying it had done its part to protect trademarks by allowing brand owners to bid for keywords belonging to third party trademarks. Google says it is committed to

fighting counterfeiters and will remove ads for fake designer goods and ban the companies selling them from the Ad Words program.

### **Tech America to Host United States/Mexico Technology Summit**

DALLAS, Aug. 5 /PRNewswire-US Newswire/ -- Tech America, partnering with the Dallas Regional Chamber and University of North Texas will host the first United States/Mexico Technology Summit – an unparalleled opportunity for the business community to enhance its companies' international performance by exploring critical international trade issues and networking with key industry stakeholders from the two countries. The event will be held Wednesday, Sept. 29 and Thursday, Sept. 30 at the City place Conference and Event Center north of Downtown Dallas

### **Public consultation on Scientific Basis for a Definition of the Term "Nanomaterial"8/6/2010**

The European Commission has requested the Scientific Committee on Emerging and Newly Identified Health Risks (SCENIHR) to provide advice on the essential elements of a science-based working definition of “nanomaterials” and, specifically, to identify the most appropriate metrics to define materials at nanoscale, taking into account reported size ranges and other relevant characteristics and corresponding metrics, characteristics, physico-chemical properties and thresholds.

### **Without Registration, Swedish Law Does Not Protect Wikileaks Sources-August 07**

An anonymous reader writes with word that Wikileaks, which currently stores a lot of their material on servers in Sweden, may not be as safe there as once believed. From the above linked article (from April): "Wikileaks is benefiting from Sweden's basic law 'Grundlag' on the freedom of print information, because it also guarantees the anonymity of sources in digital media, say sources at the European Parliament. In Sweden, if a website registers with the public authorities and can prove it has an editor-in-chief, and then it can also be protected under the law, argues the parliamentary source." Says the anonymous submitter, "However, it seems Wikileaks never registered with the public authorities (article in Swedish; here it is auto-translated to English), and thus is not protected by the freedom of print information basic law even if they do have an editor-in-chief."

## **Poland**

### **Geo-strategic Front**

#### **Polish president sworn in as rival boycotts-Aug 7**

Bronislaw Komorowski has taken the oath of office as Poland's new president, vowing to build national unity in a ceremony boycotted by the man he beat for the top job. Mr Komorowski, a moderate conservative from the ruling Civic Platform, defeated Jaroslaw Kaczynski in the July 4 run-off. The election was triggered by the death of Mr Kaczynski's twin brother, president Lech Kaczynski, in a plane crash in April."Poland needs cooperation between the most important institutions of the state - between the government, the parliament, and the president but also between political parties," Mr Komorowski said in a speech to parliament after taking the oath.

"As president I declare my will for such cooperation." Mr. Kaczynski, who leads the right-wing main opposition Law and Justice, and some of his deputies stayed away from the ceremony. Asked why Mr. Kaczynski did not attend Friday's ceremony, the deputy head of his party, Beata Szydlo, said "clearly he has some other things to do."

### **Georgia hosts talks on illegal migration with Polish delegation-02.08**

Georgia, Tbilisi-A delegation of the Polish Interior Ministry is in Georgia with the support of the International Organization for Migration to exchange experience. High-ranking delegation members held a meeting on borders monitoring and combating illegal migration in the Georgian Interior Ministry. The Polish side was informed on the activities held in this direction in Georgia. The sides reiterated the importance of bilateral cooperation.

### **Poland**

#### **Financial and Economic Front**

#### **Polish Yields Advanced to Three-Month High at Bond Auction on Rate Bets-Aug 5,**

Polish borrowing costs jumped to the highest in at least three months at yesterday's sale of 2-year and 5-year bonds on expectations a plan to increase the value-added tax will fuel inflation and prompt the central bank to raise interest rates. The Finance Ministry sold a combined 7.2 billion zloty (\$2.38 billion) of debt yesterday at two bond auctions. The yield on the zero-coupon note due 2012 rose to 4.759 percent from 4.740 at the previous offering of the security on July 7, the highest since May 5. The yield on the 2015 debt rose to 5.431 percent from 5.373 on July 14 and the highest since Dec. 2 when the note was first sold at a yield of 5.778 percent.

#### **Poland's finances are safe with government, claims Tusk-04.08**

Prime Minister Donald Tusk has presented plans going forward for Poland's economy and the way his government intends to tackle the budget deficit. Addressing the Lower House the Premier underlined that the past few years of his government have shown Poland as an example of sound economic management. "For two years the Polish government has been relying on common sense and responsibility," said the Prime Minister He pointed that the way Poland managed to survive the crisis has given rise to admiration in many European states

### **Poland**

#### **Social Front**

#### **End this liberal hostility to the Pope-06 August 2010**

A fascinating event took place recently in Rome in a palazzo high up on Gianicolo, the hill overlooking the Vatican: the European premiere of a film about Pope John Paul II, presented by none other than Newt Gingrich, former speaker of the US House of Representatives and scourge of the Clinton administration. Since leaving the House, Gingrich has become a Catholic. Combining historical sensitivity with an acute political eye, *Nine Days That Changed the World* argues that the late pontiff's first visit as pope to Poland, in June 1979, set in motion a series of events that led to the overthrow of Soviet communism and the freeing of the enslaved peoples of Europe. He engendered a moral awakening. The Polish pope alerted his fellow countrymen to

their dignity as free people in a series of speeches and symbolic gestures. This stiffened their resolve against a tyrannical regime that seemed to hold all the cards and sought to control even the way they thought.

### **One third of Poles over 55 without work-05.08.2010**

Poland has one of the lowest employment rates of people over 55 in the European Union. In 2009, 32.3 percent of Poles over 55 are in gainful employment, beating only Malta, where a mere 28.1 percent of people over 55 work. The average in the European Union amounts to 46 percent. The number of Poles over 55 out of work has gone down year on year, however. In 2008, that number was 31.6 percent, whereas in 2004 only 26.2 percent of Poles over 55 were in employment. New figures published by Eurostat show that the highest percentage of older workers can be found in Iceland, with 80.2 percent. In the EU proper, Sweden has the highest rate of employment of the over-55s, with 70 percent

### **Poles clash over memorial cross**

Kaczynski's political rivals argue that the cross should be moved away from state to church ground [AFP] Protesters have managed to prevent Polish officials from moving a cross erected outside Warsaw's presidential palace in memory of Lech Kaczynski, the late president, who died in a plane crash in April. About 20 demonstrators, supported by a cheering crowd of hundreds, clashed with police and pleaded with priests who were supposed to move it to the nearby St Anne's Church. The cross, erected by a scouting group after the crash, has become the centre of a de facto shrine to the president and others killed in the crash. Kaczynski's political rivals argue that the makeshift symbol, festooned with flowers and candles, should be moved away from state to church ground

### **Czech Republic**

#### **Geo-strategic Front**

#### **U.S. missile center may operate on Czech soil in 2011: minister**

The early warning center of U.S. missile defense may start operating on Czech soil by the middle of next year, Czech Defense Minister Alexander Vondra said here on Sunday. The building of such communication center is now being discussed by the Czech and U.S. government experts and the facility would gather the information from satellite sensors to uncover flying missiles, Vondra said. The planned center should become a part of NATO missile defense, but be operated by Czech soldiers trained by U.S. experts, Vondra added.

#### **Czech politicians mourn anti-communist fighter**

PRAGUE – Top Czech politicians on Wednesday attended the funeral of controversial anti-communist fighter Milan Paumer despite strong criticism from the Communist Party, which brands him a murderer. Prime Minister Petr Necas, Foreign Minister Karel Schwarzenberg and Defense Minister Alexandr Vondra, together with other government members and the speakers of both houses, attended Paumer's funeral in the town of Podebrady, 50 kilometers (30 miles) east of Prague. Paumer died July 22 in Prague at age 79. In a brief speech to hundreds at a farewell ceremony, Necas said Paumer was a brave man who was fighting to "free our country

from a totalitarian dictatorship." The Czechs are divided over Paumer. While some consider him an anti-communist hero, for others he is a murderer

### **Czech central bank keeps rates on hold related stories -Aug. 5, 2010,**

FRANKFURT (Market Watch) -- The Czech National Bank decided on Thursday to keep its two-week repo rate unchanged at 0.75%. The decision was in line with market expectations

### **UPDATE 1-Czech Komerčni Q2 profit rises, provisioning falls**

PRAGUE, Aug 4 (Reuters) - Czech lender Komerčni Banka (BKOMsp.PR) reported on Wednesday a better than expected 12.2 percent rise in second-quarter net profit, thanks to lower provisioning for bad loans as the economy stabilizes. Net profit for the bank, majority controlled by France's Society General (SOGN.PA), rose to 3.27 billion crowns (\$172.9 million) from 2.92 billion, above the average estimate of 3.03 billion given in a Reuters poll of analysts. Provisioning fell more than expected to 814 billion crowns as a result of the improving economic outlook for corporate clients of the country's third-biggest bank. Chief Executive Henri Bonnet said the improving economy had also led to a slight rise in corporate loan demand, although it remained cautious.

### **Czech Koruna Weakens From 21-Month High before `Dovish' Policy Meeting-Aug 5**

The koruna dropped from its strongest level in 21 months against the euro on speculation the Czech central bank will try to talk down the currency at today's press conference to protect economic growth and prevent disinflation. The world's best-performing currency in July weakened 0.4 percent to 24.755 per euro as of 2:17 p.m. in Prague, paring yesterday's gain to the highest since November 2008. It kept losses after the Czech National Bank left its main interest rate at a record low 0.75 percent. Policy makers won't start raising the benchmark two-week repurchase rate before March or April next year, Societe Generale SA wrote in a report today before the rate decision. The French bank previously expected the first increase in Czech borrowing costs at the end of this year, according to the note

## **Slovakia**

### **Geo-strategic Front**

### **Slovak coalition faces first test on government program-Aug 4, 2010,**

Bratislava - The Slovakian parliament on Wednesday debated the new government programme of the four-party, center-right coalition led by Prime Minister Iveta Radicova. A vote scheduled for the evening was put off until Thursday at the earliest because of the large number of legislators who had opted to speak, a spokesman for the parliament said.

### **Slovakia heads V4, embraces Hungary-Aug 03 2010**

Slovakia's newly-formed government, led by Iveta Radičová, is expected to pursue a policy of reducing tensions in domestic inter-ethnic relations as well as improving relations with the Hungarian government, observers say. Radičová's first meeting with her Hungarian counterpart, Viktor Orbán, suggested she might be able to live up to these expectations – but the occasion was also used by Slovakia to set out other goals connected with its presidency of the central-

European Visegrad Four (V4) grouping. Slovakia took over the rotating presidency of the V4 at a summit of the group's prime ministers held in Budapest on July 20, with Radičová stating that during its presidency Slovakia will be seeking out issues that connect the four member countries – Slovakia, the Czech Republic, Poland and Hungary – and disregarding what separates them.

### **Slovak Prime Minister to Speak At IPI Congress-Friday, 1 Aug**

VIENNA 1 Aug 2010 – The International Press Institute (IPI) today announced the inclusion of recently-elected Slovak Prime Minister Iveta Radičová in its World Congress program. Ms Radičová will be the first Slovak prime minister to attend an IPI World Congress, which, this year, will be held jointly in Vienna, Austria, and for the first time in Bratislava, Slovakia. Besides speaking, Ms Radičová will also take questions from the audience, which will comprise editors, media executives, leading journalists and publishers from around the world.

### **Slovakia**

#### **Financial Front**

#### **Slovakia gets in on chicken demand from Asia-August 06 2010**

In common with other Eastern European chicken meat producers, Slovakia has enjoyed orders from Hong Kong and Vietnam that boosted its exports of frozen cuts to 3 600t in the first four months of this year, up from 1 600t a year earlier. Its frozen chicken imports, however, raised 1 000t to just over 5 000t, with the extra supplied largely by Denmark. Slovakia also imported more Polish whole birds than last year

#### **Dexia Second-Quarter Profit Declines 12%, Hurt by Provision in Slovakia- Aug 6, 2010**

Dexia SA, which received billions of Euros in capital and funding guarantees from France, Belgium and Luxembourg during the credit crunch, said second-quarter profit fell 12 percent, hurt by a charge from Slovakia. Net income dropped to 248 million Euros (\$327 million) from 283 million Euros a year earlier, the Paris- and Brussels-based bank said today. The bank fell 4.7 percent in Brussels trading

### **Slovakia**

#### **Social Front**

#### **Police disperse right-wing extremist march in Slovakia**

Slovak police intervened Aug. 7 against a march by the far-right Our Slovakia People's Party (LSNS) in front of the castle in Bratislava. Ten were arrested, including Marián Kotleba, leader of the Slovak Brotherhood, an allied right-wing organization. Authorities allowed the event to take place, but police blocked protesters when they tried to march to the statue of Prince Svatopluk on the castle grounds. Local media reported that one detainee's head was bloodied. Marchers responded to the police intervention by holding up Slovak national symbols and shouting abuse about homosexuals, liberals and "Zionists," chanting slogans such as "Police state!", "Slovakia for the Slovaks!" and "Go to hell, SAS, Israel!"—a reference to the Freedom and Solidarity (SAS) party, a member of Slovakia's ruling center-right coalition.

## **Hungary**

### **Geo-strategic Front**

#### **Hungary can boost economy without foreign help: govt-AFP/Budapest**

Hungary wants to take control of its economic decisions and boost growth without relying on loans from foreign institutions as it did in 2008 to avoid bankruptcy, the prime minister's office said. "We would like to regain our economic sovereignty, make our own decisions," Mihaly Varga, head of Prime Minister Viktor Orban's office, said in a television interview on Friday night. "We would like the people to be able to understand that economic growth is due to the decisions of its government, and not because of all sorts of foreign credit," Varga told the private channel Hir TV. Varga stressed however that Hungary had benefited from international help. Nearly two years ago it received a loan of 20bn euros (27 bn dollars) from the European Union, the World Bank and the International Monetary Fund. "We are grateful for that because without it the country would have been bankrupt," he said.

#### **Hungary's new president, Pal Schmitt 19:22, August 06,**

Newly elected Hungarian President Pal Schmitt was officially inaugurated at the presidential Sandor Palace in Budapest on Friday. The president-elect was born on May 13, 1942, in Budapest. He was a successful fencer in his youth, winning an Olympic gold medal for his country in 1968 and another one in 1972. He started his political career in the 1980s. Schmitt became president of the Hungarian Olympic Committee in 1989. He later became a diplomat, serving as Hungary's ambassador to Spain, Andorra, Switzerland and the Principality of Liechtenstein. Schmitt had also served as vice president of the International Olympic Committee and presided over the World Olympians Association.

#### **Orban out on a limb-Hungary's new prime minister takes on the world -Aug 5th 2010**

OUTSIDERS are worried about Hungary. Ever since Viktor Orban's Fidesz party won two-thirds of the parliamentary seats in April's general election, the signals have been ominous. First Mr Orban extended the right to citizenship to all ethnic Magyars living beyond the country's borders. Critics heard sinister echoes of revanchism in that. Then the new prime minister started replacing the leaders of public institutions and agencies with his party pals. Targets ranged from the elections committee to the national audit office, from the financial regulator to the presidency of the country. Mr Orban is trying to oust the governor of the National Bank of Hungary, Andras Simor. Mr Orban's predecessors are not safe either: the new anti-corruption commissioner says two previous prime ministers committed perjury. (Both deny the allegations.)

## **Hungary**

### **Financial Front**

#### **Forint Strengthens for Third Day on Hungarian Exports, European Earnings**

The forint strengthened, extending the world's biggest rally this week against the euro, as Hungary's shrinking budget gap stoked optimism the country may fund itself without International Monetary Fund backing. The forint appreciated for a third day, trading 0.4 percent

higher at 278.76 per euro as of 3:59 p.m. in Budapest. It pared earlier gains of as much as 0.7 percent after a report showed U.S. companies added fewer jobs than economists forecast. The forint was still up 1.8 percent this week, the biggest rally among more than 170 currencies worldwide tracked by Bloomberg.

## **Hungary**

### **Social Front**

#### **Hungary's Two Tail Dog Party Wants Free Booze, World Peace, Cash for All**

Hungary's Two-Tailed Dog Party joins an already impressive list of political parties across central Europe that decided to lure voters with promises of world peace and prosperity, and above all — free beer. The Two-Tailed Dog Party — a street-art grouping critical of the system, the media, and anything in general — will run in municipal elections, scheduled for October 3, in Hungary's capital Budapest and in Szeged, in the country's south. Similarly to Iceland's famous Best Party (Besti Flokkurinn), which eventually managed to win elections in Reykjavik in May, the Two-Tailed Dog Party's election promises are pretty appealing. Under the party's elections manifesto "Let everything be better," they promise free beer, no taxes, cash handouts and, most importantly, world peace. They want to open a Hungarian restaurant on Mars and set up a decent and functional space station in the Hungarian city of Pecs. They're want to cut carbon-dioxide emission in Azerbaijan, send Sweden's storm god Mraznuk back home, and give everyone money without work. As the party originates from Szeged, its best ideas are focused on that very university town. If the party wins the local election there, it promises to build a mountain next to Szeged to invigorate interplanetary tourism, rebuild the city's space station and airport, put yellow rubber ducks in every puddle that's deeper than five centimeters, and start work in the local biotech laboratories to finally create a two-tailed dog.

#### **Clemson student spends summer on mission trip**

Walsh, 21, a Clemson University student, recently helped organize backyard Bible clubs in Hungary, Slovakia and Czech Republic. Walsh was among more than 40 students who served around the world this summer through the Cooperative Baptist Fellowship's Student. Go program. Through the program, undergraduate and graduate students receive "a \$1,000 stipend, secondary insurance, room and board and local transportation at the ministry site" for the opportunity "to spend a summer or semester involved in hands-on missions," according to a news release issued by the Cooperative Baptist Fellowship.

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

### **Belarus**

#### **Geo-strategic Front**

#### **Moscow pulling back on grain exports- Aug. 6**

MOSCOW, Aug. 6 (UPI) -- Moscow will call on the Kazakh and Belarusian governments to halt grain exports because of drought conditions in the region, the Russian prime minister said. A drought brought on by the worst heat wave in recorded history is having a dramatic impact on

regional grain supplies. The Russian Agriculture Ministry announced it was cutting its grain forecast for 2010 from 90 million tons to less than 75 million tons, Russian news agency RIA Novosti reports

### **European safety equipment, Belarus (Deadline: not listed)-05 August**

The supplied contaminated as a result of the accident at Chernobyl NPP but also on territory in zones of the potential influence of other NPPs. This equipment will permit the ongoing surveillance of plutonium and americium contamination. The procurement of modern devices will significantly enhance the technical capacity of the ministry equipment will allow carrying out radiation monitoring not only on territory and specialists in the field of radiation safety

### **Russia, Belarus to Invest In Oil, Gas Industry**

Vice-President John Mahama (right) receiving a gift from Mr Sheiman Viktor (left), special envoy of the President of the Republic of Belarus. With three more months left for Ghana to begin the commercial production of oil, Russia and Belarus have expressed their commitment to invest \$1 billion in the country's emerging oil and gas industry. Other areas of interest to the two countries are gold production and the agricultural and health sectors

### **Belarus promises to recognize Abkhazia, South Ossetia: Medvedev-August 03**

Belarusian President Alexander Lukashenko has promised to recognize the independence of Abkhazia and South Ossetia, Russian President Dmitry Medvedev said on Tuesday. Lukashenko made the promise in the presence of several Commonwealth of Independent States (CIS) leaders, Medvedev was cited by RIA Novosti news agency as saying.

## **Belarus**

### **Financial Front**

#### **Belarus Denies Providing S-300 Missiles to Iran-August 5, 2010,**

The state military-industrial complex of Belarus has disavowed the reports that the country has provided S-300 missiles to Iran. There have been no negotiations and no deliveries have been made to Iran of any rocket complexes or of elements of them, said Vladimir Lavrenyuk, head of the state committee military-industrial committee of Belarus, as quoted by ITAR-TASS. Lavrenyuk has emphasizes that his country is adhering strictly to all international agreements for arms control

#### **Belarus to import Venezuela oil via Lithuania-Aug 5, 2010**

MOSCOW Aug 5 (Reuters) - Belarus is testing new routes for its oil imports from Venezuela, eyeing shipments via Lithuanian ports, as Minsk seeks to diversify crude deliveries due to strained relations with Russia, its main energy supplier

## **Belarus**

### **Social Front**

#### **A free-thinking Belarusian university can only operate outside of Belarus-08.08.2010**

President Alexander Lukashenko of Belarus shut down the European Humanities University in 2004 - he felt it was too independent. But the university reopened in Lithuania and is now a magnet for students from Belarus. "The EHU is a university in exile," Maxim, a student proudly told a group of high school graduates from Belarus during a tour of the European Humanities University (EHU) facilities on open house day. The EHU is located in a building on the outskirts of the Lithuanian capital, Vilnius, where it moved by invitation of the Lithuanian government after being forcibly and abruptly closed down by the Belarusian authorities in Minsk six years ago. The European Commission, several EU nations and the United States also provide support to the exile university. Maxim told the visiting students how important extra-curricular activities were at his university. It has its own newspaper, several sports clubs and a team of election observers scheduled to travel to Bosnia-Herzegovina for this year's parliamentary polls - the students organize everything themselves.

## **Ukraine**

### **Geo-strategic Front**

#### **Ukraine's Crimea to hold parliamentary elections on October 31-04.08.2010,**

SIMFEROPOL, August 4 (Itar-Tass) -- The Supreme Council (parliament) of Ukraine's Crimean autonomy on Wednesday announced local parliament election day on October 31. The decision was taken by an overwhelming majority of votes. Thus, parliamentary elections in the Crimea will be held concurrently with the elections to local legislatures throughout Ukraine. Under the Crimean constitution, its parliament is authorized to fix the election date. In June, it failed to fix the election date on October 31. The resolution was voted against by a number of coalition factions, including the ruling Party of Regions. However in early July, Ukraine's national parliament, the Verkhovna Rada, supported by the Party of Regions' initiative, announced local elections on the last day of October

#### **Ukraine offers help in fighting wildfires in Russia-02.08.2010**

KIEV, August 2 (Itar-Tass) - Ukraine has offered its fire fighting air squadron to fight wildfires in Russia, a source from the Ukrainian Ministry for Emergency Situations told Itar-Tass Monday. Russia has not asked for assistance officially, and Ukraine offered assistance on its own free will. "Our proposal is being considered, in particular, in part concerning the use of the fire - fighting aircraft," the source said. Meanwhile, the press service of the Ukrainian government said that First Vice-premier Andrei Klyuyev held a conference at the apparatus of the Ukrainian government at which humanitarian assistance to Russia was discussed

#### **Prayer and politics: Russia's pincer movement in Ukraine-4 August 2010**

Patriarch Kirill was received with acclaim in Ukraine, but there was more to his visit than Orthodox fervour. Alexa Chopivsky sees another step in the reinforcing of Russo-Ukrainian ties, both political and religious, and the desire of both countries to capitalize on the failure of the Orange Revolution. About the author Alexa Chopivsky is a journalist in Kyiv, Ukraine As Washington and Moscow navigated the wake of a spy scandal, Kyiv was according Russian Orthodox Church Patriarch Kirill, travelling through Ukraine on an official "pastoral visit," a high-profile welcome more suitable for a rock star than the head of a millenium-old church,

himself of pensionable age. For the Kremlin, the visit was more about extending Russia's political sphere of influence than spiritual piety

## **Ukraine**

### **Financial Front**

#### **Ukraine has no need to cut exports on weather worries-August 04 2010**

UKRAINE does not need to limit grain exports at the moment, a senior government minister said on Wednesday. "We have no grounds for limiting exports of grain ... I believe that Ukraine will have bread, Ukraine will have fodder grain and it will maintain its export potential," Viktor Slauta, deputy prime minister in charge of agriculture, was quoted by Interfax news agency as saying.

#### **Emerson Awarded Automation Contract to Modernize 100 Hydroelectric Turbine Generators in Ukraine**

PITTSBURGH (August 5, 2010) — UkrHydroEnergo, the main hydroelectric generating company of Ukraine, has awarded Emerson Process Management, an Emerson (NYSE: EMR) business, a US\$28 million contract for automation systems to manage and control 100 turbine generators in nine hydroelectric power plants. The contract is part of UkrHydroEnergo's Hydropower Rehabilitation Project to upgrade and modernize the series of eight plants that were built between 1939 and 1975 and make up the Dnieper River energy cascade, plus the Dnestrovskaya hydroelectric power plant that was built in 1983 on the Dniester River watershed. Funding is being provided by a loan from the World Bank to the government of Ukraine

## **Ukraine**

### **Social Front**

#### **President Diack receives Order of Merit from Ukraine's President-06 August 2010**

IAAF President Lamine Diack received the Order of Merit I Class by the President of Ukraine Viktor Yanukovich at a ceremony on Wednesday (4). At the beginning of the meeting the Ukrainian President expressed appreciation of the fact that Ukraine will host the meeting of the IAAF Council this weekend (7-8) in which representatives of 33 countries will take part. Yanukovich stressed that Ukraine has considerable achievements in sports. "Today we do everything so that achievements of Ukraine continue. Therefore, promotion and development of mass sport in schools and among youth is a problem we are working on and hope for your support in this work," he said

#### **Surgeons arrested in Ukraine for selling transplants organs-Associated Press-The Guardian-6 August 2010**

Ukraine's interior ministry says four surgeons and four others have been arrested for taking part in a scheme to recruit organ donors from former Soviet countries and transplant the organs into wealthy foreigners. The head of the ministry's department on human trafficking, Yuriy Kucher, says the scheme was headed by an Israeli who was arrested last month. Kucher said yesterday

that they sought mostly kidneys from people in Ukraine and other countries. Most of those who sold their organs for up to \$10,000 (£6,300) were impoverished young women.

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

### **Estonia**

#### **Geo-strategic Front**

##### **Gas supply monopoly challenged-Aug 04, 2010**

TALLINN - The Estonian government announced that it plans to unbundle national energy company Eesti Gaas in an effort to break Gazprom's hold over the country's gas market. Eesti Gaas, which has a monopoly on natural gas transmission and sales in Estonia, is 37 percent owned by Russian Gazprom. Natural gas is imported into Estonia not only from Russia, but from the Incukalns's underground gas storage in Latvia

### **Estonia**

#### **Financial Front**

##### **Estonian consumer prices fell 2.9% on year**

Estonia's annual inflation rate in July was 2.9 percent, Statistics Estonia said today. On the month, consumer prices rose 0.3 percent

##### **Estonian inflation dips in July-Aug 6, 2010**

Tallinn - Estonia, which is set to join the euro zone next year, saw its annual inflation rate reduce slightly in July according to official figures released Friday. The consumer price index increased 2.9 per cent in July 2010 compared to July of the previous year. June's equivalent figure had been 3.5 per cent. Statistics Estonia said the figures were partially explained by the absorption of last year's VAT increases. The rate of value added tax increased from 18 to 20 per cent in July 2009

##### **The European Central Bank and European Commission have approved Estonia's bid**

The European Central Bank and European Commission have approved Estonia's bid and prices are already being displayed in Euros across Estonia ahead of the January 1 currency switch. Estonia will become the first former Soviet republic to adopt the euro as its currency.

##### **Exports up 38%, imports 47% in May**

In May exports of goods from Estonia amounted to 11.3 billion kroons and were 38% higher than a year earlier. Imports were up 47% to 12.5 billion kroons. Trade deficit stood at 1.2 billion kroons and was four times more than in May 2009

##### **Europe's Estonian lessons-August 3 2010**

Once upon a time, a country up the economic creek could devalue its way down again. The rewards – more competitive exports and a bouncing economy – were well worth the cost of more

expensive imports. Troubled eurozone members don't have that option. Their challenge is to achieve the effects of devaluation without altering the exchange rate. Such "internal devaluation" is painful, but the rewards can be quick and striking. Trouble is, you might have to move to Estonia. The Baltic state has moved from a severe recession – gross domestic product shrank 14 per cent in 2009 – to growth of an expected 1 per cent this year. To get there, nominal wages have shrunk enough to bring unit labor costs down by 7 per cent this year. That has damped domestic demand but boosted exports. A current account deficit of 17 per cent of GDP in 2007 became a surplus of 4.7 per cent last year. Estonia's rewards: joining the euro zone in January, and a credit rating upgrade from Standard & Poor's in June.

## **Estonia**

### **Social Front**

#### **US gets suspect extradited from Estonia to face charges in hacking case touching 280 cities**

RALEIGH, N.C. (AP) — In November 2008, with the nation transfixed by a presidential election and a collapsing economy, a group of international hackers infiltrated the computer network of a major financial services company in what authorities describe as one of the most sophisticated attacks ever concocted. Their work was both furtive and impressive: Around the time Barack Obama was securing his White House win, the hackers entered RBS WorldPay servers, accessed prepaid payroll card numbers, cracked their encrypted PIN codes, raised the balances on the cards and distributed dozens of them to a team of people around the world.

#### **Eesti in brief - 2010-08-05**

Estonia is prepared to send equipment to the Russian Federation to help put out forest fires, says the Ministry of Foreign Affairs, reports LETA. Minister of Foreign Affairs Urmas Paet stated that dozens of individuals have died and hundreds have lost their homes as a result of the most extensive forest fires in the past decades in Russia. "Estonian authorities are prepared to discuss the need for assistance and details for putting out forest fires with the Russian authorities," noted Paet. Erkki Koort, deputy Secretary General of the Ministry of Internal Affairs in charge of internal security matters, stated that "Although there is no rescue agreement between Estonia and Russia, this cannot be a reason not to give a helping hand," he explained

## **Latvia**

### **Geo-strategic Front**

#### **World Bank boss heading to Eastern Europe-07.08.2010**

World Bank President Robert Zoellick will travel to Bulgaria, Moldova and Latvia next week for meetings with leaders and business executives, the international lender said Friday, dpa reported. During his five-day trip from Monday through August 13, Zoellick will hold discussions on the impact of the global economic crisis on Eastern Europe, one of the region's hit hardest by the downturn.

#### **Dombrovskis Says Latvia's Austerity Program May Ease as Economy Recovers**

Latvia's economy is rebounding from last year's 18 percent slump as manufacturing and exports advance. Dombrovskis, who turns 39 tomorrow, said growth probably accelerated in the second quarter after economic production expanded 0.3 percent from the previous period in the first three months of the year. The Baltic country turned to a group led by the European Commission and International Monetary Fund for a 7.5 billion- euro (\$9.9 billion) loan in 2008 after its second-biggest bank collapsed. Dombrovskis' government approved spending cuts and revenue increases equal to 10 percent of gross domestic product to meet terms of the loan and avoid devaluing its currency

### **'Day of Action' politicized-Aug 04, 2010**

RIGA - The European Trade Union Confederation's European 'Day of Action,' due to take place on Sept. 29, has nothing to do with any political parties, says Latvian Free Trade Union Association Chairman Peteris Krigers, commenting on political party Harmony Center's call for everyone to participate in the strike on Sept. 29, reports news agency LETA. It is very regrettable that one political party simply uses this occasion as part of its election campaign, said Krigers

### **Latvia**

#### **Social Front**

### **Latvija in brief - Aug 04, 2010**

The Cabinet was on Aug. 3 to make a decision on the reallocation of funding for the new 'Palace of Light' building for the Latvian National Library, reports LETA. To ensure completion of the structure by 2012, the Culture Ministry suggests increasing the amount of emergency funds already in the 2010 state budget by 13,562,417 lats (19.3 million euros). The Culture Ministry is expected to specify the long-term commitments to be requested from the state budget over the coming years, considering that funding for the Latvian National Library project will amount to 36,685,421 lats in 2011, 44,073,081 lats in 2012, and 11,552,335 lats in 2013. The Finance Ministry in cooperation with the Culture Ministry will correspondingly be asked to adjust expenditure from the state budget for the project, with an increase of 10,130,383 lats for 2011, and a reduction to 35,245,135 lats for 2012.

### **Lietuva in brief - 2010-08-05**

On July 29, in Vilnius, a special working group discussed guidelines for the creation of the Litvak Heritage Forum (LHF). The group was established by the decision of Lithuanian Prime Minister Andrius Kubilius, reports ELTA. "The distinctive Litvak legacy was created over the centuries and it constitutes an integral part of Lithuania's history and culture," said Lithuanian Vice-Minister of Foreign Affairs Sarunas Adomavicius during the meeting. Litvak Jews, who lived in Lithuania and also in the large region of Eastern and Central Europe, suffered terrible losses during the Holocaust, wars and occupations. According to the vice-minister, the treasures of culture, art and science that were created by Litvaks are priceless for Lithuania and all mankind, therefore we share an important moral obligation to foster this heritage.

### **Lithuania**

#### **Financial Front**

## **EU approves Lithuanian bank support scheme -Aug 5, 2010**

Brussels - The European Union's executive on Thursday gave the green light to a Lithuanian scheme for supporting troubled banks, saying that it was necessary to overcome the financial crisis.

### **Lithuania**

#### **Social Front**

##### **Annual leave in Lithuania-Aug 04, 2010**

ECOVIS Miškinis, Kvainauskas ir partneriai advokatų kontora. (continued from last week)  
Procedure for taking annual leave. During the first year of employment, the teaching staff of educational institutions shall be granted annual leave during the summer holiday for school children and students, irrespective of the date when the staff began to work at the respective institution

##### **Lithuanian court frees terrorism suspect.4 Aug 2010**

VILNIUS - The Lithuanian Court of Appeals has set free on bail a Lithuanian woman who is accused of plotting to carry out a terrorist attack in Russia. Egle Kusaite, a 21-year-old Muslim convert, allegedly planned a suicide bombing in revenge for the death of her Chechen friend. She initially pled guilty to the charges, but later reversed her plea

### **Russia**

#### **Geo-strategic Front**

##### **Russia Accuses U.S. of Violating Old Arms Pacts**

MOSCOW — Russia's Foreign Ministry released a report on Saturday accusing the United States of violating dozens of provisions of nuclear, chemical and biological weapons treaties going back about a decade, apparently in a retort to American critics of a new arms treaty, who have been accusing Russia of violating past agreements. The 10-page report detailed lapses in security at Los Alamos National Laboratory, cited reports on security threats posed by private laboratories in the United States conducting research on potential military pathogens and noted what it called failures by the United States to provide telemetry on test missile launchings

##### **FACTBOX-Key facts about U.S.-Russia START I arms deal-Aug 7, 2010**

Aug 7 (Reuters) - The Russian Foreign Ministry said on Saturday the United States had been in breach of several arms-related treaties including the Strategic Arms Reduction Treaty (START I) and a treaty on conventional weapons.

#### **The following are key facts on arms control treaties:**

##### **COLD WAR WEAPONS TREATY**

-- The START Treaty, signed in July 1991 by U.S. President George Bush and Soviet President Mikhail Gorbachev, led to the largest bilateral reductions of nuclear weapons in history.

-- It was the result of nearly a decade of sporadic talks between the United States and the Soviet Union in the final years of the Cold War.

-- It entered into force in 1994 and by Dec. 5, 2001 its limits had been met by both sides. It was due to expire on Dec. 5, 2009, but the United States and Russia decided to extend it while they searched for a new treaty.

-- START stipulates that neither side can deploy more than 6,000 nuclear warheads and no more than 1,600 strategic delivery vehicles, which includes intercontinental ballistic missiles, submarines and bomber aircraft.

-- At the time of the agreement, the United States had developed more sophisticated ways to deliver warheads, but the Soviet Union had a larger arsenal.

-- The implementation of START was complicated by the break-up of the Soviet Union although Ukraine, Belarus and Kazakhstan agreed to transfer their nuclear missiles to Russia.

-- START was the follow-up to the earlier Strategic Arms Limitation Talks (SALT) that dated from 1969-79.

-- By 2001, the tightly regulated inspection regime and targets that START imposed on the United States and Russia had been met, with a total cut of 6,941 deployed nuclear warheads, according to the U.S. State Department.

## **AFTER START**

-- A START II Treaty, signed by Presidents George Bush and Boris Yeltsin in 1993, never entered into force because of rows between Washington and Moscow.

-- Russia withdrew from START II in 2002 after then President George W. Bush gave notice the United States would unilaterally withdraw from the 1972 Anti-Ballistic Missile Treaty so that it could press ahead with a missile defence system.

-- START II would have restricted the number of warheads that can be fixed to ballistic missiles, a crippling limit for Russia which has developed new missiles with multiple warheads.

The development of U.S. nuclear weapons has followed a different course, with very few multiple-warhead weapons.

-- START II was bypassed by the Strategic Offensive Reductions Treaty (SORT), also known as the Moscow Treaty, which was signed in 2002 by Bush and Vladimir Putin.

Under the Moscow Treaty, both sides agreed to cut their arsenals of operationally deployed nuclear warheads to 1700-2200 by 2012.

-- Unlike START I, the Moscow Treaty is a brief document without detail and does not impose verification procedures, which arms experts say is a crucial flaw.

-- U.S. President Barack Obama and Russian President Dmitry Medvedev signed a new strategic arms agreement in April 2010 and sent it to the U.S. Senate in May. It commits the former Cold War foes to reducing deployed nuclear warheads by about 30 percent; Obama cast it as a first step toward his goal of a world without nuclear weapons.

The treaty suffered a setback on Aug. 3 when the Senate Foreign Relations Committee delayed a ratification vote until mid-September

### **Russian troops dig canal to bar fire from atom site-Reuters/ Aug 7, 2010**

MOSCOW (Reuters) - Russian troops dug a 8-km (5-mile) long canal to keep fires caused by a record heatwave away from a nuclear arms site, local media said on Saturday as air pollution from the crisis rose to more than six times above normal. Forest and peat fires caused by the hottest weather ever recorded in Moscow have killed at least 52 people, made more than 4,000 homeless, diverted many flights and forced Muscovites to wear surgical masks to filter out foul air

### **Zuma arrives in Russia-05 Aug 2010**

President Jacob Zuma arrived in Russia on Thursday for an official visit, his office said. "The visit is the first by President Zuma to Russia, following the state visit to South Africa of former Russian Federation's President Vladimir Putin in 2006

### **Canada holding joint exercises with Russia week after bomber intercepts-August 6, 2010**

Canadian and U.S. military personnel will be taking part in a historic exercise with their Russian counterparts to battle airborne terrorism, a little more than a week after Defence Minister Peter MacKay suggested Canada was facing new threats from Russia. The Aug. 8-11 exercise, which will involve for the first time, the Russian military and the joint Canadian-U.S. North American Aerospace Defence Command co-operating in tracking and intercepting a hijacked aircraft, contrasts what MacKay was saying last Friday

## **Russia**

### **Financial Front**

#### **IMF Predicts 4.25% Growth for Russian Economy in 2010-Aug 07, 2010**

In 2010, the Russian economy will grow by 4.25%, after falling 7.9% last year. This forecast was made yesterday by the International Monetary Fund. Foreign experts expect a "moderate recovery of the Russian business." It will be caused by a gradual increase of household incomes and decrease in unemployment. In 2011, the economic growth will slow to 4%. Inflation is expected to be 6% in 2010 and 5.5% in 2011

#### **Kuwaiti businessmen urged to invest in Russia**

Sergey Ivanovich Shmatko, Russia's energy minister, issued the call following the third meeting of the Kuwaiti-Russian government committee for trade, economic, scientific and technical cooperation in Moscow. A Russian minister has urged Kuwaiti investors to launch business ventures in Russia, claiming that bilateral ties are booming. Sergey Ivanovich Shmatko, Russia's

energy minister, issued the call following the third meeting of the Kuwaiti-Russian government committee for trade, economic, scientific and technical cooperation in Moscow

### **Wheat prices fuel inflation worries-Aug 07th, 2010- Reuters.**

Suppliers of Russian wheat to Asia are edging nearer to cancelling contracts after Moscow's ban on grain exports, forcing buyers to turn to alternative origins as US wheat futures soar to a 23-month high. There was no immediate panic reaction from top Asian importers because global stockpiles were ample, but the rally could stoke fears of food inflation in key buyers with a near doubling of prices on the Chicago Board of Trade since lows in June, analysts and traders said on Friday. US wheat futures jumped more than 6 per cent, taking this week's gains to more than 26 per cent in a buying frenzy sparked by the move to temporarily halt grain shipments from Russia, the world's third-largest exporter.

### **Russia's lost opportunity with Japan**

The recent smooth exchange of spies between Russia and the United States appears to demonstrate that the 'reset' in relations between the two countries has worked. But Russia has so far done little to 'reset' its relations with Japan. That is not only a lost opportunity, given Russia's need to modernize its economy, but a grave strategic error in view of Russia's increasing worries about China's ambitions in Asia, which includes Russia's lightly populated Siberian provinces.

### **Russia**

#### **Social Front**

#### **Interior Ministry posts draft law "On Police" on Internet for public discussion-07.08.2010**

MOSCOW, August 7 (Itar-Tass) -- The Russian Interior Ministry has posted the draft law "On Police" on the Internet for public discussion. Police in Russia has been traditionally called "militia" (or militia) to emphasise their closeness to the people. President Dmitry Medvedev on Friday, August 6, suggested renaming the law enforcement service into police to bring it in line with new realities and better reflect the essence of its work. Everyone will be able to read the draft law and leave suggestions till the middle of September. After that the document will be returned for reworking to be finalised by December. However Medvedev hopes that the work will be completed sooner than that