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PROJECT ON BUSINESS AND POLITICS IN THE MUSLIM WORLD

EUROPEAN UNION, 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): -

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

Head Lines

European Union

- A new record of Parliament-12 August 2010
- Ukraine expects to restart free trade zone talks with EU in October 14:56, August 14,
- Some Cuts Expected In EU Programs -August 13, 2010
- EU Alarmed at Russian Missiles in Abkhazia- August 13, 2010,
- Euro zone beats U.S. in economic growth-August 13, 2010
- Farming and fishing industries to be hit by new EU Budget cuts-13/2010
- EU Member States Proposes A 2.9% Increase For The EU Budget - UK and Six Others Refuse to Sign Off-eGov monitor - A Policy Dialogue Platform-13 August, 2010
- Slovakia Rejects Its Share of Greek Bailout-REUTER-August 12, 2010
- EU members demand €4 billion budget cut-12 August 2010
- IMF, European Union increase pressure on Romania-11 August 2010
- Euro zone posts strong GDP growth in second quarter
- Working Time Directive: second EU consultation later this year-13 August 2010
- Breast cancer death rate is second-highest in EU-August 13 2010
- Can ASEAN be a peace mediator?-08/13/2010

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

Poland

- Polish police remove defenders of disputed cross to late president, but cross stays-Aug 14
- Poland delays nuclear plant target to 2022-08.13
- Poland's new president vows to boost economic growth, political solidarity- August 09,
- Commissioner defends 'unfashionable' EU tax idea-11.08.2010
- Greenpeace holds love-in for Europe's last primeval forest

- Heavy Flooding Continues Following Deadly Weekend

Czech Republic

- Czech government wins confidence vote (1st Lead)-Aug 10, 2010,
- Czechs May Sell More Shorter Bonds to Cut Debt Costs-August 12, 2010
- Czech finance ministry: North Korea offers ginseng to pay back its \$10 million debt-By Associated Press August 12, 2010
- Czech Rating May Be Raised by S&P on Pension Overhaul-August 11, 2010,
- Czech economy grows 2.2 per cent in second quarter-Aug 13, 2010
- Czech government plans to impose flood relief tax: report August 11,

Slovakia

- Slovak government wins confidence in parliament-August 10, 2010.
- Slovakia Rejects Its Share of Greek Bailout
- East Europe economies show mixed performance

Hungary

- Hungary to raise energy tax, extend it to telecoms-13 August 2010
- Hungary opposition parties condemn new media rules
- Orban Bets Hungary Isn't Next Greece in IMF Battle-August 09, 2010,
- Hungary banks see tight corporate lending-August 13,
- Hungary to struggle without IMF-August 10, 2010
- European hat-trick for Katie Taylor

Eastern Europe (Belarus & Ukraine)

Belarus

- Row erupts between Russia, Belarus Sunday, 15 August 2010 04:18
- Minsk, Moscow likely to mend fences ahead of elections in Belarus

- Lukashenko wishes normalization with USA-13.08.2010,
- Pole to face Lukashenko in presidential race-09.08.2010
- Wheat to Beat Other Agricultural Commodities in Second Half, Barclays Says
- Plans for post-Chernobyl resettlement-13 August 2010
- German helicopter pilot killed in stunt performance-9 Aug 10

Ukraine

- Ukraine expects to restart free trade zone talks with EU in October -August 14, 2010
- Ukrainian grain merchants halt wheat purchases-August 12 2010
- Ukrainian communists call for IMF austerity referendum
- Medvedev thanks Yanukovich for aid to fighting forest fires in RF
- Ukraine faces another painful gas price hike
- IMF targets gas sector reform in Ukraine-Aug. 12, 2010
- World Wheat-Surplus Estimate Cut as Drought Hurts Russia Crop

Baltic States (Estonia, Latvia & Lithuania)

Estonia

- Estonia to provide assistance to families left homeless by forest fires in Russia
- Estonia's second-quarter growth shows quick exit from recession
- Estonian Bank Hacker Extradited To U.S.

Latvia

- World Bank Group President Zoellick Visits Latvia to Discuss Support During Global Economic Hard Times
- IMF provides another loan tranche of 105, 8 million Euros to Latvia
- Latvian president calls for establishing new types of relations with RF
- Latvia reports weak second quarter output Tuesday, 10 August 2010

- GDP figures indicate sign of recovery in recession-hit Latvia
- Lithuanian Ruling Party's MPs to arrive in Azerbaijan

Russia

- EU's Ashton: Russian missile move would breach Georgia ceasefire
- Chechnya's Kadyrov wants to give up his presidential title
- Russian company helps Iran with nuclear plant
- New Special economic zone to boost carmakers-13 August, 2010
- Economic Growth Gains Speed on Commodities
- Russia faces 15 billion dollar heat wave losses: economists
- Drought will damage but not cripple Russia recovery: analyst
- Tempting bureaucrats by offering bribes: new strategy for fighting corruption
- Fresh fires break out near Russian nuclear site - Summary

Report Summary

European Union

Geo- Political Front

EU and Ukraine are expecting to start the next round of negotiations on creating a free trade zone in early October. The two sides will discuss issues related to access of goods, particularly agricultural products, customs tariffs, domestic support of agriculture, sanitary and protection of intellectual property rights.

Like independent nation states the European Union is also facing budget cuts for 2011. EU Member States has rejected the European Commission's proposal to increase the EU budget by 5.7 and instead offered a 2.9%. The European Commission had requested a 4.5 per cent increment in remuneration for the EU staff but the member states reduced it to 2.5 per cent. They have also proposed \$ 1.4 billion cuts in funds allocated to help the EU's poorer countries, \$1.4 billion in economic stimulus spending, \$ 1 billion in agricultural support programs and \$260 million cut in disaster relief spending.

High representative of the European Union for Foreign Affairs Catherine Ashton has expressed great concerns over the deployment of Russian anti-aircraft S-300 missiles in Abkhazia. Ashton has made it clear that the Russian move is a violation on part of Russia of the six-point agreement brokered by the French EU Presidency in August 2008 in order to put an end to the Georgian-Russian War over South Ossetia earlier the same month.

Economic Front

The Slovak Parliament has rejected paying its share of an international bailout for debt-laden Greece, prompting a warning from the European Commission. Slovakia's politicians have questioned the fairness of calling on taxpayers in the euro area's poorest state to aid wealthier countries that failed to control their debt. The new center-right government also has placed conditions on its role in a broader emergency loan facility for the entire euro area.

International Monetary Fund (IMF)-European Commission (EC) evaluation team dispatched to Romania has proposed the axing of 74,000 more public sector jobs by the end of the year. The nine-day mission was constituted to negotiate the terms for the IMF-European Union (EU) loan package for Romania.

Euro zone gross domestic product grew at its fastest pace in more than three years in the second quarter, boosted by a strong performance by Germany and France. European Union statistics agency Eurostat said GDP in the 16-nation currency zone expanded by 1.0 percent in the second quarter from the first, and by 1.7 percent versus the second quarter of 2009.

Social Front

The European Commission (EC) confirmed that a second consultation on the EU Working Time Directive (WTD) will take place in the autumn. Previous attempts in this regard failed but in March the Commission has started consultation with workers' and employers' representatives at European level. According to the EC, about 10% of all employees in the EU work more than 48 hours a week on average.

An international peace mediation workshop was recently organized by the European Commission (EC) and the Crisis Management Initiative (CMI) in Jakarta to promote cooperation between ASEAN and the European Union (EU) on conflict mediation and prevention in the region. Among the key questions that emerged was how to promote ASEAN as an effective vehicle for peace mediation.

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

Geo-Political front

Poland

Finally the Polish police have removed protesters from around a large cross memorializing the late President Lech Kaczynski in Warsaw. Protestors claiming themselves Defenders of the Cross were refusing to take down a four meters high cross they placed outside the presidential palace in Warsaw. That move has ignited political tensions between secularists and traditional Catholics nationalists. Catholic Church has refused to be dragged into the controversy but later on claimed that the controversy was being exploited for political reasons. Most Poles are Roman Catholics, but legally the nation is defined as secular.

Bronislaw Komorowski was sworn in as Poland's new president on Friday. In his inaugural speech he pledged to make efforts to promote economy and boost solidarity among various political parties and the most important institutions of the state such as the government, the parliament, the president.

Poland's Economy Ministry has extended its target of accomplishing the task of its first nuclear power plant. Previously it was expected to complete in 2022, but now it will complete in 2024.

Czech Republic

The Czech Republic's centre-right government led by Prime Minister Petr Necas, on Tuesday won a confidence vote in parliament. The three-party cabinet vowed to decrease the country's budget gap and reform pensions and health care

Slovakia

Slovakia—the new center-right coalition government of Prime Minister Iveta Radicova won a parliamentary confidence vote on Tuesday. The Parliament also approved the Cabinet's agenda for the next four years. The Slovak Parliament has rejected paying more than its share of an international bailout for debt-laden Greece and questioned the fairness of calling on taxpayers in the euro area's poorest state to aid wealthier countries that failed to control their debt.

Hungary

The government plans to raise the 8% so-called "Robin Hood" tax, which energy companies are paying, to over 10%. It also wants to leave the tax, which was meant to be temporary and end by the end of 2010, in force for at least another year.

Hungarian opposition parties say a new law reshaping the institutions overseeing the country's media are undemocratic and will increase the government's influence over public broadcasters. The regulations, recently signed by Hungary's new president, opened the way for Prime Minister Viktor Orban to appoint new head of the just-created National Media and Telecommunications Authority for a nine-year term.

Viktor Orban urged Hungarians to reclaim "economic self-rule" from the International Monetary Fund. Hungary's premier is resisting IMF demands for more budget cuts after he won a landslide election victory by pledging to end five years of austerity.

Economic Front

Poland

The Polish commissioner in charge of the EU budget, Janusz Lewandowski, has said new proposal regarding extending the EU Tax structure by levying new taxes on the financial sector will definitely boost the EU revenue sources about €30 billion to €40 billion a year. France, UK and Germany have been opposing the plans for creating an EU tax.

Czech Republic

The Czech government, which is seeking to sell a record amount of bonds this year, aims to cut debt servicing costs with a "slight" shift toward shorter-term securities in 2011. The Finance Ministry plans to reduce debt costs by 4 percent or 5 percent next year, and will use revenue in excess of the 2011 forecast to narrow the budget deficit.

The Czech Finance Ministry said it has been negotiating ways for the impoverished North Korea to pay back \$9.8 million (euro7.66 million) from the late 1980s, when Czechoslovakia was part of the communist bloc. Then, Czechoslovakia delivered to its North Korean ally trams, trucks and various machines. North Korea proposed during talks in July that

the Czechs forgive 95 percent of the debt and offered a unique way to repay nearly \$10 million in debt in form of ginseng. But Czech officials said that was unacceptable.

S&P revised its outlook on the country's long-term credit rating to "positive" from "stable". The Czech Republic's debt is rated A by S&P, the sixth-highest investment grade and on par with Estonia, which will join the euro next year

Slovakia

Economic data released Friday showed a sharp divergence in growth in Eastern Europe with the Baltic States and Slovakia bouncing back but Hungary and Bulgaria still lagging badly. Hungary saw zero growth in the second quarter compared to the first. Despite a rise in exports, Hungary is burdened by austerity measures and low domestic demand. The Czech Republic also posted growth of 0.8 percent and Slovakia had an even more impressive 1.2 percent.

Hungary

Hungary hopes to follow the few countries that have rejected IMF aid and emerged from crisis by their own efforts. Just like Malaysia or Turkey, the Malaysia rejected the International Monetary Fund's demand and opened its economy in the 1990's Asia crisis and the Turkey turned itself off IMF backup in 2008 after enacting its own Fund-like fiscal plan

Social front

Poland

Environmental group Greenpeace has warned that the logging threatened Europe's last first-growth forest. They demanded to halt logging in the Bialowieza forest to the minimum required for local residents and ban it during (bird) nesting season. Greenpeace also wants the expansion of the Polish National Park which currently covers some 17 percent of the Bialowieza forest.

Eleven people died in Central Europe over the weekend after flash floods inundated several towns in Poland, the Czech Republic and eastern Germany. The Neisse River on the German-Polish border hit 7.07 meters (23 feet) on Sunday morning, the highest level ever recorded since systematic measurements began almost a century ago. Normal level for the river is a mere 1.7 meters

Czech Republic

The three center-right parties in the Czech coalition government are planning to introduce a new flood relief tax. If the plan gets Parliament approval, all Czech citizens obliged to pay taxes will have to pay an additional 1,200 korunas (about 64 U.S. dollars) into a so-called "reserve of flood solidarity".

Hungary

Hungarian Olympian Katie Taylor won her third European Union Championship in a row in Keszthely, Hungary last weekend. The 24-year-old Bray woman, who is the current AIBA World and European champion, beat Denica Eliseeva (Bulgaria) 16-1 in a repeat of the 2009 final which she won 8-1.

Eastern Europe (Belarus & Ukraine)

Geo-Political front

Belarus

The Kremlin yesterday accused the strongman president of Belarus of dishonorable and inconsistent behavior. Kremlin was responding to Lukashenko's recent friendly public meeting with Georgian President Mikhail Saakashvili - a leader highly disliked by the Kremlin. He has irked Kremlin by dragging his feet on officially recognizing South Ossetia and Abkhazia - the two areas that broke away from Georgia in 2008.

Moreover Lukashenko has hinted that he may want to take the country he has ruled since 1994 closer to the West and USA if they were ready to normalize relations. Meanwhile, there have been noises coming from Moscow that Russia could potentially support an alternative candidate when Belarus holds its presidential elections in early 2011.

Jaroslav Romanchuk, a Belarusian economist of Polish origin, has announced he is to run for the presidency in Belarus against authoritarian incumbent Aleksander Lukashenko.

Ukraine

Ukraine expects to launch the next round of negotiations on creating a free trade zone with the European Union (EU) in early October. The two sides will discuss issues related to access of goods, particularly agricultural products, customs tariffs, domestic support of agriculture, sanitary and protection of intellectual property rights.

Grain merchants in Ukraine have almost completely stopped buying wheat from local suppliers because of the uncertainty caused by possible plans by Kiev to restrict exports of the crop.

Ukraine's communists have challenged the government to hold a national referendum on further co-operation with the US-dominated International Monetary Fund. The Communist Party of Ukraine (CPU) pointed out that prices of a wide range of goods and services, including public

utilities, have soared as a result of austerity measures recently agreed with the IMF in return for loans.

Economic Front

Belarus

Wheat futures surged to the highest price in almost two years on Aug. 6, a day after Russia declared a ban on grain exports amid the worst drought in at least 50 years and the country's Prime Minister Vladimir Putin proposed that Kazakhstan and Belarus follow suit.

Ukraine

Ukraine's households are facing another painful hike in natural gas prices next year as a result of demands by the International Monetary Fund. The natural gas price will rise by 50 percent next April. Ukraine has already increased domestic gas prices by 50 percent earlier this month on the IMF's request

Social front

Belarus

The government of Belarus has announced a master plan to bring areas evacuated after the Chernobyl accident back into general use. The recent 'State Program on Overcoming the Consequences of Chernobyl, 2011-2015 and the period to 2020' contains the details of a \$2.2 billion plan.

Baltic States (Estonia, Latvia & Lithuania)

Geo-Political front

Estonia

The Ministry of Foreign Affairs has decided to provide 100,000 Euros of assistance to people who have lost homes and property in Russia in the wake of wildfires in Russia. Over 3,500 people have lost their homes due to extensive wildfires and 53 people had been killed. Estonia has already dispatched to Russia a shipment of firefighting equipment along with two Rescue Board instructors.

Latvia

World Bank Group President Robert B. Zoellick arrived in Latvia yesterday, on the third leg of a European visit to emerging markets in Europe to assess the impact of the global and economic crisis and discuss ways the World Bank can offer support.

Meanwhile the International Monetary Fund (IMF) has announced to provide Latvia with another loan tranche of 105.8 million Euros (135.6 million US dollars). This decision was made on the results of the third review of the fulfillment of the anti-crisis economic program of the Latvian authorities pursued on agreement with the Fund.

Latvian President Valdis Zatlers calls for establishing “a new type of relations” with Russia. He stressed that the parties intended to sign several interstate agreements in order to maintain good relations between neighboring countries.

Economic Front

Estonia

Preliminary figures released Wednesday said that Estonia's economy returned to growth in the second quarter of 2010 after nine successive quarterly contractions. According to Statistics Estonia, gross domestic product (GDP) grew 3.5 per cent from April to June compared to the same period last year, putting Estonia behind only Sweden among European Union members in its growth rate.

Latvia

Latvia, having experienced the deepest recession in the European Union last year, posted weak growth of 0.1 percent in the second quarter from the first-quarter level. The Baltic EU nation of 2.2 million people emerged from recession in the first quarter of this year when its economy expanded by 0.3 percent from output in the last quarter of last year.

Social front

Estonia

Estonia has been extraditing the alleged hacker Sergei Tsurikov to the United States. According to the Department of Justice, the accused has charges including wire fraud, computer fraud, and "aggravated identity theft". Allegedly, Tsurikov and three other attackers, Viktor Pleshchuk, 29, of Russia, Oleg Covelin, 29, of Moldova and another unidentified individual, obtained unauthorized access to the RBS World pay network, which is the Atlanta-based U.S. payment processing division for RBS.

Russia

Geo-Political front

According to a news analyses, Moldova could be the next former Soviet country where Russia will target pro-European political elements. This follows a key development in May, when Russian President Dmitri Medvedev and his newly elected pro-Russian counterpart in

Ukraine, Viktor Yanukovich, issued a joint declaration that their countries would work together to address the ongoing dispute over the breakaway province of Transdniestria. Russia with Ukraine's help could either attempt to bring Transdniestria under control along with the rest of Moldova, or maintain hegemony over just Transdniestria without controlling Moldova proper. Circumstances in Moldova could make the country vulnerable to Russia's designs. The government is weak and faces constant challenges from the pro-Russian Communists, who are now in the opposition.

Three interlocking crises are striking Russia simultaneously, (1) the highest recorded temperatures Russia has seen in 130 years of recordkeeping, (2) the most widespread drought in more than three decades and (3) massive wildfires that have stretched across seven regions, including Moscow. The crises threaten the wheat harvest in Russia, which is one of the world's largest wheat exporters. Despite the severity of the heat, drought, and wildfires, Moscow's wheat output will cover Russia's domestic needs. Russia will also use the situation to merge its neighbors into a grain cartel.

In a move sure to disappoint U.S. diplomats trying to halt Iran's nuclear program, the Russian state nuclear power company said yesterday that it would take a crucial step this month toward starting Iran's first nuclear power plant. The company, Rosatom, said technicians would move tons of low-enriched uranium fuel from a storage site into the reactor Aug. 21, the first of three steps in starting it, a process that will take months.

Economic Front

Russia's economic expansion accelerated in the second quarter as commodities prices rose and a recovery in domestic demand gathered speed. Gross domestic product grew 5.2 percent from a year earlier, compared with 2.9 percent growth in the January-March period, the Federal Statistics Service in Moscow said in an e-mailed statement Wednesday.

Russia is starting to count the losses of the worst heat wave in its history, with economists warning the weather may cost the country up to 15 billion dollars and undercut a modest economic revival. While it may take months for the government to tally the damage caused, several economists said the disaster might cost Russia between 0.5 percent and 1.0 percent of this year's gross domestic product (GDP), or roughly 7-15 billion dollars.

Social front

Fresh blazes have broken out near the city of Sarov, site of a Russian nuclear research institute, bringing the total number of wildfires to 611 across the former Soviet republic. Sarov, 400 kilometres east of the capital, is home to a government research facility containing radioactive materials. More than 2,500 firemen supported by heavy equipment were working to control the new outbreaks. There were 611 fires known to be burning on Friday afternoon, compared to 545 fires burning on Thursday.

Detailed report

EU Geo- Political Front

A new record of Parliament-12 August 2010

The European Parliament Audiovisual Unit's Migration move to a unique central digital archive has been shortlisted for the 2010 IBC Innovation Awards – with the winner to be announced in Amsterdam. Here, TVB Europe presents the background to this milestone European content management project. The European Parliament (EP) has been a directly elected institution of the European Union since 1979. It is one of the world's most powerful legislatures.

Ukraine expects to restart free trade zone talks with EU in October 14:56, August 14, 2010

Ukraine expects to launch the next round of negotiations on creating a free trade zone with the European Union (EU) in early October, Deputy Economy Minister Valeriy Piatnytsky said on Friday."The two sides will discuss issues related to access of goods, particularly agricultural products, customs tariffs, domestic support of agriculture, sanitary and phytosanitary control, protection of intellectual property rights," Piatnytsky said at a briefing in Kiev.

Some Cuts Expected In EU Programs -August 13, 2010

The European Union, like the countries it serves, is facing budget cuts for 2011, proposed by nations that have already passed their own austerity measures. Member states have proposed cuts in education services for the children of EU administrators and a slowdown in hiring for EU posts, the EUobserver reported Friday. Overall, in spite of the cuts in various departments, the budget proposal being debated in Brussels currently totals \$162.2 billion, a 3 percent increase over 2010. The largest cuts under consideration are in funds set aside to help the EU's poorer countries, economic stimulus spending and in agricultural support -- cuts of \$1.4 billion, \$1 billion and \$1 billion, respectively. A \$260 million cut in disaster relief spending is also expected

EU Alarmed at Russian Missiles in Abkhazia- August 13, 2010,

High representative of the European Union for Foreign Affairs and Security Policy British Catherine Ashton is alarmed at Russia's move in Abkhazia. Photo by EPA/BGNES EU High Representative for Foreign and Security Police Catherine Ashton has expressed alarm over the deployment of Russian anti-aircraft missiles in Abkhazia. In a statement on Friday, which follows the confirmation by Russian officials of the deployment of S-300 missile complexes in the breakaway Georgian republic of Abkhazia, Ashton has made it clear that the Russian move is increasing the tension in the Caucasus. What is more, she believes that the deployment of the missiles presents a violation on part of Russia of the six-point agreement brokered by the French

EU Presidency in August 2008 in order to put an end to the Georgian-Russian War over South Ossetia earlier the same month.

Euro zone beats U.S. in economic growth-August 13, 2010

The euro zone grew at its fastest quarterly pace in four years in the second quarter, solidly outpacing the U.S. economy in a recovery overwhelmingly made in Germany. Euro-zone gross domestic product expanded 1 percent in the second quarter. GDP was up 1.7 percent compared to the same quarter last year. Economists surveyed by Dow Jones Newswires last week had forecast quarterly growth of 0.7 percent and a year-on-year rise of 1.4 percent. Those expectations went out the window early Friday, however, after national data showed that Germany, Europe's largest economy, blew away already-strong expectations for growth. Germany posted a quarterly GDP expansion of 2.2 percent versus a forecast for 1.4 percent growth.

Economic Front

Farming and fishing industries to be hit by new EU Budget cuts-13/2010

The European Commission is proposing to cut a further €3.6bn from the Budget for 2011. The allocation for farmers and fisheries is to be cut by €820m, and €841m will be shaved off programmes aimed at boosting Europe's competitiveness. The biggest savings are in the cohesion funds targeted at the EU's poorest regions, which the Commission wants to cut by €1.1bn from its draft Budget. The €126.5bn Budget is yet to be approved by the European Parliament. The amendments outlined today still represent an increase of 2.9% on this year's EU Budget

EU Member States Proposes A 2.9% Increase For The EU Budget - UK and Six Others Refuse to Sign Off-eGov monitor - A Policy Dialogue Platform-13 August, 2010

EU Member States rejected the European Commission's proposal to increase the EU budget by 5.7 and instead offered a 2.9%. The 27 member states agreed on a budget of 126.5 billion euros which is almost 4 billion Euros less than the European Commission's request. The European Commission's funding for social projects in poorer regions was heavily slashed as was investment in ensuring EU is a "global player". The European Commission had requested a 4.5 per cent increment in remuneration for the EU staff which the member states reduced to 2.5 per cent. Some of the EU states, including the UK believe that in the current economic climate increasing EU staff salary while they were asking their public sector workers to sacrifice was not acceptable

Slovakia Rejects Its Share of Greek Bailout-REUTER-August 12, 2010

BRATISLAVA — the Slovak Parliament has rejected paying the country's share of an international bailout for debt-laden Greece, prompting a reprimand from the European Commission. Slovakia's politicians have questioned the fairness of calling on taxpayers in the

euro area's poorest state to aid wealthier countries that failed to control their debt. The new center-right government also has placed conditions on its role in a broader emergency loan facility for the entire euro area. The E.U. economic and monetary affairs commissioner, Olli Rehn, said the vote Wednesday "will not have any negative implication for the disbursement of the installments of the loan."

EU members demand €4 billion budget cut-12 August 2010

European governments have ripped a hole of almost €4 billion in the European Commission's spending plans for 2011. The 27 EU member states decided to slash the hard cash outlay sought by the Commission by more than €3.6 billion. The European Council's revised figures, compared with Commission numbers announced in April, now go to the European Parliament for final negotiations due to be wrapped up by October. At the head of seven unhappy states, Britain and Denmark refused even to sign off on that level of cuts, which still grant the EU an overall increase of 2.9% on last year's funding.

IMF, European Union increase pressure on Romania-11 August 2010

Austerity measures are set to continue in Romania with the axing of 74,000 more public sector jobs by the end of the year. This was the message left delivered by an International Monetary Fund (IMF)-European Commission (EC) evaluation team dispatched to the Eastern European country. The conclusion of the nine-day IMF-EC mission last Wednesday will allow the Romanian government to access the sixth outlay of a joint IMF-European Union (EU) loan package.

Euro zone posts strong GDP growth in second quarter

BRUSSELS (Reuters) - Euro zone gross domestic product grew at its fastest pace in more than three years in the second quarter, boosted by a strong performance by Germany and France, but concerns remain that the rebound could falter. European Union statistics agency Eurostat said GDP in the 16-nation currency zone expanded by 1.0 percent in the second quarter from the first, and by 1.7 percent versus the second quarter of 2009, matching a revised Reuters poll

Social Front

Working Time Directive: second EU consultation later this year-13 August 2010

A second consultation on the EU Working Time Directive (WTD) will take place in the autumn, the European Commission (EC) confirmed this week. Attempts to revise the legislation failed last year and in March the Commission began a major review of the Directive by consulting workers' and employers' representatives at European level on whether or not changes should be made. According to the EC, the present situation on the WTD is "clearly unsatisfactory". The Commission says that 10% of all employees in the EU work more than 48 hours a week on average, and about 7% of all employees work in multiple jobs. Announcing the original

consultation, the EC said: "We need to ensure that workers' health and safety is being effectively protected in line with EU law, and that sufficient flexibility is afforded to businesses and workers in the organisation of working time."

Breast cancer death rate is second-highest in EU-August 13 2010

THE NUMBER of women dying from breast cancer is falling, but Ireland still has the second-highest mortality rate in Europe, a new study shows. Research comparing cancer rates in 28 countries in 2006 -- the most recent figures available -- found 30.5 women per 100,000 died here from breast cancer, compared to just 18.9 per 100,000 in Spain. Screening for the disease, availability of new treatments and speedier diagnosis means the mortality rate has fallen, but we lag behind the best-performing countries. This is because breast cancer treatment was carried out in up to 37 hospitals up to 2007 -- the year after the period being studied -- and, in some cases, the specialist medical knowledge to treat the disease was not available.

Can ASEAN be a peace mediator?-08/13/2010

An international peace mediation workshop was recently organized by the European Commission (EC) and the Crisis Management Initiative (CMI) in Jakarta to promote cooperation between ASEAN and the European Union (EU) on conflict mediation and prevention in the region. Among the key questions that emerged was how to promote ASEAN as an effective vehicle for peace mediation. The EU has been responsible for a number of initiatives to strengthen its mediation and dialogue capacities in this field, and ASEAN is now taking steps to model itself on best practices from other regions in order to develop itself as a leader in peace building. Unlike some skeptics, I believe ASEAN has the potential to become an effective regional body for crisis mediation and prevention. ASEAN has already begun developing programs to promote peace in the region in "its own way". The ASEAN Political-Security Community (APSC) blueprint provides a number of recommendations for conflict management put forward by the institution. The blue print envisages three pillars. Among them is a cohesive, peaceful, stable and resilient region with shared responsibility for a comprehensive state of security. The blueprint outlines ASEAN's commitment to conflict prevention, preventive diplomacy and post-conflict building. It also provides an action plan to achieve targets in these areas through research, cooperation and development of an institutional framework to deal with regional conflict and security issues.

Poland

Geo-Political front

Polish police remove defenders of disputed cross to late president, but cross stays-Aug 14-Associated Press

WARSAW, Poland (AP) — Polish police say they have removed a group of protesters from around a large cross memorializing the late President Lech Kaczynski in the heart of the capital to make way for a Sunday parade. The supporters' removal is the latest development in a controversy about whether the tall wooden cross should remain in front of the presidential palace. Most Poles are Roman Catholics, but legally the nation is defined as secular. The dispute has highlighted deep social divisions between traditional Catholics and modern Poles seeking a strict separation of church and state. Police spokesman Maciej Karczynski said police asked the cross defenders to leave before dawn Saturday. Most complied, but a few had to be forcefully removed. The cross remains in place. Supporters of the late president Lech Kaczynski of Poland are refusing to take down a cross they placed outside the presidential palace in Warsaw, a move that is igniting political tensions between secularists and nationalists. The cross, four meters or 13 feet high, was put up soon after the crash on April 10 of the presidential plane in Smolensk, western Russia, killing the president, his wife and 94 others, including some of Poland's highest-ranking military officers and civil servants. Calling themselves Defenders of the Cross, many who have gathered around the cross belong to the nationalist Law and Justice party. The party is led by Jaroslaw Kaczynski, the twin brother of the late president. Catholic Church has refused to be dragged into the controversy. On Thursday, it took the unusual step of calling on all sides to find a compromise in a dispute it claimed was being exploited for political reasons

Poland delays nuclear plant target to 2022-08.13

Poland's Economy Ministry says the country now plans to have its first nuclear power plant running in 2022 - two years later than its previous target. Prime Minister Donald Tusk's government wanted to have the first of two planned nuclear powers online in 2020 but experts have said that wasn't feasible because the country has yet to develop a regulatory framework. A spokesman at the Economy Ministry, Piotr Zbikowski, said Friday that the ministry now foresees 2022 as the target date. He declined to give reasons for the delay. Poland relies on its own rich coal supplies and Russian oil and gas to meet most of its energy needs. (AP)

Economic Front

Poland's new president vows to boost economic growth, political solidarity- August 09,

Bronislaw Komorowski was sworn in as Poland's new president on Friday, pledging accelerated efforts to promote economy and boost solidarity among various political parties. "Poland needs cooperation between the most important institutions of the state, between the government, the parliament, the president but also between political parties, between those in government and those in opposition," Komorowski said in his inaugural speech.

Commissioner defends 'unfashionable' EU tax idea-11.08.2010

The Polish commissioner in charge of the EU budget, Janusz Lewandowski, has said an EU levy on the financial sector has the best chance of winning support after France joined the UK and

Germany in opposition to plans for creating an EU tax. "Talking about EU own resources and something with the shape of a European tax is extraordinarily unfashionable. But I see a tendency, that it is possible in terms of public opinion to defend a tax on financial transactions or another form of tax on the financial sector. It would even be popular," he told the Polish press agency, PAP, on Tuesday (10 August). Mr Lewandowski noted that he is looking to raise about €30 billion to €40 billion a year from the new revenue source in order to keep EU spending levels at no less than the current rate of €140 billion a year in the 2014 to 2020 period

Social front

Greenpeace holds love-in for Europe's last primeval forest

WARSAW (AFP) – Environmental group Greenpeace hoisted a huge banner with a heart across the facade of Poland's environment ministry in Warsaw Wednesday, warning logging threatened Europe's last first-growth forest. "We expect the minister to halt logging in the Bialowieza forest until new forest management plans are drawn up which limit logging to the minimum required for local residents and ban it during (bird) nesting season," Robert Cyglicki, head of Greenpeace Poland, told reporters. Greenpeace also wants the expansion of the Polish national park which currently covers some 17 percent of the Bialowieza forest.

Heavy Flooding Continues Following Deadly Weekend

Eleven people died in Central Europe over the weekend after flash floods inundated several towns in Poland, the Czech Republic and eastern Germany. With waters now advancing northwards, the danger has not yet subsided. It was water level that had never been seen before. The Neisse River on the German-Polish border hit 7.07 meters (23 feet) on Sunday morning in the town of Görlitz, the highest level ever recorded since systematic measurements began almost a century ago. Normal level for the river is a mere 1.7 meters

Czech Republic

Geo-Political front

Czech government wins confidence vote (1st Lead)-Aug 10, 2010,

Prague - The Czech Republic's centre-right government led by Prime Minister Petr Necas, the result of general elections in May, on Tuesday won a confidence vote in parliament. The three-party cabinet, which vowed to decrease the country's budget gap and reform pensions and health care, passed in a 118-82 vote in the 200-seat lower house

Economic Front

Czechs May Sell More Shorter Bonds to Cut Debt Costs-August 12, 2010

Aug. 12 (Bloomberg) -- The Czech government, which is seeking to sell a record amount of bonds this year, aims to cut debt servicing costs with a "slight" shift toward shorter-term securities in 2011, Finance Minister Miroslav Kalousek said. The Finance Ministry plans to reduce debt costs by 4 percent or 5 percent next year, Kalousek said in an interview after yesterday's government meeting in Prague. He also said the ministry will use any revenue in excess of the 2011 forecast to narrow the budget deficit.

Czech finance ministry: North Korea offers ginseng to pay back its \$10 million debt-By Associated Press August 12, 2010

PRAGUE (AP) — North Korea has offered a unique way to repay nearly \$10 million in Cold War-era debt — with ginseng, according to Czech officials. The Czech Finance Ministry said it has been negotiating ways for the impoverished Asian nation to pay back \$9.8 million (euro7.66 million) from the late 1980s, when Czechoslovakia was part of the communist bloc. Then, Czechoslovakia delivered to its North Korean ally trams, trucks and various machines. North Korea proposed during talks in July that the Czechs forgive 95 percent of the debt, but Czech officials said that was unacceptable.

Czech Rating May Be Raised by S&P on Pension Overhaul-August 11, 2010,

Aug. 11 (Bloomberg) -- The Czech Republic's debt rating may be raised if the new government follows through on pledges to reduce spending, including an overhaul of the pension system, Standard & Poor's said. S&P revised its outlook on the country's long-term credit rating to "positive" from "stable," the rating company said late yesterday in a statement. The Czech Republic's debt is rated A by S&P, the sixth-highest investment grade and on par with Estonia, which will join the euro next year

Czech economy grows 2.2 per cent in second quarter-Aug 13, 2010

Prague - The Czech Republic's economy grew 2.2 per cent year-on-year in the second quarter of 2010, according to the Czech Statistics Office's preliminary estimate released Friday. Compared to the previous quarter, the seasonally adjusted gross domestic product (GDP) rose by 0.8 per cent, the office said

Social front

Czech government plans to impose flood relief tax: report August 11,

The three center-right parties in the Czech coalition government are planning to introduce a new flood relief tax, Czech newspaper Pravo reported on Tuesday. If the plan gets Parliament approval, starting next year all Czech citizens obliged to pay taxes will have to pay an additional 1,200 korunas (about 64 U.S. dollars) into a so-called "reserve of flood solidarity."The four billion korunas expected to be collected for this special fund every year will be used to help the victims of overflowing rivers and brooks

Slovakia

Geo-Political front

Slovak government wins confidence in parliament-August 10, 2010

BRATISLAVA, Slovakia—the new center-right coalition government of Prime Minister Iveta Radicova won a parliamentary confidence vote on Tuesday. Of the 145 deputies present in the 150-seat Parliament, 79 voted to approve the Cabinet's agenda for the next four years while 66 were against. Radicova, deputy chairman of the Slovak Democratic and Christian Union, leads a four-party coalition that holds 79 parliamentary seats after June 12 general elections. The deputies rejected any additional codicils to the original agreement signed by the previous government that were required if Slovakia was to contribute any cash to the Greek loan program.

Slovakia Rejects Its Share of Greek Bailout

BRATISLAVA — the Slovak Parliament has rejected paying the country's share of an international bailout for debt-laden Greece, prompting a reprimand from the European Commission. Slovakia's politicians have questioned the fairness of calling on taxpayers in the euro area's poorest state to aid wealthier countries that failed to control their debt. The new center-right government also has placed conditions on its role in a broader emergency loan facility for the entire euro area. The E.U. economic and monetary affairs commissioner, Olli Rehn, said the vote Wednesday "will not have any negative implication for the disbursement of the installments of the loan."

Economic Front

East Europe economies show mixed performance

WARSAW, Poland-Economic data released Friday showed a sharp divergence in growth in Eastern Europe -- with the Baltics and Slovakia bouncing back but Hungary and Bulgaria still lagging badly. Hungary saw zero growth in the second quarter compared to the first, the new data showed. Despite a rise in exports, Hungary is burdened by austerity measures aimed at bringing down the deficit, and low domestic demand. Bulgarian statistics showed the economy shrank 1.5 percent year-on-year in the second quarter, the lowest figure since the country slid into recession last year. Bulgaria's National Statistics Institute did not give the quarter to quarter number. However, Romania's economy grew 0.3 percent quarter-on-quarter, while Estonia's grew 2 percent, Lithuania's 2.9 percent and Latvia's 0.1 percent. The Czech Republic also posted growth of 0.8 percent and Slovakia had an even more impressive 1.2 percent, thanks to an increase in exports and a revving up of industrial production. Both countries have export-oriented economies closely linked to the improved growth in their Western European trading partners, primarily Germany.

Geo-Political front

Hungary to raise energy tax, extend it to telecoms-13 August 2010

'Robin Hood' tax so far raising \$138 million per year. The Hungarian government plans to raise an existing energy-sector tax, extend it by at least another year and levy it also on telecommunications companies to plug budget revenue holes, national daily Nepszava said Friday, citing unnamed sources. The government plans to raise the 8% so-called "Robin Hood" tax, which energy companies are paying, to over 10%. It also wants to leave the tax, which was meant to be temporary and end by the end of 2010, in force for at least another year, the paper added.

Hungary opposition parties condemn new media rules

Hungarian opposition parties say a new law reshaping the institutions overseeing the country's media are undemocratic and will increase the government's influence over public broadcasters. The regulations, recently signed into law by Hungary's new president, Pal Schmitt, opened the way for Prime Minister Viktor Orban on Wednesday to name Annamaria Szalai head of the just-created National Media and Telecommunications Authority for a nine-year term

Orban Bets Hungary Isn't Next Greece in IMF Battle-August 09, 2010,

Aug. 9 (Bloomberg) -- Viktor Orban, as a student leader in 1989, urged Hungarians to fight for "political liberty" from the Soviet Union. Now, he's calling for Hungary to reclaim "economic self-rule" from the International Monetary Fund. Hungary's premier is resisting IMF demands for more budget cuts after he won a landslide election victory by pledging to end five years of austerity. That has put him out of step with countries from the U.K. to Romania that are slashing spending after Greece's ballooning debt undermined investor confidence. Orban, 47, is choosing his own path for the same reason he opposed Soviet domination: to build Hungary's stature and his own power, said Padraic Kenney, author of two books on the fall of communism in eastern Europe. Hungary's financial situation, with a budget deficit lower than all but five European Union states, may give him room to do so

Economic Front

Hungary banks see tight corporate lending-August 13,

BUDAPEST: Hungarian banks expect to keep their lending to companies tight because of worries about the economic outlook and borrowers' creditworthiness, a central bank survey showed on Thursday. The survey, conducted in July, also showed demand for forint-denominated household mortgages has increased further in the second quarter. Widespread use of foreign currency mortgages offering cheaper interest rates played a significant role in Hungary's 2008 debt crisis, when it had to take a rescue package from the International Monetary Fund and European Union. on Thursday's central bank survey showed a growing number of borrowers faced difficulties repaying loans

Hungary to struggle without IMF-August 10, 2010

Hungary hopes to emulate the few countries that have spurned IMF aid and emerge from crisis on their own, but it is much more likely to follow the example of other crisis-hit EU states and be forced back to austerity. It is no Malaysia or Turkey, the first of which rejected the International Monetary Fund's demand it open its economy in the 1990s Asia crisis and the latter weaned itself off IMF backup in 2008 after enacting its own Fund-like fiscal plan

Social front

European hat-trick for Katie Taylor

Olympian Katie Taylor won her third European Union Championship in a row in Keszthely, Hungary last weekend. The 24-year-old Bray woman — who is the current AIBA World and European champion — beat Denica Eliseeva (Bulgaria) 16-1 in a repeat of the 2009 final which she won 8-1. The win was Taylor's 95th from 101 bouts since she claimed victory as a 15-year-old in her first contest at Dublin's National Stadium.

Belarus

Geo-Political front

Row erupts between Russia, Belarus Sunday, 15 August 2010 04:18

MOSCOW: The Kremlin yesterday accused the strongman president of Belarus of dishonourable and inconsistent behaviour, in one of the most venomous clashes yet between Russia and its onetime obedient ally. Belarussian President Alexander Lukashenko, for years a loyal servant of Moscow, accused his Russian counterpart Dmitry Medvedev of distorting remarks he made about the recognition of Georgian breakaway regions. The Kremlin reacted furiously with a scathing personal attack on Lukashenko and threatened to publish a full transcript of an official meeting to back up its case

Minsk, Moscow likely to mend fences ahead of elections in Belarus

Relations between Russia and Belarus have been extremely testy this summer. But as Belarus President Alexander Lukashenko stands for reelection, the two sides have few options other than letting bygones be bygones. Belarus has traditionally been one of Russia's closest partners - indeed the two countries have flirted for years with the idea of forming a political union. But one wouldn't have known that necessarily in the summer of 2010, as squabbles broke out over natural gas, a customs union and the geopolitics of the Caucasus. The sniping came to a head when Russian TV ran a documentary about President Alexander Lukashenko entitled "The Godfather," claiming to reveal criminal activities by the Belarusian leader. In response, Lukashenko staged a friendly public meeting with Georgian President Mikhail Saakashvili - a leader highly disliked by the Kremlin. He has also dragged his feet on officially recognizing South Ossetia and

Abkhazia - the two areas that broke away, with Russian encouragement, from Georgia in 2008. Lukashenko has hinted he may want to take the country he has ruled since 1994 closer to the West. Meanwhile, there have been noises coming from Moscow that Russia could potentially support an alternative candidate when Belarus holds its presidential elections in early 2011. The tensions between the two countries have various causes. For one, Russian-Belarusian relations have suffered under Moscow's recent policies of reducing subsidies to allies. This has chiefly been in the form of demanding higher rates for supplies of natural gas, which have been sold at below-market prices.

Lukashenko wishes normalization with USA-13.08.2010,

MINSK, August 13 (Itar-Tass) -- Belarusian President Alexander Lukashenko has declared the wish to normalize relations with the United States. "If the United States is ready to normalize relations, we are ready for that. We have many issues to discuss, and there are proposals on the U.S. and our sides. I think these problems can be resolved," he said. As for the opinion of certain political experts that the reset of Russia-U.S. relations created a possibility of their joint pressure on Belarus, Lukashenko said, "There are no secret agreements between the Russian authorities and the U.S. presidential administration concerning Belarus. I know that for sure." "America sticks to its position, but the Russian position has changed drastically. It [Russia] is trying to detach, to bend the Belarusian president amid certain political events. Such efforts are useless. I will cherish the interests of Belarusian people and will not create any problems for neighbors, primarily Russian people. I constantly carry out this policy," he said

Pole to face Lukashenko in presidential race-09.08.2010

Jaroslav Romanchuk, a Belarusian economist of Polish origin, has announced he is to run for the presidency in Belarus against authoritarian incumbent Aleksander Lukashenko. Romanchuk was born in 1966 near Grodno, western Belarus, into a Polish family and is a supporter the Union of Poles, an organization that President Lukashenko considers subversive

Economic Front

Wheat to Beat Other Agricultural Commodities in Second Half, Barclays Says

Aug. 13 (Bloomberg) -- Sudakshina Unnikrishnan, a commodities analyst at Barclays Capital, talks with Bloomberg's Rishaad Salamat about the outlook for wheat and corn prices. Wheat futures surged to the highest price in almost two years on Aug. 6, a day after Russia declared a ban on grain exports amid the worst drought in at least 50 years and the country's Prime Minister Vladimir Putin proposed that Kazakhstan and Belarus follow suit. Wheat may be the best-performing agricultural commodity in the second half as lower shipments from the Black Sea region create "ripple effects" that support prices, Barclays Capital said. Prices may peak as high as \$9 a bushel in Chicago, 21 percent higher than yesterday's close, as importers seek alternative supplies after Russia declared an export ban and on expectations that Ukraine and Kazakhstan

will curb shipments because of dry weather, Sudakshina Unnikrishnan, a vice president at Barclays, said in an interview yesterday.

Social front

Plans for post-Chernobyl resettlement-13 August 2010

The government of Belarus has announced a master plan to bring areas evacuated after the Chernobyl accident back into general use. The recent 'State Program on Overcoming the Consequences of Chernobyl, 2011-2015 and the period to 2020' contains the details of a \$2.2 billion plan. It marks a change in Belarus' policy with regards the 1986 accident at Chernobyl in Ukraine from rehabilitation to recovery.

German helicopter pilot killed in stunt performance-9 Aug 10

A German helicopter crashed Sunday outside the Belarusian capital Minsk during an aerobatics show, killing its pilot, a spokesman for the emergency situations ministry said.

Ukraine

Geo-Political front

Ukraine expects to restart free trade zone talks with EU in October -August 14, 2010

Ukraine expects to launch the next round of negotiations on creating a free trade zone with the European Union (EU) in early October, Deputy Economy Minister Valeriy Piatnytsky said on Friday."The two sides will discuss issues related to access of goods, particularly agricultural products, customs tariffs, domestic support of agriculture, sanitary and phytosanitary control, protection of intellectual property rights," Piatnytsky said at a briefing in Kiev

Ukrainian grain merchants halt wheat purchases-August 12 2010

Grain merchants in Ukraine have almost completely stopped buying wheat from local suppliers because of the uncertainty caused by possible plans by Kiev to restrict exports of the crop, Vladimir Klimenko, the president of the Ukrainian Grain Association (UZA), has said. At a press conference in Kiev on Tuesday (10 August), he remarked: "With the exception of only a few, grain traders have stopped buying wheat until the government clarifies the situation on the matter of exports.

Ukrainian communists call for IMF austerity referendum

Ukraine's communists have challenged the government to hold a national referendum on further co-operation with the US-dominated International Monetary Fund. The Communist Party of Ukraine (CPU) pointed out that prices of a wide range of goods and services, including public utilities, have soared as a result of austerity measures recently agreed with the IMF in return for

loans. CPU first secretary Petro Symonenko said: "If the government is unable to resist the pressure of the IMF and other international financial terrorists, then we, MPs of the Communist faction, offer to appeal directly to the people and to decide at an all-Ukrainian referendum on the prohibition of Ukraine's co-operation with the IMF on enslaving conditions

Medvedev thanks Yanukovich for aid to fighting forest fires in RF

MOSCOW, August 11 (Itar-Tass) - Russian President Dmitry Medvedev thanked his Ukrainian counterpart Viktor Yanukovich for the country's assistance to fighting forest fires in Russia. In the telephone conversation on Wednesday, Medvedev said he is grateful to Viktor Yanukovich for Ukrainian rescuers' contribution to extinguishing fires in the territory of Russia. The situation is normalising, the Russian leader said, adding that Moscow was ready to help Kiev fight fires in its territory. The presidents of the two countries also discussed prospects for cooperation in fighting disasters and agreed to give necessary instructions to the emergencies ministries

Economic Front

Ukraine faces another painful gas price hike

KIEV-Ukraine's households are facing another painful hike in natural gas prices next year as a result of demands by the International Monetary Fund, a senior Cabinet official said Wednesday. Deputy Prime Minister Serhiy Tigipko said that the natural gas price will rise by 50 percent next April. Ukraine has already increased domestic gas prices by 50 percent earlier this month on the IMF's request. The fund made price hikes a key condition for last month's approval of a \$15 billion loan over 2 1/2 years to help the Ukrainian economy battered by the global financial crisis. The higher domestic gas prices are intended to encourage energy saving and help raise economic efficiency.

IMF targets gas sector reform in Ukraine-Aug. 12, 2010

WASHINGTON, Aug. 12 (UPI) -- The financial viability of Ukrainian gas company Naftogaz is crucial for the economic recovery under way in Kiev, the International Monetary Fund said. The executive board at the IMF announced that it approved a \$15.1 billion loan to Ukraine to help the country reform its gas sector and revitalize the national economy. The recession that a rocked global market in 2008 and 2009 has also hit hard Kiev and left it struggling to pay its gas debts to Russia. Moscow in January 2009 cut gas supplies to Ukraine because of contract and debt disputes. That row left Ukraine's reputation as a gas transit nation in tatters as 80 percent of all Russian gas bound for Europe travels through Soviet-era pipelines in Ukraine

Social front

World Wheat-Surplus Estimate Cut as Drought Hurts Russia Crop

Aug. 12 (Bloomberg) -- World wheat stockpiles before next year's Northern Hemisphere harvests will be 6.6 percent smaller than forecast a month ago after adverse weather decimated crops in Russia, Kazakhstan and Ukraine, according to the U.S. Department of Agriculture. Bloomberg's Megan Hughes reports. (Source: Bloomberg)

World wheat stockpiles before next year's Northern Hemisphere harvests will be 6.6 percent smaller than forecast a month ago after adverse weather decimated crops in Russia, Kazakhstan and Ukraine, according to the Department of Agriculture. World output will total 645.7 million metric tons in the year that began June 1, down from 661.1 million forecast in July and 680.3 million in the previous year, the USDA said today in a report. Global inventories on May 31 will fall to 174.8 million tons from 187.1 million estimated last month and 194 million this year. The average estimate of 17 analysts surveyed by Bloomberg News was for 178.8 million.

"The drop in wheat production will help to boost sales of U.S. wheat and corn," said Roy Huckabay, the executive vice president of the Linn Group in Chicago. "It's going to be a very active shipping season" from October to March, he said. Wheat prices have surged 70 percent since reaching a three-year-low on June 9 amid dry conditions in Russia, Kazakhstan and the European Union and flooding in Canada. Russia, the world's third-biggest producer, last week banned exports of grain through the year's end to conserve supplies for domestic food production and animal feed.

Estonia

Political front

Estonia to provide assistance to families left homeless by forest fires in Russia

The Ministry of Foreign Affairs has decided to provide 100,000 euros of assistance to people who have lost homes and property in Russia in the wake of wildfires in Russia. Minister of Foreign Affairs Urmas Paet noted that over 3,500 people have lost their homes due to extensive wildfires and 53 people had been killed. "In many cases, entire villages have burned. We want to do what we can to help ease the situation for these people in their severe plight and help them go on with their lives," said Paet. Yesterday Estonia dispatched to Russia a shipment of firefighting equipment, which is expected to arrive tonight. The four pumps and 10 kilometers of hoses along with equipment and fittings will be delivered by two Rescue Board instructors, who will provide instructions for using the equipment and hand it over to the Russian Emergencies Ministry

Economic Front

Estonia's second-quarter growth shows quick exit from recession

Tallinn - Estonia's economy returned to growth in the second quarter of 2010 after nine successive quarterly contractions, preliminary figures released Wednesday said. According to Statistics Estonia, gross domestic product (GDP) grew 3.5 per cent from April to June compared

to the same period last year, putting Estonia behind only Sweden among European Union members in its growth rate.

Social front

Estonian Bank Hacker Extradited To U.S.

Alleged hacker Sergei Tsurikov, 26, of Tallinn, Estonia, has been extradited to the United States and arraigned on numerous federal charges, including wire fraud, computer fraud, and "aggravated identity theft," according to the Department of Justice. The charges relate to a November 2008 hack attack against the Royal Bank of Scotland's RBS Worldpay, which provides online payment and credit card processing services. In half a day, hackers played it for over \$9 million. Allegedly, Tsurikov and three other attackers --Viktor Pleshchuk, 29, of St. Petersburg, Russia; Oleg Covelin, 29, of Chisinau, Moldova; and another, unidentified individual -- obtained unauthorized access to the RBS Worldpay network, which is the Atlanta-based U.S. payment processing division for RBS. The attackers were then able to reverse reengineer personal identification numbers from a data feed, and defeat the credit card processing system's encryption

Latvia

Geo-Political front

World Bank Group President Zoellick Visits Latvia to Discuss Support During Global Economic Hard Times

RIGA, August 13, 2010—World Bank Group President Robert B. Zoellick arrived in Latvia yesterday, on the third leg of a European visit to emerging markets in Europe to assess the impact of the global and economic crisis and discuss ways the World Bank can offer support

IMF provides another loan tranche of 105, 8 million Euros to Latvia

WASHINGTON, August 13 (Itar-Tass) - The International Monetary Fund (IMF) is providing to Latvia another loan tranche of 105.8 million euros (135.6 million US dollars). This decision was made on the results of the third review of the fulfilment of the anti-crisis economic programme of the Latvian authorities pursued on agreement with the Fund. The total volume of resources provided by the IMF in support of this programme will reach as a result 1.15 billion euros (1.48 billion US dollars). The IMF said in a press release on Thursday that on July 21, 2010, the Executive Board of the International Monetary Fund (IMF) concluded the 2010 Article IV consultation with the Republic of Latvia and completed the Third Review of the country's performance under an economic program supported by a Stand-By Arrangement (SBA). Completion of the review makes available an amount equivalent to SDR 90 million (about €105.8 million or US\$135.6 million), bringing total disbursements under the SBA to SDR 982 million (about €1.15 billion or US\$1.48 billion).

Latvian president calls for establishing new types of relations with RF

RIGA, August 11 (Itar-Tass) - Latvian President Valdis Zatlers calls for establishing “a new type of relations” with Russia. He stressed that the parties intended to sign several interstate agreements in order to maintain good relations between neighbouring countries. According to the Latvian president, the leaders of the two countries should meet oftener in the future in order to discuss the development of cooperation between Latvia and Russia

Economic Front

Latvia reports weak second quarter output Tuesday, 10 August 2010

RIGA: Latvia, having experienced the deepest recession in the European Union last year, posted weak growth of 0.1 percent in the second quarter from the first-quarter level, official data showed yesterday. Compared to data for the second quarter of 2009, Latvia’s economy shrank by 3.9 percent over the same period this year, the preliminary adjusted data from Latvia’s central statistical bureau showed. The Baltic EU nation of 2.2 million people emerged from recession in the first quarter of this year when its economy expanded by 0.3 percent from output in the last quarter of last year.

GDP figures indicate sign of recovery in recession-hit Latvia

Riga - Latvia, which experienced the European Union's biggest recession in 2009, saw its economy continue to shrink in the second quarter of 2010, but there are signs of a tentative recovery, according data released Monday. The Latvian statistics office said that gross domestic product (GDP) in the second quarter declined by 3 per cent compared to the same period in 2009. But compared to the first quarter of 2010, GDP rose by a sizable 13.4 per cent, suggesting the worst of the recession has passed since the economy contracted by 18 per cent in 2009

Lithuania

Political front

Lithuanian Ruling Party’s MPs to arrive in Azerbaijan

Aug.15, MPs of Lithuania’s ruling Resurrection Party will arrive in Azerbaijan, the Azerbaijani Milli Mejlis (Parliament) told Trend today. The delegation is headed by Arunas Valinskas, chairman of the Party and member of Lithuanian Seimas` Committee on Foreign Affairs and Lithuania-Azerbaijan Interparliamentary Friendship Group.

Russia

Political front

EU's Ashton: Russian missile move would breach Georgia ceasefire

Brussels - Russia's reported deployment of anti-aircraft missiles to the breakaway Georgian region of Abkhazia would breach a ceasefire agreed in 2008, the European Union's foreign policy chief said Friday. Russia invaded Georgia in August 2008 to support the independence of Abkhazia and fellow-breakaway South Ossetia. The EU brokered a ceasefire and refused to recognize the independence of either region. The reported announcement by the head of Russia's air force on Wednesday that his country had stationed S-300 missiles in Abkhazia 'would be in contradiction with the six-point ceasefire agreement ... and would risk further increasing tensions in the region,' EU High Representative Catherine Ashton said in a statement. The ceasefire deal called on both Georgia and Russia to pull their combat forces back from the front line. But Russia subsequently recognized the breakaways as independent states and announced plans to deploy troops there.

Chechnya's Kadyrov wants to give up his presidential title

The president of the Republic of Chechnya, Ramzan Kadyrov, wants to give up the title, the Russian daily Kommersant reported yesterday. In future, Kadyrov wants to lead the North Caucasus country under a different label, such as governor or head of the republic, he told the paper. "There should only be one president in a state," Kadyrov, a Kremlin supporter, reportedly said. The presidents of other Russian republics would follow suit, he added. But observers say the move may not be entirely voluntary. Leaders in the unstable region were being pushed to show their loyalty to Moscow, former member of the Russian Duma, Vikto Sheynis, said. Islamist rebels struggling to establish an independent emirate in the Caucasus have been fighting for years against Russian security forces in the region. The region's presidents won the titles in the early 1990s when the Russian constitution was being worked out, as well as establishing wide-reaching powers.

Russian company helps Iran with nuclear plant

MOSCOW — In a move sure to disappoint U.S. diplomats trying to halt Iran's nuclear program, the Russian state nuclear power company said yesterday that it would take a crucial step this month toward starting Iran's first nuclear power plant. The company, Rosatom, said technicians would move tons of low-enriched uranium fuel from a storage site into the reactor Aug. 21, the first of three steps in starting it, a process that will take months.

Economic Front

New Special economic zone to boost carmakers-13 August, 2010

Russia's car producers are expected to get a boost from the creation of a new Special Economic Zone in the Stavropol district of the Samara-Togliatti region announced by Industry and Trade Minister, Viktor Khristenko. The Government has agreed to allocate \$235 million from the federal budget in 2011-2014 to set up an industrial and production SEZ in the Samara region. According to the plans, \$222 million is to be spent on construction of on-site infrastructure

facilities, \$10m is to be used to build off-site infrastructure facilities, and \$3m is to be invested into engineering surveys

Economic Growth Gains Speed on Commodities

MOSCOW — Russia's economic expansion accelerated in the second quarter as commodities prices rose and a recovery in domestic demand gathered speed. Gross domestic product grew 5.2 percent from a year earlier, compared with 2.9 percent growth in the January-March period, the Federal Statistics Service in Moscow said in an e-mailed statement Wednesday. The Economy Ministry previously estimated quarterly growth of 5.4 percent. "Growth accelerated compared with the first quarter on sizable retail-sales increases and investment," Dmitry Polevoy, chief economist at ING Groep in Moscow, said by telephone. "The figures were worse than the Economy Ministry expected, though. It's possible that stable exports and a growth in imports played a role."

Russia faces 15 billion dollar heatwave losses: economists

Russia is starting to count the losses of the worst heatwave in its history, with economists warning the weather may cost the country up to 15 billion dollars and undercut a modest economic revival. While it may take months for the government to tally the damage caused, several economists said the disaster might cost Russia between 0.5 percent and 1.0 percent of this year's gross domestic product (GDP), or roughly 7-15 billion dollars.

Drought will damage but not cripple Russia recovery: analyst

Reuters News Agency MOSCOW— prior to heat wave, the country had been enjoying an economic revival and 2010 was expected to make up half of last year's slump. Russia's worst heatwave on record may knock up to a full percentage point off economic growth this year, setting back business and government's efforts to reboot the economy after the worst recession in 15 years. With a more than month-long drought raging in some of the country's most fertile regions, analysts reckon sugar output may fall by around an eighth, while the government sees the grain crop down by at least a third.

Social front

Tempting bureaucrats by offering bribes: new strategy for fighting corruption

Russia's Internal Ministry has come up with an idea on how tackle corruption: they suggest baiting officials to take bribes and firing those who cannot resist the temptation. The method, referred to as the "corruption-resistance test", was proposed by the Ministry's Internal Security Directorate, the department's head, Yury Dragunsov, said in an interview with RIA Novosti. According to the official, such tests for honesty are common practice in many countries abroad. The measure, he believes, would help to prevent bribe-taking. And here is how the method is supposed to work. After receiving an official sanction, inspectors would apply to an unwitting

public servant with an offer to abuse his or her powers. In return, the bureaucrat would be offered money, jewelry, any other property or services. Officials who do not pass the test and prove to be crooked would be dismissed and banned from being able to get a seat in state services, police Lt.-Gen. Draguntsov explained.

Fresh fires break out near Russian nuclear site - Summary

Moscow- Fresh blazes have broken out near the city of Sarov, site of a Russian nuclear research institute, bringing the total number of wildfires to 611 across the former Soviet republic, Russia's Emergency Situations Ministry said Friday. Sarov, 400 kilometres east of the capital, is home to a government research facility containing radioactive materials. On Thursday officials had declared all fires burning near Sarov extinguished. More than 2,500 firemen supported by heavy equipment were working to control the new outbreaks near Sarov, Viatcheslav Kormilitsyn, a regional ministry of civil defense spokesman, told the Itar-Tass news agency. Russian firefighters appeared to be losing a nationwide battle to put out existing fires before new ones appeared. There were 611 fires known to be burning on Friday afternoon, compared to 545 fires burning on Thursday, the Interfax agency reported, citing statistics compiled by Russia's national forestry management agency