

SELECT BRIEFING

EUROPE EAST

CSIS East Europe Project

Central European Update

Poland

Poland's Defense Minister **Jerzy Szmajdzinski** has stated that Polish troops will withdraw from Iraq by December 2005. Szmajdzinski told reporters from the daily *Gazeta Wyborcza* on 4 October that the ultimate deadline for the stabilization mission in Iraq should be the expiration of UN Security Council resolution No. 1546. This was the first time that a statement was issued by a member of the Polish government concerning a date for troop withdrawals. Meanwhile, officers from the General Staff assert that no definitive decision on the subject has been made.

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Polish President **Aleksander Kwasniewski** announced that a referendum on the European constitution should take place in conjunction with the presidential elections at the end of 2005. According to recent opinion polls, 56 percent of Poles are in favor of ratifying the constitution adopted by leaders in Brussels.

Czech Republic

Czech Prime Minister **Stanislav Gross** paid his first official visit to EU and NATO headquarters in Brussels on 5 October. Gross spoke with EC and European Parliament officials and expressed Czech support for Turkey's EU membership, as well as for the unification of the criminal code and judiciary across the continent. Gross underscored

and have led to cautious long-term outlooks. Baltic central banks are looking into ways of curbing import deficits and inflation while keeping growth rates steady. The combined GDP for the three states totals \$40 billion.

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Russia recently filed a compensation claim for military equipment and structures left behind following the Soviet withdrawal a decade ago. The Russian Audit Chamber (RAC) estimated the amount owed to be \$3.06 billion and

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Boeing has decided to give up its shares in the aircraft manufacturer Aero Vodochody for a symbolic sum of 2 crowns to the Czech state. Boeing first purchased shares in Aero in 1998 in an attempt to improve its technological standards and find new markets for its products, but the move evidently failed.

Hungary

Support was given in the Hungarian parliament this week by both the ruling and opposition coalitions for a bill authorizing the government to sign the European Constitution. Foreign Ministry State Secretary **Andras Barsony** stated in a speech before parliament that Prime Minister **Ferenc Gyurcsany** and Foreign Minister **Laszlo Kovacs** will sign the treaty in Rome on 29 October.

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The opposition party FIDESZ has called for four-party talks to discuss two possible upcoming referenda that have been approved by parliament: one on dual citizenship for ethnic Hungarians residing abroad and another on hospital privatization. FIDESZ plans to propose an additional referendum on general privatization, claiming that Hungary's state ownership of key industries is far below the EU average. The Hungarian Socialist Party (HSP) and the Hungarian Democratic Forum (MDF) will participate in the proposed talks,

while the Alliance of Free Democrats (AFD) will boycott the meetings, citing disagreement with FIDESZ's proposal on privatization. There is no disagreement that simultaneously held referenda would be financially prudent for Budapest.

Slovakia

Slovak President **Ivan Gasparovic** met on 7 October with his Czech counterpart **Vaclav Klaus** and discussed EU requirement for crossing regulations along the countries' joint border. Gasparovic told reporters at a press conference that he did not believe any new agreements were necessary, since both Slovakia and the Czech Republic will soon join the Schengen zone. Thus Slovakia plans to ask Brussels for an exception to the requirement, in order to avoid the effect it would have on border communities.

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Featured Photo: Szeged, Hungary

Baltic States Update

Baltic States

The Baltic economies continue to outpace all other EU members in terms of growth rates. According to a Bloomberg survey, the total economy of the three Baltic states could grow by 7.1 percent this year. Several factors continue to spur investment in the region, including EU support and an average monthly wage of \$468, both of which are appealing to international firms. Regional wage and inflation rates are averaging 7 percent annual increases

threatened to take all necessary measures to resolve the outstanding debt. Baltic officials met on 4 October to discuss the claim and warned that the three nations could easily file a counter-claim for damages of \$30 billion in lost economic development incurred during 45 years of Soviet occupation. The prime ministers of Estonia, Latvia, and Lithuania also called on Russia to sign and ratify without delay border delineation treaties with Tallinn and Riga.

Southeast European Update

Slovenia

According to exit polls, the center-right Slovenian Democrats (SDS) emerged as winners in the 3 October parliamentary elections. The party is expected to form a new government, but coalition talks are not expected before official results are out. SDS defeated the incumbent Liberal Democratic Party (LDS), which had been in power almost uninterrupted since Slovenia's independence. The verification results are expected at the end of the week, and parties will have one month to contest them.

Croatia

Despite Croatia's progress toward the EU, a poll published on 5 October reveals that support for Croatia's accession has dropped just below 50 percent, a sharp decline from 72.4 percent in January of this year. Only 39 percent support entry into NATO, which Zagreb also hopes to join by 2007. Prime Minister **Ivo Sanader** compared the downward swings in public opinion to similar polls in countries that joined the EU in May. Sanader asserted that the launch of accession talks and the complexity of the negotiation process have caused enthusiasm to fade. Political analyst **Vlatko Cvrtila** also attributes the negative polls to lack of public information about the accession process and the public's frustration over Brussels' pressure to turn in fugitive general Ante Gotovina,

who Croatian officials claim has fled the country.

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Amnesty International recently released a statement criticizing Croatia for its failure to completely integrate Roma children into the school system. Amnesty called on Croatian authorities to address violence among children and adolescents placed in social care institutions. It urges Zagreb to immediately implement the recommendations of the UN Committee on the Rights of the Child, which were issued on 1 October.

Bulgaria

Gen. Peter Schoomaker, the U.S. Army's chief of staff, held talks with Bulgarian Defense Minister **Nikolay Svinarov** on 5 October in Sofia. He also visited military sites and met Bulgarian troops training to serve in Iraq. Gen. Schoomaker commended Bulgaria's contribution to the mission and thanked the country for its sacrifices. He asserted that he is optimistic about the future of Iraq, but refused to speculate the timeline of troop withdrawal. Meanwhile, the Finance Ministry released a statement, which asserts that Bulgaria is reluctant to succumb to U.S. pressures and waive the \$1.7 billion Iraqi debt. The balance was accumulated during the Cold War, but due to the sanctions imposed on Iraq after 1990, Bulgaria was unable to collect it. The debt is of considerable financial importance for Bulgaria and officials in Sofia

hope that the issue will be solved fairly.

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According to a recent nationwide poll conducted by the National Public Opinion Center, the majority of Bulgarians strongly support their country's membership in NATO and future succession into the EU. The survey with 1000 participants demonstrated that some 74.3 percent of the public endorse Bulgaria's EU accession and 60 percent approve of the country's NATO membership. Those ratings show higher support for the two institutions than exhibited by many states in Western Europe.

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On 6 October **Ivan Iskrov**, the governor of the Bulgarian National Bank, proposed that immediately after Bulgaria's expected accession into the EU in 2007, the country's adoption of the Euro be fast-tracked. His argument is that Sofia's strong fiscal position, progress on the public debt, and continued control over inflation place Bulgaria in a good position to join the single currency within the mandated two years. Additional indicators of the country's economic performance are the \$629 million budget surplus for the first eight months and the 6 percent year-on-year growth in the second quarter of 2004.

Romania

According to a survey by the Centre of Urban and Regional Sociology published on 4 October, the ruling PSD-PUR National Union (Social Democratic Party and Romanian Humanist Party) leads the polls ahead of the November elections. The incumbents top the electorate's preferences with 44 percent, while the National Liberal Party and Democratic Party alliance comes second with 35 percent. The Greater Romania Party garnered 11 percent, the Hungarian Democratic Union of Romania 5 percent, and the New Generation Party 2 percent. The percentage of undecided voters stood at 37 percent.

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Officials in Bucharest announced on 6 October that Romania will receive a World Bank loan in the amount of \$225 million to finance its railway and road infrastructure projects. The loan will complement programs with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). Three pan-European transport corridors run through Romania and upgrading the infrastructure is vital in view of the country's aspirations for EU membership.



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Featured Photo: Sofia, Bulgaria

Other Developments

European Commission Report



On 6 October the European Commission released its highly anticipated report on the progress of EU candidate states toward accession. The report shows that Bulgaria and Romania have made satisfactory progress over the last year in implementing the

accession criteria. The Commission expects these countries to be ready for membership by January 2007. However, the document also identifies a number of areas where further improvements are necessary, including the implementation and enforcement of the *acquis communautaire*. The report recommends that membership talks with Zagreb be launched in early 2005, but it has not secured a target date for Croatia's eventual accession. The Commission affirmed that progress in

the negotiations depends on the sustainability of political reforms, regional cooperation with other states of the former Yugoslavia, and fulfillment of international commitments, including cooperation with the Hague war crimes tribunal. The 6 October report also conditionally proposes the launch of membership talks with Turkey, but does not identify a target accession date. The leaders of the EU's 25 member nations will decide at their summit in December whether to accept the Commission's recommendations.

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