CSIS East Europe Project

Central European Update

Czech Republic
On 15 December, the Lower House of the Czech parliament approved the 2005 budget. There were 600 proposed amendments and the budget proposal set revenues at 824 billion crowns, spending at 908 billion, and a deficit of over 80 billion crowns (2,700 million euros). This deficit just barely falls short of the EU requirement that the gap in spending should not exceed 3 percent of GDP.

The Czech Republic and the U.S. have agreed on the need for a new accord in line with the framework agreement between the EU and the U.S. The existing agreement from 1925 is outdated and does not apply to certain crimes. Ashcroft also discussed the struggle against terrorism, people trafficking, and drug smuggling.

On 13 December, the U.S. company Central European Media Enterprises (CME) bought the Czech commercial television channel TV Nova for $642 million. CME was TV Nova’s majority shareholder.

Poland
Three Polish soldiers died in Iraq on 15 December when engine trouble caused the crash of their Sokol helicopter. Four other soldiers on board were injured in the incident, which happened outside of Karbala. The helicopter was carrying provisions for troops. The airlifting of supplies within Iraq has recently been necessitated by the threat of insurgent attacks against ground convoys.

According to a 15 December announcement by defense officials in Warsaw, Poland will provide the Iraqi army with weapons and equipment worth $236 million. Polish Deputy Defense Minister Janusz Zemke stated that several helicopters and other equipment are already in use in Iraq, but they will be sold to the Iraqis when the Polish contingent is reduced in February 2005. Additionally, Poland’s Bumar group won a contract to deliver water and fuel cisterns, ambulances, grenades, and sub-machine-guns in 2005. Other deals for Polish companies to sell communications and radar systems to Iraqis are being negotiated.

On 14 December, the Polish government announced it would cut its troop strength in Iraq by nearly a third in February 2005. Defense Minister Jerzy Szmajdzinski said that Poland’s 2,400-member contingent would be reduced to 1,700 starting mid-February, with 700 soldiers remaining on standby in Poland. Poland commands an international stabilization force of about 6,000 troops in central Iraq. The cuts will come as part of a regular troop rotation due to begin in early January, but Szmajdzinski stressed that troop levels will remain stable for Iraq’s 30 January 2005 elections.

Slovakia
At the conference of the opposition party Smer on 11 December, delegates approved the integration of the Democratic Left Party (SDL), the Social Democratic Alternative (SDA) and the Slovak Social Democratic Party (SDSS) into a new coalition ahead of the 2006 elections. The group will be called Smer - Social Democracy and will be headed by current Smer Chairman Robert Fico.

Ivan Sramko was almost unanimously approved by the Slovak parliament on 10 December for the post of governor of the National Bank of Slovakia (NBS). President Ivan Gasparovic will officially appoint Sramko, who has served as the vice-governor of NBS since 2002, to replace the current head Marian Jusko in January 2005.

Hungary
Prime Minister Ferenc Gyurcsany announced that Hungary will donate 77 decommissioned tanks, as well as ammunition, to the army of Iraq should the costs of transport and refurbishment be paid for by NATO. Gyurcsany made the announcement while visiting Hungarian troops in Baghdad earlier this week.

Baltic States Update

Latvia
Latvia’s government has drafted budgetary amendments to the current year state budget. A reduction in this year’s budget deficit from 2.0 to 1.9 percent is expected. Parliament will vote on the amendments on 20 December.

Lithuania
The governmental program of Prime Minister Algirdas Brazauskas’s new cabinet was approved by parliament this week. The new government seeks to create a “socially-oriented market economy,” reform the tax system; minimize unemployment; and consolidate transatlantic relations. The approval was met with 68 votes in favor, 44 against, and three abstentions out of the 141-seat parliament.

Estonia
Estonia’s ESTPLA-9, a light infantry platoon and cargo handling team, will end its service in Iraq this month. The team has succeeded in confiscating arms and explosives, as well as conducting search and arrest operations. The unit will be replaced by the ESTPLA-10 platoon. In related news, the country will enlarge its already active mine clearance team in Afghanistan in February 2005.

Featured Photo: Vilnias by night, Lithuania
Southeast European Update

Slovenia
A study completed by the Institute of Ethnic Studies contends that 170,000 members of minority groups in Slovenia do not benefit from adequate “social rights.” Three minorities currently have specific group rights. Hungarian, Italian, and Roma languages are nationally recognized and may be used in public business such as court proceedings and education. The Hungarians and Italians also have representatives in Slovenia’s parliament. Those without recognized collective rights are ethnic groups from other former Yugoslav territories, including Croats, Bosniaks, and Macedonians. Details of the study have been kept classified by the Office of National Minorities, but researchers from the Institute of Ethnic Studies think the information should be released as proof that these groups deserve more recognition.

Croatia
A subsidiary of the national Croatian Railways, Gredelj, signed a $2.3 million contract to renovate 10 train engines for the U.S.-based National Railway Equipment Company. Gredelj will provide the labor while National Railway supplies the parts for refurbishing. After the locomotives are renovated, National Railway will offer them for purchase. Gredelj recently bought six train engines from Croatian Railways, and they will be buying four more in the near future.

Russian Foreign Minister Sergey Lavrov met with Croatian officials including President Stipe Mesic and Prime Minister Ivo Sanader. Sanader and Lavrov discussed proposed Russian investments in tourism and energy, specifically a planned oil pipeline that would carry 15 million tons of oil a year from Russia to the Croatian port of Omisalj. The 2,000-mile pipeline, named as the Druza Adria project, would connect to existing lines and run through Belar- rus, Ukraine, Hungary, and Slovakia to Omisalj on the Adriatic Sea. There has been no expert study thus far on the potential environmental impact of the pipeline.

Romania
Opposition leader Traian Basescu won the presidential elections on 12 December. In statements after his victory, Basescu listed as his priorities combating corruption and maintaining Romania’s path to join the EU in 2007. Basescu would also like to see an enhanced partnership with the US and the UK to improve national security. He is a supporter of the U.S.-led mission in Iraq and will not seek to remove the 700 Romanian troops from the country. The immediate task for Bucharest is the formation of a viable coalition government. Bas- escu’s Justice & Truth Alliance and the Social Democrats are both negotiating with the Humanist and Hungarian parties. Where these two parties decide to align will ultimately determine which major party controls the government.

Finance Minister Mihai Tanase- escu announced at a 14 December meeting in Bucharest with his Iraqi counterpart Adil Abdul Mahdi that Romania will not write off part of the $2.6 billion debt owed by Iraq. Last month, with President George Bush’s urging, the Paris Club of creditors absolved Iraq of 80 percent of a $38 billion debt owed to the group. Romania is not a member of the Paris Club, so Tanaseescu believes they are entitled to receive the full amount owed by Baghdad. Experts from Ernst & Young have been solicited to examine the debt, so an agreement on the exact figures can be reached before payment negotiations begin.

Bulgaria
On 14 December, Bulgarian Defense Minister Ilko Dimitrov met in Sofia with NATO’s Assistant Secretary General for Defense and Policy Planning John Colston. The consultations were part of NATO’s annual defense review. Colston praised Bulgaria’s commitment to its military reform and expressed particular approval for Plan 2015 to reorganize and upgrade the armed forces until 2015. The Defense Ministry is allocating 2.6 percent of Bulgaria’s GDP for this project.

Other Developments

EU
At the EU summit taking place on 16 and 17 December in Brussels, the leaders of the 25 member states decided to launch accession talks with Turkey on 3 October 2005. The European Commission also discussed dates for signing the accession treaties with Romania and Bulgaria. Croatia is being warned to increase its participation in war crimes prosecution at The Hague, and Turkey is being pressured to recognize the government of Cyprus. An important issue at the summit is the future EU budget. The six largest financiers have threatened to freeze spending, while current commission chief Jose Barroso is urging an increase in spending to balance the addition of new and poorer member states.