

Central European Update

Czech Republic

The Czech government announced on 25 January that Prague will contribute about one million U.S. dollars to the reconstruction of Afghanistan. The funds will be invested in infrastructure and safety projects, such as a mine disposal program in areas where Czech units are currently deployed.

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The Czech government has selected General Dynamics (GD) for a contract for the purchase of new armored vehicles for the Czech army. GD's Austrian subsidiary branch, Steyr GmbH, will supply 199 new eight-wheeled Pandur II armored personnel carriers between 2007 and 2012. The contract is expected to be signed by April 2006.

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The Czech government approved Prague's official stance regarding the future status of Kosova. The move was necessitated after Prime Minister **Jiri Paroubek** made statements that Kosova should be partitioned along ethnic lines. Instead, the government adopted a policy supporting the indivisibility of the territory and set up an experts group to solve the conflicting statements issue. At present, five hundred Czech soldiers are deployed in Kosova as part of the NATO-led security mission.

Hungary

Defense Minister **Ferenc Juhasz** met his Ukrainian counterpart **Anatoly Hrytsenko** in Budapest on 20 January. Juhasz said that Hungary would pass on expertise on the professional transformation of the army

to the Ukrainian authorities. They agreed on intensified military cooperation and signed a technical agreement on the exchange of information and mutual support for participation in international missions and exercises.

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On 24 January, the parliament's Economic Committee approved a plan to build by 2010 a strategic gas reserve with a capacity of 1.2 billion cubic meters. In case of emergency the additional reserve will be able to provide households and public buildings with gas for several months. The investment, costing approximately USD 730 million is to be financed by an increase in gas prices.

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MOL, Hungary's major oil and gas company, which recently sold its gas unit to German E.ON, announced that it does not oppose Gazprom's intention to purchase one part of the gas business in Hungary. E.ON is considering handing over one part of the recently acquired unit in order to gain a share in Gazprom's gas extraction business in Russia.

Poland

Polish President **Lech Kaczynski** recently called for a new draft of the EU constitution. Kaczynski highlighted the weaknesses of the current document, along with its reference to a single European identity, which according to him pushes for more intensive integration than the union's citizens are willing to accept. The European Parliament has recently approved a

report calling on EU members to salvage the existing charter and make it suitable for all member nations through revisions and additions.

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LG electronics company of South Korea announced on 24 January that it will invest \$ 124 million by 2011 to build a production plant for LCD TVs' and home appliances in Poland. The plant will be built in Wroclaw and the investment contract was signed last Monday with the Polish government. The plant's construction is expected to create 5,000 new jobs to further boost the Polish economy and strengthen LG's competitiveness in Europe.

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On 25 January Polish Prime Minister **Kazimierz Marcinkiewicz** met with a U.S. delegation headed by the Assistant Secretary of State **Daniel Fried** and discussed Europe's energy security and bilateral cooperation. Both sides expressed satisfaction with the strategic partnership between the two states. Marcinkiewicz stated that Poland counts on U.S. support for its policies towards the eastern states in ensuring energy security.

Slovakia

On 26 January NATO Secretary General **Jaap de Hoop Scheffer** participated in Presov at a memorial service for the 42 victims of the Slovak military plane that crashed on 19 January in northern Hungary. The plane took off from Prishtina, Kosova, to take home 28 KFOR soldiers from a completed

peacekeeping mission, as well as 7 support staff and 8 crewmembers. The only survivor, second lieutenant Martin Farkas, is to leave the hospital in 2 weeks. Slovakia was to increase its contingent in Kosova to 135 soldiers at the end of the month.

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The Slovak government decided to suspend all privatizations from 1 April, roughly six months ahead of the scheduled parliamentary elections to be held in September, according to **Pavol Hrusovsky**, the speaker of parliament. Government ministries have two months to conclude privatization deals, including the sale of two major airports, the freight railway transport company, and the six largest heating plants.

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TwoOne consortium, the unofficial winner of the first round tender for the privatization of Bratislava and Kosice airports is considering suing the Slovak ministry of transport for changing several important conditions of the sale. In the unexpected second round of bidding, TwoOne and the Albertis consortium have been requested to submit new bids.



Featured Photo: Warsaw, Poland

Baltic States Update

Estonia

The International Commission for Investigation of Crimes against Humanity in Estonia met on 23 January to endorse its work plan covering the period after 1944. Reports on the 1940-41 Soviet occupation and the German occupation of 1941-44 have already been completed by the commission. **Toomas Hiio**, the Executive Sec-

retary of the commission, commented that the goal of the investigation is to provide an independent historical and political appraisal of crimes against humanity committed during that period. The commission was set up in 1998 by Estonian President **Lennart Meri** and is currently headed by Finnish veteran diplomat **Max Jakobson**.

Lithuania

On 25 January, the Lithuanian government proposed to the President candidacies for Lithuania's new ambassadors to the United Nations and Ukraine. According to the Lithuanian constitution, the President has the power to appoint and dismiss ambassadors. Foreign Ministry Undersecretary **Dalius Cekuolis** was

Baltic States Update Contd.

Lithuania contd.

recommended by the cabinet to be the ambassador to the UN beginning on 20 February. Cekuolis would be replacing **Gediminas Serksnys**, who has held the position since March 2000. Cabinet members also suggested appointing **Algirdas Kumza** as ambassador to Ukraine starting 10 February. Kumza would be replacing **Viktoras Baublys**, who has been chosen for General Consul in Russia's Kaliningrad region.

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Latvia

A Latvian soldier was injured on 22 January by small-arms fire in al Kut, Iraq when unidentified gunmen fired at an observation post in the Multi-national Division Central South area of responsibility. The guards returned fire while the injured soldier was transported to a military medical facility. The soldier was last reported to be in stable condition.

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The Latvian Supreme Court rejected an appeal on 24 January filed by the exiled Russian tycoon **Boris Berezovsky**, and ruled to keep his name

on the list of *persona-non-grata*. Berezovsky was placed on the list in September 2005 after he made a two-day trip to Latvia to help promote an education software company in which he had invested. Latvia was consequently accused by Moscow of "breaching its commitments to Interpol" by allowing Berezovsky into the country despite an international arrest warrant. Berezovsky originally fled Russia to avoid an investigation into money-laundering charges and is currently living in self-imposed exile in the United Kingdom, where he was granted political asylum.

Southeast European Update

Bulgaria

Bulgarian Energy Minister **Rumen Ovcharov** said on 27 January that due to the recent gas price pressures from Moscow, Bulgaria is now developing a strategy to diversify its energy supplies. This week Russian gas giant Gazprom continued to press for revisions of the existing agreement on Russian gas supplies, which is valid until 2008. Gazprom officials have also made it clear that if Sofia does not renegotiate the contract now, any future bilateral pacts will be "unfavorable" for Bulgaria. Bulgarian officials have clearly stated that changes to the current arrangements for deliveries and transit of Russian gas are unacceptable. Sofia is now also actively pushing for a proposed pipeline from Iran and Kazakhstan to Western Europe, which would cross the territories of Turkey, Bulgaria, Hungary, and Austria. Construction could begin as early as 2008 and the pipeline could begin exploitation by 2011.

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On 24 January U.S. producer Nu Image/Millennium Films signed a USD 7.5 million deal to buy a 95-percent stake Bulgaria's state-owned film studios. Under the contract, Nu Image will have to invest about USD 18 million for the studios' modernization. Representatives of the company have asserted that they will produce

both U.S. movies shot in Bulgaria and Bulgarian films.

Croatia

On 21 January local press reported that Croatia is investigating an arms sale to Macedonia during the 2001 inter-ethnic conflict there. Allegedly, at the time of the deal, the Croatian defense ministry lent a local military equipment producer, Djuro Djakovic Alatinica, 5-inch rockets worth USD 2.4 million, which were never returned or paid for. The probe was prompted by a recent defense ministry internal report, noting the missing rockets.

Romania

On 23 January Defense Minister **Theodor Atanasiu** said that Romania may reduce its troops in Iraq in 2007 so that Iraqi forces can take gradual control of the country's security. Earlier, President **Traian Basescu** had asserted that Romania would not withdraw its troops from Iraq until requested to do so by Bagdad. Currently, Romania has 860 troops in Iraq.

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On 25 January President **Traian Basescu** met in Strasbourg with **Rene van der Linden**, president of the Parliamentary Assembly of the Council of Europe, to discuss the Council's activities in non-EU areas. President Basescu expressed confidence that Romania would continue to be a reliable partner of the Council and would share its

experience with other countries after its accession to the European Union. In turn, Rene van der Linden assured that Romania should be able to join the EU on 1 January 2007.

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Defense Minister **Theodor Atanasiu** announced at a press conference on 25 January that the most important goal of his ministry in 2006 will be the transformation of the Romanian Army in line with NATO and EU standards. Atanasiu underlined that much of the emphasis will fall on developing Romania's foreign and military intelligence capabilities.

Slovenia

In an official statement issued on 23 January the U.S. State Department welcomed the initiative of Slovenian President **Janez Drnovsek** to build a camp, provide water, food and schools for 10,000 refugees in Sudan's western region of Darfur. President Drnovsek commented that the goal of the humanitarian mission is to raise awareness among the international community and to urge for more political action in order to resolve the conflict. The crisis in Darfur has left 180,000 dead and millions displaced over the past three years.

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On 24 January, Interseek, the owner of Slovenia's most popular

search engine, announced that it would invest 600 million tolar (USD 3.1 million) in its Bosnian search engine in the next three years. Interseek acquired the Bosnian search engine on 23 January as part of its international expansion strategy.

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On 24 January, Slovenia's state-owned power monopoly Eles announced it would invest 10.469 tolar (USD 53.6 million) in order to improve its transmission network. The investment would come from Eles' own funds, as well as from bank loans. The majority of the investment would go to the construction of new power lines and transformer stations. In 2005 the power monopoly invested only 6.825 tolar in upgrading.



Featured Photo: Riga, Latvia

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