Czech Republic
On 11 December Rudolf Jindrak presented his credentials to German President Horst Koehler as the new Czech Ambassador to Germany. Jindrak told journalists that in view of the upcoming German EU presidency, his main goal in the post will be to promote the lifting of border checks between old and new member states and the free movement of labor. Last week EU interior ministers decided to postpone until January 2008 the inclusion of new EU member states in the Schengen area. Some German regions bordering on the Czech Republic have strongly criticized this step.

Hungary
Before a meeting of the American Chamber of Commerce on 7 December, Zsigmond Jarai, president of the National Bank of Hungary, stated that Hungary will need a minimum of four years to reach the Maastricht criteria for adopting the euro. Amid speculation by analysts that Hungary may be ready in 2013-14 to join the eurozone, Jarai added that there is no firm date for Hungary’s accession.

NATO commander of the Combined Forces Command in Afghanistan, Lt. Gen. Karl Eikenberry, praised Hungary’s efforts in Afghanistan during his 13 December visit to Budapest. Eikenberry met with Prime Minister Ferenc Gyuresany, Defense Minister Imre Szekeres, and Chairman of the Parliamentary Foreign Affairs Committee Zsolt Nemeth. Hungarian troops have been present in Afghanistan since 2003. In October, they assumed responsibility for one of NATO’s 25 Provincial Reconstruction Teams (PRT) charged with providing security and logistics to the local population and to international and non-governmental organizations.

Foreign Minister Kinga Gonzalez has reiterated Hungary’s foreign policy priority of supporting Hungarian minorities abroad. At a session of the parliamentary Foreign Affairs Committee, Gonzalez stated that emphasis should be placed on economic development in addition to assisting Hungarians in preserving their identities.

Poland
The opposition party Civic Platform has offered to cooperate with the governing Law and Justice (PiS) if early elections are scheduled for the spring and if the heads of PiS’s coalition partners are dismissed. On 8 December Ludwik Dorn, deputy prime minister and member of PiS, rejected the offer and said that the government intends to maintain a three-party coalition with the conservative League of Polish Families and the populist Self-Defense.

On 14 December Jan Sulmicki, the economics professor nominated to head the Polish central bank, withdrew his candidacy for personal reasons. No indication has been given as to when President Lech Kaczynski will name a new candidate.

Slovakia
After opening its 800 million EUR plant in Zilina, northern Slovakia, South Korean car producer KIA announced on 9 December it will invest another 230 million EUR in a new car engine plant close to the new KIA site. The plant that should be operational at the end of 2008 plans to increase the current annual engine output from 300,000 to 500,000-600,000 units and will also supply the new Hyundai car factory in the Czech Republic.

On 8 December Slovak Foreign Minister Jan Kubis said Slovakia wants to push for military and security reforms in the UN in countries recovering from armed conflict. The reforms proposed are aimed at making the UN more efficient in demobilizing the fighting parties and training police officers in democratic principles.

On 12 December the European Investment Bank (EIB) announced that it has disbursed a 39 million EUR loan to the Slovak region of Kosice. The money will be invested in a project launched in 2005 and due to be completed in 2009 to renovate roads and bridges in the region. This is the second EIB loan granted to a Slovak region.

Lithuania
On 12 December Lithuanian Prime Minister Gediminas Kirkilas announced that the Baltic states and Poland will take part in a project to build a new nuclear power station in Lithuania. Kirkilas announced this after meeting with the heads of the Estonian, Latvian, and Polish governments in Vilnius. While the Ignalina nuclear plant will close in 2009, the new construction is to be completed by 2015. In addition, Poland and Lithuania signed an agreement for an energy bridge that will connect both countries to the Western European energy network by 2011.

On 14 December Poland’s PKN Orlen bought 53.7 percent of the Mazerikin Nafta oil refinery from Russia’s Yukos for USD 1.46 billion. Mazerikin Nafta is the only crude oil refinery in the Baltics. In 2006, 41 percent of its sales went to Western Europe, 13 percent to Baltic neighbors, and 5 percent to Poland.

Latvia
Latvia ranks 11th among 125 countries in educational development, according to the 2007 Global Monitoring report issued by the Education For All (EFA) movement. The index is based on quality of education, universal primary education, early childhood education, and adult literacy. The U.K. topped the list, while Estonia and Lithuania obtained 16th and 30th ranks respectively.

On 12 December the European Commission asserted that it will take legal action against Portugal, Slovenia, and Latvia for not notifying the EU about the transposition of EU laws on the liberalization of the market for national and international railroad freight transport. Latvia has two months to comply with EU demands or face court action.
Estonia
On 12 December, Ukrainian President Viktor Yushchenko started a two-day visit to Estonia. He met with Estonian President Toomas Ilves, Estonian Speaker Toomas Varek, and Estonian Premier Andrus Ansip. Yushchenko thanked Estonia for supporting democratic changes in Ukraine and for the country’s international initiatives, especially the creation of the Community of Democratic Choice. The two presidents agreed to foster closer regional and educational ties.

On 12 December President Toomas Hendrik Ilves appointed Raul Malk as Estonia’s representative to the EU, Juri Luik as ambassador to NATO, and Trinu Parts as permanent representative to the Organization for Security and Co-operation in Europe (OSCE).

Estonian minister of Economy Edgar Savisaar invited France to invest in road construction, railway development, and traffic junction building in Estonia. The Estonian parliament recently approved the repurchase of majority shares in Eesti Raadtee (Estonian Railway).

Southeast European Update

Bulgaria
On 7 December, Bulgaria’s ambassador to Russia Plamen Grozdanov met with the head of Gazprom Alexey Miller in Moscow to discuss a draft agreement on new transit tariffs for Russian gas passing through Bulgaria. Although the existing transit agreement is valid until 2010, Russia has been pressing for a revision of the contract. The two officials also addressed cooperation on various energy projects in Bulgaria.

On 11 December, Prime Minister Sergey Stanishev hosted in Sofia U.S. Army Lieutenant General Karl W. Eikenberry, commander of the Combined Forces Command – Afghanistan. They discussed the situation in Afghanistan, NATO’s role, and the commitment of 82 Bulgarian troops currently deployed in the country. During the talks, Stanishev announced that Bulgaria is planning to increase its participation in ISAF in 2007 with a mechanized infantry brigade. At the same time, an additional 120 member brigade will be deployed in Bosnia to join EUFOR.

On 12 December, Prime Minister Sergey Stanishev and Foreign Minister Ivalio Kalfin paid a surprise visit to Iraq. Prior to visiting the Bulgarian military contingent, the two held talks with Iraqi President Jalal Talabani, Prime Minister Nuri al-Maliki, and Parliamentary Speaker Mahmoud al-Mashhadi.

Croation
On 12 December, the head of the European Commission Delegation in Croatia, Vincent Degert, announced that Croatia will receive EUR 590 million in assistance in the next four years under the EU’s Instrument for Pre-Accession Assistance (IPA) program. In addition, Zagreb signed two loan agreements worth EUR 100 million with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) for investments in motorways and other infrastructure.

On 11 December, Croatia closed the EU chapter on education and culture. This is the second chapter the country has completed since Brussels launched the accession negotiations process in October 2005. The first chapter on science and research was closed in June 2006. According to Erkki Tuomioja, Finland’s Foreign Minister, the Finish EU Presidency hopes for another round of intergovernmental accession talks that would settle another three policy chapters: economic and monetary policy, entrepreneurship and industrial policy, and customs union.

Romania
On 8 December, Colonel John Ingham, Head of the Office for Romanian-U.S. Military Cooperation at the U.S. Embassy in Bucharest, announced American preparations to take control of the Mihail Kogalniceanu base in southeast Romania near the Black Sea. The U.S. government will spend USD 34 million to renovate the military facility, which should host 1500 U.S. troops for training starting in April 2007.

On 12 December, President Traian Basescu appointed Varujan Vosganian as the new Economy Minister, following the resignation of Codrut Seres after his Conservative Party left the ruling coalition. Vosganian is member of the centre-right National Liberal Party (PNL), which is part of the ruling coalition. On 14 December, parliament endorsed his appointment.

On 12 December, Romania’s Ministry of Defense announced that it is finalizing a USD 290 million contract with the Italian Finmeccanica for the purchase of new C-27J Spartan tactical transport aircraft. The new fleet will replace the current An-24/26 planes, which are at the end of their service life and are not compatible with NATO operational requirements.

Slovenia
On 11 December Slovenian foreign minister Dimitrij Rupel announced in Brussels that during the Slovenian EU presidency Slovenia will concentrate on further enlargement, particularly in the Western Balkans, and on starting an intensive intercultural dialogue about the differences between Islam and Christianity.

On 11 December, Peter Vesencjak, the director general of the Slovenian tourism company Hostin, said that Prime Minister Milorad Dodik accepted his offer to build a EUR 300 to 500 million tourist complex in Bosnia’s Serb Republic. A contract is expected to be signed at the end of January or the beginning of February.

On 8 December, Slovenia’s Defense Minister Karl Erjavec visited the 210-person strong Slovenian unit in Kosovo and asserted that he sees no difficulties when Slovenia expends its NATO deployment with a battalion containing 530 troops. The new battalion is due to arrive in Kosovo after Martti Ahtisaari issues his report on Kosovo’s final status.

Other Developments

On 12 December, the EU decided to impose a transitional post-enlargement safety clause on food safety and animal health control for Bulgaria and Romania. Starting January 1, meat and dairy producers that do not comply with EU standards will not be allowed to export their products to EU markets for a transitional period of one year. At the same time, Russia has indicated that it will negotiate separately with individual EU member states regarding meat exports due to alleged concerns about the safety of meat and agriculture products from new member states.