

**BUSINESS COUNCIL**  
**International Secretariat**

**The Weekly Economic News Bulletin**

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One of the strategic goals and objectives of the International Secretariat of BSEC Business Council is to turn itself into a hub of a business information and cover the Wider Black Sea Region as a whole to provide the BSEC countries with opportunities inside and outside of the region. In order to realize this objective, the International Secretariat of BSEC Business Council prepares a monthly economic news bulletin, which includes news about tenders, exhibitions, conferences, B2B and matchmaking meetings and the key economic developments within the BSEC Countries in a wide range of sectors.

The bulletin along with a brief overview of the latest news is intended to provide an outlines of fiscal developments of the BSEC countries, as well as the most up-to-date forecasts, research and statistics on the economy at both the national and regional levels. The bulletin also provides analysis of current and future economic conditions, risks, and economic outlook of each BSEC country.

The monthly economic news bulletin is designed with the aim of being both informative and accessible to wider readerships. It is an important tool in this regard and also available online at the International Secretariat's website at [www.bsecbc.org](http://www.bsecbc.org).

**TABLE OF CONTENTS**

**ALBANIA .....2**

**ARMENIA .....4**

**AZERBAIJAN.....6**

**BULGARIA .....17**

**GEORGIA.....22**

**GREECE .....24**

**MOLDOVA.....28**

**ROMANIA .....31**

**RUSSIAN FEDERATION.....35**

**SERBIA .....39**

**TURKEY.....41**

**UKRAINE.....46**

ALBANIA



## **Albania and Georgia start defense cooperation**

Georgian Defense Minister Irakli Alasania met with Albanian counterpart Mimi Kodheli who is on an official visit to Tbilisi on June 11.

The sides discussed the possibility of initiating cooperation in the defense sector, the Georgian defense ministry reported.

Alasania offered the Albanian side in the near future to conclude an agreement. The specific areas of bilateral cooperation will be determined.

Alasania offered the Albanian side the Sachkhere Mountain Training School for the summer and winter course of its servicemen.

The prospects of Georgia's joining NATO and signing of an association agreement with the EU were discussed at the meeting. Alasania informed the Albanian counterpart about the participation of Georgian servicemen in international missions under the auspices of NATO and the EU.

Moreover, the sides discussed issues of regional security. Alasania thanked Albania for its support for the sovereignty and territorial integrity of Georgia and its course on Euro-Atlantic integration.

Link: <http://en.trend.az/regions/scaucasus/georgia/2284086.html>

## **Pope Francis will make a one-day trip to Albania in September**

Pope Francis will make a one-day trip to Albania in September to encourage a country that "long suffered" under a communist dictatorship which tried to isolate its citizens from the world.

Tens of thousands of impoverished Albanians fled to Italy in the 1990s, crossing the Adriatic Sea in crammed ferries and fishing boats as the regime in Tirana crumbled. Many of the migrants have since integrated into Italian life.

Francis told faithful Sunday in St. Peter's Square he would also use his Sept. 21 visit to express support for Albania's tiny minority Catholic community.

About two-thirds of Albania's 3.2 million people are Muslim and they live peacefully with the smaller Orthodox and Catholic communities. Albanians were not allowed to practice any religion under communist rule from 1967 to 1990.

Albanian Prime Minister Edi Rama said the pope's visit would promote "the values of co-existence in peace among faiths and ethnicities."

It will be the second papal visit to post-communist Albania after one by Pope John Paul II in 1993.

Link: <http://www.balkans.com/open-news.php?uniquenumber=194294>

## **Greece and Italy play a catalytic role for the Albanian people**

Greece and Italy play a catalytic role for the European perspective of the Albanian people, who are much more pro-European than in many EU member countries, says Ralf Gjoni.

Ralf Gjoni is Chief Foreign Policy Adviser at the Albanian Parliament and International Secretary of the Socialist Movement for Integration of Albania (LSI). He spoke to EurActiv Greece's Sarantis Michalopoulos ahead of an EU summit on 26-27 June.

According to reports in Prague, the Czech Republic is ready to block Albania's EU perspective at the upcoming EU summit in June due to a dispute between ČEZ, the Czech state-controlled power utility, and the Albanian state. Have you been in contact with the Czech government? What are the latest developments?

I believe that these are just rumours across some media outlets, as the information I have is that the Czech Republic has been and continues to be a firm supporter of Albania's and the Region's EU integration.

Link: <http://www.balkans.com/open-news.php?uniquenumber=194297>

ARMENIA



### **Armenia-Austria business forum to be held in Vienna**

Within the framework of Armenian President Serzh Sargsyan's official visit to Austria, an Armenia-Austria business forum will be convened Thursday in Vienna.

The event will enable Armenian businessmen to present their investment business proposals, and it will contribute to the development of trade and economic relations, informed the Armenian Development Agency (ADA) Public Relations Department.

The business forum will become a venue for introducing Armenia's economic and investment potential, and the country's tourism, energy, agricultural services as well as its information technology (IT) sector.

A total of 34 companies, which represent various industry sectors, will participate in the Armenia-Austria business forum.

Link: <http://news.am/eng/news/213878.html>

### **Armenia electricity price to rise by 10%**

The price of electricity in Armenia will rise by 3.85 drams (approx. \$0.01).

Robert Nazaryan, Chairman of the Public Services Regulatory Commission, on Wednesday told the aforesaid to reporters in the National Assembly.

Nazaryan had earlier stated that this price increase, which is a 10-percent increase from the current price, may enter into force on August 1. According to him, the respective decision will be made in a foreseeable future, and during the Commission session.

As per Robert Nazaryan, the Commission has looked into the relevant companies' petitions with a request to increase the electricity prices in Armenia.

Link: <http://news.am/eng/news/213849.html>

### **Armenia's foreign debt to increase by \$180 million – newspaper**

The National Assembly Standing Committee on Foreign Relations endorsed two loan agreements which, in all likelihood, will be ratified by the Armenian parliament, 168 Zham daily reported.

“As a result of them, Armenia's foreign debt will increase by another 180 million dollars, or

more precisely, by 100 million dollars and 60 million euros.

“The first loan agreement was signed between Armenia and the European Investment Bank. With this contract, the bank will provide a loan of 60 million euros to fund Armenia’s ‘North-South’ road corridor, wherewith the corridor’s Maralik-Gyumri section shall be built.

“And with the loan agreement signed between Armenia and the Asian Development Bank [ADB], ADB will allocate 100 million dollars, whereby the section from Talin [city] to Maralik [city] section shall be built, and several project-calculation works, consulting, and audit will be conducted,” 168 Zham wrote.

Link: <http://news.am/eng/news/213182.html>

## AZERBAIJAN



### **Azerbaijan spends more than \$14 billion to transport sector over seven years**

Some \$14.5 billion was invested in Azerbaijan's transport sector from 2007 to 2013, Heydar Turabov, the sector head of the Transport Policy and Economy Department of Azerbaijan's Transport Ministry said on June 13.

He made the remarks during the conference on Road and Underground Infrastructure -Solutions to the Problems of Urbanization in Baku.

Turabov underscored that almost \$12 billion of the total volume of investments were made in the development of the road transport infrastructure. Nearly \$2.4 billion was allocated for these purposes in 2013.

He went on to add that the cargo transportation volume in Azerbaijan has increased by 3.8 percent between 2003 and 2013, transit - 8.6 percent, passenger transportation - 6.1 percent.

Link: <http://www.today.az/news/business/134484.html>

### **New stage begins for tourism in Azerbaijan**

Azerbaijan's tourism industry has entered a new stage of development.

This was said by Azerbaijan's Culture and Tourism Minister Abulfaz Garayev at a conference on the results of the EU's twinning-project on strengthening the capacity of the Department of Tourism of the Ministry.

The EU project was implemented by the Federal Procurement Agency of Austria and the State Department of Tourism of Lithuania. The total cost of the project amounted to 900,000 euro.

The ultimate goal of the four-component project was to increase the role of the tourism sector in the process of the diversification of Azerbaijan's economy.

Garayev said the flow of tourists into the country has increased since 2006. Azerbaijan has attracted global attentions for hosting international events and its membership in the international organizations. Azerbaijan is a member of the World Tourism Organization.

"The number of tourists arriving in the country increased from 400,000 in 2001 to two millions in 2006," he said.

He pointed out that at this stage Azerbaijan wants to promote its tourism industry to the level of developed countries.

"This requires new management techniques, new conditions and greater demands for quality," Garayev added.

The Head of the EU Delegation to Azerbaijan Malena Mard said it is important to exchange experiences with Azerbaijan.

"The Sixteen-month twinning project has already yielded positive results, and now it is necessary to use them," she said.

Mard stressed, that Azerbaijan has a great number of opportunities for promoting its seaside and winter tourism.

"We consider it important to cooperate with Azerbaijan and support its Culture and Tourism Ministry. I am glad that the visa facilitation and readmission agreements between the EU and Azerbaijan will come into force in the autumn," she said.

She noted that these agreements will have a positive impact on the tourists flow into the country.

Azerbaijan is enlarging its tourism capacities year by year. There are currently 530 hotels and hotel-type facilities and some 241 travel agencies in the country.

The number of tourists who visited Azerbaijan in 2013 reached 2.4 million, and they spent some \$700-800 a week on accommodations, food, and cultural programs.

Link: <http://www.today.az/news/business/134495.html>

## **General sponsor of First European Games in Baku named**

BP was today announced by Baku 2015 as the official partner of next year's inaugural European Games.

BP, who were a top tier partner of the 2012 Olympics and Paralympics in London, will become the oil and gas partner for the Games, an agreement which also sees the company assist elite athlete development in Azerbaijan.

BP had supported the National Olympic Committee of Azerbaijan in the run-up to London 2012 and had last year extended that deal until after Rio 2016.

This new sponsorship covers not only the European Games but also the Games Academy, which had been launched in April.

The Academy aims to develop the skills and Games knowledge of local team members through the flexible learning pathway, as well as developing participating university graduates from Azerbaijan and all over Europe in the graduate excellence program.

Link: <http://www.today.az/news/sports/134446.html>

## **Azerbaijan, World Bank sign loan agreement on agriculture**

The World Bank (WB) and the Azerbaijani government signed an agreement on allocation of a loan in the amount of \$34.5 million for the implementation of the project to strengthen the competitiveness in agriculture.

The document was signed by the head of WB office in Baku Larisa Leshchenko and the Azerbaijani Agriculture Minister Heydar Asadov.

Under the loan agreement, the funds allocated for a period of 15 years with a grace period of four years and an annual interest rate of  $\text{libor} + 0,85$  percent.

The total cost of the project is \$ 54.25 million, some \$34.5 million of which will be provided by the loan allocated by the International Bank for Reconstruction and Development (IBRD, part of the WB), and the remainder accounted for the government in the project.

The implementation term of the project is four years.

The project envisages strengthening of the competitiveness through the creation of production chains, starting from initial agricultural production to creation of logistics system on regions and some products. It is supposed to provide grants for the support of the production and processing enterprises and, if necessary, and credits to achieve the ultimate goal - the creation of the production chain," the bank said.

It is supposed to support the veterinary system within the project, also an important focus is to strengthening and the improvement of the phytosanitary standards and procedures, veterinary services within the framework of the project.

Azerbaijan has been a member of the World Bank since 1992.

Link: <http://www.today.az/news/business/134435.html>

## **Azerbaijan's net financial assets on growing pace in Q1 2014**

Azerbaijan's net financial assets amounted to \$3.4 billion in the first quarter of 2014.

This was highlighted in the balance of payments for January-March 2014, published by the Central Bank of Azerbaijan (CBA) on June 10.

"This amount was generated through direct investments (\$163.5 million), portfolio investments (\$76.4 million) and other investments (over \$3.206 billion)," CBA said.

Some \$112.2 million of the direct investments were made in the oil and gas sector, while \$51.3 million fell to other sectors.

Other investments include trade loans and advances (\$1.594 billion), loans and borrowings (\$21.7 million) and deposits and cash (over \$1.590 billion).

The commitments worth \$2.837 billion were made in Azerbaijan in the first quarter of 2014, some \$941.2 million of which fell to direct investments, while \$1.233 billion fell to portfolio investments.

The CBA also noted in the first quarter of 2014, the total value of secondary income operations with foreign countries is estimated at \$756.6 million, 49.1 percent of which was receipts by Azerbaijan.

Some 94.4 percent of total receipts on secondary income (\$714.2 million) are comprised of remittances of individuals from foreign countries, 2.4 percent-value of humanitarian import goods, and 3.2 percent-other receipts.

In total, surplus of secondary income operations made up positive \$14.3 million.

The balance of payments showed that the surplus of the current account in the reported period totaled \$3.3 billion, decreasing by 20.5 percent compared to the same period last year.

The surplus of current account of Azerbaijan's oil and gas sector amounted to \$5 billion in the first quarter of the current year.

Herewith the current account surplus of oil and gas sector completely covers the current account deficit

in the non-oil sector in the amount of \$1.6 billion.

Overall balance of payments surplus made up \$2.8 billion, increasing by 66.1 percent compared to the same period last year. The analysis of the balance of payments on sectors showed that, as in previous years, foreign trade operations in the oil and gas sector had a positive surplus and non-oil sector - negative in January-March 2014.

The total foreign trade turnover amounted to \$9.5 billion in the first quarter, and the trade surplus to \$5.5 billion.

Azerbaijan maintained trade relations with 117 countries in the reported period. Some 7.7 percent of trade turnover came accounted for the CIS countries and 92.3 percent - on other foreign countries. Azerbaijan led intensive trade with Italy, Turkey, Great Britain, Indonesia, Germany, USA, Russia, Israel, France, and Japan. Some 72.5 percent of export-import operations in Azerbaijan accounted for these countries.

The total volume of foreign loans in the form of direct investments in Azerbaijan's economy totaled \$1.9 billion in the first quarter of 2014.

Link: <http://www.today.az/news/business/134406.html>

## **Azerbaijan, ADB discuss cooperation prospects**

The current cooperation and the prospects for future cooperation between Azerbaijan and the Asian Development Bank (ADB) were discussed during a meeting between Azerbaijani Minister of Finance Samir Sharifov and Vice-President of the Asian Development Bank Wencai Zhang in Baku, the ministry said on June 9.

"The successful development of cooperation and the importance of jointly realized water, transportation, and other infrastructure projects was stressed," according to a statement.

Zhang visited Ganja city and Goychay region during his visit to Azerbaijan to review the process of implementation of ADB projects.

"Progress and development are observed in the regions of the country, as well as in Baku," Zhang added.

The issue of holding a meeting of the ADB Board of Governors in Baku in 2015 was discussed at the meeting.

"The preparatory work for the meeting is being conducted at a high level and in accordance with the schedule," Sharifov said.

Zhang expressed confidence in Baku holding the meeting, adding that Azerbaijan will once again prove a reliable partner of the ADB. Azerbaijan has been a member of ADB since 1999. The active credit portfolio ADB in the country has reached \$1.2 billion.

ADB was established in 1966 and has 67 members. The bank's headquarters is located in the capital of the Philippines, Manila. Azerbaijan joined ADB on December 22, 1999. The country's share in the bank's capital is 0.5 percent.

ADB's leading shareholders are Japan and the United States (31.2 percent of the total share capital), India and China (12.8 percent), Australia and South Korea and Canada (16 percent).

Link: <http://www.today.az/news/business/134362.html>

## **Asian Development Bank invested \$1.7 bln in Azerbaijan in 15 years**

Starting from 1999, the Asian Development Bank (ADB) has invested \$1.7 billion into projects in Azerbaijan, within 20 loans and one grant agreement, according to Samir Sharifov, Azerbaijan's Finance Minister.

Sharifov made the remarks on June 9 at a reception held in honor of the 15th anniversary of Azerbaijan's accession to the ADB.

"Some \$1.334 billion have been drawn as of early this year under the loan agreements with the bank. The volume of used funds stood at about \$570 million," the minister added.

He said that following the restoration of Azerbaijan's independence, the effective integration into global economic system was chosen as a strategic goal of economic policy, and this goal certainly would not have been achieved without cooperation with international financial institutions.

Sharifov noted that currently Azerbaijan ranks 26th in the world and 18th in the region in terms of possession of shares in ADB.

"ADB has actively participated in realization of infrastructure projects implemented jointly with the government and in holding reforms," Sharifov said, adding that these projects touched such areas as transportation, water supply and others.

"ADB projects cover both public and private sectors, and a representative office of the bank has been operating in Baku since 2004," Sharifov said.

The minister noted that Azerbaijan intends to continue strengthening cooperation with ADB to achieve the sustainable economic development goals.

Azerbaijan has been an ADB member since 1999. ADB's active loan portfolio all over the country reaches \$1.2 billion. The country's participation share in the bank's capital is 0.5 percent.

ADB itself was founded in 1966 and has 67 members. The bank's headquarters is located in Manila, Philippines.

The leading shareholders of ADB are Japan and the U.S. (31.2 percent of the total share capital), India and China (12.8 percent), Australia, South Korea and Canada (16 percent) and so on.

Link: <http://www.today.az/news/business/134353.html>

## **Azerbaijan, Russia to sign bilateral documents in Gabala**

Azerbaijan and Russia are expected to sign a number of documents within the framework of the 5th Azerbaijani-Russian interregional forum, to be held in Gabala on June 23-24.

This news was announced by Azerbaijan's Economy and Industry Ministry on June 14.

"A plenary session and some round tables are scheduled to be held on various areas of cooperation. They are expected to be attended by business circles of the two countries," the statement reads.

The event will bring together government representatives, parliamentarians, businessmen and executive authorities of Azerbaijan and Russia.

Earlier, Azerbaijan's capital hosted business forums attended by delegations from Russian Udmurtia and

Kaluga Oblast, Ulyanovsk Oblast, and representatives of Stavropol's companies.

Russia is the main trade partner of Azerbaijan in the CIS. Over the past ten years, the volume of Azerbaijan's investment in Russia's economy amounted to around \$1 billion, \$200 million of which fell on 2013.

About 570 Russian companies are operating in the country, and over \$628 million was invested in fixed capital.

Link: <http://www.azernews.az/business/68038.html>

## **Forecast for Azerbaijan's insurance market growth may be revised**

The forecast for growth of Azerbaijan's insurance market for 2014 may be revised, Head of State Insurance Supervision Service under the Finance Ministry Namig Khalilov told journalists on June 10.

Earlier it was expected that the market growth for 2014 will stand at about 15-20 percent.

"When these forecasts were made, the Central Bank of Azerbaijan (CBA) had not yet taken a decision on tightening the allocation of loans for purchasing cars that provided a significant portion of sales of the Certificates of Insurance. So, I am not sure if the forecast can come true," Khalilov noted.

He also added there is still enough time by the end of the year, and the market is able to recover.

The number of policies on compulsory automobile liability insurance has declined by 16.9 percent, and the volume of fees of this type decreased by 18.9 percent compared to April 2013.

The average size of the insurance premium on compulsory automobile liability insurance in Azerbaijan in April amounted to 71.3 manats. The insurance companies in April 2014 concluded 94,952 insurance contracts on compulsory automobile liability insurance, and collected premiums totaling more than 6.7 million manats.

Some 28 insurance companies are working in Azerbaijan.

Khalilov went on to say that the State Insurance Supervision Service will not interfere with the transaction on the sale of local insurance companies to foreign investors.

"We will not oppose to such deals," he said.

Meanwhile, the State Insurance Supervision Service has not received any request from foreign companies to enter the local market.

Currently, the share of foreign capital in the Azerbaijani insurance market does not exceed 10 percent, and the limit for participation of foreign capital in the local insurance market is set at 30 percent.

AIG Insurance (now Chartis), AXA, Miracle Insurance and Financial Group, Basak, Glencarron Group Limited are the largest international players in Azerbaijan's insurance market.

Also, Slovenian Sava Re reinsurance company, German Munich Re insurance company, Russian ROSGOSTRAKH, ROSNO companies have shown great interest to Azerbaijan's insurance market.

In his remarks Deputy Head of State Insurance Supervision Service under the Finance Ministry Mushvig Israfilov said the insurance agents in Azerbaijan will submit reports on their activities since autumn of 2014.

First, such reports will be presented by the related agents in the third quarter of this year.

"This will allow ensuring timely reporting of agents, brokers and other professional market participants," he said adding that the relevant regulations should be set in the Justice Ministry for this purpose.

"They will be accepted both in electronic and paper forms," he added.

As of 2013, some 800 insurance agents were registered in Azerbaijan, 52 of which were legal entities, and 748 physical entities. In 2012, some 643 agents worked in the country, 46 of which were legal entities, and 597 physical entities.

A corresponding increase of demands for agent services began in 2011. The number of insurance agents in the country grew when the law 'On mandatory insurance' came into force.

Link: <http://www.azernews.az/business/67942.html>

## **WB revises forecast for GDP growth in Azerbaijan**

World Bank (WB) has revised its forecast for GDP growth in Azerbaijan in 2014.

This was stated in a report by the Bank "Global Economic Prospects" published on June 11.

Today, the bank expects the country's GDP to grow by 5.2 percent in 2014, while in January report the WB expected the growth of the national economy at the level of 5.3 percent.

WB has also revised expectations for the coming years. The bank says the economy will grow by 4.1 percent in 2015 and by 3.6 percent in 2016. In its previous forecast, WB predicted growth of 4.5 and 3.9 percent respectively.

"Growth in resource-rich countries in the sub-region (Azerbaijan, Kazakhstan and Uzbekistan) will continue to be above the regional average, supported by still relatively high oil and gas prices, robust government investments, and generous social transfers," the report said.

"While oil prices are expected to remain high at \$103 a barrel on average in 2014 (1 percent below the 2013 average), oil output in Azerbaijan and Kazakhstan is expected to stagnate as capacity expansion is delayed until 2015-16," the report added.

According to the report, non-oil sector's growth is set to decelerate in both countries because of tighter fiscal policy in Azerbaijan and slower credit growth in Kazakhstan.

The IMF also predicted a slowdown of the national economy from five percent in the end of 2014 to 4.6 percent in late 2015.

According to the State Statistics Committee, Azerbaijan's GDP in January-April this year amounted to 18.2 billion manats at a nominal growth of 3.96 percent per annum.

The concept of socio-economic development of Azerbaijan, prepared by the Ministry of Economy and Industry, expects that the real GDP growth will reach 5.2 percent in 2014. In 2015, GDP is projected at 59.4 billion manats, which is 5.8 percent growth.

WB has also lowered forecasts for the ratio of the current account surplus to GDP - from 15.9 to 12.6 percent this year, from 12.5 to 8.1 percent in 2015 and from 12.5 to 5.6 percent in 2016 year.

IMF predicts this figure at 15 percent of GDP in 2014 and a decrease is expected in the current account surplus of Azerbaijan to 9.9 percent in 2015. In 2013, the figure was 19.7 percent of GDP.

Slight increase in government spending

WB also expects a government spending growth by 2.2 percent in Azerbaijan in 2014.

The Bank forecasts the growth rate of government expenditure in Azerbaijan will increase to three percent in 2015 and 2016.

According to the government of Azerbaijan, budget expenditures decreased by 2.8 percent and amounted to 6.07 million (33.3 percent of GDP) in January-April of 2014. Total expenditures of the state budget in the current year are set at the level of 20.06 billion manats.

World Bank also expects a modest growth in consumer spending in the country in the coming years. Thus, personal consumption expenditures will grow by 10.2 percent in 2014, and by 10.3 and 10.7 percent in 2015 and 2016 respectively.

Azerbaijani population purchased consumer goods amounting to 6, 586 billion manats in this January-April, which is 9.1 percent higher than the same period last year.

Link: <http://www.azernews.az/business/67932.html>

## **Azerbaijan sees decrease in tariffs on cargo, passenger transportation**

The tariffs on cargo transportation in Azerbaijan's transport sector decreased by 0.7 percent in May 2014, compared to April.

Azerbaijan's State Statistical Committee reported the tariffs on passenger transportation have dropped by 0.2 percent in Azerbaijan in May.

The passenger transportation to CIS countries and other states via the air transport has decreased by 0.1 percent and 7.5 percent, respectively.

The tariffs on cargo transportation to CIS countries via the waterway increased by 4 percent in May compared to April, while the passenger transportation via the railway fell by 11.3 percent.

Tariffs on oil transportation via pipelines dropped by 0.7 percent in May.

Link: <http://www.azernews.az/business/67850.html>

## **Azerbaijan's account balance surplus to decrease by 2015: IMF**

The International Monetary Fund (IMF) forecasts that the surplus in Azerbaijan's current account balance will decrease by 9.9 percent by 2015.

"The fund expects the country's GDP to decline by 15 percent by the end of 2014," the IMF said on June 5.

This figure stood at 19.7 percent in 2013.

The Central Bank of Azerbaijan said earlier that the current account balance amounted to \$12.3 billion, decreasing by 17.22 percent in 2013 compared to the same period of the year before. The current account surplus of Azerbaijan's oil and gas sector amounted to \$22.1 billion in the reported period.

The IMF also said the surplus of the current operation account of oil and gas sector is fully covered by the deficit of current account operation of non-oil sector by \$9.8 billion.

The IMF also predicts a slowdown in the pace of national economy from five percent in 2014 to 4.6

percent in late 2015. Azerbaijan's GDP amounted to 18.2 billion manats at a nominal growth of 3.96 percent per annum in January-April. Based on a program on socio-economic development of Azerbaijan, prepared by the Ministry of Economy and Industry, the real GDP growth of the country is expected to reach 5.2 percent in 2014. In 2015, the GDP is projected to reach 59.4 billion manats.

Azerbaijan joined IMF on September 18, 1992. During the years of cooperation with the fund, Azerbaijan attracted IMF's loans worth \$577.3 million for implementing six programs as part of its economic reforms.

The cooperation between IMF and Azerbaijan was particularly intensive between 1995 and 2005. Throughout these years, Azerbaijan often enjoyed IMF's consulting and financial assistance to implement its economic programs.

IMF's office was opened in Baku in 1992, and despite the fact that its staff has been reduced since 2009, the fund is still an important partner of Azerbaijani government.

The cooperation between Azerbaijan and IMF also played an important role in economic recovery during the global financial crisis.

Link: <http://www.azernews.az/business/67805.html>

## **Baku to host International Insurance Forum**

Baku is to host the International Insurance Forum.

On June 19-20, Baku will host Azerbaijan International Insurance Forum (AIIF) under the support of State Insurance Supervisory Service and organization of Azerbaijan Insurers Association (AIA), said the AIA chairman Orkhan Bayramov.

According to him, nearly 250 representatives from over 20 countries will attend the forum, APA reports.

He also noted that only plenary meetings will be held on the first day of the forum. On the second day, the companies will hold meetings and discussions in the workshop format. The forum will focus on natural calamities insurance, health insurance, life insurance, reinsurance, risk management and vehicle insurance.

Link: <http://news.az/articles/economy/89339>

## **Azerbaijani Minister of Agriculture meets World Bank Country Manager**

Azerbaijani Minister of Agriculture Heydar Asadov has met World Bank Country Manager for Azerbaijan Larisa Leshchenko.

During the meeting, the sides signed an Agricultural Competitiveness Improvement Project.

Mr. Asadov stressed the importance of the project. He also expressed hope that the project would streamline agro-food processing technologies.

The Minister said the project would help to strengthen food security both in state and private sectors.

Larisa Leshchenko, in turn, noted the project would contribute to developing the agricultural sector in the country, adding she would spare no efforts to successfully implement the project.

The meeting was followed by a signing ceremony.

Link: <http://news.az/articles/economy/89322>

## **World Bank to provide \$300 million loan package to Azerbaijan**

The World Bank will endorse the coordinated \$300 million loan package for Azerbaijan at a time.

Baku office of the World Bank informs that the three loan package coordinated with the government will be endorsed on one day at a time.

“The Banks Board of Directors plans to consider and endorse the package during the second week of July”, - WB Baku office said.

Earlier, the loan package approval was postponed until the next financial year of the bank beginning on July 1, 2015.

In May the government of Azerbaijan and the World Bank completed negotiations on additional financing for the “National Water Supply and Sewage Services Program” (NWSSP) and the second “Azerbaijan Rural Investments Projects” (AzRIP), as well as the “Juridical Services and Smart Infrastructure Project” (JSSIP) supplementing the Juridical Modernization Project (JMP).

The World Bank will allocate \$150 million for NWSSP (AF) and the government will add \$83 million. The bank’s investments for AzRIP-2 (AF) will make \$50 million, while the government’s participation will be \$30 million. The largest project will be JSSIP – \$100 million allocated by both the bank and the government.

Link: <http://news.az/articles/economy/89295>

## **WTO-Azerbaijan multilateral talks may be held in October or November**

Azerbaijan, which is preparing to hold bilateral talks in Geneva with members of the World Trade Organization (WTO), thinks about holding of this year’s second round of multilateral negotiations.

Deputy Foreign Minister Mahmud Mammadguliyev says that currently the main thing for them is to prepare answers to the questions posed by the WTO members at the XI Meeting of Working Groups on Azerbaijan’s admission to the WTO.

"I think by early September we’ll prepare fully the answers and present them to the WTO Secretariat. This allows us to plan the next multilateral negotiations for the end of October or the beginning of November," Mammadguliyev said.

The XI meeting of the working groups on Azerbaijan’s admission to the WTO was held on 21 February. At the same time, from 30 June to 5 July Azerbaijan will hold bilateral negotiations with WTO members.

Link: <http://news.az/articles/economy/89268>

## **Number of tourists grows 3% over five months**

License is a must for the activity of companies that provide services to tourists in Azerbaijan.

Oxu.Az reports that the statement came from Minister of Culture and Tourism of Azerbaijan Abulfas Garayev.

He said in the first half of 2014 the number of tourists arriving in Azerbaijan grew 2-3% over the same period of the last year.

According to Garayev, the main goal is to ensure high-level preparations for the first European Games due to be held in Baku next year and bringing the activity of all tourism facilities into compliance with the legislation. This process continues not only in the capital city but also the regions.

He said inspections are held at the tourism facilities on a regular basis.

According to the minister, the growth in price at tourism facilities is not observed in Azerbaijan over the past years.

Link: <http://news.az/articles/economy/89248>

## **Azerbaijan: simplification of visa regime with EU possible from September**

Azerbaijan believes that the simplification of the visa regime with the EU will become possible from September.

Deputy Foreign Minister Mahmud Mammadguliyev has stated that it remains for Azerbaijan only to carry out one procedure for this – to sign the law on ratification of the agreement on readmission with the EU, abc.az reports.

"All the procedures were performed on the agreement on visa facilitation. Our European colleagues also do not see problems with the simplification of the regime. Probably the parties will perform all the procedures until September, and the simplified visa regime will be introduced," Mammadguliyev said.

A certain number of citizens of Azerbaijan and the EU will be able to enjoy its fruits.

Link: <http://news.az/articles/economy/89231>

## **EBRD to raise financing in Azerbaijan**

The European Bank for Reconstruction and Development (EBRD) is to allocate a total of \$300,000,000 in loans for projects in Azerbaijan this year.

Oxu.Az reports with reference to Vesti.Az that the statement came from head of the EBRD Baku office Nil McCain in his interview with Reuters.

Last year EBRD allocated EUR 163,000,000 for implementation of 17 projects in Azerbaijan.

Azerbaijan invited the bank to active support of the country's private sector. In particular, to investment into stock capital and raising volumes of direct crediting of the companies including boosting activity through development of corporate management, introduction of progressive international experience, technologies and know-how in projects.

In addition, EBRD is to launch two new credit lines in Azerbaijan within a year.

"Within the first line, three banks of the country will receive funds for financing small and middle business in the sphere of raising energy efficiency. The second credit line envisages financing of entrepreneur women", McCain said. He said all these measures are part of the new strategy in EBRD's activity in Azerbaijan, approved in late April.

Link: <http://news.az/articles/economy/89182>

**BULGARIA**



## **Bulgaria's Business Sector Optimistic about Headcount in 12 Months**

Bulgaria's business sector is optimistic about the number of employees over the next 12 months.

The forecast is based on a survey of the Institute for Market Economic s think tank conducted among 1680 companies across the country.

The survey includes questions which evaluate the expectations of the business sector about investment activity dynamics, company revenues and headcount.

The biggest increases in the number of employees are expected in nine districts, including three in the northeastern region (Varna, Targovishte, and Shumen), one in the southwestern region (Kyustendil), three in the southern central region (Pazardzhik, Plovdiv and Haskovo) and two in the southeastern region (Sliven and Burgas).

The group of districts where businesses expect their headcount to remain unchanged or to decrease slightly includes Veliko Tarnovo, Stara Zagora, Razgrad, Pleven, Pernik, Gabrovo and Blagoevgrad, according to the BGNES news agency.

Link:

<http://www.novinite.com/articles/161304/Bulgaria%27s+Business+Sector+Optimistic+about+Headcount+in+12+Months>

## **S&P Cuts Bulgaria's Rating to BBB-**

Standard and Poor's Ratings Services cut Bulgaria's sovereign credit ratings by one notch to BBB- on Friday. The main reason, according to the agency, was the country's political environment, which poses risks to much-needed reforms.

S&P said the revision reflects the view that the absence of meaningful progress on reforms will constrain economic growth and keep unemployment high.

"Bulgaria's political environment continues to pose a challenge for the implementation of reforms needed to tackle deep-rooted institutional and economic problems," Standard and Poor's said in a statement. "We expect that the political landscape will remain volatile over the coming months and will likely not be conducive to implementing potentially unpopular reforms," it said.

The credit ratings agency has however revised the country's outlook to stable from negative, citing the low public debt levels of Bulgaria.

The downgrade will probably affect the cost at which Bulgaria can price its pending Eurobonds of up to EUR 1.5 B, needed to fund its budget deficit and roll over maturing global bonds next January.

Bulgaria is rated at investment grade BAA2 by Moody's and BBB- by Fitch. The two hold stable outlook.

Link: <http://www.novinite.com/articles/161292/S%26P+Cuts+Bulgaria%27s+Rating+to+BBB->

## **Deputy PM: Bulgaria Remains Top Investment Destination**

Bulgaria remains one of the best investment destinations boasting a reasonable fiscal policy and low tax rates, according to Deputy Prime Minister Daniela Bobeva.

Speaking Friday in Parliament, she said that the socialist-led government had implemented a number of measures for attracting investors, including the reduction of the administrative burden for the business sector and the fast-track recovery of VAT and liabilities to companies.

"As part of the efforts to attract investments, the work of the InvestBulgaria Agency changed. It is no longer a structure which merely issues certificates to investment projects under administrative procedures but it works with the investors," Bobeva declared.

She explained that separate working groups were being created to support the implementation of big projects.

Bobeva, as cited by investor.bg, announced that seven projects worth a total of BGN 369 M had been certified in the period July 2012 – March 2013.

She also made clear that projects worth BGN 586 M had been awarded certificates and applied for certification in the period July 2013 – March 2014, without specifying their number.

She was asked by GERB MP Lilyana Pavlova about the steps the government was taking to prevent the collapse in investments in Bulgaria.

Pavlova, Regional Development Minister during the term in office of the GERB government, cited statistics of the Bulgarian National Bank indicating a decrease in investments by 50% on an annual basis in the first months of the year.

"The reason for this is political and economic instability during the past year in office of the government," she claimed.

Bobeva, however, argued that the business climate indicator had kept growing in the first five months of the year and its value had already reached the level of 2009, adding that this indicated an improvement in investment activity.

Link:

<http://www.novinite.com/articles/161274/Deputy+PM%3A+Bulgaria+Remains+Top+Investment+Destination>

## **Bulgaria's Govt to Approve New Rural Development Program by June 20**

The 2014-2020 Rural Development Program is to be approved by the government by June 20 and presented in Brussels by July 1, according to Agriculture Minister Dimitar Grekov.

Grekov took part in a discussion on the program on Friday.

He informed that some of the most important ordinances related to the projects of the young farmers would be prepared in the period June 15 – July 23, 2014.

Grekov, as cited by investor.bg, made clear that the measure was to be opened within a few days with a budget of around EUR 20 M, or ¼ of the money for young farmers.

The European Commission allowed EU Member States to open the measure envisaging funding for young farmers before the final approval of the operational programs due to the delayed talks under the Common Agricultural Policy.

Grekov also noted that the money earmarked for consultancy services would most probably be reduced under the new Rural Development Program in order to ensure more funding for agricultural producers.

The new Rural Development Program envisages a budget of EUR 150 M for consultancy services, according to investor.bg.

In his Friday statement, Grekov emphasized that the main goals of the new program were achieving higher added value in agriculture, creating more jobs, and stopping the rural depopulation.

He reminded that the intensive sectors of vegetable growing, arboriculture, cattle breeding, and the processing industry and hydromeliorations were given priority treatment under the new Program.

The 2014-2020 Rural Development Program also focuses on small and family farms, which predominate in the agricultural sector in Bulgaria and are considered to be the backbone of the sector.

Link:

<http://www.novinite.com/articles/161272/Bulgaria%27s+Govt+to+Approve+New+Rural+Development+Program+by+June+20>

## **Bulgaria to Assess Danube River Cruise Tourism Potential**

The Economy Ministry together with the Sofia University will take part in a research concerning cruise tourism opportunities along the Bulgarian stretch of Danube river.

The research was commissioned by the German Society for International Cooperation (GIZ), the Economy Ministry announced on its website. The project will promote the development of tourism along Danube by providing technical and expert assistance to the national and local administrations and the organizations involved in tourism planning and management.

The research will take place in the period June-November 2014. The object of study will be Bulgaria's four major river ports in Vidin, Svishtov, Ruse and Silistra.

The analyzes will generate quantitative and qualitative information about cruise tourism along the Bulgarian stretch of Danube, which will estimate the extent of its development and effectiveness.

Link:

<http://www.novinite.com/articles/161246/Bulgaria+to+Assess+Danube+River+Cruise+Tourism+Potential>

## **Bulgaria's Industrial Production Up By 5% in April – Eurostat**

According to Eurostat data, Bulgaria's industrial production recorded significant increase of 1.4% on a monthly basis in April overcoming the drastic decrease of 1.5% in March.

On an annual basis, Bulgarian industrial production showed positive results in April with 5.0% increase which is above the average industrial growth in the EU.

In April 2014 compared with March 2014, seasonally adjusted industrial production rose by 0.8% in the euro area and by 0.7% in the EU, according to the estimates from Eurostat.

In March 2014 industrial production fell by 0.4 % and 0.3 % respectively, the latest data by the statistical office of the European Union showed.

In April 2014 compared with April 2013, industrial production grew by 1.4 % in the euro area and by 2.1 % in the EU. The increase of 0.8 % in industrial production in the euro area in April 2014, compared with March 2014, is due to production of energy rising by 2.5 %, non - durable consumer goods by 2.1 % and intermediate goods by 0.6 %, while durable consumer goods and capital goods remained almost stable.

In the EU, the increase of 0.7 % is due to production of energy rising by 1.8%, non-durable consumer goods by 1.4 %, durable consumer goods by 0.7%, intermediate goods by 0.6% and capital goods by 0.4%.

Link:

<http://www.novinite.com/articles/161242/Bulgaria%27s+Industrial+Production+Up+By+5+in+April+%E2%80%93+Eurostat>

## **Negative Monthly Inflation Registered in May**

The monthly inflation in May was -0.5% and the consumer price index for the same month was 99.5 %, according to Bulgaria's National Statistical Institute latest data.

The inflation rate since the beginning of the year (May 2014 compared to December 2013) has been -1.0% and the annual inflation in May 2014 compared to May 2013 was -2.0 %.

The annual average inflation, measured by CPI, in the last 12 months (June 2013 - May 2014) compared to the previous 12 months (June 2012 - May 2013) was -1.2 %.

In May 2014 compared to the previous month the prices of goods and services in the main consumer groups have changed as follows: food and non-alcoholic beverages - a decrease of 1.0%; alcoholic beverages and tobacco - the prices remained at the level of the previous month. Clothing and footwear prices saw an increase of 0.1%, and for housing (rentals, maintenance and repair), water, electricity, gas and other fuels the prices remained at the level of the previous month.

The harmonized index of consumer prices in May 2014 compared to April 2014 was 99.5 %, i.e. the monthly inflation was -0.5 %. The inflation rate since the beginning of the year (May 2014 compared to December 2013) has been -1.4 % and the annual inflation in May 2014 compared to May 2013 was -1.8 %. The annual average inflation, measured by HICP, in the last 12 months (June 2013 - May 2014) compared to the previous 12 months (June 2012 - May 2013) was -1.0%

Link: <http://www.novinite.com/articles/161236/Negative+Monthly+Inflation+Registered+in+May>

## **World Bank Forecasts 1.7% Growth of Bulgarian Economy in 2014**

Bulgarian economy will see a 1.7% growth in 2014, and 2.4% and 2.8% respectively in the next two years, according the latest report of the World Bank.

The financial organization has lowered its forecast in terms of global economic growth to 2.8 percent for 2014 and 3.4% for next year. This is due to the poorer prospects for the US, Russia and China, Money.bg informs.

The forecast growth for developed economies comes up to 1.9%, and for countries with developing economies – to 4.8%. The World Bank states several reasons for the weak growth, among which are the adverse weather conditions in the US earlier this year, the crisis in Ukraine, and the rebalancing of the

Chinese economy.

As for Europe and Central Asia, the World Bank reported a modest recovery in developing countries at the beginning of the year, despite the impact of the crisis in Ukraine. There has been an increase in industrial production due to export growth in the eurozone. Overall, the organization claims that the current situation in Ukraine accounts for a 1% decline of economic growth in the region.

Link:

<http://www.novinite.com/articles/161218/World+Bank+Forecasts+1.7+Growth+of+Bulgarian+Economy+in+2014>

## **Deposits in Bulgaria Generate Highest Revenue in 6 Years**

Revenues arising from bank deposits have recorded the highest rates in 6 years, according to data by Bulgaria's National Bank and the National Statistical Institute.

For the last year, every BGN 100 on deposit has generated a revenue of BGN 5.50, nearly two-thirds of it coming from the interest and the rest is due to the negative inflation rates, Bulgarian 24 Chasa informs.

According to the Statistical Institute data, the Consumer Price Index (CPI) for April 2014 was -1.6% on an annual basis. The average interest rate on deposits for the same period was 3.63% in EUR and 4.1% in BGN. Therefore, consumers saving in BGN have made higher profit.

Link:

<http://www.novinite.com/articles/161183/Deposits+in+Bulgaria+Generate+Highest+Revenue+in+6+Years>

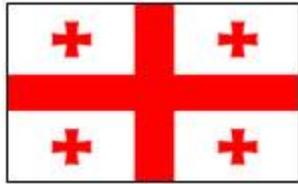
## **6% of Bulgaria's GDP is generated by IT**

Currently 6% of the gross domestic product of Bulgaria is generated by IT and telecommunications, as 3% of them are in the business processes outsourcing. It is expected 20% growth in the sector this year. This became clear during the first annual outsourcing conference "How Bulgaria to become the leading outsourcing destination".

Deputy Minister of Economy and Energy Krasin Dimitrov, explained that the government regards the bpo as a priority sector for the country's exports. He said that the state will support the sector in the field of education. According to him, the sector can resolve the major problem of youth unemployment and can provide jobs, for doubling or tripling the specialists in this field.

Link: <http://www.balkans.com/open-news.php?uniquenumber=194035>

GEORGIA



## **First Train to Run on New Rail Line Baku-Tbilisi-Kars at the End of the Year**

Construction of Akhalkalaki railway, which is carried out within the framework of the Baku-Tbilisi – Kars rail line, completed by 50% - "Commersant" was told at LLC "Marabda - Kartsakhi" which is implementing the project. According to the company, about 1 000 people are employed on this section, 80% of them are the locals.

"Work is in progress every day and the railroad will be commissioned in accordance with the deadline. Railway route of Baku-Tbilisi-Kars will be commissioned at the end of 2015,"- the company says.

The total length of the line will be about 105 miles, 76 of them run on Turkish territory. The construction of the railway line from Turkish Kars to Georgian Akhalkalaki is almost completed, of which 68 km are on the Turkish section, 30 km - on Georgian.

BTK project will be a part of a high-speed rail corridor Europe-Caucasus-Asia. As soon as a high-speed railway tunnel "Marmaray" under the Bosphorus that is still under construction is put into operation, a direct link with the European railway network will be provided.

As expected, the BTK, which will have direct access to the European rail network, will carry 30 million tons of cargo annually.

BTK will increase the flow of container, bulk and other types of cargo from Asia to Europe. During this time, the "Marmaris" project on the construction of a tunnel under the Bosphorus will be completed, and will open a rail link to Europe.

Link: [http://bpi.ge/en/index.php?option=com\\_content&view=article&id=18448%3Afirst-train-to-run-on-new-rail-line-baku-tbilisi-kars-at-the-end-of-the-year&catid=49%3A2011-11-06-16-56-03&Itemid=1](http://bpi.ge/en/index.php?option=com_content&view=article&id=18448%3Afirst-train-to-run-on-new-rail-line-baku-tbilisi-kars-at-the-end-of-the-year&catid=49%3A2011-11-06-16-56-03&Itemid=1)

## **Stockholder of Development Bank of Georgia may become Chinese bank with the same name**

Chinese Development Bank will invest 0,5 billion in Georgia.

Details of the 500-million investment project will be known at the end of this month. By that time visit of Chinese is planned in our country, which aims opening of the bank's representation.

Leader of majority David Saganelidze, who had just returned from China, stated in TV Maestro, that the discussion topics include Development Bank of Georgia, shareholders of which may include Chinese

Development Bank along with other international financial institutions. However, their contribution will be less than 50% in the state stock society.

Sagenelidze recalled several successful examples of such financial institutions, among them KFC and motioned that currently such 500 institutions successfully operate in Europe, Asia and Africa.

Link: [http://bpi.ge/en/index.php?option=com\\_content&view=article&id=18438%3Astockholder-of-development-bank-of-georgia-may-become-chinese-bank-with-the-same-name&catid=936%3A2011-11-06-17-06-59&Itemid=1](http://bpi.ge/en/index.php?option=com_content&view=article&id=18438%3Astockholder-of-development-bank-of-georgia-may-become-chinese-bank-with-the-same-name&catid=936%3A2011-11-06-17-06-59&Itemid=1)

## **Petrol Price is Likely to Rise in Georgia**

Some experts predict fuel price hike in Georgia due to the developments in Iraq. According to the professor at Tbilisi State University Emzar Jgerenaia, the events in Iraq have affected oil price in the world market. After the world brands, the expert predicts 5-10 % hike in Georgia as well. Chairman of the Union of Oil Products Importers also talks about growth of oil and platts prices in the world markets.

According to Vano Mtvralashvili, fuel price has reached its maximum in the last 9 months. As Vano Mtvralashvili explains, the latest developments in Iraq directly affect the world oil markets which in turn creates problems for the oil industry.

In his opinion, Georgia is implicitly linked to the international markets, though at this stage before making predictions we should wait for further developments. Mtvralashvili notes if the current events in Iraq don't stabilize and prices continue to escalate, oil price rise is expected in Georgia too.

Link: [http://bpi.ge/en/index.php?option=com\\_content&view=article&id=18470%3Apetrol-price-is-likely-to-rise-in-georgia&catid=920%3A2011-11-06-16-35-52&Itemid=1](http://bpi.ge/en/index.php?option=com_content&view=article&id=18470%3Apetrol-price-is-likely-to-rise-in-georgia&catid=920%3A2011-11-06-16-35-52&Itemid=1)

## **Amount of income tax increased, profit tax – reduced**

In January-March revenues of the state budget equaled to 1,7 billion GEL, which is 56 million more than in the same period of last year. Besides, 1,63 billion GEL has been mobilized in the budget as taxes, which exceeds to the data of Q1 2013 by 85,8 million GEL.

Geostat publishes the figures.

As for comparison with the Q1 2013, overall incomes of the budget are 190,9 million GEL less, revenues from the taxes - 67 million GEL less. Meanwhile, it's noteworthy that data of the Q1 were less than Q4 data of last year in the previous years as well.

As for the specific taxes, Geostat informs that in January-March 440,5 million GEL has been mobilized in the budget from the income tax, which is 22,2 million more than in January-March 2012 and 98,5 million less than in the Q4 2013.

Link: [http://bpi.ge/en/index.php?option=com\\_content&view=article&id=18458%3Aamount-of-income-tax-increased-profit-tax-reduced&catid=920%3A2011-11-06-16-35-52&Itemid=1](http://bpi.ge/en/index.php?option=com_content&view=article&id=18458%3Aamount-of-income-tax-increased-profit-tax-reduced&catid=920%3A2011-11-06-16-35-52&Itemid=1)

GREECE



## **GDP warrant rate backs up growth hopes**

A largely forgotten Greek financial derivative has risen by up to 475 percent since June 2012, becoming a leading measure of growing confidence in the local economy.

The Greek gross domestic product warrants, issued in the context of the PSI+ bond swap program in early 2012, have seen their transaction activity in the secondary market grow in recent months, with their price recording one historic high after another.

Greece's return to the international bond market and the recent announcement of unconventional measures to relax monetary policy by the European Central Bank have contributed greatly to the rekindling of buying interest for a product that foreign rating agencies consider the clearest way investors to bet on Greek recovery.

Since the start of 2014 the price of the GDP warrant has soared by 25 percent, while transaction activity has also approached historic highs. This is also explained by the record high of Greek bond prices. GDP warrant prices stood late last week at 1.44 euros per 1-euro warrant, compared with just 0.25 euros on the eve of the 2012 general elections.

Link: [http://www.ekathimerini.com/4dcgi/\\_w\\_articles\\_wsite2\\_1\\_15/06/2014\\_540580](http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_15/06/2014_540580)

## **Conference on “Is the Single Market Set to New Growth?”**

The Finance Ministry hosts a conference on “Is the Single Market Set to New Growth?”, at 5-7 Nikis Street, Athens. (Info: gr2014.eu)

The 5th Urban Space and Social Life conference, on “Theory and Practice, City Planning in its Natural and Built Environment,” opens at Athinais center, Gazi, Athens. To Wednesday. (Info: www.4c5mstudio.org)

The Athens Institute for Education and Research (ATINER) holds its 12th Annual International Conference on Politics and its First Annual International Conference on Demography and Population Studies, at the Titania Hotel, 52 Panepistimiou, Athens. (Info: www.atiner.gr)

The Hellenic Statistical Authority (ELSTAT) will publish its first-quarter figures on the retail commerce employment index and the service sector turnover.

Listed companies Lazaridis, Elinoil and Mediterra are holding their annual general meetings.

TUESDAY

The Hellenic Statistical Authority (ELSTAT) will publish its April figures on imports and exports in agriculture.

Listed companies Alpha Astika Akinita, Dromeas, Ideal Group, Profile and ELTRAK will hold their annual general meetings.

#### WEDNESDAY

A conference on Trade Marks and Measures against Counterfeiting takes place at Zappeio in central Athens, under the auspices of the Hellenic Presidency the Council of the European Union. (Info: gr2014.de)

Medical staff at hospitals hold a 24-hour strike.

The 2nd International Conference on Contemporary Marketing Issues (2nd ICCMI) opens at the Titania Hotel, 52 Panepistimiou, Athens. To Friday. (Info: www.mkt.teithe.gr/iccmi2014)

Listed companies General Commercial, Viokarpet, Mytilineos, METKA, Elton, Karamolegos and Attica Bank are holding their annual general meetings.

#### THURSDAY

China's premier visits Greece.

New Finance Minister Gikas Hardouvelis to participate in the Eurogroup meeting of eurozone finance ministers in Luxembourg.

The Hellenic Presidency of the Council of the European Union, in association with the Foreign Ministry and the Goethe University in Frankfurt, organize an event titled: "Banking Union, Monetary Policy and Economic Growth." At the Athens Concert Hall Conference Center, 1 Kokkali & Vassilissis Sofias, starting 2 p.m. Keynote speakers include European Central Bank Vice-President Vitor Constancio. (Info: www.megaron.gr)

The Crisis Observatory of the Hellenic Foundation for European and Foreign Policy (ELIAMEP) and the Friedrich Ebert Foundation Athens Office, organize a public debate on "Creating Jobs: Europe's biggest challenge after the crisis." Starts at 6.30 p.m. at the Olympia Hall of Aigli in Zappeio, central Athens. The keynote speaker will be Professor Peter Bofinger, chair for Monetary Policy and International Economics at the University of Wuerzburg and member of the German Council of Economic Experts. The event will be held in Greek and English with simultaneous translation in both languages. (Info: 210.725.7124, activities@eliamep.gr)

The Hellenic Statistical Authority (ELSTAT) will publish its April data figures on industrial turnover.

Listed companies Motor Oil, Marac Electronics and Euroconsultants are holding their annual general meetings.

#### FRIDAY

Finance Minister Gikas Hardouvelis to chair the ECOFIN meeting of European Union economy and finance ministers in Luxembourg.

Athens Exchanges SA, in cooperation with the Finance Ministry, organizes a conference titled "GR forGrowth: Funding SMEs," under the auspices of the Hellenic Presidency of the Council of the European Union, and the European Commission Task Force for Greece. At the Astir Palace Resort, 40 Apollonos, Vouliagmeni, southern Athens. (Info: www.helex.gr)

The American-Hellenic Chamber of Commerce in conjunction with its Agrotechnology Committee is organizing the Third Annual Agrotechnology Conference on “Hellenic Agriculture 2014 - 2020: Agricultural Production - Processing - Markets.” At the Perrotis College of the American Farm School in Thessaloniki. (Info: [www.amcham.gr](http://www.amcham.gr))

The Hellenic Statistical Authority (ELSTAT) will publish its April figures on the capacity of the Greek merchant fleet and its May data on new house construction material prices.

Listed firms Public Power Corporation, Titan Cement, GEKE, ALCO and PC Systems will hold their annual general meetings.

Link: [http://www.ekathimerini.com/4dcgi/ w articles wsite2\\_1\\_15/06/2014\\_540577](http://www.ekathimerini.com/4dcgi/ w articles wsite2_1_15/06/2014_540577)

## **BoG: Salary recovery from 2015**

Salaries are expected to start edging higher as of next year, while the reduction in social security contributions from July will entail a drop in labor costs, according to the Bank of Greece.

In its final report signed by outgoing Governor Giorgos Provopoulos and submitted to Parliament on Thursday, the central bank highlights the various uncertainties and risks that could raise obstacles on the road to recovery. That road is open for now, but there is no room for complacency, it adds. The effort must continue without any distractions and must be focused on reorganizing the public sector, continuing with the fiscal adjustment and reforming the country’s production model so as to safeguard long-term, sustainable growth.

Reversing the negative course of investments and boosting exports are the two main requirements for the economy to gradually return to growth within the year, it notes.

The BoG confirmed its estimate that the recession will end and the gross domestic product will expand by 0.5 percent in 2014, while the recovery in terms of employment will be slow, starting from this year. The jobless rate remains particularly high and will only start to decline gradually, given the current level of underemployment in the work force.

Following a significant drop in average salaries that amounted to 6.5 percent in 2013, the decrease will be much smaller this year as employees’ average gross pay will fall 1.5 percent in the economy as a whole and by 2 percent in the corporate sector. Average labor costs per salary worker will decline by 3 percent due to the 2.9 percentage point reduction in employers’ social security contributions as of July 1.

At the same time the average net salary in the corporate sector will go down by 1.4 percent – less than gross salaries – as a result of the 1 percent reduction in employees’ social security contributions from next month. The central bank believes that average gross salaries will edge marginally higher (by 0.1 percent) across the economy and in the corporate sector in 2015, while average labor costs per salary worker will fall by 0.8 percent.

Link: [http://www.ekathimerini.com/4dcgi/ w articles wsite2\\_1\\_13/06/2014\\_540548](http://www.ekathimerini.com/4dcgi/ w articles wsite2_1_13/06/2014_540548)

## **Athens metro tickets to go down by 14 percent**

The Infrastructures and Transport Ministry is set to announce on Monday a decrease, rather than an increase, to the price of public transport, along with an overhaul of the entire network in Athens.

The ministry and the Athens Public Transport Organization (OASA) have agreed to revert to the single-ticket policy for Athens public transport that was abolished in 2011. The idea behind the initiative is that passengers will no longer have to modify their transport needs due to costs. The objective is to bolster passenger traffic across all means of public transport and to reward regular users.

The current cost of a ticket for the metro and the electrical railway linking Kifissia with Piraeus is 1.40 euros and can be used on the other forms of transport as well, while the ticket for buses, trolley buses and the tram costs 1.20 euros. There will now be a single ticket for all public transport means that will cost 1.20 euros, which entails a 14 percent decrease on the price of the tickets for the metro and the electrical railway, partly thanks to the streamlining of the finances of the public transport companies.

Link: [http://www.ekathimerini.com/4dcgi/\\_w\\_articles\\_wsite2\\_1\\_15/06/2014\\_540578](http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_15/06/2014_540578)

## MOLDOVA



### **Barroso: Moldovan exports to increase by 16%, GDP by 5.4% after enactment of EU deal**

Transformation and modernization of Moldova can only come from inside, not the other way around, said the Head of the European Commission, Jose Manuel Barroso on Thursday in Chisinau.

Delivering a speech at the Moldova Investment Conference, Mr. Barroso said that ownership of the process matters, pointing out that the EU is ready to continue its support for Moldova, but will not deliver ready-made solutions.

“The EU offers tools and expertise. We do not export ready-made solutions – we offer a helping hand,” the President of the EU Commission said.

Moldova is expected to sign the Association Agreement with the EU on June 27. The accord will eliminate import and export duties for both sides. Moreover, the country will have full access to the European market, businesses being able to trade directly in the EU.

Studies show that Moldovan exports are likely to increase by 16% and the GDP by 5.4% in medium term following the enactment of the Association Agreement.

“To bring lasting development, to create real jobs, trade needs to grow on the foundations of a rules-based economy and value-based institutions,” Mr. Barroso said.

“Corruption needs to be countered vigorously. The legal system has to be independent. Governance has to be effective and accountable. Business has to respect governance and transparency rules, under the supervision of powerful regulators independent from political influence. The transformative power of integration needs to be unleashed fully, and embedded into this agreement.”

The official added that a better functioning judiciary is necessary for a higher investor confidence. Transparency in all realms, especially in the banking sector “is also crucial.” According to the head of the EU Commission, the National Bank of Moldova should have an enhanced regulatory capacity over the financial sector of the country.

“Competition needs to be incentivized and nurtured, monopolies need to be broken down, and the right regulation needs to be put in place,” Mr. Barroso stressed.

He said that these reforms are not intended to please the EU but “to benefit the country and its people.”

Link: <http://www.moldova.org/barroso-moldovan-exports-to-increase-by-16-gdp-by-5-4-after-enactment-of-eu-deal/>

## **The fair “Made in Moldova” will be held at the Palace of the Parliament in Bucharest**

The fair “made in Moldova” will be held for the first time at the Palace of the Parliament in Bucharest. This event will take place on June 17 so Moldovan companies will have the opportunity to exhibit their highest quality products as wines, sweets, bakery.

In this way, starting June 17 till June 21, 30 top companies from the Republic of Moldova will have chance to exhibit and to sell their products at the most impressive and prestigious location of the Romanian capital. Government officials, politicians, representatives of the business, the diplomatic corps accredited in Bucharest, media, and the general public will visit the fair.

The fair “Made in Moldova” will be organized by the cultural centre “Vatra”, the Embassy of Moldova in Bucharest, Cultural Union of Bessarabian Romanians and Organization of Bessarabian Students from Bucharest.

Link: <http://www.moldova.org/the-fair-made-in-moldova-will-be-held-at-the-palace-of-the-parliament-in-bucharest/>

## **Local Producers of Agricultural Machines and Farmers Importing Them to Be Exempted From Vat**

This is provided for by the amendments to the Tax Code that passed the second reading in Parliament. MPs once approved them when they were adopting the 2014 fiscal policy. But later, the Constitutional Court ruled them unconstitutional because they had been passed without the Government’s approval. As the result, the amendments were revoked.

After that, MPs drafted a new bill to grant the VAT exemption only to farmers importing farming machines in order to put an end to speculation that the exemption may be exploited by import go-betweens. As MPs say, the revocation of the amendments has put a lot of farmers in a difficult position since they imported farming machines, which, after the revocation, got stuck at the customs because the farmers had not enough money to pay VAT.

As a result, they failed to use the machines they had hoped for. As MPs considered the amendments at the second reading, they decided to release from VAT both: farmers that import the machinery and producers that manufacture tractors and other agricultural equipment here, in Moldova. The measures are expected to facilitate the development of agricultural sector, letting farmers upgrade their fleets of agricultural machines and enhance their productivity.

Link:

[http://infomarket.md/en/taxes/Local\\_producers\\_of\\_agricultural\\_machines\\_and\\_farmers\\_importing\\_them\\_to\\_be\\_exempted\\_from\\_VAT](http://infomarket.md/en/taxes/Local_producers_of_agricultural_machines_and_farmers_importing_them_to_be_exempted_from_VAT)

## **Azerbaijani Company Evrascon Will Reconstruct Two Sections of The National Trails of Moldova With Length of 59 Km.**

Contracts on reconstruction of 22 km of motorway R1 Chisinau-Ungheni-Sculeni (EUR 15 million) and 37 km of national and international highway R33 Hincesti-Lapusna-M1 (18.7 million euros.) were

signed on Thursday. The total cost of works is 33.7 million euros, which were previously allocated by the European Bank for reconstruction and development.

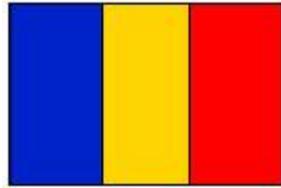
In particular, the works on the section of route Chisinau-Ungheni-Sculeni include repairs and laying cold asphalt, bridge reconstruction, demolition and construction of culverts, construction of systems for collecting and pumping water, and the construction of a new stretch of road. On the road Hincesti-Lapusna-M1 it is planned to perform works on repair and laying cold asphalt, build a roundabout, and in some areas - the new buildings. It is planned that the works will be started within 2 months and will last for 2 years. The company Evrascon was selected as a result of the tender, in which 10 candidates (applied by 14 companies) participated.

In course of organized press conference, the Minister of transport and road infrastructure Vasile Botnari said that in a few weeks the national highway Chisinau-Ungheni-Sculeni will turn into a real building site. "Earlier three sections with a total length of 70 km were renovated and today we have signed a contract for restoration of 22 km of roads. In general for restoration of 92 km of road on this track we spent about 75 million euros,-" the Minister said. He also stressed that, having experience of the similar projects, the Ministry of transport and road infrastructure will pay special attention to a balanced and reasonable use of existing funds for road reconstruction. This is necessary to ensure that investments shall be effective and useful for many years.

Link:

[http://infomarket.md/en/transport/Azerbaijani\\_company\\_Evrascon\\_will\\_reconstruct\\_two\\_sections\\_of\\_the\\_national\\_trails\\_of\\_Moldova\\_with\\_length\\_of\\_59\\_km](http://infomarket.md/en/transport/Azerbaijani_company_Evrascon_will_reconstruct_two_sections_of_the_national_trails_of_Moldova_with_length_of_59_km)

ROMANIA



## **Romania receives EU approval for investment in Bucharest subway system**

The European Commission approved on Thursday a EUR 409.5 million investment from the Regional Development Fund (FEDR) for Romania's Eroilor – Drumul Taberei subway route currently in development, writes Mediafax.

“This project is a good example of the way in which regional European funds can help Romania come back to economic growth. It will contribute to improving mobility for our citizens, ensuring safe and environmentally friendly travel conditions and it will also make Bucharest a more attractive destination for investors”, according to Johannes Hahn, Regional Policies Commissioner.

The European Commission says in the press release that the 335,000 people living in Drumul Taberei are the main beneficiaries of this investment.

“We estimate that 3,000 jobs will be created for the construction project and another 264 one it is finished”.

The investment will materialize through the POS Transport program. FEDR will supply EUR 409,5 million out of the total EUR 481 million necessary and. The new subway line which will connect downtown Bucharest to the south-western part of the city should be completed by the second quarter of 2016 and the whole project will be finalized by 2020. By that year, Metrorex estimates it will have invested EUR 900 million in Romanian capital's subway system, EUR 600 million of which will come from the EU.

600,000 people ride the subway every day in Bucharest, meaning approximately a third of the city's population.

The story of Drumul Taberei, the neighborhood without a subway

Romania's Drumul Taberei is one of the most densely populated neighborhoods in Bucharest and yet does not have access to a subway. Even more surprisingly, in the late middle 70's when Ceausescu approved the subway project for Bucharest, knowing full well that a city of that size desperately needed a more efficient form of public transport, Drumul Taberei really was the most populated neighborhood in the Romanian capital.

The original designs showed that the underground system would travel on two axes, connecting the north to the south and east to the west, with a circular line that connected all four end-stations. One of the subway lines was supposed to run from (District 6) Drumul Taberei to Balta Alba (District 3). However, Ceausescu moved the line to Militari, a neighborhood which hadn't even been built yet.

One of the most popular theories for the change, according to Historia.ro, is that Ceausescu despised that particular area because it had been built during the time of his predecessor (Gheorghiu Dej) and also because it was a “bourgeois” neighborhood.

According to Imopedia experts, the lack of subway is the neighborhood's main drawback at the moment. It is a very green area with Park Moghioros. There are 4 markets, two police sections, 14 kindergartens, 11 schools and 6 high schools. Inhabitants have access to two shopping malls: Plaza Romania and Afi Cotroceni.

Prices start at EUR 35,000 for a studio apartment in a building built before 1977. Two room apartments sell for EUR 45,000 – 52,000, and three-room apartments go all the way up to EUR 65,000. Experts are anticipating prices will jump 10 percent if the area gets access to the subway.

Link: <http://www.balkans.com/open-news.php?uniquenumber=194273>

## **The prospects of the Romanian economy are positive**

The World Bank lowered its estimates concerning global growth rates this year. However, for Romania, it has improved its growth forecast from 2.5% in January to 2.8%, while estimates for next year go as far as to 3.2%. Similar figures have been announced for Central and Eastern Europe. According to a report issued by the World Bank, the growing external demand will lead to improved employment and consumption rates in Romania. At the same time, the low inflation will enable the central bank to contribute to the economic recovery through its monetary policy. The Government of Romania, together with the IMF experts who are these days in Bucharest for a new assessment of the stand-by agreement signed last autumn, expect a 2.2 to 2.5% GDP increase this year and a 2.5% growth next year. The Romanian authorities are making efforts to convince the international lenders that they have resources to cover a 5% reduction of social security contributions as of July. On the other hand, the Government wants to get at least 435 million euros for 51% of the Electrica shares, which it will list on the Stock Exchange. According to a previous plan, listing preparations should be completed by June 26th, and trading should start on July the 3rd. PM Victor Ponta is confident that the operation will be a success, and says the proceeds will be channeled into investments. Victor Ponta: “I am confident that this will be a successful listing, as it happened with Romgaz, Transelectrica, or Transgaz. We intend to keep the entire amount generated by this sale for investments in the energy infrastructure.” The Minister Delegate for Energy, Razvan Nicolescu, said this would be the largest Stock Exchange listing in Romania, and the price per share would range between 11 and 13.5 lei. Large investors will be able to buy 85% of the shares, with the remaining 15% earmarked for small investors. If the demand is high, the percentage allotted to small investors may be increased to 22%, and all buyers will be offered discounts. Razvan Nicolescu said, on the other hand, that as of July 1st natural gas producers will have to sell some of their output through the commodity exchange, and the same measure will be applied to natural gas suppliers starting 2015.

Link: <http://www.balkans.com/open-news.php?uniquenumber=194256>

## **EIB is lending EUR 50 million to Romania's UniCredit for SME's**

The European Investment Bank (EIB) is lending EUR 50 million to UniCredit Leasing Corporation, Romania, to finance projects promoted by small and medium-sized enterprises (SMEs) and midcap companies in the areas of agriculture, industry and services in Romania. A minimum of 70% of the loan is earmarked for supporting SME projects while midcaps and public sector authorities will receive some 30% of the loan amount.

EIB Vice-President Mihai Tanasescu said: “EIB funds will facilitate the access of Romanian SMEs and midcap companies active in the sectors of agriculture, industry and services in the country. The improved availability of long-term finance for these companies is important for the development and diversification of the Romanian economy and will have positive impacts on economic growth and job creation across the country, including rural areas.”

Part of the loan will be combined with the SME Finance Facility, which is a joint scheme of the EIB and the European Commission that blends EIB loans with Commission grants to improve SME lending capacity and infrastructure.

This loan represents a continuation of the successful cooperation between the EIB and UniCredit

Leasing Corporation, Romania. The previously granted EIB loan of EUR 50 million has been used in full for the benefit of SME and midcap projects.

Link: <http://www.balkans.com/open-news.php?uniquenumber=194245>

## **Romania's trade deficit widens**

Romania's trade deficit widened to EUR 1.75 billion in the first four months of 2014, from EUR 1.67 billion a year earlier, the country's statistics institute INS said Tuesday. That's a 4.2 percent increase, year on year.

The statistics board said CIF (cost/insurance/freight) imports rose 7.7 percent to 18.7 billion euros in January-April, while exports grew 8.1 percent to 16.9 billion euros.

April's trade shortfall was 635 million euros, with exports rising 2.2 percent from the same period of last year.

In the analyzed period, the most frequently traded categories of product were:

- automobiles and transport equipment (43.3 percent exports, 35 percent of imports);- other manufactured products (32.5 percent of exports, 30.1 percent of imports)

Link: <http://www.balkans.com/open-news.php?uniquenumber=194157>

## **Trade between Romania and China has accelerates by 23.5 percent**

The amount of trade between Romania and the world's second biggest economy has accelerated by 23.5 percent to USD 931 million in the first quarter of this year against the same period of last year said Constantin Nita, the minister of economy, in a statement. Last year, trade between China and Romania amounted to USD 3.3 billion.

Nita concluded on Sunday a three-day visit in China and attended a meeting of economy and trade ministers in Central and Eastern Europe and their Chinese counterparts.

The Romanian minister of economy has also met with Chinese trade minister Gao Hucheng. The agenda of discussions between the two officials focused on ways to enhance business relationships between the two countries, according to the Ministry of Economy.

Romania aims to attract Chinese investors willing to develop industrial parks and to build strategic electricity generation projects such as two nuclear reactors at Cernavoda or the hydro pumping storage plant Tarnita, which would require close to EUR 8 billion in investments.

Nita has also pitched to Chinese officials the Craiova-Pitesti motorway project and Bucharest-Constanta high speed rail project. In addition, the government wants Chinese investors to get involved in the privatization of beleaguered petrochemical plant Oltchim. The company went into administration last year and has failed to attract any investors to date.

The government has been trying for years to attract investors with enough financial clout to build these projects and has signed some memorandums with Chinese companies, which they say are interested in building them.

“The investment potential of Chinese companies is very important, given the globalization process. The good political relations that have been confirmed in the past two years can be enhanced through trade and the development of major infrastructure projects. Romania has projects in key areas – energy,

transport, IT, agriculture,” said Nita.

He added that Romania’s projects are viable for the USD 10 billion credit line allotted by China for investments in CEE.

Link: <http://www.balkans.com/open-news.php?uniquenumber=194158>

## **Private medical services exceed 570 million Euro in Romania**

The increase pace of private medical services slowed down to 10 % 12 per cent in the last year and reached a value of 570 million Euro, with Medlife in the top, followed by Medicover, Regina Maria and Sanador as the largest companies in this sector.

In 2013, Medlife reached a turnover of 72 million Euro, Medicover achieved 45.9 million Euro, Regina Maria attained 43.9 million and Sanador registered 32 million Euro. Within the overall value of the private medical services market, 350 million Euro are represented by state-supported services, while the rest represent direct payments of patients. The overall health market, summing up private and state medical services is estimated at 5.5 billion Euro.

Currently, MedLife operates 11 hyperclinics in Bucharest, Timisoara, Brasov, Arad and Galati, 8 laboratories, 6 hospitals in Bucharest, Brasov and Arad, out of which a pediatric hospital, 3 maternities countrywide including a pediatric center, 7 pharmaceutical units under the brand PharmaLife Med and partnerships with over 135 medical clinics in Romania.

Medicover runs 11 clinics in Bucharest, Constanta, Iasi, Timisoara, Ploiesti, Brasov, the private medical Medicover in Bucharest.

Regina Maria has 18 policlinics in Bucharest, Cluj, Brasov, Constanta and Bacau and over 140 partner policlinics countrywide. It also runs 5 hospitals in Bucharest, including Euroclinic hospital, 3 medical campuses, 5 imaging centers, 5 laboratories at Bucharest, Brasov, Constanta and Bacau and a central bank for stem cells.

Sanador network includes 3 clinics, one laboratory and a private hospital in Bucharest.

Link: <http://www.thediplomat.ro/articol.php?id=5188>

# RUSSIAN FEDERATION



## **Economic Education in Russia Internationally Competitive**

A Russian economic education has become internationally competitive during the last two decades, so much so that local economics universities and schools are consistently in high demand among applicants, including, increasingly, among foreigners.

What kind of people come to Russia seeking an education in economics? Primarily Russian speakers from post-Soviet republics and countries that were not part of the USSR. They have many universities in different regions of Russia to choose from.

Another category includes foreigners who do not speak Russian, but hope to get jobs at foreign corporate offices in Russia or do business with Russian partners in their countries.

Not infrequently, foreign students in Russia obtain two diplomas - one Russian and another from a foreign university - thus killing two birds with one stone.

To date, the best Russian economic universities do not have that many foreign students, but each has traditions of its own in this regard. For example, Lomonosov Moscow State University's (MSU) Economics Department is attended by many students from China and former Soviet republics. The same is true for the Plekhanov Russian University of Economics.

### **Business Education**

Like any other science, economics is based on universal laws that operate in every country of the world. But it also involves numerous practical details linked with particular national economic systems. This is why a Russian economic education may prove indispensable for those planning to work in Russia-related jobs.

"If foreign students intend to do business in Russia or have Russian partners, be it consumers or suppliers, then a local economic education will give them a good idea of the Russian realities. In addition to economic knowledge, they will gain an insight into how to do business here," Mikhail Khomich, Head of the SKOLKOVO Mentoring Association and MSU Business Incubator Development Director, told RIA Novosti.

He believes education's practical relevance should be the main criterion in choosing a Russian university by a foreigner who plans to do business in Russia. It makes sense for an applicant to determine in advance to what extent a university teaches practical skills.

Interestingly, the "Russian university - business in Russia" model does work for foreign students. Experts are familiar with stories of this kind.

"I have examples from SKOLKOVO and MSU of people from other countries coming to study here to do business later on in Russia or with Russia in such areas as trade, mediation, and business tourism or internet projects. Regrettably, these examples are few and far between, but hopefully there will be more over time," Khomich said.

### **Rankings Not Always Right**

International rankings of universities have become very popular the world over recently. If a university is absent from some well-known rankings, foreign applicants are less likely to be willing to sign on.

Over the last decade, the Top 300 of the QS World University Rankings has included two Russian universities with economic departments: Lomonosov Moscow State University (MSU) and St. Petersburg State University (SPSU), which held the 120th and 240th positions, respectively, in 2013.

Several more universities with economics departments figured in the top 400 and 500 in the rankings. The National Research University - Higher School of Economics is in around the 501st place, and the Plekhanov Russian University of Economics is in the 701st place.

The Russian Economic School is not part of the rankings (which are intended for classical universities only, rather than related schools), but many experts believe that it provides top quality economic education, comparable with what can be obtained from the best Western universities.

"As a graduate of the MSU Economics Department, I can say that in Russia there are many universities where you can get a good economic education, not just one. In the first place, I would name the SKOLKOVO Business School, which teaches entrepreneurship, the Economics Department of the Lomonosov Moscow State University, the Russian Economic School (RES) and the Higher School of Economics (NRU -HSE)," Khomich said.

He believes, however, that the Russian universities' positions in the world rankings do not always correlate with the quality of the education they offer, suggesting that applicants take into account the criteria underlying particular rankings.

"For example, if a ranking covers a graduate's salary, we will certainly lose to many rivals. The same goes for foreign publications, if they are held up as an important criterion, because Russian economists have not been widely published outside of Russia. This is why I wouldn't draw unequivocal conclusions based on rankings," he said.

#### Price vs Comfort

Currently the price of educational services offered by many Russian economic institutions is at an advantage on the market by comparison with European and US establishments, Leonid Bragin, First Vice-Rector of the Plekhanov Russian University of Economics, told RIA Novosti.

"And if we look at the full set of services, including lodging, transportation and insurance, we'll see that Russian universities are highly competitive," he said.

In 2013, Moscow was 38 out of 50 on the QS Best Student City Rankings, which shows that foreign students can feel as good here as at many other popular educational centers in the world.

Besides, a Russian education can help foreigners acquire Russian citizenship, Bragin added.

"This will be rather simple to do, if a bill, drawn up by the Federal Migration Service and the Ministry of Economic Development offering Russian citizenship to Russian university graduates who have worked in this country for no less than three years, is approved," he explained.

#### Russian vs English

Today leading Russian economic universities offer educational programs in English, which helps them attract additional foreign students.

For example, different departments at the Plekhanov Russian University of Economics have term- or year-long sets of disciplines oriented toward foreign exchange students. But these can be options for Russian students as well.

"Teaching in English requires that teachers use modern interactive technologies, peruse English periodicals and have access to English databases, all of which have a positive effect on the level of teaching skills," Bragin said.

According to him, many economics universities in big cities have an opportunity to invite leading foreign professors, foreign companies' executives and employees of international organizations as instructors.

But even though teaching in English is increasingly widespread, foreign students at Russian universities have to be taught Russian. As a rule, specialized courses are being opened for the purpose.

"Learning Russian through university courses, where you can be fully immersed in the language environment, is the best thing you can think of. I taught foreign groups at MSU and saw that foreign students felt quite comfortable linguistically, because they had been given every opportunity for studying the language," Khomich said.

Experts believe that a combination of these factors should gradually increase the number of foreign students at Russian economics universities.

Link: <http://en.ria.ru/russia/20140610/190459569/Economic-Education-in-Russia-Internationally-Competitive.html>

## **Russian not to privatize Sovkomflot, NCSP in 2014**

The Russian government will not privatize its stakes in shipping company Sovcomflot and Novorossiysk Commercial Sea Port (NCSP) in 2014, First Deputy Finance Minister Tatyana Nesterenko said at a meeting of the State Duma's budget committee on Monday.

"Considering the uncertainty of these assets' price, the government has made a decision not to sell the stakes in the companies," Nesterenko said.

She said that the Finance Ministry expects privatization income to fall by 170 billion rubles in 2014 to 26 billion rubles.

Finance Minister Anton Siluanov said that the government is considering privatizing oil major Rosneft earlier than planned to compensate for the loss.

Link: [http://www.1prime.biz/news/politics\\_economy/\\_Russian\\_not\\_to\\_privatize\\_Sovkomflot\\_NCSP\\_in\\_2014/0/%7B82398AF1-9B1A-4D98-8523-014F63B9132E%7D.uif](http://www.1prime.biz/news/politics_economy/_Russian_not_to_privatize_Sovkomflot_NCSP_in_2014/0/%7B82398AF1-9B1A-4D98-8523-014F63B9132E%7D.uif)

## **Putin says Internet business profitable, accounts for 8.5% of GDP**

The Russian Internet has become a profitable business, which accounts for 8.5% of the country's gross domestic product (GDP), President Vladimir Putin said Tuesday at an Internet business forum.

"The Internet has turned from a means of communication into a very profitable business in our country... This way or another, the markets, involved into the Internet, exceed 5 trillion rubles. This is a vast business," Putin said.

He said that the government must support those who can and want to work in the Internet.

Putin reiterated that there was a fund set up a year ago to back up Internet start-ups, and its current volume is about 6 billion rubles.

“I would like these funds to be effectively used, grow and be fruitful for the economy and society as a whole, and those people who actively work in the Internet,” Putin said.

The government’s mission “is to help people, working in this extremely prospective field,” so that they “could become independent and be free to express their point of view”, the president said, adding that the government will benefit from this activity.

Link:

[http://www.1prime.biz/news/politics\\_economy/ Putin\\_says\\_Internet\\_business\\_profitable\\_accounts\\_for\\_85\\_of\\_GDP/0/%7B67DCCE10-503A-4848-A90C-F1007973419B%7D.uif](http://www.1prime.biz/news/politics_economy/ Putin_says_Internet_business_profitable_accounts_for_85_of_GDP/0/%7B67DCCE10-503A-4848-A90C-F1007973419B%7D.uif)

## SERBIA



### **Knapp: Serbia has potential**

Head of the Delegate Office of German Industry and Commerce for Serbia Martin Knapp invited German investors on Friday to invest in Serbia, adding that the country had the potential to be in the same category as Hungary, the Czech Republic, Poland and Slovenia.

The Delegate Office of German Industry and Commerce for Serbia will help them in that, he told Tanjug.

The Serbian government, on the other hand, should decide what league Serbia will play in once it joins the EU.

Serbia has the potential to be in the same category as Hungary, the Czech Republic, Poland and Slovenia, but a lot needs to be done to achieve that goal, Knapp stated.

The two-day visit by Serbia's Prime Minister Aleksandar Vucic to Berlin will help further improve the economic relations between Serbia and Germany, he remarked.

Serbia needs investments, not only foreign, but domestic too, because there is no great difference between local and foreign investors, since they all seek good conditions for their investments, Knapp pointed out.

Link: <http://www.tanjug.rs/news/133456/knapp--serbia-has-potential.htm>

### **Serbian delegation at World Petroleum Congress in Moscow**

A delegation of the Nation Petroleum Committee of Serbia (NNKS) will attend the 21st World Petroleum Congress in Moscow June 15-19, which is entitled Responsibly Energising a Growing World, the NNKS has stated.

There will be more than 3,000 delegates, including 30 ministers and 400 directors of the largest private and state-owned companies, from more than 80 countries, making this the largest event in the history of the World Petroleum Council, which has been organising these events since 1933.

The congress will be opened by Russian President Vladimir Putin and include key decision-makers from around the world as speakers who will discuss the latest trends in the industry and their predictions.

This is the second World Petroleum Congress the NNKS will take part in, after the previous one in Doha in 2011.

The NNKS was founded in March 2011 as part of a family of around 70 national committees working together within the World Petroleum Council, the only international organisation to encompass all the aspects of the petroleum industry.

Link: <http://www.tanjug.rs/news/133426/serbian-delegation-at-world-petroleum-congress-in-moscow.htm>

## **Serbia's inflation grows 0.1 percent in May**

Serbia's inflation rate in May was up 0.1 percent from the month before and 2.1 percent against May 2013, and it saw a rise of 1.8 percent from December last year through May, the Statistical Office of the Republic of Serbia has said in a release.

Price growth between April and May 2014 was highest in Clothing and footwear (0.3 percent), Food and non-alcoholic beverages; Housing, water, electricity, gas and other fuels; and Restaurants and hotels (0.2 pct each), and in the Furnishings, household equipment and routine household maintenance (0.1 pct).

Price drops were recorded in Transport; Recreation and Culture; and Education (-0.3 pct each) and in Communications (-0.1 pct).

There were no significant changes in prices of other goods and services, the release said.

Link: <http://www.tanjug.rs/news/133394/serbias-inflation-grows-0-1-percent-in-may.htm>

## **Winning projects in fields of tourism and biodiversity**

Danube Competence Center (DCC) representatives presented on Friday the winning projects in a competition titled "Tourism and Biodiversity" aimed at making the best use of the biodiversity potential in the tourist offer of the Middle and Lower Danube River basin.

German Ambassador to Serbia Heinz Wilhelm said on Friday that, as part of the competition, six projects will be carried out in the fields of tourism and biodiversity, stressing that Germany invested EUR 100,000 in them.

He noted that two projects will be set up in Serbia, two in Romania, one in Bulgaria and one in Moldova and Ukraine.

One of the projects in Serbia will be realized at Djerdap, and provide feeders for birds and other animals, while the other is dedicated to various forms of kayak eco-tours along rivers in Serbia.

In March 2014, the DCC called for project proposals that are aimed at making the best use of the biodiversity potential in the tourist offer of the Middle and Lower Danube River basin.

With the support of the German Federal Ministry for Economic Cooperation and Development (BMZ), the German organization for international cooperation (GIZ) secured EUR 100,000 for members of the DCC and its partners.

Link: <http://www.tanjug.rs/news/133464/winning-projects-in-fields-of-tourism-and-biodiversity.htm>

TURKEY



## **Turkey invited to boost thermal tourism in Bulgaria**

Bulgarian mayors call on Turkish business people to boost thermal tourism in the country's southern parts.

The Mayors of Bulgarian southern districts called on Turkish business people to invest in Bulgaria's mineral springs to boost tourism in southern Bulgaria at the Turkish-Bulgarian business meeting on Tuesday.

At the Union of Chambers and Commodity Exchanges of Turkey (TOBB) in Istanbul, Mayors of the Plovdiv and Burgas region explained Bulgaria's business and investment opportunities for Turkey stressing its government's policy in providing a favorable business climate which has one of the world's lowest taxation rates.

Angel Angelov, General Consulate of Bulgaria in Istanbul said there has been improvement in bilateral trade relations in recent years.

"Turkey is number one tourism destination for Bulgarians. This number is increasing every year. On the other hand, it is not the case for Bulgaria. The two governments need to develop a new strategy and encourage Turkish tourists to travel to Bulgaria. It offers great winter and thermal tourism opportunities," he said.

Yalcin Egemen, Turkish-Bulgarian Business Council Chairman noted there are over 2,000 mineral springs in Bulgaria.

"Europe's ageing population will prefer wellness tourism in areas with hot springs like Bulgaria's southern parts in the near future. That is why these resources need to be utilized and restructured in order to be put into service," he said.

Egemen declared that basic problems like alleviating long queues on the border gates to accelerate bilateral economic relations, was a priority before looking at collaborative business opportunities like wine production. He also cited the development of business partnerships on meat and milk products, raw vegetables and fruit.

"The trade volume between the two countries consists mainly of fuel stock, but there is very little trade in terms of technology products. We need to focus on this aspect from now on," he added.

The meetings between Turkey and Bulgaria come two days after Bulgaria's Prime Minister Plamen Oresharski ordered a halt to the construction on the Gazprom-led South Stream pipeline project after the European Commission opened an infringement procedure against Bulgaria declaring that it operated in contravention of EU marketing rules.

Egemen reiterated that, despite the financial crisis, the current trade volume between the two countries increased to over \$4 billion in comparison to around \$1 billion a decade ago, adding that their trade volume goal in the next decade is to reach \$15 billion.

Link: <http://www.portturkey.com/stock-markets/6616-turkey-invited-to-boost-thermal-tourism-in-bulgaria>

## **Bosch set to increase investments in Turkey**

Operating in Turkey in a number of fields including automotive technologies, household goods and energy, Germany's Bosch Group regards Turkey as an important supply base.

Having invested EUR 2 billion in Turkey to date, Bosch's exports from Turkey reached EUR 1.1 billion last year, according to a statement by Bosch Turkey General Manager, Steven Young, speaking at the annual press meeting sharing the company's fiscal year-end results and new targets. "We expect an 11 percent increase in exports this year", Young noted.

"Bosch plans to invest a total of EUR 135 million in its operations in Turkey in 2014. The automotive systems plants in Bursa province will receive the majority of investments", Young said at the meeting, highlighting Turkey's production hub status for the industrial giant.

Bosch produces auto braking systems and diesel fuel injectors in 5 different locations in Bursa. The company currently employs over 8200 people in Turkey.

Link: <http://www.portturkey.com/finance/6638-bosch-set-to-increase-investments-in-turkey->

## **SOCAR's investments in Turkey to hit \$5 billion by year end**

The volume of investment by Azerbaijan's energy giant SOCAR in Turkey's economy will reach \$5 billion by late 2014, Executive Director of SOCAR Energy Turkey, Kenan Yavuz, said.

"To date, some \$3.5 billion has been invested in the projects in Turkey and this figure will reach nearly \$5 billion by late 2014," Yavuz told journalists.

He noted the investments made in the privatization of Petkim Petrochemical Complex in 2008, which stood at \$2.5 billion, and \$900 million spent for the ongoing implementation of the Star refinery project in Izmir, adjacent to Petkim site in Aliaga, Izmir. The refinery is planned to be commissioned in late 2017.

Yavuz went on to say that the construction work of a new container port in the territory of the Petkim Petrochemical Complex was also underway. It is planned to become operational in August-September, 2015. Moreover, a wind power plant will be put into operation in 2015.

Yavuz said the total investment portfolio of Azerbaijan's state oil fund SOFAZ in Turkey, including the Trans-Anatolian Gas Pipeline Project (TANAP), is \$20 billion.

Azerbaijan and Turkey's economic cooperation has reached a high level. SOCAR is one of the world's most established oil companies, active in Turkey since 2008. SOCAR is involved in a number of major investment projects in Turkey, including the construction of TANAP, Star refinery, and others.

Link: <http://www.portturkey.com/finance/6635-socars-investments-in-turkey-to-hit-5-billion-by-year-end>

## **Turkey's Industrial Turnover Index increases**

Turkish Statistical Institute (TurkStat) announced Industrial Turnover Index, April 2014. According to that, calendar adjusted total industrial turnover index increased by 17,2 percent compared with the same month last year.

In the sub sectors of the industry, mining and quarrying index increased by 9.4 percent and manufacturing index increased by 17.5 percent in April 2014, compared with the same month last year.

Seasonally and calendar adjusted total industrial turnover index decreased by 0.7 percent according to the previous month. Mining and quarrying index decreased by 5.8 percent and manufacturing index decreased by 0.4 percent in April 2014, compared with the previous month.

According to the Main Industrial Groupings (MIGs) classification, the largest decrease was in energy by 8.8 percent in April of 2014, compared with the previous month.

In the sub sectors of the manufacturing the largest decrease was in other manufacturing by 14.7 percent, it is followed by manufacture of coke and refined petroleum products by 9.4% and manufacture of computer, electronic and optical products by 6.4 percent in April 2014, compared with the previous month. In the sub sectors of the manufacturing the highest increase was in manufacture of food products by 6.6 percent, it is followed by manufacture of wood and of products of wood and cork (except furniture) by 6.4 percent and manufacture of beverages by 4.1 percent in April 2014, compared with the previous month.

Link: <http://www.portturkey.com/finance/6631-turkeys-industrial-turnover-index-increases->

## **Turkey's April current account deficit at \$4.78 billion**

Turkey's central bank announced the "Balance of Payments: January-April 2014". According to the data, country's current account deficit was \$56 billion 790 million in April, in yearly basis.

The country's current account deficit in April decreased by \$3 billion 322 million to \$4 billion 788 million compared to April 2013.

The current account deficit recorded \$16 billion 372 million indicating a decrease of \$8 billion 283 million in comparison to the four months of the previous year. This decrease is mainly accounted from foreign trade deficit in the balance of payments table, which decreased \$8 billion 139 million compared to the four months of 2013 recording \$17 billion 402 million, as well as services account, which indicated a surplus of \$3 billion 990 million increasing by \$621 million.

Non monetary gold item recorded a net export of \$1 billion 340 million during the four months, in contrast to net import of \$3 billion 447 million recorded in the same period of 2013.

The travel revenues increased by \$239 million in comparison to four months of 2013 reaching to \$5 billion 845 million and the travel expenditures increased by \$171 million recording \$1 billion 667 million.

Net outflows from the investment income item increased by \$322 million over the same period of the previous year reaching \$3 billion 11 million.

Link: <http://www.portturkey.com/finance/6621-turkeys-april-current-account-deficit-at-478-million->

## **WB signals increase growth forecast for Turkey**

Latest positive figures in the first quarter signals that Turkish economy may lead WB to revise its predictions for Turkey's economic growth rate in the next year, says a senior official at WB.

The World Bank (WB) lowered its projections for global growth this year, saying the Ukraine crisis, a harsh winter in the United States and political strife in several middle income countries had pulled down the outlook. The WB estimated global growth in 2014 at 2.8 percent, down from the 3.2 percent forecast

in January. "Growth rates in the developing world remain far too modest to create the kind of jobs we need to improve the lives of the poorest 40 percent," World Bank President Jim Yong Kim said. However, Andrew Burns, a senior official at World Bank, noted on Wednesday that the WB might revise its growth forecasts upwards for Turkey, after the high growth figures for the first quarter of 2014 were announced on Tuesday.

Burns noted that as a result of the strong growth rate achieved in the first quarter, the World Bank's forecast on Turkey's economic growth might change.

According to "World Economic Outlook Report for 2014" of the World Bank, the growth rate for the Turkish economy was expected to be

around 2.4 percent annually; however, the real figures for the first quarter indicated a growth rate of 4.3 percent. When asked about the reason behind the difference in figures, Burns stated that it was possible to revise the figures upward. "The strong economic growth observed in Turkey within the first quarter is in line with our expectations," said Burns.

Burns further noted that the forecast figures for 2014 were held at a low level due to the base effect from 2013. "We take into consideration 2013 figures for establishing our forecasts for the next year. The lower economic growth rates in 2013 had a mathematically based effect for the next year.

The high figures achieved in the first quarter of 2014 in Turkey are promising that the hard times are over," Burns stated. Praising the economic growth potential of Turkey, Burns described 4 percent growth as a "very good rate." He added that rates should remain around this level and surpassing this level would bring about various economic instabilities and risks and therefore should be avoided.

Evaluating the interest policy of the Central Bank of Turkey, Burns noted that since the global balance is stable, the inflation-increasing effect of exchange rate depreciation would slow down and help decrease inflation rates. "A gradual decrease in interest rates might be expected. Of course, I cannot be the judge of that, but I believe our colleagues at the Central Bank of Turkey are closely following the current situation," added Burns.

He further stated that the emerging economies are expected to grow around 4.8 percent this year and they continue to be the driving force behind the global economy.

Burns also mentioned that as of this year, developed countries have started contributing more to global economic growth and are offering an increasing number of export opportunities for emerging economies.

The economic recovery in Europe would be highly beneficial for Turkish exporters, noted Burns and added: "The economic growth in Europe will ensure that Turkish authorities are faced with a reduced risk of foreign economic instability and may therefore close the current account deficit.

Turkish-type economic growth will depend more on foreign demand than monetary and financial incentives."

Link: <http://www.portturkey.com/finance/6619-wb-signals-increase-growth-forecast-for-turkey>

## **Turkey, Serbia look to boost trade volume to \$1b**

Turkish Foreign Minister Ahmet Davutoglu and Serbian counterpart Ivica Dacic discuss ties in Belgrade.

Turkey is seeking to increase its volume of trade with Serbia to \$1 billion, Turkish foreign minister has said.

Speaking at a press conference Tuesday with his Serbian counterpart Ivica Dacic in Belgrade, Ahmet Davutoglu said that both Turkey and Serbia would boost bilateral ties including in the fields of energy, tourism and transportation.

"An economic forum will be held to improve economic relations and to increase the trade volume between the two countries to \$1 billion," he said.

Turkey and Serbia had a bilateral trade volume of about \$580 million in 2012.

He also said relations between Turkey and Serbia were very important for stability in the Balkans as well as EU accession talks for the two countries as they both continue to pursue EU membership.

Link: <http://www.portturkey.com/finance/6615-turkey-serbia-look-to-boost-trade-volume-to-1b>

UKRAINE



**The Hollywood Reporter: Modern Times Group writes off \$23.9 million in Ukrainian assets**

Modern Times Group (MTG) will take a \$23.9 million non-cash impairment charge as part of its financial results for the second quarter due to the economic and political turmoil in Ukraine where MTG operates satellite TV platform Viasat Ukraine.

Link: <http://www.kyivpost.com/content/business/the-hollywood-reporter-modern-times-group-writes-off-239-million-in-ukrainian-assets-351272.html>