

**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).

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ALBANIA



## **Albanian authorities issue development permits for TAP project**

The Compound Development Permit – Phase 1 for the Trans Adriatic Project (TAP) is approved by the Albanian National Territorial Council (KKT), chaired by Prime Minister, Edi Rama. This is one of the most important permits granted to TAP AG by the Albanian authorities. It represents the permit which will authorise TAP AG to start its construction activities in Albania.

The CDP Phase 1 is approved by the National Territorial Council (KKT), the highest authority in the country for territorial planning, and follows the provisions of the Law on Territorial Planning, and the decision of the KKT for the approval of the National Sectorial Plan for TAP project on July 4, 2013.

This permit for the entire TAP pipeline system shall be followed by a second phase, during which the Compound Development Permit by the Ministry of Energy and Industry will be issued on an incremental basis for different sections and phases of the TAP pipeline system development in Albania.

The construction activities will start with the upgrade and construction of access roads and bridges in Albania in 2015 and this will be followed by the pipeline laying and construction of other facilities associated with this gas transportation infrastructure.

Shkelqim Bozgo, Country Manager of TAP Albania, said: “We are honoured to receive today the approval of the highest Albanian authority on territorial planning, the National Territorial Council. This permit clears the way for the start of the construction activity for TAP in Albania. Today’s meeting represents another major milestone in the excellent cooperation between the Albanian government and the TAP project and we look forward to working jointly in the future to make TAP a success.”

TAP will be one of the largest foreign investments in Albania with a cost of construction of around 1 billion Euros. During construction of the pipeline, TAP will bring employment to the country – in construction, transport and communications, manufacturing and utilities, trade, financial and business services, as well as it will contribute to the development of key infrastructure in the country such as roads. TAP will also support Albania in developing its domestic gas market and connections to regional gas networks.

Link: <http://www.balkaneu.com/albanian-authorities-issue-development-permits-tap-project/>

## **Albania is launching Branding Albania**

The Government of Albania is launching Branding Albania, an international, 2-stage contest on the concept and strategy of a nation branding campaign. Our aim is to create a new branding identity for Albania; one that will shape and promote a positive image, reflecting the new reality of the country and promoting it as a major destination to discover for tourism and investments.

For too long Albania's image in the world has been unfairly shaped by the difficulties of our recent history, by the tumultuous events that have taken place in our region for the most part of the 1990s, as well as by the lack of a clear and coherent strategy and investment in the country's image.

We aim to change that. Branding Albania is conceived as an ambitious project that would allow us to take the initiative and shape our country's image in a way that reflects its vibrant energy and huge potential for development, its rich culture and extraordinary historical heritage, its magnificent natural sites, unspoiled beaches and dramatic landscapes.

Link: <http://www.balkans.com/open-news.php?uniquenumber=191709>

## **15 million euros will enable the rehabilitation of Albania's Port of Vlore**

An investment of 15 million euros will enable the rehabilitation of the Port of Vlore. Transport Minister Edmond Haxhinasto signed two contracts with the Italian Ambassador in Tirana, Massimo Gaiani, one involving consultancy and the other the implementation of the project. He said that this investment is very important for a quality service.

"It is important for our infrastructure to be the same as that in EU countries. A project which will aim to bring at efficient levels the quays of the port of Vlora. No work can be considered complete, if it does not guarantee a quality service that is expected from it. We are satisfied with the cooperation we have had till now with the Italian government", said Haxhinasto.

The signing of the agreement paves the way to the Rehabilitation Project of the Vlore Port, which is funded by the Italian Cooperation in Albania. It will also help raising the number of tourists and trade exchange, through this port.

Link: <http://english.albeu.com/news/news/15-million-euros-to-rehabilitate-the-port-of-vlora/148091/>

ARMENIA



## **Presidents of Armenia and Turkmenistan discuss cooperation**

Since establishment of diplomatic relations between Armenia and Turkmenistan, cooperation between the two countries has achieved significant results, says a joint statement made after a meeting of Serzh Sargsyan and Gurbanguly Berdimuhamedow.

“During talks, which were held in an atmosphere of friendship and mutual trust, the sides exchanged views on a range of issues of bilateral cooperation as well as cooperation in the international arena. Presidents noted that they had reached agreement on a wide range of issues,” the statement reads.

According to the document, the sides touched upon the economic cooperation, welcoming organization of business forum in Ashgabat. They also discussed cooperation in the humanitarian area and welcomed the Days of Armenian Culture in Turkmenistan, and agreed on the measures to organize the Days of Turkmen Culture in Armenia in 2015.

The presidents expressed their willingness to strengthen cooperation in combating terrorism, drug trafficking, illegal migration, transnational organized crime and illicit arms trafficking.

Armenian President Serzh Sargsyan thanked his Turkmenistani counterpart for the warm welcome and invited him to pay an official visit to Armenia. The invitation was accepted .

Link: <http://news.am/eng/news/203272.html>

## **Armenia-Turkmenistan business forum to be held in Ashgabat**

Armenia-Turkmenistan business forum will be held in Ashgabat within the framework of Serzh Sargsyan's visit to Turkmenistan.

The organizer of the forum is Armenian Development Agency and Union of Manufacturers and Businessmen of Armenia.

Armenia will be represented by 30 companies from different areas: food, IT, construction, shoe making, jewelry and other fields.

In 2013 trade turnover between Armenia and Turkmenistan reached \$21.6 million with export making \$19.0 million and import to Armenia \$2.6 million.

Armenia is mainly importing petroleum products and cotton, and is exporting jewelery, tobacco.

Link: <http://news.am/eng/news/203141.html>

## AZERBAIJAN



### **ADB to ratify allocation for road construction in Azerbaijan by autumn**

The Asian Development Bank (ADB) plans to approve another loan for the construction of highways in Azerbaijan by September 2014.

The loan is worth \$250 million, the ADB announced on April 7.

ADB intends to provide Azerbaijan with a second loan as part of the new multi-tranche financing for road construction (MFF) known as Second Road Network Development Investment Program by autumn.

Under the business plan for ADB's operations in Azerbaijan for 2014-2016 approved in February, \$150 million with a total project cost of \$200 million is planned to be spent for the construction of the Salyan-Jalilabad road.

Along with discussing the conditions of the new loan, ADB is assisting the Azerbaijani government to conduct research in transport management, road safety, road construction, and design standard development, the bank said.

ADB and Azerbaijan will discuss an opportunity for the bank's granting of the third MFF this week, the bank noted.

ADB Transport Specialist Balabhaskara Reddy Bathula who will visit Baku will take part in the negotiations.

The bank plans to render technical assistance in the amount of \$1 million to prepare the third MFF in 2016.

Established in 1966, the ADB is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth, and regional integration.

The bank is owned by 67 members, including 48 from the region. ADB's assistance in 2012 totaled \$21.6 billion, including co-financing \$8.3 billion.

Azerbaijan's share in the bank's capital is 0.5 percent.

Link: <http://www.today.az/news/business/132547.html>

### **IMF forecasts 3.5 % inflation rate for Azerbaijan in 2014**

The International Monetary Fund (IMF) forecasts Azerbaijan's inflation to be at the level of 3.5 percent in 2014 and 4 percent in 2015, according to a report on the prospects for development of world economy, World Economic Outlook published on IMF's website on April 9.

By comparison, consumer prices in Azerbaijan increased by 2.4 percent in 2013.

The inflation in Azerbaijan is expected to be at the level of 4.25 percent in 2016, and 4.95 percent in 2017, 2018 and 2019, according to IMF estimates.

The current account surplus of the balance of payments' transactions will decrease from 14.49 billion manat in 2013 (GDP ratio - 19.7 percent) and will amount to \$11.914 (15 percent) in the country, according to IMF forecasts. The current account surplus of the balance of payments will decrease to \$8.7 billion (9.93 percent) in 2015, \$5.32 billion (5.53 percent) in 2016, \$ 5.71 billion (5.5 percent) in 2017, \$5.58 billion (4.98 percent) in 2018, \$5.66 billion (4.63 percent) in 2019, according to IMF forecasts.

Link: <http://www.today.az/news/business/132540.html>

## **Caspian region-EU connection necessary: SOCAR**

The big gap in price and supply security between the European average and countries in the periphery of Europe necessitates the construction of something to connect the Caspian region to the European Union (EU).

The remarks were made by Vice-President of Azerbaijan's state energy company SOCAR on Investments and Marketing Elshad Nasirov at the Monthly Members' Luncheon hosted by American Chamber of Commerce in Azerbaijan (AmCham) on April 4.

"This is a challenging, if not the most challenging, energy project in the world," Nasirov said.

The SOCAR official believes that many things can be said about the Southern Gas Corridor.

"Of course, we have to think what this gas corridor is providing to the European and world markets. The EU needs more security, and energy security definitely cannot be separated from national security. It's becoming more and more obvious that energy is equal to the national security of any country," he noted.

Nasirov also briefed the members about the latest achievements on the Southern Gas Corridor.

The gas which will be produced at the second stage of Azerbaijan's Shah Deniz field development will be the main source of the Southern Gas Corridor, which envisages the transportation of the Caspian gas to the European markets.

The Shah Deniz consortium announced the selection of TAP as the main route for transporting its gas to Europe in late June. Another pipeline which was vying for Azerbaijan's gas transportation to Europe was Nabucco West.

The selection of TAP marked the start of implementing the Southern Gas Corridor project that will allow Europe to diversify its supply sources and increase energy security, and enable Azerbaijan to acquire a new market -Europe.

Link: <http://www.today.az/news/business/132462.html>

## **Azerbaijan becomes Turkey's largest foreign investor**

SOCAR's investments in Turkey are the largest direct investments, SOCAR Turkey Enerji head Kenan Yavuz was quoted on April 4 by the Turkish newspaper Media73 as saying.

"SOCAR's direct investments exceeded the investments worth \$ 14.9 billion made in the Turkish

economy during 1923-2003.

He also stressed that it is possible that SOCAR's investments in Turkey's economy will reach \$ 20 billion as a result of implementing a number of projects.

"While implementing the projects in the power engineering and petro-chemistry, Azerbaijan became Turkey's largest foreign investor," Yavuz added.

SOCAR Turkey Enerji ranks second in Turkey's industrial production.

SOCAR Turkey Enerji A.Ş. and SOCAR International DMCC OGG acquired a 10.32 percent stake in the Petkim petrochemical complex, increasing their stakes to 61.32 percent on March 30, 2012. Some 38.68 percent of the shares are in free circulation on the Istanbul Stock Exchange.

Petkim Petrokimya Holding manufactures plastic packaging, fabric, PVC and detergents being the only Turkish producer of such products. The holding exports a quarter of its products.

Link: <http://www.today.az/news/business/132398.html>

## **CBA reserve assets in securities exceed \$4 bln**

The Central Bank of Azerbaijan (CBA) has placed \$4.09 billion in securities in the first two months of 2014, its statistics report shows. The figure is 28.66 percent of the CBA's total amount of reserve assets.

The amount placed in securities in the same period in 2013 was \$4.19 billion of the total amount of the CBA reserves. CBA also said \$9.93 billion of the reserve assets are in the accounts of the other central banks, the Bank for International Settlements and the International Monetary Fund. Their volume increased by 41.45 percent compared to the same period in 2013, the report noted.

The total amount of the CBA reserve assets in foreign currency in the first two months of 2014 increased by 21.24 percent and reached \$14.27 billion. The CBA reserves stored in foreign currency amounted to \$14.03 billion by late February. The total amount of the CBA currency reserves exceeded \$14.7 billion in the first quarter of 2014, which amounted to \$12.33 billion in the first quarter of 2013. The CBA plans to increase the volume of its reserves to \$16 billion by late 2014. The rapid growth of the currency reserves was the main factor for the formation of a strong macroeconomic buffer and the sensitivity reduction of domestic economy against external shocks. The increase in reserves led to the maintenance of the net investment position of the country at an acceptable level.

Link: <http://www.azernews.az/business/65964.html>

## **Azerbaijan ups power generation**

Over 6.2 billion kilowatt hours of electricity was generated by power plants of Azerenergy JSC (production and distribution of electricity in Azerbaijan) in January-March 2014.

The company reported that nearly six billion kilowatt hours of electricity was generated by power plants of Azerenergy JSC in the first quarter of 2013.

The JSC's power plants generated over two billion kilowatt hours of electricity in March 2014 compared to nearly two billion kilowatt hours in March 2013.

In total, Azerenergy JSC produced over 21.5 billion kilowatt hours of electricity in 2013 compared to 21.3 billion kilowatt hours in 2012.

The capacity of power plants owned by Azerenergy JSC exceeds 6,500 megawatt.

Link: <http://www.azernews.az/business/65841.html>

## **Azerbaijan, Lithuania enjoy potential for cooperation**

Lithuania and Azerbaijan have great potential for bilateral investments and cooperation in other areas of the economy, Lithuanian Economy Minister Evaldas Gustas said.

Gustas held a meeting with Azerbaijani Economy and Industry Minister Shahin Mustafayev. "During the meeting, he expressed Lithuania's interest in the development of the economic relations with Azerbaijan," the Azerbaijani ministry reported on April 5.

Touching upon the current situation of the Lithuanian economy and investment opportunities of the country, Gustas invited the Azerbaijani minister, as well as Azerbaijani scientists to a forum-exhibition on the natural sciences which will be held in Lithuania in September.

Recently, Baku also hosted an Azerbaijani-Lithuanian business meeting with the support of the Ministry of Economy and Industry. It was organized by the Azerbaijani Export and Investment Promotion Foundation (AZPROMO).

AZPROMO head Rufat Mammadov referred to the wide-range of opportunities for mutual investment and enhancement of cooperation in the fields of construction, agriculture, ICT, renewable energy, tourism and invited businessmen to get more involved in the mentioned fields.

Lithuanian minister, in turn said that holding of such meetings plays an important role in the expansion of ties between entrepreneurs.

AZPROMO expressed willingness to provide appropriate support for the organization of business activities in the country.

The foreign trade turnover between the two countries amounted to \$21.788 million by the end of 2013, which is 9.2 percent less than in 2012, according to the State Customs Committee of Azerbaijan.

Link: <http://www.azernews.az/business/65817.html>

## **Azerbaijan, Austria eye trade ties**

Azerbaijan and Austria have mulled the opportunities for developing the bilateral cooperation, Azertag reported on April 4.

The discussions were held during the meeting of the Austrian delegation led by Second President of the National Council Karlheinz Kopf with representatives of Azerbaijani companies specializing in the fields of ICT, construction and consulting.

Earlier the Austrian delegation was received by Azerbaijani President Ilham Aliyev, Parliamentary Speaker Ogtay Asadov, Foreign Minister Elmar Mammadyarov, Economy and Industry Minister Shahin Mustafayev and Culture and Tourism Minister Abulfas Garayev.

Diplomatic relations between the two countries were established in February, 1992. The legal framework for bilateral cooperation includes 38 documents.

There are over 50 Austrian companies operating in different fields of Azerbaijani economy.

Trade turnover between Azerbaijan and Austria was about \$333.46 million in the first eleven months of 2013, Azerbaijan's State Customs Committee reported.

Azerbaijan's imports from Austria amounted to \$79.58 million, while exports to Austria amounted to \$253.88 million during this period.

Link: <http://www.azernews.az/business/65825.html>

## **Around 10bn AZN to be invested in water supply, sewerage system in Azerbaijan**

Around 10bn AZN will be invested to implement projects aimed at reconstructing water supply and sewerage system in Azerbaijan.

It was announced by Director of Azersu (national water supply operator) Gorkhmaz Huseynov on the sidelines of CATEC 2014, II international Caspian exhibition “Water treatment technologies” which has opened in Baku, 1news.az reports.

The more exact figure will be announced after relevant projects are prepared, the volume of the work and the cost of technologies and equipment necessary for implementing these projects are determined, Huseynov said.

“Around 3bn AZN has been invested in reconstruction of water supply and sewerage system since 1997. The projects were financed through budget funds, own funds of Azersu and also loans attracted from international financial organizations,” Huseynov noted.

Link: <http://news.az/articles/economy/87641>

## **Azerbaijan, Turkey discuss prospects for cooperation on defence industry**

Azerbaijani Defence Industry Minister Yaver Jamalov has today met Turkish Ambassador to the country Ismail Alper Coskun.

They discussed the current state of and prospects for cooperation between the two fraternal countries.

The two also discussed other issues of mutual concern.

Turkish military attaché Hasan Nevzat Tasdeler was also present at the meeting.

Link: <http://news.az/articles/economy/87532>

## **Albania, Azerbaijan to deepen cooperation through TAP gas project**

Albanian Deputy Foreign Minister Alqi Puli said Thursday that the Trans-Adriatic Pipeline (TAP) is a strategic project for Albania.

During the conference "Talking Albania-Azerbaijan relations", he said the diplomatic ties between Albania and Azerbaijan are consolidated, mentioning the previous eight agreements signed between the two countries.

"Taking into consideration the difficult energetic situation, this project is going to give Albania the possibility to further develop not only the energetic sector, but also its own economy, generating new jobs and increasing social welfare," Puli noted.

According to Puli, the collaboration between Albania and Azerbaijan continues to deepen its importance, generating other agreements not only on the energetic context but also on other fields such as innovation, technology and education.

Through the pipeline, TAP will transport about 10-20 billion cubic meters of gas annually from the Caspian region via Greece and Albania and across the Adriatic Sea to southern Italy, and further into Western Europe through the 800-km-long pipeline.

The project is aimed at enhancing security and diversification of gas supplies for the European markets.

It will open a new so-called Southern Gas Corridor to Europe and establish a new market outlet for natural gas from the Caspian Sea and beyond.

Link: <http://news.az/articles/economy/87463>

BULGARIA



## **Bulgaria Posts 7% Increase in Exports of Metallurgical Sector Products**

Bulgaria registered a 7% increase in exports of metallurgical sector products in 2013, according to Ivan Ayolov, Deputy Minister of Economy and Energy.

Speaking Thursday at the opening of the XXI International Scientific and Technical Conference Metalcasting 2014 in Pleven, he explained that the creation of favorable conditions for a recovery of Bulgarian industry was a major task for the government as a stable industry was a precondition for economic prosperity.

Ayolov, as cited by the press office of the Ministry of Economy and Energy, emphasized that the introduction of new technology in metallurgic and cast metal enterprises would boost their competitiveness on international markets.

He said that the government had provided funding under the National Innovations Fund, as well as funding under the new operational program Innovations and Competitiveness, in a bid to fast-track the process.

Responding to journalists' questions about the support of the state for the metallurgic sector, he explained that the Ministry of Economy and Energy was forming a working group consisting of experts from the energy sector and representatives of big industrial companies from the metallurgic sector.

Ayolov noted that the working group would discuss tariff plan options which would be proposed to the State Commission for Energy and Water Regulation (DKEVR), the aim being to achieve competitiveness and to balance the electricity system.

He also drew attention to the efforts of the government to restore the severed connection between education and the business sector, adding that the dual education system would enable a smooth transition from education to career development, thereby boosting the fight against youth unemployment.

The conference was attended by representatives of local foundry associations, representatives of the Bulgarian Academy of Sciences (BAS) and of technical universities, as well as leading international and Bulgarian companies specialized in machinery, equipment and technologies.

Link:

<http://www.novinite.com/articles/159718/Bulgaria+Posts+7+Increase+in+Exports+of+Metallurgical+Sector+Products>

## **Bulgarian Hotels Record 11% Revenue Growth in Feb 2014**

Total revenues of Bulgarian hotels reached BGN 33.9M in Feb 2014, or by 11.1% more compared to February 2013, according to data released by the National Statistical Institute.

An increase was registered both in the revenues from Bulgarians – by 16.4%, and from foreign visitors - by 6.2%.

The total number of the nights spent in all accommodation establishments registered in February 2014 was 735.9 thousands or by 10.3% more in comparison with the same month of the previous year, as the greatest increase by 17.7% was observed in 4 and 5 stars accommodation establishments.

In February 2014, 1 893 accommodation establishments - hotels, motels, camping sites, mountain chalets and other establishments for short-term accommodation with more than 10 bed places were functioning in the country.

The total number of the rooms in them was 54.6 thousands and the bed - places were 108.8 thousands. In comparison with February 2013 the total number of accommodation establishments increased by 3.2% and the bed-places in them - by 3.8%.

In February 2014, 70.3% of all nights spent by foreign citizens were realized in 4 and 5 stars hotels and 33.9% of all nights spent by Bulgarians. In 3 stars accommodation establishments were spent 31.3% of all nights by Bulgarian residents and 19.9% - of all nights by foreigners, while in the rest of accommodation establishments (with 1 and 2 stars) they were 34.8% and 9.8% respectively.

In February 2014, the arrivals in all accommodation establishments increased by 7.7% compared to the same month of 2013 and reached 300.4 thousands. Bulgarian guests were 68.6% of all arrivals as the majority part (65.0%) of them stayed at 1, 2 or 3 stars hotels and spent 2.1 nights on the average. The arrivals of foreigners were 94.5 thousands as 72.0% of them spent nights in 4 and 5 star hotels.

In February 2014, the total occupancy of the bed-places in accommodation establishments was 24.6% and the highest it was in 4 and 5 stars accommodation establishments - 36.6%, followed by these with 3 stars - 22.8%, and with 1 and 2 stars – 15.6%. In comparison with the same month of the previous year the occupancy of the bed-places increased by 1.2% as the greatest increase was registered in the accommodation establishments with 4 and 5 stars - by 1.9%.

Link:

<http://www.novinite.com/articles/159717/Bulgarian+Hotels+Record+11+Revenue+Growth+in+Feb+2014>

## **Construction in Bulgaria Posts Growth**

The construction market in Bulgaria in 2013 showed signs of resurrection, shows an analysis of the National registry of new buildings.

According to the data, there was an increase in demand and investments in vacation homes and office space.

The growth in construction in 2013 placed Sofia on the top place in built-up area in Bulgaria.

The demand of apartments in Sofia spurred a 15% growth in construction of residential buildings. The office buildings construction increased by 28%.

According to the registry, the demand of vacation homes drove the construction sector in Varna.

In 2013 the overall construction of residential buildings in Bulgaria grew by 16%. The forecasts are that this year the revival of the construction sector in the country will continue.

Link: <http://www.novinite.com/articles/159665/Construction+in+Bulgaria+Posts+Growth>

## **IMF: Deflation and High Unemployment in Bulgaria in 2014**

Consumer prices in Bulgaria will drop by 0.4% in 2014, which means there will be deflation, said the IMF in its spring World economic outlook.

The Fund has increased its forecast for Bulgaria's GDP by 0.1%, to 1.6%. The expectations for the unemployment, however, remain pessimistic. It is expected that by the end of the year it will be 12.5%.

For 2015 the IMF forecasts a GDP growth of 2.5%, very low inflation – around 0.9% and still high unemployment of around 11.9%.

The authors of the outlook note that this year's expected deflation is a sign for weak consumption and credit market and high unemployment, but the country's economy was showing some signs of recovery.

Link:

<http://www.novinite.com/articles/159645/IMF%3A+Deflation+and+High+Unemployment+in+Bulgaria+in+2014>

## **Civil Engineering in Bulgaria Records 15.4% Annual Growth -NSI**

The production in the Construction sector recorded a 0.5% monthly growth in February, according to preliminary data released by Bulgaria's National Statistical Institute, Tuesday.

In February 2014 working day adjusted data showed an increase by 5.5% in the construction production, compared to the same month of 2013. In February 2014 the construction production, calculated from the seasonally adjusted data, was above the level of the previous month.

Index of production of civil engineering rose by 1.1%, while the production of building construction showed a decrease by 0.1%. On an annual basis in February 2014, the increase of production in construction, calculated from working day adjusted data, was determined mainly from the positive rate in the civil engineering by 15.4%, while in the building construction was registered a drop by 1.3%.

Link:

<http://www.novinite.com/articles/159630/Civil+Engineering+in+Bulgaria+Records+15.4+Annual+Growth+-NSI>

## **Bulgaria's Manufacturing Increased in February - NSI**

Industrial production in February increased by 0.7% compared to January and by 6.5% on an annual basis, according to data released by Bulgaria's National Statistical Institute.

In February 2014 as compared to January 2014, the seasonally adjusted Industrial Production Index increased in the manufacturing by 3.0%, while decreases were registered in the mining and quarrying industry by 16.7% and in the electricity, gas, steam and air conditioning supply by 8.1%, according to NSI's preliminary data.

The most significant increases of production in the manufacturing were registered in the manufacture of beverages by 10.2%, in the manufacture of chemicals and chemical products by 9.1%, in the manufacture of other non-metallic mineral products by 7.9%, in the manufacture of tobacco products by 6.4%, in the manufacture of motor vehicles, trailers and semi-trailers by 5.1%.

There was decrease in the manufacture of computer, electronic and optical products by 9.7%, in the manufacture of machinery and equipment by 4.5%, in the manufacture of basic pharmaceutical products and pharmaceutical preparations by 4.1%.

On annual basis in February 2014 the Industrial Production Index, calculated from working day adjusted data, increased in the electricity, gas, steam and air conditioning supply by 8.0% and in the manufacturing by 7.2%, while in the mining and quarrying industry a decrease by 0.2% was seen.

In the manufacturing, the more significant increases compared to the same month of the previous year were seen and in the manufacture of motor vehicles, trailers and semi-trailers by 45.8%, in the manufacture of basic metals by 20.9%, in the manufacture of fabricated metal products, except machinery and equipment by 18.9%, in the manufacture of other non-metallic mineral products by 14.1%.

Decreases were registered in the manufacture of computer, electronic and optical products by 13.4%, in the manufacture of other transport equipment by 6.6%, in the repair and installation of machinery and equipment by 2.9%.

Link:

<http://www.novinite.com/articles/159626/Bulgaria%27s+Manufacturing+Increased+in+February+-+NSI>

## **Bulgaria ranks 44th among countries for social and environmental performance.**

Bulgaria came 44th among 132 countries by Social Progress Index that ranks countries by social and environmental performance. The Social Progress Index (SPI) measures the extent to which countries provide for the social and environmental needs of their citizens. Fifty-two indicators in the areas of basic human needs, foundations of wellbeing, and opportunity show the relative performance of nations. Of issues covered by the Basic Human Needs Dimension, Bulgaria does best in areas including Water and Sanitation and has the greatest opportunity to improve human wellbeing by focusing more on Shelter, the report says. Of issues covered by the Foundations of Wellbeing Dimension, Bulgaria excels at providing building blocks for people's lives such as Access to Basic Knowledge but would benefit from greater investment in Health and Wellness. Of issues covered by the Opportunity Dimension, Bulgaria outperforms in providing opportunities for people to improve their position in society and scores highly in Personal Freedom and Choice yet falls short in Tolerance and Inclusion. In terms of outdoor air pollution attributable deaths, Bulgaria is at the bottom of the rating at 128 position. Factors such as non-communicable disease deaths between the ages of 30 and 70, obesity rate, life expectancy rank the country at 84th, 82th, and 56th place, respectively. When it comes to personal freedom and choice, Bulgaria takes 91th position in terms of modern slavery, human trafficking and child marriage. The country is placed 93rd by freedom of religion, 92nd by freedom over life choices, 82nd by religious tolerance and 99th by tolerance for immigrants. The leaders by Social Progress Index for 2014 are New Zealand, Switzerland, Iceland, the Netherlands, and Norway.

Link: <http://www.balkans.com/open-news.php?uniquenumber=191708>

## **Bulgaria promises cheaper water for business**

Bulgaria's Minister of Environment and Water Iskra Mahaylova promised cheaper water for business on the "Reform in Water Management" roundtable organized by Standart. Mahaylova said she will consider the adoption of the 2012 Ordinance on Water Charges and Tariffs for Technological Purposes to ease the situation of companies. The ordinance increased fees for business 37 times higher than those consumers, which made it extremely difficult for companies to get by, Haralambi Lambrev from "Svilozha" noted. The

businesses also announced that they are against the fact that the fees paid by them are not entirely used for environmental protection.

Link: <http://www.balkans.com/open-news.php?uniquenumber=191665>

## **Bulgaria looks at the potential of local resources at every stage of the energy chain**

Bulgaria's sustainable development of the energy requires an application of innovative and environmental saving technologies. They reduce the greenhouse gas emissions in parallel with the increase of energy efficiency, optimal utilization of renewable energy sources and the increase of the share of conventional low-carbon fuels as the natural gas and nuclear energy. And the final target is to direct the economy to low-carbon intensity stated Bulgaria's Deputy Minister of Economy and Energy Ivan Ayolov during the opening session of the International Assembly for Environmental and Energy Foundations of Sustainable Development. He emphasized that the increasing of the energy efficiency and energy savings were of the key importance for the decarbonization of the sector. The benefits resulted from implementation of these measures are multilateral and they exert the influence on the business and consumers.

The efforts to effective use of the potential of local resources at every stage of the energy chain have an important place in energy policy, said the Deputy Minister. It is essential to apply modern high-efficiency and low-carbon solutions such as utilization of local coal, exploration of new deposits of natural gas upon observation of ecology requirements as well as responsible development of nuclear energy in accordance with the enhanced safety standards.

The increased share of natural gas in final energy consumption has also a significant contribution to the decarbonization of the energy sector. Deputy Minister Ayolov emphasized that the natural gas was a good alternative to the conventional fuels and electricity. Over 80 % of the population of Europe daily use natural gas in their households, but its application in everyday life in Bulgaria is still relatively low, said the Deputy Minister. He explained that significant efforts to compensate the delay had been made and according to the new energy strategy, which was to be finalized, a gasification of 30 per cent of Bulgarian households by 2030 was planned. Ivan Ayolov recalled that in November 2013 a project at the amount of EUR 10 million for gasification of 10,000 Bulgarian households was signed under the European Bank for Reconstruction and Development ( EBRD) and the Assembly of Contributors to the International Fund "Kozloduy" and added that it was expected the project under the same line for gasification of municipalities of Svishtov Pirdop Koprivshitzta , Bansko and Razlog to complete successfully this summer. According to the Deputy Minister. The use of natural gas is one of the instruments for stabilization of the industry, because it is an extremely fast generation and could be heavily involved in balancing the electricity system through the capacities parallel to the photovoltaic and wind ones.

Ivan Ayolov shared with the audience that the main objectives in the new energy strategy envisage increasing the industrial and domestic consumption at the national level in terms of gasification, strengthening the role of Bulgaria as transiting factor in the region and its position as a regional distributor of various gas streams. He pointed out the importance of the construction of the gas interconnectors in Bulgaria with its neighbour countries. The last but not at least we also count on the expansion of gas storage in Chiren and the construction of a second facility of such type, said Ivan Ayolov. Achieving the national targets in our energy policy means new investment, new jobs and mostly a better quality of life for Bulgarian citizens, he concluded.

Link: <http://www.balkans.com/open-news.php?uniquenumber=191661>

## **Bulgarian software industry exported over USD 1 billion last year**

Bulgarian software industry exported goods and services worth over USD 1 billion last year, the whole sector generates about 6% of the country's GDP, reported standartnews.com. This is indicated by the White Paper on a New High-Tech Industrialization 2015-2025 which will be released within a week. The authors are leading economists, financiers, engineers, scientists and experts from Bulgaria and abroad. 50% of native IT industry is export oriented, with more than 90% of exports going to Western Europe, the USA and Canada. According to the authors of the book, the annual growth of the software industry is 10% and three quarters of all software companies in the country are owned by the Bulgarians.

Link: <http://www.balkans.com/open-news.php?uniquenumber=191566>

## **Bulgaria govt revises growth forecast up to 2.1%**

Bulgaria govt revises growth forecast up to 2.1%Picture: AFPSofia. The Finance Ministry revised its economic growth forecast for 2014 from 1.8% (the rate projected in the budget) to 2.1%. The government's forecast is more optimistic compared to the European Commission (EC)'s. The EC recently revised its growth forecast for Bulgaria up from 1.5% to 1.7%, Capital Daily reports.

The Finance Ministry also forecasts a deflation rate of 0.2% compared to its previous forecast of a 1.8% inflation rate.

The data is part of the ministry's draft medium-term budget forecast for the period 2015-2017.

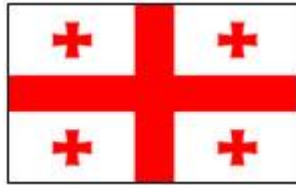
The ministry notes that the main driving force behind growth in 2014 will be domestic consumption and investments.

The ministry forecasts a poor performance of the labour market in 2014 with unemployment falling insignificantly to 12.8% (instead of the 12.6% forecast initially). In its winter economic forecast the EC set Bulgaria's unemployment rate for 2014 at 12.7%.

Finance Minister Petar Chobanov announced of a forthcoming revision of GDP for the past 10 years using a Eurostat methodology that will be carried out in September.

Link: <http://www.focus-fen.net/news/2014/04/07/332252/government-revises-growth-forecast-up-to-21.html>

GEORGIA



## **Thousands reap benefits of Preferential Agro-Credit project**

More than 300 million GEL in loans have been allocated to Georgian farmers to stimulate the country's agriculture sector.

Since April 2013, 318 million GEL of Preferential Agro-Credit was issued to 14 100 beneficiaries, with the Government covering the part of interest costs. Local agricultural companies have the opportunity use preferential agro-credit to increase the turnover of their capital.

Moreover, in the framework of the Preferential Agro-Credit project, 70 new businesses have been financed and 400 existing companies have been financed for expansion.

Georgia's Agriculture Minister Shalva Pipia believed developing the country's agriculture sector would help boost Georgia's overall economy.

"Several projects including the Preferential Agro-Credit project have been created to help grow the agriculture sector," Pipia said at a ceremony that summed up annual results of the Preferential Agro-Credit project.

He believed the implementation of commercial banks operating in Georgia's banking sector had been one of the project's main achievements.

Thirteen banks, two micro-finance organizations and two leasing companies have participated in the project.

Representatives of agricultural companies including winemaking, cattle-breeding, fishery, bee keeping and poultry farming have enjoyed loans under the credit system.

Agriculture Project Management Agency, a governmental body responsible for implementing the Preferential Agro-Credit project, fixed three components of the project but after consulting with banking and credit organisations and suppliers, four more components were added.

These components are: preferential loans for small, medium and big farmers; agro leasing; preferential loans for grape producers; citrus producers and exporters.

Link: [http://bpi.ge/en/index.php?option=com\\_content&view=article&id=17764%3Athousands-reap-benefits-of-preferential-agro-credit-project&catid=49%3A2011-11-06-16-56-03&Itemid=1](http://bpi.ge/en/index.php?option=com_content&view=article&id=17764%3Athousands-reap-benefits-of-preferential-agro-credit-project&catid=49%3A2011-11-06-16-56-03&Itemid=1)

## **Georgian Gov't establishes financial institution to boost economy**

Georgian authorities have been working hard to establish a Government-funded financial institution aimed to stimulate the country's economy. The financial organisation will be an investment institution and will be set on the foundations of the existing Government-funded investment funds.

The Ministry of Economy and Sustainable Development Giorgi Kvirikashvili said the Government had not yet made a final decision whether the organisation would be an investment fund or an investment bank. "The Governmental funds, including the Partnership Fund, have to unite in one strong financial institute that will be more effectively managed," Kvirikashvili said.

Kvirikashvili considered the fund would be called the Development Bank or the Development Fund.

The Ministry of Economy believed the forthcoming financial institute would not compete with commercial banks.

"The amendments in the laws have been considered. The financial institute will invest in those projects that need long term capital which are not in the interest of commercial banks to finance," Kvirikashvili said.

The Government also discussed who would head the organization. Kvirikashvili mentioned Georgian Dream Member of Parliament Davit Saganelidze may become the chief of the institution.

Link: [http://bpi.ge/en/index.php?option=com\\_content&view=article&id=17753%3Ageorgian-govt-establishes-financial-institution-to-boost-economy&catid=920%3A2011-11-06-16-35-52&Itemid=1](http://bpi.ge/en/index.php?option=com_content&view=article&id=17753%3Ageorgian-govt-establishes-financial-institution-to-boost-economy&catid=920%3A2011-11-06-16-35-52&Itemid=1)

## **Taleb Rifai - Now it's Time for the Whole World to Invest in Georgia**

Now is the time for the whole world to invest in Georgia . Secretary-General of the World Tourism Organization (UNWTO) Taleb Rifai said in his speech in the 8th World Congress on Snow and Mountain Tourism in Andorra.

"I came from a very beautiful country, which is called Georgia. I had meetings at the highest level and I want to tell you that this is the fastest growing country in the field of tourism. It has great potential and now is the time for the whole world to make an investment in Georgia. To prove my attention and a great respect for this country I will hold the first official meeting with Director General of "Gudauri Ski Resort " within this Congress, " - he said. The Congress is attended by up to 500 ski resorts representatives.

Taleb Rifai paid an official visit to Georgia on April 5-7 . He had high-level meetings with the Prime Minister, Economy and Sustainable Development Minister, Foreign Minister and other government officials. Secretary-General of the World Tourism Organization officially opened the conference devoted to Protected Areas Development Project [PADP].

Link: [http://bpi.ge/en/index.php?option=com\\_content&view=article&id=17752%3Ataleb-rifai-now-its-time-for-the-whole-world-to-invest-in-georgia&catid=920%3A2011-11-06-16-35-52&Itemid=1](http://bpi.ge/en/index.php?option=com_content&view=article&id=17752%3Ataleb-rifai-now-its-time-for-the-whole-world-to-invest-in-georgia&catid=920%3A2011-11-06-16-35-52&Itemid=1)

## **National Tourism Administration Conducts Ad Campaigns in Five Countries**

"Commerzant" reports that the Tourism Administration has reduced the number of target markets to conduct international advertising campaign.

Marketing campaigns will be conducted only in Germany, Azerbaijan , the Netherlands, Austria and Poland this year. At this time it's unknown whether or not ad campaigns will be conducted in Ukraine

due to the current developments there. The total annual budget that will be spent on Georgia's promotion in the world market amounts to 8 million 900 thousand GEL.

As early as last December, the head of the Administration told "Commersant" that in 2014 Ukraine, Russia and Azerbaijan would be among the leaders of the target groups. The Baltic States, Germany, Hungary, Poland, the United Arab Emirates, Saudi Arabia and Israel were considered as the interesting markets as well.

Link: [http://bpi.ge/en/index.php?option=com\\_content&view=article&id=17748%3Anational-tourism-administration-conducts-ad-campaigns-only-in-five-countries&catid=920%3A2011-11-06-16-35-52&Itemid=1](http://bpi.ge/en/index.php?option=com_content&view=article&id=17748%3Anational-tourism-administration-conducts-ad-campaigns-only-in-five-countries&catid=920%3A2011-11-06-16-35-52&Itemid=1)

## **Business registration data increased**

According to official data of Public Registry National Agency, in March 2014 number of the business subjects registered in March 2014 equaled to 4 723 units, among which 96,9% are business entities, 3,1% - non-commercial subjects.

In March of the current year growth was mentioned on comparison with previous month (12,6%) and with the same month of last year (8,7%).

In March 2014 number of business entities increased (by 13,7%) in comparison with previous month, number of non-commercial subjects reduced (13,5%). Similar trend was mentioned in comparison with the same month of previous year: number of the business entities registered in March increased by 10,1%, number of non-commercial subjects reduced by 22,1%.

Link: [http://bpi.ge/en/index.php?option=com\\_content&view=article&id=17722%3Abusiness-registration-data-increased&catid=936%3A2011-11-06-17-06-59&Itemid=1](http://bpi.ge/en/index.php?option=com_content&view=article&id=17722%3Abusiness-registration-data-increased&catid=936%3A2011-11-06-17-06-59&Itemid=1)

GREECE



## **Athens Cheapest and Most Popular European Capital**

A recent survey by the travel search engine “trivago” of its users placed Greece’s capital city of Athens at the top of this year’s preferred Easter destinations for foreign tourists.

The website revealed that Athens is found to be the cheapest European capital to stay in, with accommodation averaging €80 per night during Easter, followed by Berlin at €94 per night.

The island of Rhodes came out as second-favorite destination for foreign tourists visiting Greece during the Easter period, offering accommodation at an average price of €61 per night for a twin room. The lowest, however, price is recorded in Chania, Crete, with rooms at only €58 per night.

This year’s list is similar to that of 2013, as foreign tourists seem to be returning to their favorite Greek places. Athens and Rhodes also topped last year’s list, while the island of Kos, which in 2013 ranked fourth, this year didn’t make it into the top 10 Greek destinations.

Meanwhile, Greek tourists will be traveling further afield this Easter, as European destinations are among the most popular searches by Greek users, with the Italian capital Rome top choice. Accommodation there averages €168, followed by the more expensive French capital Paris at €177. Third and fourth places are taken by London and Istanbul, respectively.

Last year’s top ten destinations for Greek tourists consisted primarily of local places, but on this year’s list the only destination in Greece is Corfu, where nightly accommodation costs an average of €104.

Link: <http://greece.greekreporter.com/2014/04/08/athens-cheapest-and-most-popular-european-capital/>

## **Unemployment, retail prices appear to be falling**

The signs of an economic rebound are becoming increasingly tangible among the general population, as the Hellenic Statistical Authority announced on Thursday that the jobless figure has finally started to decline while retail prices fell in March for the 13th consecutive month.

The number of unemployed people in Greece fell by 17,446 in January from December 2013, with the jobless rate coming to 26.7 percent compared with 27.2 percent in the last month of 2013. However, the rate still posted a small rise on an annual basis, as in January 2013 the unemployed accounted for 26.5 percent of the work force. Notably, the jobless rate among people aged up to 24 declined to 56.8 percent in January from 60.4 percent a year earlier.

In the period from January 2013 to January 2014 the number of people without a job increased by just over 6,800 to reach 1,317,848 – i.e. a 0.5 percent rise – while the number of employed people fell 14,913 in the same period and the financially inactive expanded by 9,120.

A serious problem is that the majority of jobless people are not entitled to unemployment benefits from the Manpower Organization (OAED). Out of 1.31 million jobless, just 157,921 people appear to have received their unemployment benefits from OAED in February 2014.

ELSTAT also said that deflation persisted for a 13th straight month in March, amounting to 1.3 percent, as prices continue to drop to the benefit of consumers, although there is still a trend toward growth in the prices of commodities such as dairy products and eggs, which climbed 2.4 percent year-on-year. There was also a rise in the prices of wine, cigarettes and medicines – the latter due to the fact that those insured with social security funds now have to make a greater contribution at pharmacies.

Among the categories with the biggest price drop in March were education – thanks to the decrease in fees charged by private schools and foreign language institutes – hairdressers and barbers, as well as car insurance policies.

Link: [http://www.ekathimerini.com/4dcgi/\\_w\\_articles\\_wsite2\\_1\\_10/04/2014\\_538909](http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_10/04/2014_538909)

## **Greece near exit from crisis, Stournaras says**

Greece is near the exit from the crisis, Finance Minister Yannis Stournaras said Thursday as the country tapped the international bond markets for the first time in four years, issuing a five-year bond.

“After four years of fiscal measures and structural reforms, the Greek economy has started to show the first encouraging signs of stability and growth,” Stournaras said adding that bond sale results would soon be published.

Greece, the finance minister said, should now take steps to boost growth, create jobs and inspire hope among the debt-hit population.

Link: [http://www.ekathimerini.com/4dcgi/\\_w\\_articles\\_wsite2\\_1\\_10/04/2014\\_538886](http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_10/04/2014_538886)

## **Fellowships Granted to Young Greek Professionals**

Young and experienced Greek professionals will have the opportunity to work in the 20 top U.S. companies through a new fellowship program.

The program, called “Fellowship for a New Economy,” was announced by the Hellenic Initiative. Through this program, young professionals will have the chance to work for a year in leading U.S. companies, which will enhance their skills, contributing to the development of strategic sectors of the national economy.

The fellowship includes a 35,000 to 45,000 dollar grants to cover the cost of living, while the program will offer to fellows, health insurance and support for travel expenses and the issuance of a type J-1 visa.

There are two types of fellowships:

- 1) An internship level fellowship: for students who are enrolled in master’s degree programs or have obtained their master’s degree and have graduated six months prior to their enrollment in the fellowship program.

2) And a trainee level fellowship: for higher education graduates that have at least one year of experience or undergraduate students with five years work experience. For candidates with at least five years experience, their degree does not need to be related to their current professional position.

Applications will be accepted until May 7 and the selection of candidates will be announced in July, while the fellows will begin working in the U.S. in September.

The Hellenic Initiative is a global, non-profit and non-governmental institution, whose mission is to mobilize the Greek Diaspora and philhellenic community to invest in the future of Greece, through various programs that focus on addressing the crisis, entrepreneurship and economic development.

Link: <http://greece.greekreporter.com/2014/04/09/fellowships-granted-to-young-greek-professionals/>

## **Half of Small Greek Businesses on Brink of Closure**

The combination of increased financial obligations and reduced income is driving small businesses in Greece to the verge of closure, new research shows.

According to a study by the Small Enterprises' Institute of the Hellenic Confederation of Professionals, Craftsmen and Merchants (IME-GSEVEE), one in two businesses employing up to 49 people are in danger of closing in the coming months, with balance sheets most notably hit by reduced turnover and higher debts to insurance companies, Greek tax offices and banks.

Two-thirds of small businesses surveyed said turnover fell in the first half of 2013, notably 81.7 percent very small businesses. The average reduction in turnover amounted to 22.9 percent less than the same period in 2012. Since the start of the Greek financial crisis five years ago, turnover has tumbled 65 percent.

Close to half of businesses surveyed (47.1 percent) foresaw an imminent risk of closure in the near future are around, with 40 percent expecting to wind down within six months. The closure rate remains persistently high, and 200,000 businesses have now folded during the crisis. IME-GSEVEE estimates that another 27,000 to 30,000 will cease operations this year.

The biggest chunk of the businesses' delayed payments is owed as insurance contributions (about 40 percent), as over 370,000 companies are revealed not to having paid their obligations to the Freelancers' Insurance Organization (OAEE). Significant debts are also owing to state-owned enterprises (34.9 percent) and tax offices (32.7 percent), while the non-performing or delayed loans to banks amount to 28.1 percent.

Link: <http://greece.greekreporter.com/2014/04/05/half-of-small-greek-businesses-on-brink-of-closure/>

## MOLDOVA



### **The EU Resolution Lifting The Visa Requirement for Citizens of Moldova Published in The Official Journal of the EU Today To Come Into Effect on April 28**

This was announced by the Ministry for Foreign Affairs and European Integration of Moldova. Let's remind that travelling about the EU without visas is only available for holders of Moldovan biometric passports, who are allowed to stay there for 90 days in a 6-month period.

The visa requirement has been lifted for citizens of Moldova that are going to visit EU member states situated in the Schengen Area, with the exception of Great Britain and Ireland; Romania, Bulgaria, Croatia and Cyprus, which have not entered the Schengen Area yet, and 4 non-EU countries namely Norway, Iceland, Switzerland and Lichtenstein.

Link:

[http://infomarket.md/en/politicalreview/The\\_EU\\_resolution\\_lifting\\_the\\_visa\\_requirement\\_for\\_citizens\\_of\\_Moldova\\_published\\_in\\_the\\_Official\\_Journal\\_of\\_the\\_EU\\_today\\_to\\_come\\_into\\_effect\\_on\\_April\\_28](http://infomarket.md/en/politicalreview/The_EU_resolution_lifting_the_visa_requirement_for_citizens_of_Moldova_published_in_the_Official_Journal_of_the_EU_today_to_come_into_effect_on_April_28)

### **Bilateral Trade Between Moldova and Russia Grew 6.6% to \$350.1 Million in January-February 2014**

According to the Federal Customs Service of RF, in the reporting period Moldova's exports to Russia declined 27.7% from \$58.5 million to \$42.3 million, Russian imports to Moldova increasing 14.1% from \$269.8 million to \$307.8 million.

In January-February 2014, the unfavourable balance of trade of Moldova with Russia made up \$265.5 million, up 25.7% as compared with the same period of 2013. The share of Moldova in a total turnover of goods in RF stayed at 0.3%. As InfoMarket reported earlier, bilateral trade between Moldova, Transdnistria included, and RF made up \$1 billion 738.4 million in 2013, down 16.7% year-on-year. Moldova's exports to Russia decreased 12.5% to \$417.5 million, its imports from Russia declining 17.9% from \$1 billion 320.9 million.

In 2013 the unfavourable trade balance of Moldova with Russia made up \$903.4 million, down 20.2% year-on-year. Russia chiefly exports to Moldova mineral raw materials, foods, chemicals, machines, equipment and transport means, the RF Federal Customs Service says.

Moldova exports to Russia foodstuffs and agricultural feedstock, metals and metal work, machines, equipment and vehicles, textile and knitted wear. The structure of goods turned over between RF and the right- and the left -bank parts of Moldova differs essentially. In bilateral trade with Transdnistria, industrial goods are dominant, whereas in the trade with Moldova agricultural products prevail.

Link:

[http://infomarket.md/en/commerce/Bilateral\\_trade\\_between\\_Moldova\\_and\\_Russia\\_grew\\_66\\_to\\_3501\\_million\\_in\\_January-February\\_2014](http://infomarket.md/en/commerce/Bilateral_trade_between_Moldova_and_Russia_grew_66_to_3501_million_in_January-February_2014)

## **It is Planned to Introduce New Biometric Passports Red (Cherry) Color With the increased Level of Protection in Moldova**

It is stipulated by the amendments to the Law on the identity documents of the national passport system, adopted by the Parliament on Thursday in the first reading. As it noted by the authors of the draft, the MPs of Democratic Party, the new passport sample planned to be introduced, taking into account the intention of Moldova to integrate into EU, as Burgundy is the color of European passports.

Introduction of the new passports will not lead to the increase of the cost of the documents and will not require additional expenditure from the state budget. All expenses will be covered by the state company Registru. It is expected that the new biometric passports will have the same validity period (7 years), and that the current document will be blue, and will provide greater level of protection. It will contain a mechanism of additional access control, which significantly improves the access to the chip data. Passports of citizens of Moldova in the cover of blue color will continue to apply until the expiration of their term.

Link:

[http://infomarket.md/en/communication/It\\_is\\_planned\\_to\\_introduce\\_new\\_biometric\\_passports\\_red\\_cherry\\_color\\_with\\_the\\_increased\\_level\\_of\\_protection\\_in\\_Moldova](http://infomarket.md/en/communication/It_is_planned_to_introduce_new_biometric_passports_red_cherry_color_with_the_increased_level_of_protection_in_Moldova)

## **Over 100 Companies Will Participate in Exhibition of Tourism, Leisure and Hotel Industry Tourism, Leisure, Hotels, to Be Held From 10 to 13 April at Moldexpo**

According to the company Moldexpo, International specialized exhibition of tourism, leisure & Tourism hotels. Leisure. Hotels is a major industry event, which combines formats B2B (aimed at professionals of the industry and representatives of tourist business) and B2C (aimed at the end consumers).

This year the exposition will be attended by the companies from Moldova, Bulgaria, Romania, Slovakia, Turkey and Ukraine. Visitors can familiarize with the full range of tourist offers and services from local and foreign companies, and also with the tourist products of Moldova, natural and historical-cultural objects.

The exhibition will present all directions of domestic tourism: rural tourism, nature reserves, pilgrimage, "wine road", museums, historical monuments, etc. Single stands of the exhibition will present regional administration tourist zones of the country - Calarasi, Hincesti and Rezina. Auto Party - exhibition of cars in the context of extreme tourism and Safari will be also held. Business program of exhibition includes workshops, business meetings and presentations.

Link:

[http://infomarket.md/en/social/Over\\_100\\_companies\\_will\\_participate\\_in\\_exhibition\\_of\\_tourism\\_leisure\\_and\\_hotel\\_industry\\_Tourism\\_Leisure\\_Hotels\\_to\\_be\\_held\\_from\\_10\\_to\\_13\\_April\\_at\\_Moldexpo](http://infomarket.md/en/social/Over_100_companies_will_participate_in_exhibition_of_tourism_leisure_and_hotel_industry_Tourism_Leisure_Hotels_to_be_held_from_10_to_13_April_at_Moldexpo)

## **On April 8, Bilateral Moldovan-Russian Consultations were Held in Moscow in The Context of The Signing of The EU-RM DCFTA Agreement**

As an important trade partner of Moldova, during the consultations Russia was in detail introduced to principles and provisions of the agreement to ensure transparency of the bilateral relations of the two states and to avoid any misunderstandings with regard to this document, the Economy Ministry of Moldova informs.

The party of Moldova pointed out the agreement is in full fitting the provisions of the CIS free trade agreement and, as signed, it would not do any harm to it. Moreover, thank to the signing, Moldova will have privileges in trade with both strategic markets.

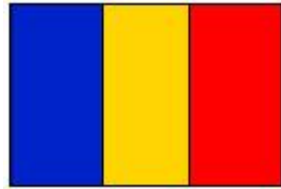
Besides, the DCFTA agreement stipulates the adoption of sanitary and phyto-sanitary measures and modernization of standards and technical requirements, which will ensure high quality of all Moldova's exports including those sold on CIS markets.

The lifting of quantitative restraints on the EU market and the contraction and/or elimination of import and export duties opens new opportunities for investors including those from CIS countries. Moldova and Russia have come to an agreement to proceed with the bilateral consultations, including those within the joint committee, members of which are going to gather for a sitting in Moscow in the first half of 2014.

It should be noted that on March 14 2014, at the session of the CIS Economic Council, Moldova introduced the advantages of the EU-RM DCFTA agreement to all CIS states, which failed to find whatever incompliance of the document with the CIS multilateral DCFTA agreement.

Link: [http://infomarket.md/en/commerce/On\\_April\\_8\\_bilateral\\_Moldovan-Russian\\_consultations\\_were\\_held\\_in\\_Moscow\\_in\\_the\\_context\\_of\\_the\\_signing\\_of\\_the\\_EU-RM\\_DCFTA\\_agreement](http://infomarket.md/en/commerce/On_April_8_bilateral_Moldovan-Russian_consultations_were_held_in_Moscow_in_the_context_of_the_signing_of_the_EU-RM_DCFTA_agreement)

ROMANIA



## **Erste improves economic forecast for Romania from 2.3 pct to 3 pct GDP growth**

Erste Group Research improved its estimates regarding Romania's economical growth, from 2.3 to 3 percent in 2014, as a result of higher-than-expected results in retail. On the other hand, the Worldbank also improved prospects for Romania's economy, but only up to 2.5 percent.

In spite of consumption being on the rise, "inflationary pressures will be handled, and monetary relaxation could be continued by reducing minimum reserve quota", according to the Erste resort.

"We expect a reasonable performance of CEE stock markets. The cooling down of the political situation in Ukraine and Turkey is providing a respite that might allow for a liquidity-driven uplift, provided that the shift of flows towards emerging markets proves to last", says Henning Eßkuchen, Head of CEE Equity Research at Erste Group.

Apart from some immediate fundamental risk via corporate exposure, the most damaging fact of the Crimean crisis on the markets was the impact on sentiment and the risk of the conflict becoming hot.

"Romania is not as bright a frontier market story as it used to be thus the Erste analysts soften the neutral towards the underweight area. Main reason is that while political noise calmed down a bit further market liberalization – so far a driving theme – has lost some of its steam for now", according to Erste analysts.

Link: <http://business-review.eu/featured/erste-improves-economic-forecast-for-romania-from-2-3-pct-to-3-pct-gdp-growth/>

## **Industrial sales and orders up in February**

Romanian industrial sales rose 9 percent in February from the previous month despite a decrease in mining sales, the country's statistics institute INS said Monday. Manufacturing sales were up 9.4 percent on the month in February, but mining sales dropped 1.7 percent, statistics show.

By segment, sales of intermediate goods increased 12.9 percent in February compared to January 2014, while sales of capital goods went up 11.9 percent. Durable good sales were 4.7 percent higher compared to the previous month, while sales of energy products and consumer goods were up 4.3 percent and 2.2 percent respectively.

Compared to the similar period in 2013, industrial sales rose 11.5 percent in February, supported by a 12.1 percent increase in manufacturing sales. Mining sales fell 4.2 percent year-on-year in February.

In the first two months of the year, Romanian industrial sales rose 11.5 percent year on year, again due to higher demand in the manufacturing industry.

Industrial new orders rose 15 percent on the month in February, on higher demand in all sectors, and were up 20.4 percent against the same period a year before. In annual terms, Romanian industrial new orders rose 20.4 percent in February, the data showed.

In the first two months of 2014, Romanian industrial orders rose 14.7% on the year, helped by rising demand in all sectors.

Link: <http://business-review.eu/featured/industrial-sales-and-orders-up-in-february/>

## **Coface raises its Romanian economic growth forecast to 2.3%**

Coface improved the estimates regarding Romania's economic growth for this year, up from 2.1 percent to 2.3 percent, according to data presented at the Country Risk Conference.

Coface estimated a 2.1 percent increase for the local economy at the start of the year, compared to 3.5 percent last year. Coface worried that exports would wind down in 2014 and consumption would remain low.

"The quality and intensity of economic growth in Romania depends on infrastructure and business environment quality. Infrastructure in Romania is a problem, and as far as governing is concerned, Romania, like Poland, is better prepared than other countries but there's room for improvement", Yves Zlotowski, head economist at Coface, said on Wednesday.

In his opinion, Coface made several adjustments in its monitoring of macroeconomic indicators in Romania, mentioning that he's still worried about non-performing loans.

"Despite a healthy recovery, Romania's economy remains vulnerable in the corporate field", Zlotowski added, quoted by Mediafax.

Link: <http://www.balkans.com/open-news.php?uniquenumber=191732>

## **Romania: 70 MW wind project secures financing**

Lukerg Renew, the joint venture comprising Italy's Erg Renew and Russia Lukoil Energo, announced it reached a financing agreement with two banks for building the Gebeleisis wind farm with an installed capacity of 70MW in eastern Romania.

The renewable developed has secured a loan worth EUR 67 million with a maturity of 11 years from Raiffeisen Bank International and ING Bank.

At current industry prices, Lukerg's wind farm requires an overall investment of EUR 112 million. The farm was acquired last year from Vestas, in a deal worth EUR 137.5 million.

Romania reached 2,792MW of incentivized wind capacities by February 2014, according to grid operator Transelectrica.

Link: <http://www.balkans.com/open-news.php?uniquenumber=191517>

## **Romanian household income, up 2.2 % in last quarter of 2013**

The average household income in Romania was RON 2,624 (some EUR 583) a month in the last quarter of 2013, up 2.2 percent on the same period of 2012. the majority of the income – 83 percent, was made of cash.

Meanwhile, total expenses were at RON 2,394 a month per household (or some EUR 532), according to data from the National Statistics Institute. This resulted in a 'profit' per household of some EUR 51 a

month.

Half of the income came from salaries, while 20 percent came from social security, 3 percent from agriculture, and another 3 percent from independent activities, other than agriculture. In kind-revenues (Non-cash payments received in exchange for services rendered or in lieu of a cash contribution) brought about 16.7 percent of the household income.

An average Romanian household spent most of its income on food, non – food items, taxes, as well as agriculture – related expenses.

Link: <http://www.romania-insider.com/romanian-household-income-up-2-2-in-last-quarter-of-2013/118895/>

## RUSSIAN FEDERATION



### World Bank Says Temporarily Weak Ruble Will Boost Russian Economy

The short-term decline in the value of the ruble will spur the recovery of the Russian economy, but prolonged financial volatility will increase capital outflows, World Bank economist Hans Timmer said Thursday.

“Anticipating that the volatility that they are facing now will be short-lived, then that’s not a bad strategy,” the chief economist of the World Bank for Europe and Central Asia told reporters on the sidelines of the spring session of the IMF and World Bank.

He added that he saw no threat in the weaker ruble as long as the trend is short-term.

“If this is a much longer term development, and you will see capital outflows that will grow and that will continue for a long time, then the Central Bank will have to change its policy,” he added.

Timmer linked the ruble exchange rate volatility with recent fluctuations in the financial markets caused by a tense geopolitical situation among other factors.

“That is one of the big impacts that any country faces and there are some tensions because they are reflected in international financial markets,” he added.

“Russia at the moment has significant reserves so that’s good, they can draw from that, but in the environment that you have also opportunity to let the currency depreciate – that is also helpful for Russia,” he concluded, while expressing hope that the situation with the current instability of the ruble ends well.

Link: <http://en.ria.ru/business/20140410/189144885/World-Bank-Says-Temporarily-Weak-Ruble-Will-Boost-Russian.html>

## SERBIA



### **South Stream pipeline works in Serbia to start in summer**

The South Stream gas pipeline project in Serbia will this year enter its active implementation stage, with basic construction and assembly works expected to start at the end of the second quarter of 2014, according to an adopted timetable, the head of Gazprom's Project Management Department Leonid Chugunov has said.

Speaking about the significance of the South Stream pipeline for Serbia, Chugunov said on Thursday that preliminary works have been in full swing since November 23, 2013, and that regulation of land ownership rights is nearing completion for the priority section, with technical control of design documentation also under way.

In the process of designing and defining the key technical parameters for the South Stream, we have paid particular attention to environmental safety - our intention is to use leading-edge technology while complying with the most stringent environmental requirements, a statement quoted Chugunov as saying.

Link: <http://www.tanjug.rs/news/125059/south-stream-pipeline-works-in-serbia-to-start-in-summer--.htm>

### **Number of unemployed drops by 0.39 percent in March**

In March, 790,501 people were registered with the National Employment Service (NZZS), which reflects a drop of 0.39 percent or 3,124 people when compared to February.

According to a NZZS release, 17.73 percent of those have been looking for a job for one-two years, while 9.2 percent have been on a job search for more than 10 years.

Out of the total number of jobless people registered with the NZZS, 529,735 people or 67.01 percent have been trying to find a job for over 12 months, 277,919 or 69.36 percent of them being women. People aged 25-29 account for the largest number of the unemployed (13.57 percent), and those aged 45-49 for the lowest (11.47 percent).

When it comes to the structure of the jobless according to their qualifications, there have been no significant changes in comparison to the month before. Most unemployed people have completed just a four-year high-school (28.68 percent), then a four-year primary school (28.04 percent) and then a third-year high school (25.09 percent).

The jobless rate hit a high in the region of Sumadija and Western Serbia (252,451), while there were 15,045 people out of job in Kosovo-Metohija.

Belgrade is the city with the highest number of jobless people - 110,147, followed by Nis with 37,715, and Novi Sad with 30,005 people out of work.

Link: <http://www.tanjug.rs/news/124796/number-of-unemployed-drops-by-0-39-percent-in-march--.htm>

## **IMF predicts modest growth, high unemployment**

Serbia's economic growth in this year and the next will be modest, while unemployment will continue to be high and inflation stable.

This is what the International Monetary Fund (IMF) predicted in its latest World Economic Outlook, the Beta news agency reported, quoting the EurActiv Serbia website.

Serbia's economy will grow at the rate of one percent this year and 1.5 in the next, after a growth of two percent in 2013.

In the latest report, published ahead of the spring assembly of the Fund and the World Bank, to be held in Washington from April 11 to 13, the IMF halved the prediction for Serbia's gross domestic product (GDP) growth of two percent, from October 2013.

In the latest report, the IMF predicts unemployment of 21.6 percent for this year, and 22 in 2015, after 21 percent in 2013.

For this year and the next, the IMF predicted an increase in retail prices by four percent for each year, after a 7.7 percent increase in 2013. In the report from the end of 2013, the IMF predicted the unemployment rate of 24.9 percent and inflation of five percent for 2014.

According to the EurActiv Serbia portal, the Fund predicted that Serbia's current payment deficit in 2014 will be 4.8 percent of the GDP, and 4.6 percent in 2015, after five percent of the GDP in 2013.

Link: <http://www.serbia-times.com/imf-predicts-modest-growth-high-unemployment/>

## **EBRD strategy: Strengthening of private sector**

A further strengthening of the private sector and the funding of SMEs are priorities in a new strategy for Serbia adopted on Tuesday by the European Bank for Reconstruction and Development (EBRD) Board of Directors.

The strategy 2014-2018 sets out the Bank's priorities and objectives focusing on a further strengthening of the private sector by enhancing its role and competitiveness.

Moreover, the Bank will also focus on bolstering the financial sector and developing sustainable and efficient public utilities, reads the EBRD statement delivered to Tanjug.

The Bank aims to foster privatization processes through its activities, while structural improvements in the agribusiness sector remain a focus.

The EBRD will seek to further strengthen the financial sector by closely working with the authorities and other IFIs by providing long term financing and increase confidence by contributing to the recapitalization of the Deposit Insurance Fund.

The EBRD welcomes the progress in Serbia's approximation to the EU, stressing that since the start of its operations in Serbia, it has invested more than EUR 3.5 billion in some 176 projects, the statement reads.

Link: <http://www.tanjug.rs/news/124690/ebrd-strategy--strengthening-of-private-sector.htm>

## **Canak new chairman of Social, Economic Council**

The Social and Economic Council appointed Monday President of the Trade Union Confederation "Independence " Branislav Canak as chairperson of the Council, for the period from 7 April 2014 to 7 April 2015, it was stated at the Council's session.

Members of the Council at the regular 53rd session thanked Serbian Prime Minister Ivica Dacic for chairing this body so far.

The Council adopted documents regulating the internal functioning of the Council.

The Council also appointed members of the Steering Committee for the project "Improvement of the social dialogue", which is financed from the IPA funds.

The duration of the project is two years and the signatories of the twinning agreement are the Serbian Ministry of Labor and Social Policy and the Slovak Agency for Regional Development.

The general objective of the project is strengthening of the social dialogue at all levels in Serbia with a view to creating possibilities for the social dialogue to become an efficient element of programming, formulating and implementing of social and economic reforms, the statement reads.

Link: <http://www.tanjug.rs/news/124563/canak-new-chairman-of-social--economic-council.htm>

## TURKEY



### **Russia gives \$1.39Bln for Turkey's 1st nuclear plant**

Russian funds for Turkey's first nuclear plant reached \$1.39 billion dollars in first quarter.

Turkey is in receipt of \$1.39 billion dollars from Russia for the construction of Turkey's first nuclear power plant in Akkuyu in the first quarter of 2014.

Akkuyu NGS, Russia's state run nuclear company Rosatom's subsidiary in Turkey, started increasing its investments. According to company officials, once the environmental evaluation report (CED) is approved, ground preparations and infrastructural investments will speed up in the construction of Turkey's first nuclear plant.

The Akkuyu NPP project is estimated to cost around \$20 billion and total of \$3.5 billion worth of equipment is expected to be used in the construction process, of which US\$1.8 billion will be spent this year alone.

Funds received from Russia is expected to be used particularly in building the infrastructure for the plant, in constructing roads, power lines, water pipelines, temporary housing and cranes.

If the project license is approved, the reactor construction is estimated to begin in 2016, and to be operational by 2020 with the entire plant being fully operational by 2023.

The Russian energy company Rosatom signed an agreement in 2011 to build and operate a four reactor nuclear power plant in Mersin province on Turkey's Mediterranean coast, with the aim of having the plant fully-operational by the Turkish republic's 100-year anniversary in 2023.

Link: <http://www.portturkey.com/enterprise/6298-russia-gives-139bln-for-turkeys-1st-nuclear-plant>

### **Slashed IMF growth estimate 'may benefit Turkey'**

Senior economist says lower expectations for Turkey's economic output in 2014 may present an opportunity for a better international image, as the country grew above IMF forecasts three times in the last five years.

The International Monetary Fund's slashing its growth forecast for Turkey might prove a blessing in disguise, a senior economist has said.

Turkey has a habit of taking markets by surprise by growing above expectations, Saxo Capital's Cuneyt Paksoy told.

In its last World Economic Outlook report on April 8, the IMF estimated that the Turkish economy would grow 2.3 percent in 2014, down from the 3.5 percent it predicted in October last year.

Paksoy said that the IMF's estimates typically painted a pessimistic picture of the state of affairs in any

given market.

“IMF announces its estimates with a scenario that contains all possible risks. Many times in the past, Turkey has brought a positive change in the way it is perceived in international markets by growing above IMF forecasts.”

The figure sits well below the 4 percent target in the Turkish government’s medium-term plan for the economy.

But growth figures in 2010, 2011 and 2013 exceeded predictions, converting what would be a turn-off for investors into an opportunity to attract more capital flow.

Just ten days ago, Turkey beat the IMF figure again by its 4 percent growth in 2013 as opposed to the IMF’s 3.8 percent estimate in its October 2013 report.

Also in 2011, Turkey grew better than expected with 8.8 percent, well above the IMF’s 6.6 percent forecast. The growth meant that the economy maintained its momentum from 2010, when the country grew 9.2 percent, its strongest showing in a decade, despite IMF’s 7.8 percent estimate.

Stressing there is no need to be ‘obsessed’ with IMF predictions, Paksoy said that markets would accept this forecast as the most pessimistic scenario and every growth figure above it would boost economic outlook.

Link: <http://www.portturkey.com/finance/6300-slashed-imf-growth-estimate-may-benefit-turkey>

## **Turkey’s Fin. Min calls for Middle East to invest**

Turkey hosts international convention gathering businessmen from Gulf countries in a bid to increase investment

Turkey’s Finance Minister calls for investment in Turkey on Thursday, addressing international investors at the International Investment Summit.

Finance Minister, Mehmet Simsek addressed investors at the summit in Istanbul, who manage around half a billion funds of Gulf capital to buy Turkish SMEs (small and medium sized enterprises).

“Emerging markets are risky but Turkey is also an EU accession candidate which means our rules and regulations, institutions and our business practices are going to be converging with the European Union,” Simsek said.

“Regardless of whether we join the EU, if we have the same standard of democracy and the same standard of fundamental rights and freedoms, as well as the same standard of regulations then essentially it doesn’t matter whether we are in the EU or not, what we are talking about is Turkey offering emerging market growth at EU risk,” he added.

Simsek said that Turkey’s large foreign deficit will narrow as gas and oil prices decrease by 25 percent in the following ten years, as the World Bank predicts in its studies. This will bring a more stable currency and financial security to the country, according to the minister.

The minister also stressed that economic stability in Turkey has been maintained thanks to the election results which brought a politically stable environment.

He also countered that 80 percent of foreign direct investment to Turkey comes from the west, despite Middle Eastern businessmen investing their capital in the west with Western countries’ stability and

ease.

Businessmen from Gulf countries are negotiating investment opportunities in the construction and energy sectors in Turkey during the two-day international investment summit in Istanbul on Thursday.

Last week, Turkish President Abdullah Gul called on investors from Kuwait, Qatar, Saudi Arabia and the United Arab Emirates (UAE) to boost investments and cooperation with Turkey.

Link: <http://www.portturkey.com/finance/6299-turkeys-fin-min-calls-for-middle-east-to-invest>

## **Istanbul to host 'World Petroleum Congress 2017'**

World's most prestigious meeting on oil industry to be hosted in Istanbul in 2017.

World Petroleum Congress, the world's most prestigious congress on oil, has been agreed to be held in Istanbul in 2017 at a signing ceremony in Ankara today.

The World Petroleum Congress is a global meeting hosting the most prominent figures and organizations in the oil industry. It is organized by the World Petroleum Council, which is headquartered in London and consists of over 65 member countries representing over 95 per cent of global oil and gas production and consumption. This year's 21st congress will be hosted by Moscow between 15th - 19th of June. The congress is organized once every three years and Istanbul will host the 22nd congress in 2017.

Turkish Energy Minister Taner Yildiz and Renota Bertani, the head of World Petroleum Council, signed the memorandum that authorizes Turkey as the event organizer. Turkish Petroleum Corporation (TPAO), the main sponsor of the congress in Istanbul, will be responsible for the preparations and organization from the Turkish side.

"We were very eager to host the event from the beginning, and I know that President Abdullah Gul and PM Recep Tayyip Erdogan will show great interest in the event from now on", said the energy minister. "We have tripled our economy over the decade and hosting the event in 2017 is an important step as we keep on developing."

Istanbul experiences a massive infrastructure transformation, said Yildiz. "I believe we will host the event and our guests in the best way possible in Istanbul where Europe and Asia meet."

Turkey worked hard for hosting this event, said Bertani. "The Turkish economy is very strong and Turkey is a country that brings cultures and continents together as well as east and west oil markets."

Link: <http://www.portturkey.com/finance/6296-istanbul-to-host-world-petroleum-congress-2017>

## **Turkey's industrial production up in February**

Turkey's industrial production index increases by 4.9 pct in February 2014 year on year while decreasing 0.1 percent compared to January.

Turkey's industrial production index increased by 4.9 percent in February 2014 year-on-year, according

to the Turkish Statistical Institute (TurkStat).

The data shows that mining and quarrying annual index increased by 11 percent and the manufacturing indexes raised by 4.4 percent in February. Electricity, gas, steam and air conditioning supply index increased by 5.2 percent compared with same month of 2013.

Turkey's industrial production decreased by 0.1 percent compared to previous month.

The monthly index differentiation between January and February for the mining and quarrying index increased by 0.5 percent, the manufacturing index decreased by 0.2 percent while the electricity, gas, steam and air conditioning supply index remained same.

Link: <http://www.portturkey.com/finance/6285-turkeys-industrial-production-up-in-february>

## **Turkey CB governor cautious on interest rate cut**

Governor of Turkey's central bank dismisses calls for emergency meeting on possible interest rate cut.

The governor of the Central Bank of Turkey on Monday dismissed calls for an emergency meeting to cut interest rates.

On Friday, Prime Minister Recep Tayyip Erdogan called on the central bank to cut interest rates, saying they must be decreased to stimulate the economy now that the political turmoil that preceded the local elections on March 30 local elections has diminished.

Turkey's central bank Governor Erdem Basci said Monday that "the central bank's strategy is to increase interest rates suddenly to the maximum level as it necessitates, then if conditions improve, decrease the rate step by step."

Basci, pointing out that the bank's Monetary Policy Committee takes the decisions, said that current monetary policy is tight and prudent steps can be taken, but timing and pace is very important.

"It is useful to make interest rate decreases step by step," Basci said. "Steps should be taken without eroding confidence in Turkey."

### **Retail loans growth slowing in Turkey**

Speaking at the Monetary Policies Conference, held by the Kayseri branch of the Chamber of Industry, Basci said that retail loan growth, which has been seen as one of main reasons behind Turkey's US\$65 billion current account deficit, continues to slow down due to a tight monetary policy stance, recent macro prudential measures and weak capital flows.

Basci explained that the impact of monetary tightening measures, such as the interest rate hike and limitation of monthly installments of credit cards, would be delayed since the new prices, considerably higher than the former ones, would come into force after stocks ran out.

However, the current account deficit will improve substantially in 2014 Basci said, stressing that exports and the slowdown in domestic demand would work in Turkey's favor regarding its deficit and growth as the higher prices are expected to suppress demand and thereby inflation.

On January 28, the Central Bank more than doubled its borrowing rate from 3.5 percent to 8 percent, and raised the lending rate from 7.75 percent to 12 percent while The Banking Regulation and Supervision Agency brought in new measures to curb the use of credit cards to pay for goods in monthly

installments in the hope it would restrict the country's growing inflation and current account deficit.

Link: <http://www.portturkey.com/finance/6282-turkey-cb-governor-cautious-on-interest-rate-cut>

## **Turkey's economy minister optimistic about finances**

Sunday's elections results show a more stable economic and political atmosphere in Turkey, Zeybekci says.

Turkey's financial condition is optimistic following the March 30 local elections, in which the ruling AK Party led in the polls, the country's Economy Minister.

"We expect a stronger and less vulnerable monetary period ahead as the election results signaled stability both politically and economically," Nihat Zeybekci told the press at a Turkish Exporters' Assembly meeting in Istanbul.

The incumbent AK Party government received more than 45 percent of the votes Sunday, an outcome that was widely seen as a sign of confidence for the leaders.

Earlier on Friday, Prime Minister Recep Tayyip Erdogan urged the country's central bank to set a cut in interest rates, which almost doubled earlier this year after a sharp rise in foreign currencies against the Turkish Lira, in a bid to curb the Lira's depreciation.

The Lira recovered by 5 percent following the elections.

The economy minister said the U.S. dollar's rise was not a surprise to Turkish finance as such hikes were the case in most developing countries.

Zeybekci added that current currency rate would benefit foreign trade figures since a higher dollar currency is expected to decrease import goods and encourage exporters with more profitable trade.

"January-February 2014 saw a record high exports figure," said the minister.

Turkey is currently dealing with a high foreign deficit, recorded at nearly US\$100 billion in 2013, creating a financial burden on the Turkish budget.

Link: <http://www.portturkey.com/finance/6274-turkeys-economy-minister-optimistic-about-finances>

UKRAINE



## **Ukraine passes state procurement law to help secure IMF bailout**

Ukraine's parliament passed a law on Thursday to end corruption in government purchases and promote transparency in tenders, a move aimed at helping the country to secure a \$14 billion to \$18 billion bailout from the International Monetary Fund.

Prime Minister Arseniy Yatseniuk, presenting the law to parliament, said the government spent about 300 billion hryvnia (\$25 billion) state purchases every year.

Crooked deals mean about 40 percent of the money earmarked for state purchases "stays in the corrupt pockets of the people who carry out these purchases," he said.

The IMF threw a financial lifeline to Ukraine, whose economy is staggering after four years under ousted President Viktor Yanukovich, on condition it enacts reforms and austerity measures. Those steps are needed to get the economy back on track and avoid a debt default following months of turmoil, the IMF says.

Ukraine has already passed an anti-corruption bill, freed the exchange rate of the national currency, the hryvnia, and raised the price of gas for household consumers. Passing the procurement law was one of the last key conditions to be met.

The deal with the IMF, which was announced on March 27, should unlock further credits, for a total of \$27 billion. The agreement is subject to approval by the IMF management and its executive board, which Ukraine hopes will come before the end of April.

Link: <http://finance.yahoo.com/news/ukraine-passes-state-procurement-law-115142306.html>

## **Poroshenko believes sharp hryvnia devaluation is dangerous**

The devaluation of the hryvnia on the interbank market to more than UAH 13/\$1 is a dangerous thing, candidate to the post of Ukrainian president and former head of the Council of the National Bank of Ukraine Petro Poroshenko has said.

"We know what entails the sharp devaluation: unleashed inflation, a sharp fall in living standards of the people and a jump in protest moods," he said at the Kyiv Forum "On the Fault Line: to be Secure In – Between" on April 10.

Poroshenko added that until recently the problem was absent among the requirements of protesters and he made sure of this when he recently visited Odesa, Kherson and Mykolaiv.

Prime Minister Arseniy Yatseniuk said that the situation with the hryvnia exchange rate and the outflow of deposits worsened when separatism flared up in the eastern part of Ukraine.

"We'll cope with this," he said.

Commenting on the recent tax changes on the financial market, Poroshenko said that in the present conditions the introduction of taxation of interest rates for large deposits under the progressive scale is justifiable, while the flat scale would have been unfair.

The candidate to the post of Ukrainian president said that the fee for currency exchange transactions introduced recently could be canceled.

"The sense and subject of taxation causes certain questions. This discussion is open," Poroshenko said.

As reported, the National Bank of Ukraine on April 10 decreased the official hryvnia exchange rate from UAH 11.8784/\$1 to UAH 12.6179/\$1 – a new historic record.

Link: <http://en.interfax.com.ua/news/general/200240.html>

## **Germany, France will work for quick IMF deal in Ukraine – Schaeuble**

German Finance Minister Wolfgang Schaeuble said on Monday he and his new French counterpart Michel Sapin would work to ensure that International Monetary Fund agreements with Ukraine are implemented as quickly as possible.

"We talked about how we agree completely that what the IMF is agreeing will be implemented as quickly as possible," Schaeuble said at a joint press conference with Sapin in Berlin.

Last week Ukraine said it hoped for \$13 billion (7 billion pounds) in external aid this year, including \$7 billion (4 billion pounds) from the IMF.

Schaeuble and Sapin are both due to travel to Washington later this week.

Link: <https://uk.news.yahoo.com/germany-france-quick-imf-deal-ukraine-schaeuble-103209840--business.html>