

ORGANISATION OF THE BLACK SEA
ECONOMIC COOPERATION
BUSINESS COUNCIL



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International Secretariat

The Monthly Economic News Bulletin

SEPTEMBER 2013

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 tenders, exhibitions, conferences, B2B and matchmaking meetings and the key economic developments within the BSEC Countries across a broad spectrum 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.



Albania ranked the second in the Balkans for starting a company

Macedonia is the best positioned among Balkan countries for establishing a company since it takes only two days, according to the World Economic Forum (WEF). WEF conducted a research in 146 countries analyzing the period of time needed to start a company. In the Balkans, Albania followed Macedonia – ranked 2nd on the list – and came in 8th place as opening a company takes 4 days. Croatia ranked 43rd with 9 days and Montenegro took 49th place with a duration of 10 days, and Serbia 57th with 12 days. Bosnia and Herzegovina ranked 120th, the worst among the Balkans, since it takes 37 days to open a company.

According to WEF's research, establishing a company is fastest in New Zealand where the process requires only one day. Australia, Georgia, Macedonia, Hong Kong, Singapore and Rwanda follow close behind. The worst-ranked countries in terms of the time required to start a business were Brunei, Haiti, Brazil and Venezuela. Suriname ranked last with 694 days, or almost two years. The WEF's survey on global competitiveness is the best estimate of the competitiveness of national economies. It is a useful portrait of the economic environment and the capacity of countries to achieve sustainable levels of prosperity and economic growth.

Link: <http://www.worldbulletin.net/?aType=haber&ArticleID=118182>

Albania could be EU candidate 'this year'

Albania is ready “in principle” to achieve candidate status for joining the EU, according to European Commission president, Jose Manuel Barroso. Speaking in Brussels on 17 September, alongside the new Albanian Prime Minister, Edi Rama, he said that should October's progress report on the country prove positive, there was no reason why Albania should not begin the formal path to European Union membership. “Albania's future is with the European Union,” said Barroso, adding that the election of Rama's Alliance for European Albania, was “a clear and strong mandate” for pursuing EU membership. He said he had “confidence in its capacity to fulfil criteria” needed to be granted candidate status. Key amongst these are reform of the judicial system, respect for the rule of law and the fight against corruption and organised crime.

Barroso said that there needs to be a “real national effort” to push for EU membership. There needs to be, he said, a “constructive political dialogue” that engages the government and opposition parties in a constructive way. “There can be sustained, broad consensus,” he said. Speaking alongside the commission president, Edi Rama said that he takes the mandate given to him through his election victory “as a huge responsibility.” He said that joining the EU would provide the opportunity “to change the country for the better,” adding that ongoing reforms in the country, a pre-requisite for membership, are “transforming the lives of Albanians.” He said that it was his intention to “open negotiations as soon as possible” on membership. But he added that the country needed to play its part first. “We know Albania has to deserve it,” he said.

Link: <http://www.neurope.eu/article/albania-could-be-eu-candidate-year>

Albania and China sign a Bilateral Local Currency SWAP Agreement

On 12 September 2013, the Governor of Bank of Albania, Mr. Ardian Fullani, and the Governor of the People's Bank of China, Mr. Zhou Xiaochuan, signed a Bilateral Local Currency SWAP Agreement of a maximum amount of 2 bn yuan or 35.8 bn lek. The agreement was signed during the Meeting of the Central Bank Governors Club of the Central Asia, Black Sea Region and Balkan Countries held in Yerevan, Armenia on 12 - 14 September 2013.

The swap transaction provides a channel by which the central banks can have access to the local currency of the other party. It aims to promote bilateral trade and direct investments for economic development of the two countries in local currency terms, and to support domestic

financial stability of both countries, if market conditions require such liquidity. The agreement is valid for an initial duration of three years and may be extended by mutual consent.

According to Governor Fullani, this agreement will be instrumental towards the strengthening of bilateral financial cooperation and facilitating bilateral economic ties and trade between Albania and China, as well as maintaining financial stability in the country. The signing of this agreement is yet another opportunity of further improvement of relationships between the two Central Banks.

Link: <http://www.balkans.com/open-news.php?uniquenumber=181779>

Trans Adriatic Pipeline project gives the final answer to the energy problem in Albania

Albania's Premier Berisha received the delegation of high-level Trans Adriatic Pipeline Consortium-TAP headed by General Manager Mr. Kjetil Tunland and External Relations Director Mr. Michael Hoffmann, who arrived in Tirana in a courtesy meeting with the Prime Minister. Mr. Tunland expressed his deep gratitude for the support and the crucial role that Albania and Prime Minister Berisha personally played in the TAP project, without which it would be possible positive final decision by Shah Deniz consortium's selection of TAP. The support provided was particularly significant in recent years he mentioned that Albania was involved maximally completing all legal and regulatory framework necessary to consider the application of the TAP project at Shah Deniz Consortium's. Also he briefed the Premier on progress following the TAP project, regarding the decision to start construction and investment final decision by the Shah Deniz consortium. Soon work will begin in Albania for the construction of access roads within the construction of the pipeline, he mentioned. God informed the Prime Minister that Tunland, TAP consortium of Belgian company has joined the largest gas distribution in the country, Fluxys, which the construction of the pipeline Belgium - Italy makes a Trans-Adriatic Pipeline project for the pan-European gas supply.

PM Berisha stressed that Albania TAP project marks the most significant achievement. All other projects wrongfully bypass Albania. This project gives the final answer to the energy problem in Albania, the decrease of household expenditures for heating and cooking. Albanians supplied with gas from a friendly country like Azerbaijan. TAP encourages large

investments in all sectors of industry and economy. The project significantly increases Albania's role in regional and European Energetics, and establishes a new level of strategic cooperation with our neighbors and the EU countries. PM Berisha expressed gratitude to Mr. Tungland and all the team he leads, for overall performance, exceptional, which made for this project and strategic importance, not only for this country but for the whole of Europe. Our persistence and your belief based on our shared this great project. The team addressed expertly prepared high persuasive documentation 2 Shah Deniz consortium, which faktonte TAP was clear that distance, most profitable project with the serious. Likewise, PM Berisha, in support of the decision to TAP-in, stressed the crucial role intergovernmental agreements reached between the transit countries interested in the project and the Western Balkans, as well unquestionably the foresight of President Aliyev for selecting the TAP project reports the Albania Government.

Link: <http://www.balkans.com/open-news.php?uniquenumber=181323>

IMF urges Alb. gov't to be cautious with new fiscal package

Debt and cautiousness for fiscal policies is the core of what the representatives of the International Monetary Fund Mission are expected to give as a recommendation for Albania in the upcoming days. The IMF mission is continuing its meetings with representatives of the Albanian government to get in touch with the macroeconomic situation.

After meeting Minister Shkelqim Canu and Governor Fullani, the mission is expected to hold a meeting with the head of government Edi Rama. Changes of fiscal indicators in the law on state budget 2013 have been part of the discussion. The government is expected to make these changes because objectives in revenues have not been met.

But also for the draft budget 2014, the IMF suggests cautiousness with fiscal policies, since cutting taxes would reduce revenues and this would force the government to cut required spending, mainly in infrastructure. Revenues for the eight months of this year have not been realized to the extent expected and the state budget suffers a lack of about ALL 17 billion in revenues from taxes and customs.

Link: http://news.albanianscreen.tv/pages/news_detail/68564/ENG

Ferizaj: Agricultural produce, 23% increase of exports

Albanian agricultural exports have increased nearly 15% - 23% during summer, depending on the produce. Regional countries have taken the largest part of exports, but EU's countries markets continue to increase their demand for Albanian produce. Enver Ferizaj, chairman of AAC, in an interview for AS states that in 2013, income from exports increased significantly. "The increase in exports has been nearly 17% to 12% for 2013, until now compared to 2012. The range of produce has been at the expected levels, or at the planned levels for agriculture. Exported produce have been cabbage, leek, cauliflower, but also cucumber, tomato, cherries, pears, apples," says AAC chair, Enver Ferizaj.

The expectation of the business is very high for the government who just took office, thus, the requests addressed to them for facilitating policies in exports are expected to be taken into consideration. Ferizaj says that: "It has been one of the most discriminated sectors during these years thus, funds have been very few, irrigation was not provided at the right time. I might say that it's inexcusable that nearly 44-45% of the field, or 22-25% of all agricultural land in our country is not irrigated, when we have three times more water than it is needed". Kosovo and Macedonia are the regional countries where Albanian produce is exported most, while in EU: Italy, Germany and England have preferred Albanian vegetables and fruits.

Link: http://news.albanianscreen.tv/pages/news_detail/68479/ENG

IMF and Minister of Finances agree to reinstate public debt limit

Finance Minister Shkelqim Cani informed IMF on the macroeconomic situation in Albania. The International Monetary Fund has been informed over the situation of Albanian finances. The IMF mission met with the Minister of Finance Shkelqim Cani, who presented everything about the system of public finance, the realization of income, expenditures, debt situation and investments. Critical about finances is the public debt, and that is why the IMF has requested from the government to be cautious, since its increase is a risk to the economy.

Sources from the meeting with Minister Cani said that the sides discussed over the debt limit, which has been removed after a decision of the Berisha government. The Mission and the Minister discussed the possibilities of restoration of a limit over the debt. However, IMF recommendations are expected to be given in the end of the mission in Tirana, and they are expected to state whether a limit will be imposed on the debt.

IMF has also suggested that the debt level should not exceed 60 %, the set limit before the previous government removed it. The mission will meet with other government officials and its agenda consists of recent macroeconomic developments and prospects of growth, inflation, balance of payments, fiscal and credit conditions. A special analysis is expected to be done to debt structure and forecasts, debt sustainability and debt management strategy.

The previous day, the head of the IMF Mission Nadeem Ilahi estimated that public debt has grown at alarming rates , emphasizing undocumented arrears to businesses. According to the IMF, the debt could reach up to 80 % of the GDP in 2018, unless serious measures are taken to keep it under control, but its reduction should be gradual to preserve further constraints in an Albanian economy that is already suffering.

Link: http://news.albanianscreen.tv/pages/news_detail/68421/ENG

IT companies may employ 10 thousand youth

Youth employment in the country's businesses, and especially that of women, will be a priority of Rama government. Albania has a lot of potentials in the field of information technology and these can be seen as a source for the opening of tens of thousands of new jobs. This was the statement of the minister of social welfare and youth Erion Veliaj which visited this morning visited one of the largest communication companies in Tirana.

"It is a policy of this government to support businesses as that of Argon. Today Agron employs three thousand young people and it is important that we establish a relationship between the state and the private, where the Albanian state says Thank you to contributors in employment, such as Argon. Not only that, we will encourage private employment. Albania has a great potential in information technology. Recent studies show that there is a potential and for 10 thousand new jobs in this sector," Erion Veliaj said.

Minister Veliaj described as business as an ally of the government, while emphasizing that such enterprises will always find support, since they are the main source of employment for young people, and since these companies provide income for students who are currently studying.

Link: http://news.albanianscreen.tv/pages/news_detail/68419/ENG

Albania increases exports to FYR Macedonia

On August 2013, Albania exported 18,152 mln leke of commodities recording a decrease of 25.3 percent compared with July 2013 and an increase of 4.4 percent if compared with August

2012. Albania recorded imports of 42,242 mln leke commodities recording a decrease of 12.7 percent compared with July 2013 and a decrease of 7.5 percent compared with August 2012. Trade with the EU countries is 64.9 percent. The main trade partners remain Italy and Greece. Trade with Italy is 30.4 percent, while with Greece is 7.8 percent. Some of the partner countries with which our export and import is increased include; in exports, Germany, Austria, Spain, (FYR) Macedonia, USA, etc and in imports, Austria, China, USA, Switzerland, Great Britain, etc. The comparison with the previous month of some group commodities shows that: Export of group "Machinery, equipment spare parts" decreased 63.8 percent, "Wood manufacture and article of paper" decreased 46.8 percent, "Textile and footwear" decreased 41 percent, "Leather and leather manufacture" decreased 38.9 percent, etc. Import of group "Minerals, fuels, electricity" increased 10.5 percent, "Wood manufacture and article of paper" increased 1 percent "Food, beverages, tobacco" increased 0.4 percent. Import of group "Leather and leather manufacture" decreased 51.1 percent reports Albania's statistical office.

Link: <http://www.balkans.com/open-news.php?uniquenumber=182367>

Albania puts priority in the increase of digital and e-services

Albania's Minister for Public Administration and Innovation, Milena Harito initiated a meeting at the premises of PROTIK Resource Center, for an introductory meeting with the theme "Albania's next generation, new ICT strategy". Key institutions in the sector (NAIS, akçe, Alcira, ASIG, DEDAL) joined the meeting along with students of information technology, business representatives, and other experts in this field. The purpose of this meeting was to present and discuss the problems of the sector from the perspective of users of information technology, as well as providing ideas and ways for an efficient solution to them. Minister for Public Administration and Innovation, presented to participants Milena Harito government targets for the development of this very important sector, with an emphasis on some of the main directions that will enable their achievement "The first objective is to increase and promote digital services, e-services for citizens and businesses, accessible from computers and cell phones," said Minister Harito, continuing that "the government priority will be to increase transparency and improving services in administration, according to the initiative taken by U.S. President Obama "Open government partnership" which is part of and Albania."

Harito Minister stated among other things that increase transparency, thus receiving services and providing an administration is another important aspect, which serves the fight against

corruption. "The use of information technology reduces corruption. There is one that disappeared, but it is one that restricts the fights, creates conditions to detect corruption and have the opportunity to fight," said Harito. "We have a project for the establishment of tablets in schools, but of course tablets equipped with programs for learning e-learning and not simply as a means to access the internet," she said.

Link: <http://www.balkans.com/open-news.php?uniquenumber=182328>

Albania's current account deficit will narrow to 8.6% of GDP in 2013

Business Monitor International forecast real GDP growth of 2.1% in 2013 and 3.2% in 2014 in Albania, driven by a modest recovery in private consumption and healthy export growth. However, a more significant recovery will be restricted by the government's unfavourable fiscal position and weak fixed investment, which will ensure that growth remains below potential for some time to come. Inflationary pressures will remain subdued over the coming months due to easing agricultural prices and low demand-pull price dynamics. We expect the National Bank of Albania (BoA) to lower its policy interest rate by 25bps to 3.25% by the end of 2013, as low prices allow the central bank to try to stimulate growth through adopting a more dovish monetary policy stance. Albania's current account deficit will narrow to 8.6% of GDP in 2013 and 8.2% in 2014, from 9.9% in 2012, as goods exports continue their gradual recovery and sluggish domestic demand restricts import growth.

Link: <http://www.balkans.com/open-news.php?uniquenumber=182186>

Italy, Greece and Turkey strategic for Albania's new foreign policy

The European Union will be the "catalyst" for the change that the new government wants to bring to Albania. Newly-elected Prime Minister Edi Rama told MPs of the EU's External Relations Council this on his first visit to Brussels after being elected, saying Tirana would be working hard for its EU integration process.

"Nationalist rhetoric is considered unacceptable," he said, noting that the new government's strategy is to "have no problems with its neighbours", Rama said. Thus, "we want to involve Turkey as a strategic partner along with Italy and Greece, and to fill some foreign policy gaps.

We are certain that with these three strategic partners Albania will succeed," said Albania's new prime minister.

Link: <http://www.balkans.com/open-news.php?uniquenumber=181949>



“Golden Pomegranate” annual fair of Armenian goods held in Moscow

The delegation of the Yerevan municipality headed by Vice Mayor Aram Sukiasyan took part in the opening of “Golden Pomegranate”, the annual fair of Armenian goods held in Moscow.

This year the exhibition was devoted to the 22 anniversary of Armenia’s Independence.

Representative of the Moscow government Andrey Chizhov addressed the participants, noting that the exhibition is not only aimed at strengthening economic relations, but also at the convergence of two nations and development of business and cultural ties.

This year’s fair was attended by more than 100 Armenian manufacturers who presented traditional food staff as well as carpets and other samples of national crafts.

During his visit to Moscow, Sukiasyan discussed the program of cooperation between the two capitals for 2014 - 16, as well as organization of the upcoming Days of Yerevan in Moscow on November 29-30.

Link: <http://news.am/eng/news/172745.html>

Armenian-Kuwaiti economic and trade relations are growing

Armenia and Kuwait maintain constantly growing relations in such areas as economy and commerce.

Kuwait Minister of Commerce and Industry Anas Al-Saleh stated the aforesaid at the celebration of Armenia Embassy to mark the country’s 22nd Independence Day anniversary.

In his words, the trade exchanges between the two countries grew slightly in the farm and food sectors in the recent years.

On his part, Armenia Ambassador to Kuwait Fadey Charchoghlyan commended Kuwait’s “limitless relief effort” for the Syrian refugees in his country, Kuwait News Agency (KUNA) reports.

He stressed that the Armenian-Kuwaiti ties are growing steadily in all political, economic, cultural, social, commercial and educational fields.

The Armenian diplomat also expressed hope for pushing the level of relations of his country with the other Arab countries to the level of the relations with Kuwait.

To note, Armenia has a 6,000-strong community in Kuwait.

Link: <http://news.am/eng/news/172641.html>

Targeted promotion of Armenia as tourist destination in French market

YEREVAN. – The National Competitiveness Foundation of Armenia (NCFA), along with local travel agencies, will represent Armenia in Top Resa International French Travel Market in Paris on September 24-27.

This year, an estimated number of 1,200 exhibitors and 28,000 industry professionals of around 164 tourist destinations are expected to take part in the exhibition.

Armenia's cultural, historical and Christian heritage will be presented in travel guides and maps in French during the exhibition.

NCFA's participation in this major exhibition aims to promote the tourism of Armenia in the European market, increase Armenia's visibility as an attractive travel destination and contribute to the growth of tourist inflows.

Link: <http://news.am/eng/news/172572.html>

Armenia to set up 7 working groups to join Customs Union

The Government of Armenia will establish seven working groups to accelerate the activities toward joining the Customs Union.

Deputy Economy Minister Karine Minasyan told the aforesaid to news reporters on Thursday, and added that each group will deal with a specific matter.

Minasyan noted that there are solely 32 technical regulations in the Customs Union, whereas they are lot more in Armenia.

“It was expedient to create seven groups so that every domain is studied in detail. These groups will be interdepartmental and they do not assume additional expenditures, except for the translation work which we have commissioned to the Ministry of Justice,” the deputy minister added.

To the query as to whether in the future Armenia would find it inexpedient to join the Customs Union, Minasyan responded by saying that the decision to join the union is already made.

As for Armenia's cooperation with the European Union, Karine Minasyan specifically said:

“I believe cooperation with the EU will continue. We just need to make sure that our cooperation in the two directions would not conflict with one another. I am sure that joining the Customs Union is much more correct today.”

To note, following the talks that were held on September 3 in Moscow between Armenian and Russian Presidents Serzh Sargsyan and Vladimir Putin, Sargsyan had announced that Armenia plans to join the Customs Union and subsequently engage in the formation of the Eurasian Economic Union.

Link: <http://news.am/eng/news/172047.html>

Armenia to host 30th meeting of central bank governors' club

Armenia will host the 30th meeting of the central bank governors' club of the Central Asia, Black Sea Region and Balkan Countries on September 12-14.

The meeting will coincide with the festive events dedicated to the 20th anniversary of dram, Armenian national currency, Central Bank of Armenia (CBA) reported.

Eighteen representatives of 22 member states as well as famous financial experts will be present. The keynote speaker is chairman of the Financial Stability Institute at Bank for International Settlements Josef Tošovský.

The meeting will be held in a new CBA educational center in a resort town of Dilijan.

Link: <http://news.am/eng/news/170991.html>

China's Dalian can develop cooperation programs with Armenia's Gyumri – PM Sargsyan

Armenian Prime Minister Tigran Sargsyan's visit to China will promote the development of Armenian-Chinese relations and open new prospects for cooperation.

Mayor Li Wancai of the City of Dalian noted the aforesaid Wednesday during his talk with Sargsyan, who is in Dalian on a working visit.

In turn Armenia's PM thanked the mayor of this Chinese city for the warm reception, informs the Armenian Government press service.

“The relations of our countries are at a high level, and we do not have any problems. But we still have things to do in economic relations. There are great opportunities and a potential for implementing joint projects,” Sargsyan noted.

In addition, the PM invited the mayor of Dalian to Armenia, and he expressed a hope that this Chinese city can develop cooperation programs with Armenia's City of Gyumri, where the Information Technology sector records a considerable success.

Link: <http://news.am/eng/news/170803.html>

Armenia seeks observer status in Shanghai Cooperation Organization – PM

Armenia wishes to receive an observer status in the Shanghai Cooperation Organization (SCO), and China's assistance in this regard will be indispensable for Armenia.

Armenian Prime Minister Tigran Sargsyan stated the aforesaid Tuesday during his talk in Dalian, China, with Li Keqiang, Premier of the State Council of the People's Republic of China.

In response, Li Keqiang noted that China in turn seeks active relations with the Customs Union, informs the Armenian government press service.

The Chinese premier also stated that his country will discuss, with its SCO partners, the matter of granting an observer status to Armenia.

“Armenia is the sole state with which we sign several documents today,” Li Keqiang added.

Link: <http://news.am/eng/news/170592.html>

Armenia posts 9,3% inflation rate in August 2013

9,3% inflation rate was recorded in Armenia's consumer market in August 2013 compared to the same period in 2012.

During the reporting period, prices for foodstuff (including alcoholic beverages and cigarettes) increased by 9,6%, non-foods' prices increased by 4,3%, with 11,2% growth in tariffs for services posted.

Consumer prices increased by 0,1-1,0% in August compared to July in 10 Armenian cities under study, while the highest index was registered in Talin.

0,2% increase was recorded in consumer prices in Yerevan.

Link: <http://www.panarmenian.net/eng/news/169347/>

Belarus Backs Armenia's Membership In Customs Union

Belarusian President Aleksandr Lukashenko has backed Armenia's accession to his country's controversial customs union with Russia and Kazakhstan and expressed readiness to accelerate the process.

Lukashenko discussed the issue with President Serzh Sarkisian on Monday during talks held on the sidelines of a summit in Sochi, Russia of the Russian-led Collective Security Treaty Organization (CSTO).

“I want to make clear that if Armenia decides wholeheartedly to join our organization Belarus will never impede that and will only support your aspirations and help to rapidly complete all the [membership] procedures so that you can join us,” Lukashenko was quoted by his press service on Tuesday as saying at the meeting.

The Armenian government announced last week the official start of preparations for accession talks with the union's member states. Officials in Yerevan say the process will take months and require changes in dozens of Armenian laws and regulations.

Link: <http://www.azatutyun.am/content/article/25116565.html>



SOCAR unveils plans to export gas to Georgia

SOCAR gas to be exported to Georgia will hit 1 billion cubic meters by late 2013, SOCAR's "Gas export" department head Gagamali Seyfullayev said in an interview with Caspian Energy magazine.

According to him, the export volume of gas to Georgia amounted to 993 million cubic meters in 2012 compared to 775 million cubic meters in 2011.

Gas is exported from Azerbaijan to Russia, Georgia, Turkey and Iran (swap transactions provide the Nakhchivan Autonomous Republic with gas).

He added that SOCAR exported 1.54 billion cubic meters of gas in the first half of the year. Around 876 million cubic meters of gas of the total volume were supplied to Russia, 446 million cubic meters - to Georgia and 217 million cubic meters - to Iran. According to the terms of the contract, Iran supplied 179 million cubic meters of gas to the Nakhchivan Autonomous Republic.

The contract signed with Russiae allows SOCAR to export up to 3 billion cubic meters to that country. According to the contract signed with Iran, 400 million cubic meters of gas are annually exported from Azerbaijan to this country, of which 300 million cubic meters are supplied to Nakhchivan Autonomous Republic for its needs.

SOCAR includes production units such as "Azneft" (the enterprise on production of oil and gas in sea and on land), "Azerikimya" (the enterprise of chemical industry) and "Azerigas" (gas distribution enterprise).

SOCAR includes a number of processing enterprises, service enterprises and institutions engaged in geophysical and drilling operations.

Link: <http://www.today.az/news/business/126596.html>

OSCE supported-discussions on Azerbaijan's EITI compliance

An OSCE-supported meeting focusing on Azerbaijan's compliance with the Extractive Industries Transparency Initiative (EITI) was held in Baku on Tuesday, OSCE official website reported. EITI is a mechanism for disclosing oil and gas industry revenue to improve the transparency and accountability of public finance management, a report said. Azerbaijan was among the first countries to endorse the Initiative in 2003, **and the first to receive compliant status from the International EITI Board in 2009.** Representatives of the relevant state agencies, international organisations, private companies and civic organisations gathered to discuss new EITI standards and ways to overcome obstacles for their implementation. Deputy Head of the OSCE Office in Baku, Monica Martinez underlined the organisation's interest in supporting this initiative. "The OSCE Declaration on Good Governance adopted at the Dublin Ministerial Council in 2012 recognised the importance of the extractive industries transparency. This year, the Ukrainian chairmanship has also defined sustainable energy as one of its key priorities and the Initiative is therefore of particular relevance," Martinez added. The OSCE Office in Baku co-ordinated the organisation of today's event with Azerbaijan's State Oil Fund, Revenue Watch Institute and the Association for Free Economy, the co-ordinator for the EITI NGO Coalition. The Office also provided an expert contribution to the analysis of the EITI implementation status between Azerbaijan and other compliant countries.

Link: <http://www.today.az/news/business/126589.html>

Double taxation between Azerbaijan and Israel goes to be dropped

Azerbaijan and Israel are preparing to sign an agreement in December on the avoidance of double taxation, Israeli Ambassador to Azerbaijan Rafael Harpaz told journalists on Tuesday. The signing of this agreement will strengthen cooperation between the two countries, the ambassador said. To date Azerbaijan has signed agreements on avoidance of double taxation with 43 countries. "Visits and events are expected in the coming year which will strengthen cooperation between our countries. Israel will be represented by a large delegation at the Bakutel 2013 exhibition," Harpaz said. Some 14 Israeli companies will arrive in Baku to participate at the 19th International Telecommunications and Information Technologies Exhibition and Conference, to be held on December 2-5. According to the State Customs Committee of Azerbaijan, in January-August 2013, the trade turnover with Israel amounted to \$787.58 million which is 45 per cent lower than the same period of the last year.

Link: <http://www.today.az/news/business/126586.html>

ICT companies in Azerbaijan to have tax advantages before long

Companies involved in the ICT sector in Azerbaijan will be granted tax and customs benefits in the next two months, the Communications and Information Technologies Ministry said. "Exempting them from taxes and customs duties will improve the profitability and efficiency of business in the ICT sector," the ministry said. Earlier, ICT Minister Ali Abbasov said that the ministry had prepared proposals to reduce customs duties on imports of high-tech products. According to him, the customs duty for the import of computers is three percent, while the duty on import of computer hardware is 10-15 percent of the cost. "Due to the dynamic growth of the automation process of various state institutions there is a high level of imports of high-tech products in the country," Abbasov said. In addition, the development of the domestic ICT sector and increasing its competitiveness requires optimization of pertinent tax legislation and allocating preferential loans. Azerbaijan's ICT sector is rapidly developing, especially after 2013 was announced as the ICT Year in the country. ICT plays one of the leading roles in the non-oil sector of the country's economy and the budget revenues it generates have been increasing year-on-year. An ICT high technology park is being constructed in Azerbaijan, and its creation is a priority for the development of the ICT industry. The park is supposed to be a territory with all the necessary conditions for the development of new and high technologies and researches. The high-tech park also envisages involvement of local and foreign ICT companies. In June, the government passed a decision making participants of the high-tech parks tax and customs duty-exempt for seven years, which will drive the development of this sector.

Link: <http://www.today.az/news/business/126558.html>

Germany's E.ON to buy 40 bcm of Azerbaijani gas under 25 year-contract

Germany's E.ON will purchase 40 billion cubic metres (bcm) of Azerbaijani gas under the 25 year-contract, signed with the consortium of Shah Deniz field development last week, the company's statement said. Annually the company will purchase 1.6 bcm of Azerbaijani gas. On September 19, 2013, E.ON along with other eight companies signed a long-term contract for the supply of gas from the giant Shah Deniz field in the Caspian Sea to Europe. Supplies are to start earliest in 2019. According to French GDF SUEZ's report, the company contracted volumes of 2.6 bcm per year from the second stage of Shah Deniz field development for a period of 25 years. Earlier it was reported that Italian Hera Trading annually will get 300 million cubic metres of Azerbaijani gas under the signed contract. Other

six companies - Shell, Bulgar gas, Gas Natural Fenosa, Enel, Axpo and DEPA have no yet disclosed gas volumes to be purchased by them under the contracts (each for 25 years) signed on September 19 in Baku. Gas to be produced within the second stage of Azerbaijani Shah Deniz field development will be transported to the European markets by the Trans Adriatic Pipeline (TAP). The TAP project is designed to transport gas from Caspian region through Greece, Albania and Adriatic Sea to the South of Italy, and then to the Western Europe. The initial capacity of TAP will amount to 10 billion cubic metres per annum with the possibility of expanding to 20 billion cubic metres per annum. Currently TAP's shareholders include BP (20 percent), SOCAR (20 percent), Statoil (20 percent), Fluxys (16 percent), Total (10 percent), E.ON (9 percent) and Axpo (5 percent).

The construction of TAP is planned to start in 2015.

Link: <http://www.today.az/news/business/126546.html>

Minister: Agricultural production in Azerbaijan to increase by 7 percent in 2013

In 2013 the total agricultural production in Azerbaijan is expected to grow by 6-7 percent, Minister of Agriculture Ismet Abasov told in his article devoted to dynamics of the agricultural sector of the country for the last 10 years and published in official press on Monday. According to the article data, in the first half of 2013 Azerbaijan produced agricultural products worth 2.123 billion manat, 0.91 billion manat in crop production, and 1.215 billion manat in livestock. "To provide the crop of 2013, autumn and spring cereals (excluding maize) were raised on 1.033 million hectares of land, 67 percent (or 690, 819 thousand hectares) of which is used to raise wheat. As of 12 August 2013, the harvesting was completed on 99 percent of crop area," the article said. As the Minister stressed in his article, the harvest volume increased by 4.3 percent compared to the same period last year. "2.72 million tons of grain and grain legumes (except maize) were collected, of which 1.88 million tons are wheat. By the end of this year it is expected to collect 2.9 million tons of grain, which is higher than last year by 100,000 tons," Abasov noted.

Link: <http://www.today.az/news/business/126534.html>

SOCAR eyes to up oil production

The State Oil Company of Azerbaijan (SOCAR) plans to process around 6.7 million tons of oil in 2014, senior representative of SOCAR said on Friday. According to him, over 6.2 million tons of gasoline was sent by SOCAR to processing last year. The volume is expected to amount to 6.4 million tons for this year. The representative explained the increase in the volume of oil processing has to do with an increase in gasoline and diesel fuel consumption in the country. "The annual gasoline consumption has increased by 10 per cent and the increase of diesel fuel consumption amounts to 13 per cent," SOCAR representative stressed. According to the representative of the State Oil Company, the volume of gasoline production is expected at the level of nearly 1.4 million tons this year compared to 1.3 million tons in 2012. Oil products are produced at two Baku refineries with a capacity of 16 million tons of oil a year. Both refineries belong to SOCAR which annually processes approximately about seven million tons of oil from its own funds from onshore and offshore fields.

Link: <http://www.today.az/news/business/126508.html>

Azerbaijan gets WB loan for major railway project

On Friday Azerbaijani government and the World Bank (WB) signed an agreement on granting additional funds by the bank for the implementation of country's railway project (Rail Trade and Transport Facilitation Project) worth of \$ 220 million, WB Baku Office told. The representative office said that the loan agreement was signed by Azerbaijani Minister of Finance Samir Sharifov and the head of the bank's representative office in Azerbaijan Larisa Leshchenko, and the project agreement was signed by Azerbaijani Minister of Transport Ziya Mammadov and the head of the bank's representative office Larisa Leshchenko. The Board of Executive Directors of the World Bank approved allocation of additional financing in June 2013. The project supports implementation of Azerbaijan's national railway development program aimed at improving railway services in the country, developing the trade and attracting transit cargo between Europe and Central Asia. Railway transport is an important element of Azerbaijan's economic diversification strategy. Income in this sector was equal to five percent of non-oil exports in 2012. By investing in railway infrastructure, Azerbaijan intends to achieve an increase in volumes of transit in the Central Asian and Black Sea regions, thus benefiting from the country's geographical location

as the shortest route between Central Asia and Europe. The initial amount of the project's funding from the World Bank amounted \$450 million. Additional funding will be allocated for the modernisation of railway signalling system for the East- West corridor from Baku to the Georgian border.

The investment portfolio of the World Bank in Azerbaijan includes 17 projects. Since Azerbaijan's joining the World Bank, 54 projects worth more than \$3 billion have been financed by the bank.

Link: <http://www.today.az/news/business/126495.html>

Azerbaijani gas in Europe: from words to action

The year of 2013 can be really considered as a crucial, decisive and a historical year for the gas industry of not only Azerbaijan, but of the whole European energy market. Soon after the choice of Trans-Adriatic pipeline (TAP) in June as a route for transportation of Azerbaijani gas to Europe, contracts were signed in Baku yesterday on delivery of this gas to European consumers.

Over 15 different European buyers put forward their proposals on purchasing of Azerbaijani gas especially that produced in the second stage of Shah Deniz field. These proposals exceeded the existing volume of gas (10 billion cubic meters) more than twice. Such flow of proposals is the evidence of great interest and importance of Azerbaijani gas for Europe. This is not accidental, as Europe got a new reliable source of gas supply as Azerbaijan, which will help it to make progress in its diversification policy and to increase its energy security. Azerbaijan has already proved its reliability as a hydrocarbons supplier in the sphere of oil supply. Azerbaijan, for its part, got access to a new attractable market for its fuel. Thus, as a result, nine companies signed contracts for supply with the Consortium for development of Shah Deniz. These companies are: Shell (Great Britain), Bulgar gas (Bulgaria), Gas Natural Fenosa (Italy), EON (Germany), Gaz de France (France), Hera (Italy), Enel (Italy), Axpo (Switzerland), DEPA (Greece). It should be noted that EON and Axpo are the shareholders of Trans-Adriatic pipeline project through which the Azerbaijani gas will be delivered to European markets. The documented intentions of the companies to purchase Azerbaijani gas reflect the transition of Southern Gas Corridor to a new phase - the phase of its practical implementation.

The steps towards implementation of this historical project are taken very quickly. It is expected to adopt a final investment decision on Shah Deniz-2 project by the end of this year. A final investment decision on TAP project will be adopted a month before this. The construction of this pipeline will begin in 2015. Taking into consideration the interest of all parties involved, we can confidently say that the time when Southern Gas Corridor (which will be launched with Shah Deniz gas) will reach a new level and will be the largest project in the world open for transportation of rich resources of the Caspian Sea region is not far off.

Link: <http://www.today.az/news/business/126493.html>

Azerbaijan left period of decline in oil production behind - SOCAR

Azerbaijan has overcome the period of decline in oil production, the president of the State Oil Company of Azerbaijan (SOCAR), Rovnag Abdullayev told journalists on Friday. According to him, the rates of decline were completely overcome both by SOCAR at its own fields, and on Azeri-Chirag-Guneshli block of fields, developed jointly with foreign partners. Today, oil production figures show that the decline in production has stopped and a slight increase is possible by late 2013, Abdullayev said.

SOCAR First Vice-President on Geology, Geophysics and Mining Khoshbakht Yusifzade said that, some 43 billion tons of oil are expected to be produced in Azerbaijan this year. According to him, in perspective the gas reserves in Azerbaijan may be increased to six trillion cubic meters from the current 2.6 trillion cubic meters. Azerbaijan has a large gas potential and prospects for discoveries of new fields, Yusifzade said. SOCAR First Vice-President added that, according to forecasts of specialists, the gas reserves of Shah Deniz gas and condensate field may amount to 1.5 trillion cubic meters.

Link: <http://www.today.az/news/business/126492.html>

US demands quick conclusion on Azerbaijan's WTO access

The U.S wants an immediate conclusion to bilateral negotiations with Azerbaijan on its accession to the World Trade Organization (WTO), U.S ambassador to Azerbaijan Richard Morningstar said on Thursday at an event dedicated to the completion of the "Competition

and trade in Azerbaijan" project. The project, with a total cost of \$22 million, was co-financed by the U.S. Agency for International Development (USAID) and the Azerbaijani government.

"The U.S strongly supports Azerbaijan's accession to the WTO and believes that bilateral negotiations will be completed in the near future. Azerbaijan's accession to this organization will contribute to the development of the non-oil sector of its economy, which is a priority of the Azerbaijani government," Morningstar said.

The ambassador expressed his hope that this project will be continued in the future. Morningstar thanked the Azerbaijani government for its participation in financing the joint projects.

"Such projects are evidence of success in our relations," Morningstar said.

According to the head of the negotiation group, Deputy Foreign Minister Mahmud Mammadgulyev, who also spoke at the event, said the implementation of this project played a significant role in the process of Azerbaijan's accession to the WTO.

"We have made significant progress in this process in recent years, and U.S support was very useful in this," Mammadgulyev, said.

He expressed his hope that the parties will sign an agreement on starting such a new project by the beginning of the next round of WTO negotiations in late October and early November.

Joint work was carried out on the project during three years on Azerbaijan's private and public sectors to achieve progress in competition, taxes, banking, job creation, etc. In addition, work with the banking sector was carried out in the project for increasing opportunities of agricultural producers to attract funds.

Azerbaijan started negotiations in 2004. The latest negotiations on the country's accession to WTO were held in early June 2013 in Geneva.

Currently, Azerbaijan is in the process of bilateral negotiations with the U.S, Japan, Brazil, Ecuador, Sri-Lanka, the European Union, Norway, India, South Korea, the Chinese province of Taiwan, Canada, Switzerland and Honduras on accession to the WTO.

Negotiations have been completed and protocols were signed with Turkey, the Sultanate of Oman, the United Arab Emirates, Georgia and Kyrgyzstan. The country is at the stage of signing a protocol with Moldova, which still considers the document.

The working group on Azerbaijan at the WTO Secretariat was established on 16 July 1997.

Since 1997, Azerbaijan has been an observer at the WTO.

Link: <http://www.today.az/news/business/126449.html>

SOCAR to hit \$ 200 billion income from Shah Deniz II gas sale

The revenues on the contracts for Azerbaijani Shah Deniz II gas supply to Europe signed in Baku will hit around \$ 200 billion, State Oil Company of Azerbaijan (SOCAR) head Rovnag Abdullayev said during a signing ceremony today.

According to him, the negotiations on reaching an agreement for Azerbaijani gas supply to Europe have lasted for almost five years. An agreement that will lay the foundation for a new era of Azerbaijan's oil and gas sector was reached.

"The agreement will ensure the annual supply of 10 billion cubic meters of gas to Europe, which would be possible by 2019," Abdullayev said. "The gas within Shah Deniz-2 will be supplied to Turkey in 2018."

"This concerns only the second stage of Shah Deniz field development, but Azerbaijan has gas potential, including the deep natural gas at Azeri-Chirag-Guneshli fields, Absheron field, expected reserves at Shafaq-Asiman prospective structures," he said. "This will allow moving beyond the Italian, Bulgarian and Greek markets."

Gas to be produced within the Shah Deniz-2 project is the main source for the Trans Adriatic Pipeline (TAP), which in June was selected as a route for transportation of Azerbaijani gas to European markets.

The TAP project is designed to transport gas from Caspian region through Greece, Albania and Adriatic Sea to the South of Italy, and then to the Western Europe.

The initial capacity of TAP will amount to 10 billion cubic metres per annum with the possibility of expanding to 20 billion cubic metres per annum.

Currently TAP's shareholders include BP (20 percent), SOCAR (20 percent), Statoil (20 percent), Fluxys (16 percent), Total (10 percent), E.ON (9 percent) and Axpo (5 percent). The construction of TAP is planned to start in 2015.

The reserves of the Shah Deniz field are estimated at 1.2 trillion cubic meters of gas.

Link: <http://www.today.az/news/business/126445.html>

Azerbaijan to be major and reliable supplier of gas to world market - minister

Azerbaijan will act as a reliable and a major supplier of gas to the world market for more than 100 years, the Minister of Industry and Energy of Azerbaijan Natig Aliyev said in his article published in Respublika newspaper on Thursday.

As the article said, in the delivery of Azerbaijani gas to Europe, it was decided to build a Trans-Anatolian gas pipeline (TANAP), which will provide for the transportation of gas through Turkey to the borders with Europe. In turn, for entering the European market in June, a consortium for the development of Shah Deniz gas condensate field in the Azerbaijani sector of the Caspian Sea has chosen Trans-Adriatic Pipeline (TAP) as the gas supply route to Europe.

As the Minister said, the diversification policy in the energy sphere implemented by Azerbaijan, generally brings qualitatively new changes in the global fuel market. "At the same time, these factors create a basis to turn our country into a major and reliable supplier of gas to the world market," Aliyev stressed.

The TANAP project envisages transporting gas from the Azerbaijani Shah Deniz field to Europe through Turkey. The initial capacity of the pipeline is expected to reach 16 billion cubic meters per year. About six billion cubic meters of gas will be supplied to Turkey and the rest to Europe.

TAP is designed to transport gas from the Caspian region via Greece and Albania and across the Adriatic Sea to southern Italy and then to Western Europe.

The initial capacity of the TAP pipeline will be 10 billion cubic meters per year with the possibility of expanding to 20 billion cubic meters per year.

TAP shareholders are AXPO (42.5 per cent), Statoil (42.5 per cent) and E.ON Ruhrgas (15 per cent).

Link: <http://www.today.az/news/business/126429.html>

SOCAR to put new shipyard into operation in Azerbaijan

New shipyard of SOCAR (the State Oil Company of Azerbaijan) in Azerbaijan will be commissioned on September 20 when the country celebrates the Day of oil workers, the head of Neftegazstroy Trust of SOCAR Mirkazim Abasov told in his article published in Respublika newspaper on Thursday.

According to the article, new shipyard of SOCAR is the biggest one among similar enterprises of the Caspian states.

"The main purpose of Baku shipyard is the creation of all types of vessels, which are needed in the Caspian Sea," the Trust's head stressed.

The area of the new plant will be 880,000 square metres, closed production area of 75,000 square metres and the length of berths stands at 1300 metres.

The investment volume for the plant's construction amounts to \$450 million. The plant's capacity is 25,000 tons of metal constructions per year.

It will be capable of producing four tankers annually with a deadweight of 15,000 tons, or two tankers with a deadweight of 70,000 tons. Also, the plant will produce an annual delivery of four maintenance and towing vessels and repair 80-100 various vessels.

Up till now, all orders on shipbuilding by Azerbaijan were placed at shipyards in other countries.

Link: <http://www.today.az/news/business/126419.html>

Azerbaijan, Belarus to meet in Baku for co-op discussions

Baku will host the second meeting of the working group on the long term development of Belarusian-Azerbaijani cooperation and ensuring the production of new goods at joint facilities on September 19-21, the Belarusian Embassy in Azerbaijan said today.

According to the report, Belarusian and Azerbaijani scholars and specialists in various economic spheres will discuss the implementation of joint research and innovation projects in several complex areas during a meeting.

The sides will outline the prospects of bilateral innovative cooperation and discuss the opportunities of wider use of scientific achievements in production.

The first meeting of the working group was held in Minsk under the chairmanship of heads of the Academies of Sciences of the two countries on August 7-8, 2012.

Link: <http://www.today.az/news/business/126397.html>

Baku business forum to draw U.S. ICT majors

The United States-Azerbaijan Chamber of Commerce (USACC) will hold a joint ICT business forum at Four Seasons Hotel Baku on December 3, USACC said.

The forum is intended for leading U.S. firms involved in information and communication technologies, including space technologies, business intelligence, cyber security and other tech-related industries.

The forum will feature briefings and meetings with senior government officials and industry representatives from Azerbaijan and 35 other countries.

The U.S. trade delegation will include 15 senior representatives of major U.S. ICT firms.

The event is organized as part of USACC ICT Trade Mission, due on December 2-5, and is supported by the ICT Ministry.

"This is an ideal opportunity for U.S. firms to explore the fast-growing ICT marketplace and gain firsthand Azerbaijani market exposure," USACC said.

Participants will also have access to senior government regulators and potential partners and distributors, while being able to explore business opportunities in Azerbaijan and the entire Caspian region.

In addition, the mission participants will have the opportunity to advertise their companies and product lines at the U.S. stand during the 19th International Telecommunication and Information Technologies Exhibition, Bakutel 2013.

USACC was established in 1995 as the leading resource for American companies seeking to establish long-term business ties with Azerbaijan. Its membership pool consists of a diverse group of businesses from all the economic sectors, including Fortune 500 companies.

A number of ICT events have been organized this year in Azerbaijan, a country with the developing ICT sector. 2013 was declared the Year of ICT in Azerbaijan; Bakutel 2013 will showcase Azerbaijan's achievements made in this field in recent years.

The exhibition will also be joined by companies from Belarus, China, Malaysia, Russia, Slovenia, the USA, Ukraine and Japan.

Link: <http://www.today.az/news/business/126379.html>

Azerbaijan's economic policy presented at WEF

The 7th annual meeting of the World Economic Forum was held in Dalian on September 11-13, China, AzerTag state news agency reported.

Azerbaijan was represented at the event by a delegation comprising of ICT Minister Ali Abbasov, Industry and Energy Minister Natig Aliyev, SOCAR Vice-President Elshad Nasirov and ambassador to China Latif Gandilov.

Speaking at the meeting, the Azerbaijani side highlighted accomplishments made in economy in Azerbaijan under the leadership of President Ilham Aliyev.

The meeting participants were informed about favorable investment climate created in the country as a result of implementation of successful reforms

The speakers also noted Azerbaijan, launching its first telecommunications satellite "Azerspace-1" into orbit had become one of the countries with cosmic industry

The Azerbaijani officials pointed out all these achievements were reflected in reports of international economic and financial organizations.

So, they added, Azerbaijan had climbed seven spots to rank 39th for global competitiveness index among 148 countries in the World Economic Forum's "Global Competitiveness Report 2013-2014".

They said energy and transport projects realized by Azerbaijan were important not only for the region, but also the world.

On the sidelines of the Forum, the Azerbaijani delegation met Japanese Minister of Education, Culture, Sports, Science and Technology, Hakubun Shimomura, Vice Minister of Industry and Information Technology of China, Su Bo, Vietnam's deputy minister of Communication and Information Technologies, Nguyen Hang, as well as heads of several companies.

The discussions focused on development of cooperation, joint participation in international exhibitions, exchange of experience and other matters.

Also known as the "Summer Davos", the meeting created a unique opportunity for exchange between leaders from top-ranked multinationals and chief executive officers of dynamic and fast-growing companies, including key decision-makers from government, media, academia and civil society

The meeting brought together more than 1,500 participants from 90 countries to share strategies and solutions and discuss global issues and risks. The New Champion communities - including Global Growth Companies, Young Global Leaders, Young Scientists, Technology Pioneers, Social Entrepreneurs and the World Economic Forum's youngest community, the Global Shapers -once again engaged with Forum Members and Partners during the seventh Annual Meeting of the New Champions.

Link: <http://www.today.az/news/business/126298.html>

Azerbaijan's economy grows for three times

Azerbaijan's real GDP increased by 3.4 times and the non-oil sector of the economy by 2.7 times over the past 10 years.

The State Statistical Committee of Azerbaijan reported that the country's GDP reached almost 54 billion manats by late 2012 against 7.15 billion manats in 2003, the GDP in the non-oil sector amounted to 26.17 billion manats compared to 4.45 billion manats.

Accordingly, the nominal GDP grew by 7.6 times and the production of extra cost in the non-oil sector grew by 5.9 times.

The country's GDP reached 20.65 billion manats increasing by 5.2 per cent, non-oil GDP - 20.65 billion manats (10.3 per cent) in January-August 2013.

In 2003, the real volume of GDP per capita amounted to 827.7 manats, but over 10 years, this figure increased three-fold and reached 5,884.5 manats. According to the data for the first eight months of 2013, GDP per capita amounted to 4035.7 manats.

The volume of credit investments in the country's economy grew 23.5 times to 12.24 billion manats by the end of 2012, the revenues of the state budget increased by 19 times up to 17.28 billion manats and investments in fixed assets - seven times up to 15.41 billion manats.

Over 10 years Azerbaijan increased its industrial production by 2.8 times up to 34.57 billion manats, agricultural production by 1.5 times up to 4.84 billion manats, the volume of ICT services and communications nine times up to 1.44 billion manats, the volume of construction works - 14 times to 7.72 billion manats, retail trade turnover - three times up to 18.24 billion manats and cargo carriages - 2.1 times up to 210.86 million tons.

In 2012 foreign trade turnover increased by 8.8 times up to \$33.56 billion, the number of trade partners increased from 128 to 155 countries. The volume of foreign investments increased by 4.6 times, up to \$10.31 billion.

Meanwhile, the retail trade turnover in Azerbaijan increased by 3.1 times for 10 years - up to 18.24 billion manat as of late 2012. As of the first half of 2013, it amounted to 9.41 billion manat.

The volume of paid services rendered to the population increased by 5.9 times - up to 5.83 billion manat in 2012 and amounted to 2.78 billion manat in January-June this year.

During the reporting period, Azerbaijan's foreign trade turnover increased by 8.8 times - up to \$33.56 billion in 2012. The number of trade partners increased from 128 to 155 countries.

Link: <http://www.today.az/news/business/126278.html>

Non-oil sector enjoys 16 per cent of Azerbaijan's direct investment

In first six months of 2013 the total volume of foreign capital in the form of direct investments in Azerbaijan's economy amounted to \$3 billion, where the specific weight of the

oil and gas sector stood at 84 percent, Azerbaijani Central Bank's balance of payments posted on Thursday on its website said.

These investments were used to finance works on the territory of Azerbaijan, mainly in the works carried out in oil and gas projects by BP Exploration Ltd (Shah Deniz) and the Azerbaijan International Operating Company (AIOC) at Azeri-Chirag-Guneshli field.

According to estimates of the CBA, the volume of direct investments attracted to the non-oil sector amounted to \$474.9 million, which accounted for 16 percent of the total volume of direct investment attracted into the country.

Link: <http://www.today.az/news/business/126257.html>

Greek gas transmission to go under SOCAR control in second quarter of 2014

The final decision of the European Commission on transfer of control over 66 percent share package of Greek operator of gas transmission company DESFA to the State Oil Company of Azerbaijan Republic (SOCAR) will be taken in the second quarter of 2014, SOCAR's report published on its website said on Friday.

"Till the end of transfer, the Hellenic Republic Assets Development Fund (HRADF) will have the control over the sold part of shares, that is the seller will retain control over DESFA till the end of the year," the report said.

The delegation of SOCAR was informed about this during the first familiarization visit to Athens after the company was announced the tender winner.

During the visits held at Greek Ministry of Environment, Energy and Climate Change, HRDAF and DESFA it was noted that the next stage in the process of purchase and sale will be the solution of clearing issues with the Auditor Court of Greece.

The representatives of SOCAR were informed that the works in this sphere will start next week.

At the same time, the necessary registration procedure will be carried out at the Greek Regulatory Authority for Energy and European Commission.

The SOCAR's representatives were also informed about the further procedures. The sides held an exchange of opinions on the liabilities in connection with the Greek legislation and European Union's Third Energy Package.

The seller has ensured that it will regularly inform about DESFA's activities.

The representatives of SOCAR and the seller affirmed respectful attitude towards the terms of purchase and sale agreement, and noted that the corresponding laws of Greece and EU will also be compiled with in the future.

SOCAR offered 400 million euros for the purchase of 66 percent of shares (31 percent of Greek state privatization fund's shares and 35 percent of Hellenic Petroleum's shares).

Earlier the consortium for development of Trans Adriatic Pipeline (TAP) signed a cooperation agreement with DESFA.

In late June 2013 the consortium for development of Azerbaijani gas condensate field Shah Deniz, in which SOCAR participates, officially announced about the selection of TAP as the route for transportation of its gas to Europe.

TAP project is meant to transport gas from Caspian region through Greece, Albania and Adriatic Sea to the South of Italy, and then to the Western Europe.

The gas which will be produced within the framework of the second phase of development of Azerbaijani Shah Deniz gas condensate field is considered as the main source for the project.

The initial capacity of TAP will amount to 10 billion cubic metres per annum with the possibility of expanding to 20 billion cubic metres per annum.

The construction of TAP is planned to start in 2015.

Currently TAP's shareholders include BP (20 percent), SOCAR (20 percent), Statoil (20 percent), Fluxys (16 percent), Total (10 percent), E.ON (9 percent) and Axpo (5 percent).

Link: <http://www.today.az/news/business/126253.html>

Azerbaijan's surplus of payment balance surpasses \$2.3 billion

The current account surplus in January-June 2013 amounted to \$6.4 billion, or 20.8 percent less than in the same period of last year, the balance of payments published by the Central Bank of Azerbaijan (CBA) said today.

According to the balance of payments, current account surplus of the oil and gas sector in Azerbaijan amounted to \$11.1 billion.

Current account surplus of the oil and gas sector fully covers the current account deficit in the non-oil sector in the amount of \$4.7 billion.

The total payment balance surplus amounted to \$2.32 billion reducing by 40.82 percent.

The analysis of the balance of payments by sectors shows that, as in previous years, in January-June 2013, foreign trade operations in the oil and gas sector had a positive balance, while red ink was observed in the non-oil sector.

The total foreign trade turnover in January-June 2013 amounted to \$21.2 billion, and the trade surplus - \$10.5 billion. During the reporting period, trade relations were maintained with 137 countries. In this case, 9.8 percent of the trade turnover accounted for the CIS countries, 90.2 percent - other foreign countries. Intensive trade relations were observed with Italy, the UK, Turkey, the United States, Russia, Thailand, Indonesia, Germany, Japan, France. Around 69.4 percent of Azerbaijan's export-import operations fall to these countries.

Link: <http://www.today.az/news/business/126238.html>

Azerbaijan to construct over 20 diversion hydropower plants

short and long term Azerbaijan plans to build 34 small hydro power plants (HPP) with a total capacity of 239.9 megawatts, the Ministry of Industry and Energy told Trend on Tuesday.

As the ministry said, the total average annual capacity of these plants will constitute 1.2 billion kilowatt hours.

Of the total number of HPP planned for the construction, 23 will be of the diversion type and will be located on unregulated rivers. The total capacity of diversion hydropower plants will be 127.2 megawatts. In particular, six diversion hydropower plants will be built on each of rivers Gudyalchay and Gusarchay, with a total capacity of 31.9 and 27.7 megawatts, respectively.

In diversion HPP's most of the pressure is created through special channels or tunnels, the so-called diversion culverts.

The remaining plants will be located on the channels, irrigation reservoirs and reservoirs planned for construction.

Now Azerbaijan is implementing a programme on construction of 15 small hydropower plants with a total production capacity of 77.2 megawatts. In the long term it is considered appropriate to launch 61 small hydropower plants.

The share of hydropower plants in the energy system of Azerbaijan is about 12 per cent.

Rivers in Azerbaijan have a hydropower potential of 40 billion kilowatt hours. It is technically possible and economically beneficial to produce 16 billion kilowatt hours of which five billion kilowatt hours are produced by small hydropower plants.

Link: <http://www.today.az/news/business/126213.html>

Baku-Tbilisi-Kars to be commissioned in 2014

Despite the complexity of the relief on the territory of Georgia and Turkey, the Baku-Tbilisi-Kars railway will be put into operation in 2014, Azerbaijan's Deputy Minister of Transportation Musa Panahov said on Sept.10.

According to Panahov, it is planned to send the first technical trains and locomotives within the framework of this route by late 2013.

"Construction work is being held in rather difficult conditions: both in Turkey and in the Georgia the mountain relief is very complex, which creates some problems," Panahov said.

"But, despite this the work continued successfully."

The Baku-Tbilisi-Kars railway is being built in accordance with an inter-governmental agreement reached by Azerbaijan, Georgia and Turkey. The railway will increase the flow of containers and other types of cargo from Asia to Europe.

Azerbaijan has allocated a \$775 million loan for the construction of the Georgian section of the railway. Funding for the project from the State Oil Fund is carried out in accordance with the 2007 presidential decree on taking measures within the Baku-Tbilisi-Kars railway project.

It is planned to construct a new 105 kilometer branch railway as part of the Baku-Tbilisi-Kars project. In addition, reconstruction work will be carried out on the Akhalkalaki-Tbilisi-Marabda railway in Georgia, which will increase its capacity to 15 million tons of cargo per year. It is envisioned to build a center in Akhalkalaki for the transition of trains from the existing train tracks in Georgia to the European ones.

Around 30 million tons of cargo a year are to be transported via the Baku-Tbilisi-Kars railway line, which will become a direct route to the European rail network.

Link: <http://www.today.az/news/business/126122.html>

Minister predicts new phase for Azerbaijani economy by 2020

Azerbaijani economy is able to surpass the targets set out in the 'Azerbaijan 2020: A Look into the Future' concept, Azerbaijani Economic Development Minister Shahin Mustafayev said at the first meeting of the National Group for the Concept Implementation today.

According to him, the Azerbaijani economy must enter a new phase of its development by 2020 by becoming competitive, highly productive and export-oriented.

"The concept envisages an annual growth of non-oil GDP by seven per cent bringing the GDP per capita to \$13,000, non-oil exports per capita - up to \$1000," the minister said. "These goals are pragmatic and very real. The results of the first months of this year show that we are able to not only achieve, but also improve the targets. As of the first seven months the GDP growth in Azerbaijan amounted to five per cent and non-oil GDP growth 10.5 per cent. The amount of investments into the economy of the country for the seven months exceeded 27.2 per cent for the same period of last year and non-oil exports increased by 10 per cent."

According to him, the group received proposals to prepare 166 documents for six months of its activity which include state programmes, strategies and concepts which should be

implemented within 'Azerbaijan 2020: A Look into the Future' concept. There are already initial drafts of 83 documents. The group fulfilled about 250 operations in eight key areas and 450 sub-categories of the concept for six months.

Link: <http://www.today.az/news/business/126108.html>

Azerbaijan`s foreign trade turnover flies to \$ 25.4 bln

Azerbaijan`s foreign trade turnover made up \$25.4 bln in January-July 2013, AzerTag state news agency reported.

The State Statistical Committee reported that export made \$19.2 bln of the total amount, while import was \$6.2 bln.

During the reported period, the trade operations with 141 countries have been carried out. Some 27 countries are American, while 49 are European and 38 are Asian countries.

Export of the non-oil goods increased by 9.9 % in comparison with the same period of 2012.

Azerbaijan's foreign commodity turnover increased by 8.8 times, export - by 11 times, and non-oil export - by 6.5 times, in last ten years.

If the number of market partners of the republic amounted to 80 countries ten years ago, this figure has increased to 155 today.

Link: <http://www.today.az/news/business/126079.html>

Azerbaijan leaves behind many developed world countries in economy competitiveness

leading position in the Global Competitiveness Report 2012-2013 of the World Economic Forum (WEF) is the best proof of the country's economic success in the global arena.

According to the rating, Azerbaijan became one of the most competitive economies of the world and held 39th place among 148 countries. For comparison, last year Azerbaijan held 46th place among 144 countries.

Impressive progress by seven levels was possible thanks to the obvious progress in many Competitiveness Index indicators. The country's leadership in macroeconomic stability in WEF rating is a deserved evaluation.

According to this indicator, Azerbaijan is in the top 10 standing eighth, having improved its position by 10 levels. In cases of global economic crisis, Azerbaijan's economy continued to demonstrate sustainability and high growth potential.

In particular, the positive situation is characterised with such indicators as the highest level of national savings, budgetary surplus, low level of state debt and inflation.

Over the past year the level of efficiency of the country's markets, especially labour and goods was improved.

For the effectiveness of the labour market Azerbaijan's economy holds 30th position in the ranking, characterised by high flexibility.

For instance the country has improved the indicators for employment and dismissal (eighth place), which was possible thanks to the improved employment of public servants who sat test examinations.

An obvious progress is also observed in the indicators of the technological level. The report said that an increase by 11 positions was possible thanks to reaching 14th place in terms of purchases of advanced technology products by the government.

The indicator of the financial market has increased by 10 positions in comparison with last year due to the stable development of the banking sector in crisis conditions and the development of non-cash payments in the country.

The Global Competitiveness Index is a tool designed to analyse and show a country's strong and weak traits of its national economies, thus contributing to the right decision making in the future.

If we look at the success factors of the leading countries that occupy the top places in the ranking list, then we can see that the strength of economies of these countries lies in major investments in scientific researches and development and close cooperation between the academic community and business sector which provides the transformation of ideas into new products and processes.

Therefore, the reinforced reforms in this sector in Azerbaijan will allow the country's economy to become one of the most competitive in the world.

In total the impression from the results as demonstrated by Azerbaijan's economy over 2013 is very positive. The yearly progress in such an authoritative ranking which is being paid great attention to by world business circles, contributes to the recognition of Azerbaijan's economic opportunities by the wide range of potential investors wishing to build a business in this country on a long term basis.

Link: <http://www.today.az/news/business/125961.html>



[Bulgaria to Boost Exports of Medical, Pharmaceutical Products to China](#)

Bulgaria has the potential to boost [exports](#) of pharmaceutical and medical products to China, according to Deputy Minister of Economy and Energy Krasin Dimitrov.

Speaking Tuesday at the opening of a forum entitled “Bulgaria – China: Trade and Cooperation in the Sphere of Pharmaceutical and Medical Manufactures”, he made clear that Chinese business representatives would have the opportunity to learn more about the advantages and qualities of these products during meetings with representatives of [Bulgarian](#) companies.

The forum takes place at the [Bulgarian](#) Chamber of Commerce and Industry, according to the press office of the Ministry of Economy and Energy.

Dimitrov noted that Bulgaria has made it a priority to broaden its economic relations with China. He reminded that bilateral trade between the two countries had reached a record high of USD 1.8B in 2012.

He informed that the 88% growth in exports to China had made the country Bulgaria's second-biggest non-EU export destination after Turkey.

Link: www.novinite.com

Bulgaria 70th among 129 Countries in Energy Sustainability Ranking

Bulgaria ranks 70th out of 129 countries in the 2013 edition of the Energy Sustainability Index of the World Energy Council.

The top ten positions in the ranking are occupied by European countries, the Bulgarian Telegraph Agency (BTA) informs.

The ranking uses the following criteria: energy security, energy equity, environmental impact, energy affordability, population with access to electricity, energy intensity, emission intensity, etc.

Bulgaria ranks 108th by environmental sustainability, 26th by energy security, and 77th by energy equity.

Bulgaria's balance score is ACD, and by this indicator Bulgaria is last but one among the EU countries, followed by Malta with BCD.

The highest balance score is AAA, which has been awarded to Switzerland, Denmark, Sweden, the United Kingdom, and Spain, while the lowest score is DDD, which has been given to Zimbabwe and Benin.

Bulgaria is estimated to have a high level of energy security, a mediocre amount of energy equity, and does a poor job in mitigating its environmental impact, according to the report.

"Energy security, the strongest of all dimensions, improves as the country further increases its reserve oil stocks. The electricity fuel mix remains well-balanced, using a diverse mix of conventional thermal, nuclear, and renewable sources," the report of the World Energy Council says.

"Energy equity performance remains lackluster, with comparatively high levels of household spending on electricity services. Environmental sustainability remains Bulgaria's weakest dimension, with high energy and emission intensity, comparatively poor air and water quality, and high CO2 emissions from electricity generation," the report says.

Link:

<http://www.novinite.com/articles/153943/Bulgaria+70th+among+129+Countries+in+Energy+Sustainability+Ranking>

Bulgaria's Govt to Decide on Allocating Extra BGN 116 M to Settle Debts to Businesses

Bulgaria's government is to discuss Wednesday the allocation of an additional BGN 116 M for the payment of outstanding debts to businesses.

Tuesday's sitting is to start around 30 minutes after the conclusion of debates in Parliament on the no-confidence motion against the government, according to reports of dnevnik.bg.

The proposal to allocate additional funding was submitted by Finance Minister Petar Chobanov. It envisages covering additional spending and transfers under the 2013 budget to the amount of BGN 258.7 M.

The money will be provided from the reserve for unforeseen and urgent expenses in the sphere of structural reforms and additional fiscal measures.

Some BGN 142.6 M of the total will be allocated to social measures and pro-business measures.

Link:

<http://www.novinite.com/articles/153933/Bulgaria%27s+Govt+to+Decide+on+Allocating+Extra+BGN+116+M+to+Settle+Debts+to+Businesses>

Bulgaria's Economy Minister Vows More Direct Assistance for Businesses by 2020 under Competitiveness OP

Economy and Energy Minister **Dragomir Stoynev** has informed that the emphasis in the new **Competitiveness Operational Program** would be on securing more direct assistance for Bulgarian businesses.

Speaking Monday during a discussion on the new EU operational programs by 2020, Stoynev made clear that other highlights of the **Competitiveness** OP included technological innovation, the introduction of international standards, internationalization, and assistance in the sphere of exports.

Stoynev, as cited by the Bulgarian Telegraph Agency, explained that the funding allocated under the new **operational program** would remain unchanged, at over EUR 1 B, adding that the government had negotiated more money in the spheres where it was most needed.

He also informed that financial engineering would not disappear in the new program but would be preserved as an element of the separate priority axes.

Bulgaria's Economy and Energy Minister pointed out that the aim was to secure simplified, transparent, administrative procedures, and competition between the projects.

He emphasized that the **EU funding** had to be absorbed in the swiftest and most appropriate way, so that the projects would have a much bigger impact than initially anticipated.

Meanwhile, Deputy Agriculture Minister **Yavor Gechev** announced that the aim of the **Rural Development Program** in the period **2014-2020** was to help increase GDP in the sectors it encompassed.

Gechev remarked that agricultural GDP had not increased despite the fact that a lot of funding had already been invested in the sector.

Regarding the **Rural Development Program**, he said that it concerned a sum of over EUR 2B in **EU funding** for smaller projects.

He said that the program included a range of social elements as regards regional growth, adding that the aim was to achieve at least a partial narrowing of the differences in the living standards in rural and urban areas.

Link: <http://www.novinite.com/articles/153877/Bulgaria%27s+Economy+Minister+Vows+More+Direct+Assistance+for+Businesses+by+2020+under+Competitiveness+OP>

40% of Companies in Bulgaria to Hire New Employees by end-2013

Some 40% of companies intend to increase staff and hire new employees by end-2013, according to a survey of Bulgaria's **Employment Agency**.

In a Sunday interview for 24 Hours daily, **Kameliya Lozanova**, **Employment Agency** head, explained that the **unemployment rate** in Bulgaria was not expected to increase in 2013 despite the finalization of temporary employment projects for 50 000 people.

Lozanova pointed out that the companies which had hired workers under these temporary employment measures tended to retain 20% of the new staff permanently, with the percentage increasing to 50% when it concerned young employees keeping their jobs after the termination of the state subsidy.

To illustrate her point, she said that no increase in the **unemployment rate** had been registered after the completion of projects under which some 25 000 had found jobs.

Lozanova noted that some 14 000 people were expected to start work in the autumn of 2013 under a new set of state-funded measures aimed at curbing unemployment.

Link:

<http://www.novinite.com/articles/153857/40+of+Companies+in+Bulgaria+to+Hire+New+Employees+by+end-2013>

Bulgarian Govt to Borrow BGN 700 M from Foreign Banks

The **government** is willing to raise BGN 700 M through a syndicated **loan** to finance **budget** expenses.

"We consider a syndicated **loan** arranged by foreign banks to be an option for financing the **budget**", said Bulgarian Finance minister, Petar Chobanov in front of the parliamentary **budget** commission.

The cabinet will choose a foreign bank to arrange the **loan** and to attract foreign investors as lenders. Currently the **government** is in talks with a few banks, some of them from Germany.

Link:

<http://www.novinite.com/articles/153822/Bulgarian+Govt+to+Borrow+BGN+700+M+from+Foreign+Banks>

Bulgaria Seals Deal to Purchase Azeri Gas

Bulgargaz, Bulgaria's sole public supplier of natural **gas** has signed a deal with Azeri's consortium **Shah Deniz** for the purchase of natural **gas** for a period of 25 years.

The import from the **Shah Deniz** field, the largest natural **gas** field in Azerbaijan, will not commence before 2019. Under the deal, **Bulgargaz** is expected to import 1 billion cubic meters annually, reports the Bulgarian National Radio.

The clauses in the contract will become effective upon the adoption of the investment decision for the second phase of **Shah Deniz II**. This project will include an additional offshore **gas** platform, subsea wells and expansion to the **gas** plant at Sangachal Terminal, at an estimated cost of at least USD 10 B.

As early as the beginning of 2013, **Bulgargaz's** CEO, **Dimitar Gogov**, announced negotiations for the purchase of **Azeri gas** have been set in motion.

Deliveries to **Bulgaria** have been hurdled, however, because **Shah Deniz II** rejected the use of the **Nabucco West** pipeline.

The **Azeri gas** is expected to come through the **Transatlantic line**, which passes through **Greece** and reaches Italy. **Bulgaria** will use the interconnectors with **Greece** and **Turkey**, which are yet to be built. The plans for them are to be finished next year.

This contract is the first real **diversification** of natural **gas** sources and the routes for its delivery to the Bulgarian market. It is expected that it will expand the scope of services provided by **Bulgargaz** and increase security of supplies for Bulgarian consumers.

Link: <http://www.novinite.com/articles/153786/Bulgaria+Seals+Deal+to+Purchase+Azeri+Gas>

Bulgaria 49th out of 151 Countries in World Economic Freedom Ranking

Bulgaria ranks 49th out of 151 countries included in the **Economic Freedom** of the World: 2013 Annual Report of the Canadian **Fraser Institute**.

The report was published in Bulgaria by the Institute for Market Economics.

The report presents the situation in 2011 – the last year for which official data is available for all countries, according to the Bulgaria Telegraph Agency.

Hong Kong is estimated as the the world's most economically free country, with a score of 8.97 out of 10, followed by Singapore (8.73), New Zealand (8.49), and Switzerland (8.30).

For yet another year in a row, Venezuela is at the bottom of the **economic freedom** ranking with a score of 3.93.

Globally, the average **economic freedom** score climbs to 6.87 out of 10 compared to 6.74 last year.

Bulgaria has a score of 7.26, which is a slight decrease compared to 2010, when the country ranked 47th with a score of 7.30.

In the EU, the score ranges from 7.89 for Finland (7th), to 6.59 for Slovenia (97th). Bulgaria is 22nd among EU Member States.

The United States ranks 17th with a score of 7.73.

According to the report, the citizens of countries characterized by high levels of **economic freedom** enjoy greater prosperity, more political and civil liberties, and longer life spans.

On average, the poorest 10% of people in the freest nations are more than twice as prosperous as the average population of the countries with the least **economic freedom**.

Link:

<http://www.novinite.com/articles/153766/Bulgaria+49th+out+of+151+Countries+in+World+Economic+Freedom+Ranking>

Invest Bulgaria Agency Plans Better Fund Utilization

Under the previous management, **InvestBulgaria Agency** failed to utilize over BGN 12 M under the operational program "Competitiveness," the agency's new **Executive Director Svetoslav Mladenov** stated.

The Agency has been given a four-month extension for the utilization of funds, reports BGNES.

In order not to lose this BGN 12 M, a new regional program has been launched, Mladenov added.

According to him, the main goal of the **InvestBulgaria Agency** is promoting **business climate** and attracting **investors** to the country.

"Our efforts are geared towards cooperation with regional municipalities and relevant ministries on investment projects, in order to draft an "Investment Catalog" for Bulgaria in the following month and a half," said the CEO.

Another priority of the Agency would be to improve communication with universities.

Link. <http://www.novinite.com/articles/153687/InvestBulgaria+Agency+Plans+Better+Fund+Utilization>

Bulgaria's Unemployment Rate Drops to 10.7% in August

In August 2013, the official **unemployment rate** in Bulgaria declined, while the number of new hires increased as a result of the higher number of people who started work under Employment Promotion Act measures.

In August 2013, the **unemployment rate** was 10.7%, down by 0.1% from July, and unchanged from the level in August 2012, according to **Employment Agency** statistics.

Labor offices reported a total of 351 438 unemployed, down by 3601 from July 2013, and down by 68 from August 2012.

A total of 19 327 unemployed started work in August 2013, up by 1120 from July 2013.

In August 2013, a total of 10 839 started work on the primary labor market, a total of 7717 started work under employment programs and employment promotion measures under the **Human Resources Development** Operational Program, while a total of 771 started work under Employment Encouragement Act measures.

In August 2013, labor offices reported 11 932 primary market vacancies, up by 562 from July 2013 and up by 748 from August 2012.

Most of the primary market vacancies (6619) were declared by the private sector.

In August 2013, the largest numbers of vacancies were yet again in the sphere of seasonally-dependent economic activities, such as the processing industry (2816) and commerce (1761), and administrative and auxiliary activities (1552) and education (1451) due to the upcoming start of school year 2013/2014.

Large numbers of vacancies were also declared in the spheres of: construction (739), real estate (647), public administration (525), hotels and restaurants (491), transport (412), financial and insurance activities (323), etc.

A total of 6799 vacancies were declared under employment programs and a total of 933 vacancies were declared under Employment Encouragement Act measures.

Link: <http://www.novinite.com/articles/153679/Bulgaria%27s+Unemployment+Rate+Drops+to+10.7+in+August>

Bulgarian Govt Denies Reports of Plans to Privatize Posts

Papazov gave an interview for TV7, in answer to **trade unions'** reports that currently secret talks are being held for the **privatization** of 49% of the **Bulgarian Posts** company.

"I have never been present at a discussion of a possible **privatization**. At this moment, there is also no interest from a partner to buy **Bulgarian Posts**," said the minister.

However, Papazov added that should there be interest in that, the government is ready to start a public-private partnership, as also agreed by **trade unions**.

The minister further reiterated his commitment to a healing program for the company.

"I guarantee that by the end of this year, **Bulgarian Posts** will be in an excellent condition that they were not in end of last year," said he.

He explained that with restructuring of the Transport Ministry's budget, the ministry allotted a further BGN 2 M million for the **mail** company, and further funds will be negotiated with the Ministry of Finance.

Papazov also said that there is no **layoff** program planned for **Bulgarian Posts**.

Link:

<http://www.novinite.com/articles/153581/Bulgarian+Govt+Denies+Reports+of+Plans+to+Privatize+Posts>

Bulgaria to Redirect Trade Representatives to Asia

Bulgaria's Minister of Economy and Energy Dragomir Stoynev, photo by BGNES

Bulgaria will cut down **trade** representatives in **EU** countries to up their number in **Asia**, stated Bulgarian Minister of Economy **Dragomir Stoynev**.

Wednesday Stoynev took part in a hearing at the Economy Committee in Parliament on the cabinet's broader economic policy.

"Buglaria has 52 **trade** representatives in 39 countries. Those have to be directed towards countries with high economic growth - those are mainly countries in **Asia**, including the Middle East and former Soviet republics," said the minister.

"I intend to redirect part of **trade** representatives in the **EU** to countries like **China** and **Iraq**. For instance, **trade** exchange with **Iraq** has grow with close to 600%," added he.

Stoynev explained that his ministry and the Foreign Affairs Ministry had created a joint unit to better coordinate their efforts in **trade** interaction with other countries.

Bulgarian PM **Plamen Oresharski** is currently on an official visit to **Dalian, China**, where he will take part in the Annual Meeting of the New Champions, aka The Summer **Davos** business forum.

Link: <http://www.novinite.com/articles/153564/Bulgaria+to+Redirect+Trade+Representatives+to+Asia>

Bulgaria in Talks for Direct Flights to Georgia, Armenia

Transport Minister Danail Papazov told Frank Brenner, Director General of Eurocontrol, on Tuesday that Bulgaria had achieved an increase by nearly 50% in the number of serviced aircraft in 10 years, at the same time decreasing air navigation service fees.

Papazov, as cited by Darik radio, noted that Bulgaria belonged in the top three by implementation of aviation funds management plans as of 2012.

He informed that a total of 563 063 airplanes had flown over Bulgaria in 2012.

Papazov estimated the work of the **State Enterprise "Air Traffic Services Authority" (BULATSA)** as efficient.

He said that Bulgaria was in talks with airline companies based in Armenia and Georgia which were considering setting foot on the domestic market.

"Bulgaria sustainably reduced air navigation service fees, achieving a 35% decrease in a 10-year period. Meanwhile, the number of serviced aircraft increased by almost 50%" the **Transport Minister** said.

He also made clear that Bulgaria was to launch free flight planning in November 2013.

Angel Rachev, Angel Rachev, BULATSA Deputy Director General, explained that these flights would mostly be conducted during nighttime.

Papazov also said that an inspection at BULATSA would be completed in end-September and vowed that the results would be made public.

Link: <http://www.novinite.com/articles/153528/Bulgaria+in+Talks+for+Direct+Flights+to+Georgia+%2C+Armenia>

Bulgaria, Armenia to Boost Ties through Large Business Forum

Bulgarian Prime Minister, **Plamen Oresharski** and his **Armenian** counterpart **Tigran Sargsyan** have agreed to boost bilateral relations, focusing on economy and trade.

They met in **China** in the frame of the "Annual Meeting of the New Champions" AKA "The Summer **Davos**."

They are two of the six Prime Ministers taking part in it.

Oresharski and Sargsyan have reached an agreement to organize ASAP a sitting of the joint Trade and Economy Commission **Bulgaria-Armenia** to be accompanied by a large **business forum**.

Oresharski, who is to stay in **China** until September 12, will have the opportunity to share his ideas and his vision during a discussion titled "New Beginning for Europe," in the presence of his counterparts from Belgium, Finland, and Malta.

The foremost **business** gathering in Asia within the framework of the **World Economic Forum** for 2013 is taking place in the city of **Dalian**.

The forum brings together more than 1 600 participants from 90 countries and 95 nationalities to share strategies and solutions and discuss global issues and risks.

Young scientists, technology pioneers, social entrepreneurs, global growth companies, young global leaders and more than 300 journalists will also take part in the forum.

The Bulgarian delegation also includes **Bulgaria's** Deputy PM for Economic Development, **Daniela Bobeva** and Minister of Agriculture and Foods, **Dimitar Grekov**.

Link: <http://www.novinite.com/articles/153522/Bulgaria-%2C+Armenia+to+Boost+Ties+through+Large+Business+Forum>

Bulgaria, Greece Officially Open Makaza Border Point

The new **Makaza border crossing point** on the **Bulgarian-Greek border** is going to be officially opened on Monday, September 9.

On September 3, **Greece** sent an official note to Bulgaria's Foreign Ministry to confirm to opening date.

The ribbon-cutting ceremony starts at 11 am and will be attended by the district governors of **Kardzhali** and East Macedonia and Thrace.

However, the official inauguration ceremony will take place at a later stage and will be attended by the Prime Ministers of Bulgaria and **Greece**.

There will be joint control at the **Makaza** border crossing, with Bulgarian and Greek border police officers working shifts.

The crossing can be used by vehicles weighting less than 3.5 metric tons, which was **Greece's** request. Athens insisted that it is open only for cars and buses, while Sofia asked that heavy long vehicles, up to 5 tons, were also allowed to **pass** through.

It is expected that the crossing will boost tourist trips between Bulgaria and **Greece**, the development of border regions in both countries, and will significantly alleviate traffic at the other border crossing points on the **Bulgarian-Greek border**.

The **Ruse-Makaza** road linking Romania and **Greece** through Central Bulgaria is supposed to be part of the Pan-European Transport Corridor No. 9 leading from Helsinki, the Baltic States, Moscow, Kiev, and Bucharest to the Greek port of Alexandroupolis on the Aegean.

Link: <http://www.novinite.com/articles/153477/Bulgaria%2C+Greece+Officially+Open+Makaza+Border+Point>

Bulgaria's Tourism Industry Calls for Anti-Crisis Measures

Stressing that the annual **occupancy** rate of hotels is 20%, **Blagoy Ragin**, Chair of the **Bulgarian Hotel and Restaurant Association** (BHRA), has called on the government to implement anti-crisis measures.

In a Thursday interview for the Bulgarian National Radio (BNR), he spoke in favor of the introduction of multiple-entry visas for Russian-speaking and Turkish tourists and for the allocation of 1% of the revenues in the sector to external advertising.

"If multiple-entry visas for a period of 5 years are introduced for Russian-speaking and Turkish tourists and if 1% of the revenues in the sector go to external advertising, the number of holidaymakers from these countries is expected to grow by 10% on an annual basis over the next 5 years," Ragin stated.

"If we get help for advertising and visas, we may achieve an annual **occupancy** rate of 30%, our aim being at least 40%. If we manage to reach 40% through external advertising and visas, this means that we will double tourism revenues, turnover rates and visitor numbers in 5 years," he explained.

Ragin made clear that 80% of Russian tourists preferred holidays by the sea, adding that they were also interested in visiting Bulgarian monasteries, ski and spa resorts. He informed that a tourist left around EUR 1000-5000 in the Bulgarian economy during their stay. Ragin also noted that a total of 350 000 Russians owned property in Bulgaria.

The BHRA Chair explained that Turkish tourists were interested in visiting winter resorts in Bulgaria. He said that preliminary data indicated a growth by 4-5% in tourist numbers on the Bulgarian Black Sea coast this season.

Link: <http://www.novinite.com/articles/153403/Bulgaria%27s+Tourism+Industry+Calls+for+Anti-Crisis+Measures>

Bulgaria's GDP Up 0.2% Y/Y in Q2, 2013

In the second quarter of 2013, Bulgaria's current price **GDP (gross domestic product)** amounted to BGN 19 398 M, or EUR 9 918 M (EUR 1 363 per capita), according to data of the **National Statistical Institute (NSI)**.

Compared to the same quarter of the previous year, seasonally adjusted **GDP** grew by 0.2% and decreased by 0.1% compared to the first quarter of 2013.

According to preliminary data of the **NSI**, Bulgaria's current price **GDP** in the second quarter of 2013 amounted to BGN 19 398 M. **GDP** per capita amounted to BGN 2 666.

On the basis of an average quarterly exchange rate of BGN 1.498526 per USD, **GDP** amounted to USD 12 945 M or USD 1 779 per capita. Converted in Euro, **GDP** stood at EUR 9 918 M or EUR 1 363 per capita.

In Q2, 2013, **Gross value added (GVA)** at current prices amounted to BGN 16 691 M.

Compared to the same quarter of the previous year, the agricultural sector increased its share in **GVA** by 1.0 percentage points, reaching 6.4% in Q2, 2013. The share of the industrial sector fell by 1.3 pp to 31.8%.

The share of services went up by 0.3 pp to 61.88% compared to Q2, 2012.

In the second quarter of 2013, final consumption expenditure accounted for 82.2% of **GDP**. Investments (gross fixed capital formation²) amounted to 21.3% of **GDP** and the external balance sheet (exports-imports) was negative.

According to seasonally adjusted data of the **NSI**, both **GDP** and **GVA** fell by 0.1% in Q2, 2013 compared to Q1, 2013.

According to preliminary estimates, final consumption expenditure increased by 1.0% in Q2, 2013 compared to Q1, 2013, while gross fixed capital formation decreased by 2.4% over the same period.

In Q2, 2013, exports of goods and services increased by 2.3% as compared to Q1, 2013, while imports of goods and services increased by 2.4%.

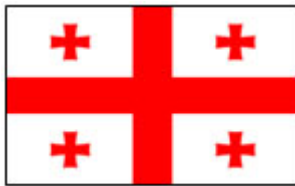
In Q2, 2013, **GDP** increased by 0.2% compared to the same quarter of the previous year. At the same time, **GVA** increased by 0.2% compared to same quarter of previous year.

GVA was mainly influenced by the increases registered in the following sectors: agriculture (6.2%); Professional, scientific and technical activities; administrative and support service activities (2.7%), Information and communication (2.6%), Financial and insurance activities (2.0%), industry (1.4%), Public administration and defense; compulsory social security; education; human health and social work activities (0.8%), and Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities (0.6%).

As regards the expenditure component of **GDP**, a key contributor to the positive economic growth was collective consumption with 2.6%.

Individual final consumption declined by 1.3% compared to the same quarter of previous year. Gross fixed capital formation increased by 1.4%. Imports and exports of goods and services increased by 2.0% and 4.5%, respectively, compared to the corresponding quarter of the previous year.

Link: <http://www.novinite.com/articles/153383/Bulgaria%27s+GDP+Up+0.2+Y+Y+in+Q2%2C+2013>



Georgia starting a large-scale advertisement campaign in Azerbaijan

National Tourism Administration of Georgia implements a large-scale advertisement campaign in Baku, Azerbaijan in order to popularize winter resorts of Georgia. As National Tourism Administration informed to Georgian Times, the campaign opened in Baku by presenting Georgia, as a resort. As the administration informed, the supervisor Giorgi Sigua talked about tourism potential, resources and new directions.

Georgian tour-operators attend the event. They have possibilities to hold business meetings with Azerbaijanian colleagues and establish future relations. The presentation is attended by 70 successful tour-operators and reporters.

The campaign includes online and outdoor advertisements, aiming to popularize concrete tourist products. In particular, mountain and wine tourism, that will promote to increase knowledge about offers and resorts on Azerbaijanian tourist market. The tourists flow will be significantly increased. Azerbaijan represents one of the basic tourist markets for Georgia. According to the 8-month data of 2013, 686 671 came from Azerbaijan. This rate exceeds the last year's rate with 15%.

Link: <http://www.geotimes.ge/index.php?m=home&newsid=29127&lang=eng>

Giorgi Kvirikashvili: Export Development Agency should be established

Export Development Agency should be established - the Minister of Economy and Sustainable development Giorgi Kvirikashvili stated on the first international forum in EXPO GEORGIA.

As the Minister stated, small and average business should be a cornerstone of the economy and development. As he added, it is important if the business has access to the new technologies. Small and average business should be a cornerstone of economic development. Our Ministry decided to establish Export Development Agency, which will emphasize on small and average business. The access to the new technologies is very important," - Said Kvirikashvili.

The minister noted that well-known experts will share their experience to the Georgian businessmen informing how to use modern technologies. I am glad that well-known experts will share experience about developing small and average business in the country with intermediary economy, how to use modern technologic achievements," - stated the minister.

Link: <http://www.geotimes.ge/index.php?m=home&newsid=29094&lang=eng>

The remittance streams totalled 214,3 mil in August

The remittance streams of August totalled 129.0 mil USD or 214,3 mil Gel. As The National Bank informed, this rate is 13,0 mil USD more (21.6 mil Gel) than the analogic indicator of last year (11,2%). The 93,6% of remittances in Georgia belong to the 12 big donor countries from where the remittance number was more than 1 mil. This indicator was 94,8 in the previous year.

Based on remittances, Russia, Greece, Italy, the USA and Turkey are in the first five. In August 2013, 13,5 mil USD (22,4 mil Gel) were sent abroad different from 9,0 USD (14,8 mil Gel) sent last year.

Link: <http://www.geotimes.ge/index.php?m=home&newsid=29051&lang=eng>

Annual Inflation Remains Below Zero

Georgia's annual inflation remained in negative territory at -0.4% in August after 0.2% deflation in July, according to the state statistics office. There was zero inflation on monthly basis in August. Prices in transport group declined 3.2% y/y in August and prices on food and non-alcoholic beverages were down by 1.2% y/y. Prices for healthcare services and hotels and restaurants increased 4.6% and 3.9% y/y, respectively.

In August the National Bank of Georgia further reduced its key rate by 25 basis points to 3.75% - the lowest rate since January 2008, when Georgia's central bank launched setting monthly refinancing rate.

Link: <http://www.geotimes.ge/index.php?m=home&newsid=28914&lang=eng>

Geostat: 2012 FDI USD 912 mln

FDI figures in million US dollars between 2006 and 2012. Foreign direct investment in Georgia declined 18.3% year-to-year to USD 912 million in 2012, according to final data released by state statistics agency Geostat on August 15. The figure was revised upwards from Geostat's preliminary FDI data, released in March, which stood at USD 865.2 million. According to final data, FDI reached USD 261 million in the first quarter of 2012, declining to USD 218 million and USD 199 million in the second and third quarters, respectively, and increasing to USD 234 million in the last three months of 2012.

Main sectors receiving foreign direct investment in 2012 were energy sector - USD 179.4 million, followed by manufacturing - USD 167.9 million; financial sector - USD 162.6 million; transport and communication - USD 72.8 million; construction - USD 41.8 million; real estate - USD 40.1 million; hotels and restaurants - USD 17.7 million; healthcare - USD 17.6 million; agriculture - USD 16.1 million; mining - USD 4.9 million.

According to Geostat data, most of the FDI in 2012 came from Germany - USD 138.8 million; UK - USD 93.6 million; Turkey - USD 81.1 million; Azerbaijan USD - USD 59 million; Luxembourg - USD 42 million; Saudi Arabia - USD 39.5 million; Cyprus - USD 38.7

million; China - USD 36.1 million; the Netherlands - USD 35.4 million. USD 63.5 million of FDI is attributed in the Geostat figures to "international organizations."

Link: <http://www.geotimes.ge/index.php?m=home&newsid=28800&lang=eng>

Georgia hosts fourth international energy forum

Georgia needs to work out an energy development and security strategy as well as develop a draft law on energy efficiency and renewable energy, said Kakha Kaladze, Georgia's Minister of Energy as he opened the fourth international forum: Energy for Sustainable Development. The forum, held September 17-19 in Tbilisi, focused on exploring the policies and legislation needed to support energy efficiency improvements, accessing cleaner energy, financing energy efficiency, and energy efficiency in buildings and infrastructure.

"It very important for us to listen and learn from the experiences of other countries. In order to learn more, we organize joint meetings, seminars and conferences and share ideas," said Dimitri Kumsishvili, Deputy Minister of Economy and Sustainable Development. Over 200 delegates from more than 25 countries participated in the three-day forum jointly organized by the Government of Georgia, the United Nations Economic Commission for Europe (UNECE), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the United Nations Development Programme (UNDP). The first forum was held in Kazakhstan, the second in Tajikistan and the third in Kirgizstan. This forum was a follow-up to the International Sustainable Energy Forums held in 2010-2012 in Central Asia. It supports the objectives of the UN Secretary General's Sustainable Energy for All initiative.

According to Inita Paulovica, Acting Resident Representative for UNDP Georgia, the country has huge potential in energy savings. "Such conferences are very important for developing countries to learn more from EU countries and take it into practice," Paulovica said. Ruzan Alaverdyan, Deputy Minister of Urban Development of Armenia, overviewed energy efficiency policy in Armenia saying that up to now, the government with the help of the European Bank of Reconstruction and Development (EBRD) works to promote energy efficiency implementation in housing and is raising awareness of this topic among people. "My country doesn't have oil and natural gas resources, we import them from Russia. To know how to save money and energy is a very crucial topic for us," Alaverdyan said.

Another speaker at the forum was Siarhei Siamashka, Belarusia's Vice Chairman of the State Committee on Standardization, and Director of the Department for Energy Efficiency. According to him, the country adopted several laws on energy efficiency, including the Law on Energy Conservation (1998); the Law on Renewable Energy Sources (2010); and the Energy Safety Concept (2007). "However, the country was not ready," Siamashka said. From 2011-2015, Belarus plans to spend \$9 billion on this sector. "To move on energy efficiency strategy it's very difficult, as we need to modernize the old Soviet-style heating systems," he said, adding that "engineering also still remains a big problem."

Raimbek Mamyrov, Deputy Minister of Energy and Industry of Kyrgyzstan, said that his country's geography – mostly mountainous regions – creates a good opportunity for hydro-energy production. "All our produced energy remains in the country," Mamyrov said, and noted that self-sufficiency helps them keep tariffs on electricity low. Haydar Kholov, Deputy Minister of Energy and Industry from Tajikistan, said that his country has green energy potential as well- HPPs. According to him, consumption was raised by 1,000 mgv, by building small HPPs throughout the country. "We have good experience in producing wind and solar energy. In several regions we started to build these plants, aiming to export electricity to Afghanistan and Pakistan," he said, adding that "to implement these projects the country will benefit and will have an opportunity to solve some of their social problems."

According to the Georgian Ministry of Energy, the country has excellent wind energy potential, which is estimated to be able to annually generate 4 billion kilowatt-hours. George Abulashvili, the Director of the Energy Efficiency Centre Georgia (EEC), a non-profit NGO working to promote energy efficiency issue in the country, confirmed Georgia's capacity to use both enough hydro and renewable energy resources.

However, Abulashvili added that declarations alone do not help. According to him, Georgia needs to adopt legislation on the issue, as the existing legislation is old and doesn't meet international standards. Pointing to the need for special recommendations, he continued by saying "the country has very different climate zones, so it's important to know what type of house to build in the mountainous Kazbegi region and what kind of house to build in the Dedoplistskaro region."

"Many construction and developer companies say that to build a house with energy-saving materials raise prices. However, according to the research, if the company in the early planning stages takes into consideration the use of such materials, the price on a per-square meter will be increased only by 5%," he told Georgia Today.

The forum also hosted plenary sessions: energy efficiency in the housing sector and investments in energy efficiency and cleaner energy projects in the context of climate change mitigation and sustainable development. In addition, four thematic workshops: Policies and Legislation to Promote Energy Efficiency and Clean Energy Technologies in the Caucasus region; A Road Map to the Energy Efficient Residential Sector; Case Studies on Policy Reforms to Promote Financing Energy Efficiency Investments and Advanced Energy Efficiency Technologies and Sustainable Energy Challenges and Opportunities in Countries in Transition, were organized within the forum.

Link: http://www.georgiatoday.ge/article_details.php?id=11494

Border-customs checkpoint “Kazbegi” opened

A reconstructed customs checkpoint "Kazgebi" was opened at the Georgian-Russian state border. Members of Cabinet of Ministers, MPs and representatives of Diplomatic Corps attended the opening ceremony. According to Zurab Abashidze, Special Representative of Prime Minister for Russian Relations, opening of the checkpoint will contribute to the expansion of trade relations that will be followed to facilitation of visa regime and appointment of regular flights.

These issues will be discussed during the meeting between Abashidze and Gregoiy Karasin, Deputy Russian Foreign Minister in Prague on September 20.

Link: <http://eng.ghn.ge/news-7231.html>

Energy Minister says working on tariffs is ongoing

Kakhi Kaladze, Georgia's Minister of Energy says reduction of tariffs by half will not be possible. However, working on lowering is ongoing. Kaladze abstained from naming exact figures but pledged that good news would become known for the public in the nearest future.

Link: <http://eng.ghn.ge/news-6971.html>

Georgia is on 9th position by doing business ratings

Georgia has advanced to 9th position in Doing Business ratings - Georgian president Mikheil Saakashvili has commented on new ratings of the World Bank during his visit in Dubai, where he was attending the International Energy Forum.

Mikheil Saakashvili announced that in these ratings other countries on the top positions are Singapore, Hong Kong, New Zealand, United States, Norway, Great Britain and South Korea. Australia follows Georgia.

Link: <http://eng.ghn.ge/news-6747.html>



Greece does not need third bailout, seeks debt 'reprofiling'

[Greece](#) does not require a third bailout and can cover its needs without further burdening its current backers, by improving the terms of its debt and possibly returning to the bond market next year, the country's deputy prime minister said on Wednesday. Evangelos Venizelos, who is also foreign minister in a coalition government, is determined not to impose losses on Greece's European Union partners and the International Monetary Fund, which have pulled the troubled country from the brink of bankruptcy with about 240 billion euros (\$325 billion) so far.

Link: <http://www.reuters.com/article/2013/09/26/us-greece-debt-idUSBRE98P00N20130926>

Two tourism projects to be fast-tracked

Deputy Development Minister Notis Mitarakis announced on Wednesday that two major tourism infrastructure projects, adding up to 1.2 billion euros, are about to gain the approval of the government's strategic investment committee to enter the fast-track process and create at least 1,900 jobs upon their implementation. The committee will convene in early October, but the question is whether these projects will be implemented or grind to a halt like the other 11 projects involved in the fast-track procedure due to lack of funds.

The first project announced concerns the creation of a holiday resort to be named Pravita Estate, which will cover 12.67 square kilometers in the Taxiarchis area of Halkidiki, central Macedonia. The resort will include four golf courses, three five-star hotels, luxury accommodation complexes, a conference center etc and will create 1,343 jobs, according to ministry estimates. The other plan is for a resort development at Kilada, south of Epidavros in the eastern Peloponnese. Its name will be Kilada Hills and it will cover an area of 2 sq.km. Its budget is set at 418 million euros and it will lead to some 600 jobs when it starts operating after creating 2,000 jobs for its construction.

Link: http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_25/09/2013_520275

Greece sees major decline in use of credit cards

The number of credit cards circulating in Greece dropped by half over the last five years due to the dramatic decrease in consumption and the banks' policy against credit expansion. The decline amounts to 51.6 percent, according to data released by the European Central Bank on

Wednesday, as the number of credit cards in use dropped from about 6.9 million in 2008 to approximately 3.3 million in 2012 – i.e. a decline of nearly 3.6 million cards.

ECB figures also show a spectacular slide in credit card purchase volume, amounting to 41 percent: From a 7.7-billion-euro total for credit card purchases in 2008, plastic money paid for just 4.5 billion euros' worth of shopping in 2012. The increase in debit cards in the same period was not enough to offset the drop in credit card use, resulting in an 11.3 percent decrease in the total number of cards in use, as they amounted to 11.5 million at the end of 2012 compared to 13.3 million at end-2008.

Link: http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_25/09/2013_520223

Stocks index rises despite amendment

The Greek bourse's benchmark index tested the waters around 1,030 points on Wednesday before returning to the 1,020-point level in what was the third consecutive session of gains for many stocks. The Athens Exchange (ATHEX) general index closed at 1,020.04 points, adding 0.39 percent to Tuesday's 1,016.11 points. The large-cap FTSE/ATHEX 25 expanded 0.35 percent to end at 345.91 points, though the small-cap index lost 0.98 percent.

The government tabled an amendment in Parliament on Wednesday that could stop blue chip Viohalco's absorption by its Belgian subsidiary, thereby keeping the steel and aluminum company's base in Greece. This led to Viohalco's share giving up 2.27 percent at the close, the worst off among all large-caps, while Alpha Bank contracted by 1.55 percent.

Leading the way was Marfin Investment Group, with a rise of 3.39 percent, followed by OPAP, which added 2.96 percent, and Frigoglass, which advanced by 2.61 percent. In total 72 stocks posted gains, 53 reported losses and 24 remained unchanged. Turnover amounted to 64.2 million euros, up from Tuesday's 58.4 million.

Link: http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_25/09/2013_520261

Greek hoteliers secure 3 pct increase in deals with tour operators

Greek hoteliers have secured a 3 percent average increase in the contracts they have signed with international tour operators for 2014, Kathimerini has learned, after a major decline in 2013. Some hotels have even secured increases of over 10 percent for next year.

Link: http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_25/09/2013_520218

Greece's trade deficit down 17.4 pct in Jan-July 2013

Greece's trade deficit declined by 17.4 percent in the January-July 2013 period on an annual basis, mostly thanks to the decline in imports, Hellenic Statistical Authority figures revealed on Wednesday. It amounted to 11.1 billion euros, from 13.5 billion a year earlier.

Link: http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_25/09/2013_520215

Greek bank deposits fall further in August

Greek bank deposits dropped slightly in August, for the third straight month, central bank data showed on Thursday. Deposits of businesses and households fell 0.1 percent from July to 162.21 billion euros (\$219.10 billion), the Bank of Greece said. Greek banks had lost around 90 billion euros, a third of their deposit base, after the country plunged into a debt crisis in late 2009, partly due to capital flight on fears of a euro zone exit.

They picked up slightly, by about 17 billion euros, in the months following a mid-June 2012 election, which led to the formation of a new government and eased fears Athens would leave the single currency. But the inflows have dried up since March, when Cyprus was bailed out at the expense of bank deposit holders. Austerity-hit households and businesses have also been running down bank accounts to pay for higher taxes imposed as part of Greece's international bailout as incomes drop.

Link: http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_26/09/2013_520380

Draghi Says Greek Runway Debt Manageable

Even as Greece looks likely to need a third bailout and its debt has risen in the last 15 months, European Central Bank President Mario Draghi, whose institution is one of the country's Troika of international lenders, said he believes it is sustainable, even at \$434 billion, without explaining why or how and as many analysts insist it's unsustainable. Draghi said it's too early to say if Greece, which is surviving on two bailouts of \$325 billion from the European Union-International Monetary Fund-ECB, will need more aid. He said it would depend on

factors such as it having access to capital markets. Greece has been locked out since needing the first bailout in 2010 and after stiffing investors with 74 percent losses in 2011.

Talking to the European Parliament, he said that the ECB is ready to offer Eurozone banks more long-term loans to keep money market interest rates from rising to levels which could push inflation too low. The Italian banker added that credit volumes are not yet showing the effect of the improvement in banks' funding conditions, noting that the 17-country bloc's central bank remains committed to keeping interest rates low for as long as necessary.

Link: <http://greece.greekreporter.com/2013/09/24/draghi-says-greek-runway-debt-manageable/>

Greece to Take on EU Presidency with Smaller Budget

Greece will spend no more than 50 million euros to host the six-month rotating European Union presidency, which it will assume in January, Parliament was told. Deputy Foreign Minister [Dimitris Kourkoulos](#) told the House's European affairs committee that the government would devote fewer resources to the [EU presidency](#) than other countries had done recently. He said that in contrast to recent presidencies that required 60 to 75 million euros and up to 250 staff, Greece would spend less and use no more than 150 personnel.

Unlike their Athens-based parliamentary colleagues, Greek MEPs from five parties put their political differences aside to submit together a question in the European Parliament regarding the effects of austerity and the rise of right-wing extremism in Greece and other parts of Europe. The MEPs asked the European Commission and Council to explain what measures they are prepared to take to address this situation.

Link: <http://greece.greekreporter.com/2013/09/23/greece-to-take-on-eu-presidency-with-smaller-budget/>

Quarterly Unemployment in Greece Drops to 27.1%

Quarterly [unemployment](#) figures in Greece fell for the first time in almost four years in the second quarter of 2013, declining from 27.4% in Q1 to 27.1%. The [Hellenic Statistical Authority](#) said the number of Greeks employed in Q2 stood at 3,632,184 people, while the number of unemployed amounted to 1,350,435. Despite the quarterly drop, unemployment still stood 3.5 percentage points higher in Q2 this year than a year earlier.

The number of employed persons increased by 1% compared with the previous quarter, and decreased by 4.2% compared with the Q2 of 2012. Unemployment for the 15-24 age group was at 59% and at 44.4% for those between 25 and 29.

Link: <http://greece.greekreporter.com/2013/09/19/quarterly-unemployment-in-greece-drops-to-27-1/>

Greek merchant marine regains its lead in 2013

One of the axioms in economics is that lower taxes release free capital which is being invested in the real economy. This fully applies to Greek shipping magnates who are not only the richest Greeks but also are exempt from all taxes, the consequence of which is free capital available to them. The results are evident as, in the first eight months of 2013, Greeks bought 209 from a total of 867 cargo ships in the world which had changed their ownership. The data of the intermediary company Allied Shipbroking show that 2013 is going to be the second best year for the world's merchant marine after 2008 when the global financial crisis began and the decline in global shipping due to it. At the same time if you look at the capital which changed ownership from January to August, it turns out that 2013 is going to be the year of the lowest prices of cargo vessels. The prices of commercial ships have fallen dramatically and the Greek magnates have taken advantage of this, although not all of them but only those who have had enough cash and good connections in the banking circles.

In the period from January to August 2008, which was the peak in the development of the world's merchant marine and which is used as a benchmark for comparisons with all other years, 26.9 billion dollars had been spent for the purchase of 891 ships with a total carrying capacity of 42.93 million dwt (deadweight tonnage is a measure of how much weight a ship can safely carry). By comparison, 867 ships with a total carrying capacity of 46.84 million dwt worth nearly 10 billion dollars were sold in the first eight months of 2013. Greek magnates had focused on second-hand ships in perfect condition and fully meeting the environmental and technical requirements of the International Marine Organization.

In the first eight months of 2013, 209 ships totaling 2.98 billion dollars passed into Greek hands whereas in the same period of 2008 the number of the acquired ships had been 164 and their total value 7.37 billion dollars. From January to August 2012 Greek ship-owners acquired 125 vessels amounting to 2.28 billion euro. This means that this year, one out of every three dollars spent on sea freight worldwide belongs to a Greek shipping company which has purchased one of every four ships that have changed ownership.

In terms of types of ships this year the preference of Greek magnates are bulk carriers which are suitable for the transportation of cement, grain and various types of metals. They have purchased 109 such vessels worth 1.56 billion dollars. The second most preferred vessels are the tankers for the transportation of oil and petroleum products. Greeks have bought 91 such ships worth 1.09 billion dollars. Third in the preferences of Greek ship-owners are cargo ships for the transportation of containers and they have bought 29 vessels of this type worth 0.32 billion dollars.

An interesting comparison is the one with Chinese businessmen who are interested in the merchant marine and who, in recent years, have taken the lead in the industry. The data of Allied Shipbroking show that the Chinese are "tired" in 2013 and they have yielded precedence to the Greeks in the trade of second-hand ships.

Link: http://www.grreporter.info/en/greek_merchant_marine_regains_its_lead_2013/9940



Moldova's GDP increased by 4.9%

The Moldovan Gross Domestic Product (GDP) has increased by 4.9% in the since the beginning of the year compared to the same period of 2012, the National Bureau of Statistics reported. The GDP amounted 43.376 million lei based on current market prices. In the quarter II of 2013, the GDP amounted to 23703 million lei, exceeding the results of the same period of the previous year with 6.1%.

If the economy will not be affected by any negative factors, Moldova is likely to register the biggest economic growth in the region, the National Bureau of Statistics reported.

Link: <http://economie.moldova.org/news/moldovas-gdp-increased-by-49-238927-eng.html>

EBRD strengthens support for Moldovan SMEs with €80m framework

The European Bank for Reconstruction and Development (EBRD) is strengthening its support for small and medium-sized enterprises (SMEs) in Moldova with the launch of a new €80 million financial sector framework. Mobiasbanca – Groupe Société Générale is the first bank to sign up to the framework, and will receive a €5 million loan for on-lending to SMEs seeking access to growth capital, IPN reports.

Julia Otto, Head of the EBRD's Resident Office in Chisinau, said the financing needs of SMEs deserve particular attention, as their development is crucial for long-term growth. "The credit line to Mobiasbanca under our new financial sector framework will provide the bank with long-term funding suitable for SME investments. We will especially aim to reach out to businesses in the remote regions of Moldova, where financing is needed most," she stated.

Ridha Tekaiia, President of Mobiasbanca – Groupe Société Générale, said the Moldovan SME project in 2013 represents a continuity of good partnership relations with the EBRD within the framework of the agreement signed in 2008, and an opportunity to contribute to enhancing the competitive advantages of Mobiasbanca – Groupe Société Générale in the banking market. "We will grant five-year loans to help our clients across the country and across sectors – micro-enterprises, SMEs and large enterprises – to finance working capital, investment and financial leasing, encouraging development and growth," said the President.

The EBRD's new framework launched in 2013 will provide local banks and non-bank financial institutions with a wide range of financial products, including credit lines, to increase the financing available to SMEs, and to foster competition, efficiency and innovation in the financial sector. While investing in Moldova's private sector and improving access to finance, the EBRD is also supporting the government and other relevant Moldovan authorities in creating a more favorable business environment to stimulate domestic and foreign investment.

The EBRD is the largest institutional investor in Moldova, and has, to date, signed some 100 investments in the country, covering the energy, transport, agribusiness, general industry and banking sectors, for a cumulative amount of almost €900 million. The EBRD is also pursuing an intensive policy dialogue to tackle key transition challenges across sectors.

Link: <http://www.allmoldova.com/en/moldova-news/economics/1249056899.html>

Moldova likely to have a new financing program with the IMF by end of the year

Moldova is likely to negotiate a new financing program with the International Monetary Fund (IMF) during the upcoming autumn. The statement was made by Moldovan Minister of Finance, Veaceslav Negruta. "I am sure that Moldova will sign a new Program that will be proposed, negotiated and approved by the end of 2013," Mr. Negruta said.

Executive Director of the IMF, Menno Snel announced in Chisinau last month that his organization is ready to initiate the negotiations for a new funding from the IMF. Veaceslav Negruta pointed out in the same interview that Moldova succeeded to successfully implement the program of 2009-2013. According to the Minister, the IMF financial assistance helped to enhance the economic ties of Moldova with its partners since the fall of 2009. "It also served as a platform for the \$2.6 billion envelope approved in 2010 in Brussels for a four-year term, which allowed for further economic growth, construction of infrastructure and ensured the political support for the reforms started in 2009," Veaceslav Negruta said.

He stressed that Moldova can proudly say that the current IMF grant was "one of the few programs with a beginning and finality in Moldova." Despite these efforts to tackle the issues of Moldova's weak economy, the Minister admits that there are still a lot of problems that need to be tackled. He mentions the restructuring of the national economy that should secure

a sustainable growth. “I should reiterate my strong belief that Moldova needs to sign a new Program with IMF not just because of the financial component for the next three years, but rather for the credibility of the policies that all our multilateral and bilateral development partners, including from the EU, expect to see. They all want to see the started reforms continue,” Moldovan Finance Minister said.

Link: <http://economie.moldova.org/news/moldova-likely-to-have-a-new-financing-program-with-the-imf-by-end-of-the-year-238318-eng.html>

MOLDOVAN- ROMANIAN BUSINESS FORUM WILL BE HELD ON OCTOBER 3 IN CHISINAU

It will be attended by 20 companies from Romania engaged in the following areas: construction and design, export -import of goods, sale of the auto parts, sales of metal goods, tourism, sales of electrical equipment, medical services, etc. It is planned that the plenary session of the forum will be attended by the Deputy Prime Minister, the Minister of Economy Valeriu Lazar, the president of CCI of Moldova Gheorghe Cucu and the President of Iasi Chamber of Commerce Paul Butnariu. The forum will include bilateral meetings that will allow Moldovan businessmen to negotiate and establish business contacts with the Romanian entrepreneurs. Those wishing to take part in the forum may submit applications to the Chamber of Commerce of Moldova till October 2.

Link: http://infomarket.md/en/macroeconomy/Moldovan-Romanian_business_forum_will_be_held_on_October_3_in_Chisinau

IN AUGUST, 2013 THE AVERAGE YIELD RATE ON TIME DEPOSITS IN MDL INCREASED 0.02 P.P. TO 7.18% P.A. AGAINST 7.16% IN JULY

According to the National Bank of Moldova, the average yield rate was 4.54% for legal entities and 8.16% for individuals in August, 2013. In July it made up 4.73% and 8.74% respectively. The highest yield rate on time deposits in MDL equalled to 10.12% p.a. for deposits attracted for over 5 years from individuals. In July it was 11.2%.

The average yield on deposits attracted for up to 1 month was 7.26%, being 7.83% for legal entities and 4.64% for individuals. It was 2.18% on time deposits attracted in MDL for 1 to 3 months, being 1.74% for legal entities and 2.93% for individuals; 6.54% on time deposits

attracted for 3 to 6 months, including 6.92% for legal entities and 6.48% for individuals; 6.77% on time deposits in MDL attracted for 6 to 12 months, being 2.79% for legal entities and 8.72% for individuals. The average yield rate on time deposits attracted in MDL for 1 to 2 years made up 8.83% in August, being 8.84% for legal entities and 8.82% for individuals. It was 9.32% on time deposits attracted in MDL for 2 to 5 years, making 6.21% for legal entities and 9.56% for individuals.

Link:

http://infomarket.md/en/banks/In_August_2013_the_average_yield_rate_on_time_deposits_in_MDL_increased_002_pp_to_718_pa_against_716_in_July

IN JULY 2013, THE AVERAGE SALARY IN MOLDOVA AMOUNTED TO 3,908.5 LEI, INCREASING BY 9.3% COMPARED TO JULY 2012

As InfoMarket was informed in the National Bureau of Statistics, real average wage in July increased by 4.8%. The average salary in the budgetary sector amounted to 3,569.2 lei, or 12.8% more compared to July 2012, and in the real sector of economy it increased by 8.5 % - up to 4044.5 lei. The lowest average salary in Moldova is still registered in the fish farming industry. In July 2013 it amounted to 2,001.1 lei (+27.4 % compared to July 2012). The average salary in agriculture and forestry amounted to 2,605.3 lei (+18.6 %).

The average wages in hotel-restaurant business remains low - 2,823.5 lei (+7.2 % compared to July 2012), in education - 3,100.7 lei (+17.6 %), trade - 3,224.5 lei (+7.8 %). The highest average salary in the country is registered in the banking and financial sector of Moldova. In July 2013 it amounted to 7,351.8 lei, decreasing as compared to July of the last year by 4.2 %. The average monthly salary in enterprises of heat, electricity, gas and water supply sector amounted to 5,781.6 lei (+6.1 % compared to July 2012), in public administration-5353.5 lei (+24.3 %), in real estate companies -5,004.7 lei (+12.2 %), in transport and communications companies-4,403.3 lei (+6.2 %). The average salary in the construction companies in July 2013 made 3,928.1 lei (+0.4 %), in the mining industry - 4,120.7 lei (+5.3 %), processing industry - 3,886.2 lei (+5.2 %), health and social assistance - 3,844.2 lei (+8.2 %).

Link:

http://infomarket.md/en/social/In_July_2013_the_average_salary_in_Moldova_amounted_to_39085_lei_increasing_by_93_compared_to_July_2012

IMF AND THE WORLD BANK ARE IMPRESSED WITH MOLDOVA'S GDP GROWTH (4.9% IN I HALF OF 2013) AND THE AUTHORITIES WILL TAKE ALL STEPS TO MAINTAIN ITS POSITIVE DYNAMICS.

According to Prime Minister of Moldova Iurie Leanca, IMF and WB representatives stressed that over the last 4 years Moldova has achieved one of the most impressive rates of economic growth among European countries. "Obviously, we had another comparative base and the resulting increase in GDP is not sufficient for us to solve all social problems, but it is an extremely important element for that ", - said the prime minister. According to him, in future the government intends to create more favorable environment to promote economic growth, to remove barriers existing in the business sector, stimulate the flow of funds from local and foreign investors, mobilize private sector and continue structural reforms in order to maintain the positive dynamics of economic growth.

Link:

http://infomarket.md/en/macroeconomy/IMF_and_the_World_Bank_are_impressed_with_Moldovas_GDP_growth_49_in_I_half_of_2013_and_the_authorities_will_take_all_steps_to_maintain_its_positive_dynamics

EU to grant unlimited access on its market to Moldovan wines

The European Union gives a hand to the Moldova by liberalizing their market for Moldovan winemakers. EU Commissioner in charge for Agriculture and Rural Development, Dacian Ciolos announced on Wednesday that he will urge all the EU member states to raise Moldovan wine imports quota before the enforcement of the Free Trade Agreement. The measure comes in response to the Russian embargo imposed on Moldovan wines. The Russian Sanitary Service "Rosпотребнадзор" said that the wines originating from Moldova do not comply with the quality standards.

In a statement for Publika TV, Dacian Ciolos said that the measure is being taken in order to avoid wasting time until the EU-Moldova agreements will be ratified and implemented. The European Commission will ask the Council and Parliament to do their utmost for a speedy adoption of this modification. "The ratification of the Free Trade Agreement may take one or two years," the Commissioner said. "We have taken this decision in order not to waste time and allow the Moldovan wines in a short period of time to have unlimited access on the

European market regardless of quantity and quota. In the following weeks or no more than a few months, we will get the approval from the Council of the EU and of the European Parliament.”

According to the source, the Moldovan wine that is expected to be delivered on the European market will not have any limitations in terms of tariffs and quantity. “Only quality and food safety norms have to be respected, but they are the same norms that apply for all EU member states. We do not have issues in this regard because the Moldovan winemakers know these norms,” Dacian Ciolos added.

Russia has banned imports of Moldovan wine on September 10 due to “exceeding limits of dibutyl phthalate.” The embargo could have affected the Moldovan winemakers in longer term. Russia is the main export destination for Moldova’s wine producers. “The European Union's market is a sustainable alternative and a viable pole of stability for the Moldovan wine sector. A fully opened EU market for Moldovan wines in a time when Moldovan farmers are in difficulty, reflects that, beyond being a very successful economic integration project, the EU is also a space of solidarity,” EU Commissioner for Agriculture and Rural Development said.

Therefore, the European Commission will propose to the Council and the European Parliament to modify the Autonomous Trade Preferences, which currently holds a quota of 240.000 hl of wine per year, so that the EU imports of Moldovan wines becomes completely liberalized without waiting for the provisional application of the Association Agreement, including its DCFTA, a press release of the European Commission reads.

Link: <http://economie.moldova.org/news/eu-to-grant-unlimited-access-on-its-market-to-moldovan-wines-239124-eng.html>

Moldova connects to EU natural gas supplies

Moldova diversifies its energy sources. The construction works of a joint pipeline Moldova-Romania was launched today in the presence of Moldovan Premier, Iurie Leanca, his Romanian counterpart, Victor Ponta and the EU Energy Commissioner, Günther Oettinger. The project, which will connect Moldova to the European Union network of natural gas, is a tremendous step for the former Soviet republic which celebrates 22 years of independence

today. The pipeline is designed to help Moldova become partly independent when it comes to energetic resources.

Moldova imports 100% of its natural gas from the Russian Federation. Having an alternative source, Moldova will not fully rely on Gazprom, the Russian gas provider. Instead, Moldova “will have natural gas at a lower cost than the one paid today,” as Romanian Prime Minister, Victor Ponta said. The Moldovan Government said in a press release that Ungheni-Iasi pipeline is an energy project designed to meet Moldova’s energetic demands, as well as an alternative way of natural gas supply.

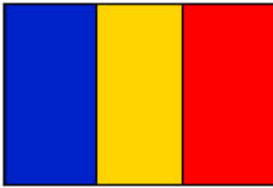
The pipeline is expected to be finished by the end of 2013. Victor Ponta said Moldova will have natural gas flowing through this pipeline as of winter of 2014. Its capacity is about 1.5 billion cubic meters per year. It will be 43 km long. “Once the Ungheni-Iasi pipeline starts running, we will have an additional way of natural gas importation,” Moldovan Prime Minister, Iurie Leanca said.

Gas prices for Moldova may decrease, explained Victor Ponta. “I want to believe that, as of next year, when the inhabitants of this region will be supplied with gas at a lower price than the one paid today, that moment will be way more important than thousands of words about Romania or the European Union,” Mr. Ponta said, referring to the importance of the EU projects that are widely promoted among the Moldovan civil society.

Although Romania is linked to the European network of gas supplies, it is expected that the country will be able to extract its own resources by 2018. Mr. Ponta emphasized that such a move would benefit both Romania and Moldova at the same time. The Ungheni-Iasi pipeline costs 28 million Euro. The European Commission has already granted 7 million Euro for the construction works, while Romania will pay 9 million Euro. Moldova should allocate over 3 million Euro.

“This is a historic day - we are celebrating that Moldova will be directly connected to the EU gas market,” EU Energy Commissioner, Günther Oettinger, said. “This will enhance its energy security and reduce its dependence from the only supplier it has now.” Moldova joined the “Energy Community” in 2010. Within the framework of this body, the European Union seeks to extend the internal energy market to its neighbors.

Link: <http://economie.moldova.org/news/moldova-connects-to-eu-natural-gas-supplies-238530-eng.html>



DB Schenker opens EUR 1.2 mln cross-dock terminal in Cluj-Napoca

Logistics and transport services provider **DB Schenker** opened last week a cross-dock terminal in **Cluj-Napoca**, following a **EUR 1.2 million** investment.

The new terminal has a total surface area of 10,000 sqm which includes operational areas for cross-docking, warehousing and office space. It operates 6 domestic inbound and outbound groupage lines, 13 international import lines and 3 international export lines, all of them on a weekly basis.

“We continue to develop at national level with such investments in key areas of Romania, and I can surely say that Cluj-Napoca is one of the motors of the country’s economy in Transylvania. We did this investment in order to better serve our existing partners in this region, to consolidate future ones and to meet better the interests of our clients”, said Albin Budinsky, CEO of DB Schenker in Romania.

During the fiscal year 2012, the local subsidiary of DB Schenker – Schenker Romtrans SA – posted a 15 per cent turnover increase y-o-y, totaling net sales of EUR 83 million. The company employed in the past fiscal year 1,115 employees all over the country.

Schenker Romtrans SA operates six branches and more than 60 offices in the country and is Romania’s number one logistics provider, according to company data. In 2013, the company plans to boost its business by adding new clients, increasing the performance and developing further in key regions in Romania, said company representatives.

Link: <http://business-review.eu/business/db-schenker-opens-eur-1-2-mln-cross-dock-terminal-in-cluj-napoca/>

Romania to apply modernized EU customs legislation starting November

Following the approval of modernized Community customs legislation by the **European Parliament**, Romanian companies involved in international trade will have to prepare for the new provisions, some of which are set to be enforced starting November.

The first step of modernizing the customs legislation, involving the creation of the European Customs Administration, was completed in 2008, when the Regulation establishing the Community Customs Code was enforced. Some provisions have yet to be implemented. A recast of the Modernized Customs Code (the so called Union Customs Code) will be enforced starting November 1.

Valentin Durigu, Senior Manager in **KPMG** in Romania's Indirect Tax Department, advises companies doing international trade to take advantage of the implementation period and upgrade their IT systems in accordance with the requirements of the electronic customs clearance (e-customs concept).

“According to the Union Customs Code, the current conditions for the customs authorities to grant the status of Authorized Economic Operator (AEO) will become mandatory for any company that requires a customs authorization (e.g. authorization for the inward processing customs regime). So this is another reason why these companies should take steps to obtain AEO authorization,” said Durigu.

The European Commission, the executive arm of the EU, estimates the Union Customs Code, will be fully implemented by the end of 2019.

Link: <http://business-review.eu/featured/romania-to-apply-modernized-eu-customs-legislation-starting-november/>

Romania lost EUR 1 bln by not cultivating genetically modified soybean, says official

Over the past 7 years Romania **has lost over EUR 1 billion by not cultivating genetically modified soybean and instead importing it for fodder**, said Valeriu Steriu, president of the presidential commission for public and agriculture development policies this Thursday, according to Agerpres news agency.

He said Romania should convince Brussels to be allowed to cultivate genetically modified soybean, “not necessarily for human use, but for fodder and other uses.” He added that each year **Romania imports genetically modified soybeans worth EUR 150 million** when it could produce soybean worth more than EUR 200 million and export the surplus.

At the beginning of the year Romania was the 9th country to sign the “**Danube soya declaration**” out of 17 other countries located along the Danube. The declaration is meant to promote the cultivation of genetically unmodified soybean in these 17 countries.

The other countries which have signed the declaration so far are Austria, Italy, Hungary, Bosnia-Herzegovina, Serbia, Croatia, Slovenia and Poland.

EU countries import each year about 40 million tonnes of genetically modified products. Romania imports over 500,000 tonnes which are mostly corn and soybeans. About 97 percent of these genetically modified products are used as fodder. Last year Romania produced 98,000 tonnes of soybeans on 77,000 hectares.

Link: <http://business-review.eu/featured/romania-lost-eur-1-bln-by-not-cultivating-genetically-modified-soybean-says-official/>

Romania reports second highest industrial production hike in the EU in July

In July 2013 compared with July 2012, industrial production dropped by 2.1 percent in the euro area and by 1.7 percent in the EU28, according to estimates from Eurostat, the statistical office of the European Union.

Industrial production fell in fifteen member states, rose in seven and remained stable in Slovenia. The highest increases were reported in Estonia (+7.8 percent), Romania (+7.3 percent) and Poland (+3.8 percent) while the largest decreases were registered in Greece (-8.2 percent), Ireland (-7.9 percent), Malta (-7.7 percent) and Sweden (-6.2 percent).

In July 2013 compared with July 2012, production of durable consumer goods fell by 3.9 percent in the euro area and by 1.8 percent in the EU28. Capital goods dropped by 3.3 percent and 1.9 percent respectively. Energy decreased by 2.8 percent in the euro area and by 4.4 percent in the EU28. Intermediate goods declined by 1.2 percent in both zones. Non-durable consumer goods fell by 0.7 percent in the euro area and by 0.4 percent in the EU28.

In July 2013 compared with compared to the previous month, seasonally adjusted industrial production fell by 1.5 percent in the euro area (EA17) and by 1.0 percent in the EU28, according to the same source.

Production of capital goods fell by 2.6 percent in the euro area and by 1.6 percent in the EU28. Durable consumer goods decreased by 2.2 percent and 0.5 percent respectively. Energy dropped by 1.6

percent in the euro area and by 1.2 percent in the EU28. Non-durable consumer goods declined by 0.9 percent and 0.5 percent respectively.

Intermediate goods fell by 0.7 percent in the euro area and by 0.6 percent in the EU28.

In July 2013 compared with June 2013 industrial production fell in twelve member states, rose in ten and remained stable in the United Kingdom. The largest decreases were registered in Ireland (-8.7 percent), Malta (-6.7 percent), Portugal (-3.2 percent), Greece (-2.8 percent) and Germany (-2.3 percent), and the highest increases in Lithuania (+3.3 percent), Denmark (+2.3 percent), Estonia (+2.1 percent) and Finland (+2.0 percent).

Link:<http://business-review.eu/featured/romania-reports-second-highest-industrial-production-hike-in-the-eu-in-july/>

Romania's Health Ministry plans different clawback for generics

Eugen Nicolaescu, health minister, said on Thursday that the government will draw up by yearend new legislation that changes the clawback taxation mechanism for generic drugs , in an effort to promote their usage in the face of a tight budget.

Under current legislation, producers of generics and innovative drugs are treated the same on the payment of the clawback. Players in the generics industry warn this could force them to give up the production of cheaper drugs, below RON 30 (EUR 7), hindering patients' access to affordable treatments.

“Starting next year in the framework with the CNAS (e.n. the healthcare insurance body) there will be a mandatory notice of the formula so the patient can see the reference price, which in most cases is a generic drug. Thus, the patient will know to opt for that drug that he or she can acquire,” said Nicolaescu, during the International Health Forum 2013.

Dragos Damian, president of the Association of Generic Medicine Producers from Romania (APMGR), called for the use of the production price in the computation of the clawback. He added that the amount of clawback paid by generic producers should be capped.

Damian commented that CNAS' budget for reimbursed drugs has been “artificially” lowered since 2011, forcing producers to fill the gap through the clawback. The budget fell from RON 6.5 billion in 2010 to RON 5.4 billion in 2011 (close over EUR 1 billion).

“There are few countries in Europe where the clawback is applied to generics,” said Victor Mendonac, head of pharmaceutical policy at the European Generics Association.

A study by APMGR and the professional services firm KPMG concluded that Romania could save up to EUR 100 million in healthcare costs each year by increasing share of generics in total prescriptions to 80 percent.

“In Romania there is a trend against (e.n the prescription of) generics,” said KPMG director Maria Elisei.

According to APMGR data, sales of generics, which are cheaper drugs with expired patents, amount to EUR 650 million, accounting for 30 percent of the pharma market.

Link: <http://business-review.eu/featured/romania-health-ministry-plans-different-clawback-for-generics/>

Romania’s milk imports surge by 56.7 pct in first 7 months

Romania’s internal milk production **decreased by 4.1 percent to a total of 523,304 tonnes** while **imports were up by 56.7 percent to 53,087 tonnes in the first 7 months of 2013** compared to the same period last year, according to data released today by the National Institute of Statistics. The dairy production increased, but this mostly because of higher milk imports.

In July 2013 compared to the previous month, Romania’s domestic milk production was up by 0.4 percent (643 tonnes). Compared to July 2012, the domestic milk production increased by 4.4 percent but **imports surged by 150 percent**.

The figures refer to quantities reported by farms and milk collection centers.

Higher milk imports are worrying news for local farmers, especially when considering that **starting January 2014, all Romanian dairy farms and dairy processors have to produce and process only EU quality/safety-compliant milk**, and non-compliant milk can be used only for own on-farm use. Although the initial deadline has been extended, many says that the local farming sector is still not ready for this change.

The Romanian dairy farming sector remains very fragmented. There were some 780,000 dairy farms in Romania at the end of 2012, but out of this, a whopping 85 percent were backyard family farms with between one and three cows. Most of these small farms lack the financial means to invest in the equipment required to produce EU quality/safety-compliant milk.

Link: <http://business-review.eu/featured/romanias-milk-imports-surge-by-56-7-pct-in-first-7-months/>



DERATION

Russian Tax System Needs Revamp to Boost SMEs – Top Judge

The Russian tax system is in need of changes aimed at developing small and medium-sized businesses, the chairman of the country’s Supreme Commercial Court said Friday.

Speaking at a forum of Asian-Pacific nations in Russia’s Far East, judge Anton Ivanov reiterated a position regularly voiced by Russian officials – that the country must diversify its economy by focusing less on raw materials, like gas and oil, and stimulating the development of small and, especially, medium-sized businesses.

Among concrete measures, Ivanov called for taxation based on “clear and easily understood parameters, first and foremost [on] the physical volumes of ... [organizations’] activity.”

He added that SMEs should not have to spend exorbitant sums on accounting costs, while large companies must be made more transparent.

At the same time, he said that legal tax loopholes should be retained, but tax optimization should be strictly regulated by the state “so that funds do not get taken abroad, but stay here and can be invested in the development of the Russian economy” – another leitmotif in official rhetoric.

Ivanov also pointed out that Russia is atypical among developed countries in that taxes make up only about half its budget revenue. As the country's high customs duties decline under new trade agreements, however, the share of taxes should rise, he said.

The one-day international forum, which brings together officials from courts dealing with business disputes, is focusing on tax regulations. In addition to Russia, participants hail from China, Japan, Kazakhstan, Mongolia, Thailand, the US and Vietnam.

Link: <http://en.rian.ru/business/20130920/183612814/Russian-Tax-System-Needs-Revamp-to-Boost-SMEs--Top-Judge.html>

Russia to Save \$11Bln by Canceling Most Funded Pensions

A senior government official said Tuesday that Russia would implement a reform of retirement pension funding that would free up 350 billion rubles (\$10.8 billion) for the state budget over the next three years.

Payments for state retirement pensions in Russia include two components dependent on salary and crucial for future pension size – the insurance component and the funded component.

Money from the former component goes to fund current pensions, but the government takes an obligation to pay this money back to the citizen once he or she hits retirement age. Money from the latter component actually goes into a citizen's account in a retirement fund, which can invest the money on the citizen's behalf.

Currently, the funded component amounts to 6 percent of retirement payments. By default, the money ends up in a retirement fund managed by the state-run Vnesheconombank, but citizens can transfer the money to another retirement fund.

But the funded component for people who keep their retirement funds in the Vnesheconombank will be slashed to zero percent starting next year, First Deputy Finance Minister Tatiana Nesterenko told journalists in Kazan.

Those who transferred the money to other retirement funds will still see 6 percent of their retirement payments actually end up in their retirement savings accounts, she added.

An earlier proposal to slash the funded component to 2 percent for Vnesheconombank users and 4 percent for the rest was discarded, Nesterenko said.

“The point is, if a person doesn't want to have a funded component, there's no point in giving them 2 percent, give them zero,” Deputy Finance Minister Alexei Moiseyev said Tuesday.

The new money distribution scheme is to be included in the upcoming draft of the state budget for 2014-2016, Nesterenko said.

Vnesheconombank manages about 75 percent of all pension savings by Russians born after 1967, government newspaper Rossiiskaya Gazeta said earlier this year.

The Russian government has recently announced plans to trim budget spending to offset the effects of the slowing economy. Military spending and salaries for state employees will both see cuts, and state-run monopolies such as Gazprom and Russian Railways face tariff freezes.

Link: <http://en.rian.ru/business/20130917/183533589/Russia-to-Save-11Bln-by-Canceling-Most-Funded-Pensions.html>

Russia Moves Up, US Falls in World Economic Freedom Ranking

WASHINGTON, September 18 (by Karin Zeitvogel for RIA Novosti) – Russia has climbed 10 places since 1995 in a global ranking of economic freedom, while the United States has fallen 13 spots over the same period, according to a report from a Canadian public policy think-tank released Wednesday.

Russia ranked 101st out of 151 nations, up 10 places from 1995 and 12 places better than its ranking in 2000, in the “Economic Freedom of the World” report, compiled by Canada’s Fraser Institute.

Link: <http://en.rian.ru/business/20130919/183572627/Russia-Moves-Up-US-Falls-in-World-Economic-Freedom-Ranking.html>

Rostec-Aeroflot Boeing Deal Worth \$3.5Bln – Company

MOSCOW, September 20 (RIA Novosti) – A deal between state-owned hi-tech corporation Rostekhnologii (Russian Technologies, or Rostec) and Russian flagship carrier Aeroflot for the lease of 50 Boeing-737 Next Generation airliners is worth \$3.5 billion, the corporation said Friday.

The 12-year lease deal is to be approved by Aeroflot shareholders at a general meeting on October 15. The Prime news agency reported Thursday that the contract was worth an aggregate value of \$7.47 billion, citing the airline.

The price includes the option for a six-year extension of the contract, a technical maintenance reserve of \$1.9 billion, leasing costs and coverage of other potential risks that may arise, Rostec said in a statement.

The contract price of \$3.5 billion is \$700 million lower than the price estimate given three years ago, the company added.

In August 2009, Rostec announced a tender for the supply of medium-range narrow-bodied planes for state-owned airlines. Russia's United Aircraft Corporation (UAC), Boeing and Airbus all submitted bids and Boeing was chosen as the tender winner in May 2010.

In September 2010, Rostec signed an agreement with Boeing for 50 Boeing-737 Next Generation airliners, which included an option to buy 35 more planes – an option it announced it would take up in October last year.

Link: <http://en.rian.ru/business/20130920/183612043/Rostec-Aeroflot-Boeing-Deal-Worth-35Bln--Company.html>

Russia-China Energy Trade to Quadruple By 2025

Energy trade between Russia and China could quadruple by 2025, consulting firm Wood Mackenzie forecasts.

In a report released last week, the firm said Russia could be selling more than 100 million metric tons of oil to China within 12 years.

Wood Mackenzie said the two countries had already reached an agreement for the supply of oil, coal and power and expected a more difficult deal would be struck in the next two years on the supply of natural gas.

Keen to secure the large volumes of energy that neighboring Russia can provide, China is providing financing to underpin much of the required infrastructure costs like it did for the Eastern Siberia Pacific Ocean pipeline.

The recent acquisition of a 20 percent stake in Russia's Yamal LNG project by China National Petroleum Corporation is seen as a symbol of increasing cooperation between the two countries.

Link: <http://www.themoscowtimes.com/business/article/russia-china-energy-trade-to-quadruple-by-2025/486473.html>

Putin Hails Abu Dhabi's \$5Bln Investment Plan for Russia

Russian President Vladimir Putin on Thursday welcomed a joint venture with the United Arab Emirates that will invest up to \$5 billion in infrastructure projects in Russia, and he pledged his support.

At a meeting in the Kremlin with Crown Prince Mohammed bin Zayed Al Nahyan, deputy commander-in-chief of the UAE's armed forces, Putin praised the deal, signed between the Russian Direct Investment Fund and the Abu Dhabi Department of Finance, as creating "great opportunities in the sphere of investment collaboration."

The UAE is one of Russia's leading economic partners in the Middle East, but the volume of bilateral trade is so far a "modest" \$1.5 billion, Putin said, adding that there was a good outlook for growth.

The crown prince thanked Putin and said the UAE had complete "trust in the Russian market."

Kirill Dmitriyev, head of the Direct Investment Fund, a state-backed equity fund, said \$5 billion is the largest investment in an infrastructure consortium in the world.

The joint venture, to serve as an investment vehicle, will invest in “virtually everything related to Russia’s infrastructural development” – roads, ports and telecommunications infrastructure, Dmitriyev said.

In June, the Russian Direct Investment Fund and the UAE wealth fund Mubadala established a \$2 billion joint investment fund.

That fund will focus on long-term investment opportunities across a range of industry sectors, “acting as a catalyst for direct investment in Russia,” Mubadala, which reportedly controls a \$5 billion investment portfolio, said at the time.

Link: <http://en.rian.ru/world/20130912/183386931/Putin-Hails-Abu-Dhabis-5Bln-Investment-Plan-for-Russia.html>

Russian Finance Ministry Forecasts 5.5-6% Inflation Next Year

Russia’s Finance Ministry expects inflation to reach around 5.5-6 percent in 2014, although a freeze in tariffs for natural monopolies could hold it down to 5 percent or lower, Finance Minister Anton Siluanov said Saturday.

According to the Economic Development Ministry’s revised forecast, inflation should reach just 4.5-5.5 percent next year. Siluanov said Friday the Finance Ministry supports a freeze in natural monopoly tariffs and a proposal not to index-link them in 2014.

That measure would allow inflation to be held down by 0.5-1 percent, he said.

“Next year we are looking at the question of freezing natural monopoly tariffs...and next year the inflation rate should be according to our assessment, even lower than we initially planned...5.5-6 percent; now we think around 5 percent or even a bit less,” he said in an interview with Vesti TV channel.

Siluanov said the issue of natural monopoly tariffs was being discussed by the government and no final decision had yet been arrived at.

“But this is important and we are for it,” he said.

Link: <http://en.rian.ru/business/20130907/183257060/Russian-Finance-Ministry-Forecasts-55-6-Inflation-Next-Year.html>

BRICS Agree Development Bank Funding

A currency reserve fund for the association of five emerging economies known as BRICS will be raised from the member countries' central bank reserves while capital for the group's development bank will come from national budgets, Russian Deputy Finance Minister Sergei Storchak said Friday.

On Thursday, the leaders of Brazil, Russia, China, India and South Africa agreed to establish the bloc's development fund with a capital of \$50 billion and a reserve fund of \$100 billion.

The reserve fund is being established "in order to promptly react to the situation on currency markets," Storchak said, adding that central banks will be able to conduct swap operations if necessary.

It is designed to cushion short-term liquidity pressure and promote financial stability, Yi Gang, deputy head of the People's Bank of China, said earlier, Xinhua reported.

The member states agreed in March that China will contribute \$41 billion, South Africa \$5 billion and the others \$18 billion each.

Link: <http://en.rian.ru/world/20130906/183203215/BRICS-Agree-Development-Bank-Funding.html>



SERBIA

Good conditions for foreign companies for investing in IT sector in Serbia

Prime Minister Ivica Dacic met with representatives of American IT company EMC and said that Serbia is interested in the rapid development of information technology. During the meeting it was stated that the Serbian government supports the development of the IT sector and that Serbia has qualified staff and good conditions for foreign companies in the sector.

One of the biggest IT companies in the world, EMC, has been operating in Serbia for six years and is interested in new investments in the production, development, as well as in the field of storage, data protection and management of electronic documents, it was said at the meeting.

Link: <http://www.serbia-times.com/good-conditions-for-foreign-companies-for-investing-in-it-sector-in-serbia/>

Serbia's external debt drops to EUR 26.1 billion

Serbia's external debt dropped by EUR 650.9 million in the second quarter of the year and totalled EUR 26.1 billion at the end of June, the National Bank of Serbia (NBS) released. The drop of the country's external debt is the result of early payback of one half of the loan granted by the London Club and the payback of bank loans, and, to an extent, the drop of the corporate debt also contributed to the lower external debt.

The country's early loan payback is the main reason why, unlike in the previous periods, Serbia's public debt dropped by EUR 485 million, to EUR 18.9 billion, in the second quarter of the year. The payback of matured dues on grounds of the citizens' old foreign exchange savings also contributed to the decrease of the public debt. The strengthening of the euro relative to other currencies in the debt structure also led to the reduction of the public and foreign debt.

The stake of the external and public debt in the GDP dropped because of the decrease in the public and external debt in the second quarter of the year and an increase in the estimated GDP in the last four quarters. The stake of Serbia's external debt dropped by 4.6 percent, to 83.1 percent, and the stake of the public debt dropped by 1.9 percent, to 60.6 percent. Other

sustainability indicators also improved, which shows that the country is leaving behind the dangerous solvency and liquidity limits.

Thanks to a considerable increase of imports, additional improvement has been observed in the indicators of debt sum and payback relative to exports of goods and services. Still, the funds needed to cover the budget deficit and matured loans are still high, which is why consistent implementation of measures aimed at structural adjustments can preserve the tendency of reduction of public debt and external disbalance in the long run, NBS said.

Link: <http://www.serbia-times.com/serbias-external-debt-drops-to-eur-26-1-billion/>

Serbia's public debt totals 58.3% of GDP at end of August

Serbia's public debt increased in August by EUR 73.2 million and totalled EUR 19.15 billion, or 58.3 percent of the GDP, the Public Debt Administration released. Since the beginning of the year, Serbia paid its dues on grounds of public debt to the total sum of EUR 3.1 billion, of that EUR 2.6 billion for equity loans. The biggest loan payback in the first eight months of the year was made on the local financial market, where EUR 2 billion worth of debt was paid on grounds of matured securities, while interest rates on grounds of matured securities in the local market totalled EUR 261.4 million.

A total of EUR 649 million worth of dues to foreign creditors were paid, and of this sum, EUR 462 million went to equity loans. The most important debt Serbia paid on the international financial market was the early payback of a part of dues to the London Club worth USD 436 million. The Republic of Serbia paid its dues on grounds of maturity of issued Eurobonds on the international market to the total value of USD 128.75 million.

In the first eight months of the year, Serbia paid its obligations on grounds of issued guarantees worth EUR 142 million, of which EUR 106 million were for equity loans. In order to fund the matured loans in August, Serbia recorded revenues worth EUR 188.8 million on grounds of issued securities on the local financial market.

Link: <http://www.serbia-times.com/serbias-public-debt-totals-58-3-of-gdp-at-end-of-august/>

EBRD's assistance to stabilise financial sector

Prime Minister Ivica Dacic met today with a delegation of the European Bank for Reconstruction and Development (EBRD). Dacic said during the meeting that the aim of the government is to revive the economy and reduce unemployment, and added that the Serbian government therefore strongly supports the activities of the EBRD, which is the major creditor of economic activity in Serbia.

During the meeting, they talked about improving the competitiveness of the private sector because small and medium enterprises, which are the basis of the Serbian private sector, almost do not receive any foreign direct investment. The EBRD, which has since 2001 invested €3 billion in Serbia, plans to provide assistance to small and medium enterprises through projects that contribute to sustainable growth and the support to foreign investors. The EBRD will help stabilise the financial sector and the development of sustainable and efficient public utilities. Early next year, the EBRD will organise a meeting of all prime ministers of South East European countries to consider the opportunities for economic development in the region.

Link: <http://www.serbia-times.com/ebdrs-assistance-to-stabilise-financial-sector/>

Serbia keeps policy key rate unchanged at 11%

The National bank of Serbia's Executive Board decided to keep the key policy rate unchanged at 11%.

The NBS Executive Board concluded that inflationary pressures have continued to subside on account of not only past monetary policy measures, but also largely due to reduced costs in food production as this year's agricultural season is much more favourable both globally and at home. The Executive Board confirmed once again its expectation that year-on-year inflation will return within the target tolerance band by October and stay within the band thereafter. The NBS's projection also includes the expected administered price growth in the remainder of the year.

The Executive Board positively assessed the continued economic recovery, which started in late 2012, as well as significant narrowing of the external imbalance resulting mainly from a sharper rise in exports of a growing number of industrial and agricultural products. The Executive Board's decision to keep the key policy rate on hold was swayed by risks arising from the international environment, relating primarily to the developments in international

financial and commodity markets. Furthermore, after the Fed hinted at possible tapering of its quantitative easing program, investor aversion went up in May and June, fuelling depreciation pressures in almost all countries of the region, Serbia included. An additional uncertainty is reflected in global oil price movements.

As assessed by the Executive Board, possible negative effects originating from the international environment could be largely offset over the period to come by consistent implementation of fiscal consolidation measures and structural reforms. This would positively affect Serbia's investor perception and contribute to the narrowing of internal and external imbalances, lower inflation and sustainable economic growth.

Link: <http://www.serbia-times.com/serbia-keeps-policy-key-rate-unchanged-at-11/>

IMF and World Bank mission visits Serbia

The joint mission of the International Monetary Fund (IMF) and the World Bank visited Serbia and conferred with representatives of the Finance Ministry and the National Bank of Serbia (NBS) over the modes for enhancement of stability in the local financial sector and the operation of banks with government stakes in their ownership structure.

The Ministry of Finance and NBS are satisfied with the talks which, among other matters, focused on the increase of transparency and efficiency in the local banking sector, states the release issued by the Ministry. Similar consultations will continue in the near future with a view to formulating the measures so as to additionally secure stability and credibility of the financial sector in Serbia.

Link: <http://www.serbia-times.com/imf-and-world-bank-mission-visits-serbia/>

Complete liberalization of Serbian market in hundred days

After January 1 next year when new regulations on complete market liberalization come in force, there shall be tons and tons of imported meat in markets in Serbia. Vukoje Muhadinovic, Director of the Topola Meat Industry explains for Blic that the problem is that majority slaughter firms in Serbia are working almost illegally and are importing meat with expired date for the best use until. Consequently they are offering lower prices than those that the domestic market can offer.

‘That is why we shall have here European manufacturers capable of competing with those dumping prices and dealing with not loyal competition. We, who carry out our business in line with market laws shall be in a problem because we shall be under pressure by not only grey economy but by foreign competition as well’, Muhadinovic claims. In three months all industrial products, but large number of agricultural products as well, shall be imported to Serbia without customs duties. The so far liberalization of the market showed that it shall not be any better for consumers, while the economy shall be in a problem because it is not ready for competition.

For example, although as of January 1 this year the customs duties on meat, meat products and milk products have been decreased, and on some totally suspended (butter, ice cream...), prices of none of those products went down.

‘At the moment the imported milk here is more expensive than in Germany. This means that decrease of the customs duties means nothing if not followed by anti-monopoly measures, dealing with import lobby, introduction of standards and market competition’, Edina Popov, President of the Serbian Association of Consumers says for Blic.

At the Ministry of Agriculture we were told that products of strategic importance such as meat, milk, sugar, flour and oil will have certain level of protection after 2014 when complete market liberalization comes in force. Milan Prostran agro-economist claims, however that in the following years, the consumers in Serbia might expect to buy those products from import at lower prices regardless of the mentioned protection.

Link: <http://www.serbia-times.com/complete-liberalization-of-serbian-market-in-hundred-days/>

Serbia seeks to borrow up to \$3 billion from UAE

A top Serbian official said on Thursday he had asked the United Arab Emirates for a low-interest, long-term loan to repay some of the country's debts and invest in its ailing economy. Serbia's economy is expected to grow about 2.5 percent this year, but is weighed down by a rising deficit of 4.7 percent of GDP and debt at 65 percent. Belgrade is planning to tap markets with a \$1 billion Eurobond this year and borrowing on the domestic market. It has also sought sovereign creditors including China, Russia and the United Arab Emirates.

"I have recently asked my friend, Sheikh Bin Zayed, for \$2 billion or \$3 billion, at the lowest interest rate, for 20 to 30 years," Deputy Prime Minister Aleksandar Vucic said in a TV

broadcast, referring to the UAE's Crown Prince Mohammed Bin Zayed. Vucic, also head of the Serbian Progressive Party, the senior member in the nationalist-socialist coalition, did not say whether Bin Zayed had agreed to a loan. Serbia secured a 400 million-euro loan from the UAE earlier this year to invest in agriculture and last month the wealthy Gulf state's Etihad airline purchased a 49 percent stake in Serbia's indebted Jat Airways.

To lure investors, Serbia must seek a new loan deal with the IMF. The lender froze a previous 1 billion euros (\$1.33 billion) deal early last year over broken spending promises.

Link: <http://www.economy.rs/eng/22013/Serbia-seeks-to-borrow-up-to--3-billion-from-UAE.html>

Serbia, EIB allocates 50 million to SMEs

The European Investment Bank (EIB) has allocated a loan of 50 million euros that will be used to finance in Serbia SMEs projects in key sectors such as energy, environmental protection, industry, health, education and services. Most of the loan, 45 million euros, will be managed by Crédit Agricole Srbija Novi Sad, while the remaining funds will be put in the hands of Crédit Agricole Leasing Srbija Beograd. "The two contracts signed with Crédit Agricole will improve the access of Serbian SMEs to long-term financing on favourable terms, with positive effects on labour market and social environment", said Dario Scannapieco, Vice-President of the European Investment Bank, responsible for Western Balkans. The loan, specifies a press release issued by EIB, is also designed to "assist Serbia in its efforts towards EU integration".

Link: <http://www.economy.rs/eng/21860/Serbia--EIB-allocates-50-million-to-SMEs.html>

Gross wages in Serbia rise slightly in August

The average gross salaries and wages paid in August 2013 in the Republic of Serbia amounted to dinars 61797 (approx 540 Euros). Compared to the average gross salaries and wages paid in July 2013, this was an increase of 1.5% in nominal terms and 1.1% increase in real terms. The average net salaries and wages paid in August 2013 in the Republic of Serbia totaled 44770 dinars. Compared to the average net salaries and wages paid in July 2013, this was 1.3% increase in nominal terms and 0.9% increase in real terms. August 2013 The average gross salaries and wages paid in the Republic of Serbia in August 2013, compared to the

average gross salaries and wages paid in August 2012, were by 5.6% increased in nominal terms and by 1.6% decreased in real terms.

The average net salaries and wages paid in the Republic of Serbia in August 2013, compared to the average net salaries and wages paid in August 2012, were by 6.3% increased in nominal terms and by 0.9% decreased in real terms. January– August 2013 · The average gross salaries and wages paid in the period January – August 2013 in the Republic of Serbia, compared to the average gross salaries and wages paid in the period January – August 2012, were by 6% increased in nominal terms and by 4% decreased in real terms. · The average net salaries and wages paid in the period January – August 2013 in the Republic of Serbia, compared to the average net salaries and wages paid in the period January – August 2012, were by 6.3% increased in nominal terms and by 3.7% decreased in real terms.

Link: <http://www.serbia-times.com/gross-wages-in-serbia-rise-slightly-in-august/>

Serbia takes measures towards economic recovery

The Serbian government is doing its best to create an optimal business setting, which would make Serbia a far more attractive investment destination. This is why economic policy trends are being defined in detail. Boosting economic growth represents the greatest chance for overcoming the crisis, along with the reduction of the black market, the new economy minister, Saša Radulović, told a press conference in the Serbian Chamber of Commerce.

In order that Serbia should overcome the crisis, it is necessary to legalize just a small part of the grey economy, whereby the gross social product would be officially increased by 2% in the next two years, said Radulović. He stressed that Serbia must not repeat the mistake it made a year ago, when taxes were increased through fiscal consolidation, as that reduced economic activity and commercial trade. Direct foreign investments are very important, but they cannot replace domestic companies, emphasized the minister. The goal is that economy should be less based on subsidies and more on a sound framework. Serbia has a huge deficit and a public debt of almost 60% of the GDP, which reduces the area for stronger measures. Therefore the government is now searching for a solution by reducing public spending and by applying measures for the stimulation of the economic growth.

The measures, to be known in mid-October only, include amendments to several laws – on labour, planning and construction and bankruptcy. One should focus on the privatization system as well, which is one of the fields affected by corruption most. The 615 companies falling within the competences of the Privatization Agency employ some 100.000 workers.

179 of the companies are in restructuring and the problem should be resolved by mid-2014. Therefore public companies as well will have to submit their IDs, as it were, which will help in the preparation of a draft labour law and amendments and will facilitate property sale. There is also the liquidity issue as a large part of the business sector is in the state of bankruptcy or is nearing bankruptcy, which has resulted from the poor privatization process.

One of the major problems in the country is unemployment, the state of Serbia having faced the loss of 300,000 jobs, in the legal sector alone, since the beginning of the crisis. If one adds the grey economy field to that, the number is twice as high. That is a huge shock for economy, from which the state will be recovering for a long time and with difficulty. Minister Radulovic emphasized that, so far, the governments have dealt with the consequences of those problems only, but that Serbia does not have enough funds to put out fires, so it is necessary to take measures that will deal with causes. The tax reform, which is due in October, will have to define the progressive taxation system more clearly, on the higher earnings higher tax principles applied in the world. Radulović emphasized that the progressive taxation system was the best way for economic subsidies and those who have employed the most people would have been released of the heaviest burden.

Link: <http://www.serbia-times.com/serbia-takes-measures-towards-economic-recovery/>

Government and trade unions discuss amending Labor Law

Serbian government officials met on Monday with representatives of the Confederation of Autonomous Trade Unions of Serbia (SSSS), Tanjug reported. They agreed that over the coming weeks, a commission should be formed to work on amendments to the Labor Law, SSSS Vice-President Zoran Mihajlović told Tanjug on the same day.

He said that SSSS President Ljubisav Orbović met with First Deputy Prime Minister Aleksandar Vučić and the Ministers of Finance and Economy Lazar Krstić and Saša Radulović. “We expect that over the next two weeks, we will start getting a broader picture of how the job will be done, as we are talking about plenty of work and a very important law here,” Mihajlović said, adding that the draft amendments are unlikely before March next year.

Mihajlović said he expects the work on the amendments will begin in October. The United Trade Unions of Serbia ‘Sloga’ said earlier on Monday that the labor law is a document of vital national interest and cannot be discussed at the Social and Economic Council (SES).

“The SES should be disbanded immediately, since it has long lost its credibility as a government body because of its (lack of) work,” the statement said the union. ‘Sloga’ stated that the much needed amendments to the labor law should be accompanied by a broad public debate, involving full-strength participation of trade unions, employers, experts and the media, and a sustainable solution is to arrived at solely by means of consensus.

Zoran Mihajlović of the SSSS does not think the labor law should be analyzed on a broader level. He says we lack a strong social dialogue, but believes that to disband the SES is a bad idea since the body helps facilitate such a method of communication. Aleksandar Vučić said last week that the government needs to create a better business environment for investment, adding that he will start talking about a new labor law with the unions today.

Link: <http://www.serbia-times.com/government-and-trade-unions-discuss-amending-labor-law/>

IMF mission to visit Belgrade October 1-7

An International Monetary Fund (IMF) mission will visit Belgrade from October 1 to 7 at an invitation from the Serbian authorities. The visit was announced by IMF Resident Representative in Serbia Deahaeng Kim.

Zuzana Murgasova will be in charge of the mission, which will discuss the current economic situation in Serbia and the government’s political agenda for 2014, the IMF office in Serbia said.

Link: <http://www.serbia-times.com/imf-mission-to-visit-belgrade-october-1-7/>



Tender to be launched for Bosphorus bridges maintenance

A tender for the planned repair and structural strengthening works of the two bridges across the Bosphorus will be held Sept. 25.

The tender will be open to all local and foreign companies and the bids are to be submitted to Turkey's General Directorate of Highways until the launch of the tender.

After the contracts are finalized with the winners, the restructuring and repair works are planned to begin, lasting around 540 days. Large-scale maintenance and repair works will be carried out on the first bridge, the Bosphorus Bridge, while only small repair works will be needed for the second bridge, the FSM Bridge. Around 236 cables will be renewed at the first

bridge, which became operational in 1973, to make it stronger so as to be able to carry heavier loads. There are also plans to install new humidity inhibitors to prevent their cables from rotting.

Except in compulsory situations, the Bosphorus Bridge will not be closed to vehicles during the daytime. The lanes around the suspension cables will be closed to vehicles between 10.00 p.m. and 6.00 a.m. due to ensure safety.

Three lanes on the FSM Bridge were closed to traffic in 2012 due to maintenance, making long traffic jams in Istanbul a daily occurrence. The repair work was carried out 24 hours a day in three shifts. All of the bridge's eight lanes were closed to traffic in pairs by turns.

Link: <http://www.hurriyetdailynews.com/tender-to-be-launched-for-bosphorus-bridges-maintenance.aspx?pageID=238&nID=55006&NewsCatID=345>

Turkey should make free trade deal with EU

The Customs Union Agreement between Turkey and the European Union works against Turkey, Turkish Economy Minister Zafer Çağlayan said yesterday, adding that Turkey should make a free trade agreement with the EU under these conditions.

Çağlayan said that Turkey was excluded from the free trade agreements that the EU signed with third parties and this caused unfair competition, during his meeting with the Danish Minister of Trade and European Affairs Nick Haækkerup.

The free trade deals between the EU and third parties have enabled these other countries' goods to enter Turkish markets via Europe with zero duties, yet the decision to provide the same privileges to Turkey is up to the third party.

“We need your support to [convince] the EU to abandon its two-faced manner. If the EU doesn't show progress on this issue, then we should make a free trade agreement” he said.

Link: <http://www.hurriyetdailynews.com/turkey-should-make-free-trade-deal-with-eu.aspx?pageID=238&nID=55087&NewsCatID=34>

Ro-Ro ship sets sail off Turkey's port to Ukraine

The first roll-on/roll-off (Ro-Ro) expedition from Turkey's Black Sea port of Ereğli to the Iliechevsk port of Ukraine took place on Sept. 21, with a ship carrying around 1,200 tons of fruit completing the inaugural journey.

“In the initial stage, there will be two journeys between the two ports, but the number of expeditions will increase in the near future with the addition of two ships, Black Sea-K and Samsun Express, to the fleet,” said the head of the Western Black Sea Marine Trade Chamber, İrfan Erdem, in a written statement.

He added that this move was of great significance on the road to develop the marine sector and to revive the economic activities in the region.

Ro-Ro ships are vessels designed to carry wheeled cargo, such as automobiles, trucks, semi-trailer trucks, trailers, and railroad cars, that are driven on and off the ship on their own wheels.

Link: <http://www.hurriyetdailynews.com/ro-ro-ship-sets-sail-off-turkeys-port-to-ukraine.aspx?pageID=238&nID=55007&NewsCatID=345>

Turkish, Pakistani firms sign \$300 million deals

Turkish and Pakistani businesspeople inked a number of agreements worth \$300 million yesterday, during a business forum organized by the Confederation of Businessmen and Industrialists of Turkey (TUSKON).

“The Pakistani government plans to build more than 500,000 new houses in the next period. Turkey's state housing system, pioneered by TOKİ, is very suitable to us as well. I want to invite the Turkish investors to Pakistan,” said Prime Minister of Pakistan Nawaz Sherif during the event.

Turkey and Pakistan may develop closer economic relations in the fields of energy, construction and education as well as housing-development, according to TUSKON head Rızanur Meral.

The annual bilateral trade volume between the two countries recently reached \$1 billion.

“It was just \$175 million 10 years ago. I am pretty sure that the two countries will further increase their trade volume in the future,” said Turkish Economy Minister Zafer Çağlayan,

adding that the planned preferential trade agreement between Turkey and Pakistan needed to come into effect in order to double the bilateral trade volume.

Link: <http://www.hurriyetdailynews.com/turkish-pakistani-firms-sign-300-million-deals.aspx?pageID=238&nID=54704&NewsCatID=345>

May start for Istanbul's third airport construction

The construction of the third Istanbul airport is set to begin in May 2014, one of the contractors has said, stressing the main priority of the project will be environmental adaptation.

“We almost completed the project, we’re on the final touches. At the beginning of May, our construction machines will begin to work at the site,” said Nihat Özdemir, chairman of Limak, one of the five companies forming the consortium that won a tender for the third airport in Istanbul.

Özdemir also reasserted that the airport was expected to become operational in the early days of 2019.

The Cengiz-Kolin-Limak-Mapa-Kalyon Consortium, a joint venture of Turkish companies, won a tender for the third airport in Istanbul in May, promising to pay the state 22.1 billion euros (plus taxes) for 25 years starting from 2017.

Speaking at the CEO Club meeting on Sept. 20, Özdemir said environmental concerns were the top priority issue of the project right now.

Link: <http://www.hurriyetdailynews.com/may-start-for-istanbuls-third-airport-construction.aspx?pageID=238&nID=54859&NewsCatID=345>

Hard to reach export goal, says Minister

Economy Minister Zafer Çağlayan has said the government’s aim is to make Turkey a country with international competitiveness and products not only for the domestic market but for the whole world, speaking during the fourth Istanbul Finance Summit. However, he admitted it would be difficult to reach the annual export volume target within the framework of the medium term program, set at \$158 billion, due to foreign cyclical developments.

Çağlayan stated that the Turkish economy grew last year thanks to the contribution of exports, but this would change this year. “We would like to enable the Turkish economy to have a

structure that has international competitiveness and produces not only for the domestic market but for the whole world,” he said.

He also stated that Turkey had over 56,000 exporters to all around the world as of 2012, adding that the country exported to a total of 246 different customs regions in 2012. “Turkey has set as its national target for 2023 to attain a commodity exports figure of \$500 billion,” he noted.

Çağlayan said the aim of the medium term program, set as \$158 billion, would only be reached with difficulty, citing foreign cyclical developments.

The economy ministry particularly stressed that Turkey must get rid of its profile as a country of imports.

“As for the energy sector, Turkey made \$60.1 billion in energy imports out of the overall figure of \$176 billion for its imports in 2012,” Çağlayan said. “Unfortunately, \$10 billion of the overall imports of Turkey is comprised of scrap imports.”

He also pointed to the failure of Turkey’s past incentive policies to direct the required changes as the reason behind the current figures of imports.

Link: <http://www.hurriyetdailynews.com/hard-to-reach-export-goal-says-minister.aspx?pageID=238&nID=54785&NewsCatID=345>

Azeri billionaire buys dock with Turkish firm

Palmali, the shipping company owned by billionaire of Azeri descent Mübariz Mansimov Gurbanoğlu, has acquired a shipbuilding yard in the İzmit gulf region, together with Turkey’s Fiba Holding.

Istanbul-based Palmali Group, one of the world’s five largest maritime companies in terms of tonnage, and Fiba Holding, particularly active in finance and retailing but also in the maritime sector, bought the TVK shipbuilding yard, worth around 50 million euros, in the northwestern Marmara region province of İzmit in a 50-50 partnership. The new name of the shipyard will be Armada.

After buying the inactive shipyard, Palmali immediately made a 15 million euro investment in order to reactive it, said Palmali Executive Vice President Alaattin Aykaç, adding that they had ordered three ships to be built. Aykaç said the orders were for 7,500-ton capacity chemical tankers, and that they had received orders of high technology offshore platform supply ships.

Aykaç said they could now build their own ships in their shipyard instead of others as they did before. “We will build ship orders worth \$500 million, contracted by Palmali, in the next decade at Armada shipyard. We plan to complete Palmali’s five ships’ construction in the next two years. So, we will complete orders worth 100 million euros. Our goal is to take a higher share in high technology ship manufacturing in global markets,” he said.

Gurbanoglu, who has been named the 26th wealthiest man in Turkey and the wealthiest in Azerbaijan, had said in February that last year was the most lucrative and luckiest year for Palmali, as it had bought 12 ships when everyone said the ship sector was finished.

Fiba Holding Chairman Hüsnü Özyeğin had said that they were set to grow in the maritime sector and that they might enter ship manufacturing. Fiba, which bought Kumport harbor in Istanbul in 2008, made its second investment in the sector with the latest acquisition.

Link: <http://www.hurriyetdailynews.com/azeri-billionaire-buys-dock-with-turkish-firm.aspx?pageID=238&nID=54622&NewsCatID=345>

E-commerce on rise in Turkey

Doğan Online’s hepsiburada.com, a leading local e-trade portal, sells over 1 million goods a month and the company is expected to reach 1 billion Turkish Liras (\$500 million) next year, said chairwoman, Hanzade Doğan Boyner, who also chairs Doğan Gazetecilik.

“A rise in our profitability is quite good. We sell more than 1 million goods a month and our turnover has increased by more than 50 percent,” Doğan Boyner said at the Webrazzi Summit 2013 in Istanbul yesterday. She noted that hepsiburada.com was the biggest e-commerce company in Turkey, adding that there was much higher potential for this sector in the country. Doğan Boyner stressed that they cared about competitiveness but quality of service came first.

Doğan Boyner stated that they were in a more aggressive investment period.

“E-commerce has a small share in Turkey. We, as the biggest sector player, carry certain responsibilities as a result. Maybe we are late for some investments. But I believe that we will

contribute to the growth [of the sector] with [the advent of] our new aggressive investment strategy,” she said.

Link: <http://www.hurriyetdailynews.com/e-commerce-on-rise-in-Turkey.aspx?pageID=238&nID=55154&NewsCatID=345>

Exporters predict ship, yacht sales to Russia to grow by 30 pct

Başaran Bayrak, chairman of the Ship and Yacht Exporters' Association of Turkey, recently stated that Turkey's ship and yacht exports to Russia are expected to be up by 30 percent at the end of this year compared to the year before, at Neva 2013 in St. Petersburg.

Bayrak noted that Russia will continue to be Turkey's target market for marine vessels and that Russia's close proximity to Turkey as well as the long-lasting bilateral relationship between the two countries are the main factors behind Turkey's focus on the Russian market.

While providing information regarding the trade figures between the two countries, Bayrak said: “The value of ship and yacht exports to Russia was \$811 million last year. We have achieved \$834 million in exports in the first eight months, and we expect the figure to reach \$1.2 billion by the end of the year.”

“Norway is our most important export market, and Russia ranks as one of the major ones. We also provide our customers with repair and maintenance services. By coming to the fair, we aim to make one-on-one contact with our service customers as well.”

Link: <http://www.todayszaman.com/news-327385-exporters-predict-ship-yacht-sales-to-russia-to-grow-by-30-pct.html>

Çağlayan: Turkey, Arab countries determined on cooperation

Economy Minister Zafer Çağlayan stated on Wednesday that the Turkish-Arab Economy, Trade and Investment Ministers Summit, which took place in Mersin on Sept. 24-25, shows the determination of Turkey and Arab countries in working towards cooperation in the world.

“In spite of those who want to create a rift among us, we take firms step toward brotherhood. In this region, peoples have lived in peace, tranquility and prosperity for centuries. With the

burden of responsibility that history lays on our shoulders, we have to contribute to the welfare of the region by enhancing economic relations [among us],” Çağlayan stated.

“Together with other members of the Arab League, we want to send a message that we intend on using trade and economic relations as a means to bring about peace, brotherhood, welfare and development,” Çağlayan said in his speech at the summit, held at the Mersin HiltonSA Hotel.

Evaluating economic relations between Turkey and Arab countries, Çağlayan noted that trade volume between Turkey and Arab countries increased by \$55 billion in 2012, which was 11 times that of 2002 at \$5 billion. Çağlayan also stated that Turkish contractors are important actors in Arab countries' construction sectors and have built hospitals, schools, roads and airports in all Arab countries.

Pointing out that Arab investment in Turkey has increased remarkably, Çağlayan stated that \$5 billion worth of Arab investment in 2002 has reached \$9 billion in 10 years.

Çağlayan also remarked on the small trade volume in non-petroleum goods between Arab countries. He stated that while the trade level among the European Union countries is about 60 percent, it is only 11 percent between Arab countries. “I believe that Arab countries, which liberalized their foreign trade with the Greater Arab Free Trade Area [GAFTA] and Gulf Cooperation Council [GCC], will increase the trade volume between them,” Çağlayan said.

Arab League Assistant Secretary-General for Economic Affairs Mohammed Ibrahim Al-Tuwaijri expressed the importance of the meeting in enhancing relations between Turkey and Arab countries. Pointing to the deep relations between Turkey and Arab countries, Al-Tuwaijri emphasized the importance of religious unity. Stating that the meeting will play an activating role for increasing cooperation among them, Al-Tuwaijri said that investment brings development and prosperity.

Stating that in last five years there has been an awakening in the Arab world to achieve economic integration, Al-Tuwaijri announced that Arab countries will create a common market by 2015 and abolish custom duties by 2020. “We will strengthen economic cooperating through destroying the ‘walls’ between Arab countries,” Al-Tuwaijri.

In addition to Al-Tuwaijri, 14 ministers from Turkey, Saudi Arabia, Qatar, Kuwait, Bahrain, Algeria, Djibouti, Morocco, Palestine, Iraq, Libya, Mauritania, Sudan, Tunisia and Jordan participated in the summit.

After the speeches of Çağlayan, Al-Tuwaijri and Moroccan Minister of Industry, Trade and New Technologies Abdelkader Aamara, the sessions of the summit were closed to the press

The summit is the longest meeting there has been between Turkey and the Arab countries. In a press release, the Economy Ministry stated that the summit is significant when recent developments in the region are considered. The summit aims to increase trade volume, set a course for investment and lift trade barriers between Turkey and the Arab League. Collaboration with international organization, enhanced cooperation on standardization in the areas of customs and foreign trade were other topics expected to be discussed in the meetings.

Link:<http://www.todayszaman.com/news-327388-caglayan-turkey-arab-countries-determined-on-cooperation.html>

Turkey is retail-industry model for Asia-Pacific countries

Retailers from Asia-Pacific countries believe that Turkey's experience in the industry can serve as a model for others trying to learn how to build a sustainable base for retail.

The Asia Pacific Retail Convention and Exhibition (APRCE) held in İstanbul from Sept. 23-26 saw many delegations from all over the world looking to learn from Turkey's experience in the retail industry.

Indonesian Retail Merchant Association Chairman Mr. Pudjianto said the growth and stability of Turkey's economy provided a good base for retail businesses to expand on. "Turkey has a growing economy and saw an increase in its GDP. The stability of its economy should be used by retailers to expand their product in this country," Pudjianto told Today's Zaman.

"From the exhibition, I have been able to exchange different opinions and experiences from the Turkish retailers to be brought back to my country," he added.

Pudjianto said that his association is trying to persuade retailers from Indonesia to cooperate with their Turkish counterparts as this will benefit both countries' economies. "We will try to introduce Indonesian products such as our handicraft and batik fabric to this region. We believe the strong purchasing power in Turkey will be beneficial to expand our own market," Pudjianto said.

Guan Heng Tan, director of the Singapore-based International Council of Shopping Centers, said the immense size of the Turkish retail industry makes it a good platform for other retailers in the Asia-Pacific region to access global markets for their products. "The Turkish

retail industry is very big as we see most of the products used by Turkish people are domestically produced. They could use their experiences in this sector to provide guidance to other retailers in the Asia-Pacific region,” he said.

“The retail business is not only about selling products to your customers, but you also need to learn how to retain the customers to stay with the products. The exhibition emphasized much on this principle as a core towards good retail services,” the director added. “One thing that caught my eye is how Turkey's retail products did not focus on a specific gender. Many retailers in Asia-Pacific region targeted women as their primary consumer, leaving male consumers to turn to international products that are much more expensive,” he explained.

Noriham Abd Jalil, a branch manager of Parkson, one of the largest retail chains in Malaysia, said Turkey's retailers are full of ideas and experiences that can be used by Malaysian retailers to expand their market. “Turkey's experiences in this sector will be our guideline for us to achieve the same growth in the retail market on par with other developed countries,” Jalil said.

İstanbul is currently hosting the APRCE, which brings together more than 2,000 participants from 33 countries to talk about the future of the retail sector and discuss business opportunities that may set the stage for new cooperation.

Link: <http://www.todayszaman.com/news-327299-turkey-is-retail-industry-model-for-asia-pacific-countries.html>



Ukraine grain exports reported up 14.3% over past three months

Ukraine increased grain exports 14.3% on the year to 5.3 million metric tons between July 1 and September 20, the Agrarian Policy and Food Ministry reported Tuesday. The latest data support an earlier forecast by the Ukrainian Grain Association that Ukraine may become the world's second biggest exporter of grain in the 2013-2014 marketing year.

Ukraine is forecast to export 30.2 million metric tons of grain in 2013-2014 marketing year, up from 23 million metric tons in 2012-2013, according to the UGA.

Link: <http://ukrainianjournal.com/index.php?w=article&id=17256>

EU Preps for Rapid Trade Opening With Ukraine If Accord Signed

European Union governments prepared to speed trade concessions to Ukraine if the two sides overcome political barriers to a broader partnership accord. Representatives of the 28 EU national governments agreed yesterday to enact the free-trade elements of a proposed [Association Agreement](#) once it's signed, without waiting for national ratification of the full pact, an EU official told reporters in Brussels today.

Link: <http://www.bloomberg.com/news/2013-09-24/eu-preps-for-rapid-trade-opening-with-ukraine-if-accord-signed.html>

China buying Ukraine land to meet rising food demand

China is to buy 3 million ha of Ukrainian farmland, media said, which would make Ukraine China's largest overseas farming centre as it strives to keep pace with rising food demand. China's official Xinjiang Production and Construction Corps has signed an agreement with Ukrainian agricultural firm KSG Agro, which would see Ukraine provide 100,000ha to China. That would eventually rise to 3 million ha, the South China Morning Post said. Chinese experts have said China must expand its overseas farming to ensure sufficient food supplies because of its limited land and low productivity.

China accounts for a fifth of the global population but only 9% of its land. Demand for food is rising as incomes rise. The 50-year plan was mainly aimed at growing crops and raising pigs, the Hong Kong newspaper said, citing a statement from the Xinjiang Production and Construction Corps (XPCC).

In 2009, China had a total of just over 2 million ha of farming land abroad, the newspaper said, quoting an agriculture expert. A spokesman at the government-linked XPCC said he was not aware of the statement and did not immediately respond to a request from Reuters for confirmation of the report. China's overseas expansion in agriculture has raised some concern.

In June, Australian politicians called for greater scrutiny over farm purchases by foreign buyers. Chinese investors bought up Australia's biggest cotton farm in 2012. China, which has aims to be 95% self-sufficient in food, also suffers from fears over food safety after a series of scandals ranging from melaminetainted milk to toxic heavy metals in rice and vegetables.

Link: <http://www.thestar.com.my/Business/Business-News/2013/09/23/China-buying-Ukraine-land-to-meet-rising-food-demand.aspx>

Ukraine grain exports up 14 pct as wheat shipments rise

Ukraine's exports of grain rose by more than 14 percent season-on-season to 5.3 million tonnes as of Sept. 20 on higher shipments of wheat and barley, the agriculture ministry said on Monday. Ports data showed the exports included 3.1 million tonnes of wheat, 1.6 million tonnes of barley and 573,000 tonnes of maize, the ministry said in a statement.

The ex-Soviet republic had exported 1.6 million tonnes of grain this month, it said. Agriculture Minister Mykola Prysyazhnyuk told Reuters this month that exports were likely to rise to between 2.5 and 2.6 million tonnes this month versus 2.46 million in August.

Exports could jump to between 26 and 30 million tonnes in 2013/14 from about 23 million a season earlier, the ministry has said.

Link: <http://in.reuters.com/article/2013/09/23/ukraine-grain-exports-idINL5N0HJ0Y120130923>

DTEK allocates UAH 1.5 billion for sustainable development projects

DTEK said it has allocated UAH 1.533.3 billion in the first half of 2013 to sustainable development projects, including social partnerships with towns where the company operates,

health and safety, environmental protection, and maintenance of social assets. DTEK said that it spent UAH 290 million on the maintenance of social sector assets and non-commercial facilities in the first half of 2013. Most of the expenditure was on the maintenance of boiler houses, health and recreation resorts, housing facilities on the books of enterprises, public food facilities, and sports and recreation facilities.

Social investment into the development of regions where DTEK operates totaled UAH 43.5 million. It is planned to invest about UAH 144 million in social projects, including UAH 120 million, through year end as part of the three-year Social Partnership Strategies with regions where the company operates and about UAH 24 million into the Development Fund of Luhansk region.

Link: <http://ukrainianjournal.com/index.php?w=article&id=17232>

Ukraine to increase exports of corn by 18.3% in current season

Ukraine will increase exports of corn by 18.3% to 16.4 million metric tons in the 2013-2014 marketing season from 13.86 million tons the previous season, the agrarian policy and food ministry reported Friday.

Ukraine, one of the world's largest producers and exporters of grain, will boost the corn exports in reaction to strong demand, Mykola Prysiashniuk, the agriculture policy and food minister, said in a statement.

Link: <http://ukrainianjournal.com/index.php?w=article&id=17197>

Moody's downgrades three Ukraine bond issuers to country level

Moody's Investors Service downgraded the Eurobonds of steel producer Metinvest (METINV), poultry producer MHP (MHPSA) and utility holding DTEK (DTEKUA) to Caa1 from B3, the agency reported on September 24, Concorde Capital told clients in an advisory today.

The reason is the prior-day downgrade of Ukraine's foreign-currency bond country ceiling to Caa1, Moody's said. At the same time, the agency noted that the business profiles and financial metrics of the affected companies are strong for a Caa1 rating, and they could have a

higher rating if not for the country ceiling. Moody's kept unchanged the rating of iron ore producer Ferrexpo (FXPOLN), which it downgraded to Caa1 in December 2012.

Concorde analyst Alexander Paraschiy added: "The market fully anticipated the downgrade, and the yields of the affected bonds had already increased 1.3-3.0pp since September 20, when Moody's downgraded Ukraine's sovereign rating. Now we expect the agency will downgrade other covered Ukraine bond issuers, including Ukreximbank (EXIMUK), Oschadbank (OSCHAD), Privatbank (PRBANK) and PUMB (PUMBUZ), which still have a rating above Moody's new ceiling. There is also a risk that Moody's will downgrade further the Eurobonds of VAB Bank and Finance & Credit Bank, which have a rating one notch lower than the sovereign.

"So far, the lucky ones eluding a downgrade are Avangard (AVINPU), Mriya (MRIYA), Ukrlandfarming (UKRLAN) and Naftogaz of Ukraine (NAFTO), which are not covered by Moody's but by the two other authorities, Fitch and Standard & Poor's. They are keeping their Ukraine rating at "B" level, though we don't rule out revisions in the coming weeks."

Link: <http://www.ukrainebusiness.com.ua/news/10383.html>

Ukraine Is Largest Wheat Supplier to South Africa

In the current season, Ukraine has become the main wheat supplier to the Republic of South Africa, reports Bloomberg. Ukraine provided 23 percent of the country's wheat import, which exceeded 1.2 million tons. Ukraine delivered to South Africa the most wheat in the week through September 13, 2013 – more than 53 thousand tons. This is the largest wheat import for South Africa since the week through March 29, 2013, when the country imported more than 56 thousand tons of the cereal from Brazil.

Ukraine is also one of the top wheat suppliers to Egypt. Just in July – September 2013, Ukraine sold more than 700 thousand tons to Egypt. Moreover, Ukraine is one of the top ten major wheat exporters in the world. In 2013-2014, Ukraine is set to increase wheat crop by 40 percent, according to the U.S. Department of Agriculture. The Eastern European country could make it to number six in the global wheat exporter rating in 2013. Ukraine is also aiming to become third largest corn exporter and fourth largest barley exporter.

Ukrainian export ambition is to become the second largest grain exporter in the world following the U.S., stated the Minister of Agrarian Policy and Food of Ukraine Mykola

Prysyazhnyuk on August 15, 2013. Ukraine expects to make it to the world's top five grain exporters this year and hopes to get a 10 percent share of the global grain market, which is anticipated to reach 286 million tons in 2013.

Ukraine introduced new customs procedures for grain with its 2012 Customs Code. Following the new rules, phytosanitary and radiological certification is the only documentation Ukrainian grain exporters are now required to submit. This promotes free and unhindered grain export, reckons sector analyst Ruslan Shvets, Head of AgroNews, quotes latifundist.com. As a result of simplified export procedures, grain export from Ukraine increased by 24 percent since the start of the marketing year.

In 2013-2014 marketing year Ukraine plans to export the record 28 million tons of grain.

Link: <http://wnu-ukraine.com/news/economy-business/?id=3460>

Ukraine Signs Treaty With Leading Oil and Gas Exploration Companies

Ukraine has concluded the treaty on signing the hydrocarbons sharing agreement within Skifske field. The Treaty was signed in the presence of the President of Ukraine Viktor Yanukovich by the Minister of Energy and Coal Industry Eduard Stavytskyi and representatives of Exxon Mobil Exploration and Production of Ukraine, Shell Exploration and Production, and OMV Petrom SA in New York, U.S.

The treaty is a mandatory first step required by Ukrainian legislation before the signing of the actual production sharing agreement, which is expected to take place in Kyiv within a month, commented minister Stavytskyi. He believes that the exploration works may start as early as the end of 2013. They will begin with geo-seismic survey in the Black Sea to determine the drilling zone. According to Exxon Mobil estimates the Skifske field may yield about 8-10 billion cubic meters of gas annually, noted minister Stavytskyi.

The signing of the treaty goes in line with Ukraine's top priority with respect to energy security – to increase the domestic production of gas. In August 2013, minister Stavytskyi recalled that 40 years ago, Ukraine produced more than 70 billion cubic meters of gas per year which is triple of what the country produces today.

He also mentioned that in over a century of intensive gas production in Ukraine the gas reserves from conventional sources had been largely exhausted. Therefore, "Ukraine's best

prospects are to develop the unconventional gas resources such as shale gas and the Black Sea shelf,” said Stavytskyi.

The Ukrainian energy minister cited the example of the U.S., which used modern technology and private investments to significantly increase its own gas production reducing the price to USD 100 per thousand cubic meters. Stavytskyi stressed that Ukrainian government had a similar goal of drastically increasing domestic gas production from unconventional sources and starting projects on further exploration of shale gas in Ukraine through multi-billion dollar investments in the industry.

Currently, Ukraine cooperates with such global leaders as Chevron, Shell, and ExxonMobil, which will develop gas deposits in western and eastern regions of Ukraine, as well as in the deep marine shelf field under the Black Sea.

Link: <http://wnu-ukraine.com/news/economy-business/?id=3485>

S&P, Fitch see downward risks for Ukraine's single-B rating

Standard & Poor's and Fitch expressed concern on Wednesday about Ukraine's falling foreign exchange reserves and its ability to refinance its debt, saying they were negatives for the country's single-B rating.

Ukraine's dollar debt and debt insurance costs have moved rapidly into distressed territory this week, after [Moody's](#) downgraded the country to Caa1 from B3 late on Friday and put the rating on review for a further downgrade. Moody's cited concerns over a drop in foreign currency reserves and potentially worsening relations with [Russia](#).

Both [S&P](#) and Fitch rate Ukraine at single-B with a negative outlook.

"We said at the time of the last downgrade (in December 2012) that a key issue for us would be whether or not the government improved its strategy for securing foreign currency," [S&P](#) analyst Trevor Cullinan told Reuters in a telephone interview.

"We still have a negative outlook and the issue we were pointing to directly hasn't improved and has potentially worsened. I would say the downward pressure on the rating is definitely still in place."

Investors are pricing a potential shock default in Ukraine over the coming year, their fears reflected in a jump in short-dated bond yields and the cost of buying one-year debt insurance in the credit default swaps market.

Ukraine's debt repayment schedule starts to build up from next year and its access to international capital [markets](#) is currently closed, analysts said.

Foreign exchange reserves currently stand at \$21.7 billion, which analysts say is less than the three months of import cover normally considered an acceptable buffer against currency shocks.

"If reserves continue to fall and there is no sign of a coherent policy to refinance the obligations coming due - in terms of external debt repayments and the IMF - we would view that negatively, that's going to weigh on the rating," Fitch analyst Charles Seville told Reuters in a telephone interview.

"The negative scenario is when reserves start to fall quickly and you start to see large-scale demand for foreign exchange and a disorderly currency adjustment and reserves falling below a level where it's possible to make those debt payments."

Analysts are also pessimistic that Ukraine can secure aid from the International Monetary Fund.

Link: <http://www.reuters.com/article/2013/09/25/us-ukraine-rating-sp-idUSBRE9800OR20130925>

Ukraine GDP Growth Forecast Cut in Half in Poll of Economists

Ukraine's economy will expand at less than half the pace initially projected for 2013, economists said as they slashed their forecasts for third-quarter growth.

Gross domestic product will rise 0.6 percent from a year earlier between July and September, 0.3 percent this year and 2.1 percent in 2014, according to the median estimate of 20 economists in a Bloomberg survey carried out Sept. 20-25. The previous poll, conducted June 21-26, had showed third-quarter growth of 2.5 percent and 0.7 percent and 3 percent expansion in 2013 and next year.

Ukraine is struggling with an [economic contraction](#), a widening current-account gap, shrinking foreign reserves and trade restrictions from [Russia](#), its biggest export market.

Moody's Investors Service cut Ukraine's debt rating on Sept. 20 by one level to Caa1, seven

steps below investment grade, citing growing political and economic risks and a lack of progress on an international bailout.

“The combination of large external vulnerabilities, the poor business environment and the fragile banking sector is likely to ensure Ukraine remains among the worst performers in emerging [Europe](#),” Liza Ermolenko, an emerging-markets economist at Capital Economics Ltd. in [London](#), said yesterday by e-mail, “We don’t think the recovery in the Ukrainian economy will be particularly impressive.”

The cost to insure Ukrainian government debt against non-payment for five years using credit-default swaps surged to a three-year high after Moody’s downgraded the country’s rating deeper into junk last week, citing “very high [default risk](#).” The swaps cost 1,037 basis points yesterday, the fourth-highest in the world, data compiled by Bloomberg show.

Ukraine’s state statistics committee will report third-quarter GDP on Oct. 31.

Link: <http://www.bloomberg.com/news/2013-09-26/ukraine-gdp-growth-forecast-cut-in-half-in-poll-of-economists.html>

Ukraine reaches deal for Black Sea gas with Exxon, Shell

Ukraine said Thursday it has reached a natural gas production-sharing agreement with a consortium led by Exxon and Shell.

The consortium, which also includes Romanian energy group Petrom and Ukraine's state-owned Nadra Ukrainy, will extract natural gas on the Skifski site off Ukraine's Black Sea coast.

An initial accord was signed by Ukrainian Energy Minister Eduard Stavytsky and representatives of Exxon, Shell, and Petrom on the sidelines of the UN General Assembly in New York, the Ukrainian presidential press service said.

The sides agreed to sign a formal production-sharing agreement within a month in the Ukrainian capital Kiev.

Skifski, which is located in the northwest part of the Black Sea, near Romania, is expected to provide eight billion to ten billion cubic metres of natural gas per year, Stavytsky said.

Link: <http://www.globalpost.com/dispatch/news/afp/130926/ukraine-reaches-deal-black-sea-gas-exxon-shell>