

August 20, 2008

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TOP STORIES

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1. Serbian PM: Russian energy deal is still on

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August 20, 2008

Serbia's Prime Minister Mirko Cvetkovic has moved to reassure Russia that the energy deal between his country and Russia is still on track, despite recent reports that some Serbian ministers are having second thoughts, Beta news reports.

The prime minister told reporters that negotiations would be held regarding the gas-fuel arrangement and the sale of the Serbian Oil Industries (NIS), but that he could not go into details.

Serbia has recently initiated a private evaluation of the value of NIS. Cvetkovic argued that this was necessary because citizens with the right to free shares in the company need to know exactly how much to expect from its sale.

The energy agreement between Serbia and Russia was signed on January 25 in Moscow.

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## 2. UN, EU sign Kosovo agreement, Serbian ministers disapprove

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August 20, 2008

The UN and EU missions to Kosovo, UNMIK and EULEX respectively, have signed a memorandum of understanding about how both organisations are to work together, Serbian media reports.

The document will see the transfer of responsibilities from UNMIK to EULEX in the areas of justice, police and customs, UNMIK spokesman Alexander Ivanko told B92 earlier in the day.

Reacting to the agreement, Serbia's Prime Minister Mirko Cvetkovic said that Serbia does not accept EULEX.

"What they are signing now, we don't consider that it is what Serbia has insisted on," Cvetkovic was quoted as saying on Monday.

Kosovo Minister State Secretary Oliver Ivanovic said the memorandum "only prescribes technical details for the EULEX mission's functioning, but that the government will nonetheless react in the UN".

"That is a technical memorandum concerning technical details, space, cars, equipment, but that memorandum cannot sanction the mission. As with every similar provocation, this technical move cannot be ignored, and the government will submit a protest to the Security Council. You can't go about it this way," said Ivanovic

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## 3. First Turkish-African summit hoped to significantly boost trade

ATA Invest

August 20, 2008

Istanbul hosts the first Turkey-Africa Cooperation Summit on Monday with the participation of heads of state and government, and foreign ministers from about 50 African countries, including Sudan's controversial President Omar Hassan al-Bashir

Turkish State Minister Kursad Tuzmen said on Monday that he estimated trade volume between Turkey and African countries to be 19 billion USD this year. Speaking at a dinner held within the scope of Turkey-Africa Cooperation Summit, Tuzmen said Turkish government initiated "Africa Strategy" in 2003, adding that, "Turkey's trade with this continent was 5 billion USD when we first initiated this

strategy." "We implemented the right strategy and we achieved 13 billion USD in 2007. I estimate trade volume to be 19 billion USD this year.

#### SOUTHEAST EUROPE NEWS

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#### 4. New motorway connecting Slovenia and Hungary opened

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August 20, 2008

A stretch of motorway connecting Slovenia with Hungary has been officially opened by the Prime Ministers of both countries, STA reports.

The 14-kilometre section between the NE town of Lendava and the Pince border crossing will connect Slovenian motorway network with the Hungarian motorway toward Budapest.

The new road means that Slovenia now has motorway connections with all four of its neighbouring countries.

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#### 5. Norway donates €600,000 to Serb courts

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August 20, 2008

Norway has donated €600,000 towards a judicial reform project in Serbia, Tanjug reports.

The project, dubbed "Promotion of justice accessibility in courts in the Republic of Serbia" is implemented by the International Management Group (IMG), in cooperation with the Ministry of Justice, and includes 20 municipal courts in Serbia with around 200 individual segments, which required donors' assistance.

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#### 6. Survey shows strong demand for Nabucco capacity

ATA Invest

August 20, 2008

Potential shippers have reserved over 100 percent of the capacity of the Nabucco project, a pipeline project that is to carry Caspian natural gas to European markets through Turkey starting in 2013, a recent survey has shown. In preparation for the open season process, Nabucco Gas Pipeline International GmbH conducted a market survey among potential shippers on a non-binding basis last month. The survey results have shown that there was strong demand for the transport of natural gas from various gas sources in Central Asia and the Middle East

#### STORIES FROM WEBSITE

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#### 7. CASPIAN BLOG: Grafting away in Azerbaijan

Azerbaijan capital Baku

bne  
August 20, 2008

Azerbaijan's economy, fuelled by massive oil revenues, has been growing at crazy rates over the last two years - and like many of the countries in the region, inflation has soared. But it is corruption, not petrodollars, that's driving this inflation. The capital Baku has always had a bad reputation for graft, but one highly placed foreign advisor says things are getting out of hand.

"Some people are getting so insanely rich - they make billions," the well-placed advisor who didn't want to be named recently told bne. "People are making millions a day in cash from corruption and the money goes straight back into the economy and fuels inflation."

To read more <a href=" http://www.businessneweurope.eu/storyf1189 ">click here</a>:BODY//

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#### 8. Kazatomprom aims for top nuclear spot

Clare Nuttall in Almaty  
August 20, 2008

As the nuclear industry enjoys a global revival, Kazatomprom is positioning itself to overtake Cameco as the world's largest producer of uranium. It said in July that it expects to achieve this as early as next year, rather than in 2010 as originally planned.

The progress of Kazakhstan's national atomic company is to a large degree due to the vision of its charismatic president Mukhtar Dzhakishev, helped by the country's substantial uranium reserves and the Soviet technical legacy.

Back in 2001, when uranium prices were at an all-time low of just \$6.20 per pound, Dzhakishev forecast a future deficit in uranium supplies. At the time, his was a lone voice. After the break-up of the Soviet Union, production had almost ground to a halt as cheap uranium flooded the market. However, by 2001 supplies were severely depleted and the world was on the brink of a supply shortage. Nuclear power was also about to come back into vogue because of growing fears about energy security and climate change. Just seven years later, Dzhakishev's forecast of a nuclear renaissance has been realised.

To read more <a href=" http://www.businessneweurope.eu/storyf1207 ">click here</a>:BODY//

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#### 9. MOSCOW BLOG: The mess in Georgia

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August 19, 2008

The five-day war that broke out in the Caucasus in August has raised a number of extremely thorny problems, with the rights and wrongs of the conflict between Russia and Georgia far from clear. But for the majority of the western media there was no doubt as to whom was to blame - Russia.

The press has been filled with accusations of imperialism and heralding the start of a "new Cold War." The most telling bias of all came from the international TV crews sent to cover the conflict, who mostly went to Gori, the village about 50 kilometres south of the border with South Ossetia (incidentally also Stalin's birthplace). In other words, none of the international coverage attempted to cover the fight itself, which was largely concentrated on the South Ossetian capital of Tskhinvali, but went to Gori to await a Russian invasion. Only the Guardian, from the British press, had a correspondent in South Ossetia in the first few days. And the bulk of the western reporting centred on speculation that the Russian forces would cross over into Georgia proper and take Gori and then the capital Tbilisi, despite Moscow's continuous and strenuous claims it had no intention of doing so.

To read more <a href="http://www.businessneweurope.eu/storyf1205">click here</a>:BODY//

#### TURKEY

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10. Number of Turkish liquidated companies up 9.5% in July  
ATA Invest  
August 20, 2008

According to Turkish Statistical Institute data, the number of liquidated companies increased by 9.5% to 799 in July 2008 with respect to the same period of the previous year. On the other hand, the statistical data implies that the number of newly established companies and cooperatives increased by 2.4% to reach 4,263. With the announced July figures, in 7M08 the total number of newly established companies decreased by 2% YoY to 33,142, while the number of liquidated companies in the same period recorded at 5,941, representing 4 % decrease compared to a year ago.

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11. Turkey to finalize Iranian energy agreements in one month  
ATA Invest  
August 20, 2008

Turkey hopes to finalize the planned energy deals with Iran within a month after the sides failed to agree on the deals during Iranian President Mahmoud Ahmadinejad's visit last week. Turkey's Energy Minister Hilmi Guler said the technical works on the planned agreements are underway

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12. Turkey to transfer Geothermic fields and wells to private sector  
ATA Invest  
August 20, 2008

Turkey's Energy Minister Hilmi Guler stated that with this transfer 250K job will be available as well as generating US\$ 5 bn which will be directed into other investments.

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### 13. Turkey's Turkcell to provide Apple's iPhone to clients

ATA Invest

August 20, 2008

Turkcell (TCELL TI) agreed with Apple to provide iPhone to its clients in Turkey. Positive news for Turkcell, BUY is maintained with a target price of YTL12.1 per share

According to Reuters news, with an agreement signed with Apple, Turkcell will start promoting iPhone 3G to its clients in Turkey towards the end of 2008. The pricing and tariffs will be disclosed later. Previously in May, Vodafone announced their agreement with Apple for the marketing of iPhone in 10 countries including Turkey. As we understand from the news, Turkey is among the few countries that Apple does not have an exclusivity agreement with a single operator to promote iPhone.

Comment: This is good news for Turkcell. First of all, if iPhone was only provided by Vodafone, it would provide an advantage to Vodafone over Turkcell and Avea. The timing of such an offering would specially be important as the MNP is in place towards the end of 2008 and would be a reason for some users to churn from Turkcell.

With this agreement, we believe Turkcell eliminated an important disadvantage against Vodafone and we believe it is a very positive move for Turkcell. We maintain our BUY recommendation with a target share price of YTL12.1

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### 14. Turkish consumer confidence grows in July

ATA Invest

August 20, 2008

The consumer confidence index in Turkey climbed by 2.66 percent in July, indicating more positive expectations among consumers with regards to the economy's overall condition in the near future despite higher energy and food prices. In the monthly Consumer Tendency Survey, which is carried out jointly by the Turkish Statistics Institute (TurkStat) and the Central Bank of Turkey, the consumer confidence index, which was 75.01 in June 2008, increased by 2.66 percent to 77.01 last month

## ROMANIA

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### 15. Romania's Iproeb sees second quarter drop in turnover

Raiffeisen

August 20, 2008

Cables producer Iproeb (IPRU) released its 2Q 2008 results. The company reported a 20% yoy drop in turnover to RON 36.2 mn. Raw material costs went in the same direction, falling 18% to RON 25 mn and labor costs stayed flat to RON 5.1 mn. EBIT and net profit stood at RON 5.2 mn and RON 4.6 mn respectively, both 25% lower yoy. The company explained the slowdown in activity by lower export demand and a decrease in sales to Transelectrica. Over the first six months of 2008, sales amounted to RON 72.7 mn, down 22% yoy and net profit reached RON 10.3 mn, 28% lower yoy.

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16. Romania's Mecanica Ceahlau calls GSM to approve real estate sale  
Raiffeisen  
August 20, 2008

Agricultural equipment manufacturer Mecanica Ceahlau (MECF) called an Extraordinary General Shareholders Meeting (EGSM) for September 26. The shareholders are asked to approve the sale of a piece of land of 22,235 sqm in Piatra Neamt. We see the news as positive as the sale of the non-core asset will generate an inflow of cash that can be used to finance the companys capex plan

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17. Romania's Vrancart posts impressive growth Apr-Jun  
Raiffeisen  
August 20, 2008

The paper and cardboard producer Vrancart (VNC) released its 2Q 08 results under RAS. Turnover posted an impressive growth of 53% to RON 29.3 mn. Despite the increase in raw material costs and labor expenses, operating profit stood at RON 2.4 mn, 3x higher on 2Q 07, while the bottom line came in at RON 2 mn, up 67% yoy. The 1H 08 turnover stood at RON 56.7 mn (up 46% yoy), while net profit was at RON 3.6 mn (up 20% yoy). The reported results can be considered as positive, as the 1H 08 net profit is 19% higher than budgeted.

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18. Sales for Romania's Albalact up 18% on yr Apr-Jun  
Raiffeisen  
August 20, 2008

Albalact (ALBZ), the largest dairy producer in Romania still in private hands, has released its 2Q 08 financials under RAS. Sales were up 17.7% yoy to RON 42.9 mn, on the back of the inherent development of the local market as a result of the grey milk economy turning white. On the costs side, the company's performance was less impressive, with most expenses surging yoy. Raw materials expenses were up 36% yoy to RON 31.3 mn, due to hikes in the milk price and difficulties related to securing milk within EU quality paramenters. Salaries were up 44% yoy to RON 4.92 mn. EBIT was down more than 80% yoy to RON 0.43 mn from RON 2.28 mn a year earlier. Bottom line amounted to RON 0.13 mn, 90% lower yoy. The results are in line with our expectations. We will present our views in a first impression shortly.

## BULGARIA

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19. Bulgaria's Svilengrad to have over BGN7.5m of new roads  
bne  
August 20, 2008

The southern Bulgarian town of Svilengrad, close to the borders with Greece and Turkey, is to get 3,720m of new roads costing over BGN7.5m, Novinite reports.

The new roads are hoped to reduce heavy traffic and congestion in the region, with 1220 meters of the project going towards new streets for one of the Svilengrad's newest neighborhoods, located behind the stadium "Kolodruma" where the entire infrastructure and the sewerage system are also going to be built.

## BALKANS

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20. Bosnia's Boska dept store likely to be sold in Sept  
bne  
August 20, 2008

The contract for selling Bosnia's troubled department store Boska to a consortium of two Serbian companies Delta and Zextra will likely be signed in September, Boska's CEO Ljubomir Dakic stated.

Dakic explained that the buyers have already submitted all the necessary documents for the purchase to Bosnia's competition council, and added that the signing is expected to be made by the end of the month.

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21. Colliers to build top class office building in Tirana, Albania  
bne  
August 20, 2008

Press release from Colliers International:

Millennium Business Center will be eight storey Class A office building in Tirana

Colliers International Albania has announced that it will be the exclusive leasing agent for the Millennium Business Center in Tirana, the leading office project in the country.

The Millennium Business Center will be an eight storey Class A office building featuring some 18,000 m2 of total built up area, of which more than 7,000 m2 will be offices. It will also feature retail on the ground floor and cinemas on two underground floors, as well as a two level underground parking garage with more than 100 spaces.

It will be strategically located at the intersection of two major boulevards in the heart of Tirana's Central Business District and in close proximity to exhibition and conference facilities.

The building will be constructed to the highest international architectural standards and equipped to the highest international technical standards. It will offer "open plan" office configuration, flexible to the requirements of tenants, with each office enjoying high-tech telecommunications connections. There will also be 24 hour security, a CCTV monitoring system, security card entrance for each office, independent power supply and an advanced fire fighting system.

Alban Xhillari, President of Millennium Group, said, "The Millennium Business Center will set new standards of excellence for architecture and construction and will play a major role in the life of the city."

Philip Bay, Regional Director of Colliers International Southeast Europe, Managing Director of Colliers International Albania and President of the American Chamber of Commerce in Albania, commented, "The Millennium Business Center will be a landmark project for Tirana that will help transform the Central Business District and greatly increase the supply of Class A office space. We are very proud to be involved with such a significant project and will use our international experience and expertise to ensure its success."

Mario Zaka, Consultant, Colliers International Albania, added, "Colliers International is the only international property consultancy to have an office in Tirana and we are the dominant force in the office market here."

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