



UBCCE QUARTERLY BULLETIN

Spring 2008 N°5

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Today the Black Sea-Caspian region with its increasing strategic importance attracts attention of many countries of the world on realization of their economic, political and other interests. This region can carry out the factor of balance between east and western hemisphere and therefore it is of great importance that it will be politically

and economically stable. UBCCE is assured of exclusive importance of the role of businessmen in the establishment of this stability. Escalating the already existing economic relations between the countries of our region can serve transformation of Blacksea and Caspian to a zone of democracy, peace, safety and prosperity which is one of inducements for creation of UBCCE.

The major strategic task of our Union is to become the “Voice of business in the Black Sea and Caspian Region”. Unfortunately, trade between the countries of our Region makes only a small part of our general barter. This situation forces to ask the following question: What role can business play in stimulation of trading and investment relations between the countries of the Region and what type of institutional communication can promote interaction of private sector? The private sector can bring a big contribution to the solution of problems by providing a platform for dialogue and cooperation, like UBCCE as a business-organizations of the Region.

It is important to emphasize that UBCCE is unique, as it is the first example of international union of private sector organizations in the Region. Representing now 19 organizations-members from 15 various countries, UBCCE is convinced of availability and expediency of voluntary business-organizations under a uniform organization.

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Membership in business organizations as UBCCE is a good occasion for the establishment of mutual business relations between businessmen. Organizations like UBCCE can render the real help for the business-structures of the country-participant in the decision of important problems and challenges for them like in the case of TÜSIAD whose membership in BUSINESSEUROPE since 1986 has helped to accelerate the efforts of Turkey to join EU and membership in BUSINESSMED has strengthened its relations with the southern Mediterranean countries.

Administrative organs of our Union should fix the existence of the Organization capable to unite business-structures of the Black Sea and Caspian regions and one of the main purpose of UBCCE should be to become counterpart organization of BUSINESSEUROPE. As also noted by the Secretary General of our Union, UBCCE should be unpolitical, where economic interests should become the main point of its creation in an economic space possessing big potential.

The group generated from the participant countries should be carrying weight in constantly varying world conditions as these countries have a strategic arrangement on the crossroads of East and West. For Kazakhstan it is not simply prestigious, but also useful to be in such a structure of businessmen. It is especially significant that Kazakhstan is selected to be one of the four vice-presidents of the Union and will be running the issues related to strategic development of business and ecology within UBCCE.

Today, the direction of transport through the Caspian Sea and the Caucasus to Europe is one of the basic directions of Kazakhstan's oil and gas transportation. EU highlights also to this direction. Many projects have already been realized and no less ones are at stage of development. By being member of various networks and organizations in Europe UBCCE can serve as the bridge with institutions of EU, as the effective channel of communications and transfer of know-how.

Therefore, it is very promising that Atameken Union of Kazakhstan which is the leading business-association of the country becomes full member of UBCCE. With this occasion it is worth mentioning that among our members there exists 47 branch associations representing business in oil-and-gas, metallurgical, mining, grain, food, furniture, textile and other branches.

Only in last year Atameken Union represented Kazakhstan in business contacts with businessmen from Finland, South Korea, Germany, Turkey, Egypt, Lebanon, Saudi Arabia, Jordan, Belarus, Lithuania, Czechia, the USA, Tajikistan, Italy, Slovakia, Romania, China, Pakistan, Georgia, Thailand and Japan.

Since the beginning of the year, Atakemen Union has lead 49 joint arrangements with businessmen from other countries, has accepted 30 foreign business-delegations, participated and has lead 18 business forums, 7 exhibitions. Atakemen Union has organized and directed in other countries, 14 delegations of Kazakhstan businessmen representing the various companies and branches of economy.

I am assured that participation of Atameken Union to UBCCE will surely contribute in economic prosperity and well-being of the Black Sea-Caspian Region people. Membership of Atameken in UBCCE will also allow to increase recognition of the Organization in the Region and to increase contacts and investment opportunities. I am assured of prospects of our Organization.

Vladimir Dvoretzkiy

ATAMEKEN & UBCCE Vice President

UBCCE FIRST GENERAL ASSEMBLY

Istanbul – Turkey, March 11

The First General Assembly of UBCCE was held on March 11, 2008, the day after the Executive Committee Meeting, in Neuchatel Hall of Swissotel in Istanbul, Turkey. High level representatives of private sector organizations from Azerbaijan, Austria, Bulgaria, Georgia, Greece, Iran, Kazakhstan, Romania, Serbia, Turkey and Ukraine participated at the Assembly.

Following the welcome address of UBCCE and TÜSİAD President Arzuhan Doğan Yalçındağ underlining her belief in the constructive role that can be played by private business for the economic and social development of the Region, the Meeting of the Presidents, closed to the mass media, started and the issues on the Agenda were discussed.



Family Photo of UBCCE I. General Assembly participants

After the approval of the amendments proposed in the Statutes and Rules of Procedure and the confirmation of the governing bodies elected by UBCCE Founding General Assembly of November 2006, the admission of new members were approved by the Assembly. **Hereby** Atameken Union of Kazakhstan and Confederation of Employers of Ukraine (CONFEU) became the new full members of UBCCE whereas Federation of Austrian Industry (IV) and Bavarian Business Association (VBW) were admitted to the Union as “associate” members.



President Yalçındağ delivered a welcome speech to General Assembly participants before passing to agenda items

The Assembly also approved UBCCE 2007 Activity Report and Union’s Action Plan for 2008 presented by Secretary General Murat Zöngür and decided unanimously to designate Ömer Sabancı, as the “Honorary President” of UBCCE for his contributions for the foundation of the Organization during his Presidency term in TÜSİAD.



Minister Güler delivered a speech as "Guest of Honor".

A night before the General Assembly, presidents and senior representatives of UBCCE member countries' private business organizations came together at the Gala Dinner hosted by TÜSIAD in Adile Sultan Palace. TÜSIAD Executive and High Advisory Boards' members as well as the diplomatic mission representatives of the Black Sea and Caspian Region countries were also present at the dinner.

Turkish Minister of Energy and Natural Resources Hilmi Güler and Secretary General of the Organization of Black Sea Economic Cooperation (BSEC) Ambassador Leonidas Chrysanthopoulos delivered speeches as the guests of honour of the Gala Dinner.

CONTACTS OF THE SECRETARIAT

- On February 16,** Participation at the BUSINESSMED General Assembly held in Cairo, Egypt.
- On February 27,** Meeting with the Consul General and Vice Consul of the Former Yugoslav Republic of Macedonia, Igor Popov and Risto Velkovski.
- On February 28,** Meeting with Giuseppe Reggia, General Manager of BCI Consulting of Italy.
- On February 28,** Meeting with Dimitris Tsadouhas, Assistant Professor at the Middle East Technical University.
- On April 16,** Meeting with Oscar Bocos Canora, International Relations Director of the Confedartion of Employers and Industries of Spain.
- On April 17,** Participation at the "Golden Wheel Awards" Ceremony of Azerbaijan Turkey Business Association (ATIB) in Baku, Azerbaijan.
- On April 17-18,** Participation at the 7th Regional Turkey, Caspian, Black Sea and Russia Conference of Telecommunications and IT Technologies, in Istanbul, Turkey.
- On April 21,** Meeting with BUSINESSEUROPE President Ernest - Antoine Seilliere and Secretary General Philippe de Buck in Istanbul.
- On April 25,** Preparatory meeting with Paata Lejhava, Chairman of Legal Committee of Georgian Parliament, GEA Vice President Mamuka Skhvitaridze and Giorgi Getsadze, Owner of Logic Group for the organization of the Second UBCCE Business Forum to be held in Georgia in Fall 2008.
- On April 28,** Meeting with UBCCE President Arzuhan Doğan Yalçındağ, Vice President Ahmet Erentok and TÜSIAD Secretary General Haluk R. Tükel.

BLACK SEA & CASPIAN Agenda

ECONOMY, FINANCE & TRADE

Greek economy grows by 3,6% in Q4/07

The Greek economy grew by 3,6% in the fourth quarter of 2007, compared with the same period in 2006, according to Eurostat. The EU Executive's Statistics Agency, in a report, said GDP growth in the Eurozone was 2,2% in the fourth quarter of 2007, while in the EU-27 economic growth was 2,5%, compared with 2,5% in the US and 1,8% in Japan. Slovakia (14,3%) and Lithuania (8,5%) recorded the highest percentage growth rates in the EU, while Hungary (0,4%) and Germany (1,8%) recorded the lowest percentage growth rates.

Deficit in Kazakhstan's balance of payments expected to be \$6-7 billion

The deficit of the current account of Kazakhstan's balance of payments in 2008 is expected to be at \$6-7 billion, according to Daniyar Akishev, the Chairman of the National Bank's Managing Board. In 2007 the deficit of the current account of the balance of payments stood at \$7,2 billion (6,9% of GDP) while in 2006 the figure was \$1,9 billion (2,4% of GDP). According to the National Bank, the net inflow of external direct investments reached \$7 billion last year vs. \$9,6 billion in 2006.

In the first quarter of 2008, development of the economy is characterized with the stabilization in financial sector, stated Minister of Economy and Budget Planning of Kazakhstan. International reserves of the country for the first quarter grew by 9,7% and amounted \$42,4 billion, external trade turnover of the country for January-February 2008 increased by 41,8%.

Bulgarian government will speed up reforms

Bulgaria's Socialist-led coalition government will speed up lagging reforms and sell several state assets ahead of an election next year according to the Deputy Prime Minister Ivailo Kalfin. The government agreed to

merge five energy utilities, resume the sale of tobacco group Bulgartabak AD and sell the Sofia district heating plant by mid-2009 when its term ends.

FYROM liberalizes its real state market

The Former Macedonian government decided to completely liberalize its real state market for foreigners originating from EU and OECD countries. The step is in line with country's efforts to attract foreign investors. The liberalization gives foreigners full opportunity to buy construction land and buildings. The only remaining limitations apply to agricultural land.

Iran-Japan Trade Reaches \$14 billion

Trade between Iran and Japan rose up to \$14 billion in 2007, Japanese Finance Ministry reported. Trade between the two countries had exceeded \$12 billion in 2006 and it enjoined a significant growth in 2007.

Iran-Uzbekistan to Expand Economic Ties

Iran and Uzbekistan emphasized upon the importance of expanding ties between the two sides' private sectors. In a joint meeting, Uzbek Deputy Minister of Foreign Economic Relations, Investments and Trade and Iran's Chamber of Commerce Deputy for International Affairs called for expansion of ties between the two countries' private sectors in the spheres of transportation, energy, automotives, telecommunication instruments and equipments. Iran tends to dispatch a trade delegation to Uzbekistan in May 2008 in order to get more acquainted with the country's trade and investment opportunities.

INVESTMENT

Turkey's FDI reaches \$22 billion in 2007

Foreign direct investment inflow to Turkey increased 9,8% to net \$21,8 billion in 2007 according to Turkish Undersecretariat of Treasury. Last year, foreign direct capital

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inflow totalled \$19,2 billion. Net capital inflow remained \$18,4 billion, with an outflow of \$770 million. During the same period, net sales in real estate totalled \$2,95 billion.

By the end of 2007, the number of foreign capital companies and branches founded in Turkey over the years had reached 18.308, while the number of domestic capital companies affiliated to foreign capital had reached 3.365. Istanbul, with 10.053 foreign capital companies, ranked first among other cities. By January 2008, 304 foreign capital companies were founded in Turkey, 163 of which are EU originated.

Turkish Erdemir to invest \$4,2 billion

Turkish steel maker Erdemir will make investments totalling \$4,2 billion by 2012, the company's General Manager Oğuz Özgen declared on March 7. He also told during a news conference that the company's flat steel production rose to 4,2 million tonnes last year from 3,9 million in 2006 while long steel output fell to 1,9 million tonnes from 2,1 million tonnes over the same period. Özgen said Turkey's flat steel production was expected to reach 15 million tonnes by 2010, with demand at 16 million tonnes as new players entered the market.

BC Partners to acquire Migros Türk

BC Partners, alongside minority investors including Turkven Private Equity and DeA Capital, has agreed on February 14 to acquire 50,8% of Turkish supermarket chain Migros Türk from Koç Holding at a price of YTL 21,85 per share, representing a market capitalisation of YTL 3,9 billion (\$3,25 billion). As part of the deal, Bülent Özyaydınlı, former CEO of Koç Holding and Migros, will become chairman of the Group. Headquartered in Istanbul, Migros operates about 900 stores in 55 cities throughout Turkey. The group employs 14,800 people. In 2006, Migros generated sales of approximately \$3,6 billion.

EBI acquires N°1 position in Georgia

Efes Breweries International N.V. (EBI) announced on February 11 that it signed a Share Purchase Agreement to acquire 100% of Lomisi Ltd. in Georgia. Producing six brands of beer, Lomisi is the leader in the Georgian beer market with an estimated market share of 42% by volume in 2007, up from 35% in 2006.

Garanti Bank to expand to Romania and Ukraine

General Electric, which acquired 25,5% of Garanti Bank for \$1,55 billion in August 2005 from Doğuş Group, is planning to develop Turkey's Garanti Bank into a regional banking brand and aims to expand to Ukraine and Romania.

Turkish firm to construct modern bazaar in Central Asia

The historic Desert Bazaar, one of the world's biggest open bazaars, will be moved to modern premises, which will be constructed by a Turkish construction firm. Genç Çelikler İnşaat Ticaret Sanayi A.Ş will construct the biggest open market in Central Asia worth \$152 million. Located to the north of Turkmenistan's capital, Ashgabad, on an area of 500.000 m², the Desert Bazaar has hundreds of products ranging from food, agricultural products, automobiles, textiles to carpets, gold, home appliances and furniture.

Turkish Investment in Bulgaria

Turkish Prime Minister Recep Tayyip Erdoğan arrived in Targovishte on March 27 for the opening of a new glass production complex of "Şişecam". The investments for the complex add up to a total of \$220 million. It is planned that till 2010 Şişecam Targovishte will double its glass production. The total amount of invested funds will be approximately \$800 million with 500 new vacancies. Bulgarian Minister of Economy and Energy Petar Dimitrov emphasized that the investment of the Turkish holding in

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Bulgaria is of a great importance. He also reminded that the holding was the first "Premium Class Investor" to be granted with state support. The plants were built on 860.000m² state property land given for free.

Bulgaria's BTC to invest € 110 million

Bulgaria's dominant telecoms firm BTC, owned by insurer AIG, said it will invest €110 million in 2008 to improve its services and expand its broadband network. According to the Chief Executive Officer Bernard Moscheni, BTC will invest a 20% share of the total revenue of the firm in upgrading its network and services. BTC's revenue was \$780 million in 2007. AIG's investment arm, which took over the telecoms firm in 2007, has made a buyout offer to minority investors and plans to delist the company by July 2008.

Germany's "Plus" to Invest € 250 million in Bulgaria by 2011

The German store chain "Plus", which is part of Tengelmann Group, is going to invest a quarter of a billion in its projects in Bulgaria for the 2008-2011 period. The Group is expected to develop a chain of 150 commercial facilities all over the country.

Sopharma to invest €8 million in Serbia

Bulgaria's Sopharma will invest some €8 million in a new pharmaceutical facility in Serbia, according to the Bulgarian Stock Exchange. The executive director of the company, Ognyan Donev, has signed an agreement on the purchase of 90% of Belgrade-based drug maker Ivancic & Sons, which manufactures 21 products. The new plant will allow launching new drugs. The facility is planned to start operating by 2009.

Romanians buy stake in Serbian Telekom

In February, Romanian private company Tender S.A. acquired a 25% stake in Serbia's Pupin Telecom becoming the biggest single owner of the company. Pupin Telecom is a

developer and producer of telecommunication equipment and one of Serbia's main suppliers of such equipment.

Major Investment in Real Estate Developments and Shopping Centres in Romania

RatingRaiffeisen Evolution real estate developer, a division of Austrian financial group Raiffeisen, launched on April 12 its mixed Floreasca City project in Northern Bucharest, an investment of €200 – 250 million. The project will consist of a Promenade Mall and a Sky Tower, the highest office building in Bucharest.

GFH Plans Energy Hub in Kazakhstan

Bahrain-based Gulf Finance House (GFH) is expanding its concept of developing energy cities to Central Asia collaborating with the Kazakhstan government to launch the Caspian Energy Hub, which will be located at Aktau on the shores of the Caspian Sea. Essam Janahi, chairman of GFH, confirmed that a Memorandum of Understanding has been signed with the Kazakhstan Government to launch the Caspian Energy Hub, which will have an estimated total end value of \$10 billion.

KazMunaiGas buys Black Sea Batumi oil terminal

Kazakh state energy firm KazMunaiGas has become the sole owner of Georgia's Black Sea oil terminal of Batumi by buying stakes from its partners. KazMunaiGas has been seeking to acquire assets outside Kazakhstan as its production is expected to grow steeply in coming years due to commissioning of new fields, including the giant Kashagan Caspian Sea oilfield.

A €50 million Investment in FYROM

Former Macedonian company MEPSO which operates the country's electrical distribution network will invest almost €50 million in renovation of its transmission capacities and infrastructure in 2008.

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About 70% of that money is expected to be contributed by EBRD and World Bank.

Japan to lend \$370 million for new container terminals in Bulgaria

On February 5, Japanese Government expressed its intention to extend a loan of some \$370 million for a new “Official Development Assistance” project for construction and development of new container terminals at the ports of Varna and Bourgas. The loan will be provided by the Japanese Bank for International Cooperation. Considering that the Black Sea is an eastern gateway of the EU to Central Asia and the Middle East, the two ports are expected to cope with increasing cargo container traffic in the near future.

22,6 million for extension, development of Albania’s only airport

The EBRD is extending a loan of €22,6 million for the further development and modernisation of Tirana International Airport. The project includes extending the new passenger terminal, construction of additional airport buildings and investment in new ground handling equipment and systems.

EBRD provides loan to Eximbank

Eximbank, a privately-owned bank in Moldova, is receiving a €20 million EBRD credit to provide private small and medium-sized companies with medium to long-term loans to finance the modernisation and expansion of their businesses. The Eximbank credit is the first under a new €70 million EBRD framework facility that aims to provide local banks with a full range of financial products.

PRIVATIZATION

Hellenic Telecommunications Organization SA

There is a new business future for the Hellenic Telecommunications Organization

(OTE) as the Government decided to privatize a significant percentage of stocks and part of the management as well. The Greek Government, which currently controls 28% of dominant phone company OTE, is reportedly to cut its own stake to 20% as part of the deal with Deutsche Telekom. Press reports said that the Government aimed to raise a large profit of about €1 billion from the sale of 8% of its share in OTE and make the Organization more competitive in the international market.

ENERGY

Pipelines

Poland, Ukraine agree on Euro-Asia oil transport

Poland and Ukraine agreed on an ambitious oil transportation project in cooperation with a major US energy firm to connect Central Asian fields with European consumers. Representatives for Sarmatia, a company jointly owned by the Ukrainian and Polish governments, and US-owned Granherne Ltd., a subsidiary of KBR Energy, signed contracts for the project in Warsaw on April 14. Polish President Lech Kaczyski and Ukrainian President Viktor Yushchenko were on hand for the signing ceremony. The development programme foresees the extension of a little-used trans-Ukrainian oil pipeline, to run from the Ukrainian Black Sea port Odessa, to the Polish Baltic port Gdansk. The new link, called the Odessa-Brody-Plotsk-Gdansk pipeline, would bypass the Russian route by allowing Kazakhstan and Azerbaijan to transport oil to market across the Black Sea.

German RWE new partner in Nabucco

German power giant RWE became the sixth partner on February 6 in Nabucco, the €5 billion pipeline to feed 31 billion cubic metres of gas per year from the Caspian and M.East to Europe from 2012 at the earliest.

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RWE also declared on February 21 to enter the Turkish energy market by acquiring Ciner Group shares. The German group, which founded RWE Holding in Istanbul, has issued a letter of intent to purchase an undisclosed amount of shares in energy companies owned by Ciner Group. After the two groups sign a conclusive stock selling agreement, they will form a joint venture in the electricity generation sector in the Turkish market.

Hungary to join South Stream Project

Hungary became on February 28 the latest country to sign up to Russia's ambitious South Stream gas pipeline project during a visit to Moscow by Prime Minister Ferenc Gyurcsany. Led by Russian energy giant Gazprom and Italy's ENI, the project envisages building a gas pipeline under the Black Sea from Russia to Bulgaria and then branches to Austria and Italy.

China started the construction of the second West-East Gas Pipeline

Construction of the second West-East Gas Pipeline started on February 22. The pipeline with the total length of 9.102 will run from Khorgos in northwestern Xinjiang to Guangzhou in Guangdong. The capacity of the pipeline would be 30 bcm of natural gas per year. It will be mainly supplied by the Central Asia-China gas pipeline. The pipeline is expected to cost \$20 billion. It will be developed by China National Oil and Gas Exploration and Development Corp., a joint venture of China National Petroleum Corporation and PetroChina.

Oil & Gas

Iran, Switzerland sign gas export deal

Iran and Switzerland signed, on March 17, a major agreement for Iranian gas exports to a Swiss company. Financial details were not disclosed but the contract between Iran's state gas firm and Switzerland's Elektrizitaets - Gesellschaft (EGL) Laufenburg reportedly

envisages Iran supplying 5,5 billion cubic metres of gas annually from 2011.

Norwegian Oil Giant mulling Iran Cooperation

Norway's Statoil Hydro Company has voiced its company's readiness to have long term cooperation with Iran. In a bid to expand cooperation with Iran, the managing director of the company, Helgeh Escogen stated that the company would be present in Iran's 13th international Oil, Gas and Petrochemical Exhibition held between April 16-19.

Croatia to Develop Moghan2 Oilfield

The National Iranian Oil Company (NIOC) and Croatia's INA Company signed a contract on April 9 for the development of Iran's Moghan2 oilfield. This will be the third contract for the exploration and development of 17 blocks. The 17 blocks are spread across 19 Iranian provinces, the development of all of which is estimated to require an investment of at least €460 million. According to the NIOC exploration director, the contract is being inked following international tenders for identification of qualified world-class companies able to carry out exploration and development activities in the Moghan oil block in the northwestern Iranian province of East Azerbaijan. NIOC signed the first and second oil exploration contracts with the Petro Vietnam and the Italian Edison International S.P.A. respectively in February and March 2008.

Oil Bourse Launched in Kish

First phase of oil stock market started its work on Kish Island in the Persian Gulf, southern Iran on February 18 presenting oil and petrochemical products.

Russia - Ukraine Gas dispute resolved

Russia's state-controlled natural gas monopoly Gazprom declared on March 5 it was resuming full deliveries to Ukraine after

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the two countries presidents helped reach an agreement that will ease European supply concerns but leave room for further dispute. The announcement came after Gazprom cut gas supplies to Ukraine, claiming it owed \$600 million for gas delivered this year. The dispute freshened fears in the EU of reductions in supplies of gas that Russia delivers across the continent via Ukraine.

Russia and Ukraine decided also to remove all middlemen in their gas trade, Russia's gas export monopoly declared on March 13, ending years of opaque schemes which caused tensions between the two neighbors and alarmed investors. The move is likely to be hailed by Ukraine's Prime Minister Yulia Tymoshenko, who has demanded Moscow axe all intermediaries saying their role was unclear and led only to gas price increases for Ukraine.

Energy cooperation between Greece and Romania

Greek Prime Minister Costas Karamanlis paid an official visit to Romania on February 7-8. Minister of Development, top officials and entrepreneurs accompanied the head of the Greek government on the trip. The heads of government of two countries touched the issue of commercial exchanges, the establishment of the Romania – Bulgaria - Hellenic Republic Trilateral Agreement, the situation in the Western Balkans and many others. In the framework of the visit, Romanian Minister of Economy and Finance Varujan Vosganian and Greek Minister of Development Christos Folias also signed a cooperation agreement in the energy field. The aim of the deal is to establish a framework to provide a base for cooperation between the two countries in the oil, natural gas and electricity sectors. The agreement shall also facilitate the sharing of experience in the energy sector and the development of transparency mechanisms to increase energy trade in the region.

Azerbaijan and Greece strengthen their cooperation in the energy field

Greek Minister of Development Christos Folias visited Azerbaijan in March, where he held a series of meetings with President Ilham Aliyev, Prime Minister Artur Rasizabeh, Energy Minister Natig Aliyev, and the President of SOCAR Rovnag Abdullayev. In the framework of his visit, Greece and Azerbaijan agreed on March 18 to sign a four-party agreement on natural gas supplies with Italy and Turkey aimed to ensure the successful completion of a Turkish-Greek-Italian natural gas pipeline project. Minister Folias and Azeri Minister Aliyev signed a joint declaration, expanding a bilateral agreement signed in August 2007, confirming energy partnership between the two countries. Greece and Azerbaijan agreed to intensify efforts aimed to create a safe energy corridor for the supply of natural gas. The two sides also agreed to promote an agreement between SOCAR, the Azeri natural gas and oil company, and Greece's DEPA for the supply of Azeri natural gas in the Greek market. The Greek minister also signed with the Azeri Economic Development Minister Heydar Babayev a protocol of cooperation to forge closer relations in the fields of research and technology, standardization, food safety and consumer protection.

Germans eye Turkey's booming energy sector

Turkey's Energy Minister Hilmi Güler met German investors at the German Embassy in Ankara on March 13, as part of an ongoing mechanism for direct discussions on the development of the Turkish energy market and the qualities of German companies specializing in the energy technology sector. The two sides agreed to designate an action plan for the short, medium and long term and establish working groups to sustain energy efficiency.

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A group of German businessmen in Turkey expressed willingness to invest in the country's energy market amid a growing demand for energy.

Turkey Colombia reached oil deal

Turkish Petroleum Corporation (TPAO) reached a deal in early February with Colombia's national oil company Eco-Petroleum to jointly operate an oil reservoir worth \$2-3 billion. The deal awaits the approval of authorities from both countries. The deal is the first concrete step of TPAO in South America who is working to become a global oil company.

Other Energy News

A new Bosnian Power Plant

In February the government of Republika Srpska, which is the Serbian entity of Bosnia and Herzegovina, and British company Energy Financing Team (EFT) signed a € 690 million concession contract for the building, using and maintenance of a new steam power station in Stanari in northern Bosnia. The building of the 410 MW power station will start in 2008 and will be finished by 2012.

TRANSPORTATION

Kazakhstan and China will be connected with seven new transport routes

On the results of four days negotiations of the transportation bodies delegations of China and Kazakhstan in Urumchi, an agreement was reached on April 2 on opening of seven direct passenger and freight automobile routes in 2008. At present, China and Kazakhstan are connected by 64 highways.

Railway Construction between Montenegro and Bosnia

The Montenegrin and Bosnian ministers for Traffic and Transportation signed a memorandum on the construction of a new

railway in the Bosnia capital of Sarajevo in early March. The construction of the 165 kilometer long railway between Niksic in Montenegro and Capljina in Herzegovina will begin in 2012. A feasibility study as a first step towards a new railway is to be finished in six months.

Iranian Road Ministry urged to sign Transportation Agreement with Serbia

Iranian Roads and Transportation Ministry was authorized to sign a transportation agreement with Serbia. The agreement to be signed between Iran and Serbia should include "under certain conditions", transportation of passengers between the two countries free from the visa requirements, and the vehicles of each country that would enter the soil of the other country temporarily to be exempted from entry fees and tax regulations.

Iran and India to boost Rail Cooperation

Officials from Iran Railway and Indian Railway are to sign an Memorandum of Understanding (MOU) to boost rail cooperation between both states. The MOU aims to enhance cooperation between Tehran and New Delhi in work-force training, implementation of railroad signaling railway electrification. Furthermore, the deal will incorporate investment plans for a new track, which will connect the Free Trade Zone of Chabahar in Southeast Iran.

BSEC

First Ministerial meeting of Black Sea Synergy

The Foreign Ministers of the Black Sea Economic Cooperation (BSEC) held a historic first meeting with EU officials in Kiev, Ukraine on February 14. The purpose of the meeting on "Black Sea Synergy" was to pursue the ways and means through which the members of the two organizations can cooperate and improve economic relations. The occasion marked the official

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inaugural meeting of BSEC and the EU since the latter was granted observer status last June. The joint statement adopted by the Ministers of Foreign Affairs of the countries of the EU and of the wider Black Sea region can be reached through the website of the European Commission External Relations.

Meeting of the BSEC Council of Foreign Ministers

The meeting of the Council of Foreign Ministers of BSEC took place in Kyiv on April 17. Participants discussed practical measures to step up regional cooperation, the results of activities in the framework of the Organization during the Ukrainian chairmanship between October 2007 and April 2008, and the prospects for cooperation between the Organization and the EU.

BUSINESSEUROPE

EU - Russia: Call for a new strategic economic dialogue

BUSINESSEUROPE welcomed a delegation of Russian business organisations led by the International Chairman of the Russian Union of Industrialists and Entrepreneurs Viktor Vekselberg and the President of SME association OPORA Russia Sergey Borisov on February 20. Business jointly called for the creation of a new strategic economic dialogue to resolve trade and investment problems, the rapid conclusion of WTO accession negotiations and the launch of bilateral trade and investment negotiations. The two sides also agreed to step up cooperation on regulatory cooperation, to work on energy and climate change and to improve the climate for SMEs in Russia and the EU.

BUSINESSMED

BUSINESSMED General Assembly

BUSINESSMED held its General Assembly in Cairo, on February 16 with the presence of

the presidents and representatives of member confederations of Egypt, Algeria, Morocco, Malta, Jordan, Tunisia and Turkey. The representatives of observer members from Greece and France also attended the Assembly as well as a representative from the European Commission. The Assembly approved at unanimity the membership applications of the Union of Employers of Serbia (UPS), the Euro-Mediterranean Development Agency of Local and Regional Authorities (ASEM), the Association of Portuguese Industrialists (AIP), the Federation of German Employers (BDA), the Algerian Employer Confederation (CAP), the Mitidja Club of Industrialists and Entrepreneurs (CEIMI) and the Confederation of Algerian Industrialists and Producers (CIPA).

EUROPEAN UNION

EU Troika Meetings with the countries of UBCCE Region

- 04.02.2008 - EU Troika – Azerbaijan
- 05.02.2008 - EU Troika – Georgia
- 06.02.2008 - EU Troika – Armenia
- 13.02.2008 - EU Troika – Russia
- 18.02.2008 - EU Troika – Montenegro
- 11.03.2008 - EU Troika – Ukraine
- 09.04.2008 - EU Troika – Central Asian countries
- 29.04.2008 - EU Troika – Russia
- 06.05.2008 - EU Troika – Turkey
- 22.05.2008 - EU Troika – Ukraine

Spring Meeting of EU leaders, Brussels, 13 - 14 March

Climate change and the next phase of the growth and jobs strategy – two big issues were on the agenda for the Spring Meeting of EU leaders on March 13 - 14. The EU has already made ambitious commitments on climate change, including a 20% reduction in carbon emissions by 2020. On January 23, the Commission issued a draft of climate and energy proposals to transform words into action. After a slow start, the EU

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growth and jobs strategy is starting to deliver: budget deficits have been cut in half since 2005, economic growth hit 3% in 2007 and 6,5 million jobs have been created in the last two years. Eager to build on these achievements, on 13 March, EU leaders launched the next phase of the strategy. The stability of the financial markets was also discussed, along with international relations and the Union for the Mediterranean.

Barroso's visit to Turkey

The European Commission President, José Manuel Barroso paid a two day-visit to Turkey on April 11 – 12. Barroso extended top-level support to Turkey's bid to join the EU but admitted that the negotiating process would be challenging. He declared that two more chapters in the accession talks with the country could be opened by July.

Croatia handed 2009 target date to conclude EU talks

Commission President José Manuel Barroso has presented an indicative timetable for concluding EU membership talks with Croatia by November next year, with 2010 as the likely entry date. Barroso made the pledge at the conclusions of a meeting with Croatian Prime Minister Ivo Sanader on March 13 during which the two sides agreed to settle remaining issues.

Romania, Bulgaria to join Schengen Space in March 2011

The Home Affairs ministers from the two neighbouring countries signed on March 16, in Mamaia, at the Black Sea shore a Declaration pertaining to joining the "Schengen Space" in March 2011. Cristian David and Rumén Petkov talked in detail about several joint projects for increasing border security and for cooperating in fighting against criminality, cooperation in the Black Sea region among the border authorities of the two states and within the joint border area along the Danube, as well

as projects of joint actions related to Schengen Space accession.

Euro area external trade deficit €10,7 billion

The first estimate for the euro area (EA15) trade balance with the rest of the world in January 2008 gave a € 10,7 billion deficit, compared with -7.3 billion in January 2007. The first estimate for the January 2008 EU27 trade balance was a deficit of €30.7 billion, compared with -26.0 billion in January 2007. EU27 trade with most of its major partners grew, with the exception of exports to the USA and Japan and imports from Norway and South Korea. The largest increases were recorded for exports to Russia (23%), India (21%) and Brazil (20%), and for imports from Brazil (20%), China (19%), India (16%) and Turkey (12%).

EU and Ukraine launch free trade agreement negotiations

EU Commissioner Peter Mandelson and Ukrainian President Viktor Yushenko have launched negotiations for a free trade agreement (FTA) between the EU and Ukraine in Kyev on February 18. The launch of negotiations follows the finalisation of Ukraine's WTO accession process on February 5, which was a prerequisite for FTA talks. As Ukraine's largest export market by far, the EU is an obvious partner for closer economic ties that will boost trade and investment.

Romania: €2,5 billion non-reimbursable funds from EU until 2013

Romania will obtain in 2008 funds of €800 million, money that will be used for the appreciation of the national currency and the reduction of the current account deficit. Romania will have the possibility to obtain from EU non-reimbursable funds of up to €2,5 billion, in the period 2007-2013. The projects will benefit also from co-funding, representing 15% of the costs. Thus, the total amount will rise to € 3 billion.

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€3,5 billion for new EU members

The European Commission adopts on March 5 new initiatives, and enhances existing ones to support the political and economic development in the countries of the Western Balkans, thus helping to accelerate their progress on the road towards EU membership. The initiative was presented during a meeting of EU Foreign Ministers in Slovenia on March 28 – 29. The steps include the eventual lifting of visa requirements, increasing scholarship for the students from Western Balkan countries and support for regional cooperation. The activities to help potential new EU members are coordinated by the Instrument for Preaccession Assistance (IPA). The IPA will provide €3,5 billion in total for the seven countries in the region between 2007 and 2013. Around €710 million are allocated for 2008 alone. The EU launched for this occasion talks on visa-free regime with Albania, Bosnia and Herzegovina, FYROM, Montenegro and Serbia which have already been benefiting from visa facilitation agreements since January 1st.

Common standards to improve competitiveness of construction industry

10 European standards for design of construction works will provide a common approach for the design of buildings and other civil engineering works as of 2010. These "Eurocodes" will boost business in this sector by removing technical barriers to trade with construction products and services within the EU. They will improve quality of products and services, and will create new job opportunities in the construction sector, which currently covers 28% of industrial employment in the EU.

Turkey joins EU competitiveness programme

Turkey is the third candidate country, after Croatia and the Former Yugoslav Republic of Macedonia, to join the Competitiveness and Innovation Programme (CIP) under

which the European Commission promotes innovation, entrepreneurship and growth in SMEs. European Commission Vice President Günter Verheugen and Ambassador of the Permanent Mission of Turkey to the EU, Volkan Bozkır signed on February 12, a Memorandum of Understanding formalising Turkey's entry to the Entrepreneurship and Innovation pillar of CIP.

EU-Georgia bilateral negotiations on agricultural products and foodstuff

On April 10 - 11, the third round of EU-Georgia bilateral negotiations was held in Brussels on the conclusion of bilateral agreement on mutual recognition and protection of agricultural products and other foodstuff. The parties discussed the draft text of the agreement prepared by the Commission and agreed the structure and content of the text at experts' level. The Commission will officially submit to the Georgian side a final text of the agreement, after which both parties will launch intrastate legal procedures necessary to sign and ratify the agreement.

Ukraine: New Project to Support Small and Medium Enterprises

The EU funded Project "Support to the Development of Business Capacity of Ukrainian SMEs – International Dimension" announced its launch in Kharkiv oblast. The project activities will be divided into three components: (1) Improvement of the state policy in the sphere of SME support development, providing policy advice to SCURPE and other government bodies; (2) Facilitation of commercial links with EU companies and other foreign enterprises; (3) Increasing awareness of business internationalization in the public and SME sectors.

EU's strategy of new partnership in Central Asia

Issues of the "Strategy of New Partnership in Central Asia" were discussed in Ashgabat

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on April 9-10 by the Foreign Ministers of the EU's troika and five Central Asian countries, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. The EU strategy in Central Asia envisaging more intensive political, economic, ecological and humanitarian cooperation, both on the bilateral and regional basis, was approved in 2007 by the EU supreme body – the European Council. The Ashgabat “five plus three” meeting agenda included issues of expanding the dialogue in the sphere of education, law, economy trade, energy industry, protection of the environment, as well as prospects for cooperation in countering common threats, including control of borders and combating drug trafficking. In the wake of those talks, several EU representatives, including French Foreign Minister Bernard Kouchner, hinted that Turkmen leader Gurbanguly Berdimukhamedov had consented to directly supply the EU with 10 billion cubic meters of natural gas per year. It's a relatively minor commitment, but it could lead to a major revision of the Caspian Basin energy equation, breaking Russia's dominance of export routes.

EU finances €3 million to support Kazakhstan in reforms

The head of representative office of the European Commission in Central Asia, Adrian Van der Meer announced on April 15 that the EU will allocate €3 million for realization of the Assistance in development of strategic dialogue and consulting program in the Republic of Kazakhstan. The project is aimed at rendering a support to Kazakhstan in advancing reforms and increasing competitiveness of the country via giving consultations and knowledge exchange.

Regulatory regime for the Austrian section of Nabucco approved

The European Commission has approved on February 8 an exemption of the Austrian

section of the Nabucco natural gas pipeline from regulated third party access in line with EU legislation. However, the Commission has requested the Austrian energy regulator to include additional safeguards regarding future capacity allocation, in order to ensure that the planned pipeline will have a positive effect on competition.

The Nabucco company has applied for exemption from the general rule of regulated third party access in all four Member States concerned - Bulgaria, Romania, Hungary and Austria. Such exemptions are provided for in EU legislation and allow major new infrastructure projects to determine capacity allocation and transport tariffs more freely. The safeguards to which the exemption is subject include a capacity cap preventing a dominant undertaking from booking more than half of the Nabucco exit capacity in Austria and rules to ensure a transparent and non-discriminatory capacity allocation to third parties.

EU and Iraq discuss ways of enhancing Energy Cooperation

The European Commissioner for External Relations and European Neighbourhood Policy, Benita Ferrero-Waldner and the European Commissioner for Energy, Andris Piebalgs, met on January 31 with the Minister of Oil of the Republic of Iraq, Hussain Al-Shahristani, to discuss enhancing energy cooperation between the EU and the Republic of Iraq. During the meetings, both sides agreed to focus their cooperation on developing a long-term energy strategy for Iraq; strengthening institutional capacity of the Iraqi administration in the energy sector; developing the potential of the Iraqi natural gas sector and export infrastructure to the EU as well as promoting renewable energy sources and energy efficiency measures. It was also agreed to work together on the development of interconnections of Iraq's gas infrastructure to the Arab Gas Pipeline.

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Iraqi Prime Minister Nouri Al-Maliki paid also his first visit to Brussels on April 16 where he had talks with European Commission President Jose Manuel Barroso on the possible signature of a preliminary agreement on energy cooperation between Iraq and EU officials.

WORLD BANK

Forum on Oil Price Volatility, Economic Impacts, and Financial Management: Risk-Management Experience, Best Practice, and Outlook

High and volatile oil prices threaten economies of oil-exporting and oil-importing developing countries, and pose challenges to financial sector stability, growth and poverty. Policymakers all over the world are looking for information and analysis on oil-price dynamics as well as instruments for risk management. In responding to client demand, the World Bank Institute and George Washington University jointly organized on March 10-11, a global finance forum to provide a platform for global policy dialogue, enhance skills on risk management instruments, and look ahead to likely future scenarios. Invited speakers included world renowned economists, prominent experts and strategists from the energy sector, investment banks, sovereign wealth funds, and major multinationals as well as staff from the IMF and World Bank Group.

World Bank and Turkey Launch New Strategy of Partnership

The World Bank's Board of Executive Directors welcomed on February 28 a new Country Partnership Strategy with Turkey for 2008-2011. The strategy anticipates World Bank financing for programs of the Turkish government, or guarantee by the government, up to \$6,2 billion during the 4-year period. In addition it provides for financing of private sector investments by the International Finance Corporation (IFC)

and scope for guarantees against non-commercial risks from the Multilateral Investment Guarantee Agency.

IFC Collaborates with Government of Georgia to Reform Technical Safety Regulations

IFC has partnered with the government of Georgia to help improve the technical safety of potentially hazardous enterprises. The reform agenda includes improving how the technical inspections of businesses such as gas stations, mining enterprises, elevators, and hoisting mechanisms are conducted. It also introduces new risk-based inspections and outsourcing of some functions to private inspection facilities. To assist the government in this reform, IFC has drafted an action plan that will transfer on-the-spot inspection functions to private companies, making them responsible for the safety of inspected enterprises.

EU8+2 Regular Economic Report January 2008

The latest edition of the World Bank regular economic report on the latest 10 members to join the EU, known as the EU8+2 Regular Economic Report shows that disturbances originating in the US sub-prime mortgage market have widened to affect other markets, but the fundamentals for the EU8+2 are broadly unchanged, although the level of uncertainty has risen. A prolonged period of globally lower risk appetite is likely along with continuing volatility, it says, adding that this will be challenging for the EU8+2, and the soundness and credibility of policy frameworks will be appreciated by market participants. The report says the economic outlook for the EU8+2 in 2008 and 2009 is generally positive. However, the baseline scenario is subject to substantial downside risk to economic growth and upside risk to inflation.

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OTHER REGIONAL NEWS

NATO Bucharest Summit

Twenty six heads of State from the North Atlantic Alliance gathered in Bucharest from April 2 to April 4 to discuss the Alliance's future agenda. The main issues on the menu, according to NATO's four communiqués, were enlargement, Afghanistan, missile defense and increasing defense resources. At the NATO Bucharest Summit France and Germany rejected the admission of Ukraine and Georgia as new members of the alliance in order to maintain a balanced relation with Russia, despite strong pressure exerted by USA. Membership of the Former Yugoslav Republic of Macedonia was also rejected due to Greek veto.

Turkish Minister Addresses Turkey - Azerbaijan Economy Meeting

Turkish State Minister Said Yazıcıoğlu addressed on April 10 an Istanbul meeting devised to develop economic relations between Turkey and Azerbaijan. Speaking at the Turkish-Azerbaijani Joint Economic Commission meeting, Yazıcıoğlu said that a preferential trade agreement which he said was expected to be signed soon would be "a turning point" in boosting economic and trade ties between the two countries. The Turkish minister also called for the establishment of an arbitration board between the two countries to handle business disputes.

12th Roundtable of the Economist Conferences took place in Athens

The 12th Roundtable with the Government of Greece titled "Driving the Global Agenda through 2020" took place in Athens from April 8 to 10, organized by the "Economist Conferences". Celebrating its 11th anniversary, the event hosts political and business leaders from all over the world. Matthew J. Bryza, US Deputy Assistant Secretary of State for European and Eurasian affairs, who was among the

participants of this year's conference, delivered a speech on the new American intervention relating Russian natural gas. He explained that US aimed at sharpening competition in the natural gas sector by bolstering the negotiating position of Greece, Turkey, Italy, Georgia and Azerbaijan vis-à-vis Russia and its Gazprom monopoly. Bryza made recommendations to Greek Government and the E.U. to limit their energy supply dependency with Russia. He concluded in presenting Americas' primary policy target to strengthen world competition and in this line, invited European states to support the countries of Central Asia and the project of Nabucco pipeline.

Vienna Economic Forum Meeting "Invest in Montenegro - Invest in the Region"

The Vienna Economic Forum organised a meeting in Becici, Montenegro on April 14-15 entitled "Invest in Montenegro - Invest in the Region" under the patronage of Prime Minister of Republic of Montenegro Milo Đukanović. The meeting of Vienna Economic Forum in Montenegro concentrated on three main topics: Investment Policy and Infrastructure Projects; Investment Opportunities in Montenegro; Investment Experiences and Investment Needs in Montenegro.

Second Caspian Investment Forum

The Second Caspian Investment Forum on "Mangistau Region - Constituent of Caspian Economic Space" took place in Mangistau, Kazakhstan on April 16 under the auspices of Mayor of Mangistau. This year's event brought together delegates from Kazakhstan, CIS and other foreign countries and also representatives of finance institutions and government agencies. The Forum delegates discussed on some key issues like the integration ways of Caspian Region to global economy, the logistic capacity development of Mangistau Region,

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the tourist cluster development in Mangistau region, etc.

Regional Table of the Stability Pact held in Sofia

The final Regional Table of the Stability Pact for South Eastern Europe took place on February 27 in Sofia. High-level participants from the region, the EU and the international community reflected that the Stability Pact through its activities since 1999 had significantly contributed to the stabilisation of South Eastern Europe. The overall socio-economic situation as well as security in the region has improved and the European and Euro-Atlantic integration of South East European countries is well on track. By adopting a Joint Declaration on the Establishment of the Regional Co-operation Council (RCC), a long list of partners mandated the RCC to sustain focused regional co-operation in South Eastern Europe.

Tehran Seeks Quick SCO Membership

Iranian officials attended the 2008 Boan Forum for Asia Annual Conference held on April 11-13 in China. Iran calls for a shorter application process in order to become a permanent member of the Shanghai Cooperation Organization (SCO). Tehran believes that Iran's permanent membership to the SCO would be advantageous to all members.

Iranians Awarded WIPO Prizes

Iranian Inventors were awarded by the World Intellectual Property Organization (WIPO) in the 36th International Exhibit of Inventions in Geneva, Switzerland between April 2-6. It is notable that an Iranian lady, Mrs. Maryam Islami was honored with WIPO special emblem as the top laureate for her findings consistent with treatment of bones and joints diseases. Many researchers and inventors from 40 countries had attended the 36th International Exhibition

of Inventions in which Iran ranked first. Iran scientific team which presented 70 inventions garnered the most gold medals - 17 gold medals, 36 silver medals and 17 bronze medals as well as 11 special world awards in the international contest.

Turkey to join US-led nuclear group

Turkey is considering to become a full member to the United States-led Global Nuclear Energy Partnership (GNEP), a new initiative to develop worldwide consensus on enabling expanded use of economical, carbon-free nuclear energy to meet growing electricity demand. Turkey will probably join the GNEP this year in September by signing the Statement of Principles, a non-binding document that includes the doctrine of the 19 member group. GNEP was established in September 2007 as a part of U.S Advanced Energy Initiative. In September, the U.S officially invited Turkey to join the Club with a letter, saying all other 19 countries including Russia, Ukraine and Kazakhstan were also welcoming its membership.

Asian Development Outlook Report

The Asian Development Bank (ADB) has recently published an Outlook Report which provides a comprehensive economic analysis of 44 economies in developing Asia and the Pacific. This 20th anniversary edition examines trends and prospects in Central Asia, East Asia, South Asia, Southeast Asia, and the Pacific.

ELECTIONS

Former Gazprom chairman Dmitry Medvedev elected President of Russia

Russians voted on March 2 in a presidential election to hand victory to Vladimir Putin's chosen successor, Dmitry Medvedev who received %70,1 of the votes. It is to be noted that the main European election monitoring body, the Organization for Security and Cooperation (OSCE) in Europe boycotted the vote, citing restrictions on its monitors.

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Iranian legislative elections

The conservatives had secured 60% of the seats of Majlis (National Assembly) in the first round of elections held on March 14 and expanded their domination after the second round held on April 25 by at least a further 5%.

Serbian early vote to be held May 11

Following the late February secession of Kosovo from Serbia, in early March Serbian Prime Minister Vojislav Kostunica resigned calling for early elections to be held on May 11. Meanwhile the country's economy is already feeling the consequences of the political crisis and of February's riots over Kosovo.

EU Foreign Affairs Ministers decided in the meantime to postpone the signing of a Stabilisation and Association Agreement with Serbia. EU Enlargement Commissioner Olli Rehn said he was adopting a "wait-and-see" attitude of EU towards Serbia in light of recent developments in the country. Speaking at a meeting of the European Parliament's Foreign Affairs Committee on April 3, Rehn underlined that there was currently no political consensus among EU nations on signing a pre-membership Stabilisation and Association Agreement with Serbia.

Presidential Elections in Armenia

A presidential election was held in Armenia on February 19. Prime Minister of Armenia Serzh Sargsyan won the election in the first round according to the official results, however the results are disputed by former President Levon Ter-Petrossian, who officially placed second. The candidacy of Sargsyan was backed by incumbent President of Armenia Robert Kocharyan who is ineligible for a third term.

Montenegro's pro-European president re-elected

Incumbent Filip Vujanovic claimed victory after the first presidential elections held on

April 6 in Montenegro since the Balkan country declared its independence from Serbia in May 2006, in a vote seen as supportive of Vujanovic's desire for further EU integration. Vujanovic won 51,4% of the vote ahead of his pro-Serb challenger Andrija Mandic, who gained 20,4%.

BILATERAL CONTACTS

Turkish President's Visit to Romania

The president of Turkey Abdullah Gül paid an official visit to Romania on March 2 – 3, 2008. President of Turkey had official meetings with Romanian President Basescu and met Prime Minister and the Chairmen of the Chambers. On March 3, President Gül participated to the Romania - Turkey Business Forum where he delivered a speech underlining the positive results of the business and investments relation between Romania and Turkey.

Austrian Foreign Minister's Visit to Turkey

Austrian Foreign Minister Ursula Plassnik paid a three-day official visit to Turkey between April 20-22. Plassnik met her Turkish counterpart Ali Babacan and President Abdullah Gül to discuss Turkey's EU negotiations process and reforms.

Serb deputy PM visits Athens Chamber of Commerce and Industry

Serb Deputy Prime Minister Bozidar Djelic visited the Athens Chamber of Commerce and Industry (EBEA) on April 1st, accompanied by members of the Serb government and Serb Embassy Officials in Athens. Djelic met with EBEA President Constantine Mihalos and with Board Members Mihalos Siamidis and Dimitris Dimitriou. Djelic referred at length to his country's economic and political state, placing emphasis on initiatives and activities concerning Serbia's economic growth.

ROMANIA

A Targeting Country for Investors

By Dumitru CHIVU,
Advisor at Turkish Businessmen
Association in Romania, TIAD

Romania is one of the most attractive countries for investors in Central and Eastern Europe. This status is offered by Romania through its political stability for a long period of time, a continuous economic growth rate for the last ten years and the high level of professional capabilities and low cost of labor force.

Romania has become a NATO member in 2002 and this offered to investors a market with a guaranteed security for their investments from an international political situation. The fact that Romania organized the biggest NATO Summit in 2008 is proving the importance of the country from this point of view.



By January 1st, 2007, Romania has joined the European Union as the 27th member country, becoming the 7th member by its territorial size and population and together with Poland being the most important members in this part of Europe.

KEY FACTS	2006
Population, total (millions)	21,59
Population growth (%)	-0,20
GDP, current \$ (billions)	121,3
GDP annual growth (%)	7,7
Inflation (%)	4,8
Unemployment	4,3
FDI, Net inflows (% of GDP)	9,37
Time required to start a business (days)	11

World Bank, Country Brief 2007

As mentioned in the last 10 years Romania has recorded a continuous yearly economic growth which made possible improvement of standard of living, improvement of legislation, development of infrastructure and a more numerous presence of world well known international companies.

The yearly economic growth varied between 4 and 8,6% (record level registered in 2004). The main macroeconomic indicators may give us a picture of Romania's present stage of development.

Last year the economic growth stood at 6%, exceeding the expectations of analysts who forecasted a 5,7% rate. The GDP amounted €121,3 billion in 2007, against €97,2 billion a year before, showing that just in one year the economy grew by over €24 billion. This result could have been even bigger, but the strong drought from 2007 reduced drastically the agricultural production, reducing its contribution to GDP. Looking into the GDP structure, the biggest contribution belongs to services sector (50%), industry (24%), constructions (9%) and agriculture (6%).

The inflation was following lowering trend from 1999 and last year registered a 4,8% level. Unemployment was 4,3% in December 2007 but some sectors of the economy, mainly construction and manufacturing are facing lack of labor force.

The foreign trade scored a permanent growth, but the yearly rate of imports was always bigger than exports rate, so that the trade deficit became bigger and bigger. Last year Romania exported goods in value of €30,2 billion and imported €58,4 billion.

The trade deficit made the current account deficit level to grow up to near 14% from GDP, which give a little bit of impatience for analysts.

Member of the EU, Romania has to pay attention to the budgetary deficit which has to stand below 3% from GDP. Last year the figure was 2,4% from GDP and forecasts for 2008 are at 2,7%.

Foreign Direct Investments exceeded last year €7 billion, but did not succeed to keep the highest level of €9,1 billion from 2006.

For 2008 the Government forecast an economic growth rate of 6%, a GDP of €133,8 billion, a budgetary deficit of 2,7% from GDP, an inflation of 5-6% and foreign investments of around €7 billion.

Romania will receive €33 billion from EU during 2007-2013 as non-repayable funds to be spent for programs developing the economy. 2008 will be the first year to obtain money for the projects submitted for approval. These funds will give a strong assistance to many investments projects in developing infrastructure, improving rural development, up-rising the efficiency of agricultural sector etc.

A lot of future investments in Romania will be Greenfield, privatization process of former state companies being nearly finished, with the exception of energy sector. Constructions, agriculture and food industry, tourism, road transports, health and rural developments are sectors attractive for future investments.

SOME EVENTS CONTRIBUTING TO REGIONAL COOPERATION

Russia – Greece Business Forum

Athens, Greece, February 18 – 19

➤➤ For more: From members/SEV/p.23

Azerbaijan - Iran Business Forum

Baku, Azerbaijan, February 22

Participants of the event discussed the issues concerning economy of both countries, their business climate, investment and trade relations and perspectives of the economic cooperation between Iran and Azerbaijan. Iranian delegation included 50 businessmen representing agriculture, trade, construction, tourism and other economic sectors whereas around 50 Azerbaijani companies took part in the event.

Turkey – Romania Business Forum

Bucharest, Romania, March 3

➤➤ For more: Black Sea & Caspian Agenda/p. 19

Azerbaijan – Greece Business Forum

Baku, Azerbaijan, April 15

Around 20 Azerbaijani and 7 Greek companies engaged in the manufacturing and sale of construction facilities, fur, medicaments, canned fruits, juices and metallic products were involved in the Business Forum. Prospects of cooperation in respective fields of the economy were discussed and the necessity and potential of increasing trade relations and joint economic projects between the two countries were stressed in the Meeting.

Year of Ukraine in Kazakhstan

The opening ceremony of the “Year of Ukraine” was held in Kazakhstan on March 5 with the presence of the Presidents of Republic of two countries.

Establishment of Regional Cooperation Council in South Eastern Europe

Sofia, Bulgaria, February 27

➤➤ For more: Black Sea & Caspian Agenda/p. 18

From Members

Azerbaijan - ATIB

ATIB General Assembly

General Assembly of ATIB was held on March 1st in Baku. Besides ATIB members, representatives of Azerbaijan government, foreign embassies and international organizations participated at the event.

Golden Wheel Awards

The Golden Wheel Awards Ceremony of ATIB was held on April 17, 2008 in the State Philharmony Building in Baku. Introduced traditionally since 2006 on annual basis the Golden Wheel Award of ATIB was presented this year for the occasion of the event of “**Foundation and beginning of functioning of Union of the Black Sea and Caspian Confederation of Entreprises**”.



Azerbaijani Minister of Economic Development Heydar Babayev presenting the award of Ömer Sabancı

This year, the award committee decided to present the “Golden Wheel” Award for “Public Figure of the Year” to Turkish State Minister Kürşat Tüzmen, and “Special Award of Gratitude” to Azerbaijani Minister of Economic Development Heydar Babayev for their thorough support in the establishment of UBCCE.

The Award for the “Businessman of the Year” was presented to Mr. Ömer Sabancı for his support in founding UBCCE during his Presidency in TÜSİAD.

The Award for the “NGO of the Year” was given to TÜSİAD for its active role in undertaking the initiative of foundation of UBCCE and ensuring and supporting the activities of UBCCE Secretariat.

The Award for the “Company of the year” was presented to “Azercell” company for its full support in UBCCE events organized in 2007.

The Award for the “Science and Art Man of the Year” was given to Dr. Haluk R. Tükel, Secretary General of TÜSİAD for his leadership and commitment in the preparatory process of foundation of UBCCE.



UBCCE Honorary President Ömer Sabancı together with President of Azerbaijan İlham Aliyev.

On this occasion, Ömer Sabancı was also received by President İlham Aliyev at the Presidential Palace. The Azerbaijani leader expressed confidence in further enhancement of the successful cooperation between Azerbaijani and Turkish businessmen and the importance of UBCCE for development of regional cooperation.

ATIB Chairman visits USA

Ahmet Erentok, Chairman of ATIB Executive Board visited USA, on April 1-3. During his visit, Ahmet Erentok attended numerous meeting that were targeted to follow-up ATIB’s ‘Azerbaijan-Turkey-US relations and their importance for Eurasia’ Conference which was held on December 10, 2007 and to discuss the forward actions of 2008. The discussions also covered issues pertinent to current political affairs, the upcoming US presidential elections, ATIB’s activity and the importance of ATIB’s cooperation with US organizations, signing working Memorandum of Understanding between ATIB and US - Azeri Network and Assembly of Turkish American Associations.

From Members

Bulgaria - BIA

Bulgarian Institute for Foreign Trade

The newly founded Bulgarian Institute for Foreign Trade (BIFT) at the Bulgarian Industrial Association was presented at a press conference in Sofia on March 24. The purpose of BIFT is to develop the competitiveness of the Bulgarian economy, and to increase the export capacity of Bulgarian firms.

Five MEP's visited BIA

Five Members of the European Parliament from Germany, Poland, UK and Bulgaria visited BIA where they participated in discussion on "International trade – priorities of Bulgaria and EU". Among the discussed topics were: mechanisms for introducing import taxes for goods in which manufacturing process were raised the rates of the damaging emissions; the reflection of the proposed reform in the trade defense measures on the industry; reform the rules for marking the origin of the goods and Asian pressure on few sectors of the economy. During the second day of the visit were held meetings with the chairmen of the parliament commissions for foreign affairs, EU affairs, economic policy and environment.

BIA and BUSINESSEUROPE seminar on mutual project

The first seminar in the frames of a mutual project of BIA and BUSINESSEUROPE was held on March 12 -13 in Plovdiv. Financed by EC, Program BOSMIP II, the seminar focused on the structure funds of EU and the possibilities for the business organizations to participate more actively in the process of adoption of those resources.

Greece - SEV

Russia and Greece Business Forum

The sixth Meeting of Greek - Russian Committee on Economic, Industrial,

Technological and Scientific Cooperation was held in Athens on February 18 – 19 with the presence of the Russian Minister of Agriculture, Alexey Gordeyev and the Greek Deputy Foreign Minister Petros Doukas. A Business Forum was organized for this occasion with the initiative of SEV and the Russian Union of Industrialists & Entrepreneurs (RUIE). During the meeting a constructive debate took place, focusing mainly on prospects for enhancing cooperation in agriculture as well as in infrastructures for 2014 Sochi Olympic Games, technological parks and tourism.

SEV enlarges entrepreneurial cooperation with Egypt

SEV signed on April 1st a new Memorandum of Understanding with the Federation of Egyptian Industries (FEI), during a Business Forum in Cairo held in the framework of the visit of a large Greek business delegation headed by the Deputy Foreign Minister Petros Doukas. SEV organized an interesting debate where Greek companies active in the Egyptian market shared their experience on how business is done in Egypt and raised issues which if resolved may facilitate their activities.

BUSINESSEUROPE President visits SEV

Ernest-Antoine Seillière paid a visit to SEV on April 7. He addressed the members of SEV General Council on the new political messages released on the occasion of BUSINESSEUROPE's 50th anniversary year "Successful companies for a successful Europe". During his stay in Greece, President Seillière was also received by Christos Foliass, Minister for Development as well as by Georgios Alogoskoufis, Minister for Economic Affairs and Finance of Greece.

Iran - ICEA

ICEA activities within CAPE

ICEA represented the Confederation of

From Members

Asia-Pacific Employers (CAPE) at the 50th Session of the Asian Productivity Organization's (APO) Governing Body held in Tehran, Iran on April 21 - 23.

Based upon invitation extended by International Labor Organization, ICEA also attended the following events in the February-April period of 2008:

1. Vienna Forum to Fight Human Trafficking, on February 13-15, in Vienna, Austria
2. Tripartite Meeting of Experts on Labour Statistique: Child Labour Statistics and Measurement of Working Time" in Geneva, Switzerland, on April 1 – 10.
3. Regional HIV/AIDS Work-shop, on April 16-18, in Dubai.
4. Sustainable Enterprise Promotion through Good Workplace Practices & Human Resources Management in Turin, Italy, from April 7 – 18.
5. Workshop on "International Labor Standards and Equality in Employment: Focus on Gender Issues and Racial Discrimination, on April 8 – 18, in Geneva

ACPR – Romania

BUSINESSEUROPE Secretary General visits Bucharest

Philippe de Buck, BUSINESSEUROPE Secretary General, paid a visit to the Alliance of Romanian Employers' Confederations (ACPR) on March 4–5. He presented BUSINESSEUROPE's new political messages "Successful Companies for a Successful Europe" to the board of the organisation and discussed policy priorities for Romanian and European business. On this occasion, Philippe de Buck was received by the President of Republic of Romania Traian Basescu, together with George Constantin Paunescu, Chairman, and Mihai Manoliu, ACPR Secretary General.

Turkey

Visit of BUSINESSEUROPE to Turkey

On April 21-22, BUSINESSEUROPE's President Ernest-Antoine Seillière and Secretary General Philippe de Buck paid a visit to the organisation's Turkish members TISK and TÜSİAD in Ankara and Istanbul. Received by Prime Minister Recep Tayyip Erdoğan, Vice-Prime Minister Nazım Ekren and Minister for Energy Hilmi Güler, President Seillière recalled that Turkey is an important economic and trade partner of the EU. He highlighted the encouraging economic and social achievements of Turkey and invited the Turkish business community to support further reforms.



BUSINESSEUROPE President Seillière and Secretary General de Buck together with TÜSİAD & UBCCE President Arzuhan Doğan Yalçındağ.

During the contacts, TÜSİAD President Arzuhan Doğan Yalçındağ underlined that the long-term vision of European business about Turkey's role and contributions in the future of the EU will be a firm support to Turkey's reform process.

TISK

13th Social Policy Agenda Meeting

The 13th of the TISK's traditionalized Social Policy Agenda Meeting took place in Istanbul on March 5. OECD's Turkey Desk Chief Rauf Gönenç who was the keynote speaker of the Meeting delivered a presentation on "Realizing a Competitive

From Members

Labour Market within the Legal System: OECD Experiences and Turkey". In his speech, Gönenç underlined the fact that although the Turkish labour market has shown a dynamic performance after the recession in year 2001, it still could not overcome its structural problems and has had low employment rates in comparison to other OECD countries.

TÜSİAD – Turkey

TÜSİAD International meeting with Shaanxi Region of China

On April 15, a delegation from the Chinese Region of Shaanxi was hosted by TÜSİAD International, the strategic business development unit of TÜSİAD. Lead by the governor of Shaanxi, Zhao Leji, the delegation met with TÜSİAD and UBCCE President Arzuhan Doğan Yalçındağ and İstanbul Governor, Muammer Güler. Following the meeting, agreements for developing regional and trade relations were signed between TÜSİAD International and Shaanxi Region.

President Yalçındağ visit to the Netherlands and Switzerland

TÜSİAD and UBCCE President Arzuhan Doğan Yalçındağ paid a visit to the Netherlands on February 19 to participate as speaker to a Conference organized by "Turkey Institute" where she informed the participants on recent economic developments in Turkey. The following day, President Yalçındağ was in Geneva, Switzerland upon an invitation extended by Chamber of Commerce and Industry Switzerland-Turkey (CCIST). Speaking at a Conference organized by CCIST, President Yalçındağ underlined the reforms carried out in the country and stated that the EU should follow a transparent and equal procedure for the continuation of membership negotiations with Turkey.

TÜSİAD Reports on "Growth in Global Integration Process" Project

TÜSİAD initiated in cooperation with the Central Bank of Turkey a project entitled "Growth in Global Integration Process" aiming to contribute to the development of Turkish economy on a strong and sustainable basis. The first report of the Project "Transformation in Turkey's production and trade structure: Global Macroeconomic tendencies and reflections" were shared with the public opinion on February 28 followed by a second report announced on March 21 entitled "An assessment of households in Turkey: Labor, Income, Expenditure and Poverty".

New Report: "Corporate Risk Management"

On February 21, TÜSİAD organized a seminar for announcing its "Corporate Risk Management" Report. The report concentrates mainly on the identification and development of existing risk management in Turkish business environment and brings conceptual openings to the subject. Following the report announcement, a seminar entitled "Risk provisions in 2008" was held where participants discussed the possible areas of crisis awaiting in 2008 within the framework of internal and external economic and political situation.

New Report: "Turkey's Communication Strategy on the Way to the EU Membership: The Case of TÜSİAD"

On March 5, TÜSİAD Country Promotion Commission announced a report on "Communication Strategy of Turkey on the way to EU accession: Example of TÜSİAD". With this occasion TÜSİAD Country Promotion Commission Chairwoman Ümit Boyner stated that the TÜSİAD would accelerate its efforts for the promotion of Turkey in EU countries and increase the positive visibility of the country in European media.

ECONOMIC RELATIONS OF AZERBAIJAN WITH UBCCE COUNTRIES

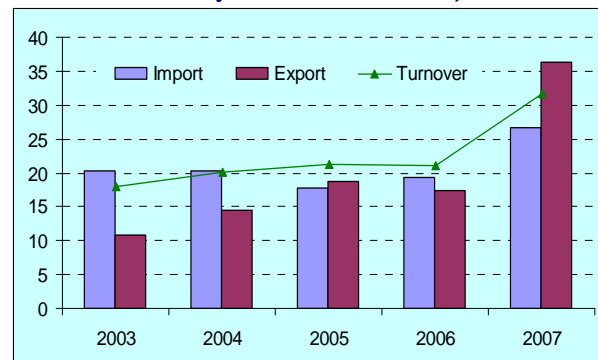
By Amin CHARKAZOV,
Senior Expert on Economic Researches,
Azerbaijan Turkey Business Association,
ATIB

The Republic of Azerbaijan is one of the fastest growing countries in the world with an indicator of 96% GDP growth during the last four years. Foreign relations of the country are also rapidly developing. The government pays special attention to economic, social and political relations with neighbouring countries.

Azerbaijan also plays an important role in UBCCE region, having good economic ties with all of the region countries. Azerbaijan has trade relations with 138 countries all over the world, 14 (more than 10%) of which are UBCCE member countries. The share of UBCCE member countries in foreign trade turnover of Azerbaijan increased from 24,6% in 2006 to 36,3% in 2007. The volume of commodity turnover with these countries increased by 49,3% and reached \$4,3 billion in 2007. According to official statistics, the volume of export increased by 60% and import by 39% and these indicators reached to \$2,2 billion and \$2 billion respectively. For comparison, the overall foreign trade of Azerbaijan increased by 1,1% in 2007, while export fell by 4,9% and import rose by 8,4%.

It is worth mentioning that the majority of Azerbaijan's foreign trade with UBCCE countries is implemented with 7 of them, namely Turkey, Iran, Ukraine, Germany, Georgia, Kazakhstan and Greece.

Share of UBCCE countries in overall commodity trade of Azerbaijan



State Statistical Committee of the Republic of Azerbaijan

93,5% of regional trade in 2006 and 96,1% in 2007 was carried out with these countries. Turkey ranks first among all trade partners of Azerbaijan with the volume of \$1,7 billion foreign trade turnover. The share of other 6 countries in Azerbaijan's intra UBCCE foreign trade decreased from 66.5% to 56.8% during the last year. This is caused mainly due to the launch of Baku-Tbilisi-Ceyhan oil export pipeline in mid-2006.

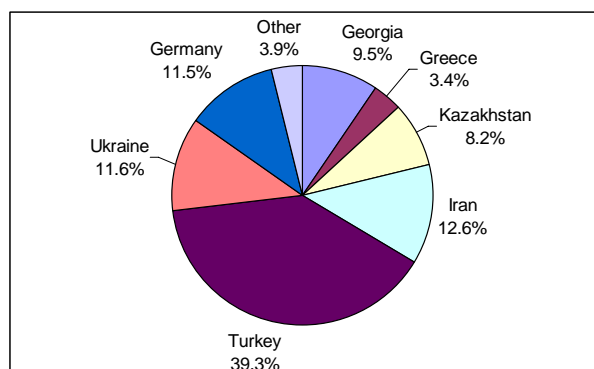
Main export partners of Azerbaijan among UBCCE member states are Turkey (47.3% of export to UBCCE countries), Iran (19.5%) and Georgia (15.4%). Main import partners are Turkey (30.6% of import from UBCCE countries), Germany (23.1%), Ukraine (22.8%), and Kazakhstan (10.9%).

Mineral fuel, oil and oil products, metals and metallurgy products, plastics, cotton and agro food prevail in Azerbaijan's export to UBCCE countries. The Republic imports from these countries mainly machinery, mechanisms, electro-technical equipment, transport vehicles and their spare parts, metals and metallurgy products, chemical products, plastics, mineral products, construction materials, agricultural and food products.

Energy products like mineral fuel, crude oil and oil products, motor petrol, diesel fuel, liquidated gas and electric power consist of

almost all Azerbaijan's export to Albania, Bulgaria and Greece, 92,9% to Romania, 92% to Turkey, 88,8% to Austria, 80,3% to Georgia, 76% to Iran, 46% to Ukraine and 10,8% to Kazakhstan. In general, about 82% of Azerbaijan's export to UBCCE region consists of energy resources. 5,4% of export to the regional countries includes metals and articles, like copper, aluminium and ferrous metals.

Azerbaijan's commodity trade with UBCCE countries



State Statistical Committee of the Republic of Azerbaijan

22,4% of Azerbaijan's imports from the UBCCE countries consist of machinery products, mechanisms, electro-technical equipment and their spare parts, 15,7% of agricultural and food products, 15,2% of transport vehicles and their spare parts, 14,9% ferrous and non-precious metals and their articles, 4,5% of chemical products, etc. 33,8% of import from Turkey consists of machinery products, 27% of import from Ukraine of non-precious metals and their articles and 89,3% of import from Kazakhstan of agricultural products, especially cereals and flour.

The territory of Azerbaijan is largely used for transit of goods. About 6 million tons of cargo was transited in 2007, 30% of which to UBCCE countries.

The total volume of foreign investments to main capital in Azerbaijan amounted to \$3,2 billion in 2007, 7,9% (\$250,7 million) of

which were investments from UBCCE region. The largest investors among UBCCE member countries were Turkey and Iran with 78,3% and 16,5% of investments respectively.

Azerbaijan's oil revenues are rapidly increasing that generate opportunities for the country to have investments abroad. Billions of dollars have been invested to a number of projects in foreign countries. The main countries of destination for Azerbaijani investments in UBCCE region are Turkey, Romania and Georgia. Azerbaijan invests in transport and energy infrastructure in these countries. Azerbaijan State Oil Company – SOCAR acquired 51% of share of "Petkim" Petrokimya Holding, Turkey's large petroleum chemical company, which controls about 25% of the petrochemical market of Turkey, for \$2,04 billion in 2007. Furthermore, construction work was completed in Kulevi Port that the company acquired in Georgia in 2007 as well.

Azerbaijan continues financing of a new port, petrol stations, oil refineries and Baku-Tbilisi-Kars railway in Georgia, large oil and fuel complexes in Turkey and Romania. SOCAR intends to invest \$10 billion in Turkey. Enhancement of investments in neighbouring countries, including UBCCE region contributes to strengthening of Azerbaijan's regional security. It also reflects the will of the Republic to further deepen economic relations with strategic partners in the region.

** The articles published in the Bulletin express the views of the authors.*

NABUCCO- GAS BRIDGE FROM THE CASPIAN AND BLACK SEA REGION TO EUROPE

By Reinhard MITSCHKEK,
Managing Director, Nabucco
Gaspipeline International and OMV Gas
Logistic

A growing economy always needs energy from different sources to grant the security of supply. The use of Gas is one answer. But this always needs logistic and therefore visionary projects to face future challenges.

Nabucco today is not only the synonym for a pioneer pipeline project connecting for the first time directly the Caspian Region with the heart of European gas markets. It's one of the most important infrastructure projects for the European Union for security of Gas supply for a simple reason: Consume will rise and production in Europe will decline.

Europe expects a considerably increase of gas demand in the next 25 years. *Observatoire Méditerranéen de l'Energie* tells that gas supply for Europe, which is today around 502 bcm (billion cubic meter) per year will rise to 816 bcm in 2030. At the same time exploration in Europe is shrinking, imports will have to increase. 74% will be imported from outside Europe in 2030, today it's only 41%.

This shows that Nabucco has enormous potential to grow on this market fulfilling two main goals: Strengthening Europe's security of supply for natural gas, and contributing substantially to diversifying existing supply routes.

Connecting the large gas deposits in the Caspian region, the Middle East and Egypt with Europe should be a key interest for both regions. Let me stress in this matter that Nabucco Gaspipeline International itself will not buy any gas but this is done by shippers who will decide which gas source to be acquired. Therefore, we would not interfere or interpret the gas supply and sourcing strategy of our clients. Nevertheless this project offers a unique chance to the countries of the Caspian and the Black Sea Region. Potential producers could easily broaden their portfolio and European shippers would be capable to conclude long term contracts with market participants of this region.

Furthermore, Nabucco combines advantages in various branches. The tariff model is based on long term capacities on a firm basis. For that reason the consortium applied for exemption of EU-unbundling law, which was already granted for Austria. One-stop-shop principles make it easy for shippers and producers to buy and sell gas. Bringing gas via Nabucco to the "Central European Gas Hub" to Baumgarten near Vienna means, that gas could easily be swapped into other important hubs in Europe or transported on a efficient Pipeline Network to downstream business in Western Europe. Baumgarten therefore is a perfect turntable for European gas markets.



Nabucco Gas Pipeline Project

Point of view

Due to the fact that European shippers are keen to develop their portfolio as well, Nabucco will bring added value to both sides. We enhance our chances for gas-supply, we improve competition in Europe and we open a new gas-corridor through Turkey, Bulgaria, Rumania, Hungary and Austria.

When completed, the pipeline's annual capacity will be 31 bcm. This makes Nabucco one of the most effective gas-pipelines in the world. Let me also stress that Nabucco is a European project but no anti-russian project. Gas supply from Russia for Nabucco via the Black Sea Pipeline Blue Stream for example is also welcome as gas supply from Gas producers like Azerbaijan, Turkmenistan or Kazakhstan.

Azerbaijan expects first gas from Shah Deniz II in 2013 perfectly matching the estimated start of Gas deliveries through Nabucco. Fruitful talks are ongoing on political level as well as on bilateral contacts between companies. Turkmenistan also clearly confirmed in talks during EU-Commissioner Benita Ferrero-Waldner's visit to support gas deliveries to Europe from new undrilled sources. So did the Iraqi government in Brussels nearly at the same time. This was also highly appreciated on the gas market.

All that additional supply has to be explored, produced, contracted and transported. The responsible managing board is evaluating every step on political, commercial and financial grounds and then sets up a business plan. For that reason our decisions are long term and designed to be sustainable. Highly interested European shippers would now appreciate detailed negotiations starting soon with potential producers of that region.

The project now steps into the phase of realisation. At the beginning of 2008 the British company Penspen was appointed as

owner's engineer for coordinating the detailed planning of the project. In February Nabucco implemented Germans RWE as 6th Shareholder in the Consortium consisting of OMV (Austria), MOL (Hungary), Botaş (Turkey), Tranzgas (Romania) and Bulgargas Holding (Bulgaria). The consortium stays even open for a potential 7th partner, if it further strengthens the project. But that issue is not on the table now. Finalising the exemption process and conclusion of an Intergovernmental Agreement between Austria, Hungary, Romania, Bulgaria and Turkey are important further steps. At the end of 2008 we are expecting the performance of Front Engineer Design process including environmental and Social Impact Assessment. The Open Season Procedure will be started as soon as all requirements are met. Immediately after the final investment decision, construction will start as we expect in 2010. First gas will be delivered in 2013.

Without a doubt Nabucco is a complex project but a unique one. Together with the business Community of the Black Sea and the Caspian Region this project could become a gateway for a sustainable future in the energy business of both regions.

** The articles published in the Bulletin express the views of the authors.*

Upcoming Events

International Conference on “Turkey and Black Sea Regional Cooperation” Berlin, Germany, May 29-30

The Südosteuropa-Gesellschaft (Southeast Europe Association) together with TÜSIAD and UBCCE will organize an international conference on “Turkey and Black Sea Regional Cooperation” in Berlin on May 29-30. The aim of the Conference is to identify common interests between the EU, Turkey, and other countries adjacent to the Black Sea, and to develop common projects with concrete objectives.

The conference is expected to gather participants from Germany, Turkey and the Wider Black Sea Region. Experts and decision makers from think tanks, politics, business, civil society, IFIs, representatives of the existing organizations of regional cooperation, the European Commission and other International Institutions are invited to present and discuss their views.

III KazEnergy Eurasian Energy Forum “Energy for Sustainable Development of Kazakhstan” Astana, Kazakshtan, September 4-5

The 3rd of Eurasian Energy Forum organized annually by Kazakhstan Association of Oil-Gas and Energy Sector Organizations (KazEnergy) will take place in Astana, Kazakhstan on September 4 – 5.

The main aim of this year’s Forum is to involve the most representative circle of strategists and practitioners of the energy industry and science into the discussion of problems and challenges faced by the energy sector in the Republic of Kazakstan in the context of global search for sustainable solutions.

For more: www.kazenergy.com

SOME UPCOMING EVENTS

11th Eurasian Economic Summit

Istanbul, Turkey, May 1 - 3

12th Uzbekistan International Oil & Gas Exhibition & Conference

Tashkent – Uzbekistan, May 13 - 15

International Conference on “Turkey and Black Sea Regional Cooperation”

Berlin, Germany, May 29-30

CASPIAN OIL & GAS 2008

Baku – Azerbaijan, June 3 - 6

ENERGEX 2008, "Energy for Human Development and the Protection of the Environment"

Vienna – Austria, June 6 -10

Vienna Economic Forum Albania Meeting

Albania, June 8 - 9

UNDP Black Sea Pack

Istanbul – Turkey, June 18 – 19

Turkey Business & Investment Summit

Istanbul – Turkey, June 5 - 6

6th Russian Petroleum Congress

Moscow – Russia, June 24 - 26

The Wider Black Sea Area and the Great Energy Game

Athens – Greece, June 25

EU - Eastern Europe Business Forum

Ljubljana, Slovenia, June 26 - 27

Medbusinessdays

Marseille, France, July 3 – 4

Third Eurasian Energy Forum

Astana, Kazakshtan, September 4 – 5