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NATIONAL NEWS

Tusk Arrives in Washington

Gazeta.pl and tvn24.pl, March 9 2008

On 10 March, PM Donald Tusk will arrive in Washington to meet President George W. Bush. The main issue to be discussed by the two politicians is the US anti-missile shield to be established on Polish territory. In return for its consent for locating the project in Poland, Warsaw wants the US to participate in modernisation of the Polish army. Apart from the shield, Tusk and Bush will talk about the situation in Iraq and Afghanistan, relations with Russia, the problem of Kosovo, the prospects for further NATO enlargement and energy issues. Before his departure from Warsaw, the Polish PM made it clear that he was not willing to discuss the visa problem with the US leader. Presidential minister Michał Kamiński announced that President Lech Kaczyński wishes Tusk success during his visit, while the Civic Platform's (PO) ruling coalition partner the Polish Peasants Party (PSL) expects him to maintain a tough stance in negotiations over the shield.

US Makes Final Proposal, Poland Not Enthusiastic

Gazeta Wyborcza p. 10, March 10 2008

While the negotiations concerning the potential establishment of a US anti-missile shield on Polish territory are in progress, according to *Gazeta Wyborcza* daily the offer presented by Washington last week regarding US participation in modernising the Polish army has not met Warsaw's expectations; meanwhile, off the record White House representatives stated that the offer was final. According to one source cited by the newspaper, in return for Warsaw's consent for locating the project in Poland, the US offered Poland "more than one missile launcher and around 100 Patriot missiles," while another source speaks of "several launchers and many more than 100 missiles." In addition, the Polish soldiers to man the launchers would be trained for free. Reportedly, among other things Warsaw did not think much of the analysis of economic gains resulting from the shield that was prepared by the US.

Tusk and Pawlak in Conflict over Energy Supply Diversification

Dziennik p. 9, March 10 2008

PM Donald Tusk will head the new government group for energy security, which will replace the group headed earlier by

Deputy PM and Economy Minister Waldemar Pawlak. "We have decided together that energy security concerns not only the economy, but also several other domains, which called for making the group capable of operating on a broader level," explains Tusk, stressing that there was no conflict between the two politicians. Off the record, however, the Civic Platform (PO) politicians reveal that there is a major difference of opinion regarding diversification of oil and gas supplies between them. *Dziennik* writes that following his trip to Russia, the Polish PM has become convinced that efforts in this area should be continued.

First Cracks in Gov't Coalition?

Dziennik p. 6, March 7 2008

The coalition between the Civic Platform (PO) and the Polish Peasants Party (PSL) is no longer running smoothly. PSL politicians have started fearing that they will be marginalised, and have voiced objections to some of PO's projects. First, Labour Minister Jolanta Fedak distanced herself from the draft amendment to the Labour Code, paradoxically, co-prepared in her own ministry but by the PO deputy Economy Minister Adam Szejnfeld. Also, the flat tax rate pushed through by the PO constitutes a bone of contention between the two parties. Moreover, the PSL has its own ideas for the Members of European Parliament electoral system as well as the embattled media bill. Although the PO parliamentary caucus head Zbigniew Chlebowski assured the media that the relations with the coalition partner were splendid, the PSL plans to counter PO's projects with its own bills.

Nearing Elections in US Through Eyes of Polish Politicians

tvn24.pl, March 5 2008

The nearing presidential elections in the US are being closely observed by politicians in Poland. In the opinion of Polish MEP Marek Siwiec, for Warsaw it would be the best if the elections were won by Republican candidate John McCain. "As far as our traditional interests, such as security, are concerned, McCain is the best candidate for Poland. He has a black and white view of the world and looks at the issue of security like a true Republican," he states. At the same time, Siwiec speaks very highly of Hillary Clinton's qualifications for the office; on the other hand, he forecasts that should Barack Obama win the elections, the US will descend into "charming chaos". The MEP describes McCain as the "candidate of continuation", Clinton as the "candidate of new course", and Obama as the "candidate of dreams".

Skrzypek Has New Deputy, PM Blocks Other One

Gazeta Wyborcza p. 35, March 8-9 2008

On Friday, Piotr Wisiółek was officially appointed as the first deputy of the president of the National Bank of Poland (NBP). He will be the person in charge of managing the EUR45bn currency reserves. He has declared his intention not to perform any kind of revolution in this field. "I would like to retain a conservative approach to managing the reserves, which means obtaining a decent profit from investments, while abiding by all the safety limitations," said Wisiółek. He added that 2012 would be a good year to enter the SEPA zone, and the balance of profits would be positive. In his opinion, currency interventions could only be performed to fulfill the inflation goal. In turn, the inclination to perform currency interventions stigmatised the other candidate, Witold Koziński, in the eyes of the PM, who did not approve of his attempts to interfere with the competence of the Polish Monetary Policy Council.

Euro Awaits, Poland Cuts Deficit

Rzeczpospolita p. B1, March 8-9 2008

The Finance Ministry is working on the final stage of the convergence programme which precedes the date for introducing the euro currency. It aims to lower the public finance deficit from the current 2.5 percent of GDP to 1 percent in 2011. The macroeconomic evaluations differ from earlier declarations. "The difference is due to the fact that the programme was prepared using the most recent data from January," says Deputy Finance Minister Katarzyna Zajdel-Kurowska. She confirmed the statement on predicted economic growth (about 5.5 percent) for 2008, but the inflation is now estimated at about 3.5 percent and may become higher. According to the Finance Ministry, the increased inflation poses no danger to Poland - on the contrary, it is expected to bring more income for the budget.

'Crown Jewels' to Remain in the Hands of Treasury

Puls Biznesu p. 4, March 6 2008

The Treasury will not privatise fuel concerns Grupa Lotos and PKN Orlen, and copper concern KGHM in the next four years. Among the companies that will remain in the hands of the state are Polish Radio (PR) and the national broadcaster (TVP), Gaz-System, grid operator PSE Operator, Operator Logistyczny Paliw Płynnych (OLPP), pipeline operator PERN and national forest company Lasy Państwowe. In total, around 20 companies will not be privatised, the rest should be sold within the next four years. "All companies will be privatised, except those that will enter the list of strategic entities and those for which it would not be the right moment to begin privatisation," added Grad, who has almost completed the 4-year privatisation plan. Experts agree that infrastructure companies such as PERN and OLPP should remain under state control, but doubt whether it is a good solution for the state not to privatise TVP, copper concern KGHM or PKO BP.

Economists See 2008 GDP Growth above 5 Percent

Gazeta Prawna p. 4, March 6 2008

Strong domestic demand, rising wages and investment will help the Polish economy to stay immune to a global slowdown, said economists polled by Prawna. They expect GDP to be above 5 percent this year, which compares with the ten-year record of 6.5 percent in 2007. "Lower GDP doesn't mean a fundamental change in the economic cycle, instead it suggests a move towards a permanent growth rate of 5 percent," said Piotr Bujak, an economist at BZ WBK. "As long as the situation in Poland doesn't improve ... it's hard to expect the economic growth will accelerate to 6 or more percent." Economists forecast that the economy may slow down even to less than 5 percent due to global trends and rising interest rates in Poland. The fast economic growth, spurred by consumption, is lifting consumer prices, which forces the central bank to restrict monetary policy. Economists predict inflation will be close to 3.5 percent at the end of the year.

Government May Reduce Rights to Bridge Pensions

Rzeczpospolita p. B1, March 6 2008

The labour ministry plans to propose to the government a change of law on bridge payments and early retirement. The list of professions entitled to bridge benefits has now been reduced from more than 300 to 60. 2008 is the last year of existing the early retirement regulations, which entitle more than 1 million people to benefits. Those who were granted the benefit earlier will not use it, while those who are still working are in a different situation. Only some of them will be entitled to a bridge pension, which is paid until a person reaches the usual retirement age (60 for women and 65 for men). The ministry plans that as of now only those born between 1949 and 1968 will benefit from the bridge pension, which accounts for as many as 130,000 citizens. Teachers have been removed from the list of those entitled to the benefit, which will be granted only to those working in hard conditions, such as pilots. Then the benefit will be removed from Polish law.

PO Relaunches Crusade Against Radio and TV Subscription Fee

Gazeta.pl, March 6 2008

The Civic Platform (PO) has once again returned to the idea of removing the subscription fee presently collected by the public media. According to its latest plan, the fee would be removed for people unable to work and retired people within the next two-three months. Its total abolishment would take place at the end of the year. At the same time, PO's parliamentary caucus head Zbigniew Chlebowski gives assurances that the government intends to create a system of financing programmes remaining in line with the public media's educational and cultural mission, and come up with a solution protecting public broadcasters against bankruptcy.

PGNiG Wants to Invest PLN8bn in Oil and Gas Deposits

Parkiet p. 4, March 10 2008

Polish oil and gas company PGNiG plans to spend PLN16bn on investment projects by 2020. Half of the money will be spent on gas and oil drilling in Norway, Poland, Pakistan, Libya, Egypt, Denmark and perhaps in Iran and Algeria. The company plans to spend PLN4.9bn by 2015. "Around two-thirds of the money for increasing extraction will be spent in Poland, and one-third abroad," said Piotr Gliniak, director of exploration and deposit extraction at the company. Gliniak added that the exploration of the second foreign deposit, besides the one in Norway, will take place in Pakistan in 3-3.5 years, if all goes according to plan. PGNiG estimates the deposit at 10-15 billion cubic metres of gas. The company plans to spend PLN3.2bn on extraction from the Norwegian deposits Skarv and Snadd. Gas and crude oil should begin to be extracted from those deposits in 2-2.5 years. The company will also invest PLN0.5bn in the construction of the Skanled pipeline.

TPSA Split Delayed, Regulator Needs Help

Puls Biznesu p. 10, March 10 2008

The Office for Electronic Communication (UKE) wants TPSA to be split into retail and wholesale parts. The division is supposed to make it possible for operators to gain equal access to the national telecom's infrastructure. However, in order to prove that such division is necessary, TPSA would have to co-operate - and it is not. Which is why the UKE wants to hire a consulting company to analyse TPSA. One tender was annulled, after some of the bidders claimed the criteria was unfair. Today, UKE Chairperson Anna Streżyńska is supposed to announce a new tender. This means the decision about splitting TPSA may be delayed by at least one month. At first, there was talk about the middle of 2008. Now Streżyńska indicates July. Experts wonder whether it is possible to prove the need to split TPSA, if the telecom refuses to co-operate. The regulator has access to some confidential data, but it has no right to disclose it to third parties.

Sale of Silesia to Gibson Group under CBA Investigation

Gazeta.pl, March 6 2008

The Central Anti-Corruption Bureau (CBA) has launched investigation concerning the recent sale of Silesia mine by state-controlled mining company Kompania Węglowa (KW) to Scotland's Gibson Group International. On 6 March, KW's spokesperson Zbigniew Madej confirmed that CBA had requested the enterprise to present it with detailed documentation tied to the

transaction. KW's representatives are confident that the tender procedure and the preparations for the transaction will not raise reservations from the institution. At the same time, they admit that the tender was not preceded by a pre-privatisation analysis and that a privatisation prospectus was not drawn up; this is because the sale of Silesia was not a privatisation process, they argue. "It was not a privatisation of a mine, but the sale of part of our assets; in such cases, different procedures are used. Many similar operations have been conducted in the past in this way," states Madej.

Will Audit at Public Broadcaster Enable PM to Dismiss Its Head?

Puls Biznesu p. 6, March 6 2008

Treasury Minister Aleksander Grad is currently acquainting himself with the outcome of an audit at the public broadcaster TVP. The inspection was carried out for the Treasury Ministry in December. According to ministry official Paweł Lisiecki, if the audit report confirms the minister's doubts about the quality of work of TVP's management board, it may decide to call an EGM and suggest to the broadcaster's supervisory board that they hold TVP's management board members, especially CEO Andrzej Urbański, accountable for the irregularities exposed by the audit. Meanwhile, the supervisory board members Puls Biznesu asked see no reasons why TVP's management board should be reshuffled. Piotr Wawrzeński stated openly that the audit provided no grounds for the dismissal of Urbański. If the report cannot serve the Civic Platform (PO) as an instrument to dismiss the TVP head, the new media act will, says PO MP Arkadiusz Rybiński.

Budimex to Expand to Twice Current Size

Puls Biznesu p. 6, March 9 2008

Poland's largest construction company, Grupa Budimex, may have to double in size due to its amount of orders. The group is preparing for an investment connected to the Euro 2012 championships. "In Warsaw alone, the national stadium, subway and ring road need to be constructed at great speed.. If we win part of these tenders, we will have to create almost another company," said Budimex CEO Marek Michałowski. This means the company may double its revenue, number of employees and output capacity. Last year, the turnover of the group reached PLN3bn. Budimex will enter the tenders together with its strategic investor Ferrovial, as sub-contractors are required to have considerable cash reserves for guarantees and be able to construct stadiums and subway lines according to new technology, added Michałowski. Budimex is also considering a share issue. "Next year we will present figures and options for obtaining capital," he said.

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