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Over-Zealous Defence Minister Corrected by PM

Gazeta Wyborcza p. 2, November 28 2007

On 27 November, Defence Minister Bogdan Klich presented the preliminary plan of withdrawing Polish troops from Iraq. "We would like to end our involvement in the operation in the summer of 2008, with the first soldiers from the last contingent serving in the country to be sent back home in March or April," he said in a radio interview. While Klich gave assurances that the plans regarding the issue had been consulted with Washington, according to *Gazeta Wyborcza* daily the White House did not know that Poland intended to leave Iraq as soon as in mid-2008. The declaration made by the new defence minister was swiftly corrected by PM Donald Tusk, who announced that the official will file a motion to President Lech Kaczyński for extending the Polish mission in Iraq until mid-2008 so that it would be completed by the end of the year.

Tusk Opens Door to Russia's OECD Accession

Gazeta Wyborcza online, November 27 2008

On 27 November PM Donald Tusk announced that Poland will not block Russia's negotiations regarding its joining the Organisation for Economic Co-operation and Development (OECD). He also said that he had already informed the Kremlin about the decision. Joining OECD would be the first step towards Russia's accession to the World Trade Organisation (WTO), which remains one of its main priorities. It was thus not surprising that Tusk's declaration was warmly received by Russian commentators. In Poland, however, the reaction to his words was completely different. "We must express our great surprise at the PM's declaration regarding Russia's joining the OECD," stated the Chancellery of President Lech Kaczyński in its official communique. Former Deputy Foreign Minister Paweł Kowal was more straightforward, calling Tusk's statement a mistake.

Nangar Khel Massacre Suspects to Remain in Jail

Gazeta Wyborcza and tvn24.pl, November 26 2007

On 26 November, the district court in Poznań rejected the reservations raised by the attorney regarding the apprehension of two out of seven soldiers suspected of killing six civilians and seriously injuring three more in the Afghan village of Nangar Khel

in August. The prosecutor's office accuses them of opening fire on the village despite knowing that there were no Taliban there. This view is opposed by their commander Adam Stręk, who claims that the soldiers responded with fire to an actual threat. Meanwhile, later during the day new Defence Minister Bogdan Klich addressed the controversy concerning the manner in which the suspects were arrested. "From what I know, these soldiers were treated like regular criminals. I will not have that," he stated. Klich also confirmed that in 2008 conscription will be reduced to be eventually suspended in 2009. In 2010, the Polish army is to be completely based on professional soldiers

PM Reignites Dispute with Doctors

Dziennik p. 1, November 28 2007

The conflict between the authorities and medical circles seems to have been reignited once again, all because of Donald Tusk's announcement that the regulations reducing weekly working hours for doctors from 60 to 48 will not enter into force on 1 January 2008, but in one year's time. While the PM explained that sticking to the original solution would result in complete chaos in the public healthcare system, his words did not diffuse the anger of doctors, who have already announced mass lawsuits against Tusk's decision before the European Court of Justice (ECJ) and threatened to go on a strike. "The new system was a chance both for the doctors and the patients," explains Dr Julian Wróbel. He is backed by National Doctors Trade Union (OZZL) head Tomasz Bukiel, who reveals that on 7 December union members will decide on the form of their protest.

Rebels to be Absent at PiS's December Congress

Rzeczpospolita pp. A4-A5, November 27 2007

On 26 November, Law and Justice (PiS) leader Jarosław Kaczyński announced that former deputy heads Ludwik Dorn, Kazimierz Ujazdowski and Paweł Zalewski will not take part in the party's December congress. Last month, Dorn, Ujazdowski and Zalewski wrote a letter to Kaczyński in which they appealed for a change in the way PiS was run. In return, they have been suspended as party members. According to unofficial information, the three "rebels" will not be ousted from PiS before the congress. "While they will obviously have to go, if it happened before 8 December it could affect the situation in the party," explains one PiS MP. This would certainly not please Kaczyński, as the congress is meant to be a great demonstration of unity.

Expo 2012 Not for Poland

tvn24.pl, November 26 2007

The city of Josu in South Korea will organise the EXPO 2012 exhibition. Josu received 77 votes, the Moroccan city of Tanger - 63. Wrocław did not make it through the first round with only 13 votes. 140 states took part in the ballot. Wrocław made an appeal to the new members of the Bureau of International Exhibitions to observe the rules of fair play but even this did not help. Poland's appeal was connected with the fact that at the time when Poland launched its campaign for the organisation of the EXPO 2012, the number of countries present in the BIE, the organiser of the exhibition, amounted to 98. Currently, there are 140 countries in the BIE, 26 of which joined the organisation two weeks before the ballot. High-ranking state officials from Morocco and Korea supported both Tanger and Josu, while Wrocław was supported by the speaker of the Senate, Bogdan Borusewicz and film director Roman Polański.

PM Goes One Step Too Far

Puls Biznesu p. 8, November 28 2007

On 27 November the head of the Social Insurance Board (ZUS), Paweł Wypych, was dismissed by PM Donald Tusk. The decision came as a surprise. The reasons for the dismissal were given only at the afternoon press conference. Donald Tusk explained that the dismissal was connected with a critical assessment of Wypych's activity at the ZUS, especially concerning the reduction in the number of local branches, which brought the ZUS further away from the citizens. However, the reform carried out in the ZUS by Wypych did not actually reduce the number of branches, but only changed their status and their scope of responsibility, which meant that several dozen directors and their deputies lost their positions. Experts are astonished by the decision - the reform in fact healed the ZUS and brought it closer to the citizens, says economist Robert Gwiżdowski.

Central Bank May Post Loss as Strong Złoty Hurts Reserves

Rzeczpospolita p. B3, November 28 2007

The National Bank of Poland may report an annual loss this year as the strengthening złoty lowers the foreign currency reserves, said Governor Sławomir Skrzypek in an interview to *Rzeczpospolita*. He said that the bank will post a record income on reserves management and investment but the net result will be negative as the value of foreign-currency assets that Poland has bought is lower than the sum it paid for them. The difference between the value and the price is placed in a so-called revaluation account. Poland had a surplus on this account earlier this year, which melted down with the złoty's strengthening. The złoty is now at the highest level to the euro since the country joined the EU in 2004. Still, Skrzypek rules out the possibility of raising the central bank's capital by the government as the net loss results solely from the strong currency, which proves the strong fundamentals of the Polish economy.

Ombudsman Against Retirement Age Differentiation Between Sexes

Puls Biznesu online, November 27 2007

The Commissioner for Civil Rights Protection Janusz Kochanowski has appealed with the Constitutional Tribunal (TK) against the retirement regulations setting different retirement ages for men and women. At present, the retirement age for men is 65, and for women 60. This, in Kochanowski's opinion, is discriminatory towards women, as a shorter working life translates into a lower pension - around 66 percent of the pension claimed by men. Although reaching the retirement age does not oblige one to stop working, women feel pressured to withdraw from the job market. Hence, the regulations infringe the Constitutional principle of equality. PM Donald Tusk has announced that the Ombudsman asked him for an urgent meeting in respect of the issue. He said that he would probably grant his request by the end of the week.

Pawlak on Potential of Coal

Puls Biznesu online, November 26 2007

During Monday's press conference Economy Minister Waldemar Pawlak spoke at length about Poland's energy resources. "In the light of the current oil prices, coal becomes a serious alternative fuel," he said. According to Pawlak, Poland has missed its chance to invest in coal seams exploration and accepted the stringent emission quotas imposed by the EU, which, however, was "understandable". Pawlak sees a solution in investing in so-called clean technology - coal gasification, processing it into liquid fuels. With respect to the Norwegian LNG acquisition project, it is going to be continued but also reviewed. Poland will also take active part in the debate on the North European Gas Pipeline, trying to push through the alternative project called Amber. Pawlak also addressed other issues. He announced that the abolition of capital gains tax will be postponed. In 2008 the budget income will already be diminished by the reduction in disability benefit premiums.

Treasury Minister Dishes Out Responsibilities

Puls Biznesu p. 8, November 27 2007

Treasury Minister Aleksander Grad has made the final decisions regarding the division of duties among his subordinates. The issues concerning the power and mining industries will be handled by Secretary of State Jan Bury of the Polish Peasants Party (PSL). The competence of the Treasury in these areas overlap largely with those of the economy ministry, which is controlled by PSL leader Waldemar Pawlak. Experts believe that the solution chosen by Grad will help to avoid disputes between the two institutions over the energy sector, which was a serious problem in the past. Bury will also be responsible for issues related to the pharmaceutical industry and ports. As for the financial sector, it will be supervised by Michał Chyżewski, while heavy industry, airline and defence sectors will fall under the supervision of Zdzisław Gawlik.

Poland to Lose PZU to Eureko?

Puls Biznesu online, November 26 2007

The Brussels court of appeal rejected Poland's motion for the annulment of the London Arbitration Tribunal's decision of August 2005, resolving the dispute between the Dutch Eureko and the Polish insurer PZU in favour of the former. By the same token, the Brussels tribunal agreed with the ruling of the first instance court of 23 November 2006. According to Eureko, Monday's decision seals the conclusion that the arbitration tribunal had the right to adjudicate in this dispute, and that its verdict was valid. The company also stated that an amicable settlement of the feud was still possible. Meanwhile, the Treasury Ministry is preparing for the second stage of the arbitration. It has also expressed its willingness to hold negotiations with Eureko in order to find a common solution to the dispute. The ministry considered Eureko's conciliatory declarations to be good tidings.

mBank Goes West After Promising Start in Czech Republic

Puls Biznesu online, November 26 2007

On Monday BRE Bank filed a motion for the Banking Supervision Commission's (KNB) approval of its plans to set up mBank branches in Great Britain, Ireland and Germany. The bank expects that, having received the supervisor's acceptance, it will be able to launch activity in London in Q2 2008, and in the remaining two countries - in H2 2008. BRE Bank CEO Sławomir Lachowski announced that mBank's target group are Polish economic emigres - 1m in the UK, 1m in Germany and some 250,000 in Ireland. BRE Bank has already made forays into the Czech and Slovakian markets. According to Lachowski, as many as 1,000 people applied for a bank account in the Czech Republic within 24 hours of opening operations in that country on 25 November. The bank offers a free current account, a savings account, cash loans and mortgages.

GPW and PKO BP to be Privatised

Puls Biznesu online, November 27 2007; Puls Biznesu p. 10, November 28 2007

"The Treasury Ministry is in favour of privatising Giełda Papierów Wartościowych (GPW) Warsaw Stock Exchange via a public offering in 2009," announced deputy Treasury Minister Michał Czyżewski. In an interview for TVN CNBC Biznes, Czyżewski stated that the decision was not whether but how fast the Warsaw bourse should be privatised. The process is intended to strengthen the platform in the region and turn Warsaw into a regional financial centre, which would contribute to the whole economy. Czyżewski also revealed that he planned to meet with GPW CEO Ludwik Sobolewski on Wednesday. He

would like to discuss the stock exchange's strategy, which, according to the deputy minister, requires updating. In the next two weeks, the Treasury is to decide whether to continue working in conjunction with the consortium counseling GPW, or to hold a new tender for the provision of advisory services. At present, the Treasury holds 98.80 percent of the bourse's shares. Czyżewski also said that the Treasury plans to continue the privatisation of PKO BP, whose 51.49-percent stake it currently holds. He was rather sceptical about the merger between the bank and PZU.

Vattenfall Appeals URE Decision

Gazeta Wyborcza online, November 27 2007

Swedish energy concern Vattenfall has appealed against the decision of the energy regulator URE before the Court for the Protection of Competition and Consumers (SOKK). The case will form a precedent. It all began when former head of the URE, Adam Szafranski, deregulated energy prices on 31 October. Politicians did not like the decision, and Mariusz Sfora was appointed in his place to nullify the decision - the URE sent letters to energy companies saying the previous decision had been suspended. At present, energy groups are considering appealing against the latter decision before Polish courts or the EC. Vattenfall is in a unique situation, as it received a decision from the URE already in July, where the URE announced that it does not have to file its tariffs for acceptance. The Swedish concern was the only large energy company to receive such a verdict as it was not a vertically integrated company. If Vattenfall wins the case, the idea of regulating energy prices will fall apart.

PGE Energy Group Awaits New Treasury Minister's Decision

Puls Biznesu pp. 12-13, November 27 2007

Polska Grupa Energetyczna (PGE), the largest energy producer in the country, needs to meet vital deadlines. The end of the year is close and little time is left for the group to sign so-called termination agreements leading to the annulment of long term contracts (KDT). According to Dominika Tuzinek-Szynkowska, PGE spokesperson, the lack of termination agreements will cause energy companies to lose the right to compensation. And a lot of money is at stake. The KDT liquidation act stipulates the maximum compensation for the annulment of contracts at ZŁ4.5bn for energy producers of the BOT group, PGE subsidiary. The remaining compensation for other producers was to reach in all ZŁ1.35bn. The consent for signing the agreements is one of the most vital decisions faced by the new Treasury Minister Aleksander Grad. PGE also needs his decision regarding its issuing of bonds. The group wants to finance its more expensive debts by borrowing ZŁ6.5bn from banks.

Editor-in-Chief: Ewa Szczęsna; **MSZ Supplement Editor:** Alicja Minda;

PNB Company - Sp. z o.o., ul. Lenartowicza 34, 02-614 Warsaw, Poland; tel. (48-22) 847 52 56; fax (48-22) 847 52 57; web: www.pnb.pl; e-mail: pnb@pnb.pl; sales: sales@pnb.pl;

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