



European Union

UNMIK



United Nations Interim Administration Mission in Kosovo

Economic and European News
DSRSG Office for News and Communication
www.euinkosovo.org

**MEDIA
MONITORING**

Wednesday, 02 August 2006

ECONOMIC NEWS

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Energy crisis continues (all TVs and dailies)

All TVs and dailies report on the difficult energy situation in Kosovo during the last days. *KTV* covered this topic widely, calling it an energy collapse.

The three TVs, *RTK*, *TV21* and *KTV* and the dailies report that there was a slight improvement in power supply for customers of A and B categories, but still only 320 MW are being produced in the A3 and B2 unit. Bulgaria refused KEK's request for energy imports. "Attempts to get 'emergency power' from the neighboring countries, where the power demand is high as well, were not successful up to now, since the available power has been sold to the coastal countries in the region where the summer tourism has started," a KEK press release reads.

Besides the press release, KEK officials made no statement, *TVs* report. The efforts of *KTV* to contact KEK senior officials failed. KEK Managing Director, John Ashley, declined to comment, because the ESBI is transferring competencies this month, and therefore they do not have the right to talk to the media. KEK Deputy Managing Director, Pranvera Dobruna, said she is busy, *KTV* reported.

Dailies quote the Spokesperson of the Government, Ulpiana Lama, as saying that the Government is "not to be blamed for the energy crisis as it is not in the Government's hands to adjust or supervise the power supply."

Agron Dida, the Deputy Minister of Energy and Mining (MEM) said the KEK management is to be held responsible for the situation in the energy sector. "The Ministry has no competences to manage this situation," said Dida.

Meanwhile, the Kosovo Chamber of Commerce (KCC) and the American Chamber of Commerce in Kosovo (AmCham) said the unstable energy supply is affecting the local and international business community in Kosovo. The two institutions call on KEK and on all relevant institutions to undertake urgent measures to improve power supply, otherwise the situation will have irreparable consequences for Kosovos economy.

A survey of the Internal Security Sector Review (ISSR), expected to be published soon, indicates that most of the respondents have ranked the problem of electrical energy as their main concern.

Ruecker sorry for energy crisis (RTK, most dailies)

RTK and most of the dailies published a statement of UNMIK Pillar IV Chief, Joachim Ruecker, on the energy situation. The article was taken from *KosovaLive* news agency.

“I find the current situation, that will reportedly last until Thursday, very unfortunate and I sympathize with the affected businesses and households,” Ruecker is quoted as saying. “It is a known fact, however, that KEK has no reserve capacities, neither in coal production, nor in generation, nor in distribution. If something happens in one of the key divisions this results directly in power cuts. The reason for this is that KEK, despite significant support from donors and KCB, does not have the money to fully repair and maintain a very deteriorated infrastructure. This situation will not change if people continue not to pay for or steal electricity.”

“The PISG and UNMIK are determined to stop this and this is why we are working together, not only at the Board of Directors of KEK, but also in the joint Task Force on Institutional Support to KEK.

“Changing the payment culture in Kosovo is a prerequisite for the implementation of our joint strategic plan to attract private investment, to open a new coalmine, to rehabilitate old generation units as feasible and to build a new power plant independent from KEK.”

Blackmailing works (Lajm)

Lajm writes that the contract between Pristina International Airport and Air British Petrol (Air BP) for kerosene supply ends at 19th of August. Hereby there is a risk that the airport runs out of kerosene reserves as of this date. British Petrol has notified the air companies, through a letter, that they would stop the supply of kerosene by 19th of August. The new supplier is expected to be announced only at the 21st of August.

In the meantime, the Spokesperson of Pristina airport, Skender Bucolli said a few options to overcome this situation emerged from a meeting held on Tuesday between UNMIK Pillar IV, KTA and the airport.

Neeraj Singh, UNMIK Spokesperson was quoted as saying, “The Air BP agreement will indeed expire on 19 August 2006, but there is a possibility to extend the contract with the agreement of both parties, UNMIK and Air BP Ltd.”

Representatives of the fuel association are in favor of extending the contract with Air BP, because even if the winner is announced soon the fuel needs to stay in the reservoir for a few days before it can be used.

Process of second mobile telephony operator in final stage (Express)

The Oversight Commission, which is overseeing the process for the selection of the Second Mobile Phone Services provider in Kosovo, has completed its job and is expected to declare the tender winner on Wednesday, Express reports.

The commission consists of representatives from the Government, TRA and UNMIK.

Kosovo Government not in hurry to establish EU Integration Ministry (KTV)

The Kosovo Government has officially asked for UNMIK's help in establishing a European Integration Ministry and a Ministry of Family and Community Matters. But it is likely that the Government is not in a hurry to establish these two ministries.

The appointment of the heads of these ministries might result in disagreements amongst the political parties in the governmental coalition, LDK and AAK, KTV reports.

According to KTV sources, LDK reacted negatively to the proposal of PM Agim Ceku to appoint Venera Hajrullahu, who is currently head of the European Integration Office, as Minister of European Integration. The LDK Deputy Chairman, Eqrem Kryeziu, wrote a letter to PM Ceku about how to decide on these appointments.

PTK and Monaco Telecom sign new agreement (KTV, RTK, dailies)

The Post Telecommunication of Kosovo (PTK) signed a new contract with Monaco Telecom on using the international dialing code +377 for the mobile telephony operator *Vala 900*. With this agreement PTK will benefit €25 million a year.

The new contract will not affect the tender for the second mobile telephone operator. The contract will expire once the International Telecommunication Union (ITU) allocates an international dialing code to Kosovo.

Interview with Llamkos Director, Luan Berisha (RTK)

Q: Mr. Berisha, how did the lack of electricity affect your company?

Berisha: Over the last year the damage caused by power cuts and low power voltage are estimated at €1.6 million. Every interruption of power supply stops our

production for 4-6 hours, causing a loss of around €16,000-€18,000. According to KEK, the power supply in winter will be even worse, and this affects our company, since we have an obligation toward KTA to invest around €15 million in the second year of privatization.

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