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About BBN and BBN Newsletters

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TOP NEWS

Latvia backs Romania's bid for EU membership

Latvia supports Romania's bid to join EU at an early date, President Vaira Vike-Freiberga said.

Latvian President Vaira Vike-Freiberga and Prime Minister Aigars Kalvitis held meetings with Teodor Atanasiu, Minister of Defence of the Republic of Romania, during his visit to Latvia on May 5.

At the meeting with visiting Romanian Defense Minister Teodor Atanasiu, Vike-Freiberga also expressed satisfaction over the defence cooperation between the two countries within the framework of the North Atlantic Treaty Organization.

Atanasiu said Latvia's backing was crucial to Romania's efforts to gain EU membership.

The Romanian Minister of Defence expressed his gratitude for support of the Latvian Government on Romania's way towards the EU and for Romania's EU Accession Treaty ratified by Latvian Parliament.

Aigars Kalvitis expressed his hope that the report of the European Commission on Romania, which is going to be published on May 16 this year, would give positive assessment to Romania and that on 1 January 2007 there would be 27 EU Member States.

Romania and Bulgaria signed EU accession treaties in April last year, paving the way for their eventual membership next year. However, their hopes of joining the bloc may be delayed by one year if they fail to fulfil accession commitments to carrying out obliged reforms.

Gang of luxury car thieves arrested in Riga

Police have arrested 8 people that formed a car gang specializing only in the theft of the expensive Lexus RX 300.

It is about six months since the first Lexus RX 300 was stolen. So far 9 Lexus cars have been stolen, four of them have been found. The Police are suspecting that the majority of these cars were stolen by this gang.

Andris Sturainis from Riga police says that this is rare case when all chains of the "business" have been found: "We got the thieves, mediators and also the buyers."

Detaining operation took about a month and even anti terrorist team Omega participated at the detention.

Three detained were car buyers from Lithuania, but other five detained are Latvians; some have previous criminal records in Latvia as well as abroad for similar crimes.

In March police operating in Pardaugava, Riga, arrested a car thief sitting in a Lexus RX 300 who had already started the engine. The thief who was arrested had very sophisticated and advanced equipment. It was found out later, that this equipment was imported from Russia.

According to Sturainis, it was beginning of the operation, but he refused to open up concerning the details until the investigation will be completed.

Two Lexus RX 300, each worth about EUR 40,000 were found during the operation, and all members of the gang were arrested in Riga.

Detained Lithuanians arrived in Riga with one idea – to buy the stolen Lexus for the "black market" price of EUR 6,000 –10,000 for each car.

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TOP STORY: Estonian inflation at 4.3 pct in April year-on-year

According to Statistics Estonia, the prices of goods and services in April 2006 in Estonia were 4.3 pct higher than in April 2005.

Administered prices changed 6.5 pct and non-administered prices 3.6 pct.

The percentage change of the consumer price index in April 2006 compared to March was 0.7 pct.

In April 2006 compared to March the consumer price index was mainly influenced by the increase in the prices of motor fuel as well as by the increase in the expenditure on housing.

Severstal strengthens grip over Galvex plant in Estonia

Attempts of US businessman Daniel Bain to rescue Galvex, his steel galvanization plant in Muuga port near Tallinn, have failed.

Today's Aripaev writes that a US court last week sold the company to venture capital fund Silver Point Capital that bid EEK USD 203 mln for the company.

Since Silver Point Capital strictly specialises in restructuring ailing companies it is widely expected to sell Galvex further to Russian steel giant Severstal.

Silver Point Capital is believed to be acting in the interests of Severstal.

Heido Vitsur, adviser to the Estonian Minister of Economic Affairs Edgar Savisaar, told Aripaev that if Severstal were to acquire Galvex it would be a positive development.

Severstal already owns Estonian rail carrier Spacecom and several oil terminal including EOS.

The Galvex plant in Muuga cost EEK 3.7 bln to build and was opened in 2003.

Galvex's main shareholder US businessman Daniel Bain has been fighting off company debt for over a year. At first the company's debts were acquired by investment banks Goldman Sachs and Deutsche Bank who attempted to take over Galvex. This attempt failed when Bain made an agreement with the investment company Silver Point Capital (SPC).

When SPC later filed Galvex for bankruptcy in US, Bain asked for bankruptcy protection. Since SPC and Bain did not reach an agreement, the US court has put Galvex up for sale by auction.

The starting price of Galvex was USD 203 mln (2.6 bln kroons) which is the amount of debt owed by Galvex to SPC. Other potential bidders included some of world's top 30 steel makers and traders including Novolipetsk Metals Plant and Thyssen Group.

Bain has claimed that he offered the company for USD 250 mln for sale to Severstal, but the deal was blocked by SPC.

Leading Estonian luxury restaurant operator to expand to Riga

Estonian restaurant operator Sparkling Group plans to open its first restaurant in Riga next spring.

The company's chairman Kalev Tanner said that the Riga restaurant will cost over EEK 22 mln to open.

Sparkling Group operates two exclusive restaurants Bocca and Ö, Cafe Spirit and nightclub BonBon in Tallinn.

Tanner said that the company plans to follow the same restaurant concepts in Riga which have already proven successful in Tallinn.

„We are seeing a suitable niche in Riga where we can employ the experience we have in Tallinn,” said Tanner.

Sparkling Group was founded in 2005 and belongs to Estonian businessmen. In the next few years the company plans to become the largest operator of high-class restaurants and nightclubs in the Baltics.

A blast and a fire: a bad week for Estonian furniture industry

Production of two Estonian furniture makers Flexa and Viisnurk were affected last week by accidents.

According to experts, the explosion that shook Estonia's largest furniture plant of Flexa Eesti in Kadrina was a close call and only 6 people were mildly hurt from the blast. The company's production manager Egglis Marton said that there may have been a sparkle in the tank where the company mixes varnish that may have caused the blast.

On Saturday there was a fire in the Parnu finished products warehouse of Viisnurk, another Estonian furniture maker. It is not known what caused the fire, said the company's finance director and added that it was fortunately a small incident.

The rescue services said that seven 8-metre-high fibreboard stacks had caught fire.

Mandator Estonia obtains ISO 9001 certification

IT consultancy Mandator's Estonian operations have been certified in accordance with the ISO 9001:2000 international quality assurance standard.

„Mandator is among the first IT companies in Estonia to attain ISO 9001:2000 certification,” comments Anders Veland, CEO of Mandator.

Mandator AB is an IT consulting company that improves clients' competitive edge through technical stability and increased internal and external efficiency.

Mandator's priority sectors are the manufacturing industry, the telecom industry and the public sector. Clients include Ericsson, FMV (Swedish Defence Materiel Administration), GE, Lantmateriverket (Swedish National Land Survey), NCC, various Swedish municipalities, Posten (Swedish Postal Service), SAAB, Sandvik, Symbian, Tekniska Verken i Linköping, Tele2, Vodafone, Volvo Cars and Volvo Group. Mandator is listed on the Stockholm's O-list and has about 500 employees in five countries.

Estonia to complete the ratification of EU constitution tomorrow

Estonia will become 15th member state to ratify the draft European Constitution when the MPs vote for the document tomorrow.

Since the majority of Estonian parliamentary political

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parties support the approval of the document the vote is likely to go through on the nod.

Estonia's three-party ruling coalition decided on 18 April to press ahead with the second parliamentary reading on the EU charter.

The move will finalise the ratification process in Estonia, the vice-chairman of the Reform Party, Meelis Atonen, told journalists.

Estonian Minister of Foreign Affairs that Estonia's ratification seems to have motivated Finland to follow Estonia's example. Finland will take over the EU presidency from Austria in July.

Fourteen member states have already ratified the constitution: Austria, Belgium, Cyprus, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Slovakia, Slovenia and Spain.

But French and Dutch citizens rejected the charter last year, prompting EU leaders to call for a "pause of reflection" on the new treaty, which must be ratified by all 25 member states to enter into force.

The Austrian presidency is set to evaluate the first phase of the reflective pause at its June summit.

But the country's foreign minister, Ursula Plassnik, indicated in March that Vienna is unlikely to come up with a miracle solution to the crisis.

Meanwhile, Berlin is preparing a new strategy for reviving the constitution in the first half of 2007, German media report.

Chancellor Angela Merkel's cabinet aims to put the charter in place across Europe by 2009, possibly under the new name "Basic treaty for Europe" German daily Die Welt has reported.

Bank of Estonia saw balance sheet volume go up 12.6 pct in a month

The balance sheet volume of Bank of Estonia went up 12.6 pct in April to EEK 29.5 bln.

As for assets, gold and gold receivables amounted to EEK 65.5 bln, up from 62.1 bln from end of March.

Claims on non-residents denominated in foreign currency were up by approximately EEK 3.2 bln to EEK 28.5 bln

Also balances with banks and security investments and external loans were up from EEK 24.1 bln to 27.3 bln.

As for liabilities, the number of banknotes and coins in circulation increased from EEK 9.8 bln to 10.1 bln.

Capital and reserves stood at EEK 3.6 bln.

The bank's profit of the year increased from EEK 61 mln to 63.3 mln in one month.

Estonian telecom company challenges Skype for calls to Russia

Estonian company Foks is challenging Internet telephone service provider Skype in offering Internet calls between Estonia and Russia.

Sveta Kasjanenko, CEO of Foks, told Eesti Päevaleht daily that Foks has over 10,000 customers, mainly Russians living

in Estonia who use the Taksofon service to communicate with their relatives or friends in Russia at cheap prices.

Foks which has been on the market for two years charges 62 cents a minute for calling a telephone in Moscow or St. Petersburg. Other calls from Estonia to desk or mobile phones in Russia cost 1.29 a minute

"We started with the focus on serving Russian-speaking customers," explained Kasjanenko.

She admits, however, that in comparison with an elephant like Skype which was also developed by Estonian software developers and has 100 mln customers, Foks is a small fly.

Andres Purde, marketing manager of Skype in the Baltics, says that competition on Internet call market is getting tough. Although competitors like MSN Messenger, Yahoo Messenger and others are stepping at the heels of Skype, Skype should be the market clear in this sector, he said.

Lawyers of Edgar Savisaar accuse Aripaev of discarding court order

Lawyers of Edgar Savisaar claim that Aripaev has not published the court ruling in which Aripaev was ordered to publish an apology.

Tallinn City Court ruled on March 15 that Aripaev was to apologise to Savisaar for publishing an article before 2003 general elections which claimed that insurance businessman Leonid Apananski paid for Savisaar's insurance bills in 2003 and cover Savisaar's legal costs in the amount of EEK 65,120.

Aripaev claims that it published the court order already a month ago.

Savisaar sued Aripaev in 2003 after the paper published claims that the private insurance bill of Savisaar was paid for by Leonid Apananski, owner of two bankrupt insurance companies.

Apananski is also believed to have been paid around EEK 50,000 for insurance payments for the private house owned by Savisaar.

In addition, Apananski paid for invoices submitted to Centre Party for Greyling Ltd., a British PR company.

Apananski, former owner of AB Kindlustuse Group, was believed to have masterminded the bankruptcy of his insurance empire five years ago. It is claimed that Apananski and his allies siphoned EEK 38.9 million out of the two insurance companies.

Aripaev said in April it took the case against Edgar Savisaar to the European Court of Human Rights. ECHR has accepted the case for hearing.

Finnish Ensto lays groundstone for its new factory to Estonia

Harju Kek AS and Ensto have laid a cornerstone to the new production facility of 3,750 square metres in Keila near Tallinn.

The factory will be located near the Ensto assembly plant, which was taken in use in spring 2005.

Ensto will rent the new property. The production of utility networks metal products (e.g. crossarms, hooks) will be centralised to the new factory. The building will be completed in November 2006. The hot dip galvanisation remains at the current facilities.

The new factory gives Ensto Utility Networks business

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unit the possibility to raise the capacity and to rationalise the operations.

Ensto employs approximately 1,260 staff in Europe, Russia and China – a total of 14 countries. Ensto headquarters are located in Porvoo, Finland.

Ensto Group's net turnover totalled EUR 163 million in 2004. The comparable turnover rose by 9 pct. Operating profit in 2004 was EUR 12 million. The year-on-year operating profit rose by 9.4 pct.

Vichiunai launches Kristi ice cream on Estonian market

Vichiunai Group has launched sales of its new international ice cream brand Kristi in Estonia.

"In launching sales of our Kristi ice creams in Estonia Vichiunai has entered a completely new sector of food sales where it's not that easy to get a foot in the door," said Mauno Leppik, Chairman of the Board of Vichiunai Baltic OÜ. "At the same time though we have a very well-functioning distribution mechanism, a lot of experience in the marketing of frozen foods and some great partners all over Estonia," Leppik added. "We have a very professional team."

Leppik says that ice cream consumption in Estonia is still very much in the growth phase.

"The general rise in prosperity means families are definitely spending more money on treats like ice cream," Leppik explained. "If you look at how much ice cream our northern European neighbours consume, we should see more and more of it being eaten here in the coming years. With our Kristi range, which is mostly aimed at kids, we hope to take a certain part of that growing market for ourselves."

Kristi ice creams are produced in Lithuania and its fruit ices in Poland.

Kristi ice creams are already on sale in Latvia and Lithuania.

Vichiunai Baltic OÜ (founded in 2000) is involved in the sales and logistics of frozen and chilled food products and provides its services chiefly to the Vichiunai Group, which unites food processing companies, arranging the sales and distribution of its output around Estonia. The company's product range today features approx. 400 frozen and chilled food products. In addition to the group's own output, Vichiunai Baltic also manages the sales and distribution of other manufacturer's products, including frozen vegetables, French fries, pizzas and ice cream.

Vichiunai Baltic OÜ's turnover in 2005 was 165 million kroons, representing annual growth of 40 million kroons or 30 pct. The company's net profit was 3.5 million kroons.

Vichiunai Baltic OÜ, providing wholesale and logistics services for frozen and chilled food products, is part of the food processing concern Vichiunai Group. The company employs 51 people.

Other companies in Estonia that belong to the Vichiunai Group are AS Paljassaare Kalatööstus, a manufacturer of crumbed fish and vegetable products and fish-based ready-to-eat foodstuffs, and Vichiunai Nordic, a dough-based product factory.

The unconsolidated turnover of the Vichiunai Group's Es-

tonian companies in 2005 was EEK 450 million. 400 people are employed in Estonia in group companies.

The Vichiunai Group's 6 factories are located in Estonia, Lithuania and Russia. The total number of employees in all of the group's companies is 4500.

The Vichiunai Group's unaudited turnover in 2005 was more than EEK 4 billion.

Estonia to attack civil but dangerous aircraft

Estonian Defence Forces will be soon authorized to shoot down civil aircraft by order of defense minister.

A civil plane could be attacked if it fails to stick to the route and, therefore, is regarded as threatening security of Estonia.

The mastermind of the civil aircraft bill is the Defense Ministry of Estonia.

Estonia claims it is the last member state of NATO with no act that will sanction the attack on a disobeying civil aircraft.

The bill's elaboration is in the final stage now and the document will be forwarded for agreement in the near term.

The analysts say the NATO summit in Riga is one of the reasons that has prompted creation of the bill.

The second cause is visits of top-ranked officials to Estonia, which are becoming more and more frequent now.

Latvia, for instance, enacted the respective bill right before last year's tour of U.S. President George Bush to Riga.

Local Russian businessmen to donate millions for the new Russian Orthodox Church

The construction of a new Russian Orthodox Church in Tallinn in Lasnamae could start already this autumn, writes Postimees.

The church namely has collected enough supporters and donors including oil businessman Anatoli Kanajev to finance the construction.

According to current plans, the main building will cost EEK 58 mln to build and the whole complex could cost up to EEK 80 mln. Tallinn City Government that is dominated by Centre Party has promised to issue the necessary permits for the construction.

"I think will be able to collect 3-4 mln kroons in the next few weeks," said Anatoli Vachchenko, CEO of Velastu, a meat and alcohol trader.

Many Tallinn restaurants hire waitresses who cannot speak Estonian

An Eesti Paevaleht experiment shows that most non-Estonian restaurants in Tallinn have waitresses who cannot speak Estonian.

Ilmar Tomusk, head of the language inspectorate, told the paper that Estonian language law says that client service personnel must be able to communicate in Estonian.

City closes one of Tallinn's main traffic arteries for renovation

The city will close a section of Tartu road between Liivalaia street and Odra street for renovation of Tartu road.

Today's Aripaev writes that Tartu road is one of Tallinn's main traffic arteries.

LATVIA

TOP STORY: Three Baltic states in top three by retail trade growth in March in EU

In March 2006, compared to March 2005, total retail trade rose in Latvia by 16.8 pct), according to Eurostat.

Latvia was followed by Estonia (+12.6 pct), Lithuania (+10.6 pct), Slovakia (+10.4 pct), Poland (+8.2 pct), Luxembourg (+7.6 pct), Finland (+5.9 pct), Sweden (+5.2 pct), Denmark (+4.2 pct), Cyprus (+2.6 pct), France (+1.6 pct), Spain and the United Kingdom (both +1.2 pct).

Falls of retail trade in March 2006 were recorded in Belgium (-2.7 pct), Portugal (-2.4 pct), Germany (-2.2 pct) and Austria (-1.2 pct).

In March 2006, compared to March 2005, the volume of retail trade rose by 0.7 pct in the EU25 and fell by 0.2 pct in the euro-zone.

Compared to February 2006, the retail sales index dropped by 0.8 pct in the euro-zone and by 0.3 pct in the EU25.

In March 2006, compared to March 2005, retail trade of food, drinks and tobacco fell by 0.9 pct in the euro-zone but gained 0.2 pct in the EU25; the non-food sector increased by 0.5 pct and 1.3 pct respectively.

TeliaSonera gives up hopes to acquire Lattelekom, focuses on developing LMT

TeliaSonera will develop the market position on LMT after it was informed about the government's plans to reject the offer to buy Lattelekom.

According to Kenneth Karlberg, president of TeliaSonera Norway, Denmark and the Baltic States, the company will expand on Latvian telecommunication market by developing mobile operator LMT as a serious player on broadband and data transmission market and will offer companies broadband service that includes secure online storage.

"We have such position on Latvian market that we shall be able to develop without Lattelekom, but it would be better if Lattelekom would belong to us," says Karlberg.

Karlberg reminded that telecom group TeliaSonera already owns the company Telia Latvija that offers Internet connections and data transmitting to the International IP backbone network of TeliaSonera International Carrier.

As pointed out Karlberg, the main competition on the telecommunication market is for speed and it is possible to offer high speed connections also on wireless technologies. He expressed possibility that after obtaining full ownership over LMT company could start to offer 3G service HSDPA (with theoretical speed of 14 MB/sec) or even faster WIMAX wireless networks.

At the same time Karlberg stressed that all these possibilities will become topical only after final agreement between TeliaSonera and the Latvian government will be signed.

At present, the Minister of Economy has expressed the direct "no" for Lattelekom sales, the main target is to agree on price estimations of both companies – Lattelekom and LMT.

Latvian government has decided not to sale its telecommunication company Lattelekom Swedish

TeliaSonera. TeliaSonera will be offered 100 pct of ownership in LMT in return of their shares in Lattelekom.

This is being proposed by Aigars Stokenbergs, Minister of Economy in response to attempts of TeliaSonera to buy all shares of Lattelekom and LMT.

23 pct of LMT shares are owned by the government and managed by Latvian State Radio and Television Center (LVRTC), and the Ministry of Transport holds another 5 pct of LMT shares.

Bouygues Batiment, Baltic Sea Park to invest EUR 100 mln in housing project

French company Bouygues Batiment International (BBI) has confirmed interest in the Baltic Sea Park (BSP) project in Liepaja.

On April 26 the French group sent a letter to Liepaja City Council confirming its participation in with BSP project.

Luc Aubin from the French company informed that the agreement with company SIA Baltic Sea Park Development (BSPD) has been signed concerning the completion of the detail design stating that the design work will start in May and will be finished in July.

"This letter convinced us that we must to let the company BSPD continue with Baltic Sea Park development and do not break up the rental agreement over the land," says Gunars Ansins, deputy Mayor of Liepaja City.

BSPD promised to realize EUR 100 million worth project with 426 holiday homes, including two apartment blocks on the land.

The main building will have floor-space of 25,000 square metres, the water entertainment park would occupy 7,000 square metres of these.

The multi-functional complex would also have children playgrounds, water procedures and massage centres, beauty care saloons, hairdressers, shops, cafes, and bowling with bodybuilding halls. It is planned to connect the buildings with attractive bridges.

According to the data, provided by Liepaja City Council, from August 2004, when rental agreement with company BSPD had been signed, LVL about 104.000 was paid into the city's budget.

Project developers are declaring that since February 2006 they were paid also EUR 400.000 to their strategically partner BBI. To compensate the loses of Liepaja City due to the delayed project BSPD is offering to invest LVL 25,000 in two public projects of the city.

According to the estimations, even then all the company's investments will be smaller than the market value of the plot of the land over 20 hectares on Liepaja's costal area.

Results of the pre-booking campaign company calls very successful as about 80 pct of the units are booked, and the company has signed reservation contracts on them.

One of the buyers there is Andris Denins, chairman of the company BDO Invest Riga. "If I would not believe in this project, I would not buy there," Denins says.

BDO MG Hotels&Tourism (international company's BDO branch in Paris) in cooperation with BDO Invest Riga is preparing the economical research on the entertainment plans for the main building of the Baltic Sea Park.

According to the company BSPD, after the research the main building will be sold to the international investor that already has admitted the primary agreement.

LATVIA**Israeli business forum to be held in Riga on May 9**

An Israeli business forum will be held on May 9 in Riga at Reval Hotel Latvija.

Representatives from the Federation of Israeli Chambers of Commerce, Israeli Association of Electronic, Information and Software Industries, Israeli Ministry of Industry and Trade and Ministry of Labour will give speeches at the forum.

The latest trends in Israeli economy, new business opportunities and channels for promoting cooperation will be discussed during the forum.

The Israeli Embassy in conjunction with the Latvian Investment and Development Agency (LIDA) organizes the event.

Israel is Latvia's 44th most active export partner (USD 1,689,368 or 0.15 pct in Q-1 of last year) and 34th most active import partner (USD 3,606,993 or 0.19 pct).

Over 46 pct of Latvian exports to Israel is food products, followed by wood and wooden articles (over 21 pct) and machinery and mechanical appliances (over 14 pct).

Main part (43 pct) of Latvian imports from Israel also takes food, followed by products of the chemical and allied industries (23 pct) and footwear, hats, umbrellas and other manufactured goods (over 19 pct).

According to the data of the Bank of Latvia, Israel ranked 44th in terms of direct investment in Latvia in Q-3 of 2005.

New conflict building up between Mayor of Ventspils and local businessman

New conflict has erupted in Ventspils between businessman Olegs Stepanovs and the Ventspils Mayor Aivars Lembergs.

New dispute concerns control of two transit companies LSF Holdings and LSF Trans.

Officially Lembergs has no more shares in LSF Holdings as he gave his children Liga Lemberga and Anrijs Lembergs 25 pct of the company's shares each.

According to Lursoft, the indirect owner of the other 50 pct of LSF Holdings shares is Olegs Stepanovs, co-owner of transit company Ventbunkers.

Behind the conflict are the actions of Edgars Jansons, chairman of LSF Holdings, who put himself in a position of a board member of company LSF Trans and cancelled the warrant of company's manager Valerijis Godunovs.

LSF Holdings is 100 pct owner of company LSF Trans that is most profitable of the holding companies.

Edgars Jansons explained that mandate of Godunovs expired and as he was not interested to continue with the company, he was removed from his position.

Godunovs pointed out that Jansons' expressions are "unblushing lie" adding that basically Jansons represents interest of Lembergs. "By my opinion this time it is his personal discretion as LSF Trans is working very well and Lembergs has no reason to call for my suspension," says Godunovs.

Jansons rejects such statement by saying that he never had worked in someone's interest but cares about the whole

holding company. "Godunovs had not established LSF Holdings and LSF Trans. He just arrived and took the comfy seat and filled his pockets, and now he foams with rage as I did not allow such a situation to continue. I even do not want to comment such a stupidity," commented Jansons.

In his letter to the newspaper Dienas Bizness Godunovs wrote that conflict between shareholders of the holding is increasing; as one of the reasons for that Godunovs pointed the authoritarian style of Jansons who tries to split the managing team.

By Godunovs opinion, his lay-off is the only first step and it will be followed by other suspensions as well as scandals and court cases in some holding companies.

Apartment prices in Daugavpils tripled in a year

In Q1 2006 compared to the same period last year, apartment prices in Daugavpils have increased by 3.5 times.

In comparison with prices of 1996, apartments in Daugavpils now cost 20 times more.

"The first price jump was in 2002, when three real estate companies from Riga moved on the Daugavpils real estate market followed by their clients," says Jevgenijs Vasilkovs from real estate company Eliot.

Aivars Birulis, chairman of company SIA LIF pointed out that the price rise is a natural process promoted by bank with reducing interests on loans. In Daugavpils, there are at least 15 real estate companies offering their services, about 90 pct of clients are taking out a mortgage to buy an apartment.

"To curb the price rise, at least 30 five storey apartment blocks must be built in Daugavpils", stressed Mihails Lavrenovs from Daugavpils branch of real estate company Latio.

By pointing out that the prices for family homes have already grown by 50 pct and continue to grow, Lavrenovs explained that actually the situation on the real estate market is deformed as prices of apartments are the same and in cases even higher than the price of family homes.

In Daugavpils there are about 35,000 apartments in total, and demand exceeds supply and new projects are developing very slowly.

At present 578 families are registered at the municipal apartment queue and they have no chances to get apartment for next 7-8 years.

EU approves giant Transcaspian pipeline project

Andris Piebalgs, EU Energy Commissioner has declared his support for the Transcaspian pipeline project.

Piebalgs is the first EU Energy Commissioner, visiting Kazakhstan with representatives of six biggest EU oil and gas companies, Shell and Gas de France included.

At a meeting with Kazakh Energy and Mineral Resources Minister Baktykozha Izmuksambetov, which took place in Astana, Piebalgs promised EU financial support for the feasibility study of the pipeline project from Kazakhstan through several Asian countries, bypassing Russia.

"We support the creation of the fourth corridor for transporting gas to the EU. We will certainly support the construction of the Transcaspian gas pipeline as this would supply additional gas."

Kazakhstan plans to submit a proposal to the European Commission suggesting that the two cooperate on the construction of the pipeline, Izmuksambetov said.

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Izmukhambetov pointed that research on pipeline feasibility study will be started as in 2015 EU hopes for 20 billion cubic metres of natural gas from Kazakhstan.

"We intend to introduce a proposal to the European Commission on studying the feasibility of the implementation of the Transcaspian pipeline project and on financing its technical and economic assessment," he said.

As pointed Commissioner's Spokesman Ferran Tarradellas Espuny, pipeline from Kazakhstan through Azerbaijan, Gruzija and Turkey could become an alternative to the only Central Asia-EU gas pipeline, going through Russia.

Piebalgs is planning to visit Kazakhstan again in November for further discussions at the meeting of ministers of the Black Sea and the Caspian Sea.

Latvia loses case in European Court of Human Rights

The European Court of Human Rights (ECHR) has ruled in favour of Arnis Kadikis in Kadikis vs. Latvia case.

ECHR ruled unequivocally that Latvia had violated Article 3 of the European Convention on Human Rights - prohibition of inhuman or degrading treatment, and Article 13 - right to an effective remedy.

Kadikis, former Liepaja City Council member, turned to the ECHR at end-2000, complaining of the Liepaja Court's unlawful decisions.

Kadikis, then coordinator of For Fatherland and Freedom's human rights protection group, was sentenced to 15 days administrative detention for contempt of court.

The ECHR awarded Kadikis EUR 7,000 for non-pecuniary damage, while Kadikis had claimed EUR 57,000.

In 2000 Kadikis was charged with contempt of court when the Liepaja Court was reviewing an administrative case against Guntars Landmanis, head of For Fatherland And Freedom Information Department for distributing the unregistered magazine "Patriots".

Kadikis was hampering the hearings, and would not leave the courtroom. He was making rude gestures, and said the judge was corrupt. A criminal case was opened in accordance with the Criminal Law's Section 271 - contempt of court.

ECHR assessed conditions at the State Police's detention cell in Liepaja, and determined that it did not conform to Article 3 of the Convention on Human Rights - the cell was poorly ventilated and had poor lighting, there was no outdoor exercise, and others.

Liepaja Police Administration's chief admitted these problems already in 2000, and the problems were being tackled. Liepaja Police Administration had moved to a new building where the holding cell was has conformed to all international requirements.

ECGR observed that Latvian law contained no express provision for a remedy against the conditions of administrative detention.

Considering that the applicant had had no effective remedy by which to complain of the conditions of his detention, ECHR held that there had been a violation of Article 13.

Lode to launch a new production line

A new production line for Keraterm blocks has started in Kalnciems in the production unit SIA Kalnciema Kiegelis.

Loda started production of Keraterm blocks in 2001. Since then the company Lode was producing Keraterm blocks in its factory at Livani, but Kalnciema factory was producing yellow finishing bricks, working only 8-9 months a year.

"Factory was closed during the winter months, now it will be able to operate all year round. New production line was needed as the demand for Keraterm blocks has increased already," says Janis Slesars, president of JSC Lode.

Company invested LVL 138.000 in the new production line. The expected output is 42 thousand cubic meters per year while the Livani factory's capacity is only 30 thousand cubic metres annually.

Next year company also plans to open another Keraterm blocks production line in Ane factory with planned investments at LVL 2 mln. "It will be completely new factory, we shall use only the old walls," stressed Slesars.

The capacity of the new factory will be 130 thousand cubic metres of Keraterm blocks per year.

Almost 500 hectares of Latvian state forests destroyed by fires

In forests of JSC Latvijas Valsts Mezi (Latvian State Forests) until May 2 there were 104 fires registered with overall area of 487 hectares.

So far this spring fires have burnt 1,600 hectares of Latvian forests. It is impossible to estimate loses, as it is hard to say will the burnt forest will ever recover or not after the fires.

On 5th May the sixth fatality of grass fires was registered in Latvia when 40 hectares of grass fire blazed in Rezekne district Cornaja County. When the fire reached farm buildings, man (1931) died in the fire, but a woman (1947) suffered burns and was rushed to the hospital.

There are 5,000 grass fires registered in Latvia so far this spring, informs Arnis Gertners, the head of the Forest Fire Control Department at the State Forest Service, the situation in Latvian forests is extremely dangerous due to the dry weather, and weather outlook is promising dry and windy weather for this week.

Emergency situation has been announced in all Riga Region forests. "Every day 2-3 forest fires are being registered, usually in the afternoons, when people start to walk around more, and at present it is enough to throw a cigarette to start a forest fire," says Gertners.

Firefighters are continuing their efforts to put out a forest fire in the town of Smiltyne at the National park of Curonian Spit in Lithuania near to the Latvian border.

The fire broke out on May 4 and spread across an area of 150 hectares of forest, local emergency officials reported. Power supply to neighbouring communities was temporarily interrupted, and roads were closed to all traffic.

Two Air Force Mi-8 helicopters fitted with special water tanks were involved with the firefighting. The Latvian State Fire and Rescue Service sent another helicopter fitted with a water tank to help.