bne INTELLINEWS

November 2024

Western Balkans emerges as nearshoring destination

LNG and bio-LNG: which gas be the pillar of Poland's energy transition?

Orban mauled in European Parliament 'intifada'

PRODUCTIVITY AT RUSSIA'S LARGEST ENTERPRISES RISING IN EFFORT TO KEEP THE ECONOMY COMPETITIVE

New Nato boss Rutte: "my first task is Ukraine"
P42

Five Turkic states give nod to common Latin alphabet
P46

Drawing Article 5 lines for Ukraine to end the war
P54

ISSN 2059-2736

Please direct comments, letters, press releases and other editorial enquires to editor@bne.eu

bne Intellinews is published by
Emerging Markets Direct OU

Print issue:
£4.50 /$6.75 /€5.90 · €499 / year

COMPANIES & MARKETS


40


44


50

Europe's economic competitiveness is badly lagging behind in productivity growth compared to the United States and China. Europe needs to adopt the reforms suggested by ex-ECB boss Mario Draghi in his recent report. / bne IntelliNews

Europe needs Draghi's reforms to boost growth, says IIF

bne IntelliNews

Europe has a significant lag in productivity growth compared to the United States and China, said the Institute of International Finance (IIF) in a comment on October 3.

Despite comparable levels of capital spending, Europe has been falling behind the US and needs massive investment to close the gap and stay in the game in both labour productivity and total factor productivity (TFP), since the mid-1990s.

"The current state of the European economy is characterised by a loss of international competitiveness and a significant lag in productivity growth compared to China and the United States," said Marcello Estevão, managing director and chief economist at IFF, in a note. "This sluggish productivity growth is not solely attributable to the pandemic, the Russia-Ukraine war, energy supply issues and geopolitical tensions. It also stems from the Euro area's debt crisis and the lack of bold measures taken in its aftermath to bolster Europe's productivity."

The recent report from former Italian Prime Minister and ex-European Central Bank boss Mario Draghi underscores the importance of boosting innovation, investment and structural reforms as key to addressing Europe's productivity gap. As *bne IntelliNews* reported in a long-read article, Europe has lost its competitive edge.

"The focus of Mario Draghi's report on European competitiveness, investment, innovation, technology and structural reforms are core to Europe's growth challenge," Estevão said. This comes as the European Union's growth potential remains hindered by lingering effects of the Euro area's debt crisis and a lack of bold post-crisis reforms.

While the EU's investment-to-GDP ratio has been comparable to that of the US since the mid-1990s, Europe's annual real GDP growth averaged only 1.6% from 1996 to 2024, compared with the US's faster 2.5%. Since 2022, the EU's investment ratio has declined from 24% to 21%, contributing to a sharp slowdown in GDP growth to 0.7% in the first half of 2024.

The TFP growth differences within the EU's four largest economies highlights particularly stagnant TFP dynamics in Italy and, to a lesser extent in Spain, from 1995 to 2019, IFF says.

The Covid pandemic resulted in productivity losses across the EU in 2020, with the most severe declines in Spain and France, while the US economy surprisingly continued to maintain productivity growth throughout the pandemic. Except for France, TFP levels have recovered to their pre-pandemic levels.

In terms of capital growth, the 2009-2010 European debt and global financial crisis resulted in significant declines in capital spending, particularly in Spain. Weaker spending led to diminished capital accumulation during 2012- 2019, contributing much less to potential growth in both the EU and US economies, according to IFF.

The Draghi report proposes increasing annual capital spending by €800bn, or 5% of GDP, which could raise EU real GDP growth by 0.4 percentage points per year. However, as the report suggests, the effectiveness of this additional investment hinges on how well it is directed towards high-value sectors.

“Where and how this capital is allocated could make a substantial difference,” Estevão notes, particularly in fostering technological and managerial innovation.

Labour force and immigration policy

The report also stresses the critical role of labour force dynamics in Europe’s economic future. With an ageing population in the EU and a significant decline in the pool of inactive workers post-Covid, labour force growth is likely to moderate in the coming years, says IFF. As a result, labour-intensive sectors, such as services, may be forced to raise wages to encourage workers to increase their hours, and so push up inflation again especially if stagnant labour productivity does not pick up.

“In the post-pandemic period, working-age population growth accelerated in the EU, including in Germany, with particularly robust momentum in Spain. This unusual labour force growth appears to have been driven largely by inactive senior workers returning to the labour market and strong immigration,” says Estevão. “However, according to the European Commission’s estimates, trend de- clines in average hours worked per employee have continued to make negative contributions to potential growth rates in Germany, Spain and France since 2019. After employment and hours worked per employee are taken into account, total hours worked have boosted potential growth everywhere since 2019.”

Labour force growth in Europe is expected to moderate in the coming years thanks to a demographic crisis and low fertility rates; there is nowhere in Europe where fertility is above the 2.1 births per woman replacement rate. That has raised concerns about the sustainability of any potential long-term output growth.

“This highlights the importance of a well-thought immigration policy to buoy Europe’s potential growth,” Estevão says, noting that immigration could offset the expected decline in the working-age population and support productivity in labour-intensive sectors.

Looking ahead, addressing Europe’s productivity challenge will require more than capital investment. Structural reforms to boost TFP growth, coupled with policies to attract and integrate skilled workers, are seen as vital to sustaining the EU’s competitiveness on the global stage.

"Stronger incentives for technological and managerial innovation will be crucial to reversing this trend," Estevão concludes. ●

Hungarian government to unveil economic action plan to boost faltering growth

Tamas Csonka in Budapest

The Hungarian government is set to unveil a comprehensive economic action plan, with a focus on ensuring affordable housing, rapid wage convergence, and supporting SMEs, National Economy Minister Marton Nagy said on October 11.

The initiative will include over 20 sub-programmes, details of which will be released in the coming days, he added.

Prime Minister Viktor Orban in his regular Friday interview gave a preview of the programme that is designed to give a new impetus to the Hungarian economy, which is rebounding slower than expected from last year’s recession.

Beside the need to kickstart the economy, the government is faced with the suspension of EU funds and is also under pressure to bring its deficit below the Maastrich level. This target has been pushed back by one year to 2026, an election year, where over the past 20 years pre-election spending has traditionally resulted in bigger budget overshoots. The government poured several billions of euros into the economy before the 2022 election, which fuelled record inflation a year later, forcing high interest rates, which was a major contributor to the 0.9% GDP contraction in 2023.

Given Hungary’s strained fiscal position, a repeat of the 2022 election spending spree is unlikely. The new measures are designed to bolster support for the ruling party, which faces a tight election contest with the emergence of the Tisza party, which is polling neck-and-neck with the governing populist Fidesz party.

One of the pillars of the new economic programme would be wage convergence. Marton Nagy in a Friday presentation said the government supported an agreement between employers and unions that would raise the minimum wage to 50% of the average wage by 2027. That would require the minimum wage to rise from HUF266,800/month at present to HUF374,800 by January 1, 2027, and to HUF419,800 a year later, he added. At the same time, the average wage could rise from HUF651,150/month at present to HUF970,000 by 2028

The wage convergence could be supported by the launch of a credit scheme for young blue-collar workers, doubled family tax preferences and low inflation, Nagy said.

Another element of the programme would be to stimulate the housing market. Whilst the rate of homeownership in Hungary is one of the highest in the EU, with around 90%, there is a housing crisis as prices tripled over the last decade.

The lack of affordable housing, especially in major cities, is also hindering workforce mobility.

So far, the government has proposed allowing tax-free withdrawals from pension savings for home purchases. According to the draft proposal, this one-time opportunity would be available for one year from January 2025. Government and industry estimates suggest that this could mobilise HUF300bn for home purchases.

With demand for housing loans rising, and a lack of new development, there is a risk that further stimulus on the demand side will push up home prices further. Real estate broker Duna House estimates that prices could go up by 10-15%.

Prime Minister Viktor Orban in his regular Friday interview gave a preview of the programme. / bne IntelliNews

SME development will also be a key focus, including access to equity financing and preferential credit. Credit penetration of small businesses is well below the EU and regional average at 13-17%. The lack of innovation, high energy usage, and poor energy efficiency are making Hungarian businesses less competitive.

In his Friday interview, Orban stated that the planned steps could boost Hungary's economic growth to 3-6%, up from the current 1-2%, aided by a "policy of economic neutrality", a new buzzword from the prime minister. This concept is based on the assumption that Hungary could lose out if new economic blocs form on the global stage. ●

Fallen gold output reported at flagship mine Kumtor seized by Kyrgyzstan government

bne IntelliNews

Kumtor Gold Company has announced fallen gold production at Kyrgyzstan's nationalised flagship Kumtor mine – but the authorities have given assurances that the decline is temporary.

Kumtor, located at 13,000 feet (almost 4,000 metres) near the Chinese border in the Tian Shan mountains, is vital to Kyrgyzstan's economy. It accounts for around a tenth of Kyrgyz GDP. In 2023, state company Kumtor paid more than $200mn into the country's budget.

In 2021, Kyrgyzstan's then new Japarov administration seized the mine from Canada's Centerra Gold. A deal between the Kyrgyz government and Centerra on the transfer of the mine to the Kyrgyz state was eventually struck, but not before, almost exactly three years ago, Centerra raised anxieties that the mine under the new government-appointed management, was falling into operational difficulties. One claim was that glacial water was flowing uncontrolled into a mine pit.

There are also worries that gold that can be extracted by open-pit mining at Kumtor is dwindling and that the miners will have to step up efforts in far more exacting underground mining to access sufficient amounts of the precious metal.

In 2023, Kumtor Gold Company produced 13.5 tonnes of gold, significantly less than hoped for. In previous years, yearly production has risen as high as 20-22 tonnes.

The Times of Central Asia on October 10 quoted Kumtor representatives as stating: "Reduced gold production targets are common due to the low grade of gold in commercial ore mined at Kumtor. The mining of low-grade ore will continue for some time. In the future, gold production is expected to increase to 17-18 tonnes gradually. This takes into account the implementation of projects for underground mining of gold-containing ore and processing waste ore from the tailings pond."

"Right now, the ore is poor," Head of the Cabinet Akylbek Japarov was cited as saying by the media outlet in response to the criticism over the performance of the mine. "We plan to mine 14 tonnes each [year]. Previously, we were getting 17 tonnes. This happens in geology."

Another difficulty at the Kumtor deposit is that a substantial amount of its gold is under glaciers, which environmentalists do not want to see disturbed. ●

Giant titanium deposit could earn Kyrgyzstan $88bn, says cabinet head

bne IntelliNews

Kyrgyzstan could earn as much as $88bn from the development of its giant deposit of titanomagnetite, a mineral containing oxides of titanium and iron, Akylbek Japarov, head of the country's Cabinet of Ministers, was reported as saying on September 26.

For comparison, the second poorest Central Asian country's GDP is expected by the IMF to amount to around $13.6bn this year.

Work at the Kyzyl-Ompol deposit, located in the northeastern region of Issyk-Kul, was on September 25 declared inaugurated by Japarov.

Referring to a Sputnik Kyrgyzstan article, 24.kg reported Japarov as saying that the country planned to move to the production of titanium sponge, which trades on the market at around $8,000/tonne, and export the valuable commodity to China.

Representatives of a plant in Urumqi, in Xinjiang, northwestern China, had expressed their readiness to purchase titanium concentrate, Japarov was further cited as saying, adding: "Currently, about 5,000 trucks that bring goods [to Kyrgyzstan] from China leave empty. They agree to deliver concentrate for $500. God willing, next year we will be able to extract titanium, and before that we will send raw materials.

"Titanium reserves in the Tash-Bulak [block, part of Kyzyl-Ompol deposit] alone are estimated at 13 million tonnes. Taking into account losses during mining and metallurgical extraction, the republic will be able to get about 11 million tonnes of metal, which at current prices can bring about $88 billion."

The deposit will be exploited by state company Kyrgyzaltyn. It has permits to mine titanomagnetite, zirconium, phosphorus, thorium and uranium in Tash-Bulak area.

"This is a very significant event for Kyrgyzstan. The Kyzyl-Ompol deposit contains millions of tonnes of titanium magnetite. Titanium is a valuable metal used in various industries, including medicine, aviation and space exploration. The development of this deposit will not only boost our exports but also create new jobs, providing a stimulus for the country's economic development," Japarov said at the Kyzyl-Ompol inauguration ceremony.

Titanium, which can be reduced to produce a lustrous metal with a silver colour, low density, low weight and high strength, can be alloyed with iron, aluminium, vanadium and molybdenum, among other elements. Strong, lightweight and versatile titanium alloys are, for instance, found in jet engines, missiles and spacecraft. In medicine, corrosion-resistant titanium is considered one of the most biocompatible metals. It is used in medical applications including prostheses, surgical instruments and dental implants.

Japarov gave assurances that other minerals present in the deposit, including radioactive uranium and thorium, would be removed and transported from the site in strict accordance with international safety standards.

In the spring of 2019, a number of rallies were held in Kyrgyzstan against the development of uranium deposits in Tash-Bulak. ●

"Titanium reserves in the Tash-Bulak [block, part of Kyzyl-Ompol deposit] alone are estimated at 13 million tonnes"

International consortium should build Kazakhstan's first nuclear plant, says president


President Tokayev registers to vote in the October 6 nuclear power referendum. / Akorda.kz

bne IntelliNews

Kazakhstan appears to be moving towards appointing some form of international consortium to construct its planned nuclear power plant (NPP), popular backing for which was secured with a 71% "Yes" vote in a referendum.

Whether the move would rile Moscow – which has put considerable effort into "nuclear diplomacy" across Central Asia and other parts of the world in the past year – is a key question. In foreign policy, Kazakhstan pursues a "multi-vector" approach designed to maintain friendly relations with all the major powers, but the Kremlin, anxious to ensure Russia keeps its standing as the number one strategic partner across the post-Soviet Central Asian countries, and viewing nuclear energy as an essential part of its economic fortunes moving forward, will push hard to lead the NPP project.

"My personal opinion is that an international consortium, consisting of global companies with the most advanced technologies, should work in Kazakhstan," President Kassym-Jomart Tokayev said after he cast his vote in the NPP referendum. Official turnout for the poll was 63%.

As well as Russian state nuclear corporation Rosatom, China National Nuclear Corp, Korea Hydro & Nuclear Power Co and Electricite de France (EDF), are on Kazakhstan's list of possible NPP builders, according to the country's energy ministry.

Referencing Tokayev, Nikita Shatalov, a member of Kazakhstan's lower house of parliament, said in a Telegram post, after the vote, that putting together an international consortium for the delivery of the NPP would be the best route for aligning with the foreign policy objectives of the country, the world's top producer of nuclear fuel uranium.

Shatalov pointed out that Kazakhstan would be following a well-established international approach, with countries like the United Arab Emirates, Turkey and Hungary having also engaged multiple nations and technology providers to collaborate on NPP projects. Not that combinations of diverse technologies and expertise would necessarily deny Rosatom the role of main contractor – in Turkey, for instance, the Russian company is very much viewed as in charge of the Akkuyu project to provide the country with an NPP, though it is reliant on other countries for certain technology, as was underlined in September when it became clear that Berlin is blocking Siemens from delivering technology to Akkuyu that is vital to completing the facility.

The proposal is to build the NPP in the village of Ulken, located by Kazakhstan's largest lake, Lake Balkhash, in the southeast of the country. While some locals are optimistic that the project will bring jobs and development to the area, others are concerned about potential environmental impacts, with, for instance, local fishermen worried fish stocks could be under threat.

"As well as Russian state nuclear corporation Rosatom, China National Nuclear Corp, Korea Hydro & Nuclear Power Co and Electricite de France (EDF), are on Kazakhstan's list of possible NPP builders"

Tokayev has hailed the NPP initiative as producing Kazakhstan's largest ever investment project. The energy ministry is working with an initial estimate showing it will cost around $10bn to $12bn.

Though it is Central Asia's largest oil producer, Kazakhstan has not kept up with electricity demand – its power deficit last winter and autumn was 1.5 gigawatts and imports of Russian electricity remain important to the country's energy provision – and many of its dilapidated old power plants are often hit by unscheduled shutdowns. Nuclear energy is thus seen as indispensable by Astana in greatly expanding the country's power generation in the coming 10 years, while at the same time cutting emissions to meet climate commitments. Officials intend to rely on nuclear power for 5% of the national energy generation mix.

Not venturing into nuclear power given perennial safety concerns, while at the same time boasting the status of the world's number one uranium producer, would be a great frustration to many working on Kazakhstan's economic development.

"In order not to remain on the sidelines of global progress, we must use our competitive advantages," Tokayev said ahead of the vote.

World Nuclear News noted that although Kazakhstan does not currently use nuclear energy, it has three operating research reactors, while a Russian-designed BN-350 sodium-cooled fast reactor was in operation near Aktau by the Caspian Sea for 26 years, until 1999.

Kazakhstan Nuclear Power Plant (KNPP), a subsidiary of Kazakhstan's Samruk-Kazyna National Welfare Fund, was set up in 2014. It is designated as the owner/operator of the future nuclear plant and was tasked with pre-project work including a feasibility study to outline the need for nuclear power.

The proposed NPP would be a large reactor. However, options for using small modular reactors (SMRs) have not been ruled out.

Central Asia's first NPP, to be built in Uzbekistan by Rosatom, will operate with SMRs. ●

EBRD and IFC make biggest direct investment into Ukraine's telecoms in wartime

bne IntelliNews

The European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) have made the single largest foreign direct investment (FDI) investment into Ukraine since the war started.

"The EBRD and IFC will each provide $217.5mn in long-term debt to support a landmark project involving two leading Ukrainian telecom groups, lifecell and Datagroup-Volia, which recently merged to form a new group, Datagroup-Volia-lifecell. The investment will support the merged group in enhancing the resilience of the phone network and improving digital connectivity across Ukraine," the EBRD said in a press release emailed to bne IntelliNews.

To mitigate investment risks, a portion of the EBRD's and IFC's loans will be covered by guarantees provided by the government of France and the European Union under the Ukraine Investment Framework.

Antoine Armand French Minister of the Economy, Finance and Industry said: "France is committed to supporting the resilience and reconstruction of Ukraine's economy, which will require attracting large private investments in key sectors. This is why we have launched guarantee facility programs with both the EBRD and IFC to de-risk new private investments in Ukraine. This landmark project is the first utilization of these facilities. It will ultimately help better connect businesses and people across Ukraine. And we look forward to supporting other projects."

The merger combines fixed-line provider Datagroup-Volia with mobile operator lifecell to form DVL, now Ukraine's second-largest telecoms firm.

Mykhaylo Shelemba, CEO of Datagroup-Volia-lifecell said: "I thank the IFC and the EBRD for their trust and support and look forward to this long-term partnership, which will enable a significant investment programme, including investments in the network, licenses, equipment and expansion of fixed and mobile communications infrastructure in Ukraine. Ukrainian businesses have huge potential for investment, which should continue, even in these difficult times."

The majority of DVL will be owned by NJJ, part of French telecom tycoon Xavier Niel's group, with Horizon Capital holding a minority stake. The French government and the European Commission are backing the project with guarantees.

The EBRD and IFC have made the single largest direct investment of €435mn during wartime into Ukraine mobile phone sector to create a new market leader. / bne IntelliNews

Xavier Niel, Founder of Iliad Group and NJJ Holding said: “We are delighted to reach this significant milestone with international institutions IFC and the EBRD. Without their support, the completion of our major investment in Ukraine’s telecoms sector would not have been possible. Our long-term financial partnership with the EBRD and IFC underscores our shared commitment to Ukraine’s economic growth and highlights the country’s promising investment potential.”

As the largest single foreign direct investment into Ukraine by a major strategic investor since Russia’s invasion, the project is expected to send a strong positive signal to investors.

Mark Bowman, EBRD Vice President, Policy and Partnerships, said: “The telecoms sector has been essential to Ukraine’s welfare and economic resilience since the war began. This operation will result in a large and reliable telecommunications operator, important domestically, as well as a very significant international investment in the Ukrainian economy, which we are proud to be part of.”

It is also critical for Ukraine’s ongoing war effort, as telecoms play a vital role in government functions and education, which have increasingly moved online. It will deliver improved mobile connectivity to 10mn subscribers and provide faster and more reliable fixed broadband access to around 4mn homes.

Makhtar Diop, IFC Managing Director said: “By strengthening digital connectivity and network resilience, we are delivering a vital service to millions of Ukrainians while reaffirming our commitment to the country. This project is the largest foreign direct investment by a major strategic investor since Russia’s invasion. It sends a strong message to global investors about the resilience and significant potential of Ukraine's economy."

The project will also support the telecoms sector’s recovery from the estimated $1.9bn in direct damages and $750mn in losses incurred since Russia’s invasion, the EBRD said.

Jean-Noël Barrot Minister for Europe and Foreign Affairs said: “The recovery and reconstruction of Ukraine will require the mobilisation of both public and private actors investing in Ukraine’s future. This investment the largest in over ten years – is a testimony of our commitment to a strong and lasting economic partnership with Ukraine. I am confident that it will serve as a flagship to highlight the wealth of investment opportunities and pave the way for other projects in the future.”

The merger strengthens the company’s agility by enabling efficient use of both fixed and mobile networks, providing flexibility in areas such as energy savings. The newly formed DVL aims to extend mobile connectivity to 10mn people and deliver fixed internet to fourmn households.

The EBRD has restarted its activities in Ukraine, despite the ongoing hostilities and has been providing critical support to allow the economy to continue to function. Since February 2022, the EBRD has deployed €5bn in Ukraine, focusing on supporting energy security, vital infrastructure, food security, trade and the private sector, alongside key policy reforms. The EBRD’s Board of Governors has approved a capital increase of €4bn to support further investment at this level in wartime making the bank the single largest investor into the country. ●

“Made in Russia” label growing in popularity

bne IntelliNews

The "Made in Russia" label is growing in popularity and has already been awarded to 8,082 domestically produced goods produced by 368 companies that bear the red, white and blue tricolour emblem, reports *Vedomosti*.

The certified products benefit from state support under the eponymous programme and the Kremlin’s drive to improve both import substitution as well as non-raw material exports.

The initiative is led by the Russian Export Centre (REC), which is part of the sovereign development bank VEB.RF. REC facilitates the entry of Russian products into more than 70 international markets amongst the so-called friendly countries. As a result, the "Made in Russia" label is becoming increasingly recognisable in overseas markets.

The programme’s primary goal is to enhance the recognition of Russian goods globally and drive sales under a national "umbrella" brand. It promotes products through international exhibitions, business missions, national stores on major online platforms, and specialised showrooms.

To qualify for certification, manufacturers must ensure their products excel in at least one of five key areas: organic origin, environmental friendliness, energy efficiency, reliability or quality. A parallel programme to certify “green” goods is being developed that focuses on the sustainability of the production of goods.

The application process for “Made in Russia” is straightforward and free via the REC website. Certification is conducted in collaboration with the other state agencies, Roskachestvo (product quality), Rospatent (IP), Rosstandart (national technical standards, weights & measures), Rosaccreditation (certification and stamps) and other accredited bodies, providing guarantees of quality and intellectual property protection for all participants. ●

Russia's USM Group threatens legal action against Kyiv over seizure of its steel assets in Ukraine

Ben Aris in Berlin

USM Group, whose assets include one of Russia's largest metals producers, Metalloinvest, said it was considering legal action against any party seeking to buy iron ore it claims was expropriated by a Ukrainian court.

The High Anti-Corruption Court of Ukraine (HACC) ruled on September 25 to confiscate the property of Metalloinvest Group currently located in Ukraine, including over 165,000 tonnes of Russian-produced iron ore belonging to the Swiss-registered trading arm, Metalloinvest Trading AG.

In a statement on September 27, USM called the HACC decision "a flagrant example of the unlawful and unfounded "legalisation of the appropriation of private property," which USM said had been blocked by Ukrainian authorities for over two years.

"We will make every effort to ensure that international courts properly assess the unlawful actions of Ukraine's executive and judicial authorities. The holding's companies also reserve the right to pursue legal action against any buyers who acquire unlawfully expropriated products, either directly from Ukrainian authorities or through third parties," USM said.

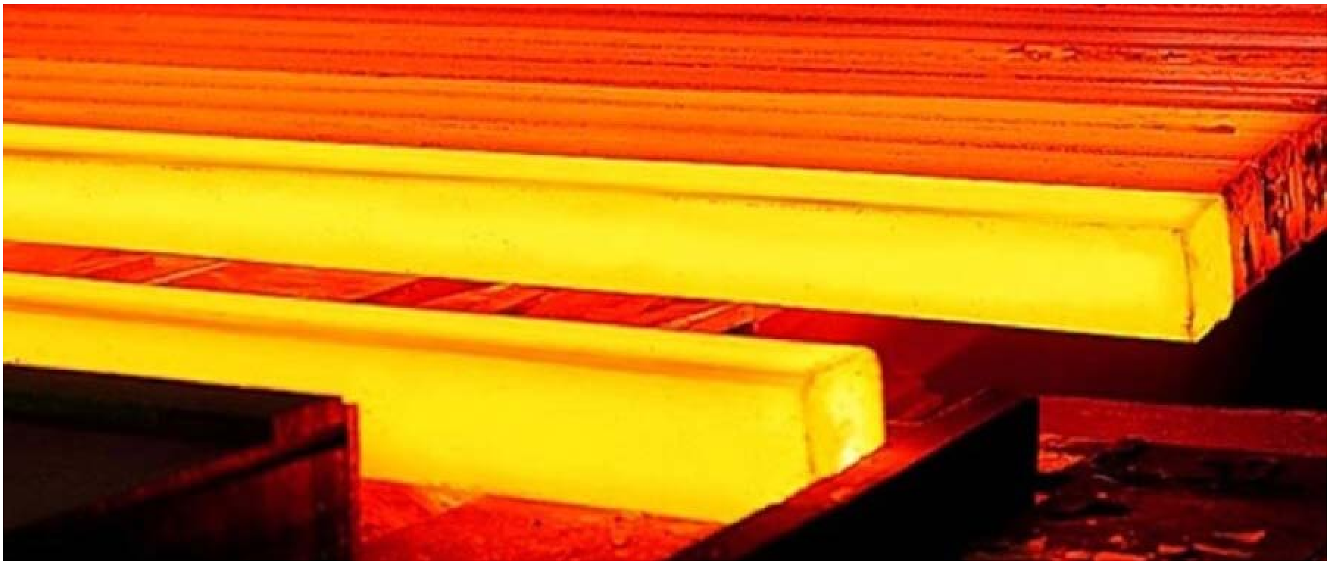
Metalloinvest Trading AG is part of USM, where Russian-Uzbek billionaire Alisher Usmanov owns a non-controlling stake. Usmanov was subjected to Western sanctions in spring 2022, shortly after the start of Russia's so-called "special military operation" in Ukraine, due to his alleged ties to the Kremlin which he has denied.

Before Russia's invasion of Ukraine in February 2022, Metalloinvest Trading AG purchased iron ore from Russian producers and exported it to third countries via Ukraine. In February 2022, Ukrainian authorities detained several shipments of the company's products and later seized them as part of what USM claims were fabricated criminal cases.

The court case with the HACC was initiated in July 2024 following a request by Ukraine's Ministry of Justice and based on Ukraine's "Law on Sanctions," which Kyiv says allows it to confiscate property in Ukraine that belongs to Russian sanctioned companies and individuals.

Ukraine's Security Service (SBU) previously stated that the iron ore was of Ukrainian origin, stored illegally in the country's ports, and intended for shipment to Russia. The Economic Security Bureau of Ukraine also alleged that Metalloinvest had tried to transfer the ore to Ukrainian-based companies to avoid paying local taxes.

USM and Metalloinvest have denied all allegations made by the Ukrainian authorities.



A Ukrainian court has seized steel that used to belong to Russia's USM Group, which hit back by saying it will sue anyone that buys the metal, disputing what USM call an expropriation of its goods. / bne IntelliNews

This issue gained traction in the international media. But earlier this month, following an approach by Usmanov's lawyers, the German newspaper *Münchner Merkur* deleted an article that claimed Metalloinvest had attempted to "smuggle hidden supplies of raw materials" from Ukraine into Russia to support its military campaign as the claim was unsubstantiated, the court said.

This week, the HACC also ruled to transfer 100% of the shares in Peter-Service Ukraine, a Ukrainian subsidiary of the Russian firm Nexign, to the benefit of Ukraine.

In the statement, USM also said that Metalloinvest Trading AG, Nexign and their owners would take steps to defend their legal rights and interests, including seeking compensation for reputational damage.

Critics point out that foreign-owned properties confiscated in Ukraine are technically protected under international law, which offers the possibility to challenge the HACC's decision. Peter-Service is likewise eligible for protection as it is a foreign investment by a Russian company in Ukraine, USM claims.

"The actions of the Ukrainian authorities are illegal and constitute a gross violation of property rights and other human rights protected by international agreements, as well as the rights of investors protected by a number of investment protection agreements," a representative of USM's legal department told *bne IntelliNews*.

"This is why the illegal decision made by the High Anti-Corruption Court will be challenged by the Group not only within Ukraine's legal system but also in competent international judicial bodies," the representative said. ●

Serbia signs MoU with North Macedonia for gas interconnector

bne IntelliNews

Serbia has taken another step to diversify its energy supply, signing a memorandum of understanding with North Macedonia on the construction of a 70 kilometre natural gas pipeline on October 7.

The pipeline, which will have an annual capacity of 14bn cubic metres, is part of a Serbia's broader effort to secure alternative energy sources and bolster energy security.

The planned interconnector between Serbia and North Macedonia is intended to link to the liquefied natural gas (LNG) terminal in Alexandroupolis, Greece, providing Serbia with access to gas supplies from wider European and global markets.

The development comes as Serbia aims to reduce its reliance on Russian gas, which currently supplies the majority of its energy needs. Of the 2.5bn cubic metres of natural gas consumed annually by Serbia, approximately 2.2bn cubic metres come from Russia's state-owned energy giant Gazprom.

Despite renewing a long-term gas contract with Gazprom in May 2022, Serbia has been actively seeking new partnerships to diversify its gas sources. In November 2023, Belgrade struck a deal with Azerbaijan to secure 400mn cubic metres of gas annually between 2024 and 2026.

Serbia's state-owned gas company Serbijagas also signed contracts with Azerbaijan's SOCAR in late September to ensure the supply of an additional 1mn cubic metres of gas per day throughout the winter of 2024-2025.

Prime Minister Vucevic emphasised the significance of the new pipeline deal during his meeting with North Macedonia's Prime Minister Hristijan Mickoski, highlighting the importance of ensuring energy security in the face of climate change and aligning with the EU's green agenda.

The EU has been pressuring its member states and allies, including Serbia, to reduce reliance on Russian energy in response to the ongoing war in Ukraine. Although Serbia has not joined the EU in imposing sanctions on Russia, it has sought to explore new energy partnerships as part of its long-term strategy.

In addition to the gas pipeline, Vucevic noted that North Macedonia has also proposed the construction of an oil pipeline, which could provide Serbia with an alternative oil supply route, further enhancing its energy resilience. ●

The pipeline would have an annual capacity of 14bn cubic metres. / bne IntelliNews

Western Balkans emerges as nearshoring destination

A wiiw study showed FDI inflows have significantly surpassed long-term equilibrium values in some Western Balkan countries in recent years.

Clare Nuttall in Glasgow

A new study by the Vienna Institute for International Economic Studies (wiiw) has confirmed that nearshoring to the Western Balkans is taking place post-pandemic. Foreign direct investment (FDI) inflows have significantly surpassed long-term equilibrium values in some countries, according to wiiw calculations.

The report attributes the increasing interest in the Western Balkans to several factors, including geographic proximity to the European Union (EU), a skilled workforce and low labour costs. These advantages make the region particularly appealing for companies looking to relocate production facilities closer to the EU market – a trend that has gained momentum following the global supply chain disruptions caused by the COVID-19 pandemic.

"Our analysis identifies concrete cases of near-shoring in five of the six Western Balkan economies – Albania, Bosnia & Herzegovina, Kosovo, North Macedonia and Serbia," said Branimir Jovanović, the lead author of the study and an economist at wiiw.

Nearshoring, the process of moving production facilities closer to consumer markets, has become an attractive strategy for companies looking to mitigate the risks of long supply chains, especially in light of recent global disruptions. The wiiw report suggests that this trend is particularly pronounced in the Western Balkans, where a growing number of foreign companies – particularly from Asia – are now establishing a foothold.

"Asian firms take a highly strategic approach, deliberately positioning their production facilities near the EU's economic core in order to have shorter supply chains," said Jovanović. Companies from China, Japan and South Korea are among the most active in relocating to the region, driven by both economic and geopolitical factors.

wiiw interviewed 17 foreign investors in the region, with many confirming that locating production facilities closer to the EU was a priority. Geopolitical risks were also cited as a significant motivator for relocating to the Western Balkans.

This sentiment was echoed by other foreign companies surveyed for the report. In a survey of 65 foreign firms, 72% expressed satisfaction with their investments in the region, and 11% indicated that they had relocated production from more distant locations to be closer to the EU. The survey also found that two-thirds of these companies view the Western Balkans as a promising region for green investments, with many eager to increase their involvement if local suppliers made progress in decarbonisation efforts.

Despite the growing interest and positive FDI trends, the wiiw report also identifies challenges to investors in the Western Balkans. Poor governance, corruption, weak rule of law, underdeveloped infrastructure, and inadequate institutions remain significant barriers to further growth. Nevertheless, investors are cautiously optimistic about the region's potential.

"Governments of the six Western Balkan states should prioritise assisting local companies in becoming more environmentally sustainable and fostering closer collaboration with foreign investors," Jovanović said.

In addition to industrial production, the report also highlights the region's potential for green investments, especially in renewable energy. Jovanović pointed to major renewable energy projects already underway in Albania, Bosnia, Montenegro, North Macedonia and Serbia.

"This illustrates the region's potential in the green transition," he said, underlining the importance of this sector for the Western Balkans' economic development.

Environmental sustainability is becoming an increasingly important factor for companies considering where to invest. Many of the foreign investors interviewed by wiiw stressed the importance of environmental protection and CO_2 reduction as part of their decision-making process. Jovanović said: "If local suppliers make progress in decarbonising their operations, we see significant opportunities for them to integrate into international supply chains and expand."

A survey of 382 local companies, also included in the wiiw report, reveals that many businesses in the region are aware of the need to reduce CO_2 emissions, with two-thirds of respondents indicating that they see this as a way to boost exports to the EU. However, the report also notes that most local companies believe significant financial support will be required to meet these goals. ●

bne:Funds

Poland's Zabka convenience store chain aims to raise €1.5bn in upcoming Warsaw IPO

Wojciech Kosc in Warsaw

Shareholders of Zabka, Poland's largest convenience store chain, plan to raise up to PLN6.45bn (€1.51bn) from institutional and retail investors in the upcoming initial public offering (IPO), the chain's biggest shareholder, CVC Capital Partners, an investment fund, said on October 1.

The IPO looks set to be the Warsaw Stock Exchange's largest listing in four years and the top five of European IPOs in 2024 to date.

The offering share price range is set between PLN20-PLN21.5 zloty per share, which would value the company up to PLN21.5bn. If the price range stands, this would make Zabka the 11th largest stock on Warsaw's blue-chip WIG20 index.

According to Bloomberg, demand surpassed the offering size of 300mn existing shares – a 30% stake – within hours since the book-building process started on October 1. There is an option to increase the offer to 345mn shares.

Most shares in the offering come from CVC Capital partners. Other shareholders – Partners Group, the European Bank of Reconstruction and Development, and Amphibian (an entity of Zabka's current and former managers) – are also selling.

The book-building period concludes on October 9 with trading expected to begin around October 17 on the Warsaw Stock Exchange.

Zabka's IPO would be Poland's largest since Allegro's, Poland's top e-commerce platform, in 2021.

CVC Capital Partners acquired 77% of Zabka from Mid Europa Partners in 2017. Other important stakeholders are Partners Group, which holds an 18% stake, Amphibian and the EBRD.

Zabka's sales grew 21.5% year-on-year to PLN11.1bn in the first half 2024, with adjusted EBITDA growing 33.5% y/y to PLN1.4bn.

The company has 10,500 stores in Poland and 20 in Romania, where it has operated since 2024 under the brand name Froo.

Zabka plans to open 1,100 new stores in Poland alone in 2024 and 1,000 stores each year in Poland and Romania in the coming years. Zabka assumes Poland's market potential is 19,500 stores and Romania's 4,000 stores. ●

Zabka has 10,500 stores in Poland and 20 in Romania. / Zabka bne:Bond

Kazakhstan raises $1.5bn from return to dollar bond market after decade away

Astana is back on the dollar bond map.

Kanat Shaku in Almaty

Kazakhstan has raised $1.5bn from a return to the dollar bond market after nearly a decade away. Astana's dollar-denominated eurobonds, the first since 2015, were issued as 10-year debt and sold at a coupon rate of 4.714%, the Kazakh finance ministry said in an October 4 statement.

The ministry said the response to the issue reflected strong investor confidence in Kazakhstan. Orders amounted to nearly $6bn from over 100 investors across the US, UK, Europe, Asia and the Middle East. The deal was preceded by a one-day virtual roadshow, only made available to states with high investment ratings.

The bond issuance moved ahead after the resolution of a protracted legal dispute that froze $28bn of Kazakhstan's sovereign assets in 2017. The conflict arose from a $500mn claim by the owners of Tristan Oil, Anatol and Gabriel Stati, against Kazakhstan. The dispute was finally settled in mid-July, concluding a 14-year legal battle.

In its statement, the finance ministry said: "Thanks to the timely offering, the Ministry of Finance was able to secure optimal parameters for both the volume and pricing of the issue. The aggregate order book demonstrated strong growth, reaching nearly $6 billion, which enabled us to establish the coupon rate and yield at 4.714%, with a premium [spread] to U.S. Treasuries of 88 basis points."

The ministry noted that the spread was among the lowest for developing countries issuing 10-year sovereign bonds.

It is lower than the secondary market rates for several A-rated countries, including Saudi Arabia, Chile and Poland.

It added: "This eurobond issuance will strengthen the country's financial stability and support its economic growth. In addition, the favorable placement conditions will create a benchmark for other issuers from Kazakhstan, both quasi-governmental and corporate, to enter international capital markets."

A key factor contributing to the success of the bond issue was a recent sovereign rating upgrade on Kazakhstan to Baa1, with a "stable" outlook, released by Moody's.

"This eurobond issuance will strengthen the country's financial stability and support its economic growth. In addition, the favorable placement conditions will create a benchmark for other issuers from Kazakhstan, both quasi-governmental and corporate, to enter international capital markets"

Each bond had a face value of $200,000, and 7,500 bonds were issued. The indicative coupon rate was set at 4.87%.
BCC Invest was lead manager for the transaction and international partners Citi, JPMorgan and Societe Generale served as joint lead managers and bookrunners for the transaction.

The eurobonds were listed on the London Stock Exchange and the Astana International Financial Centre Exchange.

Kazakhstan's 10-year dollar bond issued in 2015 had a coupon rate of 5.125%. Euro-denominated eurobonds issued by the country in 2018 took a coupon rate of 2.375%. ●

Serbia achieves first-ever investment grade rating

Tatyana Kekic in Belgrade

Serbia received its first-ever investment-grade credit rating on October 4 when Standard & Poor's (S&P) Global Ratings, one of the big three international credit ratings agencies, raised the country's long-standing BB+ rating to BBB- with a stable outlook.

The rating decision positions Serbia as the first country in the Western Balkans, and the only EU candidate country, to achieve investment-grade status.

"This is a significant moment for Serbia," said President Aleksandar Vucic. "After almost a decade of hard work, Serbia has reached investment-grade status for the first time in history, signalling our stability and attractiveness as a destination for global investors."

The upgrade to investment grade is expected to lower borrowing costs, increase access to international capital markets, and bolster investor confidence. It marks a turning point for Serbia, which has long sought to attract institutional investors whose mandates often restrict them to countries with investment-grade ratings.

"There are investors who have wanted to invest in Serbia but were unable to because of rating restrictions. Now, we've opened the door for them," Vucic added.

Minister of Finance Sinisa Mali hailed the rating as a "well-deserved confirmation" of Serbia's robust macroeconomic policies. "This shows that we are on a successful path of continuous economic growth and macroeconomic stability," Mali said.

Prime Minister Milos Vucevic echoed these sentiments, crediting the government's responsible fiscal management. "This is proof that Serbia is pursuing the right economic policies under President Vucic's leadership," Vucevic stated.

S&P's decision follows a decade of steady economic reforms that have transformed Serbia's economic landscape. The agency's report highlighted Serbia's accelerating growth, falling inflation, reduced current-account deficit, and record-high foreign exchange reserves as key factors in its decision. The country's real GDP is projected to reach 3.8% in 2024, buoyed by strong domestic demand and major infrastructure projects, including preparations for Expo 2027.

"High foreign exchange reserves and diversified foreign direct investment have strengthened Serbia's ability to weather external shocks," the report noted, adding that these factors mitigate risks arising from global economic uncertainties.

In a broader context, Serbia's economic prospects appear increasingly positive, with a fairly stable political outlook, institutional support for sound macroeconomic policies and a commitment to continuing structural reforms. National Bank of Serbia Governor Jorgovanka Tabakovic described the upgrade as a "historic step," emphasising that Serbia has now entered "the ranks of countries that are particularly important on the world investment map".

Prior to the upgrade, Serbia held a BB+ rating from S&P, the same as Fitch, while Moody's has assigned the country a Ba2 rating, two notches below investment grade. ●

Standard & Poor's rating decision positions Serbia as the first country in the Western Balkans and the only EU candidate country to achieve investment-grade status.

Uzbekistan's Navoi gold mining giant issues debut $1bn Eurobond

The Navoi Mining & Metallurgical Combine (NMMC) is a pillar of the Uzbek economy and has just issued its first ever $1.5bn Eurobond, part of the company's eventual privatisation preparations. / bne IntelliNews

Ben Aris in Berlin

Uzbekistan's gold mining national champion Navoi Mining & Metallurgical Combine (NMMC) has issued its debut $1bn Eurobond on October 10.

The bond consists of a dual-tranche offering: $500mn in 4-year notes with a 6.70% yield and another $500mn in 7-year notes at 6.95%. The funds raised will support NMMC's investment plans, which include expanding its gold production and furthering strategic projects.

The proceeds from the bond will contribute to NMMC's ongoing investment program, which has seen substantial progress in 2024, including a $281mn investment to increase ore processing capacity. This is part of the company's broader goal of reaching 10mn tonnes of annual processing capacity by the end of 2024.

The bond is also seen as a step on the path to completing the long-discussed privatisation of NMMC with an eventual IPO and a strategic move to build up the company's profile with international investors.

Gold mine giant

NMMC operates the Muruntau mine, the world's largest opencast gold mine and a leading mining complex in Central Asia. The mine was established in 1958 and produces gold and uranium. Located in the city of Navoi, the combine is a cornerstone of the country's industrial and economic development.

The plant is being prepared for privatisation and has hired a number of international consultants to prepare it for a widely anticipated IPO, Nikolai Snitka, the ebullient chief engineer of Navoi Gold, told *bne IntelliNews* in an extensive interview at the mine in 2021.

"We are the biggest company in the country and the number one contributor of taxes to the government. About 20% of the total tax take is combined money!" Snitka said, who has worked at the mine for almost four decades.

The gold mine has been through four stages of development since it was founded and a fifth development phase is currently underway, due to finish in 2026. The mine got a new lease of life in 2016 when Uzbek President Shavkat Mirziyoyev took over and began a $3bn investment programme.

"The plan is to increase production by 30% by 2026. We are not there yet but we hope to reach the 30% target earlier – in 2024," says Snitka.

The company has already been reorganised into a joint stock company in preparation for privatisation and a new board of directors appointed. The consultants have been rationalising the books and bringing the corporate practises up to international levels of corporate governance and transparency before a potential listing.

"For 20 years we were a closed company but today it's all changed. We are not that kind of company anymore," says Snitka. "Privatisation is the right idea. It is inevitable."

The NMMC was founded during the Soviet Union era, initially focused on mining and processing uranium to support the USSR's nuclear ambitions. Over time, the plant expanded its operations to include gold mining, positioning itself as a major player in the global gold market. By the late 1960s and early 1970s the combine had established itself as a key source of minerals not just for the USSR but also on the world stage.

The NMMC operates the Muruntau Gold Mine, one of the world's largest opencast gold mines. Muruntau, located in the Kyzyl-Kum Desert, is a massive operation with a production capacity exceeding 60 tonnes per year (tpy) of gold. This makes it one of the most productive mines globally, contributing significantly to Uzbekistan's status as the world's eighth-largest gold producer.

And the Muruntau mine is huge. The quarry itself stretches 3.3 km in length and 2.5 km in width, with a depth exceeding 600 metres. The production is managed through advanced technological systems, ensuring efficiency in mining and processing. In 2022, the NMMC produced over 94 tonnes of gold, generating substantial revenue for the Uzbek economy.

In addition to gold, the NMMC is a major producer of uranium. Uzbekistan ranks among the top ten uranium producers globally, with a significant portion of the production exported to various countries. The company operates several uranium mines, employing in-situ leaching technology, which is considered more environmentally friendly compared to traditional mining methods.

The uranium extracted by NMMC is primarily sold to international markets, including countries like China and Russia where the ore is enriched. Uzbekistan has no enriching facilities of its own. This positions the company as a strategic player in the global nuclear fuel market.

ESG

The NMMC is not only a significant contributor to Uzbekistan's GDP but also one of the largest employers in the country. It provides jobs to tens of thousands of workers in the Navoi region, including engineers, miners and various other specialists.

The combine contributes heavily to the social and economic development of the Navoi region. It funds various infrastructure projects, including housing, schools, and healthcare facilities, which benefit the local population.

As a company that deals with resource extraction, NMMC faces environmental challenges. The vast scale of the Muruntau Gold Mine, uranium production and its Soviet industrial legacy calls for significant measures to mitigate environmental impact. The combine has taken steps to reduce its carbon footprint and minimise waste, though environmental concerns still persist, particularly regarding the long-term impacts of opencast mining.

On the social responsibility front, the company has launched several initiatives aimed at improving living standards for its employees and local communities. These include investment in education, health care and housing. ●

bne:Deal

Polish travel platform eSky to acquire Thomas Cook from Chinese Fosun for €35.6m

bne IntelliNews

Polish travel company Grupa eSky has announced its acquisition of Thomas Cook, the world's oldest travel brand, marking a significant milestone in the 180-year history of the British travel icon. This strategic move will allow eSky to enhance its presence in the United Kingdom and Western Europe.

eSky will acquire Thomas Cook from Chinese group Fosun for a total of £30m (€35.6m). Thomas Cook, a travel company founded in the UK in 1841, went bust in 2019 after failing to clear a debt burden of £1.1bn.

The acquisition aims to leverage Thomas Cook's extensive experience to support its growth in existing markets. eSky's platform operates in over 50 countries across Europe, the Americas, and Africa, and has been rapidly expanding its dynamic package offerings, which provide integrated flight and accommodation options.

Łukasz Habaj, CEO of Grupa eSky, said: "The synergy between Thomas Cook's nearly two-century heritage and eSky's technology and understanding of contemporary consumer needs will strengthen our position in Western Europe and enhance the flexibility of our offerings. This acquisition will propel us into the forefront of dynamic package sales in the UK, representing a significant promotion of Polish business on the international stage."

The decision to acquire Thomas Cook aligns with eSky's broader strategy of investing in dynamic packages over the past few years. These packages offer a viable alternative to traditional tour operators and qualify as organised trips under legal regulations, providing consumer protection. As a result, eSky is transitioning from being primarily an airline platform to a Virtual Travel Orchestrator.

Founded in 1841, Thomas Cook briefly ceased operations in 2019 but re-emerged as an online travel agency under China's Fosun Tourism Group. This acquisition provides eSky access to Thomas Cook's portfolio, which includes over 500 airlines, enhancing its competitive edge in the travel market.

The acquisition agreement excludes Thomas Cook's operations in China, and the transaction is subject to approval by the UK's Civil Aviation Authority. The financial details of the deal have not been disclosed. ●

bne:Tech

Kazakhstan and Nasdaq-listed fintech Kaspi fight back against short seller's report

bne IntelliNews

Kazakhstan and Nasdaq-listed fintech Kaspi.kz have come out fighting against a short seller's report that argues the company's claim of it having zero exposure to Russia is a "grave deception".

The assessment from Culper Research caused the share price of Kaspi – Kazakhstan's second largest lender – to drop by as much as 22% when it was released on September 18, with Culper concluding: "We believe Kaspi's premium valuation and US listing are at risk, and shares are headed lower."

"As the U.S. and other nations continue to broaden sanctions against those found to be aiding Russia's wartime economy, we believe Kaspi now risks secondary sanctions," the report also warned.

Kaspi's shares on the Nasdaq ended September 24 at $104.47. Prior to the release of the Culper report, they were trading at just over $120. The trough prior to the moderate rebound was recorded at $92.89 on September 19.

In a September 23 statement, Kazakhstan's Agency for Regulation and Development of Financial Markets described Kaspi as "one of the country's systemically important and steadily developing banks, demonstrating sustainable growth and a high level of transparency."

"The bank fully complies with the sanctions regime of the U.S., the European Union, and other foreign countries," the regulator said, referencing the sanctions imposed on Moscow over its full-scale invasion of Ukraine.

The main shareholders in Kaspi are Kazakh billionaire Vyacheslav Kim, Georgia-born Mikheil Lomtadze and Baring Funds, part of a Commonwealth of Independent States-focused investor in private equity.

On September 24, Kaspi released its own rebuttal of the Culper report, stating that the fintech heavyweight in 2023 generated 99.6% of its revenue from Kazakhstan as disclosed in its US initial public offering (IPO) prospectus ahead of the Nasdaq listing at the start of this year.

"The rest of our revenue was generated from our operations in Azerbaijan and Ukraine," it added.

Kaspi added: "We have comprehensive policies and procedures designed to avoid working with any consumers or companies that appear on international sanctions lists

"Our subsidiary Kaspi Bank is one of the largest and systematically important financial institutions in Kazakhstan and it operates under the strict supervision and regulations set by the National Bank of Kazakhstan, the Agency for Regulation and Development of Financial Markets and the Financial Monitoring Agency of the Republic of Kazakhstan."

Kaspi.kz consumers and merchants, including foreign citizens, "must complete our 'know your customer' (KYC) process," said Kaspi, adding: "When opening an account, we biometrically identify a consumer. Consumers must provide their full name, date of birth, address, passport, Kazakh tax ID and Kazakh mobile phone number.

"Our policy is to not admit any customer or work with any counterparty that appears on international sanction lists. Checks are performed regardless of residency."

Stating that Kaspi's policy is to not work with sanctioned banks, the company said: "We have international correspondent bank accounts with leading financial institutions, including The Bank of New York Mellon (USA), Citi Bank (USA), Societe Generale (France), Landesbank Baden-Wuerttemberg (Germany), Commerzbank AG (Germany) Raiffeisen Bank International AG (Austria) and Raiffeisen Bank (Russia).

"Raiffeisen Bank Russia is a fully owned subsidiary of Raiffeisen International, one of Austria's largest banks. The bank is under the direct supervision of the European Central Bank and is not subject to any sanctions, either at the group level or at the Russian subsidiary level."

Kaspi also stated that "we believe we are in compliance with applicable laws and are not aware of any anti-money laundering investigations against Kaspi.kz". ●

Croatia startup raises €10mn to boost AI-driven adtech

Aida Kadyrzhanova in Prague

Croatian adtech startup All Eyes On Screens (AEOS), formerly known as AdScanner, has secured around €10mn in a Series B funding round, the company announced in a press release posted on its LinkedIn page.

The round was led by Taiwania Capital, with participation from existing investors Lead Ventures, J&T Ventures, and South Central Ventures.

AEOS uses artificial intelligence (AI) to enhance TV and video advertising. The platform leverages audience data from millions of households to help advertisers better target their campaigns and track performance across devices.

Products including Cockpit, TV BOOST and Apollo offer advertisers smarter audience measurement and more efficient ad performance tracking, utilising anonymised data from telecom companies and OTT (over-the-top) streaming providers.

“We are very happy to welcome Taiwania Capital on board, alongside our existing investors to support us in bringing our benefits to even more advertisers worldwide,” said Marin Curkovic, CEO and co-founder of AEOS, in the company's LinkedIn post.

Currently operating in Croatia, Austria, Bulgaria, Germany and Switzerland, AEOS plans to expand into both Southeastern and Western Europe, now bolstered by this new funding.

The broader Croatian tech scene has been gaining momentum, with the ICT sector contributing about 6% to the country's GDP.

Several successful startup companies have emerged from Croatia, including Infobip, a global cloud communications platform provider. The country's first tech unicorn Infobip offers a suite of messaging, voice, and chat apps that enable businesses to communicate with customers on a global scale. The company has been recognised as one of the fastest-growing tech companies in Europe.

In Skabrnja, a less conventional tech hub, Croatian startup Rearm is changing the programming game with its platform for automatic business application creation. Operating from Zagreb, Rearm plans to introduce its platform for non-programmers in 1Q24.

International venture capital investors have backed other Croatian startups such as Gideon Brothers, a developer of AI and 3D vision-based autonomous mobile robots (AMRs), and maths app PhotoMath, which is being acquired by Google. ●

German Dataciders acquires Bulgarian IT services provider ROITI

bne IntelliNews

German IT services provider Dataciders said it has acquired Bulgarian IT services provider ROITI, which offers end-to-end consulting services in the field of data and Artificial Intelligence (AI).

The deal is expected to strengthen Dataciders’ end-customer diversification and to further expand the company’s customer base.

“The acquisition will help Dataciders to further expand its customer base in the energy & utilities market in the DACH region and strengthen its position in ETRM. ROITI brings an experienced team of more than 90 consultants and developers, mainly serving large customers in Europe, especially in Germany and Switzerland. Through its in-depth expertise with the two ETRM platforms Endur and Molecule, ROITI also expands Dataciders' existing technology portfolio, particularly in the area of ETRM,” Dataciders said in a press release on its website.

“The merger with Dataciders offers us three key opportunities: access to new and larger clients, access to new competencies and more opportunities to scale our business. We can realize these goals in the company of like-minded people with different backgrounds and experiences, which allows us to challenge each other and become better together,” ROITI’s managing partner Ventsislav Topuzov noted in the press release.

ROITI’s client portfolio includes mainly large European clients, focusing on Germany and Switzerland. ●

OCSiAl opens cutting-edge graphene nanotube facility in Serbia

Tatyana Kekic in Belgrade

Luxembourg-based nanotechnology company OCSiAl opened its first graphene nanotube manufacturing facility in Serbia on October 29, establishing the country as a new hub for industrial nanotechnology innovation in Europe.

The facility, located in Stara Pazova, is set to boost Serbia's position in the high-tech manufacturing sector. This state-of-the-art plant is Serbia's largest foreign direct investment (FDI) from Luxembourg to date.

Serbia's Finance Minister Sinisa Mali highlighted the strategic value of the investment, noting, "It is the first major investment from Luxembourg, after Serbia firmly positioned itself on the investment map of Europe ... We welcome Luxembourg's decision to invest with us and we hope for new projects."

Prime Minister Milos Vucevic echoed Mali's optimism, adding that OCSiAl's arrival underscores Serbia's attractiveness as an investment destination. "This is the best confirmation that Serbia is a good place for investments. The arrival of this company is the best invitation for others," Vucevic stated, noting that more than two-thirds of foreign investments in the Balkans are directed towards Serbia.

The 10,000-square-metre facility is expected to employ over 200 people and represents a €40mn investment. This plant will be the only site globally dedicated solely to industrial-scale graphene nanotube production, positioning Serbia as a unique supplier in a rapidly expanding market.

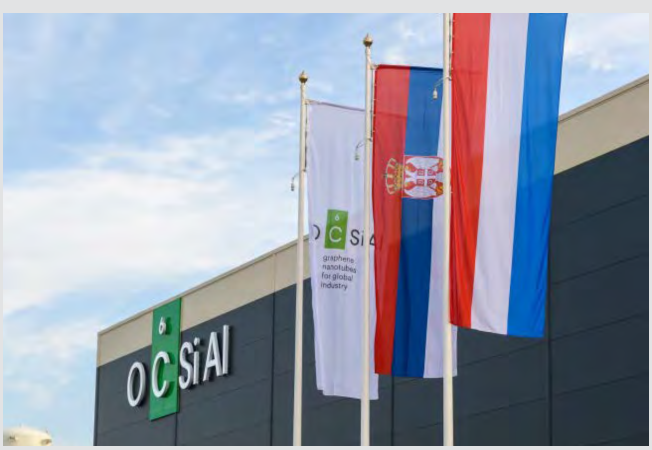
The products manufactured in Stara Pazova will serve industries worldwide, including automotive, aerospace, electronics, construction, oil, and gas, with exports slated for over 50 countries. Vucevic claimed that these exports will be integrated into "almost all production processes and economies around the world".

In addition to driving technological advancements, OCSiAl plans to invest in Serbia's human capital, offering training to local engineers and scientists alongside international experts. "The company is ready to contribute with its expertise and resources to the creation of innovative educational programmes, with the aim of inspiring young researchers in the field of nanotechnology and developing future talents in Serbia," OCSiAl announced in a statement.

Vucevic highlighted the potential benefits for Serbian scientists and young talent, noting that the facility's cutting-edge projects will help the country continue attracting high-tech investments. "We once again showed that our country is the best destination for investing in the technologies of the future," he said.

Mali expressed hopes for further investments, especially as Serbia prepares to host the international exhibition EXPO 2027. Anticipated to draw millions of visitors, the event could provide a stage for Serbia to showcase its commitment to innovation in fields like energy, education, and green projects. Inviting Luxembourg to participate, Mali expressed gratitude for the country's recognition of Serbia's investment potential. ●

> "We once again showed that our country is the best destination for investing in the technologies of the future"



OCSiAl's new graphene nanotube facility in Stara Pazova, Serbia. / OCSiAl

Estonian Bolt CEO calls remote work 'insanity'

Linas Jegelevicius in Vilnius

Estonian mobility platform Bolt is mandating a return to office for its global staff, with CEO Markus Villig criticising remote work practices he considers excessive, according to Fortune.

Founded in 2013 as Taxify, Bolt initially focused on ride-hailing and has since expanded into short-term car rentals, ride-sharing, food delivery and e-scooter rentals, with over 150mn customers and 3mn driver and courier partners worldwide.

In an internal email obtained by *The Telegraph*, Villig reportedly expressed frustration with employees working from remote locations like Bali, describing such arrangements as "disconnected" and indicative of overly "complacent" hiring policies.

Villig noted that fewer than half of Bolt's employees were working in-office at least two days per week, which he called a "disgrace," adding, "We will stop the insanity of people working remotely from places like Bali. That is a vacation, not what we hired them to do."

A Bolt spokesperson confirmed to Fortune that the company will implement a hybrid work policy starting January 1, requiring staff to work in-office 12 days per month. Bolt's move follows similar pushes by companies like Amazon, which have also adjusted remote work policies after the initial adoption of hybrid models during the COVID-19 pandemic. However, critics caution that a rigid approach may trigger resistance or impact morale, potentially affecting productivity and company performance.

Bolt has announced plans for an IPO in 2024, although it reported a €91.9mn loss on €1.7bn in revenue in 2023. ●

Half of Ukraine's top IT firms see revenue drop amid war, relocations

Ukraine's ongoing war against Russia has forced relocations and saw staff and resources move abroad. / Oleksandr Pidvalnyi via Pixabay

bne IntelliNews

Half of Ukraine's largest IT companies recorded a decline in revenue in 2023 as the ongoing war forced relocations and saw staff and resources move abroad.

According to industry data, 15 of Ukraine's 30 biggest IT firms reported lower revenues than in 2022, a trend attributed to shifts in business between affiliated legal entities, relocation to other jurisdictions, the departure of skilled workers and an overall downturn in business activity.

Despite these challenges, several global players have remained resilient. EPAM, GlobalLogic and Luxoft continue to dominate Ukraine's IT market in terms of revenue, with EPAM Digital showing particular growth after transferring part of its operations. Fintech company Monobank and SoftServe also recorded positive revenue gains during the year.

Playtika led in terms of revenue per employee, generating an impressive $6,900 per month, while most of Ukraine's other major IT firms posted monthly revenues of between $3,000 and $5,000 per employee. The highest net profits were recorded by Monobank, EPAM, and GlobalLogic, accounting for nearly 47% of the total profit among Ukraine's top 30 IT companies.

Meanwhile, employment has grown across Ukraine's IT sector, with the 30 largest firms collectively employing 10,500 full-time workers in 2023, up from 8,500 in 2022. ●

With its large agricultural sector and still heavy dependence on coal, biogas is the perfect solution to Poland's environmental and energy needs. / bne IntelliNews

bne:Green

LNG and bio-LNG: which gas will be the pillar of Poland's energy transition?

bne IntelliNews

Poland stands at a critical juncture in its energy landscape, facing pressures to transition away from fossil fuels and enhance energy security thanks to geopolitical disruptions to the global energy markets and the accelerating Climate Crisis.

The war in Ukraine and the European Union's climate mandates means biogas – especially in its liquefied form as bio-LNG – has emerged as a potential game-changer in this transformation.

Traditionally Poland has long been depended on coal, which has historically provided a substantial portion of its energy supply. However, this reliance poses significant environmental and regulatory challenges, especially in light of the EU's ambitious climate targets and a pledge to phase out coal completely. The UK became the first European country to meet that challenge at the end of September and green energy has recently overtaken coal in both the EU and China. Poland's commitment to reducing greenhouse gas emissions and transitioning to renewable energy sources is now more pressing than ever to keep up with its peers.

According to the International Energy Agency (IEA), the global LNG market is growing at an annual rate of 6%, while Poland has seen a 15% increase in demand for LNG fuel over the past two years, after cutting itself off from Russian gas entirely.

On November 23, 2021, the Ministry of Climate and Environment initiated the "Agreement on Cooperation for the Development of the Biogas and Biomethane Sector," aiming to establish a stable and integrated platform to foster collaboration and support the dynamic growth of these sectors in Poland.

The country's agricultural sector, which occupies about 60% of its land, presents a ripe opportunity for biogas production and a potential output of 8bn cubic meters of biogas a year. Poland is positioned to develop a robust biogas industry that could significantly contribute to its energy mix.

A transformative opportunity

Bio-LNG, as a refined product of biogas, is particularly relevant for the transport sector, which is one of the largest sources of emissions in Poland. With heavy-duty vehicles and maritime transport contributing significantly to greenhouse gases, bio-LNG offers a low-carbon alternative that could help achieve substantial emissions reductions.

Projections indicate that by 2050, bio-LNG could comprise approximately 21.7% of energy consumption in transportation. This aligns with the EU's Renewable Energy Directive, which mandates that renewable energy must account for at least 14% of transportation fuels by 2030. Given this regulatory framework, Poland is encouraged to invest in bio-LNG to meet these targets and enhance its energy diversity.

The economic implications of developing a biogas industry are considerable. While the initial investment required for bio-LNG infrastructure – estimated between PLN29.98mn and PLN34.1mn (€6.6mn-€7.5mn) for a typical facility – is substantial, the long-term benefits can outweigh these costs. Increased job creation, energy independence, and lower carbon footprints are significant potential outcomes of this investment.

The growth trajectory for bio-LNG facilities across Europe is promising. The number of installations surged nearly 600% from 2018 to 2022, and forecasts suggest that Poland could see its installations rise from 34 in 2022 to over 100 by 2025. This rapid expansion offers Poland an opportunity to establish a competitive position in the European bio-LNG market.

Challenges to overcome

Despite the favourable outlook for biogas, several challenges could impede its development in Poland. Regulatory uncertainty is a primary concern. The current lack of clear policies and state support during the nascent stages of the biogas market could stall progress and deter potential investors.

Moreover, concerns about indirect land use change (ILUC) complicate the expansion of agricultural land for biogas production. If not managed carefully, this could negate some of the environmental benefits that biogas is expected to deliver.

Infrastructure investment is also critical. While Poland has a functioning LNG terminal in Świnoujście, expanding this to accommodate bio-LNG will require extensive coordination across various sectors. Proposals like Gaz-System's plans for a floating storage regasification unit (FSRU) by 2027/2028 are steps in the right direction but will need additional support from the gas transmission networks.

To maximize the potential of biogas, Poland must foster strategic partnerships with nations that have successfully integrated biogas into their energy frameworks. Countries such as Germany and Sweden offer valuable lessons in best practices and technological innovations that could facilitate Poland's transition.

Collaborative efforts among government, industry stakeholders, and academia will be essential in developing a comprehensive strategy for biogas. Regulatory reforms, alongside increased public and private investment, will be key to overcoming current barriers. ●

Ukraine ready to export biogas as biomethane plant uses the national gas pipeline system for the first time

bne IntelliNews

A Ukrainian company has, for the first time, transported biomethane via the country's domestic gas transmission system, marking a significant step towards its ambition to export the renewable energy source to Europe, UBN reported on October 2.

VITAGRO, a group with interests in agriculture, energy, and construction, supplied biomethane into Ukraine's gas grid, positioning the country to begin exporting the fuel.

"This is the first and only such event in Ukraine's entire energy industry," the company said in a statement.

The €6mn biomethane plant is currently operating at 60-70% capacity, delivering around 6,000 cubic metres of gas daily. Full capacity is expected by the end of October, and VITAGRO is poised to begin exporting biomethane once sufficient volumes are accumulated, with sales possibly starting in November.

Ukraine's Regional Gas Company (RGK) was the first biomethane plant to its gas network last year. This plant, located in the Chernihiv region, will produce approximately 3mn cubic metres of gas each year, which will be used to supply nearly 1,500 customers, from the circa 20bcm of gas that Ukraine already produces domestically.

Ukraine currently is home to 77 biogas plants in operation and a capacity of up to 260mn cubic metres annually.

Ramping up exports

Adomas Audickas, a senior executive at MHP, one of Ukraine's leading agricultural holdings, that five plants, including two owned by MHP, could collectively export up to 100mn cubic metres of biomethane by year-end and the government estimates exports could reach 1bcm by 2030, against the 15bcm of Russian gas the country currently exports to the EU. Over 10 agricultural holdings have set their sights on the burgeoning biomethane market and several have built plants or plan to do so.

"If the open markets and buyers are found, Ukraine will be able to export about 100mn cubic metres of biomethane per year from five plants by the end of the year," Audickas said, cited by UBN. He added that MHP alone could contribute 35mn cubic metres annually. "If all of this works, there will be more and more such projects, and new manufacturers will appear."

Other estimates put the numbers much higher, suggesting Ukraine could export 5bcm of biomethane within five years, attracting €5bn in investment. As *bne IntelliNews* reported, the renewables sector has been one of the few sectors to attract significant investment from both domestic and international players pre-war attracting some $4bn into wind and solar power generation. Ukrainian President Volodymyr Zelenskiy laid out a vision of Ukraine as a "hub for modern green energy" in Europe to over 1,000 Western leaders and top European businesspeople in his comments to the Ukraine Recovery conference held in London in June last year.

However, there are still obstacles to overcome; Audickas pointed out that certain European Union markets, such as Germany, remain closed to pipeline-based biomethane imports for the meantime.

Challenges and opportunities

Ukraine's shift towards renewable energy is partly driven by the impending expiration of its Russian gas transit deal at the end of this year, leaving a vacuum in Europe's energy supply that Ukraine hopes to fill. Biomethane could fill part of the hole left in Ukraine's gas delivery business to Europe and further reduce its dependence on Russian gas.

Nevertheless, Ukraine faces significant challenges in attracting investment to its renewable energy sector. According to Oleksandr Podprugin, a top manager at German firm Notus Energy, while green energy should be a priority for Ukraine, investors perceive a gap between the government's declarations and actual support for renewable energy projects.

"Donors and investors who work or want to work with Ukraine feel the gap between declarations and genuine support because they do not think that [renewable energy sources] are a priority at the state level," Podprugin said, UBN reports.

To stimulate investment, Ukraine is preparing to host its first green energy auction at the end of this month. The auction, organised by state-owned enterprise Guaranteed Buyer, will allocate support quotas for companies producing renewable energy. The first lot will offer an annual quota for 11 MW of electricity generated from solar power.

The Ukrainian government is also exploring further measures to incentivise the construction of more biogas producers and powerplants. Andriy Gerus, head of Ukraine's parliamentary energy committee, earlier this year announced plans to establish a fund that would guarantee profitability for renewable energy projects, subsidising producers if prices fall below a certain threshold.

Ukraine is working to create a more investor-friendly environment, but as Podprugin noted, the country still faces competition from neighbouring European nations, which offer lower logistics and insurance costs amid the ongoing war. As *bne IntelliNews* reported, Poland is also investing heavily into biogas and also has a large agricultural base to provide the feedstock to make biogas.

By year-end, seven new biomethane projects with a total capacity of 111mn cubic metres will be launched across the:

- A Hals Agro project in the Chernihiv region, with a capacity of 3mn cubic metres per year
- A project from the Vitagro Group of Companies in the Khmelnytskyi region (3mn cubic metres)
- The Teofipol Energy Company's project in the Khmelnytskyi region (56mn cubic metres)
- A Hals Agro project in the Kyiv region (3mn cubic metres)
- A YUM Liquid Gas project in the Vinnytsia region (11mn cubic metres)
- A MHP project in the Vinnytsia region (24mn cubic metres)
- A MHP project in the Dnipropetrovsk region (11mn cubic metres). ●

Ukraine is ramping up its biogas production based on its capacious agricultural sector and is almost ready to start exports. / bne IntelliNews

United Nations says Earth on track to heat by a dangerous 3.1°C

Increasingly bad wildfires are one sign that the climate is entering chaos / US government

bne IntelliNews

Global heating may rise by 3.1°C by the end of the century if policy stays on the same track, says a new annual UN Emissions Gap report. That is an eye-popping 5.6°F.

The Paris Agreement of 2015 called for warming not to exceed 1.5°C, or 2.7°F, above pre-industrial levels.

"We're teetering on a planetary tight rope," said UN Secretary General Antonio Guterres. "Either leaders bridge the emissions gap, or we plunge headlong into climate disaster."

Already, greenhouse gas (GHG) emissions rose globally by 1.3% between 2022 and 2023, to a new high of 57.1 gigatonnes of CO2 equivalent, said the report.

"If we look at the progress towards 2030 targets, especially of the G20 member states ... They have not made a lot of progress towards their current climate targets for 2030," said Anne Olhoff, the report's chief scientific editor.

The world has so far warmed by about 1.3°C (or 2.3°F).

In short, countries must start curbing emissions immediately, according to the UN Emissions Gap Report 2024.

“Climate crunch time is here,” said UN Environment Programme executive director Inger Andersen. “We need global mobilisation on a scale and pace never seen before, starting right now before the next round of climate pledges (in 2025).”

The report finds, however, that there has been progress since the Paris Agreement.

GHG emissions in 2030, based on policies in place, were projected to increase by 16% at the time of the agreement's adoption. Today, the projected increase is just 3%. Even so, 2030 GHG emissions still must fall by 28% for the Paris Agreement 2°C pathway and 42% for the 1.5°C pathway.

Fully implementing unconditional Nationally Determined Contributions (NDCs) – emissions goals agreed to by individual countries under the Paris Agreement – would put the world on track for limiting temperature rise to 2.9°C above pre-industrial levels this century. Fully implementing conditional NDCs would lower this to 2.5°C.

The report calls for all nations to accelerate economy-wide, low-carbon development transformations. Countries with greater capacity and responsibility for emissions will need to take more ambitious action and support developing nations as they pursue low-emissions development growth.

The report looks at how stronger implementation can increase the chances of the next round of NDCs, due in 2025, bringing down GHG emissions in 2035 to levels consistent with 2°C and 1.5°C pathways. It also looks at the potential and risks of CO2 removal methods – such as nature-based solutions and direct air carbon capture and storage.

“The world's top 20 economies were responsible for almost 80% of world emissions last year, whereas the lowest 47 countries were responsible for just 3%”

World climate leaders and lobbyists will meet later in November in Baku, Azerbaijan at the annual United Nations Climate Change Conference COP29 summit.

Negotiations at COP29 will help to guide each country's updated NDCs, due in February. Andersen said that wealthy countries must double down on their goals.

The world's top 20 economies were responsible for almost 80% of world emissions last year, whereas the lowest 47 countries were responsible for just 3%.

The UN report says nations must together commit to and implement a cut of 42% on yearly GHG emissions by 2030, and reach 57% by 2035 for any hope of preventing heating beyond the unlikely Paris target of 1.5°C (2.7°F). ●

Czech coal magnate Tykač to finance ex-president Klaus' climate sceptic think-tank

Albin Sybera in Prague

Czech coal magnate and billionaire Pave Tykač is to finance the Václav Klaus Institute (IVK), which serves as an umbrella think-tank for voicing climate-sceptic views Czech ex-president Václav Klaus is known for, and who has also moved to the far-right of the political spectrum in recent years, openly declaring support of the Czexit party SPD.

"When I learnt a few days ago that PPF has ended many years of sponsoring the Institute of Václav Klaus and I was approached with a request for support, I decided immediately. I will financially support IVK," Tykač wrote on his personal website in an entry about the upcoming 35th anniversary of the Velvet Revolution, commemorating the 1989 fall of communism in then Czechoslovakia.

The richest Czech investment company, PPF, was instrumental in setting up IVK in 2012, with its PPF Banka being the largest sponsor of IVK.

Tykač argued that "the role of Václav Klaus, just like the role of Václav Havel and Miloš Zeman", was "significant, outstanding and thoroughly positive", and he also claimed that IVK represents "an important opinion stream in many contemporary debates, whether it is climate agenda, consolidation of public finances or the European Union."

While the late Havel was a communist-era dissident and internationally renowned playwright and philosopher, Klaus oversaw the country's 1990s wild privatisation, which gave rise to current behemoth conglomerates such as PPF, and Zeman's term was marked for his open ties to autocrats like Moscow's Vladimir Putin and Beijing's Xi Jinping.

Czech society continues to have ambivalent attitudes towards climate change. A recent major survey by Institute 2050 and published by the Czech Radio "České klima 2024" (Czech Climate 2024) found that Czechs consider climate change a serious issue, but only a minority of them feel threatened by it.

The survey shows that 52% of Czechs think that climate change issues need to be addressed "immediately" and 25% think that these need to be addressed in "this decade", but the majority also views the EU's Green Deal negatively. The Green Deal is criticised across much of the political spectrum, which is in large part scattered between populist, right-wing, and far-right parties.

"When you have an empty glass, it will get filled with whatever is poured in, and here we let the theme of Green Deal be defined by populists," commented the director of the Institute 2050, Jan Krajhanzl. ●

PPC to take over Europe's biggest onshore wind farm in Romania

Iulian Ernst in Bucharest

Greek utility company Public Power Corporation (PPC) has received approval from Romania's Competition Council to acquire the five companies operating Europe's largest onshore wind farm, located in Fântânele-Cogealac, eastern Romania.

With this acquisition, PPC's production capacity in Romania will increase from its current 677 MW, solidifying its position in renewable energy. The companies being acquired are part of Romania's green certificate support scheme, further enhancing PPC's renewable portfolio.

The companies – Felix Renewable Holdings, Tomis Team, Ovidiu Development, MW Team Invest and TMK Hydorenergy Power – together contribute around 629 MW of renewable energy capacity to the region.

After analysing the transaction, the Competition Council determined that the acquisition does not significantly impact competition in Romania. The decision noted the transaction's alignment with a competitive market environment.

PPC, Greece's leading electricity producer and supplier, has been expanding in Southeast Europe, including Romania, previously through the purchase of Enel's Romanian assets, as well as North Macedonia. ●

PRODUCTIVITY AT RUSSIA'S LARGEST ENTERPRISES RISING IN EFFORT TO KEEP THE ECONOMY COMPETITIVE

Ben Aris in Berlin

Production at the largest Russian enterprises grew rapidly in 2012-2023, despite the pandemic, sanctions and the weak impact of production growth on wages. Productivity at the largest enterprises is up as owners scramble to counter a swathe of new problems and maintain their competitiveness, according to survey from the Higher School of Business.

The survey comes at a poignant time following the recent release of the report from former Italian Prime Minister and ex-European Central Bank boss Mario Draghi that found Europe has lost its competitive edge and has fallen badly behind both China and the US.

Moreover, the war in Ukraine has also shown that the EU is also well behind Russia in terms of the military industrial complex, which is massively outproducing that of Europe after Russian President Vladimir Putin put the economy on a full war footing. Europe faces the prospect of falling behind not only the US but also Russia; as *bne IntelliNews* reported, China and Russia are the most powerful manufacturing countries in the world and Europe respectively. Despite everything, Russia's economy is flourishing – for now.

But Russia is still facing multiple challenges. Recruitment for the war in Ukraine has driven down unemployment to an all-time low of 2.4% and sent nominal wages soaring, making the issue of productivity more important than ever before. Increased production costs, as well as the inaccessibility of Western technologies and industrial equipment, have only added to the headaches and reduced the number of technological solutions.

The pandemic and sanctions crises have worsened Russia's pre-existing problems with low productivity dynamics. In 2020, it fell by 0.4%, then in 2021 it grew by 3.7%. In 2022 it decreased by 3.6% compared to 2021, and in 2023 it recovered, but not much – by 1.7%, according to RosStat. The need to increase productivity is now widely talked about at the highest levels, as Putin made clear in his guns and butter speech in March that maintaining the growth and development of the civilian part of the economy is as important as developing the military industrial base.

The largest companies are in the forefront of the effort to lift productivity. HSB conducted a study of productivity and remuneration in the largest Russian companies in 2012-2023 – more precisely, the relationship between unit production, capital expenditures (CAPEX), the number of employees and personnel costs, reports *Vedomosti*. The sample included 71 companies that published financial statements under IFRS for 2012-2023 and disclosed the consolidated number of staff in annual reports or reports on sustainable development.

The classic approach to determining labour productivity involves calculating the added value per employee, but the costs needed to make this calculation are not included in the IFRS declarations. Instead, a company's annual revenue per employee was chosen to assess labour productivity in the study.

Since 2012, Russian enterprises have experienced three unprecedented foreign economic crises: pandemic 2020 and two sanctions periods – 2014-2015 and 2022-2023. In 2020, due to lockdowns, revenue fell in most industries, and in 2023, enterprises had losses due to the sanctions restrictions. Sanctions were particularly painful as they led to losses even in the most efficiently run companies through no fault of their own.

> "Recruitment for the war in Ukraine has driven down unemployment to an all-time low of 2.4% and sent nominal wages soaring, making the issue of productivity more important than ever before"

The revenue performance in the sample was not even, with some companies enjoying leaps in revenues during the sanctions period while others suffered heavy losses. About two-thirds of organisations were affected by the sanctions imposed in 2022.

According to the respondents, for 39% of companies, sanctions restrictions created only problems, for 3% had only positive consequences, and for 25% experienced both.

According to a separate hh.ru survey: 31% of respondents had an increase in production over the past five years, another 22% had a constant increase in production depending on market conditions, and 19% had no change or decreased slightly.

Vedomosti summed up the main effects on the various sectors in the HSB survey:

Oil and gas companies had a decrease in 2020 and 2023. But the decline in 2023 for all companies, except Gazprom, turned out to be small. Russian oil companies have reoriented oil exports to China and India, friendly countries of Africa, Latin America and Southeast Asia. Oil production in Russia in 2023 decreased by only 2.2% to 523mn tonnes.

Sanctions against Russian **gas** were not imposed, but imports of pipeline gas from Russia to the EU in 2022 were halved. Domestic companies, primarily Novatek, began to very successfully increase LNG exports to the EU, and Russian liquefied gas began to displace LNG from the United States in Europe. The company's revenue and output rose in 2023.

Iron and steel enterprises' revenues fell in 2019, then in 2021 there was a noticeable increase, followed by a decline in 2022 due to sanctions. According to

Worldsteel, steel production in Russia in 2022 decreased by 7.2% to 71.5mn tonnes. But according to RosStat, already in 2023 the total metallurgical production in Russia climbed by 6%. The domestic market became the main driver of growth.

Among **non-ferrous metallurgy enterprises**, UC Rusal showed the largest increase in revenue from 2020 to 2023. At first, the rise in aluminium prices helped, but in 2023 dollar revenue fell by 13% due to sanctions, supply chain disruptions and price reductions. However, UC Rusal managed to step up the production of aluminium, bauxite and sales of primary aluminium and alloys, according to the company's IFRS.

The **chemical industry** group includes the manufacturer of polymers and rubbers Sibur and manufacturers of mineral fertilisers. In 2023 Sibur increased sales of polymers in the domestic market, replacing foreign supplies of synthetic materials. Thanks to significant investments in R&D, the company replenished the range with new brands of products, continued import substitution of critical special chemicals. For Sibur, 2023 was a year of rapid take-off.

In 2020-2022, the revenue of **fertiliser manufacturers** grew, and only in 2023 there was a decrease. Most of the products of these companies traditionally go abroad. In 2022, exports decreased by 15%, according to the Russian Association of Fertiliser Producers, and in 2023 they exceeded the level of 2022 by 5% in physical terms. Nevertheless, the companies' revenue decreased due to a decrease in export prices by 1.5-2 times compared to the first half of 2022.

The sanctions crisis benefited **Russian banks**, insurance companies and the Moscow Exchange. In 2023, all of them increased revenue (banks had operating income before the formation of reserves) and production. In 2023, banks received a record net profit of RUB3.3 trillion ($34bn), according to the Central Bank. The main contribution was made by the growth of interest and commission income.

2020 turned out to be a turning point for **transport and infrastructure enterprises**. But in 2021-2022, almost all companies with data were able to recover, except for airlines. Revenue and production grew at Rostec, Transmashholding (TMH), Kamaz and Rosatom (Atomenergoprom).

For **telecommunications companies**, the sanctions meant that it would be impossible to purchase new equipment, which was 90% imported from operators, in the EU and the United States. Companies had to look for new suppliers. They manage to maintain services and infrastructure, but it becomes increasingly difficult to develop. Operators' revenue is rising and production is also expanding, although not much.

Food retail grew steadily in 2020 and 2022-2023. The two leading supermarket giants X5 Group and Magnit had the best revenue growth rates.

Russia's biggest companies do best

In general Russia's largest enterprises fared well during the crisis, buoyed by rising real disposable incomes climbing to a record 9.6% in July or through state investment and spending boosting demand for their products: 67 of the 71 large firms said they saw production rise in the period.

Another factor protecting the big companies is that many of them enjoy a monopolistic power in the market that was dramatically boosted in 2022 by the departure of international firms, many of whom had been competing with these Russian leaders. This handed the Russian companies large slices of market share overnight. The unconditional biggest winners of the sanctions crisis are companies in the financial sector and the IT industry, according to the study.

"Another factor protecting the big companies is that many of them enjoy a monopolistic power in the market that was dramatically boosted in 2022 by the departure of international firms, many of whom had been competing with these Russian leaders"

In terms of revenue per employee the biggest winners were (RUB10mn/employee is circa $100,000mn/employee): in the oil and gas industry in 2023, Lukoil and Novatek had the highest labour productivity (RUB75.4mn and RUB69.6mn per person respectively); in metallurgy and mining, NLMK and UC Rusal (RUB21mn and RUB19.4mn per person); in chemistry and production of mineral fertilisers, Sibur and Fosagro (RUB31.3mn and RUB20.2mn per person); in the financial sector, Moscow Exchange (RUB40.6mn per person); in the telecommunications and IT industry, Yandex (RUB30.4mn per person); in retail trade, M.video (RUB15.3mn per person); in the transport infrastructure and transport infrastructure industry, Transcontainer (RUB61.9mn per person per year); and in mechanical engineering, Kamaz and TMH (RUB12.8mn and RUB11.8mn per person per year).

In terms of percentage productivity gains, the leaders in terms of production growth for 2012-2023 were Far Eastern Shipping Company (DVMP) and Transcontainer (25.2% and 20.2% of average annual production growth respectively); insurance companies Sogaz (17.1%) and Alfastrakhovanie (16.3%); banks Alfa-Bank (16.4%) and VTB (15.7%); machine-building enterprises TMH (17.3%) and Kamaz (14.6%), as well as manufacturer of mineral fertilisers Fosagro (15.7%), and oil company Tatneft (14%).

Can Russia compete with the biggest foreign companies?

The American Centre for Productivity and Quality (APQC) calculated cross-industry performance indicators of employees according to the sample of the largest American enterprises, who are members of APQC.

The median value of production of one employee is $310,000 per year (RUB26.6mn), employees of 25% of the best enterprises generate an average of $564,706 (RUB48.5mn at the average exchange rate of 2023); the worst 25% yield an average of $176,471 (RUB15.1mn).

In a sample of 71 Russian companies, only 10 companies, including Rosneft, Gazprom Neft, Moscow Exchange, Russneft, Sibur, Yandex and Unipro, had better indicators than the American median. And three companies – Lukoil, Novatek and Transcontainer – corresponded to the group of 25% of the best American largest enterprises, reports *Vedomosti*.

The Russian indicators improve if the average ruble exchange rate is used, as the Russian national currency has weakened recently due to the mounting yuan liquidity crisis that has depressed Russian exports, confusing the picture.

According to APQC calculations, the median output of an employee in the United States is about four times higher than the employer's costs, and in the most efficient companies this figure is 7.3 times. According to this parameter, Russian enterprises are ahead of American ones: 38 companies out of 71 correspond to the group of 25% of the best enterprises in the United States. And only six sample companies had worse than the median figures in 2020.

The greater gap between the employee's output and his costs is explained by the fact that interest rates and bonuses for business risks are higher in Russia and in general, lower personnel costs compared to revenue are typical for poor countries.

Capex comparisons

The impact of Capex on labour productivity depends on the technical equipment and quality of the organisational form of the enterprise: the level of Capex, the qualification of the workforce, as well as the quality of management and operational processes, HSB says.

However, the study showed a weak impact of Capex on production in the largest companies in 2012-2023. There was a weak positive correlation (0.24) between the dynamics of production and the growth of Capex. And between the dynamics of production and the average ratio of Capex and revenue there is a weak negative correlation (-0.29) – the more you spend, the less growth gains you get. The most capitalised enterprises in the sample are Novatek, whose Capex exceeded personnel costs by 4.71 times on average, DVMP (4.1) and Gazprom Neft (3.87).

In Russia, companies that spend a lot on Capex almost never share the benefits of productivity growth with employees. Before the pandemic, organisations with significant investments in fixed assets hired qualified specialists at good salaries, while all others recruited unskilled personnel to train them later and paid them badly. But due to the shortage of qualified personnel today, enterprises with high and low capital costs have ceased to differ from each other in the hiring policy; the growth of personnel costs has accelerated for everyone.

Four growth strategies

The study found that the largest Russia companies can be divided into four main groups, reports *Vedomosti*:

Group A: optimisers which consistently reduced the number of staff in 2012-2023, their output increased by a greater percentage than the number decreased, and the growth in revenue was ahead of the growth of personnel costs. This group consists of 20 companies, metallurgy is most fully represented (seven companies), there are also Sberbank and VTB, Russian Railways, Transcontainer, FGC UES, Transmashholding and Rostelecom.

Group B: optimisers with a weak dependence of revenue on changes in the number of staff. Their revenue growth depends mainly on the customer base or market prices. The group's companies systematically reduced their staff, the output of employees grew more than the number decreased. This group includes 12 companies, including MTS, Lukoil, UAC and Alrosa.

Group C: the most numerous; these are companies that expand their business or open new directions and hire employees for this purpose. Their revenue, due to the growth of demand, prices or other external factors, is ahead of the growth in numbers and entails production. The group includes 34 companies, including the entire retail group and a significant part of the oil and gas, Yandex and VK, Sibur, Moscow Exchange, DVMP, etc.

Group D: consists of four companies with declining production (on average by less than 0.5% per year). For one of the companies, this was the result of the division of the business, for the rest it involved a change in the accounting policy.

With growing salaries and rising cost pressures, about half the companies in the sample are focusing on boosting labour productivity and operational efficiency. A third of the companies in the sample have set up special units to hunt for operational gains or cost cuts. Top managers have been trained in lean production, process optimisation tools and a culture of continuous improvement has been nurtured over the last five years.

Training staff has become increasingly important with three quarters (76%) of the sample reporting investments into improving the skills of their managers over the last five years and more generally training between 5-20% of their staff. Every fifth respondent said they have retrained at least half their staff.

A separate survey carried out by *Vedomosti* found the most common reason for improving productivity was improving business processes (55%), followed by staff training (48%) and introduction of new IT or automation (45%). Staff reduction was the least popular in sixth place. As companies are increasingly investing in their staff's training Russian companies have become increasingly reluctant to sack them to simply save money. ●

Hungarian premier Viktor Orban accused the EU of using its institutions as "political weapons" to target Hungary. / bne IntelliNews

Orban mauled in European Parliament 'intifada'

Tamas Csonka in Budapest

Hungarian Prime Minister Viktor Orban faced a barrage of criticism at the European Parliament as he set out the goals of his rotating presidency of the European Union (EU). European lawmakers commented little on his proposals, and the session turned into a heated debate, dubbed by Hungary's strongman a "political intifada".

Although the debate was originally intended to focus on the Hungarian rotating EU presidency's programme, much of the discussion centred on Orban's national policies, particularly his challenge to the EU's values on democracy and migration.

The majority of the EP factions, the EPP, S&D, Renew Europe, the Greens and the far-left, all criticised Orban for issues related to corruption, the state of the rule of law in Hungary, and his foreign policy. Meanwhile, representatives from parties to the right of the political spectrum, including the Patriots for Europe (PfE), a group partly founded by the Hungarian leader, and the far-right Sovereign Nations of Europe (ESN), largely defended the Hungarian premier with sporadic ovations.

Orban began his address by saying the EU must change and that he was there to "sound a wake-up call". Presenting the Hungarian EU presidency's programme, he proposed adopting a new European competitiveness agreement, holding a series of Schengen summits to discuss

> "Von der Leyen accused Orban of engaging in "rogue diplomacy" with his unsanctioned visits to Kyiv, Moscow, and Beijing, calling his peace efforts a "propaganda show for autocrats""

migration and border protection, and admitting Bulgaria and Romania to the Schengen area this year.

Since the last Hungarian rotating presidency in 2011, the migration crisis "has reached a scale not seen since 2015" and threatened to tear the Schengen area apart, he warned. Hungary aims to be "the voice and catalyst of change" and it believes that competitiveness is the key element of change.

European Commission President Ursula von der Leyen, who left before the session ended, responded to the opening address by highlighting concerns about Hungary's commitment to the EU's values and policies.

The EC president took a firm stance against Orban's opposition to supporting Ukraine in the war against Russia, saying, without naming Hungary's leader, that there are still people who blame Ukraine for the war and not Russian leader Vladimir Putin. She then drew comparisons to Hungary's 1956 revolution and the Czech resistance to the 1968 Russian invasion.

"No European language equates peace with surrender and sovereignty with occupation," she noted. Von der Leyen accused Orban of engaging in "rogue diplomacy" with his unsanctioned visits to Kyiv, Moscow, and Beijing, calling his peace efforts a "propaganda show for autocrats".

She expressed concern that Hungary is moving away from the EU's unified stance, especially regarding its reliance on Russian fossil fuels.

Referring to Orban's calls to bolster the EU's competitiveness, she addressed the Hungarian people directly, stating, "We are one family, and your future is our shared future."

EPP president Manfred Weber also criticised Orban's recent diplomatic trips at the start of Hungary's presidency and noted that his address failed to mention Ukraine even once. Weber expressed disbelief at how the Hungarian premier, once seen as a freedom fighter, could side with the aggressor in the conflict. He also highlighted Orban's increasing isolation within the EU, saying that in 2011, Hungary was at the centre of Europe, but today no one wants to meet with the prime minister.

He took a highly politicised position telling the prime minister that EPP member the Hungarian Tisza Party, led by Peter Magyar, will defeat him. He is the future, he added.

Orban remained defiant in his responses. He said the EU must be protected from the European left wing, "as they think democracy only exists as long as they win and ends as soon as the right wins".

He accused the EU of using its institutions as "political weapons" to target Hungary and claimed that the newly formed group of Hungarian-led MEPs, the Patriots for Europe, was being unfairly excluded from key roles in the European Parliament. He framed these exclusions as part of an orchestrated campaign by Brussels to silence nationalist and conservative voices. ●

Viktor Orban's propaganda machine sinks to new low and gets absurdly personal with focus on Peter Magyar's groin

bne IntelliNews

The close-up picture of Peter Magyar's crotch has become a mainstream story in pro-government media, just a day after the EP debate on October 9.

Viktor Orban's vast and powerful propaganda machine is in full damage control following the humiliating EP debate. Hungary's strongman has grown accustomed to criticism from Western leaders and the MEPs in the EP, but on October 9 he faced an unprecedented barrage of criticism, after unveiling Hungary's six-month presidency programme.

Fidesz spin doctors have attempted to divert public attention from the debate, where the government's and Orban's isolation became crystal clear. Instead, they have resorted to personal attacks on Magyar once again.

On Friday, October 11, Magyar's former girlfriend, Evelin Vogel, posted an interview on social media, accusing him of aggressive behaviour during and after their relationship, claiming he continues to harass her even after their breakup. Vogel and Magyar became a pair in the spring, in the early days of Magyar's political career.

The former Fidesz cadre said his former girlfriend has blackmailed him and his party, and now she has turned to Fidesz to smear him for money, allegedly HUF5mn (€12,500) per month, according to the opposition leader.

In her Facebook post, keen-eyed viewers noticed from the reflection in Vogel's iris

Peter Magyar behind Viktor Orban in the European Parliament on October 9, 2024. / bne IntelliNews

that she was using a teleprompter and presumably professional lighting and audio equipment. This seems to support Magyar's claims that Fidesz is using the woman as part of a coordinated smear campaign.

The interview, which was likely pre-recorded, was preceded by one of the most absurd and surreal news reports in Hungarian media history, according to independent outlets.

TV2, Hungary's second-largest broadcaster, ran a segment in its evening news lasting over two minutes, in which the head of the Tisza Party, wearing tight trousers, was seen fiddling with his pocket.

The camera zoomed in on his genitals, circled in red, with the narration stating: "Peter Magyar was touching his genitals," or "he was adjusting his penis in front of the cameras." The report added: "The politician, likely flustered, was probably trying to draw strength for his speech."

TV2's 6 o'clock news, watched by around a million people, is the second most popular news channel after RTL, which remains critical of the government. The coverage came after a close-up image of Magyar's groin spread swiftly on social media, shared by Orban-loyal outlets and MEP Tamas Deutsch, who also spoke at the EP session on Wednesday.

The story took an even more absurd turn when the anchor said the scenes had surprised even the "most seasoned analysts". The analyst reflecting on the scene was a pro-Orban influencer, who is believed to be attracted to his own sex.

Noticing the blunder, the propaganda channel later removed the story and reposted a shorter version, cutting it by 35 seconds and omitting the sensitive content.

Daniel Deak, the senior analyst at the pro-government 21st Century Institute, told local media that he did not request his comments be removed from the news segment.

Fidesz has switched to "panic mode", but this has become counter-productive, commented Peter Magyar citing fresh polls, which showed that among decided voters Fidesz' lead has shrunk to just 4pp, with Tisza polling at 35%.

According to Szabolcs Dull, the former editor-in-chief of Index.hu, which pro-government businessmen took over in late 2020, Fidesz launched this below-the-belt campaign to divert public attention from the handshake incident and reshape the narrative. The image depicted Peter Magyar standing and offering a handshake to the seated Prime Minister, who hesitated for a few seconds before responding.

More importantly, the campaign aims to undermine Magyar's credibility and suitability as a political figure. Fidesz hopes that such stories will diminish public confidence in his leadership capabilities, Dull added. ●

Slovakia's Fico hardens opposition to Ukraine's Nato bid

Albin Sybera

Slovakia's populist Prime Minister Robert Fico has hardened his opposition to Ukraine's bid to join Nato, saying that "as long as I am head of the Slovak government I will direct MPs [from his leftist Smer party] never to agree to Ukraine's joining Nato".

Fico made the comments during Sunday's political discussion show *O 5 minut 12* [At 5 to 12] aired by the state broadcaster STVR. He has long said he would veto Ukraine's Nato bid and described Ukraine as "a corrupt country", but he had struck a more diplomatic tone when he met his Ukrainian counterpart Denys Shmyhal in April. Fico made his latest sharp statement against Ukraine's Nato bid just days before he is to meet Shmyhal again at the border town of Uzhhorod on October 7.

The latest *O 5 minut 12* discussion commemorated the 80th anniversary of the World War II battle of the Dukla Pass – when Nazi armies thwarted the Soviet attempt to break through the Carpathian mountains around the Polish-Slovak border to support the

Slovak National Uprising (SNP) against Nazis and forces of the Slovak fascist state.

The Dukla Pass operation was one of the largest mountain battles in WWII, "I do not dare to say how many people in Slovakia lived to be free just because of the great losses at the Carpathian-Dukla operation, the numbers are horrible," Fico said. Close to 2,000 Czechoslovak fighting men fell at Dukla Pass, while Red Army losses mounted up to 20,000.

During the *O 5 minut 12* talk, Fico also said he would like to visit Moscow next year to "thank the liberators".

"If such a possibility will be given, with great pleasure I will visit Moscow next year and thank the liberators because freedom in Slovakia came from the east, that is an undeniable fact," Fico said.

Fico has a storied record of picking on formative events in modern Slovak history, including the SNP, but also more ancient ones such as the christianization of present-day Slovakia by saints Cyril and Methodius in the 9th century.

Fico also used the opportunity to praise the revival of the Slovak arms sector, which was developed in Slovakia after WWII and large parts of which formed the basis of Slovakia's present robust car manufacturing industry.

In a separate development, Fico filed a lawsuit against the editor-in-chief of online news outlet Aktuality.sk Peter Bardy and the publisher Ringier Slovak Media over Bardy's bestseller book Fico – *posadnuty mocou* [Fico – Obsessed with Power].

Fico demands €100,000 for the use of Fico's picture on the cover of the book. The move was condemned by Reporters Without Borders, the European Center for Press & Media Freedom and other international media associations.

Local and international media were quick to describe Fico's move as an example of the Slapp lawsuit (Strategic Lawsuit Against Public Participation).

"It is cornering and an effort to silence journalists," Matus Kostolny, editor of liberal daily DennikN wrote on his Facebook page.

"Quite surely they [Fico and his lawyers] read the book from front to end and apparently did not find any untrue information in it, because otherwise they would sue Bardy over those as well," Kostolny wrote, pointing out that the lawsuit is only over the photography of Fico used at the cover.

Aktuality.sk was the home outlet of investigative journalist Jan Kuciak before he was shot dead along with his fiancé Martina Kusnirova by a contract killer in 2018, sparking mass demonstrations which eventually forced Fico out of power. Since his return after the 2023 September elections, Fico has employed harsh rhetoric against liberal media, regularly describing leading Slovak outlets, including Aktuality.sk, DennikN and SME as enemy media.

> "As long as I am head of the Slovak government I will direct MPs [from his leftist Smer party] never to agree to Ukraine's joining Nato"

"We are convinced that we have not violated the law, which we will defend and explain in court. And we believe in a fair trial," Bardy stated, adding that "I will continue to do what I have been doing for almost three decades in journalism and together with the editors of Aktuality.sk, but also with many great journalists from other Slovak media."

Fico's left-right cabinet also pushed ahead with legislation restructuring the public broadcaster RTVS into STVR, a move which automatically ejected the previous management and gave the government more control over appointments into STVR's overseeing body. ●

Prime Minister Robert Fico has wrapped himself in Slovak patriotic traditions. / bne IntelliNews

Journalist associations condemn interrogation of Czech reporter by Slovak authorities

Albin Sybera in Prague

The Czech Syndicate of Journalists and Reporters Without Borders have condemned the interrogation of Czech reporter Kristina Cirokova by Slovak authorities, which is seen as part of a wider campaign of harassment against investigative journalists covering the country.

“Steps which the Slovak prosecution has so far undertaken can be interpreted as pressure not just on the journalist alone but also on her editorial room, and as not respecting internationally respected standards of journalist freedoms,” a press statement issued by the Czech Syndicate of Journalists reads. It adds that “casting doubt on rights of journalists and media in Slovakia has a direct impact on the whole European media scene".

The case of Cirokova, who writes for the Czech online news outlet Seznam Zpravy, also prompted Reporters Without Borders (RSF) to state it is “concerned about a Slovak prosecutor’s interrogation of Czech journalist Kristina Cirokova,” adding that “reporters who cover public interest issues must be protected not intimidated".

The case is only the latest instance when individual journalists were targeted by authorities since the left-right coalition of populist Prime Minister Robert Fico took power last autumn.

Fico has frequently singled out liberal dailies SME, DennikN and Aktuality.sk, calling these "enemy media," and earlier this month, reports emerged that Fico himself filed a SLAPP lawsuit against Aktuality.sk editor-in-chief Peter Bardy.

Investigative journalist Eva Mihockova told *bne Intellienws* in the summer that she was called in for questioning by police in connection with her reporting on the Slovak heritage institution Matica Slovenska and its cooperation with its Russian counterpart headed by spy chief Sergey Naryshkin.

Just this week, Fico attacked a reporter during a press conference, calling journalists from the country’s leading outlets “bloodthirsty bastards” and “possessed by the devil”. Fico's government has pushed ahead with legislation giving it greater control over public media and is suspected of pursuing informal deals with private media to scale down critical reporting.

Fico also threatened to create a media watchdog that would oversee the industry and could even decide who has the right to call themselves a journalist. "If this happens then it's the end of the free press," Lukas Diko, head of the Investigate Centre of Jan Kuciak (ICJK), told a panel discussion during the Press Play Prague journalism film festival on October 10.

He said that journalists were now a main target of harassment campaigns carried out through emails and social networks, "but it is always started by politicians". He added: "There is a war being fought but by only one side: politicians against journalists".

In the Cirokova case, Slovakia’s Zilina region prosecution opened an investigation into the journalist on the grounds of “founding, support and propagation of a movement directed at suppressing basic rights and freedom” following her reporting in which she documented that Igor Mikhailovich Danilov, a leader of the pro-Russian disinformation sect AllatRa, who is wanted in Ukraine, is hiding in Slovakia.

Czech Radio reported that Cinkorova was interrogated by the Zilina prosecution directly in Czechia’s capital, Prague. “The suspicion is very general,” Cinkorova’s lawyer Sebastian Mach was quoted as saying, adding that Cinkorova was supposed to “propagate an ideology of anti-cult movements and organizations”.

In the latest development, ICJK also issued a complaint over their reporter Karolina Kiripolska, who had covered AllatRa at ICJK, being questioned by the Zilina state prosecution as well.

"ICJK regards the questioning of its reporter in a position of a witness as an effort to scare the investigative reporter and an effort of state power to discourage journalists from working on themes pertaining to questions of public interest," ICJK said in a statement on October 11 signed by Diko. Diko also stated that Kiripolska was contacted for questioning "even before her article was published at www.icjk.sk."

In a twist to the tale, Slovak daily SME reported that the state prosecutor Lucia Pavlaninova, who opened the case against Cirokova, had herself links to the AllatRa sect. After this was revealed, Pavlaninova resigned as a prosecutor.

SME and ICJK reported that Slovakia’s Ministry of Interior issued a warning against AllatRa last year, while Ukrainian security authorities say AllatRa’s project Tvoriva spolocnost [Creative Society] acts in concert with Russian special services.

There is “always a risk for Slovak society in organizations whose activities are accompanied by the use of manipulative techniques, the spread of conspiracy theories, disinformation”, a spokesperson of the Ministry of Interior Matej Neumann was quoted as saying by SME.

AllatRa is active on social media, including the Czech and Slovak Facebook AllatRa TV Facebook page with some 3,000 followers, while the AllatRa Czech Facebook community has 7,100 followers. SME also quoted Firehose of Falsehood analysis, according to which AllatRa can reach several million on social media. ●

Opposition ANO registers first victory in Czech Senate elections as cabinet braces for reshuffle

Albin Sybera in Prague

The opposition populist ANO party, led by billionaire ex-prime minister Andrej Babis, registered its best ever result in a Czech Senate election after eight of its candidates entered the upper chamber of the parliament in the second round of the election contest for 27 of the 81 Senate seats.

Sitting Prime Minister Petr Fiala claimed victory for 15 candidates from four parties of his centre-right ruling coalition, which did not include any candidates from the liberal Pirate Party, which is on the way out of Fiala's cabinet following a spat between Fiala and Pirate Party chairman in demise Ivan Bartos.

ANO's result marks a breakthrough for the party amid a low second-round voter turnout of just 17.54%. "We broke the Senate spell, we will want a representative in the leadership of the Upper Chamber, and we will do everything so it [the Senate] ceases to be a rubber stamp for ... government proposals," commented ANO's first vice chair, Karel Havlicek.

ANO has never won more than four seats in the Senate, which was referred to by liberal media as a democratic backstop during ANO's previous stint in power, marked by an alliance between Babis's cabinet and the nationalist ex-president Milos Zeman. Their alliance over cabinet appointments and courting of Hungary's radical rightwing leader Viktor Orban sparked mass demonstrations peaking in 2019 and mobilising popular support for opposition parties which eventually formed the sitting centre-right cabinet of Petr Fiala in 2021.

Fiala also claimed victory in the Senate elections, stating that parties of his centre-right ruling coalition captured more seats than ANO. Centrist Mayors and Independents secured six candidates, Fiala's neoliberal ODS five, while also losing five seats, and Christian Democratic KDU-CSL and pro-EU rightwing TOP 09 secured two each.

"The goal we had was clear, to defend the Senate as the key backstop of democracy against leftist populists," Fiala stated. The Czech PM referred to ANO as "leftist" even though Babis is one of the co-founders of the EU parliamentary faction Patriots for Europe, along with the leader of Austria's far-right FPO Herbert Kickl and Orban. Barely a day after the Senate elections Babis congratulated Kickl on an election victory in Austria on September 29.

"Congratulations, Herbert Kickl and FPO for winning the general election!" Babis posted unusually in English on his X (formerly Twitter) account, adding that "Viktor Orban was right to point out that the Patriots for Europe are getting stronger day by day."

Czech media were quick to note that ANO was the only major party not to set up election headquarters following the results. On the day of the elections on September 28, ANO's top bosses, including Babis, Havlicek and the party's parliamentary leader attended Zeman's 80th birthday party at a luxurious hotel next to the castle in Hluboka nad Vltavou in Southern Bohemia where Zeman hosted Orban, and the Polish and Slovak presidents, Andrzej Duda and Peter Pellegrini.

The Senate second round results were also marked by a continued debacle for the Pirate Party when even former presidential candidate Marek Hilser was narrowly beaten in Prague 2 district. Hilser joined another notable Pirate senator and auditor, Lukas Wagenknecht, who was edged out already in the first round, in a further blow to the anti-corruption agenda which both legislators pursued.

During Czech Television's prime political news programme, Otazky Vaclava Moravce (OVM), Bartos confirmed that the Pirate Party is leaving Fiala's cabinet and that Pirate Party Minister of Foreign Affairs Jan Lipavsky and Minister for Legislation Michal Salomoun are to file their resignations from the cabinet following an internal party vote.

"When you throw out a chairman of the party over the phone, then the party cannot respond in any other way," Bartos said at Sunday's OVM, referring to Fiala's decision to dismiss Bartos from the cabinet without prior consultations.

Lipavsky also announced he is leaving the Pirate Party and is cutting his stay in New York at the United Nations General Assembly (UNGA) short and returning to Prague to hold talks with Fiala. Lipavsky has opposed the Pirate Party leaving the cabinet, while Fiala openly courted Lipavsky to stay.

Fiala also told the media he does not expect the cabinet to need a vote of confidence if the Pirate Party leaves as the ruling coalition will still have a majority of 104 in the 200-seat parliament. ●

Billionaire ex-prime minister Andrej Babis celebrates ANO's strong performance in the Czech Senate election. / ANO

Azerbaijan's President Ilham Aliyev (fourth from left) inspects from wares from Israel Aerospace Industries (IAI) at the defence fair. / adex.az

Ankara okays Turkish, Israeli and Qatari co-sponsoring of Azerbaijan defence fair despite Erdogan's Gaza "outrage"

bne IntelliNews

Turkey, a relentless outspoken critic of what it describes as Israel's "genocidal" war on Palestinian territory Gaza, nevertheless consented to Turkish defence contractor Baykar – owned by a son-in-law of President Recep Tayyip Erdogan and his brother – joining Israeli state-owned Israel Aerospace Industries (IAI) and Qatari defence contractor Barzan Holdings in co-sponsoring a defence exhibition in Azerbaijan.

The 5th edition of Azerbaijan's International Defense Exhibition (ADEX), held from September 24-26 at the Baku Expo Center, showcased military and security technology from 270 companies from 40 countries.

The event was organised by Azerbaijan's Ministry of Defence, a big buyer of Israeli and Turkish military hardware.

Present at ADEX were numerous Israeli arms companies, including Elbit Systems, Rafael and Uvision UAV.

Baykar, known internationally for its Bayraktar combat drones, deployed by Azerbaijan in its wars with Armenian forces, is run by Erdogan's son-in-law Selcuk Bayraktar and elder brother Haluk Bayraktar.

Haluk Bayraktar, who serves as Baykar's CEO, reacted defiantly when confronted by criticism over the co-sponsorship of the exhibition, according to a September 30 report from Turkish daily *BirGun*.

"The dominant role of Turkish companies and their presence as major sponsors at the ADEX International Defense Fair in Azerbaijan is the most tangible proof of this success"

Bakar's role as a co-sponsor at the defence fair "can only be a source of pride", he was reported as saying.

"We are determined not to let our nation's national achievements fall victim to social media operations. The dominant role of Turkish companies and their presence as major sponsors at the ADEX International Defense Fair in Azerbaijan is the most tangible proof of this success. This is something we can only be proud of," he was further cited as saying.

In a post on social media platform X, Haluk Bayraktar claimed the criticism was part of a "false flag" operation.

Secretary of the state's Turkish Defence Industries Directorate (SSB) Haluk Gorgun also addressed the criticism on social media, stating: "These types of provocations are part of efforts to discredit the global successes of our defence industry. These ugly campaigns, conducted by ignoring the facts, cannot harm our national goals nor shake the determination of our people."

Turkey, meanwhile, remains under fire for continuing to facilitate the export of Azerbaijani oil to Israel via its port of Ceyhan on the Mediterranean coast, despite its stated abhorrence over Israel's actions against the Palestinians.

Erdogan's criticisms of Israel have included calls for the United Nations to arrange a military intervention against Israeli forces and a warning to Israeli leader Benjamin Netanyahu that "like Hitler", he will be stopped sooner or later. ●

Hungarian PM Orban says he has a plan to unblock North Macedonia's EU path

Valentina Dimitrievska in Skopje

Hungarian right-wing PM Viktor Orban, during his visit to North Macedonia, announced a plan aimed at resolving the ongoing dispute between Skopje and Sofia, aiming to unblock North Macedonia's EU accession by the end of the year.

Orban did not disclose specific details about the plan, but he announced his willingness to act as a mediator to facilitate discussions between the two countries.

The initiative was announced during a news conference with North Macedonia's PM Hristijan Mickoski in Ohrid on September 27, where the governments of the two countries held a joint meeting.

Orban arrived in the tiny Balkan country on September 26 for a two-day visit focused on enhancing economic and cultural relations, as the country navigates various hurdles on its path to EU membership.

Leading Hungary's right-wing populist Fidesz party, Orban is viewed as one of Europe's most pro-Russian leaders and has established strong connections with North Macedonia's ruling right-wing party, VMRO-DPMNE.

Speaking in Ohrid, Orban emphasised the significance of addressing the dispute with Bulgaria. "One of the reasons why I am here in Ohrid is to seek a solution to the dispute with Bulgaria."

Bulgaria's demands have posed a significant hurdle to North Macedonia's EU accession, as Sofia blocked its progress in 2020 due to historical and cultural disputes, particularly concerning language and identity issues. The blockade was lifted in 2022 following an EU-brokered compromise, which required North Macedonia to amend its constitution to recognise Bulgarians as a minority.

Despite this unblocking, tensions between the two countries persist. North Macedonia faces challenges in implementing the constitutional changes, largely due to opposition from the rightwing VMRO-DPMNE party, which perceives these amendments as a bowing to Bulgaria's diktat.

Following VMRO-DPMNE's victory in May general elections, the stalemate continues to obstruct North Macedonia's EU aspirations, further delaying membership negotiations.

Despite Orban's optimistic outlook,

Hungarian Prime Minister Viktor Orban arrived in North Macedonia on September 26 for a two-day visit focused on enhancing economic and cultural relations. / vlada.mk

Bulgarian officials have categorically refused his offer to mediate in the ongoing tensions between Skopje and Sofia. Bulgarian Foreign Minister Ivan Kondov stated that Bulgaria does not require mediators, as the EU framework agreement with North Macedonia is already clear, and requires amendments to the constitution.

Orban also expressed his concern over the EU's handling of the situation with Skopje, stating that the recent separation of Albania's accession process from that of North Macedonia was "a huge mistake" by the EU

He accused EU officials of undermining North Macedonia's "national pride" by prolonging the country's bid to join the bloc.

"Given Hungary's role as the EU chair, it is only natural that this topic is at the forefront of our discussions today [September 27]. Hungary's stance is clear: the stability of the Western Balkans and the region's integration into the EU are of paramount importance," Orban said.

Orban criticised the bloc for accelerating accession processes for Ukraine and Moldova while neglecting countries like North Macedonia that have been working toward EU membership for many years. North Macedonia, formerly known as Macedonia, has been an EU candidate since 2005.

Beyond politics, Orban highlighted the significance of North Macedonia as a vital trade route for Hungary, with goods passing through the country on their way from Greek ports. "Economic cooperation between the two countries is very important," Orban noted.

During his visit, Orban also expressed gratitude for North Macedonia's support in Hungary's fight against illegal migration and reaffirmed his commitment to strengthening bilateral political and economic ties. In a post on the X network, Orban said: "We will never forget North Macedonia's support in our fight against illegal migration."

PM Mickoski stated that Hungary is a strategic ally of North Macedonia. He also highlighted the importance of strategic projects like the north-south transport and energy corridors, which links the Balkans with Hungary.

These corridors are vital for the energy security and economic growth of the entire region, and he stressed that cooperation with Hungary will be crucial for the successful implementation of these initiatives.

Nato deploys additional 200 troops to bolster KFOR readiness in Kosovo

Valentina Dimitrievska in Skopje

Approximately 200 personnel from Nato's newly established Allied Reaction Force (ARF) are being deployed to the Western Balkans from September 30 to October 16 to conduct training exercises to ensure operational readiness and support the Nato-led Kosovo Force (KFOR) mission.

KFOR said that the Allied Joint Force Command Naples (JFCNP) is closely monitoring the situation in the Western Balkans, which is a region of strategic importance for Nato. Ongoing tensions and uncoordinated actions in the area raise concerns among Nato allies and partners regarding security in Kosovo and the overall stability of the region.

The ARF is a strategic, high-readiness force capable of multi-domain operations, prepared to deploy at short notice with scalable force packages to enhance deterrence in various scenarios.

This marks the first deployment of any element of the ARF since its formation in July 2024. The mission includes a military contingent of about 50 personnel from the ARF's Operational Liaison and Reconnaissance Team (OLRT) in Kosovo, alongside a forward command node comprising around 150 personnel in North Macedonia, KFOR said on September 30.

The deployed forces will engage in training activities designed to maintain their high readiness levels, testing their skills and procedures for rapidly deploying larger forces.

A portion of the ARF headquarters will temporarily integrate into KFOR's command and control structures, tasked with identifying logistical, infrastructural, and operational support needs for KFOR, particularly in the event of significant reinforcements.

The ARF's deployment, alongside the earlier announced deployment of the Strategic Reserve Force (SRF) to Kosovo, reinforces Nato's strong commitment to maintaining peace and stability in the region and underscores its readiness to respond to any situation.

JFCNP supports KFOR in implementing its mandate, based on UN Security Council Resolution 1244 of 1999, to ensure a safe and secure environment for all communities in Kosovo and uphold freedom of movement.

Far-right politician Sosoaca rejected as presidential candidate in Romania

Iulian Ernst in Bucharest

Romania's constitutional court (CCR) on October 5 invalidated the presidential candidacy of far-right populist politician Diana Sosoaca, a decision that looks set to boost the position of the more moderate far-right candidate George Simion in the first round on November 24.

After independent candidate Mircea Geoana came under attack for his ties to a local politician with Russian links, this is the second development within days that looks likely to pave the way for Simion to make it to the second round of the presidential elections.

The other candidate in the runoff is almost certain to be Social Democrat Prime Minister Marcel Ciolacu. If Simion makes the run-off, rather than one of the other candidates, this would make a victory for Ciolacu more likely.

Initially, the Central Electoral Bureau (BEC) validated Sosoaca's candidacy, on October 3. However, on October 6, based on the CCR's October 5 decision, the BEC invalidated the second candidacy request filed by Sosoaca.

The CCR has not published the detailed ruling yet, but the objections to Sosoaca's candidacy as filed by two individuals (including one of her political partners) relate to allegations that there were forgeries on the lists of voters filed along with the candidacy request.

It is important to note that the Constitutional Court does not rule on such matters. Furthermore, the Central Electoral Bureau had initially cleared the documents on October 3.

Sosaca is one of Romania's most controversial politicians. The pro-Kremlin rabble rouser was expelled from the far-right party AUR while a member of the Romanian parliament. She was thrown out of the European Parliamentary chamber in July after repeatedly interrupting other speakers. She has accused European Commission President Ursula von der Leyen of "killing people" and "impoverishing Romanians" for supporting Ukraine's defence against Russian aggression, and said she would bring in a priest to exorcise the EP chamber.

Sosoaca's rejection as a candidate prompted a furious public reaction, often with an anti-Western and particularly antisemitic slant. It also prompted criticism of the CCR by virtually all the other presidential candidates, including Simion.

"The CCR must present the motivation quickly, otherwise, we are talking about a vulnerability of the democratic system in Romania," Ciolacu said in a Facebook post, adding that the CCR's decision, in the absence of a justification, seems "disproportionate in relation to the fundamental democratic principles".

Other presidential candidates, whose positions are at risk following Simion's presumed electoral gain, were also critical.

"[The CCR's decision] to eliminate a presidential candidate from the race may have constitutional justification, but it certainly has anti-democratic effects and is not something that is good for us and it is not healthy for our democracy," Geoana stated.

"Sosaca is one of Romania's most controversial politicians"

The criticism of the CCR concerns both the expected rise in Sosoaca's electoral support, as well as the potential damage to the country's democracy because of the opaque procedure.

Not surprisingly, rumours about the Social Democrats' potential involvement in at least one of the two incidents boosting Ciolacu's odds have been circulated.

The Social Democrats have already signalled that their junior ruling partners, the National Liberal Party (PNL), are not essential for the next ruling coalition – which may be only partly true but is an important statement in the bargaining process between the two ruling partners, who are expected to remain in office after the parliamentary election this autumn.

Liberal candidate Nicolae Ciuca of the PNL was perhaps the most radical and pointed his finger at what he called the Social Democrats' appetite for totalitarian power.

"I say one thing to the Social Democrats, who today celebrate the CCR's decision: Romanians understand when someone wants absolute power," said Ciucă.

Kelemen Hunor, president of the Democratic Alliance of Hungarians in Romania (UDMR), argued that as long as she was not stripped of her civil rights, for instance following a criminal ruling, Sosoaca has the right to be a candidate."

Former Dutch Prime Minister Mark Rutte takes over as the new Nato Secretary General and has thrown his weight behind supporting Ukraine, but has highlighted the need for Europe to rebuild its military strength. / bne IntelliNews

New Nato boss Rutte: "My first task is Ukraine"

Ben Aris in Berlin

Former Dutch Prime Minister Mark Rutte took over as the new Nato Secretary General on October 1 and said: "My first task is Ukraine." However, in the rest of his remarks he went on to call for more investment into the European arms industry to rebuild Nato's military strength, in keeping with his predecessor's game plan.

"You already mentioned the priority you have been working on. And these priorities we will take forward in the future – Ukraine. We have to make sure that Ukraine prevails as a sovereign independent democratic nation," he said at the Nato Headquarters, addressing Jens Stoltenberg, who is stepping down as Secretary General after a decade at the helm of the security alliance.

Norwegian-born Stoltenberg has been a tireless advocate for supporting Ukraine and Rutte says he will not change that, saying that the war is at the top of his list.

In his five-year term, Rutte said the top priority is to keep Nato strong and make sure that its defences remain effective and reliable against all threats. To do that, more forces with better capabilities and faster innovation are needed, which requires investment, he said at a ceremony following his handover as the fourteenth secretary general of the alliance.

These comments suggest that Rutte will support the recent analysis by former Italian Prime Minister and ex-European Central Bank boss Mario Draghi in his report that highlighted a need for massive investment into the European defence sector after years of the so-called peace dividend that have made the EU increasingly uncompetitive.

The war in Ukraine has run down Europe's reserves of weapons and demonstrated its industrial weakness in the defence sector. Russia is embarking on a long-term military reconstitution programme aimed at restoring the losses incurred during the war. Germany, on the other hand, formerly the most powerful military power in Europe, will not be able to return to pre-war levels of armament for decades due to years of neglect and underinvestment.

Bringing Europe's defence sector up to speed has become increasingly important, as the war in Ukraine looks like it may drag on. Russia said the same day that it has “no illusions about the prospects for improving relations with the US” and is ready for a long-term confrontation with Washington, Russian Deputy Foreign Minister Sergey Ryabkov told TASS.

"We conducted a substantive analysis of the situation [with Russian lawmakers], exchanged opinions on the prospects for improving our relations [with the US], including in light of the upcoming US elections on November 5. I think that we should not have any particular illusions, given the bipartisan anti-Russian consensus that has developed in the US. We must prepare for a long-term confrontation with that country. We are ready for this in every sense," he said.

"We are sending warning signals to our opponent so that they don’t underestimate our determination," the senior diplomat added obliquely referring to Russian President Vladimir Putin’s recent decision to update Russia’s nuclear weapon doctrine and loosen the first strike rules, as well as early changes to Russia’s foreign policy concept that removed all talk of “cooperation” and “partnership” with the West.

Rutte also called for increased support by Nato members in the alliance’s collective defence and deterrence measures, and more investment was needed for arms production. He also said that the partnerships forged over the last two and half years need to be strengthened, particularly in the Middle East.

However, later in his comments he downgraded Ukraine somewhat, saying his second priority is to “step up our support for Ukraine and bring it ever closer to Nato, because there can be no lasting security in Europe without a strong, independent Ukraine," Rutte continued, adding that "Ukraine's rightful place is in Nato."

These comments are a clear continuation of Stoltenberg’s goals, who said shortly after the war in Ukraine began that his first priority was to “prevent world war three,” and that supporting

Ukraine can’t win on the battlefield, Orban tells press conference

Tamas Csonka in Budapest

Hungarian Prime Minister Viktor Orban insisted that Ukraine can’t win its war against Russia on the battlefield when he answered questions from international journalists at a press conference in Strasbourg for two hours on October 8.

The radical right-wing strongman, who is often criticised for defending Russian interests and cosying up to Russian dictator Vladimir Putin, called for dialogue and a ceasefire to save lives.

"If you simply can't win this war on the battlefield, then you have to negotiate and save human lives. I am convinced that it cannot be decided on the battlefield, so the strategy the EU is following is not the right strategy," he asserted. He acknowledged that this stance puts him at odds with many EU leaders, who support continued military aid to Ukraine.

"We don't want to block anything; we just want to convince European leaders to change their strategy on Ukraine because the current strategy does not work," he noted.

In a statement that raised eyebrows, Orban also said he would "open several bottles of champagne" if Republican candidate Donald Trump wins the upcoming US presidential election. He suggested that a Trump victory would lead to immediate efforts to end the Ukraine war, even before his inauguration, and warned that European leaders should be prepared to react quickly to such a development.

As the current rotating president of the European Council, Orban painted a picture of changing European politics, criticising what he called the "European elite". He argued that there is growing dissatisfaction with left, liberal, and centre-right politicians in the EU, leading to the rise of new parties and players.

He called for these new voices, which he referred to as "patriots," to be included rather than excluded from EU processes. He deemed it unacceptable that members of his Patriots for Europe (PfE), the third-largest EP faction, were left without any positions in the parliament's key decision-making roles.

Orban also proposed regular meetings of Schengen country leaders, similar to eurozone summits, to discuss migration issues. He expressed support for Bulgaria and Romania's Schengen membership, stating that their inclusion would greatly benefit the EU.

Adopting a package on competitiveness at the informal EU summit in Budapest next month is one of the main goals of the Hungarian presidency, Orban said at the press conference.

"We want to be catalysts of change," Orban told journalists, stating that the key components of the competitiveness deal include reducing administrative burdens, ensuring affordable energy prices, promoting a green industrial policy, strengthening the internal market, and enhancing capital markets to prevent the outflow of savings to the US. The prime minister underscored the importance of improving productivity in the face of stagnant labour force growth in Europe.

Ukraine was a secondary, but important, consideration.

As his third priority, Rutte cited strengthening the partnership with "the European Union and with countries around the world that share" Nato's interests and values.

Work cut out

Rutte's appointment comes as the Armed Forces of Russia (AFR) are closing in on the key logistical centre of Pokrovsk in the Donbas and the Armed Forces of Ukraine (AFU) are in slow retreat. At the same time, Ukraine fatigue has been building over the last year. Ukrainian President Volodymyr Zelenskiy just returned from New York where he presented his victory plan to US President Joe Biden, but the trip was probably a failure, as the US is increasingly reluctant to provide Kyiv with more money and weapons, *bne IntelliNews* opined in a recent opinion piece.

Biden called for a new military Ramstein meeting of Nato leaders in October, when the US will likely announce concrete new support for Ukraine based on the contents of Zelenskiy's plan and Rutte will expand on his vision for managing the conflict.

However, some have speculated that Zelenskiy's victory plan was designed to fail as the war increasingly goes against the AFU, as with winter closing in and half the country's power stations destroyed, Zelenskiy may be preparing the ground to begin ceasefire negotiations with Russia.

The flagging enthusiasm of Ukraine allies is fuelling this speculation. Zelenskiy has specifically asked on multiple occasions for permission from the US to use long-range missiles to hit targets inside Russia and has repeatedly been refused. He left New York with another refusal, *The Times* reported.

Washington has no "magic capability" to help Ukraine change the course of the war, US State Department Spokesperson Matthew Miller told reporters at a briefing on October 1, in remarks assumed to relate to the missile permissions and other weapons requests in Zelenskiy's victory plan.

"You and I have had this conversation before about other weapons systems or tactics that you perceive as the one magic capability that would change the face of the conflict. And I think I have always made clear that that is not how we see it," he noted.

Zelenskiy has also called for a second peace summit this November following the failed Swiss peace summit held on June 16-17, as Ukraine continues to run out of men, money and materiel. ●

Iran and Russia double down on strategic relations in first presidential meeting

bne Tehran bureau

Iranian President Masoud Pezeshkian and Russian President Vladimir Putin met on October 11 on the sidelines of an international conference in Turkmenistan, reaffirming their commitment to strengthening bilateral ties, Iran's presidential website reported.

The meeting took place during the "Interaction of Times and Civilizations - the Basis of Peace and Development" conference. Turkmenistan, as a neutral country, sees itself as an international mediator of regional affairs.

During the bilateral meeting, the Russian president said that relations with Iran are a priority for his country and are developing "very successfully." In particular, an increase in trade turnover between Russia and Iran was recorded in 2024.

Pezeshkian emphasised the strategic nature of Iran-Russia relations, stating, "Our relationship with Russia is cordial and strategic. Our economic and cultural ties are strengthening day by day."

The Iranian president expressed hope for expediting the signing of a strategic partnership document between the two countries, which includes economic and security related agreements.

Iran and Russia double down on strategic relations in first presidential meeting / bne IntelliNews

“Collaboration with Iran is a high priority for us”

"I hope we can finalise this treaty during my attendance at the BRICS summit in Russia," Pezeshkian said to Putin.

Addressing regional concerns, Pezeshkian criticised Israel's actions in the region, saying, "The Zionist regime does not adhere to any international legal or humanitarian framework, and the situation in the region is critical."

Putin reciprocated the positive sentiment, highlighting the importance of bilateral cooperation. "Collaboration with Iran is a high priority for us," the Russian leader said. "The development of relations and increase in trade volume between the two sides is progressing very well."

“We are actively working together in the international arena, and our assessments of events happening in the world are often very close,” the Russian leader was quoted as saying on the Kremlin’s Telegram channel.

Both leaders noted the alignment of their international perspectives. Putin stated, "We cooperate jointly at the international level, and our global assessments and approaches are identical."

Putin also reportedly invited Pezeshkian to Russia, to pay an official visit to the country, according to Russian news agency Tass.

Pezeshkian thanked Putin and accepted the invitation. ●

Nine in 10 terrorist Tajiks recruited after migration period in Russia, study shows

bne IntelliNews

Research has shown that more than 85% of Tajik citizens who joined terrorist organisations did so after spending a period of migration in Russia.

The study was conducted by two professors at Tajikistan’s Interior Ministry Academy. It was posted on Facebook, but then deleted.

This year, dozens of Tajik nationals have been linked to terrorist attacks and deadly plots in countries including Russia, Iran, the United States and Germany. Tajikistan sprung to world attention as a rewarding recruiting ground for Islamist extremists intent on terrorism in March, when more than 140 people were killed in a gun attack on Crocus City Hall concert venue in outer Moscow. The atrocity was allegedly carried out by four Tajik migrants, who are currently in detention in Russia awaiting trial.

The professors’ analysis also assesses that 90% of young Tajiks who were radicalised were living in Russia when they came under the influence of extremist imams and online groups. Many were religiously devout prior to migrating from Tajikistan.

The researchers conclude that Tajik diaspora groups should be advised to make more concentrated efforts at fighting religious extremism. They do not, however, address concerns that it is sheer repression of devout Muslims and other unfavoured groups by Tajikistan’s Rahmon regime that drives many citizens to leave Tajikistan in the first place and become vulnerable to those promising rewarding lives through radicalisation.

Separately, around 1,800 state workers in the southern Tajik region of Khatlon, bordering Afghanistan – a base for multiple jihadist groups – have been assigned to go door-to-door to warn people about joining religious extremist groups.

RFE/RL’s Tajik Service reported that during informal talks, as part of a wider campaign known simply as Door-To-Door, officials urge people to remain vigilant against online groups that set out to recruit young men for terrorist organisations under the guise of Islam, according to Khatlon residents.

"The information that we get from law enforcement agencies is alarming. The number of young people who joined religious extremist groups is very high in our province," Khatlon Governor Davlatali Saeed told reporters in August, though he did not give estimates.

The Door-To-Door teams are said to have visited more than 620,000 households across the province so far to speak to young people and their parents.

The teams are made up of government officials, local council members, teachers and doctors. They take special courses before deployment.

A professor who spoke to *RFE/RL* on condition of anonymity said: "Visiting people's homes to personally warn everyone about the online recruiters could be effective, because the parents of the Tajiks who went to Syria or attacked Crocus say they didn't know their sons were being brainwashed by IS [Islamic State, or ISIS].

"But the lectures alone are not enough. Young people need to have jobs with decent wages and other economic opportunities that gives them hope for a good future. Hopelessness can be dangerous." ●

Examples of the Turkic Orkhon-Yenisei alphabet are depicted on the reverse of an Azerbaijani 5-manat banknote. / Robert Kalina - Aes.iupui.edu, public domain

Five Turkic states give nod to common Latin alphabet

bne IntelliNews

The five member countries of the Organization of Turkic States (OTS) have agreed on a common 34-letter Latin alphabet for their languages.

Turkey, Azerbaijan, Kazakhstan, Uzbekistan and Kyrgyzstan finally settled on the alphabet after years of wrangling over letters and diacritical marks. Satisfying all demands was a tall order, with the Turkic language family made up of at least 35 documented languages.

Turkey, Azerbaijan and Uzbekistan already use a Latin script, as does Kazakhstan, which is transitioning away from Cyrillic, but Kyrgyzstan has not made the switch to a Latin alphabet. Among the Kyrgyz, debate is still very much alive over the academic and cultural wisdom of doing so, not to mention the irritation it would cause in the Kremlin, wary of losing any more influence in Central Asia.

Radio Azattyk on October 3 cited Syrtbai Musaev, a linguist who represented Kyrgyzstan at an OTS meeting on the common alphabet in Baku on September 9-11, as saying that a draft Latin-based Kyrgyz alphabet "is ready" but awaits a "political decision" by the president and parliament.

Kyrgyz President Sadyr Japarov has stated that it would be premature for the country to abandon Cyrillic, which

6	Ee	е	20	Ss	сы
7	Ff	фы	21	Şş	ш
8	Gg	гы	22	Tt	т
9	İi	и	23	Uu	у
10	Yy	ый	24	Ŭŭ	ү
11	Kk	кы	25	Vv	в
12	Ll	ел	26	Iı	ы

The agreed upon Latin alphabet (Credit: social media).

was imposed on the former Soviet republics by Moscow.

"It is too early to talk about the transition of the Kyrgyz language to the Latin alphabet," Japarov said. "This issue is not on the table now; the development of the state language should continue in Cyrillic."

Prior to Japarov's remarks, chairman of Kyrgyzstan's national commission on state language and language policy, Kanybek Osmonaliev, told the country's legislature that if "the lawmakers and the president make the political decision [to replace Cyrillic], the Kyrgyz public and scholars are ready to transition to the Latin alphabet."

Musaev has put forward a version of the Latin-based Kyrgyz alphabet with 28 letters. It is based on an alphabet adapted by Kyrgyz linguist and politician Kasym Tynystanov and was used in Kyrgyzstan from 1927 to 1940. Musaev said that in his view it would fully preserve the phonemic structure of the Kyrgyz language.

There's no doubt that Russia would be unhappy to see Kyrgyzstan go down the Latin road. Many Russian politicians frequently comment in various media channels, warning of a further diminishing of Russia's role in the affairs of Central Asia. Moscow's difficulty is that it is so concentrated on its war in Ukraine, and running a war economy to support its efforts to overcome the West-backed Ukrainians, that rivals for influence in the Central Asian states, particularly China, but also including Turkey, Europe and the US, can exploit its distraction. The OTS is becoming increasingly active and important in Central Asian matters, though it is not so much Turkey, but China, that is making the big trade and investment gains with the five "Stans" at Russia's expense.

Debates among the Turkic states on formulating a common Latin alphabet began in the early 1990s. The push to do so gained momentum as Turkey saw an opportunity to develop closer ties with its fellow Turkic nations Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan in the post-Soviet era.

"Each letter in the proposed alphabet represents different phonemes found in Turkic languages," read a statement released during the Baku meeting. ●

Kyrgyzstan: President botches attempt to dispel concerns about graft

Eurasianet

President Sadyr Japarov sought to rebut public whispers of nepotism and grand corruption in Kyrgyzstan in a recent interview with the country's official news agency. But his responses seemed to raise more questions than they resolved about the connections between public finances and the private interests of presidentially connected individuals.

In granting an interview to the Kabar News Agency, Japarov was ostensibly responding to complaints that a company controlled by the son of the president's chief lieutenant, State Security Services (GKNB) chief Kamchybek Tashiev, was improperly benefiting from a highway construction project. But Japarov let slip a few details suggesting that any financial funny business going on in the country extends far beyond insider bid-rigging for government contracts. A vast redistribution of assets appears to be taking place in Kyrgyzstan.

The big reveal by Japarov – made seemingly inadvertently – is that Kyrgyzstan now has “five or six dollar billionaires and about 200 millionaires.” Those numbers don't square with the Forbes's Real Time Billionaires List, which does not show any Kyrgyz national having a net worth that high. Assuming that Japarov has accurate, insider information, it's hard to tell who the Kyrgyz billionaires are, and how they accumulated their wealth. Japarov provided no additional details.

Japarov did acknowledge that the country's super-rich tend to stash their wealth in offshore accounts, adding that his administration has encouraged the repatriation of assets. He went on to admit that many were reluctant to bring their money back to Kyrgyzstan. “There are those who partially returned

President Sadyr Japarov places his hand on the shoulder of his chief lieutenant, GKNB chief Kamchybek Tashiev, at an event in 2023. / Kamchybek Tashiev official Instagram page

Kyrgyzstan to offer "business class" prison cells for convicts

Eurasianet

The cash-strapped government of Kyrgyzstan is considering a novel way of raising revenue by injecting an element of pleasure into punishment. According to a report distributed by the *Current Time* channel, prisoners in the Central Asian nations may soon be able to purchase upgrades to improve their incarceration experience.

Depending on the cost and their means, any Kyrgyz prisoner willing to pony up the required cash may soon be able to do time in a luxury cell. The payment scheme will soon have a test run, according to Kyrgyz officials.

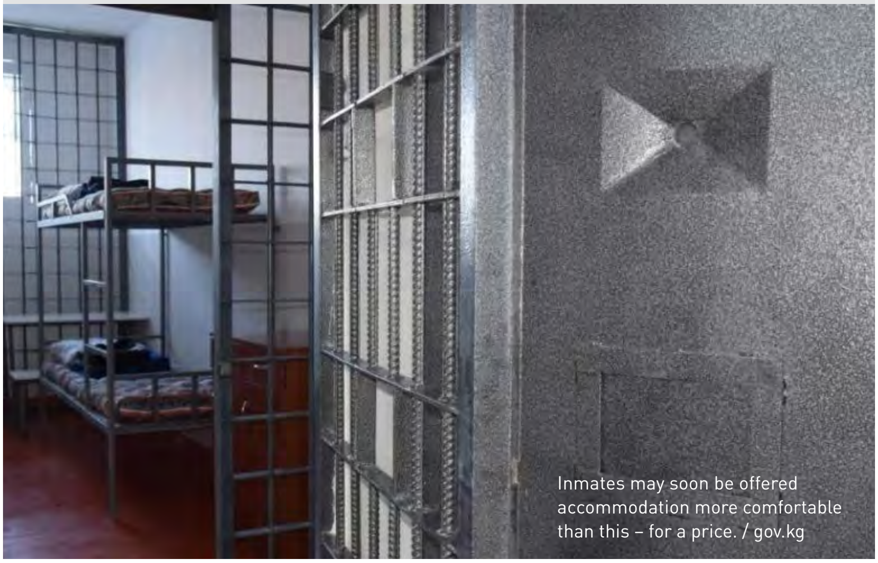
"The experimental regime involves the creation of an isolated section in one of the correctional institutions," says Kemel Sadykov, deputy head of the Kyrgyz Penitentiary Service. "A pilot project will be implemented there with pay cells for convicts, where the conditions will possibly resemble those of a sanatorium. Why not? A similar practice has already been implemented in Ukraine and a number of other countries."

In Ukraine, an upgraded experience is available only to those being held in pre-trial detention, i.e. those suspected of, but not yet convicted of, a crime. The Kyrgyz variant will apparently be available for convicted felons.

The Kyrgyz Penitentiary Service did not provide details on what upgraded prison cells would feature, and what additional privileges paying prisoners would receive. Officials also have not mentioned anything about the cost of upgrading. No matter, there appears to be no shortage of convicts willing to pay what it takes to improve their quality of life behind bars.

Critics of the plan assert that the idea of creating "business class" for convicts will exacerbate corruption within the prison system, which, according to many who have spent time inside, is already rampant.

This article first appeared on Eurasianet.



Inmates may soon be offered accommodation more comfortable than this – for a price. / gov.kg

the funds and invest them in the construction industry," he noted.

At the same time, the president offered a robust defence of the business activities of friends and family members, specifically the GKNB chief's son, Tai-Muras Tashiev. He implied that altruism on the part of the younger Tashiev's company was the primary motivation for taking on the highway construction project involving a bypass around the southern city of Uzgen. The highway will become a toll road when it opens, but Japarov insisted that Tashiev's company was sacrificing short-term gains for the best interests of the state. He offered a convoluted rationale for the project, without shedding much light on the governmental contracting process.

"Government money should be invested in projects that pay back quickly. ... Therefore, we are ready to transfer not only the bypass road in Uzgen, but also a number of other roads to private individuals," Japarov told Kabar.

"But not a single company or individual has expressed readiness to build these roads, since the investments will pay off only in the long term," Japarov added. "Therefore, we thank Tai-Muras [Tashiev] for the construction of the Uzgen bypass road. We must thank him for looking for and finding an investor for this project."

In July, the Kaktus media outlet published an investigative report showing that since Japarov assumed the presidency in Kyrgyzstan, government confiscations of private property have been on the rise. "Over the past three years, Kyrgyz authorities have been actively nationalising private property," the outlet stated. In Japarov's interview with Kabar, the question of state confiscation did not come up.

Kyrgyzstan's ranking in Transparency International's Corruption Perceptions Index has nosedived in recent years. In its most recent survey, Kyrgyzstan ranked 141st out of the 180 countries measured for their corruption environment. Its net corruption score in 2023 was lower than that registered in 2014. ●

This article first appeared on Eurasianet.

Four reporters convicted in Kyrgyzstan of call for mass riots, press freedom under siege warn watchdogs

bne IntelliNews

Press freedom in Kyrgyzstan is under siege, media watchdogs warned on October 10, as a Bishkek court convicted and sentenced four journalists for “calling for mass riots”.

Responding to what it described as a “dark day for press freedom” in the Central Asian country, Reporters Without Borders (RSF) said the court took an “arbitrary decision” that “lacks tangible evidence” at the end of a trial that began in late May.

The convictions come as critics of Kyrgyzstan's Japarov administration point to how an opaque and massive transfer of wealth in the country appears to be ongoing, with the president boasting of "five or six dollar billionaires", the identities of whom are not publicly known.

Makhabat Tazhibek kyzy, Azamat Ishenbekov, Aktilek Kaparov and Ayke Beishekeeva, journalists for the YouTube channels Temirov Live and Ait Ait Dese, were victims of an attempt to “muzzle independent journalism” and should be immediately released, said RSF.

“There is no justice or honesty in this country, everything is dead,” Ishenbekov said in a message posted on Telegram right after the verdict was announced.

The court handed down sentences ranging from three years of probation to six years of imprisonment for four of the 11 investigative journalists brought before a judge for alleged calls for mass violent unrest. The other seven journalists were acquitted of the charge.

Jeanne Cavelier, head of RSF's Eastern Europe and Central Asia desk, said:

"This is a critical turning point for the independent press in Kyrgyzstan. The conviction of these four independent, anti-corruption journalists linked to Temirov Live and Ait Ait Dese after an unfair trial marks the Kyrgyz authorities’ blatant shift towards authoritarianism.

“These journalists are paying a high price for their investigations into the corruption of the ruling elite, in particular within the presidential circle. RSF calls for their immediate release and acquittal due to lack of evidence, which was granted to the seven other journalists prosecuted in this case.”

“The media climate in Kyrgyzstan, once relatively free, has deteriorated significantly due to government raids, arrests of journalists, forced media closure initiatives, and blocking of news sites,” the International Partnership for Human Rights said in an end-of-September briefing.

A week before the court announced the decisions, Amnesty International called on the government to drop the charges against the 11 journalists, saying: “These charges are nothing more than a politically motivated attempt to stifle free expression and punish journalists for their work.”

The lawyer for Makhabat Tajibek kyzy and Azamat Ishenbekov, sentenced to six and five years' imprisonment respectively, has announced his intention to appeal his clients’ convictions.

Aktilek Kaparov and Ayke Beishekeeva both received three years of probation.

The criminal case was based on a linguistic analysis of social media posts by Temirov Live and Ait Ait Dese that dated to January 12. However, the expert in Kyrgyz linguistics and literature who was brought in for questioning at the defence’s request found no evidence to confirm the accusations put before him, according to RSF.

RSF also pointed to how Makhabat Tazhibek kyzy, the editor-in-chief of Ait Ait Dese and wife of the founder of Temirov Live, Bolot Temirov, was beaten in her cell by prison guards in April.

Fellow journalist Aktilek Kaparov, it said, arrested despite not having worked for Temirov Live for several months, slit his wrists in prison on May 30 because he could no longer stand the conditions of his detention, it added.

“The media climate in Kyrgyzstan, once relatively free, has deteriorated significantly due to government raids, arrests of journalists, forced media closure initiatives, and blocking of news sites”

The Kyrgyz police, meanwhile, decided to open a new criminal case against Bolot Temirov and Ulan Nurmanbetov, both in exile, for supporting "calls to riot". Both journalists refute the accusations.

Press freedom is increasingly deteriorating in Kyrgyzstan, said RSF, and the government has introduced fines of up to €2,150 for defamation.

Israeli President Isaac Herzog (left) with his Serbian counterpart Aleksander Vucic during his first visit to Belgrade. / Predsedništvo Srbije / Dimitrije Goll

COMMENT

Is the Balkan region Israel's newfound interest?

Fuad Shahbazov in Durham

Israeli President Isaac Herzog concluded his historic first visit to Albania in September, shortly after his first-ever trip to Serbia, where both sides agreed to deepen bilateral cooperation amid Israel's extending military campaign against Hamas and Hezbollah in southern Lebanon. Although the recent intensive diplomatic dialogue between Israel and Balkan states is gaining more impetus, it is not a new phenomenon. In the last five years, much has been done to ensure Israel's expanding diplomatic, security, and economic ties with the Balkans, particularly with Albania and Serbia.

In light of the worsening geopolitical tensions in the Middle East after the Hamas attack on Israel in October 2023 and Israel's large-scale military campaign in Gaza and southern Lebanon, Tel Aviv sought to build new alliances and partnerships at a critical time. Hence, Israel's kinship in building security ties with Serbia is essential, given its well-established defence industry in the Balkan region.

For example, recently, independent sources confirmed that since October 2023, shortly after Israel launched the Gaza campaign against Hamas, Serbian military aircraft carrying weaponry and ammunition landed in Israel, with additional similar flights in February, March and May. Reportedly, Serbia's main state-owned arms trader, Yugoimport-SDPR, exported arms to Israel worth €14mn in March 2024, ignoring the calls of the United Nations to halt arms exports to Israel to prevent further civilian death tolls in the Gaza Strip. The most recent data suggest that as of September 2024, Serbia has sent over $25.6mn worth of weapons to Israel since the start of the Gaza war.

For Serbia, strengthening military ties with Israel is a viable option for fostering relations with the West, which unilaterally supports Israel's military campaign, referring to its right to self-defence against terrorism. However, the mounting criticism and isolationism of Israel amid devastating civilian casualties in Gaza and the most recent incursion into Lebanon could have long-term ramifications for Serbia. Therefore, Belgrade put enormous efforts into maintaining a relatively neutral position regarding the current war, avoiding making any anti-Palestinian statement, though it ruled out the possibility of ceasing arms supply to Israel.

Indeed, partnership in defence paved the way for Israel's growing footprint in the Balkan region. In this regard, Serbia is not the only option for Israel as in June 2024, Albanian Defence Minister Niko Peleshi landed in Israel to meet his counterpart Yoav Gallant and signed a memorandum of understanding to promote joint security and defence infrastructure. Unlike Serbia, Albania is not a weapon exporter, but it is keen on importing Israeli-made weaponry given Tirana's tense relations with Iran over its hosting of Mojahedin-e Khalq (MEK), an anti-Iranian regime organisation, on its soil. As a result, in October 2022, Iran conducted an unprecedented cyber attack against Albania, which exposed the country's vulnerability, pushing Tirana toward a deeper partnership with Israel, particularly in the cybersecurity field. On the other hand, in 2024, Albania became Israel's third-largest fuel oil supplier after Russia and Brazil, shipping over 70,000 tonnes.

In addition to defence/military ties, Israel likely views the Balkan region as another platform for intelligence purposes against its opponents in the region, particularly Iran and Turkey. The relations between Ankara and Tel Aviv worsened dramatically following the latter's war in the Gaza Strip and resulted in halting diplomatic ties, as well as all trade operations. Given Turkey's cordial relations with Hamas and Arab countries, Israeli intelligence is particularly keen to gather as much data as it can.

As such, the Balkan region, with its close economic and historical ties with Turkey, could become a safe haven for the Israeli intelligence network against Turkey and Iran. Therefore, the arrest of a Kosovan citizen in Turkey by Turkish counterintelligence should come as a little surprise. The suspect was reportedly believed to have been transferring money to operatives of Israel's Mossad intelligence agency, including sending money to informants "who were filming with drones, conducting psychological warfare against Palestinian politicians and collecting information about the situation in Syria", according to Turkish intelligence sources.

Growing international condemnation makes Israel's current situation more complex. Nevertheless, Israel seems determined to boost its legitimacy amid the extended war by building new partnerships with the Balkan states. In exchange, Serbia and Albania likely seek to gain the support of the powerful Israeli lobby organisations based in Washington to boost their influence in the White House.

The pragmatic foreign policy agenda amid the devastating war is the primary stimulus behind Israel's outreach to the Balkan region, in which it had only previously had a peripheral presence. ●

Fuad Shahbazov is a policy analyst covering regional security issues in the South Caucasus. He was a research fellow at the Center for Strategic Studies and previously a senior analyst at the Center for Strategic Communications, both in Azerbaijan. He was also a visiting scholar at the Daniel Morgan School of National Security in Washington, DC. He tweets at @fuadshahbazov.

KYIV BLOG

Drawing Article 5 lines for Ukraine to end the war

Ben Aris in Berlin

Everyone is fed up with the war in Ukraine, and starting to finally admit is unwinnable. But that has been clear for more than a year now, since the failure of Ukraine's 2023 summer offensive.

It's looking increasingly likely that ceasefire talks could happen soon, but what would that look like? Firstly, it's a given that Ukrainian President Volodymyr Zelenskiy will have to give up some land, and has already floated the idea of a referendum to get a mandate from the people for that.

But there is also increasing talk about a "West German" solution, where after unification Nato membership covered the western half of the country, but not the eastern. A similar deal could be in store of Ukraine: where the western half of the country is pulled into the Western brotherhood, but the eastern half remains in Russian hands, and disputed.

That was followed by mounting Ukraine fatigue coupled with the shocking Western reluctance to invest into its arms production industry while Putin put Russia on a war footing. Then there was the failed Swiss peace summit held on June 16-17 and most recently, Zelenskiy's failed victory plan trip to New York, where he got none of the main things he asked for.

Hope is not entirely dead, as there is a Ramstein format meeting of Nato members later this month, but it is highly unlikely he will be given what he wants most there – lots of missiles and permission to hit targets inside Russia. Indeed, as our columnist Leonid Ragozin pointed out, the whole misnamed "victory" plan could easily be seen as a Plan B posturing to prepare the ground for starting ceasefire talks as it was clear from the start that US President Joe Biden would never sign off on Zelenskiy's shopping list (despite signing off on Israeli Prime Minister Benjamin Netanyahu's similar list

Everyone is fed up with the war in Ukraine, and starting to finally admit is unwinnable. But that has been clear for more than a year now, since the failure of 2023 summer offensive. It's looking increasingly likely that ceasefire talks could happen soon, but what would that look like? / shutterstock.com

a few weeks earlier). By saying "no" to Zelenskiy's demands, the Ukrainian president can now blame the West for selling Ukraine out and forcing his hand in talks with Russia. Notably Zelenskiy has already floated the idea of holding a referendum to get permission to give away land in any talks and said he wants the war to end this year.

In the meantime, the constant calls for the West to beef up its support of Ukraine with more weapons are increasingly risible. It has been going on for more than two years and is simply not happening – and won't, because of the "some, but not enough" supply policy that has been in place since the start of the war. This is because Russia has nukes so Nato won't let Ukraine win in case, backed into a corner, Putin uses one.

The Financial Times summed up both of these ideas in an op-ed, and Hungarian Prime Minister Viktor Orban said it out loud in a speech, "Ukraine can't win on the battlefield."

But we have known this from about week three of the war, when there was, to be fair, a brief glimmer of hope that the Armed Forces of Ukraine (AFU) would surprise everyone and the Armed Forces of Russia (AFR) would implode in a welter of incompetence and corruption. But the Russian army did what it always does: picked itself up, threw more boys into the fight, and started its steamroller tactics, with a dash of increasing competence and low-tech innovation.

And the strategy has never been "victory." This is one of those words that get bandied about today in international politics, but has become as meaningless as "freedom" and "terrorism." They are vague catch-alls that allow governments to do what they want and completely ignore the very rules based international order they profess to hold up. Terrorism is a particularly nasty one, as Israel has employed it to justify bombing, strafing and using snipers against women and children in Gaza. But Putin has used it for the same purpose to murder civilians in Ukraine, with the twist that they are "fascists" not "terrorists", at least at the start of the war. These days even for the Russians the two terms are interchangeable.

Everyone has an anti-terrorist law these days that allows them to suspend all the rights that are supposed to be at the heart of the system and enshrined in the Helsinki Protocols, or Washington Consensus. At least the Moscow consensus is more flexible (but unwritten) and puts the well-being of the state over individual rights that is at the heart of the Washington consensus, which makes killing and beating your own people "justifiable," if you get what I mean.

But as we have been writing for more than a year, the plan was never to deliver a "victory" in Ukraine. The White House has said over and over again, in its more serious moments in press conferences and not in front of big crowds that the goal is to "put Ukraine in the strongest possible position when the inevitable negotiations start." The *FT* uses this construction in its op-ed too.

If you are following this closely, then Bankova (Ukraine's equivalent of the Kremlin) was also inching towards a ceasefire deal until the Kursk incursion. Over the last months the use of "victory" has faded somewhat and the new term is of "a just peace."

What does that mean? It means admitting defeat and giving up land to Russia. The "just" bit means giving up as little as possible.

Crimea is gone. I think everyone accepts that. Even my liberal westernised Russian friends, who were shocked by the annexation in 2014 and are anti-war, said at the time, no, Krim nash (but, the Crimea is ours.) The Donbas is also probably gone, but in the Istanbul peace deal in April 2022, it was suggested that the Donbas could become an autonomous region, but remain nominally part of Ukraine. It will be hard to revive that now, but two years ago the Kremlin reportedly accepted that formula. The real haggling will be over the remaining two of the four regions that Russia annexed last year: Kherson and Zaporizhzhia. No one I know in Russia sees these as historically Russian lands. Kherson is on the wrong side of the Dnipro, apart from anything else. They are a pure land grab, so giving them back should, in theory, be possible.

So, if a deal happens what will it look like? There are two key elements here.

Security deals

The first is the easier one: Ukraine will need Western security deals – real security deals, not the fluffed "security assurances" that UK Prime Minister Rishi Sunak offered, deals that say the West will come to Ukraine's 'military' defence if Russia attacks again.

This will be very hard to do. In Istanbul, Bankova agreed to give up its Nato ambitions as long as it got bilateral deals from its western partners. And again the Kremlin reportedly accepted this. The deal failed as former UK PM Boris Johnson refused to sign off on even bilateral security deals, which killed the deal.

Personally I think the West will never offer Kyiv bilateral deals, let alone Nato membership. The problem is if Ukraine is in Nato, or a bilateral deal, it will always be tempted to attack, say, Crimea to get it back. While we love and trust Zelenskiy, Ukraine remains a young and unstable democracy and things could change.

Georgia is the classic example. Former President Mikheil Saakashvili stood up to Putin in the week-long war in 2008 and became the poster boy for post-Soviet reform and liberalism in the Commonwealth of Independent States (CIS). But look at Georgia now: it's owned by the increasingly pro-Russia and authoritarian oligarch Bidzina Ivanishvili, who has made it crystal clear he does not want to give up power in the October general elections where his Georgian Dream only has 30% support of the voters. We are expecting Minsk-style protests and large-scale street fighting following the October 26 elections.

No one in the West is ready to guarantee the security of a country in transition. And Ukraine has plenty of pretty nasty oligarchs who would love to be in Ivanishvili's shoes. Indeed, even the war hero Zelenskiy was brought to power thanks to the backing of oligarch Ihor Kolomoisky, one of Ukraine's very nastiest oligarchs (who Zelenskiy has since thrown in jail).

Article 5 borders

Another thing that makes me think talks are around the corner is the introduction of the "Article 5 lines" into the conversation. Former Nato Secretary General Jens Stoltenberg just gave a "lunch with the *FT*" interview, who is only the latest to bring this up, mentioning both Finland and West Germany.

Nato membership, and security deals in Finland's case until recently, doesn't necessarily include protecting the whole country. In Germany's case, when it joined Nato, the Article 5 clause did not cover East Germany. Stoltenberg also pointed out that Finland lost 10% of its territory in its war with the Soviet Union but "gained a stable border."

The story is similar to Japan, which is not a Nato member, but does have formal security deals (real ones) with the US, UK, Australia, France and Canada, as well as being a "global partner" with Nato. However, these deals do not cover, what the Russians call the Kuril Islands, that the Soviet Union captured in WWII and refuse to give back. Technically Japan and Russia are still at war, no peace treaty was ever signed between them. Japan's "Article 5 borders" are not the same as its national boundaries and do not include the Kuril Islands.

In theory countries can't join Nato if they have a disputed border, as obviously as soon as Ukraine signed up it could declare war on Russia the next day and drag all of Nato into the fray thanks to Article 5. Stoltenberg hinted in his interview very heavily that some sort of fudged Article 5 border was being discussed now that would allow the war to end.

Let Russia occupy its captured territory, but refuse to recognise sovereignty? Draw the Article 5 boundary down the Dnipro that cuts the country in two and take everything to the West into Nato, but Article 5 wouldn't cover anything to the east? It looks like something along these lines is now the plan.

Would Putin go for this deal? There are rumours circulating that the Kremlin and the West are currently in secret talks to try and work out a security deal that Putin will accept. However, if Ukraine gave up its Nato aspiration and accepted bilateral real security deals with an Article 5 line in the middle of the country, I could see Putin going for that.

Consider that this whole war started because Russia was insisting on "legally ironclad guarantees" that Ukraine never join Nato. People are reluctantly coming around to that, despite the pro-Ukraine lobby continuing to argue that Putin's goal is to completely destroy Ukraine as part of their efforts to get the West to send more weapons. Stoltenberg admitted this last year and (mutedly) admitted it again in his lunch with the *FT* last week.

And Putin has been hinting heavily all summer that he wants to end the war – but on his terms. As we have been reporting, the Russian economy is flourishing but as we have also been reporting that is about to come to an end as the Russian economy is cooling. The high inflation is starting to be a serious problem and growth in 2025 is set to come to a crashing halt. Of course, Russia still has plenty of money and can keep the war going for several more years, whereas Zelenskiy is quickly running out of men, money and materiel and can't.

But apart from the Ukraine in Nato security goal, Putin has also already achieved his wider foreign policy goal of switching the world from a unipolar set up dominated by the US hegemony, to his multipolar world where the emerging markets have a lot more say. Israel choosing to totally ignore US pressure on its attacks on Iran is one example. The total ineffectualness of US attempts to pressure Central Asia is another. And the rapid rise and popularity of all the new clubs like BRICS+, G20, the defiance of and growing importance of Africa, Shanghai Cooperation Organization (SCO), ASEAN (Association of Southeast Asian Nations), MERCOSUR and so on is exactly what he wanted.

Now Russia wants to shed the costs of war, lift as many sanctions as it can and get down to the business of building up new trade and security deals with all the friendly countries, many of which agree with his world view. From this point of view, backing Ukraine in the war with Russia has been a geopolitical strategic disaster for America. Just driving Russia into the arms of China has to be a huge strategic blunder and that alone has gone a long way towards ending the post-WWII *Pax Americana*. For Europe, things are even worse. ●

STOLYPIN

Putin's nuclear rhetoric hints at Ukrainian endgame

Putin has rattled his nuclear sabre very loudly, revising Russia's nuclear doctrine to allow an attack on the US if Ukraine uses long-range missiles on Russian territory. Is an attack coming or is Putin just preparing the ground for some post-ceasefire future? / bne IntelliNews

Mark Galeotti director of consultancy Mayak Intelligence and honorary professor at UCL School of Slavonic & East European Studies

Vladimir Putin is at it again, playing on Western nerves with talk of modifications to Russia's nuclear doctrine to open up more options for the use of nuclear weapons. Outside commentary is largely divided between regarding it as a serious threat and an act of intimidatory rhetoric, but there is also another dimension to this move, which suggests that Moscow is edging towards some sense of an endgame in Ukraine.

At the Security Council meeting of September 25, Putin announced that the Basic Principles of State Policy on Nuclear Deterrence, originally adopted in 2020, would be revised, following a period of consideration that began in June. In particular, he stated that close allies – presumably including Union State partner Belarus – would also come under the protection of Russia's nuclear umbrella and that the conditions for nuclear use would be expanded.

Whereas previously these were either a hostile first strike or a conventional attack which posed an existential threat to the state, Putin suggests now that a massive air and space attack including missiles and drones (which could, after all, carry nuclear warheads) would come under the definition of a potential first strike. Perhaps more interestingly, a serious attack by a state without nuclear weapons, yet with the participation or support of a nuclear state, could be considered a joint attack and face suitable retaliation. It is pretty clear that he has a US-backed Ukraine in mind.

Is this really a major shift? The first point to note is that the doctrine reflects the baseline thinking of the Russian state but that it is unlikely in itself to constrain Putin¡s actions. He would not launch or stop an attack just because his doctrine says so. To a considerable extent, this is likely just one more information operation. He knows perfectly well that the West takes notice when he talks nukes, and that some constituencies become alarmed and again start agitating for an end to the war, lest the hostilities spiral out of hand. Considering that at present Washington is still mulling the request to allow Kyiv to use its ATACMS missiles, as well as Anglo-French Storm Shadow/SCALP systems against targets deeper inside Russia, he may have felt this an opportune moment to stir the pot.

That said, he could have had the same political impact simply with a stray comment. He did not have to initiate a revision of the nuclear doctrine document, something which has consumed considerable effort within the Defence Ministry, General Staff and Security Council Secretariat. This is more than just another bit of sabre-rattling.

> "Moscow will presumably try to freeze its control of around a fifth of Ukraine, drawing out any negotiations which would in any case be unlikely to reach some resolution"

Is it that he fears some kind of nuclear attack on the Motherland, or that a US-backed Ukraine could mount some serious invasion of Russia on a vastly greater scale than the Kursk incursion? Unlikely. Indeed, if anything Putin has often been more cautious and conservative than the letter of law and doctrine would imply. Although four regions of Ukraine were formally annexed in September 2022, for example, Putin – for entirely self-interested political reasons, to be sure – has not sent conscripts to fight in the Donbas, even though that would be legal, albeit it deeply unpopular.

Furthermore, this does nothing to bring closer the threat of the use of a non-strategic nuclear weapon (NSNW) either against Ukraine or as a demonstrative threat. There are serious practical considerations. All Russia's NSWS have sat in armouries for the past 25 years and would need to be reconditioned before being mated to their delivery system. There would also almost certainly need to be a test detonation before any use in anger, and given that even the hypersonic Kindzhal, once touted as impossible to intercept, has proven vulnerable to Patriot air defence systems, Moscow would presumably have to launch multiple missiles to get through. That is, of course, assuming there was a viable target. Ukraine does not mass its forces in such a way to provide a logical target, while striking a city would be considered a massive escalation and an unjustifiable war crime across the world.

Instead, insofar as this latest edit of the doctrine has any serious meaning in the context of the Ukraine war, it may be preparing the ground for some post-ceasefire future. Moscow will presumably try to freeze its control of around a fifth of Ukraine, drawing out any negotiations which would in any case be unlikely to reach some resolution. If left in control of the Donbas, Crimea and the Zaporizhzhian 'land bridge' to the peninsula, Putin would likely be quite happy to take that as a win, even while reserving the option of resuming hostilities at some point in the future if the correlation of forces looked favourable.

In the meantime, he would want to deter any attempt by Kyiv to take back the occupied territories. Garrisons, trenches and minefields are all very well, but the prospect that Moscow might consider an attack by a US-backed Ukraine as potential grounds for a nuclear response might make Kyiv hesitate but, rather more likely, will weigh on the minds of America's leaders, whoever they may be by then. The implications is that Moscow is seriously believing that a ceasefire may be on the horizon, whether because of US pressure or Ukrainian exhaustion. ●

Kazakhstan's Tokayev an authoritarian who has created "the illusion of change", say analysts

Tokayev at his swearing-in ceremony in 2019.

bne IntelliNews

Kazakhstan's Tokayev's regime "has learned how to create the illusion of change while doing little of substance", according to two analysts.

"Big ideas – like that of a 'new Kazakhstan'– have turned out to be simply efforts to fill the vacuum left by years of political stagnation. Genuine reform would entail the introduction of meaningful constraints on the power and privilege of Kazakhstan's rulers. But the regime is obviously not ready for such a step," write Aliya Tlegenova and Serik Beysembaev, in an assessment published by Carnegie Politika.

Despite his pledges of change, Kazakh president of five years standing Kassym-Jomart Tokayev increasingly appears to be "embracing the role of an authoritarian, patriarchal leader", suggest Tlegenova – a researcher at Paperlab Research Center in Astana, Kazakhstan, and a political scientist who specialises on themes such as the politics of development, protests and civil society in Central Asia – and Beysembaev – director of Paperlab and an analyst who specialises on governmental politics, public opinion and violent extremism prevention in Kazakhstan.

The dawning of 2022 marked a critical crossroads for Kazakhstan. The "Bloody January" civil unrest that spread across the country posed a serious threat to Tokayev's hold on power. In response, he launched both a violent crackdown and a programme of reform.

"But little has actually changed in Kazakhstan," say the two analysts. "As Tokayev has succeeded in consolidating his grip on power, he appears unafraid of tightening the screws even further. Society has descended into apathy that has been fostered by fear and disappointment."

Tokayev was handpicked by his predecessor, Nursultan Nazarbayev, who had served as president for three decades since Kazakhstan gained its post-Soviet independence. As noted by Tlegenova and Beysembaev, he only became a powerful figure in his own right after the 2022 unrest, during which demonstrators demanded the full removal of Nazarbayev from the political scene. Tokayev grabbed the chance to take himself out of the former president's shadow, purging those who were considered close to him.

"No one," say Tlegenova and Beysembaev, "now questions Tokayev's authority. He is firmly in control of Kazakhstan's 'power vertical,' and all top officials are loyal to him personally. However, in order to cement his victory, Tokayev was also obliged to seek a degree of popular support.

"To this end, he announced a program of reforms in March 2022 to deliver a 'New Kazakhstan'. The plans included the liberalization of Kazakhstan's party system, electoral reform, and limits on the powers enjoyed by the head of state. They were supposed to foster democratization and rid Kazakhstan of Nazarbayev's toxic legacy."

At the time, the analysts observe, Tokayev emphasised that he was pursuing the path of reform despite officials and experts urging him to preserve the status quo. As his stock centered on promises of a "New Kazakhstan" rose, he even gained something of a reputation as a reformer in the West.

But, say Tlegenova and Beysembaev, "it would have been naïve… to expect systemic change. Real democratic reforms would have undermined Kazakhstan's authoritarian system – the main beneficiaries of which are Tokayev and his inner circle."

There has been, they say, no meaningful shake-up of serving officials. "Almost all cabinet ministers and heads of local government have been recruited from managers trained during the Nazarbayev era. The current prime minister, Oljas Bektenov, is a veteran official who most recently spent five years as head of the Anti-Corruption Agency. Many of the current heads of security and law enforcement agencies previously served in more junior roles in the same agencies. External appointments (like that of Kanat Sharlapaev to the Industry and Construction Ministry) are exceptions to the rule that do not change the overall picture."

Also lacking so far in the Tokayev regime are any genuine redistribution of authority within the political system, they add.

Tlegenova and Beysembaev conclude: "At the start of his presidency, Tokayev appeared pliable and modest. But he has evolved into a typical autocrat-patriarch, and there are signs his regime could become more authoritarian still. In 2023, the opposition activist Marat Zhylanbayev was jailed for seven years for 'financing an extremist organization.' The journalist and activist Duman Mukhammedkarim, whose blog became popular after the 2022 unrest, was sent to prison for seven years for the same offense in 2024. And Janbolat Mamai, the leader of the Democratic Party of Kazakhstan, was handed a six-year suspended prison sentence for 'organizing mass unrest' in 2023, and banned from taking part in any public activities.

"It seems that now that Kazakhstan's new authorities feel more confident, they are more willing than ever to use both rhetoric and repressive tactics that are familiar from the Nazarbayev regime.

"Seeking to justify the underwhelming achievements of the reform program, senior officials have been suggesting that the system is impossible to change overnight. Surveys carried out by polling agency Paperlab in April 2024 show that this explanation has been widely accepted. Many Kazakhs blame inept implementation at the local level, and external factors (the war in Ukraine, natural disasters, and others) for the failure of reforms. However, many also understand the fictive nature of the reform program. 'Only the leaders have changed; the direction of travel is the same,' said one participant of a focus group." ●

HESS

Mongolia's unique success story between rock and a hard place at risk

Maximilian Hess

Mongolia's geography lends itself to cliches – the proverbial rock and a hard place fits aptly with Russia to the north and China to its south. Following the collapse of the Soviet Union, and with it the tight grip Moscow once held over the country, Mongolia has, however, flourished. This unique success story is built on the back of Mongolians' commitment to developing democratic institutions and the country's openness to foreign investment.

But Mongolia's position is at risk, from without and within.

Externally, Mongolia faces severe pressure from both its neighbours. Vladimir Putin has sought to re-assert Russia's dominance, epitomised by his September visit to the Mongolian capital of Ulaanbaatar, a visit engineered to demonstrate Putin's ability to escape an International Criminal Court (ICC) arrest warrant for crimes against Ukraine.

Beijing, for its part, has repeatedly threatened Mongolia's commodity markets over the last decade. Mongolia, where over half of the population practices Tibetan Buddhism, faces more risks from China as a spat looms over the youthful heir to the Bogd Khan, one of the faith's most significant lamas.

The lineage once served as Mongolia's traditional rulers. The Dalai Lama announced the 10th reincarnation last March – the boy is notably a Mongolian-American dual citizen.

More than 80% of Mongolia's exports go through China, a figure only set to increase given the sanctions on Russia. The last time Beijing shuttered the borders, in 2016, the Mongolian government was plunged into a debt crisis, forced to run a deficit of nearly 18% of GDP to mitigate the impact.

While Mongolia's geography preordains having to manage two incredibly difficult neighbours, it has counted on sustained foreign support. In addition to its flagship gold and copper exports, the country holds the second largest reserves of rare earth minerals, something that has attracted strong interest from Western partners. Britain has even sought to negotiate an "air bridge" to facilitate Mongolia's exports thereof in the face of Beijing's rare earths bans.

But Western investors have been even more important in supporting Mongolia's development than Western politicians. Although it was by no means an easy ride to get there, Anglo-Australian miner Rio Tinto led the development of the country's flagship Oyu Tolgoi copper-gold deposit. Underground operations finally opened last March. The fourth largest such mine in the world, it is expected to ultimately produce 500,000 tonnes of copper per year, double Britain's annual consumption. Gold production may exceed 330,000 ounces – worth over £660mn ($855.6mn) at current market prices.

However, getting the mine to full production and harnessing Mongolia's rare earth potential face domestic political risks. This April the Mongolian legislature passed an amended Minerals Law. It was supposed to support a new sovereign wealth fund, aimed at diversifying Mongolia's economy. While that aim is both honourable and advisable for the diversification of the economy, the new law appears highly unlikely to achieve this. Prime Minister Oyun-Erdene Luvsannamsrai stated that the fund should be supported by a rebalancing of the wealth of mining firms in the country. The amendment authorises the government to seize up to 50% of their shares in mining projects without compensation and authorises forced sales of minority stakes.

It is not the first time the government has threatened foreign investors, including Rio Tinto, over the terms of investment agreements. Meanwhile its state corporations have a track record of gross mismanagement of their own commodity resources. In 2022, large-scale protests broke out after local media revealed that as much as $11bn had been siphoned off of coal exports to China by corrupt officials.

The law and threatened nationalisations put at risk the financing of projects such as Oyu Tolgoi as well as the development of the country's rare earth sector. The move was in part a populist ploy by Luvsannamsrai and President Ukhnaagiin Khurelsukh, leaders of the Mongolian People's Party (MPP), successor to the country's once-dominant Communist party, ahead of elections held this June. Seeking to deflect anger over the coal theft, foreign investors made an easy target.

That strategy – and the MPP's re-jigging of the Constitution and electoral system in 2023 – paid off for the government. After the vote Luvsannamsrai took charge of a new "grand coalition" government, the MPP's latest success in neutering the opposition following its moves to bar former president Khaltmaagiin Battulga as well as other popular candidates from standing in the 2021 presidential election.

The erosion of democracy and threats against investors risk undermining Mongolia's support from both the Western investment community as well as supporters of its democracy. The government's decision to host Putin should raise alarm bells about the government's intentions going forward. Russia and China would happily take a greater role in Mongolia's mineral wealth as geo-economic competition with the West appears set to dominate both country's foreign policies in the years to come.

One has to travel nearly 2,000 kilometres (1,240 miles) east from Mongolia to find another democracy, South Korea, and it is nearly 4,500 kilometres to the west before the next democracy, Georgia, where democracy is under threat. Further, democratic backsliding in Mongolia risks creating a democratic desert across the entirety of the Eurasian steppe. ●

Eagle hunters in Olgii, Mongolia. The Mongolians have successfully negotiated a singular post-Soviet journey. But there is tough terrain ahead. / AltaiHunters, cc-by-sa 3.0

Hungary inflation y/y

Source: Central bank of Hungary

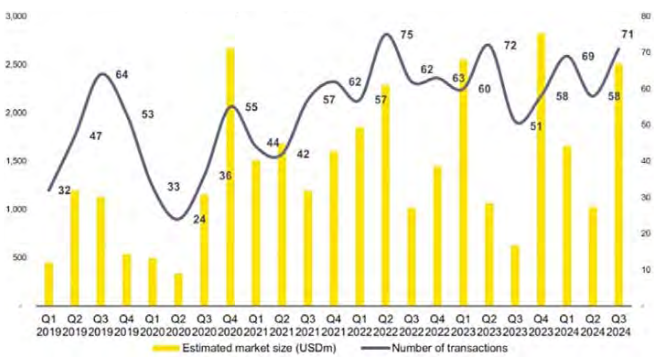
Hungarian inflation drops to a 44-month low in September

Consumer prices rose 3% year on year in September, the lowest figure since January 2021, driven by the decline of fuel prices, according to monthly data by statistics office KSH. The figures were slightly lower than the consensus.

Compared to the previous month, prices edged 0.1% lower.

Core inflation, which excludes volatile fuel and food prices, rose from 4.6% in August to 4.8% due to base effects. According to the financial portal Portfolio.hu, the quarterly annualised core inflation suggests the moderation of inflationary pressures, as the index dropped from 5.7% in August to 4.8%.

Romanian M&A market quarterly activity



Source: EY

M&A activity in Romania up 22% y/y in January-September, according to EY report

Romanian mergers and acquisitions (M&A) recorded 198 transactions during the first nine months (9M) of 2024, marking an 8.2% increase compared to the same period last year (183 deals), EY said in a quarterly report.

The estimated value of Romanian M&A activity rose by 22.3% y/y, reaching $5.2bn versus $4.2bn in 9M23, and was primarily driven by robust activity in the Power & Utilities sector. The value of disclosed transactions during 9M24 remained relatively unchanged at $2.5bn (-0.1% y/y).

Turkish Central Bank Policy Rate vs Inflation

**ENAG is an Istanbul-based inflation research group formed by Turkish economists. / bne IntelliNews*

Official inflation in Turkey falls below policy rate for first time since July 2021

Turkey's consumer price index (CPI) inflation officially stood at 49% y/y in September versus 52% y/y in August, the Turkish Statistical Institute (TUIK, or TurkStat) said on October 3.

TUIK's inflation series peaked at 75.45% in May. It has quickly fallen back to the 40%s thanks to the base effect. But putting out a headline figure of below 40% would perhaps prove too much of a stretch even for the country's infamous statistical institute. At 49% y/y, Turkey fell to sixth place in the world inflation league.

Ukraine gross intl reserves $mn

Source: NBU

Ukraine's international reserves fell by 8.1% in September to $38.9bn

Ukraine's international reserves fell by 8.1% in September to $38.9bn, the National Bank of Ukraine (NBU) reported on October 7.

The decline resulted from the central bank's currency interventions aimed at addressing the structural currency deficit and stabilising exchange rate fluctuations.

Hungarian central bank raises gold reserves to record levels

The Hungarian National Bank (MNB) has decided to raise the volume of monetary gold in its international reserves from 94.5 tonnes to 110 tonnes, the highest in Hungary's history, the central bank announced on September 30.

The decision was supported by strengthening global economic, geopolitical and capital market trends that have led to the appreciation of the role of gold in recent years. Amid increasing uncertainty in the global economy, gold has a heightened significance as a refuge asset and strengthens confidence in the country as well as supporting financial stability, the MNB said in a statement.

> "The MNB began hoarding gold in 2018, marking the first purchase since 1986, when it boosted reserves from 3.1 tonnes to 31.5 tonnes, the highest level in seven decades."

Central banks around the world have bought more than 1,000 tonnes of gold in recent years, which peaked at 1,082 tonnes in 2022, it added

The MNB, celebrating its 100th anniversary this year, has held gold reserves continuously since its foundation, which fell to 3.1 tonnes at the time of the regime change.

At the end of WWII, around 30 tonnes of bullion and coins were shipped to Austria on the infamous Gold Train.

The central bank and the pro-Nazi Hungarian government decided to ship these valuables westward to prevent the advancing Soviet army from capturing them. The train was filled with gold, jewellery, artwork and other precious items seized from Hungarian Jews.

The train was intercepted by American forces in Austria in May 1945. The contents were seized and, unfortunately, much of it was never returned to its rightful owners. This has been a source of controversy and legal disputes for decades.

The MNB began hoarding gold in 2018, marking the first purchase since 1986, when it boosted reserves from 3.1 tonnes to 31.5 tonnes, the highest level in seven decades. Three years later, the reserves rose to 94.5 tonnes.

Hungary has the highest volume of gold reserves per capita in Central and Eastern Europe, at 0.37 ounces per person, they added. ●

Newsletter

Invest Uzbekistan

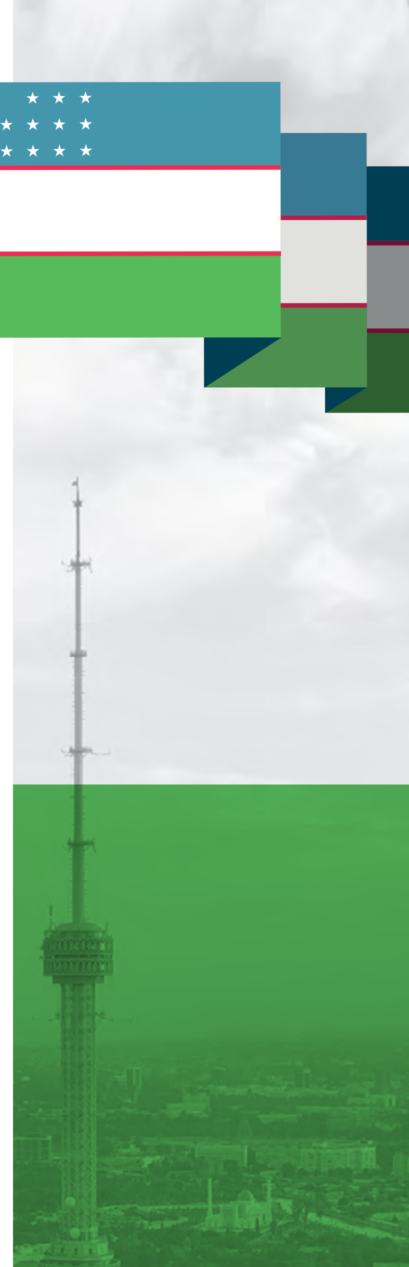
Fortnightly newsletter covering businesss and reforms in Uzbekistan

One of the fastest growing countries in the world and one of only two countries that didn't go into recession during the coronavirus pandemic, Uzbekistan is coming into its own.

The most populous country in Central Asia and third biggest country in the Former Soviet Union, president Shavkat Mirziyoyev unleashed a wave of economic reforms after taking office in 2016 that are starting to bear fruit.

The entire cotton and textile sector has already been privatised and banking, mining and the major state-owned industrial enterprises are up next. With a young and growing population, sectors like retail, IT and automotive are already flourishing as growth gathers momentum.

Follow the fast moving developments in business, economics, finance, energy and politics in this dynamic and ancient Silk Road country with bne IntelliNews' **Invest Uzbekistan** newsletter, carrying the best stories from the last two weeks.



Sign up for free

Visit intellinews.com/investuzbekistan for back issues and registration or scan the QR code.