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Kerch strait incident and its implications for regional security

It would be easy to say that the whole situation in the Kerch Strait was just an overreaction of the Russian coastal guard, if not details of the attack and consequences of events

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EaP Think Bridge is a platform uniting expert communities in the countries of Eastern Partnership region to fill the gap in distributing analytical products for stakeholders

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Is it time to worry?

The incident in the Kerch Strait is a game changer in the Kremlin's "hybrid" war. For the first time Russia openly attacked Ukraine, not hiding behind "polite green men" or "local protesters". And this escalation is dangerous not only for Ukraine.

Whether the security of the Eastern Partnership countries is threatened, which legal and political implications have been already caused by the aggression and which are still getting underway, Hanna Shelest analyzed.

Western politicians and world leading experts are already concerned about the security in the region. Thus, it is no coincidence that, first time ever, the Munich Security Conference, the most authoritative international forum, held a meeting of the Core Group in Eastern Europe. What they discussed and, most importantly, what they failed to agree upon in Minsk, Yauheni Preiherman shared.

And in the meantime Belarus itself arranged military cooperation and the supply of weapons to Azerbaijan.

Concurrently, the rest of the region is still absorbed in the electoral process and has pushed security issues to the background. In Armenia, revolution leader Nikol Pashinyan is preparing to get a majority in parliament and return to the prime minister's seat. At the same time, because of the scandal and the criminal case against representatives of the former government, the country may lose its Secretary General post in the CSTO.

Georgia elected the first female president. After her odious statements regarding the 2008 Russian-Georgian war, the question remains as to what position the president-elect Salome Zurbishvili will take towards the Russian Federation.

And Moldova's European partners moved from warnings to actions and froze economic assistance to the country until the parliamentary elections.

What else happened in the Eastern Partnership in November, find out in the latest issue of the Digest.

Olga Chizhova

Editor-in-Chief of the EaP Think Bridge Digest



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Armenia lost its CSTO Secretary General post?

Ashot Azazian, journalist (Yerevan, Armenia)

The parliamentary snap elections, attracting great attention within the country, promise victory for the prime minister's block. In the economy, the reconstruction of the Armenian Nuclear Power Plant and the prolongation of the Russian loan for these works became the central issue. Meanwhile, Armenia could fail to keep its Secretary General post in the CSTO.



Nikol Pashinyan's block is about to get a convincing victory at the parliamentary elections.

Photo by RFLFR

INTERNAL POLICY

Parliament dissolved

On November 1, the National Assembly of Armenia at its extraordinary meeting failed to elect the Prime Minister for the second time. In accordance with the Constitution, the same evening the Armenian President Armen Sargsyan declared the parliament dissolved. But the lawmakers will perform their duties until the first meeting of the new parliament and the Prime Minister's elections on December 31.

The Armenian Prime Minister Nikol Pashinyan resigned on October 16. After this, the parliament had two chances to elect a new Prime Minister, and only after these formal trials failed, the parliament dissolution and early elections became possible.

The early parliamentary elections will be held on December 9, and the election campaign stops on December 7, with 11 political forces (2 blocs and 9 parties) providing documents for taking part in it. The list of the participants consists of the alliances My Step (led by Nikol Pashinyan) and We, and such parties as Prosperous Armenia (led by Gagik Tsarukyan), Bright Armenia, Republican Party of Armenia (RPA), Christian-Democratic Rebirth Party, Sasna Tsrer, Orinats Yerkir, National Progress Party, Citizen's Decision, Dashnaktsutyun.

According to the local observers and the polls available, My Step will have a convincing victory, while the Prosperous Armenia party most likely will take the second place.

The intrigue is about who will overcome the 5% entry barrier - RPA, Sasna Tsrer or Christian-Democratic Rebirth Party.

Unprecedented amnesty

On November 3, the Armenian President Armen Sargsyan signed the Law on Amnesty on Criminal Cases, adopted by the Parliament to coincide with the 2800th anniversary of Yerevan foundation and the 100th anniversary of the first

state independence of Armenia.

The amnesty was granted to almost 6,500 people and has already been named the most massive in Armenia. 650 convicts were released from the prison; and the sentences were reduced for another few hundreds. The public fears of the criminal situation getting worse in the country did not prove. The law enforcement agencies assure that they keep the situation under control.

ECONOMY

Armenia asks to delay payment on debt

Yerevan turned to Moscow with a request to prolong the loan for the modernization and extension of the service life of the Armenian nuclear power plant in Metsamor, the only one in the South Caucasus region. The acting Minister of Energy and Natural Resources Garegin Baghramyan told journalists that the Ministry of Finance of Armenia appealed to Russia with a request to extend the loan repayment period and pay debts until 2021. Both the repairs and the negotiations on this topic are still active. And the country would feel the construction effect only after 2020. The general contractor for the overhaul and modernization of the Armenian NPP is Rusatom Service JSC (Rosatom), which oversees the NPP operation extension and the procurement of equipment for its modernization.

The plans of the Armenian government include a new NPP nuclear power unit construction as well, however, due to the absence of investors, in 2014 it was decided to extend the NPP operation till 2026. The financing of the Armenian NPP operation extension is carried out with the \$270 mln

Russian state loan and a special \$30 million grant. Depending on the season, the Armenian NPP generates from 30% to half of the total country's electricity, and it is the main factor in the country's energy security.

Armenians chip in for Karabakh

On November 22, a regular telethon of the All-Armenian Fund Hayastan was held in Los Angeles. This time, the donations amounted to \$11,109,633. The money collected by Armenians from people all over the world will be spent in Nagorno-Karabakh to drill deep wells and organize drip irrigation for the rehabilitation of agriculture and solar energy development.

Armenian dram is 25 years old

On November 22, Armenia celebrated the 25th anniversary of its national currency, dram. The country's central bank introduced new banknotes of 1 thousand, 2 thousand, 10 thousand, 20 thousand and 50 thousand drams. The old-style banknotes, as well as 100 thousand ones, will come out of circulation naturally when they wear out.

FOREIGN POLICY

Armenia recalled CSTO Secretary General

On November 2, the CSTO Collective Security Council removed the Colonel-General Yuri Khachaturov from the Secretary General post. The Armenia representative's mission in the post finished early because of the accusations against him in his homeland. Khachaturov is accused in the case of "the removal of the state system" on March 1, 2008, with the second president of Armenia Robert Kocharian being the main figure.

The heads of the CSTO member countries could not agree on the candidacy of the new Secretary General. Armenia believes this post should remain with Yerevan until the expiration of the office term, but Belarus and Kazakhstan vigorously opposed it. And since all issues in the organization are resolved by consensus, it was decided to postpone the negotiations until 2019.

The Armenia representative mission on the CSTO Secretary General post finished early due to the criminal case charges

Armenia is a free Internet country

Armenia regained the status of a country with free Internet, according to the Freedom House research ("Freedom on the Internet-2018"). Armenia scored 27 points, having improved its result by 5 points compared to the previous year.

According to Freedom House, Armenia conceded 25 points to Georgia. At the same time, it is ahead of Kyrgyzstan (38 points), Ukraine (45), Azerbaijan (60), Kazakhstan (62), Belarus (64), Turkey (66), Russia (67), and Uzbekistan (75). According to the analysis, a breakthrough was made possible thanks to the active use of social networks by the new Armenian authority representatives, including the Prime Minister Nikol Pashinyan. Their live performances were observed simultaneously by tens of thousands of users.

Azerbaijan: Military cooperation with Belarus

Sevinc Aliyeva, Center for Legal Initiatives (Baku, Azerbaijan)

In November, foreign policy agenda was dominated by President Aliyev's visit to Belarus and the memorandum signed between Belarus and Azerbaijan on purchasing military equipment and improving military-technical cooperation. Meanwhile, the country moved its position four places down in the Global Competitiveness Report by World Economic Forum. Moreover, this month the Cabinet of Ministers aimed to solve refugee problems in the country.



Ten bilateral documents between Azerbaijan and Belarus were signed in Minsk.
Photo by president.az

DOMESTIC POLICY

Troubleshooting in refugee residences

Azerbaijan hosts more than 1 million refugees and internally displaced persons (IDPs). In early 1990s, territorial claims from Armenia led to a lengthy war between two countries. As a result the residents of Nagorno-Karabakh and seven surrounding regions (Agdam, Jabrail, Fuzuli, Kalbajar, Gubadli, Lachin, and Zangilan) were displaced.

Since the population of Azerbaijan is only 10 million, in terms of per capita, Azerbaijan is among the countries having the highest IDPs caseload.

For two decades problems faced by refugees, internally displaced persons and asylum seekers have been the priority of the country's social policy. In order to build a comprehensive legislative framework the Cabinet of Ministers has adopted 248 Decisions and Orders, in addition to 23 laws adopted by the Parliament and 55 Decrees and Orders issued by the President. As a result of the decisions, during

Belarus will provide Azerbaijan with air defence systems and weaponry

the years of 2001-2016, 95 settlements, 151 schools, 58 cultural, and 59 health centers were built for IDPs.

The Cabinet of Ministers of the Republic of Azerbaijan held a meeting on November 22 in order to find solutions to the recent problems of refugees and internally displaced persons. During the meeting, Deputy Prime Minister Ali Ahmadov stated that aforementioned people are currently residing in 204 buildings and since winter is coming it is even more important that they are provided with satisfying conditions. Rovshan Rzayev, the chair of the State Committee for refugees and IDPs pointed out the need to upgrade communication lines in several buildings. Following the meeting, on November 27 Rzayev and deputy chairman of the State Committee, heads and staff of departments met with refugees and IDPs to discuss housing, employment, public services, and monthly allowance issues.

ECONOMY

Azerbaijan ranks the 69th place in the Global Competitiveness Report

World Economic Forum has published the Global Competitiveness Report for 2018 which used a new methodology for measuring different indicators in 140 countries. The new methodology is based on global trends and thus, is more comprehensive. In this year's report, the roles of human capital, innovation, resilience and agility have been defined not only as drivers, but also key features of economic success in the 4th Industrial Revolution. The report includes 98 variables organized into twelve pillars with the most important including institutions; infrastructure; ICT adoption; macroeconomic stability; health; skills; product market; labor market; financial system; market size; business dynamism; and innovation capability.

Top five countries in the report are Switzerland, the United States, Singapore, the Netherlands, and Germany, respectively.

According to the report, Azerbaijan is the 69th most

competitive nation among 140 countries. Last year, the country ranked 65th place out of 135 countries. Azerbaijan's average place has been 54.75 from 2007 to 2018 with a record low of 38th in 2015. Azerbaijan has improved its position in institutions, goods market and efficiency, innovation, infrastructure, education and skills, and dynamism of business pillars. The country has ranked 34th among 140 countries and first among former Soviet republics in terms of road quality. Country's ranking has declined in macroeconomic environment and labor market efficiency pillars in comparison to the last year.

Another milestone in the Southern Gas Corridor

At the beginning of November, the physical connection of the Trans Adriatic Pipeline (TAP) and the Trans Anatolian Pipeline (TANAP), which is called "golden weld", has been completed successfully. Project representatives met on the Turkey-Greece border on the banks of the Merich River to mark the historical step and expressed their hopes to complete the Southern Gas Corridor according to the schedule in 2020.

Military Corporation with Belarus

President Ilham Aliyev paid an official visit to Minsk, Belarus on November 18 and was welcomed by President Alexander Lukashenko, government and military officials, and a guard of honor. Presidents visited Azerbaijan Trade House in Minsk which opened in 2017 and played a major role in boosting economic and trade relations and investment opportunities between Azerbaijan and Belarus.

Ten bilateral documents were signed by the parties, the most important one being the memorandum of understanding between State Military Industrial Committee of Belarus and the Ministry of Defence of Azerbaijan. According to the document, two countries will develop closer military cooperation and Belarus will provide Azerbaijan

with air defence systems and weaponry. Azerbaijani President stated that his country is satisfied with the quality, endurance, and performance of Belarusian military equipment and there is a positive trend in the military-technical cooperation between two countries. Another important document was Joint Declaration for extending the strategic partnership.

Azerbaijani President expressed his gratitude to Belarus for its efforts in the settlement of the Nagorno-Karabakh conflict. Ambassador Extraordinary and Plenipotentiary of the Republic of Belarus to Azerbaijan Gennady Akhramovich stated that "...Belarus always supports Azerbaijan at various international platforms – through the UN, the OSCE, the Council of Europe."

Belarus «tightens the screws» before the election

Arsen Sivitsky, Center for Strategic and Foreign Policy Studies (Minsk, Belarus)

Parliamentary and presidential election campaigns are about to start in Belarus, so the authorities continue to “tighten the screws” in the domestic political field and bank on new appointments to the key positions. At the same time, the government is forced to liberalize its economic policies. One of the reasons for this is failing to agree with Russia on oil and gas issues.



The joint board of the Foreign Ministries of Belarus and Russia demonstrates the appearance of unity of positions on the international agenda.

Photo by mfa.gov.by

INTERNAL POLICY

Pre-election “Bacchanalia”

Throughout November, the Belarusian authorities sent clear signals that presidential and parliamentary election campaigns

are about to start. Many events on the domestic political field fit into the mobilization logic. Alexander Lukashenko voiced his concern over the upcoming campaigns, calling them “political Bacchanalia”, which will last for a year and a half.

As part of pre-election preparations, Alexander Lukashenko appointed former Minister of Transport Anatoly Sivak as a new mayor of Minsk. One of the first orders for a new appointee was to update the entire management vertical of the capital.

In the meantime, the Belarusian government strengthened its control over the information field and approved regulations on the preliminary identification of Internet users. This document introduces mandatory authentication via a mobile phone (text message) for everyone willing to comment on online media. One account time can be “tied” only to one phone number at a time and vice versa.

Continuing to stimulate employment, the Belarusian

authorities launched a database of “parasites”, which includes about 500 thousand people. The database started to operate on December 1, and from January 1, 2019, the “spongers” will have to pay for utilities at the full rate. This measure may increase state income, but it may also lead to negative social and political consequences. The database of unemployed includes the same number of citizens as at the beginning of 2017. Back then, in February-March 2017, the “anti-parasite decree” triggered some serious protests. This situation may repeat, especially against the background of a deteriorating social and economic situation.

ECONOMY

Recognizing the mistakes and updating the market agenda

November marked the first 100 days of the new government of Belarus in office. Previously their program for 2018 and 2019 was approved with the main goal of it being economic growth and increasing the standard of living. Both objectives imply liberalization of economic policy since for financial reasons it is impossible to reach them by administrative methods only. Concurrently, Prime Minister Sergei Rumas declared that the goal can be reached by creating the conditions when “every Belarusian can make a decent living”.

Accordingly, equality of all forms of ownership and non-interference in fair competition have become the major policy. Another important “reformist” task for the government until 2020 is to separate the management functions between the owner and the regulator in the organizations with a share of state ownership.

In the meantime, the government explicitly formulated the task of further reducing financial support for public

It was stated that the position of Belarus on the conflict between Ukraine and Russia is not neutral.

sector enterprises. To this end, the State Financial Management Program will be developed. The result of the taken measures should be an annual reduction of at least 10% of budget expenditures on all types of state support. At the same time, the requirements for applying for the state support will also be significantly restricted. Assistance can be received on an individual basis in exceptional cases and only by the decision of the Head of State.

Reforms of the public sector will focus on launching corporate governance at 3.5 thousand “strategic organizations”.

According to the National Statistics Committee, the country’s GDP for ten months increased by 3.5%, while growth in the first nine months reached 3.7%. Thus, the October growth index was the worst in 2018.

Yet, the Belarusian authorities are forced to recognize the fact that economic growth during the year was not only restorative, but also caused by a favorable external environment. These positive factors cease to operate, and the structural sources of economic growth have not actually been created.

FOREIGN POLICY

The international situation is deteriorating

The aggravation of the international situation and the deterioration of the economic situation under the influence of the events in Ukraine and the fall in oil prices (by 25%) put the Belarusian authorities in an extremely precarious and vulnerable position, especially to Russia.

The relations between Minsk and Moscow were characterized by serious contradictions. The Kremlin has taken a tough and uncompromising position on the issue of compensation for losses for Belarus caused by the tax

maneuver in the Russian oil industry. If the Belarusian side insists on fixing compensation in the form of a discount on Russian oil, Moscow is only ready to agree to an intergovernmental transfer fixed in Russian rubles. According to Russian analysts (Vygon Consulting), over the six years of the tax maneuver implementation, the additional expenses of Belarus, largely due to the increase in the price of Russian oil, will be equivalent to about \$8 billion. According to the estimates of the Ministry of Finance of Belarus, in the absence of any compensation within six years, the “global losses” for Belarus will amount to about \$10 billion.

Moscow takes an equally uncompromising position on the matter of lowering prices for Russian gas for Belarus after 2019. The Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor) continued to block the agricultural products supply to the Russian market and, meanwhile, complained to the Eurasian Economic Commission about the “false transit” of banned Belarusian beef and dairy products through Russia, as these goods remain on the Russian market.

Against this background, the statements by Belarusian and Russian diplomats on the unity of positions on the international agenda are more likely to be declarative and aimed at creating an appearance of solidarity. Such statements were heard after the joint board of foreign ministries on November 21. Minsk once again declared that it is not seeking either EU membership, nor signing of an association agreement with the EU, nor even a preferential attitude on the part of the European Union.

On the conflict between Ukraine and Russia, it was stated that the position of Belarus is not neutral. The Belarusian authorities were also forced to take an observer position on the “incident” in the Kerch Strait. The Belarusian Foreign Ministry did not comment on the situation at all for a long time, and later only voiced serious concern of the official Minsk. At the same time, in practice, the Belarusian leadership has not revised its security guarantees to neighboring countries, including Ukraine.

Alexander Lukashenko began to intensify criticism of the EAEU, primarily due to the presence of barriers and restrictions in mutual trade, hinting at a possible exit from this integration entity, by analogy with Brexit. This traditional method of the Belarusian diplomacy was aimed at knocking out concessions from Moscow on the eve of the summits of the EAEU and the CIS in St. Petersburg on December 6.

Georgia: New president with new problems

Lasha Tughushi, Liberal Academy Tbilisi (Tbilisi, Georgia)

Salome Zourabichvili was the first candidate to have crossed the finish line of the exhausting electoral marathon. Zourabichvili is the first female president of Georgia and the last president elected by direct vote. According to the Central Election Commission of Georgia, Salome Zourabichvili, an independent candidate supported by the Georgian Dream Party, won 59.52% (1,147,627 votes) in the second round of the presidential election while United National Movement's Grigol Vashadze got 40.48% (780,633 votes).



Giorgi Margvelashvili, President of Georgia greeted Salome Zourabichvili, President-elect of Georgia.
Photo by finchannel.com

DOMESTIC POLICY

The first female president

At first sight, both candidates retained equal chances after the first round. Many experts tried to predict the results by solving mathematical puzzles, while both sides were throwing all their resources to the battlefield. This process was accompanied by unprecedented mobiliza-

tion of candidates' supporters. Administrative leverage and financial resources were actively used. Campaigns did not focus on the competition of platforms. Instead, they were built on negativity. The opposition now does not recognize election results claiming that "unauthorized practices" were used to get them.

“I will be the president for everyone, including those who did not vote for me”, Zurabishvili said. “I am waiting for greetings from Grigol Vashadze”, the first female president of Georgia called on her opponent to admit his defeat. Salome Zurabishvili was born in France and is a career diplomat.

“Our elections have been stolen. There is no president in Georgia. We will demand to recognize election results as invalid through a court decision”, said Grigol Vashadze, a favorite of ex-president Mikheil Saakashvili and the front-runner of the united opposition.

Mr. Saakashvili called his supporters to disobedience. In a BBC interview, Mr. Vashadze tried to distance himself from this appeal.

Meanwhile, the opposition announced a protest in front of the parliament building on December 2. In response the Ministry of Internal Affairs immediately assured that it would prevent destabilization. The opposition explained that its goal is early parliamentary elections and it is not about getting beyond the law and the Constitution.

The OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR) observers and their partners, including the OSCE Parliamentary Assembly, the European Parliament (EP) and the Parliamentary Assembly of the Council of Europe (PACE) prepared a preliminary resolution on the election process.

Ms. Zurabishvili is viewed as a “balanced politician”, however, her statements about the Georgian-Russian war in 2008 triggered sharp criticism in the society

“The second round of the presidential election in Georgia was competitive and candidates had an opportunity to freely conduct the election campaign”, the document says. At the same time, the assessment is partly tough and critical. The election campaign featured obviously negative and tough rhetoric, including hate speech. In the view of international observers, cases were detected where administrative leverage was used.

The government’s initiative to write off the debts of 600,000 citizens drew special attention of the observers. The preliminary report says that this fact can be interpreted as voter bribing if the institution implementing the initiative is owned by the leader of the governing party.

Other quotes are also tough. “There was sharp inequality in financial donations to the candidate supported by the governing party in the second round. The public broadcaster demonstrated a clear bias against the opposition while private mass media maintained a polarized position.”

The monitoring mission will publish its final report in two months. As the international community was sending its greetings, Parliament Speaker Irakli Kobakhidze said that he intended to amend the respective laws taking into account the critical assessments from international organizations for the next elections.

ECONOMICS

The president — first in rank, ninth in salary

The president’s annual salary will be GEL82,800 (approximately \$31,000). It has increased by GEL2,500 since 2013.

Also the state budget allocates GEL9.8 mln (\$3.7mn) as funding for the new president’s administration. It employs the staff of 140 people.

The president is not “the richest” official in the country, ranking 9th by monthly salary.

FOREIGN POLICY

East or West?

Salome Zurabishvili is not satisfied with the level of Georgia-West relations. “I will be working precisely in this direction”, she said. As for Russia, the new president called it an unpredictable country which you never know what to expect from in a BBC interview. Ms. Zurabishvili is viewed as a “balanced politician”. However, her statements about the Georgian-Russian war in 2008 with a critical assessment of Mr. Saakashvili’s irresponsible actions triggered sharp criticism in the society.

Tbilisi is watching closely the statements made by the Kremlin. “Moscow’s policy towards Tbilisi will not change

regardless of the results of the presidential elections,” said Maria Zakharova, Spokeswoman for Russia’s Ministry of Foreign Affairs.

“Our position on Georgia is well known. Russia did not initiate the breaking of diplomatic relations. It was a big mistake of the Georgian authorities. People in our countries suffer because of this decision”, Maria Zakharova stated.

She also noted that contacts are developing on cultural dialogue, economics, and humanitarian ties with Tbilisi. However, “this process is complicated due to the lack of normal diplomatic relations”.

Moldova: Facing European ultimatums

Sorin Sclearuc, Foreign Policy Association of Moldova (Chisinau, Moldova)

Judging by November's main developments, the parliamentary elections set to take place on February 24, 2019 in the Republic of Moldova represent a true Rubicon both to local authorities and European partners. This is not so much about who is going to win the elections, but rather how exactly this is going to happen. The outcome is what both the country's image in the EU and its status within the context of European dialogue depend on.



Romania continues its support for the European way for the Republic of Moldova. The joint meeting of Romanian and Moldovan governments.

DOMESTIC POLICY

When there is a will, there is a way

The government of the Republic of Moldova passed the law on a single wage system in the budget sector on November 8. The authorities assure that this development will lead to higher salaries for people working in education, healthcare and social security. The government has also approved Moldova 2030 National Development Strat-

egy with 10 goals for the country's sustainable development, including education quality, efficient governance, enhancing people's access to infrastructure, improving labor conditions etc.

On November 20 at the sixth Annual Moldovan European Integration Debate Forum the Head of the European Union Delegation to Moldova Peter Michalko voiced the concerns of European partners regarding the upcoming

elections in February 2019. Michalko stated that “it is not our wish to push Moldova closer to the EU. When there is a will, there is a way. Without will we cannot make Moldova closer to the EU. We want these elections and any other elections to be free and fair, and the will of people to be respected regardless of their choice”.

In the course of talks on the Transnistrian issue Claus Neukirch, the head of the OSCE mission to Moldova, stated that “this year, by making small steps, we have secured

progress” in finding a solution to this problem. Neukirch reminded that six agreements were signed, and five of them had already been implemented meaning the opening of the Gura Bacului bridge, the mechanism allowing both students and teachers to cross border points on the Dniester more easily and also apostille for diplomas of students coming from the left bank of the Dniester River that lets them continue their studies both in the Russian Federation and in the EU countries.

ECONOMY

Punishment for bad behavior

On November 14, the European Parliament adopted a new resolution on financial support for the Republic of Moldova with a special emphasis made on the upcoming elections in the Republic of Moldova. The European Parliament members decided to freeze the macro-financial aid to Chisinau authorities until “the progress in democratic standards is seen”.

The MEPs stated that financial assistance will only be provided after the parliamentary elections on condition

that they are transparent and take place according to the principles of democracy.

Whether this is a coincidence or not, after EU criticism, on November 20, Sergiu Cioclea, the Head of the National Bank of Moldova, announced his resignation. It is alleged that his resignation has to do with adopting a controversial Capital Amnesty Law. On this account a member of the European Parliament Siegfried Muresan stated that “Sergiu Cioclea’s resignation from the post of the NBM head is a proof of Chisinau authorities’ failure to return the stolen billion and punish the guilty”.

FOREIGN POLICY

No sooner said than done

The fourth joint meeting of Romanian and Moldovan governments took place on November 22. The Prime Minister of Romania Viorica Dancila underlined Romania’s role in paving the European way for the Republic of Moldova and highlighted the importance of more active relations between the two states as well as the support offered in order to implement European reforms in Moldova.

In his turn, the Prime Minister of Moldova Pavel Filip emphasized the special nature of relations between Moldova and Romania, with Romania being “a true friend in need”. He added “true unification requires a pragmatic approach that will include the interconnection of energy, education and infrastructure sectors in order to create a single space where people will not feel that they are crossing borders”.

As a result of this meeting, there were 11 bilateral agreements signed in vital sectors for the Republic of Moldova such as security, economic cooperation, natural gas supplies and its transportation to the Republic of Moldova.

Within the context of criticizing European authorities, Petras Auštrevičius, the European Parliament rapporteur

on Moldova, said that “Moldova is the first country where the EU introduced such measures as freezing financial assistance”.

European Commissioner for European Neighbourhood Policy and Enlargement Negotiations Johannes Hahn stated that “we will support regular citizens, mass media and civil society – but not the government. We will pay special attention to regular citizens. Citizens should not suffer because of politicians”.

In the view of recent developments the Prime Minister Pavel Filip expressed his concern over the dramatic escalation of tensions between Moscow and Kyiv stating that “Russian acts of aggression affect security in the entire region. The Republic of Moldova condemns unilateral and provocative actions of the Russian Federation. We support Ukraine, as we always have, including in their efforts to defend the sovereignty and territorial integrity”.

Andrian Candu, the Speaker of the Parliament, also made a statement in this regard in his social media stressing that “We need to stand in solidarity with Ukraine and support its right to use its territorial waters in accordance with the international law”.

EU financial assistance to Moldova will only be provided after the parliamentary elections if they are free and democratic

Ukraine: Heading into elections in the context of war

Sergiy Gerasymchuk, Foreign Policy Council “Ukrainian Prism” (Kyiv, Ukraine)

Russian aggression in the Sea of Azov, martial law in parts of Ukraine’s territory and international response to yet another escalation of the Russian-Ukrainian war are the major developments of November that shaped Ukraine’s domestic and foreign policies that month.



23 Ukrainian sailors are still in detention in Russia

DOMESTIC POLITICS

Martial law and budget on time

The Parliament of Ukraine was especially active in November. It set a record by passing the 2019 Budget Law on the night of November 23, and voted for a number of government appointments, including Oksana Markarova as the new Minister of Finance, and Iryna Fryz to lead the newly-established Ministry of Veterans which will start functioning in June 2019. Having the new Minister of Fi-

nance without the “acting” part in the title and passing the budget both have political and financial repercussions. They are important for Ukraine’s cooperation with the IMF whose loans, as well as cooperation with other international financial institutions are of critical importance to Ukraine.

On November 22, MPs supported amendments to the Constitution, consolidating Ukraine’s EU and NATO aspirations. 311 MPs supported the bill, which is more than

the majority necessary to amend the Constitution. At least 300 MPs will have to support the amendments in the final vote at the next session.

President Poroshenko focused on a series of steps in early November to ensure support of the tomos, the certificate of autocephaly for the Ukrainian Church. He signed the Cooperation and Interaction Treaty between Ukraine and the Ecumenical Patriarchate during his official visit to Turkey. Poroshenko noted that the treaty “creates all preconditions for bringing the preparation for the Council to unite Ukrainian Churches and the procedure of granting the tomos is in line with the canons of the Orthodox Church”. The President’s efforts to finally get autocephaly for the Ukrainian Orthodox Church during his term in office will give him an extra electoral bonus

The EU and NATO member-states called on Russia to restore freedom of navigation in the Kerch Strait and return the vessels it seized to Ukraine

in the run-up to the presidential election in March.

The difficult decision to impose martial law for 30 days in 10 oblasts of Ukraine from November 28 can be listed as the major challenge in the work of the President and the Parliament. It was triggered by yet another act of Russia’s aggression as Russian border guard assaulted and seized two small Ukrainian navy artillery boats and a tugboat on their way from Odesa to Mariupol. The vote on

the martial law was followed by scheduling the presidential election to take place on March 31, 2019.

See more analysis of Russia’s aggression in the Sea of Azov and its consequences for Ukraine and international relations in this issue.

ECONOMY

Accomplishments, plans and investment-oriented reforms

November was a relatively fruitful month for Ukraine’s economy. The country is scheduled to receive the next IMF tranche in December. Even the martial law in 10 oblasts starting from November 26 will not interfere with Ukraine’s cooperation with the IMF, according to a statement by Gosta Ljungman, IMF Resident Representative in Ukraine. The World Bank has announced including the provision of US \$750 mln financial guarantee to Ukraine in the agenda of the upcoming Board of Directors meeting

on December 18.

The Parliament of Ukraine has passed the 2019 budget. Security and defence, education and health care reforms and decentralization are the priority items. GDP is expected to grow by 3%.

In early November, Ukraine was criticized by Johannes Hahn, the European Neighbourhood Policy and Enlargement Negotiations Commissioner. During his visit to Kyiv he noted with regret that Ukraine has failed to fulfill the conditions of the Reform Contract for Investment and lost EUR40 mln out of EUR50 mln envisaged by it as a result.

FOREIGN POLICY

In focus of international agenda again

The official visit of German Chancellor Angela Merkel to Ukraine on November 1 confirmed the irreversible support of Ukraine from Berlin. Chancellor Merkel stated in Kyiv that the pseudo-elections in the self-proclaimed “DNR” and “LNR” should have been cancelled, while Minsk Treaty should be complied with by the Russian Federation, among others. Otherwise, the EU will extend its sanctions imposed on Russia.

The end of November put Ukraine in the spotlight as a result of Russia’s aggressive actions in the Sea of Azov.

The EU and NATO member-states called on Russia to restore freedom of navigation in the Kerch Strait and return the vessels it seized to Ukraine. An emergency UN Security Council meeting did not adopt the agenda “on the violation of the Russian border by Ukraine” proposed by Russia. Seven countries, including the US and the UK, voted it down. The US, the UK, France, Poland and Sweden speakers expressed concern over the fact that 23 Ukrainian sailors were in detention in Russia.

Romania, Poland, Lithuania, the US and the UK were the first countries to have made separate statements in support of Ukraine.

Kerch strait incident and its implications for regional security

Hanna Shelest, Foreign Policy Council “Ukrainian Prism” (Kyiv, Ukraine)

It would be easy to say that the whole situation in the Kerch Strait was just an overreaction of the Russian coastal guard, if not details of the attack and consequences of events.



Russia conducted a full scale military operation against three small Ukrainian vessels near the Kerch Strait.

On Sunday, November 25, 2018, three Ukrainian naval vessels – artillery boats Berdyansk and Nikopol, and a tugboat Yani Kapu were on a routine passage from Odessa to Mariupol, to comply with the Decision of the National Security and Defence Council dated October 12, 2018. The decision was made due to the significant militarization of Crimea by the Russian Forces, regular stops and checks of the merchant ships going to/from Ukrainian ports in the Sea of Azov by the Russian coastal guard, and necessity to secure the Azov coast of Ukraine. The

same passage was made just 2 months ago, at the end of September, when search and rescue vessel Donbass and a tugboat Korets were transferred to Mariupol.

The following actions of the Russian Federation are still to be explained.

Legal implications

It would be easy to say that the whole situation was just an overreaction of the Russian coastal guard, if not the details and consequences of the events.

According to the Treaty on the Sea of Azov and the Kerch Strait 2003, signed by the Russian Federation and Ukraine, both parties share the waters, which are considered joint waters of two states. This Treaty was signed with the pressure from the Russian side due to the unwillingness to sign a long negotiated agreement on delimitation of maritime border between two states. Therefore, Ukrainian naval and commercial ships need no permissions while passing the Kerch Strait or sailing in the Sea of Azov. Moreover, the Russian coast guard used clauses of this Treaty in summer 2018 while checking ships being just 8 miles from the Ukrainian coast.

Thus, to make a passage from Odessa to Mariupol through the Kerch Strait, the Ukrainian Navy didn't have to receive any permission. Nevertheless, considering the fact that the Kerch Strait and the Kerch Bridge are difficult hydrographical points, the Kerch port was notified about the passage, and readiness to accept a pilot on board was expressed. The morning reaction of the Russian Federation representatives ranged from no initial response to an order to pass to the exact point of waiting, followed by ramming and artificial blockade of the Kerch Strait to prevent Ukrainian ships from coming to the Ukrainian port in Azov. It is important to note that the information about so-called "grounding" of the tanker under the Kerch Bridge was not confirmed by the international navigation control system.

When the Ukrainian vessels received an order to return back to Odessa, and turned their course out of the Kerch Strait, within the neutral waters the attack happened, which is confirmed both by the coordinates provided by the Russian authorities and by the coordinates heard in a "May Day" announcement of the Ukrainian vessel.

The acts of the Russian military forces on November 25 are clear indications of aggression as stated in the UN GA Resolution 3314 (1974):

(c) The blockade of the ports or coasts of a State by the armed forces of another State;

(d) An attack by the armed forces of a State on the land, sea or air forces, or marine and air fleets of another State.

Though Russia can dispute over the first point "c" because blockade was organized by the commercial ships, the fact of attack is confirmed by the respective videos,

The acts of the Russian military forces on the November 25 are clear indications of aggression

Ukrainian sailors are prisoners of war and should be referred accordingly

radio interceptions and later statements of the Russian representatives.

The first attack happened in the morning with ramming against the Ukrainian tugboat, which had not been provoked by any Ukrainian actions. The evening fire, use of naval ships, helicopters and jets demonstrate a full military operation against three small vessels. Even more, the photos of the artillery boat Berdyansk presented later have clear evidences that the task was to fire for effect, to target the crew, without any initial salvos or warning shots.

Even after violating the Law of the Sea, but recognizing state involvement in fire, the Russian Federation still had a chance to behave according to the international law.

However, the choice was made to violate yet one more fundamental Convention - Geneva Convention (III) 1949, according to which Ukrainian sailors should be considered prisoners of war.

Art.2 clearly states that "In addition to the provisions which shall be implemented in peacetime, the present Convention shall apply to all cases of declared war or of any other armed conflict which may arise between two or more of the High Contracting Parties, even if the state of war is not recognized by one of them. The Convention shall also apply to all cases of partial or total occupation of the territory of a High Contracting Party, even if the said occupation meets with no armed resistance".

Art. 4. "Prisoners of war, in the sense of the present Convention, are persons belonging to one of the following categories, who have fallen into the power of the enemy: 1) Members of the armed forces of a Party to the conflict as well as members of militias or volunteer corps forming part of such armed forces".

There can be no double interpretation: Ukrainian sailors, being on duty on the naval ship, were captured by the Navy of the hostile state, recognized as an aggressor state by Ukraine. Despite the fact the hostile forces were claiming to protect occupied territorial waters, Ukrainian sailors are prisoners of war and should be referred accordingly. However, Russia is trying to turn everything into a criminal case, that should not be allowed by the UN and other countries.

Reasoning for increasing the conflict temperature

Different reasons can be named why Russian security services overreacted to the Ukrainian vessels passage. The first one is the desire to control the Sea of Azov and destabilize work of the Ukrainian ports there.

The next reason is an attempt to legitimize by actions the "territorial waters annexation" around Crimean peninsula. If to follow the Russian official statements on why they chased and captured Ukrainian vessels, they name only one reason which is the invasion of the "territorial waters".

Reason number three is the demonstration of its power to both Ukraine and international community, especially considering that it happened just before the G20 summit.

And surely, one should not forget about the general political context of the last months: Tomos granting to the Ukrainian Church, first reading of the Constitutional changes to fix the strategic course of Ukraine towards the EU and NATO and upcoming presidential elections in Ukraine. These created the background atmosphere of additional anti-Ukrainian sentiments.

Does martial law have a practical purpose on the ground in and around the Sea of Azov?

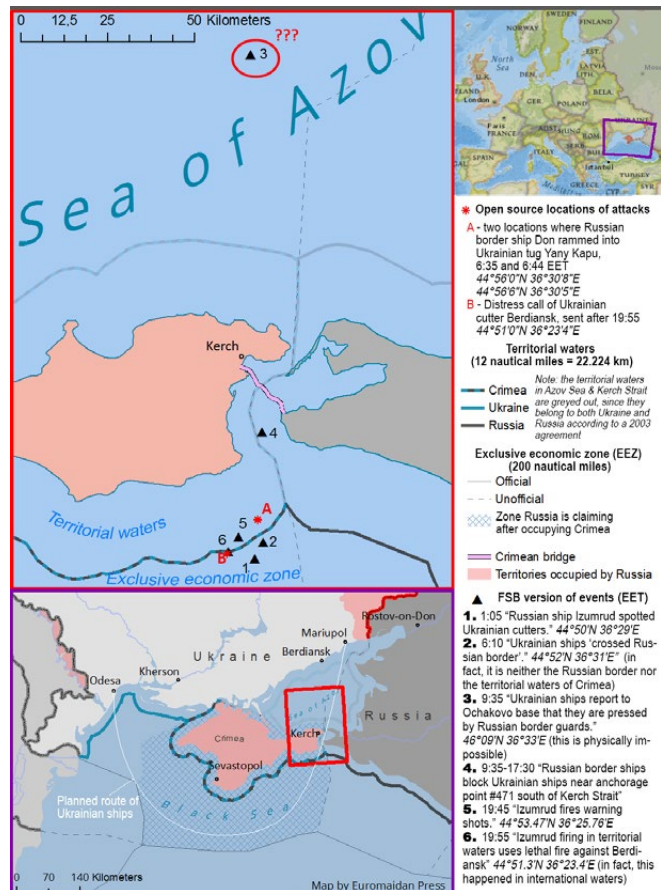
The decision to introduce martial law was difficult and controversial. It had been under the discussion since 2014, but it was both political fear and unwillingness to limit democratic rights that prevented taking such a decision. So, in November 2018, most of the journalists and experts both in Ukraine and abroad were asking why now. Therefore, martial law should be analyzed in two dimensions.

Reasoning of internal dimension is to consolidate Ukrainian society, mobilize security sector, and check their capacities. It is important in terms of readiness and awareness component. At the same time, it allowed to present political parties and their leaders' attitudes towards national security and a conflict on the eve of the presidential and parliamentary campaigns.

The second dimension is international. Ukraine is sending a signal to its partners that it was not a regular situation, not yet one firing in a contact zone to which international observers are already used to. To receive maximum attention and support, Ukraine really needed to demonstrate the seriousness of the Azov incident not only by words but also by deeds. Such a decision could not only attract the attention of world leaders and media before the possible meeting of Trump and Putin in Argentina, but also manifest that the Ukrainian government is preparing to react to further provocations.

The introduction of additional sanctions is impor-

Russia conducted a full scale military operation against three small Ukrainian vessels near the Kerch Strait



Russian attack on Ukrainian Navy, 25 November 2018.

By EuromaidanPress

tant. Aside from their direct effect, it is crucial to send a signal to the Russian Federation that every violation of the international law will be followed by punishment and consolidated position of the partners of Ukraine.

Considering how many maritime borders Russia has, and its control of Northern Sea Route, the lessons of the November incident should be learnt and proper political, diplomatic support to Ukraine and humanitarian support to sailors organized, so as not to let such activities of the Russian coast guard and naval forces business become usual.

Munich in Minsk: Stating the big regional problem

Yauheni Preiherman, Head of the Minsk Dialogue expert initiative (Minsk, Belarus)

Minsk hosted the Munich Security Conference Core Group meeting from October 30 till November 1. This choice of location is itself a bad omen for Eastern Europe. Moreover, the results of the discussion show that no compromise solutions for the region's security have been found so far.



Munich Security Conference Core Group meeting was held in Eastern Europe for the first time ever.

The Munich Security Conference (MSC) has been the most authoritative international forum in the so called 1.5 track diplomacy format for several decades. Exclusive groups of country and government leaders, ministers and some of the world's top experts and journalists gather here, making this platform unique. The conference started as annual meetings in the capital of Bavaria, mostly engaging the military. Today, the MSC conducts active analytical work and hosts multiple events throughout the year.

The MSC Core Group meeting is the second most important format in terms of its significance and status of participants after the main conference in February. Having Minsk as the location for this event was unthinkable just a few years ago. Seeing the world's leading experts unable to find compromise solutions for the problems of Eastern European security or agree on common terms in discussing these problems was even more unthinkable.

Unfortunately, this is today's reality as showcased by the MSC Core Group in Minsk yet again.

The Core Group

The mere fact of Minsk hosting the meeting proves that Eastern Europe is still turbulent enough to send jitters across the whole of Europe and beyond. In this context, the decision of MSC Chair Wolfgang Ischinger's team to get together in Belarus looks like a bad omen for our region.

Importantly, the Core Group's meetings used to take place in the key geopolitical capitals before 2018, including three in Washington, two in Beijing, in Moscow, New Delhi, Teheran, as well as Doha, Vienna and Addis Ababa. Minsk was chosen not only due to its growing image of "a new Geneva" as Ischinger put it, or as a "regional diplomatic hub" as described by OSCE Secretary General Thomas Greminger, but because there is hardly any other place where security problems of Eastern Europe can be discussed in the traditional inclusive MSC format. This speaks a lot about the level of tensions in the region, among other things.

The attendance of the Minsk meeting was almost double the initially planned number as 100 participants arrived in Belarus compared to 60, a more normal format for the event. Attendees included presidents of Armenia and Kosovo (unrecognized by Minsk), prime ministers of Serbia and Moldova, and ministers of foreign affairs from Slovakia, Mongolia and Poland. Chiefs of special security services from a number of European states held a separate event at the forum.

This attendance by many top officials is a strength and a challenge for the MSC. While most sessions are held under the Chatham House rule (it allows using the information heard without any reference to the source), many discussions still turn into a platform for declaring political positions. As a result, it is not always possible to go from blaming each other to seeking practical solutions. This, however, reflects the state of international affairs in recent years rather than flaws in the format of the discussion.

What they discussed

The growing opposition between Russia and the West was a common theme of the event program. It set the general context in sessions on the situation in the Donbas, the East-West relations, arms control and confidence building, and on frozen conflicts. These have all become traditional themes in most international security conferences of recent years. It is getting more difficult to move ahead on any of them though.

The only point on which all attendees of the Minsk meeting agreed was that international security is now in the worst place since the end of the Cold War. Another fact is that Eastern Europe has become the epicentre of

The world's leading experts were unable to find compromise solutions for the problems of Eastern European security

military-political escalation and needs prime attention from politicians and experts alike. Ideas on how to approach the transformation of this attention into specific actions for peace and stability diverge strongly.

Most experts also agree that one conflict has different levels. Therefore, every level requires different formats of dealing with it. Overall, at least three such levels stand out:

Systemic opposition between Russia and the West (there is no negotiation process on this level and none of the formats involved is dealing with this problem);

The military-political dimension of the clash in the Donbas (all three existing formats, including the Normandy Four, the two-way Volker-Surkov track and partly the Trilateral Contact Group, are working on this level); and

The humanitarian aspect of the clash in the Donbas (the Trilateral Contact Group deals with this. It gathers in Minsk on a biweekly basis).

The Minsk Agreements (Minsk II) touches on the second and third levels of the conflict. Respectively, all three available negotiation formats are working on implementing these, not just the Minsk format. Therefore, it is obvious that replacing it with any other, be it the Budapest, Vienna or Geneva format, as proposed by some policymakers and experts, will not solve anything. The problem is not about the location of the talks. It is not about the participants of the talks as all key actors are already part of the three existing formats. The problem lies in the lack of a model of political compromise acceptable to all parties to the conflict. The experience of the past few years shows that such a compromise model can hardly emerge without negotiations on the first level, i.e. the level of systemic opposition between Russia and the West in Eastern Europe and the South Caucasus. Discussions during the MSC Core Group meeting nudged those present to that idea yet again.

For now, the humanitarian component of the Minsk format, which is the core part of the Trilateral Contact Group mandate, is de facto the only one that can deliver at least some result. This is exactly what happens in practice. These results do not attract as much media audience as they do not and cannot offer major political breakthroughs. The long-lasting talks about exchanging of prisoners, demining, setting up pension payment systems and others are unfortunately not sexy enough for media or politicians.

The situation is complicated by the fact that the list of the three levels of conflict discussed at the MSC meeting is probably not final. The latest developments in the Kerch Strait essentially create another level to be looked at separately rather than as part of the overall Russia-West opposition.

The growing opposition between Russia and the West was a common theme of the event agenda

Lukashenko's plan

Belarus President Aleksandr Lukashenko attended the central session of the MSC Core Group's meeting. It focused on the East-West disagreements and various aspects of them. Not unexpectedly, the military conflict in the Donbas was in the center of the discussion. Aleksandr Lukashenko focused on it in his speech too.

He essentially formulated several proposals which, in his view, could help stop military actions in Eastern Ukraine. His talking points included a thought on how important systematic solutions are for turning Eastern Europe into a "transborder belt of stability and cooperation."

He considers the solution of the armed conflict in the Donbas to be the first mandatory step. Without it "peace on the continent will remain under threat."

Lukashenko proposed the following things:

To continue efforts to strengthen capabilities of the OSCE Special Monitoring Mission.

To continue seeking options for deploying peacekeepers in the Donbas that all parties would find acceptable, possibly under the aegis of the UN and OSCE.

The mission could be deployed in stages, but an understanding is necessary that the longer the process takes, the more complicated the problem will get.

To activate the work of the Normandy Four and ensure the involvement of the US in the process of negotiations. Nothing will be solved without the US.

International security is now in the worst place since the end of the Cold War

If the key actors reach an agreement, Belarus could take the responsibility for ensuring peace in the eastern parts of Ukraine and for control of the Russian-Ukrainian border.

Belarus could also accompany the election process in the Donbas based on the understanding that these regions are inseparable parts of Ukraine.

To complement the diplomatic dialogue with contacts between MPs, representatives of regional authorities, civil society and experts.

All these proposals triggered different but lively response from attendees. The session and unofficial communication that followed left an impression that representatives of Russia and Ukraine met Lukashenko's points with the least interest (or, possibly, rejection). Western diplomats and experts were more interested or very interested in them.

An American diplomat who until recently was in a high position summed up the discussion by saying that we all need a Lukashenko plan rather than one by Surkov or Volker.

The MSC Core Group's meeting thus gave yet another reason to talk about many Eastern Europe's problems and difficulties in not just looking for solutions but in merely talking about these problems in the first place. In this sense, the fact of the meeting taking place in Minsk is a statement of a major regional problem. It looks like the Eastern European issue will remain in the MSC's focus for years to come.

EaP Think Bridge

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Foreign Policy Council “Ukrainian Prism” (Ukraine) is a network-based non-governmental analytical center, the goal of which is to participate in providing democratic ground for developing and implementation of foreign and security policies by government authorities of Ukraine, implementation of international and nation-wide projects and programs, directed at improvement of foreign policy analysis and expertise, enhancement of expert community participation in a decision-making process in the spheres of foreign policy, international relations, public diplomacy.

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whole Southern Caucasus region.

www.ei-lat.ge



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