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EASTERN PARTNERSHIP IN THE NEXT DECADE: FOCUS ON GEORGIA, MOLDOVA AND UKRAINE

The consolidation of existing successes and setting new ambitious objectives for 5 to 10 years need further sustained commitment from both the EU and its EaP partners.

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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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Grants are available for CSOs from the Eastern Partnership and EU countries. Key areas of support are democracy and human rights, economic integration, environment and energy, contacts between people, social and labour policies.

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Eastern Partnership in 2020: Pandemic, Political Crisis and War

2020 has been a challenging year for the Eastern Partnership. The countries require quite some time to recover from the consequences of the pandemic for the health care system and the economy and, perhaps, without the support of foreign partners, including the EU, they will not recover any soon. Armenia and Azerbaijan will have to start anew the diplomatic path to normalizing relations after a destructive 44-day war.

Belarus takes a socio-political crisis to the new year, and way out of it is nowhere to be seen.

Georgia is also in a political stalemate after controversial elections and with a one-party parliament that can hardly boast of the popular support.

After prolonged political battles, Moldova is full of optimism and is pinning high hopes on the new president. And yet the country will face another round of political battles, this time for the parliament.

Ukraine yet again loses in the fight against corruption. As a result, the government loses the support of its own citizens and international partners.

And in such a situation, the Eastern Partnership is looking for new horizons for development and new goals for the next decade. Before the EaP summit, which is to be held in the spring of 2021, experts have identified such goals for the three countries - signatories of the Association Agreement with the EU.

How was December and this year for the countries of the region and what awaits them in the coming year experts analyze in our digest.



Analytica

Eastern Partnership in the Next Decade: Focus on Georgia, Moldova and Ukraine	4
Institute for European Policies and Reforms (IPRE)	

December 2020 in review

Azerbaijan: All Efforts to Ensure Karabakh Recovery	9
Turan Information Agency (Baku, Azerbaijan)	
Crisis in Post-War Armenia	12
Richard Giragosian, Regional Studies Center (Yerevan, Armenia)	
Belarus: Lukashenko Threatens with NATO Invasion, COVID-19 Pandemic on the Rise	15
Vadim Mojeiko, Belarusian Institute for Strategic Studies (BISS) (Minsk, Belarus)	
Georgia: One-Party Parliament	17
Lasha Tughushi, Liberal Academy Tbilisi Foundation (Tbilisi, Georgia)	
Moldova at Crossroads	19
Ludmila Nofit, Foreign Policy Association of Moldova (Chisinau, Moldova)	
Ukraine: 2020 Controversial Results in Politics and Epidemic	21
Sergiy Gerasymchuk, Foreign Policy Council "Ukrainian Prism"	

Eastern Partnership in the Next Decade: Focus on Georgia, Moldova and Ukraine

The EU demonstrated continued commitment to deepening its relationship in particular with the three EaP partners implementing Association Agreements. Nevertheless, the consolidation of existing successes and setting new ambitious objectives for 5 to 10 years need further sustained commitment from both the EU and its EaP partners.

Considering the lessons learned from the previous decade, experts from the EU, Georgia, Moldova and Ukraine believe that for the next 5 to 10 years key deliverables for the EU and three associated EaP states will need to advance along the following key priorities:

The EU should use the occasion of the next 2021 EaP Summit to reconfirm its clear acknowledgement of the European aspirations of the three associated EaP countries processes, pursuant to Article 49 of the Treaty on European Union, which provides for that any European state may apply to become a member of the EU provided that it adheres to the EU standards of democracy and rule of law.

Three associated EaP partners should further strengthen their strategic dialogue with the EU over desirable policy and systemic developments. The associated EaP partners should be invited to selected meetings of the EU Council and EU working parties.

Consolidate the existing EaP achievements and aim at full implementation of the Association Agreements and comprehensive integration of Georgia, Moldova and Ukraine into the EU's Single Market based on the four freedoms.

Redouble efforts on the unfinished business of strengthening institutions of democracy, the rule of law and the fight against corruption throughout the EaP area, in line with societies aspirations.

Take the EaP into policy areas which it covered less so far, but which are absolutely key to the future of the Eastern Partnership states in areas such as security and the environment.

EU has dispatched in 2020 a timely emergency response to COVID-19 pandemic in the Eastern Partnership amounting to over 1 billion EUR in the framework of the EU's "Team Europe" package support. The EU should consider a flexible, tailored and comprehensive Investment and Economic Recovery Plan for the EaP countries.

While implementation of necessary reforms requires a consistent and strong political will of the pro-reform elites in the partner countries, the EU's role in supporting those reforms is indispensable by offering incentives of trade liberalisation, providing assessments of the draft legislation and supporting creation of functional institutions. The Europeanisation is a shared strategic goal of the EU and aspiring EaP partners.

1. Security: A Stronger, more Geopolitical Europe

We endorse the launching of an EaP Security Compact: an initiative bringing together EU funds and institutions with the capabilities of the EU member states willing to boost security cooperation with EU's neighbours. Such an initiative would only be open to willing and interested EaP states.

The EU member states with EU institutions' support can be advance to capacity-building programmes, structural coordination on threats, technical support (particularly on cross-border SIGINT), and military intelligence for in-depth reform of these services.

Creating an Eastern Neighbourhood Intelligence Support and Coordination Cell within EEAS, that will operate as both a group to coordinate assistance (like the support group) to the EaP countries, but also to facilitate practical exchange of intelligence between the EU and EaP countries. Creating intelligence-liaison offices in Tbilisi and Chisinau would be important.

The other field in need of attention is cyber-security. All EaP countries have reformed or newly created cyber-security institutions (cyber-incident response teams - CERT, cyber-forensic departments and specialised departments within police and intelligence agencies) in the past years. However, these institutions remain under-resourced. The EU should help to build capacity and develop cooperation with these institutions. Such cooperation could include mutual intelligence sharing and learning on cyber threats, assistance in the areas of securing governmental communications and critical infrastructure, as well as joint cyber exercises. In this regards, we welcome the launching the EU-Ukraine cyber dialogue and call on the EU to launch similar platforms with Georgia and Moldova.

The EU should strengthen and deepen its security dialogue formats with Georgia, Moldova and Ukraine. The EU should complement its CSDP missions in Georgia and Ukraine with CSDP operations and further support the EUBAM Mission to Moldova and Ukraine. An EU Advisory Mission (EUAM) in Moldova should also be launched. This will boost the EU's prestige as formidable geopolitical actor and strengthen the resilience and risk-mitigation capacities of local societies.

Opening the way for interested EaP partners to work within the European Union Agency for Network and Information (ENISA) and the EU Rapid Alert could be a significant step forward for the cooperation between the EU and interested EaP countries.

Counterterrorism is another area where the EU and the EaP countries have ample common inter-

ests. Preventing illicit acquisition of weapons, ammunition, and explosives (particularly in warzones and uncontrolled areas), preventing their smuggling abroad, foiling financing and money laundering on behalf of terrorists and other illegal armed groups is still an uphill task for the EaP states. They require cooperation described above under the EaP Security Compact.

Certain EaP states remain interested in joining the Permanent Structured Cooperation (PESCO) program. In this respect, the EU legal basis should be amended on order to allow partners to join the program with equal rights and opportunities.

The EU and selected EaP partners could also develop 'soft' military cooperation – changing education, training, organisational procedures, military planning, doctrine, tactics, etc. Many EU member states would be willing to boost such 'soft cooperation', but such efforts could be significantly scaled up if the EU could dedicate parts of its neighbourhood funding to such 'soft' defence cooperation: admitting officers from EaP countries to the military Erasmus programme, offer EU funding for Eastern Partnership officers to study in military academies across the EU at various stages of their careers, providing experts to revise military education and training in EaP countries, are relatively cheap measures.

One very specific measure would be for the EU to fund 50 scholarships each year for mid-career security, defence, intelligence or law-enforcement personnel from Moldova, Georgia and Ukraine.

Launch a specialised joint EU-EaP security platform dedicated to countering hybrid threats. The EU should support EaP partners to develop and implement national mechanisms for an effective early-warning and early-response to security hybrid threats.

2. Environmental and climate resilience: Green Deal for Eastern Partners

The new green deal is highly relevant for both the EU and the three associated EaP states. EaP should be a part of this Initiative and ensure its successful implementation with active participation of the civil society and other non-state actors.

The EU should launch and support a series of projects which help the environment, raise awareness of environmental concerns and increase EU visibility. We propose two such schemes:

The Euro-bicycle: in cooperation with local town-halls, the EU could co-finance the creation of bike-sharing schemes in the first 5 biggest cities of each EaP state. The bikes could be blue with yellow stars and could be a symbol of European support to eco-

friendly mobility, and an almost omni-present advertisement for the EU. Of course, this should be matched with support for better bicycle infrastructure.

The Euro-Charger: a similar approach could be adopted regarding the installation of chargers for electric cars to the biggest towns in the EaP, as a way to facilitate transition to greener cars. The EU financing the installation of 300 (blue and yellow) plugs in Kiev, 100 each in Chisinau, Tbilisi would be a visible green and innovative signal. Connecting these plug stations to solar energy installations will be yet another step forward.

EaP countries could also be a source of renewable power: Georgia has potential to develop even further hydrodynamic power-stations, while in Ukraine and Moldova biogas, solar, wind-power and hydrogen, especially in Ukraine, have considerable potential.

The EU should open to the three associated and willing EaP partners the participation in the EU's Hydrogen strategy for a climate-neutral Europe and European Clean Hydrogen Alliance.

Make sure that the EU and EaP associated countries develop a common approach on the Carbon Border Adjustment Mechanism, which will be one of the key elements for Green Deal, in order to avoid negative impact on trade relations between EU and EaP countries.

At the same time, some EaP countries (i.e. Ukraine) aim to move away from the coal industry but lack experience and mechanisms to ensure a just transition. In this respect, the switch from coal industry to renewables requires the EU support.

One of the key priorities should be to double efforts on promoting education on the needs of green changes and changing the societies' behavioural patterns so that there is demand for green policies. Thus, the EU should focus on supporting cooperation of governments and civil society and insisting on greening of school curricula.

To address the structural weakness of state institutions responsible for implementation and oversight of the green agenda, the post-2020 deliverables should be geared towards institutional strengthening, better implementation and monitoring of the environmental legislation with an effective participation of the civil society.

3. Accountable institutions, judicial reform and rule of law

Reforms in these areas require smarter, more tailored and more targeted conditionality from external actors like the EU.

Relevant Annexes to the Association Agreements on cooperation in the area of Justice, Freedom and Security should be upgraded and detailed.

The new Association Agendas currently discussed

by the EU with Georgia and Moldova, as well as future updates to the EU-Ukraine Association Agenda should be a timely occasion to reflect more targeted and tailored joint short- to medium-term priorities to deliver on good governance, rule of law and democratic reforms.

Accountable institutions

The three associated EaP countries continue to face challenges in establishing state institutions free from political interference. The EU with the support of the Council of Europe has to monitor and guide genuine and measurable reforms to create independent and accountable state institutions (e.g. prosecutor offices, other law-enforcement authorities and anti-corruption agencies). For this, the EU has to offer clear sets of benchmarks and provide regular assessments of their implementation.

Such assessments should be accompanied with more political and financial support to countries delivering positive results, and economic or political conditionality for those lagging behind (e.g. re-programming financial assistance to civil society and other non-state actors). Of particular importance will be also to work on strengthening parliaments as oversight institutions.

Rule of law

The EU has been developing new instruments to strengthen the Rule of Law mechanisms in the EU member states, such as comprehensive Justice Scoreboards as well as the Rule of Law reports to monitor performance across the EU. Thus, it will be timely that the EU launches Justice Scoreboards for the EaP or Justice Dashboards similar to the European Commission for the Efficiency of Justice (CEPEJ) Working Group on Western Balkans, which will measure the actual state of play in justice sector to monitor the state of reforms.

The EU should help the EU associated EaP countries to carry out pre-emptive legal screening and self-assessments to identify gaps, set new ambitious policy interventions and link them to the smart, tailored and targeted conditionality of the EU funding.

There is a need for a reinforced cooperation among the EU and EaP countries' law enforcement agencies namely in the field of asset recovery, financial crimes and high-level corruption. Also, cooperation on cryptocurrencies legislative framework and tracking of unlawful and hybrid activities funded by money laundered via cryptocurrencies in the breakaway regions in all three associated EaP partners need to be expanded. As these often fund disruptive operations in the EU and EaP countries linked to elections or disinformation undermining the democratic fundamentals of the European societies.

Initiate an institutional dialogue between the new European Public Prosecutor Office (EPPO) and the

fraud investigation bodies from EaP countries on high-level corruption cases and misspent EU money in this region.

Make actual use of the anti-fraud cooperation provisions enshrined in the Association Agreements with Georgia, Moldova and Ukraine. Create the legal basis for OLAF (European Anti-Fraud Office) to conduct on-the-spot checks and inspections on the use of the EU money.

The EU could also consider supporting (financially and politically) the establishment of independent anti-corruption agencies (similar to NABU in Ukraine) and ensure cooperation of these agencies with OLAF and other relevant EU agencies.

The EU could make greater use of sanctions to target corruption and corrupt practice via visa bans and account freezes on individuals reasonably believed to be personally responsible for serious human rights violations.

There is a high need for an „OLAF“ for the EaP countries. EU must get involved into investigation of systemic frauds taking place Georgia, Moldova and Ukraine but having ramifications in some EU member states as well. Examples abound, leading into banking systems, real estate related money laundering schemes etc. It would be a further tool of deepening association.

The EU could help EaP countries pursue asset recovery efforts, not least in countries like Moldova or Ukraine, where fugitive former country leaders have amassed and expatriated significant fortunes. This help can even take the form of hiring international lawyers and companies to pursue such efforts.

4. Resilient, fair and inclusive societies: A people-centric EaP

Time and again the civil societies of the EaP states have proved that they are longing for major changes on the way they have been governed so far. Political events in recent years in almost each EaP state have been testimony for a strong desire for more democracy, more political pluralism, accountable governments, and a stronger fight against corruption.

More financing and strong EU diplomatic support is all crucial to strengthen these trends. We therefore think it is important for the EU to scale up financing for NGO and the independent media and to continue applying strong conditionality to all the governments of the region. These needs to focus on the support of the professionalization of the civil society, strengthening the institutional capacities of think-tanks via targeted institutional funding and simplified financial support tools for grassroots CSOs (eg. re-granting). The support of the media should be focused on growing the critical thinking in the public and avoid any form of politicization of the media landscape.

EU should also insist on citizens participation and

engagement, transparency and accountability as key principles of governance in the EaP.

The brain-drain and demographics must be seriously tackled in the EaP countries. Diasporas based in the EU contain a strong intellectual and/or human resource component that is increasingly lacking in EaP countries effort to secure the Europeanisation process.

EU should encourage and support structured dialogues on implementation of circular migration schemes and linking EaP countries' diaspora in the EU to the good governance agenda.

5. Resilient, sustainable and integrated economies

It is in the shared interest of the three associated EaP states and the EU to continuously boost trade by lowering non-tariff barriers and furthering the integration of the three associated EaP countries into EU's single market. Full liberalisation of trade should be the goal, with immediate priority for the EU to eliminating all tariff quotas for key exports, not least tomato paste, apple juice and starch for Ukraine; and plums, grapes juice and apples for Moldova. To eliminate non-tariff barriers for agriculture commodities, recognition of the equivalence of sanitary and phytosanitary measures should be likewise promoted.

Full integration into EU's Single Market is the next logical step of deepening economic integration. Establishing jointly by the EU and three association EaP countries a Roadmap on the gradual and tailored accession to the four freedoms during the next 10 years should be a key deliverable.

Conclude Agreements on Conformity Assessment and Acceptance of Industrial Products (ACAA) with Moldova, Ukraine (and other willing countries), subject to a positive assessment of national institutional and regulatory frameworks by the EU.

Effective implementation of the recently updated Annex XXVII (on energy) to EU-Ukraine AA, with its provisions on strengthened monitoring, provides a model for other sectors.

The three associated countries should be invited to join the European Agency for the Cooperation of Energy Regulators (ACER).

Integration of the willing EaP states into the European Network of Transmission System Operators for Electricity (ENTSO-E) and European Network of Transmission System Operators for Gas (ENTSO-G) will provide significant mutual benefits. Above all this refers to an increased level of competition, free cross-border electricity trading and high reliability of energy system as well as energy diversification. There is a need of technical guidance and financial assistance to support the gradual integration of Moldova and Ukraine into EU's energy market.

On energy security, the EU's Energy Union should

include the three associated countries (which are also participants of the Energy Community). One of the key goals would be the shift of the point of gas delivery to the Ukrainian-Russian border for the new generation of long-term contracts of EU companies with Gazprom.

Deeper liberalization of services should also be promoted: liberalization of telecommunications, transport services, postal services could significantly increase the trade and business relations.

As envisaged by the EU-Ukraine Association Agreement, a special agreement on road transport services should be negotiated. There should be visible progress towards liberalisation of transport services between the EU and the associated countries.

Investing in infrastructure that connects should also remain a key priority. The extension of the TEN-T core networks for the three associated countries would allow for greater mobility and increased transport opportunities for development of economic relations. EU aid to infrastructure development projects should envisage not only loans but also grant support, accompanied by proper accountability monitoring.

The inclusion of the inland waterways in the TEN-T network plays a special role for Ukraine and the possible assistance needed from the side of EU in order to make it functional and viable.

The bottlenecks for intensified bilateral movement of people and goods on EU-Ukraine and EU-Moldova land border should be removed by signing and implementing bilateral agreements on joint border controls between Ukraine and the Republic of Moldova and the neighbouring EU member states. Opening new joint border crossing points is an important deliverable.

Another long-talked about measure is the acceptance of selected EaP states into the Single European Payment System, which might bring wide benefits for people who travel and do business in the EaP and EU countries. It could also address some key issues, like money laundering and banking transparency. SEPA expansion to the EaP could be done through an initial assessment, followed by Action Plans like in the case VLAPs. The Action Plans should include conditionalities on combating money-laundering (harmonized with conditions put already by IMF or agreed in Moneyval of CoE) linked with technical assistance and financial rewards for rapid and efficient implementation of their provisions.

6. Resilient digital transformation

The EU should accelerate the abolition of roaming fees between the EU and its Eastern Partners, on a bilateral basis.

An important step is to conclude agreements on

mutual recognition of electronic trust services that will facilitate trade and economic cooperation by allowing cross-border e-services, recognition of e-signature and digitalization of services.

Granting an internal market treatment by the EU in the telecommunications services sector should follow a positive assessment of the state of national legislation's harmonisation with the EU acquis.

Movement towards further integration into the EU's Digital Single Market should provide for opportunities for the interested countries to join the EU's digital, research and ICT innovations policies, programmes and initiatives – inter alia, the European Open Science Cloud, the European High Performance Computing Joint Undertaking, the Coordinated Plan on Artificial Intelligence, and deployment of secure 5G telecommunication networks.

EU is set to adopt a Digital Service Act updating the e-Commerce Directive aiming at strengthening the EU's Single Market for digital services and foster innovation and competitiveness of the European online environment. In this regards, looking at the gradual integration into the EU' Digital Single Market, three associated EaP countries should adopt national acts to enable everyone to participate in the digital world; to limit take-down requirements to content that is clearly illegal; to ensure transparency on how online platforms function; to ensure availability, accessibility and effectiveness of redress mechanisms for unjustified decisions by the digital services.

This digital integration should be based on harmonisation of legislation on personal data protection (including GDPR, other EU acquis and relevant CoE conventions), with necessary EU support.

Inclusion of the three associated countries into the EU's Digital Economy and Society Index (DESI) will help to summarise their digital performance and track the evolution in digital competitiveness.

The Non-Paper is distributed to the attention of the European External Action Service (EEAS), European Commission (DG NEAR), European Parliament, EU member states and Foreign Ministries of Georgia, Republic of Moldova and Ukraine.

The drafting process of the Non-Paper was facilitated by the Institute for European Policies and Reforms (IPRE) in cooperation with partner think-tanks from the EU, Georgia, Moldova and Ukraine, following an online Brainstorming Session on the "Eastern Partnership in the next decade: towards new ambitious deliverables a focus on Georgia, Moldova and Ukraine" held on the July 9, 2020.

Crisis in Post-War Armenia

Richard Giragosian, Regional Studies Center (Yerevan, Armenia)

The Armenian government continued to face a lingering domestic political crisis, as the opposition maintained its demands for the resignation of Prime Minister Nikol Pashinyan and his government and new elections. With tension rooted in Armenia's unexpected military defeat in the war for Nagorno-Karabakh, the Armenian government finally seemed to accept the necessity of fresh elections, although Pashinyan remained defiant in refusing to resign. And despite continued tension since the forced Armenian acceptance of a Russian-imposed ceasefire, Armenia received valuable new financial assistance from the EU and the IMF to help manage the COVID-19 crisis and offset the serious economic downturn from both the pandemic and the war.



Opposition protests in Yerevan
Photo: RIA Novosti / Asatur Yesayants

DOMESTIC POLICY

Armenian President and Prime Minister Meet to Discuss Domestic Political Crisis

In a meeting late on December 24, Armenian President Armen Sarkissian and Prime Minister Nikol Pashinyan discussed the lingering political crisis in the country and focused on “the safety and defense of Armenia’s border communities” and “security challenges.” The rather rare meeting between the country’s two most senior leaders follows a recent effort by the president to broker a political compromise over his call for new elections within a year that included a series of meetings between Sarkissian and various political figures and parties. As part of his efforts to meet with leaders of the opposition, one of the president’s more controversial meetings, on December 10, was with former President Robert Kocharian, angering many observers. Seeking to surpass the inherent limits of the largely ceremonial and symbolic presidency, Sarkissian has emerged as an ambitious figure, going well beyond his advocacy for new elections by backing opposition demands for Pashinyan’s resignation, arguing that Armenia

is hobbled by a “deep crisis.” In recent days, several government officials have publicly accepted the necessity for fresh elections, tending to confirm rumors of secret talks between the pro-Pashinyan “My Step” bloc and some opposition parties over the timing of an early election.

Prime Minister Clarifies Border Demarcation Issue

Speaking at a Cabinet meeting on December 24, Armenian Prime Minister Nikol Pashinyan stated that “there is no demarcation process on the borders of Armenia,” but rather, an adjustment to “certain border points” between Armenia and Azerbaijan. As part of the 9 November Russian-imposed agreement that halted the war over Nagorno-Karabakh, Azerbaijan regained control over several districts formerly held by Armenian forces, including parts of Karabakh itself. And after Azerbaijani forces moved into these areas, a new demarcation and delineation of the border areas between Armenia and Azerbaijan began on December 18, resulting in a dispute over two contested Armenian villages straddling the adjusted border in southern Armenia.

ECONOMY

Armenia Received More EU Coronavirus Aid

On December 23, the European Union announced a fresh grant to Armenia of 24 million euros to finance Armenian efforts to combat the coronavirus pandemic. The additional aid is to specifically focus on supporting the Armenian government’s “health-care and anti-crisis measures for vulnerable groups and businesses affected by COVID-19” and is part of a larger 92-million-euro aid package to Armenia that the EU approved in April 2020. The aid follows an earlier disbursement of roughly 60 million euros this year, which was also devoted to bolster “economic reforms, preserve jobs and small businesses and promote inclusive growth.”

IMF Approves New Loan to Armenia

In a statement released on December 12, the International Monetary Fund (IMF) announced the planned disbursement of a new \$37 million loan tranche designated to help Armenia manage the coronavirus pandemic and deal with the resulting economic downturn. As part of a larger \$443 million IMF Stand-By Arrangement approved in May 2020, this new loan installment brings the total amount of IMF aid to Armenia to about \$332 million for this year alone. The Armenian government also plans to seek an additional \$540 million in loans to offset a major decline in tax revenues and remittances and to help finance measures to overcome the pandemic. The IMF is projecting a steep economic decline of more than 7% in GDP for 2020, ending three years of consecutive growth, with meager growth of around 1% in GDP for next year.

FOREIGN POLICY

Karabakh Official Reports on Missing Civilians

Reflecting both the urgency of the return of prisoners and the frustration over Azerbaijan’s delays in resolving the issue, Artak Beglaryan, the Human

Rights Ombudsman of Karabakh, reported on December 23 that roughly 40 Karabakh civilians remain unaccounted for more than a month after the 9 November Russian-crafted ceasefire agreement halted the war over Karabakh. Beglaryan called on Azerbaijan to provide information on their fate and reiterated the pressing need for the return of all prisoners, both

military and civilian. The issue was further enflamed by the recent disclosure by Azerbaijan that two elderly Karabakh civilians died in captivity after Western media outlets confirmed the authenticity of videos that documented Azerbaijani soldiers beheading the two elderly men. In a report from December 3, Human Rights Watch also names a number of similar videos of mistreatment and torture of Armenian prisoners of war, which, it argued, provided ample evidence of the “inhumane” treatment of Armenian soldiers and confirmed that Azerbaijani soldiers “subjected these prisoners of war (POWs) to physical abuse and humiliation.”

Skirmish Erupts in Nagorno-Karabakh

Armenia criticized Azerbaijan for violating a Russian-imposed ceasefire agreement after Azerbaijani forces launched an assault on Karabakh Armenian positions in two remote villages in southern Nagorno-Karabakh on December 12. The skirmish, in which six Karabakh Armenian soldiers were wounded, triggered the deployment of Russian peacekeepers to the area, who later diffused the situation. The incident came as Armenian Defense Minister Vagharshak Harutiunyan was meeting in Moscow with his Russian counterpart Sergei Shoigu. In the days following the skirmish, a diplomatic delegation from two of the three OSCE Minsk Group mediators, France and the United States, returned to the region with meetings in Baku and Yerevan on December 14-15, seeking to begin preparations for a return to diplomatic negotiations in order to focus on stability and security in the new post-war environment.

Armenia Calls on Russia to End Travel Ban

In a statement on December 11, Armenian Prime Minister Nikol Pashinyan appealed to

Russia to end its strict coronavirus-related entry ban on Armenian citizens. Pashinyan noted the discrepancy of the entry ban, which is not in effect for citizens of any other member state of the Russian-dominated Eurasian Economic Union (EaEU). With estimated tens of thousands of migrant workers forced to return to Armenia after Russia imposed tight lockdown restrictions in March, the travel ban has only added to the economic downturn in Armenia. The prime minister also reiterated Armenian demands calling for the creation of a single energy market that would lower the cost of Russian natural gas imported by Armenia and other EaEU members. Russia has refused the request for uniform energy tariffs for the EaEU, although Armenian consumers pay higher prices for gas than those in Russia and other EaEU states, and Russian President Vladimir Putin is demanding that Armenia and Belarus must first agree to even deeper economic integration through a “single budget and system of taxation” for all EaEU member states.

Armenia Rejects Azerbaijani Territorial Claims

In an official response to public claims by Azerbaijani President Ilham Aliyev on December 10 arguing that much of Armenia consists of “historical Azerbaijani lands,” Mane Gevorgyan, the spokeswoman for Armenian Prime Minister Nikol Pashinyan, denounced the statement as a move that only undermined regional peace and stability. The Azerbaijani president’s inflammatory claims, voiced at a military parade in Baku attended by Turkish President

Recep Tayyip Erdogan, were matched by equally bellicose rhetoric from Erdogan that praised Enver Pasha, one of the leading architects of the 1915 Armenian genocide. In addition to the Turkish president, nearly 3000 Turkish soldiers also marched in the Azerbaijani parade, which Erdogan hailed as “showing our unity” with Azerbaijan.

Several government officials have publicly accepted the necessity for fresh elections, tending to confirm rumors of secret talks between the pro-Pashinyan “My Step” bloc and some opposition parties over the timing of an early election

Azerbaijan: All Efforts to Ensure Karabakh Recovery

Turan Information Agency

■ **Azerbaijan plans reviving the freed territories in Karabakh in 2021.**



Azerbaijanis are celebrating the victory in the streets.
Photo: korespondent.net

DOMESTIC POLICY

Azerbaijan Sums Up the 44-Day War

When the Lachin district was returned to Azerbaijan on December 1, the timetable for withdrawing Armenian military forces from the occupied territories of Azerbaijan was complete. The timetable was outlined in the trilateral statement of the presidents of Azerbaijan and Russia, as well as the prime minister of Armenia overnight on November 9-10.

According to the ministry of defense, Azerbaijan lost 2802 soldiers. The ministry reported that 40 people are still missing in action while the search continues. 60 more casualties are waiting to be identified.

On December 4 at 12:00 local time a one-minute silence was announced on the entire territory of the country to honor those who died during the war.

According to Aliyev's presidential decree, from now on September 27 (the day when military opera-

tions started) will be commemorated in Azerbaijan as Memorial Day to remember those who died in the national war, while November 8 (the day of liberating the town of Shusha) as Victory Day, which will also be an official holiday.

On December 10 a victory parade took place in Baku that included over 3000 military servicemen, up to 150 pieces of military equipment including new military equipment, missile launchers, artillery pieces, air-defense systems, warships and cutters. The parade also included demonstrating some of the trophies, i.e. military equipment captured during the war.

On December 11 the parliament of Azerbaijan adopted the decree of the head of the state on ending martial law and war-time state in the country starting from December 12.

On December 14 Azerbaijan and Armenia conducted prisoner exchange in accordance with the principle "all for all". On the same day, the Prosecutor General's office reported the detention of four Azerbaijani soldiers suspected of mutilating the bodies of dead Armenian soldiers in the course of battles on the territory of Zangilan district, as well as suspect-

ed of ruining Armenian gravestones at a cemetery in Khojavend district.

At the same time, on December 11 a group of political party leaders and heads of civil organizations in Azerbaijan as well as representatives of Azerbaijani diaspora turned to international community with a call to secure withdrawal of Russian "peace-keeping" forces from Azerbaijan. They pointed out that the deployment of Russian "peace-keepers" after 44 days of war was done violating international rules as the Russian forces were deployed without UN mandate. Moreover, they called on international community to exclude Russia and France from co-heading the OSCE Minsk Group for brutal violation of their obligation to remain neutral mediators.

Military success resulted in a switch to a softer domestic policy. In fact, on December 7 the Sabail district court of Baku changed the sentence for house arrest for 15 people detained during the army protest in Baku in July 2020. This criminal case features 37 people, with 36 of them arrested and 15 of them being the members of the opposition party, Azerbaijani Popular Front Party.

ECONOMY

Karabakh to be Revived by Contractors from Friendly Countries

In December Azerbaijan started planning recovering infrastructure on the freed territories. On December 21, the government submitted 2021 state budget draft to the parliament of the country. The ministry of finance reported that a special feature of the state budget is its focus on recovery works on the freed territories as well as on creating social, economic, energy, communal, transport infrastructure and ensuring better living conditions and business activities for those citizens that return to their lands. The state budget draft includes 2.2 billion manats (1.1 billion euros) to spend on recovery efforts on the freed territories.

Mikayil Jabbarov, Azerbaijan's minister of economy reported that relevant institutions within the government of the country have already developed

the socio-economic concept of reviving the freed territories of Azerbaijan. According to the minister, the document will be submitted to the top decision-makers after being thoroughly discussed. Based on this concept, legal, financial and economic subsidies will be adopted and implemented.

According to him, some recovery efforts have already been made when it comes to new roads and railways.

However, the authorities announced that some work may also be done by companies from those countries that demonstrated a friendly attitude to Azerbaijan during the war. On December 18 the president of Azerbaijan Ilham Aliyev addressed the Council of the Heads of States of the CIS. He reported that the first contract was already signed with the Turkish company and the second one is going to be signed with a company from Italy. Aliyev also called on companies in former CIS countries to be more active in applying for contracts.

FOREIGN POLICY

Azerbaijan's Offer of Cooperation with Armenia

In December an attempt was made by the High Representative of the European Union on Foreign Affairs Josep Borrell to arrange a meeting with the heads of MFA of Azerbaijan and Armenia; however, it

failed. On December 18 both diplomats were in Brussels, but the leading diplomatic officials of Azerbaijan and Armenia refused to have a meeting. Josep Borrell confirmed that the European Union completely supports the format of OSCE Minsk group and expects co-heads to continue negotiations on comprehensive and consistent conflict resolution.

In December the president of Azerbaijan Ilham Ali-

yev offered cooperation to Armenia. On December 10 Aliyev had a joint press conference with Recep Tayyip Erdogan, the president of Turkey, with Aliyev stating that a new platform for cooperation should be created in the region.

“All countries in the region participating in building this platform will only win. There is traditional cooperation between Turkey, Azerbaijan and Georgia, there is cooperation between Azerbaijan, Russia and Iran, as well as between Turkey, Russia and Iran. We can consolidate all these platforms, uniting all of them into one. If the government of Armenia makes the right conclusions after the war, gives up their groundless claims and looks into the future, they can also become a part of this platform. We are open to this. The hostility between the two countries should

The special feature of the 2021 state budget is its focus on recovery works on the freed territories in Karabakh

come to an end, we have to move on and put an end to this feud”, Aliyev said.

December saw further aggravation of relations between Azerbaijan and France, with the reason behind being the resolution on protecting Christian communities in Europe and East and Armenian people adopted by the National Assembly of France on December 3. The resolution followed military developments in Karabakh, with Azerbaijan and Turkey being criticized as a result. Moreover, MPs advised the government of France to recognize Nagorno-Karabakh as an independent republic. As a result, on December 4 the French ambassador in Baku Zachary Gross was summoned to the MFA of Azerbaijan where he was handed a note of protest. The same reaction followed similar resolutions adopted by Belgian and Dutch parliaments.

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Belarus: Lukashenko Threatens with NATO Invasion, COVID-19 Pandemic on the Rise

Vadim Mozhejko, Belarusian Institute for Strategic Studies (BISS) (Minsk, Belarus)

The government is increasing taxes while admitting budget deficit, street protests are decentralized, and the EU adopts the third package of sanctions.



Protests in Minsk on December 13
Photo: Associated Press

DOMESTIC POLICY

Decentralization and Routine Protests

Even though street protests no longer gather hundreds of thousands of people in one place as seen in summer, they do not stop. In order to secure the safety of the participants protests are now completely decentralized, decisions on the format and time of protests are made in local Telegram-chats, with

their number already being up to 1000 throughout the country. Law enforcement is still acting violently, however, they are not able to efficiently counteract decentralized protests.

Under such conditions the authorities are moving to legal repressive measures. Harsher punishment for taking part in mass events is introduced, while going abroad is limited. Amendments to the law on

state service provide for the alignment of civil servants with military servants. The bill on foreign agents may be adopted as well.

At the same time coronavirus epidemic is on the rise. Masks are mandatory to wear in public places (while there is still no punishment for breaking this rule). Alexander Lukashenko used to ignore this issue, but now he is visiting hospitals in different re-

gions with critical growth of new cases. However, he is quite frequently seen there without a mask. To fight coronavirus medical students are being employed full-time, while planned medical treatment is put on hold in Minsk.

Both hot issues of 2020 domestic policy, namely the socio-political crisis and mismanaged COVID-19 epidemic, remain with Belarus in 2021.

ECONOMY

Holes in the Budget to be Filled at the Expense of the Population

The national debt of Belarus grew by 29.3% since the beginning of the year. With weak economy and lack of options to get foreign loans, Belarusian authorities are trying to fill the holes in the budget at the expense of the country's population. Reformatting the pension system has been announced, which in fact means cutting pension guarantees. The tax for IT specialists that has previously been fixed at 9% for 50 years, may be increased to 13%. On average tax rates and rates of levy are planned to go up by 5.5%. Going abroad by car (now banned completely) is planned to be subject to a charge of approximately EUR

Both hot issues of 2020 domestic policy, namely the socio-political crisis and mismanaged COVID-19 epidemic, remain with Belarus in 2021

30. Starting January 1 base value will go up in Belarus, with all customs and fines growing as a result. Despite all these measures, there is a deficit in 2021 Belarus budget, and it makes up EUR 1.3 billion.

The epidemic and socio-political crisis provide for a combined attack on many sectors of private business, first and foremost on HoReCa and tourism with tourism export decreasing by 98% in April-November and lack of tools to help tourism in the plan of urgent

measures to assist domestic and inbound tourism adopted by the Cabinet of Minister.

Due to political reasons, in 2020 Belarus was deprived of an opportunity to attract international loans and also wasted its previously gained victories including stable domestic market and the first steps to diversify energy supply. 2021 growth areas are nowhere to be seen.

FOREIGN POLICY

The EU Sanctions on the Rise

On December 17, the EU Council adopted the third package of sanctions including 29 surnames and 7 entities. More had been expected, however, the fourth package is already being discussed. Even Switzerland joined the EU sanctions. The US Senate approved the Belarus Democracy, Human Rights and Sovereignty Act. The representatives of Belarusian opposition received the 2020 Sakharov Prize for Freedom of Thought.

Svitlana Tikhonovskaya met Frank-Walter Steinmeier, the president of Germany; in the course of her visit to Brussels she had meetings in the European Parliament and in the European Commission. Later on, she had a working visit to Spain where she met with Arancha Gonzalez Laya, the head of MFA, and

Javier Solana, NATO's former Secretary General as well as held a telephone conversation with Pedro Sanchez, the prime minister of Spain self-isolated at the time.

Alexander Lukashenko took part in the session of the Collective Security Council and mentioned further build-up of NATO and USA military contingent on the borders aiming to occupy Belarusian territories and annex some part by Poland. No support from other leaders of the countries of Collective Security Treaty Organization was given to Lukashenko.

Svitlana Tikhonovskaya will start 2021 visiting Canada and the USA with attending Joe Biden's inauguration. As for Alexander Lukashenko and his MFA, tensions are expected to rise in their relations with the West while negotiations with Russia are not going to be easy either.

Georgia: One-Party Parliament

Lasha TUGHUSHI, Liberal Academy Tbilisi (Georgia)

The newly elected parliament of Georgia went into action - without opposition representatives. Although it has enough votes for the MPs to make decisions, a one-party parliament will undoubtedly damage the country image in the international arena.



Parliament of Georgia holds session without opposition
Photo: Vano Shlamov (AFP)

DOMESTIC POLICY

Without Opposition but Already with the Government

On December 11, the parliamentary majority recognized the powers of the newly elected parliament. 90 out of 150 mandates in the main legislative body of the country belong to one party, the pro-government "Georgian Dream". Eight parties, none of which attended the parliamentary session, won the remaining 60 seats. Moreover, the opposition intends to completely abandon its mandates, leaving the ruling party alone in a one-party parliament.

The main requirement is early elections due to falsification of the autumn voting results. The opposition believes that by entering parliament it recognizes the legitimacy of the election results. A significant number of opposition deputies (54 out of 60) announced their intention to leave their deputy mandates. They formally applied to the parliament to terminate their powers. Six deputies did not submit such applications. This small group has a different position, although they have not yet decided unconditionally on entering the parliament. Besides, based on an opposition parties appeal to the Central Election Com-

mission (CEC), electoral party-lists were nullified.

The multi-round talks mediated by the US and EU ambassadors did not stop, albeit they gave no results. Negotiations period seems to expire in February 2021 when the spring session starts and the parliament is forced to comply with the appeals. The parliament already approved the new government and can pass new laws, although the available votes are not enough to amend the Constitution - this requires 2/3 of the votes or 100 mandates.

Many international leaders already sent their congratulations to the newly appointed prime minister.

The parliament already approved the new government and can pass new laws, although the available votes are not enough to amend the Constitution

However, a one-party parliament is a serious political disadvantage for Georgia, which claims to apply to join the EU by 2024. Besides, there are some other risks named both by the ruling and opposition parties. Partner countries' representatives explicitly demand from the parties to reach

an agreement.

The final OSCE/ODIHR report on the results of the elections is not available yet. According to the preliminary estimates, despite the fact that the mission recorded some significant errors, fraudulent elections are out of the question.

ECONOMY

Positive Forecasts for 2021

The Budget Office of the Georgian Parliament predicts economic growth for the coming years, according to which the Georgian economy will grow by 5.2% in 2021.

The office's forecast rests upon several assumptions, like, in 2021, the market participants can be better adapted to the pandemic and the so-called "value chain" will be restored both domestically and

globally, which in its turn will facilitate the exchange of goods.

Besides, they expect that in 2021 the tourism sector will slightly revive, and the change even to some small extent will lead to an increase in exports and imports of services correspondingly. According to the ministry, starting from the second quarter of 2021, the Georgian economy will recover faster than in other countries. Nevertheless, the forecasts certainly depend on the situation with the pandemic.

FOREIGN POLICY

Russian Border Claims

The Russian President Vladimir Putin appointed a new special envoy for demarcation and delimitation of state borders with the CIS countries. According to some Russian media reports, this position was taken by Mikhail Petrakov, who will also lead the Russian delegation at the multilateral negotiations on the Caspian Sea. As it is stated in the decree on his appointment, M. Petrakov will be responsible for "demarcation and delimitation of state borders of the Russian Federation with the Republic of Abkhazia, Georgia, and the Republic of South Ossetia."

The Press and Information Department of the Georgian Ministry of Foreign Affairs stated that "any

treaty concluded by Moscow with the occupation regimes of Sokhumi and Tskhinvali, including the so-called "state borders" issues, will be illegal and void. The issue of delimitation and demarcation of the state border between Georgia and the Russian Federation cannot be put on the agenda until Russia de-occupies Abkhazia and the Tskhinvali region of Georgia in full compliance with the ceasefire agreement of August 12, 2008 and changes its illegal decision on the so-called recognition of the occupied territories' independence. At the same time, any such treaty will be taken by the international community as another aggressive attempt by Russia to practice forcible change of sovereign borders in Europe."

Moldova at Crossroads

Ludmila Nofit, Foreign Policy Association of Moldova (Chisinau, Moldova)

2020 has sorely challenged Moldovan citizens with the ongoing pandemic pushing the society to adapt to the upcoming tendencies. The 2020 being an electoral year provided certain optimism for Moldova and its foreign partners with the newly elected president Maia Sandu who stands for the European development vector. Beyond the international sympathy and support addressed toward Sandu, there is a lot to do so as to bring Moldova back to the rule of law, recover trust of its strategic partners, and most importantly to come up with a pandemic recovery plan as soon as possible to avoid financial collapse. Since there is no majority support in the present Parliament for President Sandu and her ambitious agenda, snap parliamentary elections in 2021 seem to be the only solution as the pandemic recovery path looks to be long-term and difficult.



Maya Sandu during the inauguration of the presidency of Moldova, December 24, 2020
Photo: Bogdan Tudor (AFP)

DOMESTIC POLICY

Igor Dodon's Inheritance for Maia Sandu

The year 2020 leaves a political and social-economic crisis along with exhausted healthcare system and resumed farmers' protests. The pandemic crisis management failed in Moldova so far, mostly because of political factor interference in healthcare system at the onset of the pandemic. The number of confirmed Covid-19 cases is increasing and has reached over 139 thousand. Lack of coherent response, miscommunication and misbehavior from top to down as well as discredited ex-president Igor Dodon, all resulted into the loss of credibility for Moldovan leadership. Nevertheless, the election of Maia Sandu as the new president of the Republic of Moldova offers new prospects for the country.

Dodon's priority after presidential elections de-

feat was to figure out a backup plan through the de facto ruling coalition formed of his Socialist party, Șor party and the turncoats from democrats "For Moldova". Hence, on December 16 a controversial package of bills, infringing all legislative procedures and hindering rule of law principle was voted by this coalition, undermining the financial sustainability of Moldova. In addition, the Chicu Government resigned on December 23 before the Parliament could examine a vote of no confidence on the day when Dodon's presidential mandate ended. President Maia Sandu officially took office on the next day, and now she is running the table. Subsequently, she invited all parliamentary fractions for consultations starting from December 28, as the Presidential institution webpage published. Obviously, the recent Dodon's movements are his ace in the hole for future snap parliamentary elections.

ECONOMY

Controversial Laws Put IMF Support at Risk

The pandemic crisis generated disproportionate economic effects on different social groups and entrepreneurs, according to financial experts. The most affected are micro and small businesses with less financial management experience. Women, young and older people have been more exposed than men to layoffs, reduced working hours and earnings. Farming, HoReCa, transport sectors, and domestic trade have been drastically affected in terms of incomes. According to the International Monetary Fund (IMF) estimation so far the Moldovan authorities provided less support toward its citizens and business sector as anti-crisis measures package in comparison with other countries from the region (the total amount of about \$300 million from the budget while in Romania – \$13,5 billion of dollar, in Ukraine – \$4,8 billion). The World Bank analysts forecast that a double shock of 2020 will lead to severe recession and Moldova's real GDP will shrink by 7.2% in 2020, hence "more effective and better-targeted support is needed to facili-

tate a speedy recovery".

Thus, the controversial bills approved on December 16 on Moldova's macrofinancial, healthcare and social sectors will have negative impact. These laws put at risk the future programs with the IMF and the World Bank, which would reverse the progress achieved so far in key areas for the country's financial sustainability. In the end, lowering the retirement age, tax exemption for specific tobacco products, enabling new market for mobile and online drugstores or the abrogation of the billion law (the mechanism to recover money from the one billion theft dollar) are of populist and malign nature and will only deepen pandemic consequences. The National Bank Governor also warned about the harmful effects of the billion law repeal such as damaging relations with the IMF, limiting foreign funding opportunities, weakening national currency, and leading to inflation etc. On December 22, the Constitutional Courtsuspended the parliament's decision to abolish the billion law after the appeal of the "Pro Moldova" MPs group. Likewise, the budget law for 2021 was contested at the Constitutional Court by the Action and Solidarity party.

FOREIGN POLICY

A New Phase in the Moldovan Foreign Policy Course

The election of pro-European president Maia Sandu created new opportunities to relaunch the collaboration with the West, and first of all to resume the relationships of Moldova with its neighbors Ukraine

and Romania, which have been put on hold for the last four years. Obviously, the quality of these partnerships to a great extent depends on political configuration of the future Moldovan government and parliament.

During the former president mandate, Moldova followed Dodon's rather pro-Russian agenda sliding away from his declared "balanced foreign policy"

principle. Even so, there were no substantial achievements addressing important issues in the field of social, trade, energy or security sectors between the two countries after all. Surprisingly now we might witness a shift in Chisinau's cooperation with Moscow, as president Sandu emphasized the need for constructive relationships between the two states, as well called for withdrawing Russian military troops from Transnistrian region. However, the Transnistrian settlement might be far from a top priority since the pandemic and economic crisis seriously affected the entire country including the region. There is no genuine political will in this regard as well.

The country's relationship with the EU is still conditioned by the implementation of the EU-Moldova Association Agreement agenda. Fragile democratic state institutions, narrow interest of obscure po-

Moldova's partnerships with neighbors and the West will to a great extent depend on political configuration of the future Moldovan government and parliament.

litical figures, lack of proper progress in justice reform and fighting corruption, and no results in billion theft investigation led to the EU's fatigue. The chief of EU Delegation to Moldova underlined that as Covid-19 raised many challenges, and Moldova will have to participate in the competition for funding, use all available chances and achievements, leaving in the past everything that held it back on the path of reforms.

Another priority is defense and security sector. Some experts suggest that president Maia Sandu "will have to overcome the fixed perception that collaboration with NATO could lead to war." Enhancing cooperation with NATO and other important regional and international organizations will enable Moldova to act as an international subject being a "provider" instead of "consumer" in regional development.

Ukraine: 2020 Controversial Results in Politics and Epidemic

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

The hottest issues in Ukrainian society last year were fighting COVID-19 and attacking corruption infrastructure, with its partial leveling present sometimes. While the COVID battle is being fought in the hit-and-miss mode, ruining anti-corruption institutions by the team in power and its satellites was quite successful.



Zelensky at a meeting of the Verkhovna Rada
Photo: 24 Channel

DOMESTIC POLICY

Saving Private Tatarov, Political Cheating, Staff and Budget Battles

December witnessed the ever ongoing list of corruption scandals. On December 18 NABU (National Anti-Corruption Bureau of Ukraine) informed Oleg

Tatarov, the president's deputy chief of staff, that he was a suspect in a case with a corruption component (involvement in schemes with apartments for National Guard). This story had a sudden twist. One week later the Prosecutor General's office changed investigative jurisdiction and handed this case from

NABU over to Ukraine's Security Service. Let us remind that top level corruption in Ukraine is handled by NABU, Specialized Anti-Corruption Prosecutor's Office (SAP) and High Anti-Corruption Court. SAP, in its turn, stated that the Prosecutor General's office does not have such powers. Such actions are going to result in further negative consequences both on the domestic (as they undermine public trust to authorities and anti-corruption institutions) and on the international arenas. The Prosecutor General's Office created a precedent, which basically means that almost any corrupt person from any echelon of power may be let off the hook. It is worth noting that the corruption scandal in the office of the head of the state did not have any consequences for Oleg Tatarov himself. Moreover, the person involved still carries out his duties.

The parliament wasn't sitting back and doing nothing in December either. At the beginning of the month a law on restoring criminal liability for lying in electronic declarations was adopted. However, the MPs decided to turn to political cheating. The Criminal Code of Ukraine got a new chapter on limiting liberty for providing false information instead of previous punishment of imprisonment. Alexander Novikov, the head of the National Agency for Prevention of Corruption, called on the president to veto the bill. The

National Anti-Corruption Bureau of Ukraine informed the president's deputy chief of staff that he was a suspect in a corruption case

head of the state remained indifferent to such calls and signed the bill.

The parliament also witnessed fervent budget and staff battles. In mid-December the deputies adopted the main financial document in the country. Let us remind that the deadline for adopting the country's budget, accord-

ing to Ukrainian legislation is December 1. It is worth noting that the ruling mono-majority secured only 225 votes out of the minimal number of 226 needed in order to adopt the bill.

Staff decisions in the parliament were also made after borderline voting. On December 17 the Verkhovna Rada appointed Serhiy Shkarlet to be acting Minister of Education and Science, even though the profile committee did not support this candidate and reported this twice (he was accused of plagiarism). Yuriy Vitrenko wasn't as lucky. He was considered the most likely candidate for a deputy prime minister and concurrently an energy minister. It looks like his high salaries and bonuses in Naftogaz weren't forgotten, with his efforts behind Ukraine winning in Stockholm arbitration court against Gazprom's appeal being not up to the liking of some pro-Russian political forces. However, this was not the end of the story with Yuriy Vitrenko's appointment. On December 21 the Government, sidestepping the Parliament, appointed Yuriy Vitrenko as acting Ukrainian energy minister.

ECONOMY

Hopes and Disappointments

According to the reports provided by the ministry of economy, overall, the year was not bad. Instead of the planned UAH 400 million (around \$14 million) from privatization of state property the revenue made up UAH 2,5 billion (approximately \$89 million). In some cases property prices increased by over 300% at auctions. It is expected that there will be even more income from more large-scale privatization – almost \$500 million.

Ukraine also made an agreement with the European Union on signing ACAA agreement (the so-called industrial visa-free regime) on some types of products with added value: low-voltage equipment, electromagnetic equipment, machines and mechanisms. Goods produced in Ukraine under these categories and certified by a Ukrainian market control body will be able to get to EU market without additional barriers.

In early 2021 Ukraine will also initiate including

pharmaceuticals and seafood in the revised list of goods within the Association Agreement.

Moreover, Kyiv intensified its dialogue with Beijing. In the course of the fourth meeting of the intergovernmental commission on cooperation in December, China and Ukraine agreed on joint cooperation to fight COVID-19 pandemic and establishing deeper relations within the Belt and Road Initiative. It is worth noting that the Ukraine-China Intergovernmental Commission on Cooperation previously had a meeting in December 2017.

However, against the backdrop of general optimism it is quite alarming that both in November and December the Ministry of Finance did not allow the State Treasury to make payments under unprotected categories that is a sign of deficit in a state treasury. The Pension Fund also remains subsidized, with its deficit making up approximately UAH 26 billion (around \$1 billion) in 2021 and plans to compensate this gap using the state budget.

Better Relations with Moldova and Constant International Support

Contrary to the country's domestic political arena, its international agenda was not turbulent. The leading part in December foreign policy developments was played by the head of Ukrainian diplomacy Dmytro Kuleba. At the beginning of the month the country's main diplomat had a working visit to Moldova. In the course of bilateral meetings including one with Maia Sandu, Moldova's new president-elect, both parties pledged mutual ever-present support when it comes to sovereignty and territorial integrity. The Ukrainian minister also invited Maia Sandu to pay an official visit to Kyiv and join the Crimean platform – a Ukrainian initiative calling on the country's allies to develop extensive dialogue on the issues of de-occupation of the Crimean peninsula. Such kind of warming-up in relations between Ukraine and Moldova was only possible after the political change that took place as a result of presidential elections, when pro-European Maia Sandu became President following bluntly pro-Russian Igor Dodon.

In early December the head of MFA held meet-

ing with NATO ministers of foreign affairs via secure communication lines. This resulted in a statement that NATO is going to be more involved in security in the Black Sea region. The North Atlantic Alliance is also going to involve third countries in these matters, including Ukraine.

American support is ever-present when it comes to Ukraine. At the plenary session of OSCE ministerial council Stephen Biegun, US Deputy Secretary of State, stated that Russian aggression against Ukraine and the occupation of Crimea is a serious violation of international law in Europe. According to the top American official, the biggest task is to keep Ukraine among the priorities. Romanian partners also did their part. In the course of the same OSCE meeting, Bogdan Aurescu, the head of Romania's MFA, expressed his concerns on the significant amount of military equipment on the contact line in the East of Ukraine. The Romanian minister also noted that his country supports efforts on reaching a stable political conflict resolution respecting the sovereignty and territorial integrity of Ukraine within its internationally acclaimed borders.

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