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**SOUTHEASTERN EUROPE**

**AT A GLANCE**



**SOUTHEAST EUROPE DIRECTORATE**

***PROVIDING KNOWLEDGE TO THOSE WHO SHAPE THE FUTURE***

“SOUTHEASTERN EUROPE AT A GLANCE” (ISSN: 2654-0304) is a weekly review of the most significant current political, economic, energy, defense, and security news of Southeastern Europe. It covers 14 countries; Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, Greece, Kosovo, Moldova, Montenegro, North Macedonia, Romania, Serbia, Slovenia, and Turkey. However Greece enjoys its own weekly review for a more detailed presentation of its current affairs (GREECE AT A GLANCE).

This ambitious newsletter aspires to become an informative “tool” for anyone who is interested in the region and wishes to have knowledge of the non-stop current developments and challenges. “HERMES” Institute is not a news agency and it is not one of its ambitions to become one but it is strongly believed that today’s events provide the necessary material to understand the future and to analyze situations that may affect in peace, stability, and growth of the region.

#### **“HERMES” I.I.A.S.GE**

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**ALBANIA:** August 4<sup>th</sup>, the European Bank for Reconstruction and Development (EBRD) is mulling whether to lend Albanian company Korporata Elektroenergetike Shqiptare (KESH) 9.5 million euro for a floating solar panel project that may help reduce the companies' reliance on hydropower. The 12.9 MW floating PV plant is to be constructed on the reservoir of the Drin River near Vau i Dejes near Shkodra. The EBRD said that the project will strengthen KESHs performance and reduce their reliance on hydropower. This will occur due to the floating plant's impact on water levels in the existing reservoir. With a price tag of 13.9 million euro, the plant has been planned since December 2019 and when completed, it would be the largest plant of its type in the Western Balkans. The power generated through the project would be sold locally within Albania. Currently, KESH owns the 260 MW Vau i Dejes Hydroelector Power Station which has three hydropower plant units on the Drin river. Near Elbasan, the construction of Albania's first floating solar panel park is underway. A project between Statkraft and Ocean Sun, the output of the park will be some 2 MW. The EBRD had previously given a 9 million euro loan to support investments in green energy projects in Albania. It was hoped that the loan could facilitate the shedding of some 21,000 tons of CO2 across the region, each year. (www.exit.al)

- August 4<sup>th</sup>, Albania Media Council (AMC) has slammed the Government's decision to send Special Police units to seize TV ORA and Ora News after a Court order as "*a de facto attack on free speech.*" "*The attack by FNSH and RENE A on the premises of these two television stations critical of the Government is a de facto attack on free*

*speech,*" AMC stated on Tuesday. On Monday, at the behest of the Special Anti-Corruption Prosecution Office (SPAK), the Albanian Government seized the assets of Ylli Ndroqi, President of the two television channels. According to SPAK, there is reasonable suspicion that Ndroqi has been involved in criminal activity in Turkey, Italy, and Albania, and that his wealth has been accrued via this criminal activity. The AMC noted that decision to seize the two TV channels has enabled the Government to appoint its own administrators, thus de facto bringing their editorial line, too, "*under seizure.*" The Government decision to send armed Special Police units to premises of TV ORA and Ora News was called out as intimidation of journalists working there, but also for "*creating a chilling effect on other media and journalists critical of the Government.*" The AMC demanded the Albanian Government to order the Special Police units to leave the premises. They called on judicial bodies to re-evaluate the seizure order for the two television channels in favor of freedom of information. (www.exit.al.com)

- August 7<sup>th</sup>, the US Embassy in Albania has slammed the "*expensive campaigns*" behind "*important cases*" reviewed by the reformed justice institutions that attempt to "*deny the truth*" and "*escape justice.*" The statements come after the Special Anti-Corruption and Organized Crimes Prosecution (SPAK) and the Albanian State Police (ASP) seized assets of Ylli Ndroqi, owner of two TV channels (Ora RTV and Ora News), due to suspicions that his revenues derived from drug trafficking. The US Embassy and Ambassador Yuri Kim expressed in social media their strong support of the SPAK and ASP. "*Let's be clear: this is about punishing known criminals – nothing more, nothing less,*" Kim stated. While they did

not mention Ylli Ndroqi's name, his case and reactions in some of the media seem to be the push for the statements. *"The US Embassy strongly supports the ASP and SPAK's independent and professional work. Justice sector professionals – Police, Prosecutors, and Judges – must be allowed to conduct their work free from threats and intimidation, no matter who the defendant is. It is time to allow them to carry out their duties and support their efforts to combat organized crime. This is the only way for Albanians to get the professional and impartial justice system they deserve and to make progress towards EU integration,"* the US Embassy wrote on social media. (www.exit.al)

## COUNTRY ASSESSMENT :

*Seizure of ORA RTV and ORA News due to their owner, Ylli Ndroqi accusations for being involved in drug trafficking has provoked reactions in Albania regarding media freedom. However, Albania under the pressure of the US and EU has tried to reform its justice system in order to strengthen fight against organized crime and corruption. So, fight against organized crime may include media owners or even politicians. That is why the US Embassy in Tirana supported publically the state's actions against Ndroqi. Ruling Socialists work on implementing constitutional reforms amid political crisis. It should be underlined that corruption, organized crime (and especially links of state's politics with organized crime), money laundering and smuggling remain as "open sores" for the country. Judicial independence and media freedom are seriously questioned in Albania since it is assessed that both have been tooled by the Government.*



## BOSNIA & HERZEGOVINA:

August 7<sup>th</sup>, according to the latest report from the US State Department's Global Engagement Center, Russia has meddled in Bosnia's elections as well as media acquisitions in Bulgaria, Greece and Serbia through its propaganda centers like the "Quasi-think-tank" KATEHON and associated proxies and media outlets. According to the State Department, the main goal of the report titled "Pillars of Russia's Disinformation and Propaganda Ecosystem" is to expose Russia's propaganda and disinformation tactics. *"Russia's disinformation and propaganda ecosystem is the collection of official, proxy, and unattributed communication channels and platforms that Russia uses to create and amplify false narratives,"* the report states. According to the GEC *"the Kremlin bears direct responsibility for cultivating these tactics and platforms as part of its approach to using information as a weapon."* They claim that Russia invests massively in its propaganda channels, intelligence services as well as proxies to conduct malicious cyber activity to support their disinformation efforts, leveraging outlets that masquerade as news sites or research institutions to spread these false and misleading narratives. The most prominent proxies which the report names are: The Strategic Culture Foundation, Global Research, New Eastern Outlook, News Front, South Front, Geopolitica.ru and Katehon – which is said to be linked to elections in Bosnia. *"KATEHON is a Moscow-based quasi-think-tank that is a proliferator of virulent anti-Western disinformation and propaganda via its website, which is active in five languages. It is led by individuals with clear links to the Russian state and the Russian intelligence services,"* the report states. The "think-tank" was established by Kon-

stantin Malofeyev who is, among other things, the head of the “*pro-Putin monarchist society*” the Double-Headed Eagle. The United States sanctioned Malofeyev as “*one of the main sources of financing for Russians promoting separatism in Crimea*” and bankrolling “*separatist activities in eastern Ukraine*,” the report said. The GEC recalled media reports stating that Malofeyev served as a proxy for Kremlin priorities in Europe. “*Malofeyev was involved in the purported annexation of Crimea, support for the Russian military-backed separatist militancy in Donbas, election meddling in Bosnia and Herzegovina, and media acquisition in Greece, Bulgaria, and Serbia*,” the report states. His “*think-tank*” KATEHON promotes these same overarching goals through its disinformation and propaganda activities on its website which is frequently sourced by Russian media outlets. The report also names Serbia as one of the countries from the region for is in the focus of many of these proxies. Namely, proxies such as Geopolitica.ru, News Front, South Front and Katehon all publish their content in the Serbian language, among other languages. The exception is KATEHON which had removed the Serbian language section from its website. All the proxies which the report focused on also run accounts on all major social media platforms, running profiles on English and several other languages, including the Serbian language. The report concluded that these disinformation attempts are not unchallenged and that a counter-disinformation community comprised of Governments, civil society, academia, the press, the private sector, and citizens around the world who refuse to tolerate these tactics is pushing back. (www.ba.n1info.com)

- August 7<sup>th</sup>, the US will help Bosnia in its justice reform and as the senior advisor at Canton Sarajevo’s Anti-Corruption Office, Erik Larson said “*I am not alone in this – I have a team from the US Embassy in Sarajevo behind me*,” which recently arrived from Podgorica to help Sarajevo Canton fight corruption. Larson said that it is important to have a Police strategy based on concrete information and that his financial team is invested in anti-corruption programs. He noted that “*this is not his first rodeo*” and that he came to Sarajevo with a purpose of helping Bosnia. When asked why corruption is a constant problem in Bosnia, he said there are several reasons for this. The first is the chaos from war, then the history of cross-border smuggling of arms or some other goods. Another reason is that nationalists are still in power. This is something Bosnia must finally get rid of 25 years after the war, he said. He concluded that in order to fight corruption effectively, citizens must also be better connected with the media and get to know them better. Larson has previously served as the INL Senior Justice Advisor at US Embassy Podgorica. Prior to arriving in Montenegro in December 2013, he was stationed in Pristina, Kosovo as a member of the US Contingent at EULEX working as an International Prosecutor in the SPRK (Special Prosecution Office of the Republic of Kosovo). He has been working overseas since 2003. His prior assignments have been in Bosnia, where he served as an international Prosecutor in both the Special Department for War Crimes and Special Department for Organized Crime and Corruption of the State Prosecutor’s Office, as well as with the Anti-Crime and Corruption Unit of the Office of the High Representative – in charge of overseeing the civilian implementation of the Dayton Peace Agreement which ended the 1992 - 1995 war in

Bosnia, on behalf of the international community. Larson also served with the United Nations as the OIOS Chief Resident Investigator for the Democratic Republic of the Congo, and as a UNODC Crime Prevention Expert in Austria. Prior to deploying overseas, he served as a Captain in the Military Police and is an experienced criminal law attorney. (www.baninfo.com)

- August 9<sup>th</sup>, Bakir Izetbegovic, Deputy Speaker of Bosnia's House of Peoples and leader of the main Bosniak (Muslim Bosnians) Party of Democratic Action (Stranka Demokratske Akcije - SDA) said he did not believe there would be a leader among the Serbs who would sign the independence of Kosovo but if that happens it might, according to him, "increase appetites" for Bosnia and Herzegovina. Speaking to local media in Sarajevo, Izetbegovic said this might lead to asking for compensation for the Serbs and Serbia. "There will be lot of fuss and talk, which will eventually calm down and nothing will happen. Because the Serb side and Serb forces committed crimes and ethnic cleansing both in Kosovo and in Bosnia and Herzegovina, and this side got too much in Bosnia and Herzegovina through the Dayton Peace Agreement (a treaty that ended the 1992-95 Bosnian war)," the Bosniak leader told Radiosarajevo.ba news portal. "Anything more than that would lead to new conflicts and a scenario that nobody needs, especially not Bosnian Serbs. Genocide cannot and will not be rewarded with independence (of Republika Srpska, Bosnia's Serb-dominated region), by no means," he added. According to him, Bosnian Serbs have a complex identity as they are fond of Serbia and Belgrade but, he added, they should not dislike Bosnia and Herzegovina or Sarajevo, the places

they come from and their neighbors. (www.baninfo.com)

## COUNTRY ASSESSMENT :

*Bosnia's Decision-making process is a slow, non-flexible procedure working as an obstacle for the country's progress and growth. Each entity seeks to serve its own interests ignoring the state's interests. Of course this institutional malfunction affects stability and growth of the country having left Bosnia far behind other Western Balkan countries towards the EU. It is not a secret that Bosnia faces several political and institutional deadlocks which slow down its economic performances, encourage entities' rivalries and nationalistic rhetoric, and put the country on permanent political instability. Without the pressure of international community (namely the EU and US) and its close presence in Bosnia through the OHR administration Bosnia could have been dissolved (violently or not). It is not a secret that Republika Srpska seeks to secede from Bosnia either as an independent state or as part of Serbia. Of course such a scenario could destabilize the whole region of Western Balkans. Bosnia has become a vital field of rivalry between Russia and the West. Moscow estimates that Bosnia is a privileged region of action to establish influence. Taking into consideration that Southeastern Europe is a region fully controlled by the Euro-Atlantic forces only Bosnia and Serbia still offer "fertile soil" for Russian meddling in region's affairs. Muslim countries such as Turkey, Saudi Arabia, Qatar, and Iran maintain a permanent presence through financial donations and investments.*



**BULGARIA:** August 5<sup>th</sup>, "Businesses are freezing investment projects," said Tsvetan

Simeonov, President of the Bulgarian Chamber of Commerce and Industry for the BNR. *“Productions have already shrunk, and there will be layoffs. The 60/40 measure did not have the best effect. It turned out that those who are working receive 100% of their salaries while those who are not working – they too receive 100% of their salaries. In the conditions of political instability, businesses are also worried about the implementation of the measures of support in the economy. What businesses fear are the numerous reports of corruption practices in Bulgaria. The companies which have already made investments have overcome this corruption barrier, but for others it is a source of stress and concern,”* Tsvetan Simeonov said. (www.novinite.com)

- August 7<sup>th</sup>, *“We do not burn radioactive waste in our country.”* This was stated during a briefing by the Minister of Environment and Water Emil Dimitrov. He gave a statement in Burgas on information about the import of waste in Varna from England. *“In our country, 50% of our and 50% of foreign waste can be burned,”* he commented. *“Do not believe lies that hazardous waste is being burned here. The air is as dusty as it has been before. We monitor all ships and cargo.”* Dimitrov added. He also commented on the palm balls that surfaced on some of the beaches in our country. *“One of the solutions is to stop all shipping on the Black Sea. Can this happen? I do not believe that anyone can do it,”* explained the Minister. At the briefing it became clear that samples of oily stains have been taken and they will be examined to determine whether they are harmful to human health. *“We frighten people unnecessarily. Over the years there has been 1 case of hazardous waste. Measures were taken. Everything is done with notifications. These notifica-*

*tions were the reason for containers to return to Italy from here,”* Dimitrov added. *“We cannot prohibit any EU country from importing, nor can they prohibit us from exporting waste,”* the Minister pointed. (www.novinite.com)

- August 9<sup>th</sup>, Bulgarian Prime Minister Boiko Borissov, facing more than a month of protests demanding the resignation of his Government, posted on social media that it was *“time for a decision.”* Public broadcaster Bulgarian National Television said that it understood that Borissov had ordered the Police not to intervene to remove road blockades erected by anti-government protesters. Tent camps that for several days were in place in Bulgaria’s capital city Sofia, as well as in Plovdiv and Varna, were dismantled by Police in the early hours of August 7<sup>th</sup>, 2020. In Sofia, protesters put them back, while in Varna, they also were re-erected, though on the pavement outside the Citizens for European Development of Bulgaria (Grazhdani za Evropeysko Razvitiye na Balgariya – GERB)-controlled municipal headquarters, without obstructing traffic. Borissov, in a social media post referring to his grandchildren and the broader situation in Bulgaria, said *“Home is where they smile. It is always good to talk to a child, the best decisions come from them. Time for their smiles and my decisions.”* Sunday saw various protest events, including a motorcade to a border checkpoint and a bicycle procession to another border checkpoint. In Sofia, in what was hardly the first such incident, anti-government protesters threw eggs and tomatoes at the Cabinet building. Current coalition Government that took office in 2017 is the third that Borissov has headed as Prime Minister. His first two cabinets left office ahead of term as he submitted his resignation to Parliament, only, respectively, to return at

the head of a new Government. Last week, Borissov said that he was floating the idea with his ultra-nationalist minority partners in the Government coalition the idea that he would step down as Prime Minister but the Government would serve out its full term, to scheduled parliamentary elections in spring 2021. However, the following day, a leader of one of the ultra-nationalist parties said that it had been decided that Borissov would remain in office as Prime Minister and the coalition Government would serve out its full term. In any case, Borissov's mooted of stepping down from Government while leaving his coalition Cabinet in place was given short shrift by protesters. The more reliable recent polls suggest that, albeit weakened, Borissov's GERB party would get the largest share of votes in an election, but would face a challenge in forming a coalition with sufficient support in the National Assembly. (www.sofiaglobe.com)

## COUNTRY ASSESSMENT :

*Protesters activity continues in Bulgaria but without violence and security incidents. Prime Minister, Boyko Borissov has ordered Police to avoid excessive violence against protesters seeking to de-escalate tension. Nevertheless, last week Borissov appeared ready to resign (not the Government) in an effort to satisfy protesters. Ruling coalition top officials rejected Borissov proposals and the Government remains in place while elections will take place in spring 2021 as it is planned. One should keep in mind that early election is a possibility. It is assessed that protests are motivated and coordinated by the opposition while the state's President, Rumen Radev (backed by the main opposition party, BSP) has a central role in pushing for the Government's topple.*

*Modernization of Armed Forces is a top priority for Bulgaria and huge armament projects are ongoing (fighter jets, armored vehicles, vessels etc). However, military operational capability of the state is questioned especially in the Air Force. Bulgarian Armed Forces are far from NATO standards.*



**CROATIA:** August 4<sup>th</sup>, Prime Minister Andrej Plenkovic said on Tuesday that it was of crucial importance that 25 years after Operation “Storm” a new message was being sent about relations between Croats and the ethnic Serb minority, between Serbia and Croatia, and about what kind of country Croats are building. Commenting on the planned attendance of Deputy Prime Minister Boris Milosevic at the central commemoration of Operation “Storm” in Knin, Plenkovic said that the attendance of a political representative of the Independent Democratic Serb Party (Samostalna Demokratska Srpska Stranka – SDSS) at the commemoration was an important signal. Minorities are an integral part of the Croatian society and their representatives are our legal and political legacy of the past 30 years, Plenkovic said. As for reports that members of the wartime Croatian Defense Force (HOS) were planning to attend the commemoration wearing T-shirts with the inscription For the Homeland Ready, Plenkovic said the Government had been informed of such plans. “I expect those who are part of the official protocol to wear T-shirts that identify their units that fought in the Homeland War or official T-shirts provided by the War Veterans Ministry,” he said. Asked if Milosevic's participation in the Knin commemoration would lead to a policy of better social integration for ethnic Serbs, Plenkovic said that minority repre-

sentatives, including those of the Serb minority, had been part of the parliamentary majority in the last Parliament and that their participation now had been raised to a higher level. *“Based on our mutual trust we will work, as we did in the last term in office, on promoting equality of all citizens and on making it possible for everyone to live in dignity in line with 21<sup>st</sup> century standards. Specifically, that means electricity and water supply in isolated communities,”* Plenkovic stressed. As for War Veterans Minister Tomo Medved’s visit to Grubori, where a group of Serb civilians were killed in the aftermath of Operation Storm, and to Serb villages without electricity and water supply, Plenkovic said that it was not a political tradeoff. *“That is an important political and civilizing gesture by the Government, showing respect for all victims. We are aware of the faults and crimes that happened in the aftermath of Operation ‘Storm’ and we believe that it is good to pay tribute also to the Serb victims,”* he said. Asked how much mutual relations were burdened by reactions on the Serb side and by the Serbian President, Plenkovic said that what his Government was doing was Croatia’s internal matter. *“We are talking about relations between the Government and our coalition partner, the political representative of the Serb minority. We make our decisions for ourselves, for Croatia, and as I have said, they send out the message that 25 years after the war we have achieved all our strategic goals, that Croatia is a democratic country, that it has its institutions and legal order and that it is integrated in the EU and NATO,”* Plenkovic said. (www.hr.n1info.com)

- August 4<sup>th</sup>, according to the latest data from the Croatian National Bank (HNB), gross international reserves on July 31<sup>st</sup> amounted to 18.1 billion

Euros as against 17.3 billion Euros at the end of June, a 10% increase from the end of May and a 6.7% drop from the end of 2019. Decline in gross international reserves in March, April and May was a direct consequence of the coronavirus pandemic and the accompanying economic lockdown and the depreciation of the national currency, Raiffeisenbank (RBA) analysts say, recalling that the HNB had responded with interventions on the foreign exchange market to keep the kuna - euro exchange rate stable. RBA analysts believe that Croatia’s recent entry into the European Exchange Rate Mechanism II will have an additional positive effect on the exchange rate stability, noting that the Central Bank’s consistent policy of keeping the exchange rate stable will remain unquestionable. They also believe that gross international reserves will be sufficient to successfully finance possible imbalances in the balance of payments and conduct a stable monetary policy, that is, keep the exchange rate stable. According to HNB projections, gross foreign debt payments entirely cover current obligations towards international creditors that fall due by the end of the year. (www.croatiaweek.com)

- August 7<sup>th</sup>, following a crushing defeat at the recent parliamentary elections, Social Democratic Party of Croatia (Socijaldemokratska Partija Hrvatske - SDP) leader Davor Bernardic stepped down and vowed he would not run for party leader at the next intra-party elections. In ten days’ time the deadline to submit candidacies for the upcoming intra-party elections in the SDP begins. Currently only Pedja Grbin has announced his intention to run for party President. However, Krapina-Zagorje County prefect Zeljko Kolar appears to be considering a run for party leader. With the situation in the largest opposition party

already in chaos, a new issue has come to light. According to the final report on campaign spending for the recent parliamentary elections, published by the State Election Commission, the SDP is in the red by some 2.2 million Kuna. ([www.glashrvatske.hrt.hr](http://www.glashrvatske.hrt.hr))

## COUNTRY ASSESSMENT :

*Croatia enjoys political stability with a strong Government. Main opposition party, SDP is trying to “stand on its feet” after its disappointing participation in the last parliamentary elections. In this context, intra-party elections have been scheduled. Croatia’s main concern is economic recovery from the COVID-19 pandemic. It should be paid special attention that Croatian top officials (including the Prime Minister, Andrej Plenkovic) vehemently promote reconciliation with the Serbian minority in Croatia. Commemoration of operation “Storm” and the “homeland war” included this year tribute to Serb victims too! This is a “brave” move by the Croatian authorities which strengthens coexistence between ethnic communities in former Yugoslavia. Of course, it is emerged that villages inhabited by ethnic Serbs in Croatia still do not have water supply and electricity; an unacceptable situation for 2020. Croatia – Slovenia border dispute remains active, but COVID-19 pandemic have downsized current situation. Croatia seeks to maintain its influence in neighboring Bosnia through the Croatian entity in that country. Croatia implements a policy of Armed Forces’ modernization trying to form a reliable and well equipped force according to NATO standards. However, the current COVID-19 pandemic may affect the ambitious modernization plans due the economic repercussions in the country. Croatian*

*Air Force is far from NATO standards and actually the country lacks an operational air power.*



**CYPRUS:** August 4<sup>th</sup>, Cypriot and Egyptian priorities on energy issues were reaffirmed during a video conference between Energy Minister Natasa Pilides and her counterpart Tarek El Molla, it was announced on Tuesday. Speaking to CNA, Pilides said that discussion on Monday was very constructive and focused on issues related to cooperation between the two countries. Pilides said that among others, issues related to Cyprus’ “Aphrodite” gas field and the acquisition of NOBLE ENERGY by CHEVRON were discussed, with the Egyptian Minister expressing the view the development will have positive results in the region. Pilides expressed the hope that things will go as expected to be able to exploit the “Aphrodite” field and the natural wealth of Egypt, which is also in the plans of the two companies. There was also mutual briefing on Cyprus - Egypt intergovernmental agreement for the construction of a subsea natural gas pipeline which will carry gas from the Aphrodite to Egypt and then to the EU and how the procedures are progressing. The statute for the East Mediterranean Gas Forum was also discussed, with the Cypriot Minister saying both Cyprus and Egypt assure it is a priority, which both countries view positively. ([www.cyprus-mail.com](http://www.cyprus-mail.com))

- August 5<sup>th</sup>, talks between Cyprus and Israel are on the right track as regards Israel’s “Yishai” gas field which is adjacent to Cyprus’ “Aphrodite” field, Energy Minister Natasa Pilides said on Wednesday after her first video conference with her Israeli counterpart Yuval Steinitz. Pilides told the Cyprus News Agency that a special agreement is being discussed that exclusively concerns the

“Aphrodite” gas field and not block 12 in general to which the field belongs. Next week, she said, there will be a discussion between the Permanent Secretaries of the two Ministries, adding that talks on the issue “*are going quite well.*” She added that following the submission of Cyprus’ detailed proposals and the relevant agreements Nicosia signed last November with the energy companies interested in developing the reservoir, Israel has started to examine the issue and expressed interest in resolving it soon. The Cypriot Government granted the NOBLE ENERGY, SHELL, AND DELEK consortium an exploitation license for the “Aphrodite” gas field. The companies intended to pipe the gas to neighboring Egypt. NOBLE ENERGY has since been bought out by CHEVRON. But Israel claims a share of the production of “Aphrodite” as a small portion of the reservoir stretches into the “Yishai” field. Despite negotiations in the last few years, the two countries have not reached an agreement. Pilides did not rule out a meeting in Israel on the issue next September, during which the two countries will also discuss the “EuroAsia Interconnector” project. The project concerns connecting the national electricity grids of Israel, Cyprus and Greece aimed at ending Cyprus’ energy isolation and promote the substantial development of renewable energy sources (RES). The two Ministers also discussed the latest approvals by the Parliaments of Greece, Cyprus and Israel of the transnational agreement for the “East Med” gas pipeline. “*We are now ready to move on to the next stage, with the establishment of a working group that will discuss issues related to the project,*” Pilides said. Cyprus Parliament ratified last month the agreement signed last January between the three countries on the “East Med” pipeline aimed to connect the gas

reserves of the eastern Mediterranean with Europe. (www.cyprus-mail.com)

- August 9<sup>th</sup>, Finance Minister Constantinos Petrides leaves for Russia on Sunday as Head of the Cyprus negotiating team to discuss Moscow’s plans to scrap a deal that avoids double taxation in the two countries. Talks between the two sides are planned for Monday and Tuesday in Moscow. Russia’s Finance Ministry said Monday it would initiate a process to scrap an agreement with Cyprus aimed at avoiding double taxation – after talks to modify the deal apparently failed – and that. The Russian Finance Ministry has said legal changes will make it more profitable for people to transfer money back to Russia. It said it began the procedure to scrap the agreement after the Cyprus Government had refused face-to-face negotiations to update it. “*Restructuring one’s holding structures through Cyprus will of course become disadvantageous. It will be more advantageous to transfer everything back to Russia,*” Russia’s Deputy Finance Minister Alexei Sazanov said. In April Russia had notified Cyprus of changes to the tax agreement, which will come into force on January 1<sup>st</sup>, 2021. A senior source at the Cyprus Finance Ministry denied the Government had refused to negotiate, describing the Russian claims as “*a little provocative*” and not an “*accurate reflection of reality.*” “*We never refused to negotiate, we initiated negotiations, made numerous proposals that were rejected and were not officially notified about Russia’s plans to denounce the treaty,*” the source said. The Finance Ministry source said that Russia had requested a meeting for August 6<sup>th</sup> and the Cyprus Government asked that this be put back to the third week of August for practical reasons. Rather than discuss a mutually-acceptable date for the negotia-

tions, the Russian Foreign Ministry, came out with Monday's statement, claiming Nicosia had refused to negotiate. Conditions put forward by the Cypriot side during the negotiations were a set of exceptions that were "too wide" according to several sources on the Russian side, said the Russian Finance Ministry. "To fulfill the instructions of the President of the Russian Federation on taxation of income in the form of dividends and interest paid from the territory of the Russian Federation to the Republic of Cyprus at a rate of 15%, the Ministry of finance territory of the Russian Federation to the Republic of Cyprus at a rate of 15%, the Ministry of Finance of Russia on August 3<sup>rd</sup> of this year begins the procedure for the denunciation of the agreement," the Russian Ministry announcement said. Earlier this year, Russian President Vladimir Putin said all interest and dividend payments that leave Russia should be subject to 15% tax, up from the current level of 2%, to combat capital outflows. The matter was discussed in a 45-minute telephone call between President Nikos Anastasiades and President Vladimir Putin last month. The Russian move would see a severe loss of tax revenue for the Cyprus Government. "There is still hope that Cyprus can gain some of its objectives at the negotiating table – it does seem, however, that the Russians want some kind of quid pro quo for agreeing to Cypriot requests," commented Director and Head of tax at the Limassol-based Primus Spyros Ioannou. "What I am concerned about is stability. With this kind of change underway, it is more difficult for businesses to come to Cyprus, to bring money here, to establish businesses here. A stable fiscal environment has been one of the selling points for Cyprus – let us hope this will not change," he added. (www.cyprus-mail.com)

## COUNTRY ASSESSMENT   :

*Cyprus continues to strengthen its bilateral relations with several countries of the region aiming to get support for the Turkish illegal activities in Cypriot Exclusive Economic Zone. In this context, the Cyprus – France cooperation is of significant importance since the latter has shown its willingness to play an active, leading role in the Eastern Mediterranean affairs. Moreover, the Saudi Minister of Foreign Affairs visited Cyprus expressing his support to Cypriot sovereign rights. It is already known that Saudi Arabia and Turkey are engaged in a harsh rivalry for power in Middle East. In other words, Cyprus follows a "clever" external policy by strengthening its relations with countries which their interests coincide the Cypriot ones. Turkish NAVTEX (from July 28<sup>th</sup> to September 20<sup>th</sup>, 2020) continues to violate Cypriot EEZ maintaining tension in the region. Cyprus lacks aeronautical assets to deter Turkey from its illegal activities. It seeks to balance its military weakness through "external counterbalance" through alliances and strategic cooperation with other countries. It is certain that Turkey will not accept "fait accompli" in a region considered as part of its strategic interests. Cyprus appeared active last week regarding energy issues. The new Energy Minister, Natasa Pilides had talks with her Israeli and Egyptian counterparts seeking to boost energy plans in Eastern Mediterranean. East Med gas pipeline, EuroAsia interconnector, buying of NOBLE ENERGY by CHEVRON etc. were among topics discussed by the Ministers. Cyprus seeks to become an energy hub strengthening not only its energy independence but also its security. On the other hand, Cypriot energy plans are the source of tension with Turkey which rejects the idea of being isolated from the Eastern*

*Mediterranean energy resources. Cypriot - Russian dispute on double taxation policy is a major problem for Cyprus which may affect Cypriot investment environment of the country. Russian harsh stance on the issue may be related to the development of closer relations between Cyprus and the US and the latter's task to isolate Russia from Cyprus. Turkey maintains a significant military force on the island (Army Corps size) which poses a permanent threat against the Cypriot republic. As long as part of Cyprus remains under Turkish occupation and Turkish troops (equipped with heavy weapons) are deployed in the island, Cyprus faces an existing direct threat against its national security and sovereignty.*



**GREECE:** August 5<sup>th</sup>, Prime Minister Kyriakos Mitsotakis conducted a mini-reshuffle of his cabinet on Tuesday, carrying out “*corrective moves*” rather than sweeping changes as he had indicated in June, while also underscoring his administration’s key priorities, notably the most efficient possible use of billions of Euros from the EU’s coronavirus recovery fund. Announcing the changes, Government Spokesman Stelios Petsas said they were aimed at boosting the Government’s “*operational efficiency*” while also improving its efforts to bolster Greece’s economy and reform the social security system as well as responding to the challenges of climate change. With these priorities in mind, Theodoros Skylakakis was promoted from Deputy Finance Minister to Alternate Minister for Fiscal Policy and Nikos Papathanasis was also upgraded to Alternate Minister from Deputy, in charge of investments and private-public partnerships. Athens University Professor Panos Tsakoglou was appointed to the Labor Ministry to oversee the Gov-

ernment’s social security overhaul, while New Democracy MP Zoi Rapti was named Deputy to the Health Ministry, in charge of mental health. New Democracy (Νέα Δημοκρατία – ND) MP Nikolaos Tagaras, meanwhile, was put in charge of environmental protection. Changes were described by Petsas as “*adjustments to improve an already successful cabinet*” as ND remains far ahead in the polls and the Government is seen as having been broadly successful in most areas since coming to power last year. Mitsotakis might consider a more comprehensive reshuffle later this year, when his administration is likely to face bigger challenges, Kathimerini understands. ([www.ekathimerini.com](http://www.ekathimerini.com))

- August 6<sup>th</sup>, Egypt and Greece signed an agreement on Thursday designating an Exclusive Economic Zone in the eastern Mediterranean between the two countries, an area containing promising oil and gas reserves, Egyptian Foreign Minister Sameh Shoukry said. Shoukry made the announcement at a joint press conference with his Greek counterpart Nikos Dendias in Cairo. “*This agreement allows both countries to move forward in maximizing utilization of the resources available in the Exclusive Economic Zone, especially promising oil and gas reserves,*” Shoukry said. “*The agreement with Egypt is within the framework of international law, respects all concepts of international law and the law of the sea and good neighborly relations, and contributes to security and stability in the region,*” Dendias said. Egypt and Greece are at odds with Turkey, which last year angered the two countries by signing a maritime delimitation agreement with the internationally recognized Libyan Government, in a move that escalated disputes over potential offshore gas reserves in the eastern Mediterranean. Egypt and

Greece condemned the deal as “illegal” and a violation of international law. Tensions were already high between Greece and Turkey because of Turkish gas exploration in the eastern Mediterranean off the coast of Cyprus. The NATO members are also at odds over mineral rights in the Aegean Sea. Earlier this month, Egypt said that part of a seismic survey planned by Turkey in the eastern Mediterranean potentially encroached on waters where Cairo claims exclusive rights. In June, Greece and Italy signed an agreement on maritime boundaries, establishing an Exclusive Economic Zone between the two countries and resolving longstanding issues over fishing rights in the Ionian Sea. ([www.ekathimerini.com](http://www.ekathimerini.com))

- August 10<sup>th</sup>, the Government of Greece slammed Turkey’s announcement that it will be conducting energy exploration in an area of the Eastern Mediterranean that Athens says overlaps its continental shelf, as tension over the rights to natural resources increased sharply in the region Monday. Officials said the Greek military was on alert, while Prime Minister Kyriakos Mitsotakis convened the Government’s national security council after Turkey issued a Navtex on Monday announcing its research vessel ORUC REIS and two auxiliary vessels would be conducting seismic exploration in an area between Greece and Cyprus until August 23<sup>rd</sup>, 2020. Last week, Turkey also announced it would be conducting a firing exercise in the eastern Mediterranean Monday and Tuesday in a nearby area, southwest of the Turkish coast between Turkey and the Greek island of Rhodes. “Greece will not accept any blackmail. It will defend its sovereignty and sovereign rights,” Greece’s Foreign Ministry said in a statement. “We call on Turkey to immediately end its illegal actions that undermine peace and

security in the region.” The Ministry said Monday’s Navtex “combined with the observed broad mobilization of units of the Turkish Navy, constitutes a new serious escalation.” Turkey is acting in a way that is destabilizing and threatening peace, it added. Turkish Energy and Natural Resources Minister Fatih Donmez said the ORUC REIS had arrived in its area of operation from its anchorage off Turkey’s southern coast. He wrote on social media that “83 million back the ORUC REIS,” referring to Turkey’s population. Greek Minister of State Giorgos Gerapetritis said the ORUC REIS was not transmitting through the automatic identification system carried by ships, but was being monitored by the Greek Navy. “We are at full political and operational readiness,” Gerapetritis said on state television ERT. “The majority of the fleet is ready at this moment to go out wherever is needed,” he said when asked to elaborate. “Our ships that are sailing in crucial areas were already in place days ago. If necessary, there will be a greater development of the fleet,” the Minister said. Gerapetritis said that “it is clear that we are not seeking any tension in the region. On the other hand, our determination is a given.” Greece on Monday issued its own Navtex saying the Turkish Navtex had been issued by an “unauthorized station” and referring to “unauthorized and illegal activity in an area that overlaps the Greek continental shelf.” Turkey retorted with another maritime message saying the seismic survey was being conducted on Turkey’s continental shelf. A crucial issue of the dispute is whether islands should be included in calculating a country’s continental shelf and maritime zones of economic interest. Turkey argues they should not be, a position Greece says violates international law. Greece has thousands of islands and islets in the Aegean and Ionian seas, around 200

of them inhabited. Ankara got fired up again last week over a deal Greece and Egypt signed Thursday delineating maritime boundaries and the countries' Exclusive Economic Zones for drilling rights. (www.ekathimerini.com)

## COUNTRY ASSESSMENT :

*Relations between Greece and Turkey are evolving stormily. After a week of de-escalation, tension came back to the Aegean and Eastern Mediterranean Sea due to a new NAVTEX issued by Turkey for hydrocarbon research within the Greek continental shelf and Exclusive Economic Zones. The research vessel ORUC REIS has sailed from the Antalya port escorted by Turkish Navy ships raising tension in high levels. Greek Armed Forces are increasing levels of operational readiness while the Navy fleet is deploying in the Area of Responsibility (AoR). Greek political and military leadership appears committed to reply adequately in any Turkish provocation violating the country's sovereign rights. Turkish reaction was almost expected due to the announcement of the Greek – Egyptian agreement on delimitation of maritime zones. A substantial success of the Greek foreign policy which actually cancels the Libyan – Turkish memorandum on maritime zones. The EU and US expressed their annoyance on the new Turkish actions and have called Turkey to abstain from further provocative activity. Under these circumstances it is likely an accident or provocative action which could turn into a "hot" incident or armed conflict. Turkish actions focus on the region around the island of Kastelorizo which is strongly disputed by Turkey. Next days would be crucial for further escalation. Of course, potential dialogue between Greece and Turkey is canceled due to current tense situation.*

*Agreement between Egypt and Greece secures Greek interests in Eastern Mediterranean and confirms a commitment of the Greek Government to delimit maritime zones with its neighboring countries. It has started with Italy and continues with Egypt. Under current situation in Eastern Mediterranean and Aegean Sea, Greece is forced to strengthen and modernize its Armed Forces operational capability. In the meantime, Greek Prime Minister, Kyriakos Mitsotakis proceeded in a short reshuffle of his Government seeking to refresh it.*



**KOSOVO:** August 6<sup>th</sup>, the largest opposition party in Kosovo, Self-Determination (Vetëvendosje) has started collecting signatures for filing a motion for a no-confidence vote into the Government led by Avdulah Hoti, N1 reported on Thursday. Vetëvendosje has 30 MPs and needs the support of ten more Deputies to get the vote on the agenda of the 120-seat-strong Parliament. The party said Hoti's cabinet was not legitimate and not capable of running Kosovo. The remaining ten signatories might be found among the MPs of Hoti's main coalition party, Alliance for the Future of Kosovo (Aleanca për Ardhmërinë e Kosovës - AAK), led by former Premier Ramush Haradinaj. He said they were unhappy with the Government, mainly because it resumed the Belgrade – Pristina dialogue on the normalization of relations. Haradinaj warned his party would not support Hoti if he continued dialogue without consulting with the coalition partners. Hoti, leader of the Democratic League of Kosovo (Lidhja Demokratike e Kosovës - LDK), who is currently in self-isolation after tested positive on coronavirus, became Prime Minister on June 3<sup>rd</sup>, 2020. The previous cabinet led by Albin

Kurti of the Vetëvendosje which won the general elections last October was voted out on March 25<sup>th</sup>, 2020 after Kurti dismissed an LDK Minister, turning the coalition partner against him. (www.rs.n1info.com)

- August 7<sup>th</sup>, Pristina's coordinator for the Kosovo dialogue Skender Hyseni said on Friday that Belgrade and Pristina should reach an agreement within the next 12 months or see the reconciliation process fail. *"We expect an agreement which will include mutual recognition within 12 months or the process will fail. Everything we see at international level shows that this is a moment that Kosovo and Serbia must grab to make progress. Any delay means failure. I do not know if Serbia understands that but if it intends to join the European Union it should,"* Hyseni told the Klan Kosova TV station. Hyseni insisted on intensive talks in coordination with the EU, US and France and added that he would never agree to allow dialogue process to drag on and boil down to technical issues. *"The main issue has to be debated – normal relations between Kosovo and Serbia which cannot happen without mutual recognition,"* he said. Hyseni said that he was satisfied with his visit to Washington a week ago because the US administration, including the President's Special Envoy Ambassador Richard Grenell is completely committed to the Belgrade - Pristina dialogue. (www.rs.n1info.com)

- August 7<sup>th</sup>, the EU's Office in Pristina said that some stipulations in the draft Law on Protecting Kosovo Liberation Army (KLA) Values were not in line with freedom of speech. *"Modern democracies rely on critical scrutiny and informed debates to discuss and interpret historical events and achieve progress. The Kosovo Liberation Army is an integral part of the History of Kosovo.*

*The Draft Law on the Protection of Kosovo Liberation Army's War Values, however, contains provisions which raise serious concerns as regards the right of people to have their opinion,"* the EU's social media post said. Earlier, the US Ambassador to Kosovo Phillip Kosnett said that if the draft were adopted, *"it would weaken Kosovo's democracy."* *"KLA fought to widen freedoms of Kosovo people, not to limit them,"* he said. (www.rs.n1info.com)

## COUNTRY ASSESSMENT   :

*As Kosovo is getting closer to talks with Serbia, it seeks to get the US support as much as it can. The only Pristina goal is mutual recognition with Serbia. There is no other compromise for Kosovo such as technical agreements. However, negotiations will not be easy since Serbia has its own agenda. The US and EU involvement will be crucial for the talks' outcome. Kosovo coordinator on dialogue with Serbia, Skender Hyseni put another limit on the process by announcing that an agreement could be reached within 12 months; then negotiation is failed. It sounds like ultimatum but it is assessed that Hyseni seeks to put more pressure on Serbia and international stakeholders. Political situation in Pristina is not so stable since ruling coalition enjoys fragile power in Parliament. Opposition Vetëvendosje is collecting signature to file a motion of no-confidence against the Government but it is estimated that ruling coalition will maintain its majority within the Parliament. With Belgrade – Pristina dialogue process ongoing, a potential political instability could be detrimental for Kosovo interests. Fight against corruption, organized crime, money laundering, smuggling, trafficking, establishment of rule of law, accountable and transparent state*

*institutions, and functional public administration are the main challenges for Kosovo towards its European path.*



**MOLDOVA:** August 4<sup>th</sup>, the grant worth ten million Euros – a component part of the second installment of the EU's macro-financial assistance program, today entered the Finance Ministry's account. The disbursement of the financial means related to the second installment of the macro-financial assistance program was possible due to the fact that Moldova fully carried out the actions provided for in the memorandum of understanding on macro-financial assistance. *"They include important measures in the field of governance of the financial sector, public area, fighting corruption and money laundering, energy sector and business climate, as well as the implementation of the Deep and Comprehensive Free Trade Area,"* the Finance Ministry said. The loan, worth 20 million Euros, of the second installment of the EU's macro-financial assistance program for Moldova, reached the Finance Ministry's account on July 16<sup>th</sup>, 2020. The second installment of the macro-financial assistance program is made up of 10 million Euros as grant and 20 million Euros as long-term loan, with low interest. (www.moldpres.md)

- August 6<sup>th</sup>, in the near future, Russia will consider the possibility to provide Moldova with several tens of thousands tons of humanitarian aid diesel fuel meant for agricultural producers. President Igor Dodon agreed upon in Moscow during the meeting with Dmitry Kozak, Deputy Head of the Presidential Administration, Special Representative of the President of Russia for the Development of Trade and Economic Relations with the Republic of Moldova, ipn.md reported. The par-

ties agreed to hold in October this year in Chisinau a regular meeting of the Moldovan - Russian intergovernmental commission on trade and economic cooperation, at which it is planned to sign a number of important bilateral agreements. (www.regttrends.com)

- August 7<sup>th</sup>, the parliamentary group of the Dignity and Truth Platform Party (Partidul Platforma Demnitate și Adevăr - PPDA) intends to launch the procedure for urgently calling an extraordinary sitting of Parliament. Thirty-four signatures of MPs need to be collected for the purpose, said Deputy Speaker Alexandru Slusari, PPDA Vice President, who noted that the sitting will be convened to discuss the disastrous situation in agriculture and to consider solutions, IPN reports. Slusari told a news conference that the PPDA proposes including the questioning of the Prime Minister and Minister of Agriculture in the agenda of the Parliament's extraordinary sitting so as to consider the necessity of declaring a state of agricultural emergency in a number of districts of Moldova in connection with the natural disasters and to ask for assistance from the foreign partners. The PPDA MPs also suggest examining amendments to the Law on the Chamber of Trade and Industry so as to unlock the issuing of force majeure certificates, and considering the possibility of introducing a tax holiday for some categories of enterprises, including for all the farmers affected by the disasters. Under the Parliament's Regulations, if the legislative body is not in an ordinary session, it can come together for an extraordinary or special sitting at the request of the President, Parliament Speaker or 1/3 of the MPs. (www.ipn.md)

**COUNTRY ASSESSMENT**  :

*Moldovan Government enjoys relative stability. Political parties are preparing their candidates for the presidential elections, scheduled for November 1<sup>st</sup>, 2020. Economic situation of the country is almost dramatic and recovery cannot start without external financial support. Agreement with IMF is a significant aid, while the EU has started to release funds for helping the suffering economy. It should be highlighted that Moldova needs desperately reforms in order to establish a sustainable economy and functional state. Inadequate and dysfunctional institutions, corrupted state officials and public servants, absence of rule of law, money laundering, organized crime, smuggling, controlled justice and poor economic performances are the main challenges of Moldova affecting good governance and economic growth. Moldova has become a field of the ongoing rivalry for influence between the West (namely the EU and NATO) and Russia. The country is considered by the US and EU of great strategic importance being in the soft underbelly of Russia. On the other hand, Moldova is considered by Russia as an important region for its national security belonging by principle to its sphere of influence. Russia maintains troops in Transnistria which are considered by pro-western forces as violating Moldovan sovereignty. The frozen conflict of Transnistria is always a "running sore" for the country working as a potential factor of destabilization.*



**MONTENEGRO:** August 4<sup>th</sup>, according to latest research of the public opinion, the great people's coalition "*For the Future of Montenegro*" comprising of the Democratic Front (Demokratski Front - DF), Socialist People's Party of Montenegro (Socijalistička Narodna

Partija Crne Gore - SNP), Workers' Party (Radnička Partija - RP), True Montenegro (Prava Crna Gora - PCG) and United Montenegro (Ujedinjena Crna Gora – UCG), might win at least 26 seats on the elections on August 30<sup>th</sup>, 2020 which would be enough to overthrow the decade-long ruling of Milo Djukanovic if they unite with the coalition of the Democrats and the Civic Movement United Reform Action (Građanski Pokret Ujedinjena Reformska Akcija – URA) after the elections, said the leader of the newly-established coalition, Zdravko Krivokpaic. Speaking in a TV show Krivokapic said that the great people's coalition would try to change Montenegro and return it to its traditional and universal values. "*Right now, there is no final agreement. I believe in our coalition with the Democrats and URA Civic Movement. That would be a win-win situation. We are ready to make all exceptions just to change the Government in Montenegro,*" he said. On possible irregularities in the elections, Krivokapic said that their coalition is ready to do its job responsibly in all polling stations across Montenegro. He further emphasized that people are not afraid of the regime, and that religious processions and the Serbian Orthodox Church liberated every man in Montenegro. "*Religious processions liberated people of Montenegro. We were walking quietly and with dignity, but one could hear our voice telling 'We will not allow anybody to take our shrines' and 'You cannot do this anymore'.*" Beside leaders of the DF, Milan Knezevic and Nebojsa Medojevic, candidates on the electoral list are Slaven Radunovic, Predrag Bulatovic, and Strahinja Bulajic. ([www.cdm.me](http://www.cdm.me))

- August 5<sup>th</sup>, President of Montenegro, Milo Djukanovic, welcomed today the newly-appointed

Ambassador of Montenegro to Russia, Milorad Scepánovic. It was agreed that Montenegro is willing to commit to normalizing and strengthening relations between the countries, with the aim of overcoming the present situation and modernizing bilateral relations. (www.cdm.me)

- August 9<sup>th</sup>, President of the European Parliament, David Sassoli, answered to the President of Montenegro's Parliament, Ivan Brajovic that EP missions abroad were banned due to coronavirus situation and that included observation missions for elections. Brajovic's Cabinet reported in July that "*Democracy Support and Election Coordination Group of EP stated at the meeting held last month that observation of elections in Montenegro is priority.*" Parliament said to Pobjeda yesterday that there had been no any further communication between Brajovic and Sassoli. Arrival of the Mission will be considered in the forthcoming period, on the basis of the epidemic situation. "*Be sure that EP stands shoulder to shoulder with Montenegro when it comes to facing present challenges,*" Sassoli's letters said. Parliament of Montenegro reminds that Parliamentary Assembly of the Council of Europe has formed delegation consisting of 22 members in charge of monitoring elections in Montenegro. Head of the Office for Democratic institutions and human rights, Tomas Mesaric, said last week that observation mission of OSCE will provide impartial observation of election process in Montenegro and called on the voters to adhere to all measures imposed to curb the spread of coronavirus. He said that the main focus was on public health. (www.cdm.me)

## COUNTRY ASSESSMENT :

*The election day is getting closer and closer (August 30<sup>th</sup>, 2020) while political parties have start-*

*ed to reveal their strategies and potential cooperation with other co-running parties. Pro-Serbian/Russian DF has achieved to establish a coalition with 4 other parties posing a significant "threat" to the ruling DPS. Of course coalition "For the future of Montenegro" cannot get parliamentary majority by itself and should be prepared for cooperation with other opposition forces. Possibility of pro-Russian/Serbian parties coming to power is a major concern of Western allies of Montenegro. There are several warnings that foreign stakeholders namely Serbia and Russia will try to interfere in the Montenegrin elections aiming to promote pro-Serbian/Russian parties. In this context, NATO has deployed several months ago hybrid warfare experts aiming to tackle attacks of such form. In sum, although Montenegro is a NATO member and is very close to the EU accession, there is concern that Russia still works on establishing influence in the country. The state maintains high levels of corruption, organized crime, smuggling, money laundering, poor public administration transparency and accountability, corrupted politicians, absence of rule of law and problematic justice function. Montenegro – Serbia relations remain tense undermining good neighboring between the two countries and endangering stability of the region.*



**NORTH MACEDONIA:** August 7<sup>th</sup>, the French Ambassador in Skopje, Christian Thimonier, told "*Koha*" daily that he expects the new Government to be formed soon and to continue consolidating the reforms towards the European path of the country. "*I hope that the new Government will be formed soon, and to continue with efficient and credible reforms, as well as to consolidate the country's European path. Judici-*

ary, fight against corruption, education reforms and economic development should be the main task of the new Government,” Thimonier said. Asked whether France or the EU favors a party that should form a new parliamentary majority, Thimonier said political action was open in a democratic system, but that a new majority should be created based on the program presented at the elections. (www.republika.mk)

- August 9<sup>th</sup>, due to the fact that the deadline for securing parliamentary majority and forming a new Government expires, parties have intensified negotiations. However, they are keeping details of talks secret. Social Democratic Union of Macedonia (Socijaldemokratski Sojuz na Makedonija – SDSM) reiterated in a press release on Saturday that they are holding formal talks over forming a Government with a 4-year term, set to cleanse judiciary and inspect the origin of office holders’ finances and assets. The new Government, they added, will focus on fighting against crime and corruption on all levels. In response, Spokesperson Dimce Arsovski told a press conference on Saturday that the Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity (Внатрешна македонска револуционерна организација – Демократска партија за македонско национално единство - VMRO-DPMNE) is also in communication with political parties to secure parliamentary majority. Relations between VMRO-DPMNE and other parties, he added, are friendly. SDSM party has invited the Democratic Party of Albanians (Demokratska Partija na Albancite – DPA) to join in coalition Government, the latter party said after Parliament was constituted earlier this week. DPA has accepted in principle SDSM’s invitation. However, the party

said that they agreed on setting up working groups headed by two parties’ secretaries tasked to agree on the details. After Parliament was constituted on August 4<sup>th</sup>, 2020 following July 15<sup>th</sup> early parliamentary election, parliamentary majority needs to be secured within 10 days. When the deadline expires, the President will then be obliged to give the mandate for forming a Government. The Prime Minister-designate within 20 days after being handed over the mandate submits a program and propose new Government Ministers and officials. (www.republika.mk)

- August 9<sup>th</sup>, Social Democratic Union of Macedonia (Socijaldemokratski Sojuz na Makedonija – SDSM) continues negotiations to form stable parliamentary majority and a Government with a four-year term. The party is committed to the prosperity and long-term stability of North Macedonia, SDSM said in a press release Sunday. There is no integration alternative, the press release read, to EU and NATO membership. “*During talks with DUI, both parties agreed to respect the Prespa Agreement, the Friendship Treaty and the Ohrid Framework Agreement. We are committed to securing social cohesion and rule of law and condemn all forms of nationalism and hatred. We have agreed that the potential joint Government program must be in line with the Constitution, legislation, as well as SDSM and DUI’s election programs,*” the press release added. SDSM said that both sides have proposed responsible potential office-holders, who will deliver the program promises and possible coalition principles. “*Both parties are in favor of cleansing judiciary and inspecting the origin of office holders’ finances and assets through an agreed upon system,*” the press release noted, stressing that talks to form stable parliamentary majority and a new

and responsible Government continue.  
(www.republika.mk)

## COUNTRY ASSESSMENT :

*Deadline for the President, Stevo Pendarovski to give the mandate for the new Government expires and political parties intensify their efforts to secure parliamentary majority. SDSM and DUI (46 and 15 seats respectively) agreed in principle for forming a coalition but they did not achieve to officially confirm their agreement. It is assessed that it is a matter of time to announce their agreement and to form the new Government. It is still under question the issue of the Prime Minister office since DUI insists publically on an Albanian premier. SDSM and DUI hold talks with secret content to reach a final agreement. An ethnic Albanian premier would be a historic success of the North Macedonia Albanian community. An historic success well coordinated by Albania and its Prime Minister, Edi Rama who strongly influences ethnic Albanian politics in North Macedonia. Besides, the “all Albanian political platform” which is promoted by DUI is under the Albanian Government and Rama auspices. The new Government should focus on reforms regarding justice, rule of law, fight against corruption and money laundering, public administration, and respect of human rights in order to accelerate its European integration process.*



**ROMANIA:** August 3<sup>rd</sup>, Social Democratic Party (Partidul Social Democrat - PSD) acting leader Marcel Ciolacu said on Monday that PSD will continue to put pressure on the Government to implement laws passed by Parliament and promulgated by President Klaus Iohannis, noting that doubling child allowances

*“is not a whim, it is a necessity.”* In a social media post, he said Romanians must know that there is money to double the allowances. *“PSD will not budge an inch. We will continue to put pressure on this failed Government so that the laws voted by Parliament and promulgated by President Iohannis are enacted. And the National Liberal Party (PNL) and their cynical Government must understand that doubling the allowances is not a whim, but a necessity. Increasing the allowances by 20% is no doubling. Romanians must know that there is money, but only for the thefts of this Government of thieves and incompetents!”* Ciolacu’s post reads. (www.nineoclock.ro)

- August 3<sup>rd</sup>, National Liberal Party (Partidul Național Liberal - PNL) leader and Romanian Prime Minister Ludovic Orban said on Monday that the Social Democratic Party (Partidul Social Democrat - PSD) is *“the party with the least legitimacy to submit a censure motion at the moment,”* claiming that this is a *“politicizing,” “electoral”* gesture and has no solid motivation behind it. *“Romania, like many other European countries, like many other countries in the world, is facing an epidemiological crisis, a pandemic. It also faces a related economic crisis. In addition, in Romania we had drought, we had floods. The message I am sending is that it takes a Government vested with all its powers, which has the capacity to counter and find solutions to the serious problems that are caused by the crises that have overlapped. To come and file a censure motion at the moment against a Government that has done its duty seems to me a political gesture that has no solid motivation behind it and the gesture is simply electoral before the local elections to probably show the militants that the PSD is doing something. I believe that the party that has the*

*least legitimacy to submit a censure motion at the moment is the PSD. At the moment I consider this inopportune and against the interest that Romania and every single Romanian have for there to be a responsible Government to deal effectively with solving the crisis,”* Orban said at the PNL headquarters. He added that, after the motion is tabled, the PNL will discuss with all parliamentary formations, with each parliamentarian individually to explain that dismissal of the Government would “*hurt Romania.*” The PSD’s Acting Chairman, Marcel Ciolacu, announced last Thursday that the Social Democrats had decided to file a censure motion against the Orban Government this August. (www.nineoclock.ro)

- August 24<sup>th</sup>, race for the Mayor seat in Romania’s capital Bucharest could turn out to be the tightest in the last 30 years as former President Traian Basescu and former Prime Minister Calin Popescu Tariceanu have both announced their candidacies. They will run against incumbent Mayor Gabriela Firea, supported by the Social Democratic Party (Partidul Social Democrat - PSD), and activist Nicusor Dan, supported by the ruling National Liberal Party (Partidul Național Liberal - PNL) and by the alliance of progressive parties Save Romania Union (Uniunea Salvați România - USR) and Party of Liberty, Unity and Solidarity (Partidul Libertății, Unității și Solidarității - PLUS). Former Prime Minister Victor Ponta and his PRO Romania (PRO România - PRO) also have a candidate for Bucharest Mayor, a General who managed the Military Hospital in Bucharest in the past. Incumbent Mayor Gabriela Firea and Nicusor Dan, who was the runner-up in the 2016 local elections, are the clear favorites for running the Bucharest City Hall in the next four years. However, the candidacies of Traian

Basescu and Calin Popescu Tariceanu are likely to make the election result more unpredictable as both will likely “steal” votes from Firea and Dan. Traian Basescu’s People’s Movement Party (Partidul Mișcarea Populară - PMP) wanted to join the alliance of center-right parties that support Nicusor Dan, but USR and PLUS opposed this. Thus, Basescu said he would run to help his party, the goal being mainly to help PMP candidates to get into the Bucharest General Council and the district councils. (www.romania-insider.com)

## COUNTRY ASSESSMENT :

*Political instability and uncertainty continue in Romania with opposition seeking to topple the Government. Romanian cabinet is a minority one enjoying fragile support in Parliament so far but it can lose confidence at any time. It is very likely parliamentary elections to be held on December 6th, 2020. Local elections on September 27<sup>th</sup>, 2020 would be a good stress test for Romanian political parties before the parliamentary elections. In this context, a couple of imminent political personalities will run for the Bucharest Mayor’s office seeking to strengthen power of their parties before the parliamentary elections. Romania enjoys advanced upgrade in US and NATO strategic plans due to its geographical position located close to Russia and its access to the Black Sea. NATO military force in Europe is gradually shifting from central Europe (Germany) to the east. Romania keeps strengthening its Armed Forces seeking to achieve NATO standards.*



**SERBIA:** August 3<sup>rd</sup>, members of the opposition Alliance for Serbia (Savez za Srbiju -

SzS) and other parties and movements which boycotted country's general elections on June 21<sup>st</sup>, 2020 agreed on Monday to act together in a new organization the United Opposition of Serbia (UOS). *"Because of the dramatic political situation, and the need for a broader front of acting, the United Opposition of Serbia will accept all parties and movements ready to fight for the respect of the Constitution and the rule of law, and against the authoritarian regime based on the will of one man (President Aleksandar Vucic),"* an SzS statement said. It added that the nationalist Serbian Movement Dveri (Srpski Pokret Dveri), a member of the SzS, would not join the UOS, but both sides said they were *"ready to cooperate in fighting for media freedom and restoration of democracy in Serbia."* *"In the coming days, the UOS will inform the public about its members and announce its further activities,"* the statement said. (www.n1info.com)

- August 4<sup>th</sup>, Belgrade daily Politika said on Tuesday that the Defense Ministry refused to comment reports that the Serbian military was buying a Chinese anti-aircraft system. *"Serbia has resolved the issue of long-range anti-aircraft defense by buying the Chinese FK-3 system and the Defense Ministry did not want to comment the purchase of the modern Chinese weapon nor did it deny the reports which it would have if they were incorrect,"* the daily said. According to the specialized Balkanska Bezbednosna Mreza (www.balkansec.net not to be confused with Balkan Security Network) portal, the state-owned arms trade company Jugoimport-SDPR's annual report for last year says that one of the signed contracts was for the purchase of the Chinese anti-aircraft system. The Serbian-language portal said that the purchase was a sign of deepening

Belgrade - Beijing relations and added that the sale would take the Chinese military industry into a new market. Serbia is also the first European country to acquire Chinese-made combat drones. (www.rs.n1info.com)

- August 7<sup>th</sup>, Serbian President Aleksandar Vucic said on Friday that he will demand a discussion of what he said are fundamental issues when the Belgrade - Pristina dialogue continues in Brussels on September 7<sup>th</sup>, 2020. *"I will demand the implementation of the 2013 agreement signed under the auspices of the EU on the forming of the Community of Serb Municipalities so we can see concrete steps and not just paper,"* Vucic told a news conference. He said that Serbia will not quit the EU-mediated dialogue to normalize relations between Belgrade and Pristina. *"We want a true dialogue, not just them saying that we have to recognize them... I told (US State Department official Matthew) Palmer and (President Trump's special envoy Ambassador Richard) Grenell that in front of (Kosovo President Hashim) Thaci, I told everyone. I understand them, that is the policy of their countries... But some people are obviously not interested in discussing railway and air lines,"* Vucic said. (www.rs.n1info.com)

## COUNTRY ASSESSMENT :

*Extra-parliamentary opposition is trying to unite its forces presenting a new coalition called "United Opposition of Serbia". In the meanwhile, ruling SNS seeks to form its Government including parliamentary parties (SPS, SPAS, minority parties). Lately, SNS shows somekind of dissatisfaction towards SPS but it is assessed that it is only a game of negotiations and finally Socialists will join the new Government. However, SPAS has also a lot of possibilities to become member*

*of the new ruling coalition. The question is in such a scenario who will be the opposition in the Parliament! The EU and US express through various channels their concern over Serbia's democratic rule, media freedom and human rights. Moreover, the close relation of Serbia with Russia (and China) is another reason of the Western concerns. Serbia seeks to discuss technical and economic issues with Kosovo avoiding to talk political issues which may include Kosovo recognition. This stance may lead dialogue in a potential deadlock. Serbian delegation is expecting unbearable pressure from the EU on Belgrade = Pristina dialogue for signing an agreement. The EU has raised serious concerns over Serbia's effectiveness on independence and accountability of the judiciary, freedom of expression, prevention of corruption and the fight against organized crime. Serbia pays special attention in improving operational capabilities of its Armed Forces declaring towards all sides that they are the power of the state. It implements an ambitious armament program mainly supported by Russia and China (lately)..*



**SLOVENIA:** August 5<sup>th</sup>, the Interior Ministry welcomed Italy's decision to send an additional contingent of soldiers to the Friuli Venezia Giulia region to help monitor the border with Slovenia due to an increase in illegal migrations. *"Every additional measure on any side of the border is welcome, as this can reduce the appeal of a migration route."* The Ministry said this had been one of the topics discussed by the Slovenian and Italian Interior Ministers in relation to the surge in migration on the Western Balkan route. (www.sta.si)

- August 7<sup>th</sup>, anti-government protests continued for the 16th straight Friday in Ljubljana, this time targeting the handling of coronavirus outbreaks at care homes. Meanwhile, dozens took to the streets in Izola following the reports that the coastal town had paid two hotel rooms for Agriculture Minister Aleksandra Pivec. The protesters there also demanded resignation of Mayor Danilo Markocic, a member of Pivec's Democratic Party of Pensioners of Slovenia (Demokratska Stranka Upokojencev Slovenije - DeSUS), who has also come under fire over contentious property deals. (www.sta.si)

- August 8<sup>th</sup>, Agriculture Minister and Democratic Party of Pensioners of Slovenia (Demokratska Stranka Upokojencev Slovenije - DeSUS) Head Aleksandra Pivec has again rejected in an interview for Vecer conflict of interest and corruption allegations raised against her, while she also spoke of *"putsch"* developments within DeSUS and her belief the party's former President Karl Erjavec is indeed attempting a comeback. She categorically rejected the possibility of joining the senior coalition of Slovenian Democratic Party (Slovenska Demokratska Stranka - SDS) if she gets replaced. *"I never identified with right-wing politics. However, I am very pragmatic when it comes to executing matters of content and a loyal partner on top of that,"* she said. (www.sta.si)

## COUNTRY ASSESSMENT ■:

*Janez Jansa's Government enjoys relative stability. Anti-government protests continue in the country but they are not assessed as a threat against the state's stability. Opposition does not feel so powered to challenge Jansa's cabinet. Slovenia – Croatia dispute regarding the Piran Bay is still active but without tension or escalation.*

*tion. The Slovenian Armed Forces face problems mainly in the field of modern equipment and manning. According to the Armed Forces annual assessment the Armed Forces have limited operational capabilities in war time namely they cannot accomplish their mission. Adoption of an ambitious 780 million euro modernization project may improve operational capabilities of the Slovenian Armed Forces.*



**TURKEY:** August 3<sup>rd</sup>, Germany approved millions of Euros worth of arms deliveries to Turkey after its cross-border counterterrorism operations into Syria, according to the response to a parliamentary query fielded by Sevim Dagdelen of the Left (Die Linke). In the nine and a half months between the start of the operation on October 9<sup>th</sup>, 2019, through July 22<sup>nd</sup>, 2020, the Government gave the green light for deliveries worth 25.9 million Euros. But there were no weapons of war among those exports, according to the response provided by the Economics Ministry which DPA has seen. Turkish troops entered northern Syria to combat the YPG terrorists, the Syrian offshoot of the PKK terrorist group. The German Government then imposed a partial arms export ban, which only applies to weapons and other military equipment that can be used in Syria. In 2018, arms sales to Turkey – a NATO ally – totaled 242.8 million Euros, making up for almost a third of Germany's defense industry business. This made Turkey by far the number 1 importer of German weapons. Ankara has long criticized German authorities for not taking serious measures against the PKK, which is listed as a terrorist organization by Turkey, the US and the EU and waged a terror campaign against Turkey for more than 30 years, causing the deaths of

nearly 40,000 people, including women and children. Ankara has repeatedly criticized that the PKK and its Syrian affiliates continue to use Germany as a platform for their fundraising, recruitment and propaganda activities. (www.dailysabah.com)

- August 5<sup>th</sup>, several international banks failed to close their lira positions with Turkish counterparts on Tuesday, an outcome of policies that are keeping a lid on local-currency liquidity offshore, according to people familiar with the matter. Foreign lenders were unable to meet lira obligations as the cost of borrowing in the currency jumped as high as 1,050% for offshore investors, people said, asking not to be identified discussing sensitive information. The banks' failure is reminiscent of previous dislocations in the offshore lira market, where regulators have engineered a lasting liquidity crunch to prevent a disorderly depreciation in the currency. That resulted in several settlement failures similar to Tuesday's, and, as a consequence Turkish regulators temporarily banned local lenders from trading with Citigroup Inc., UBS Group AG and BNP Paribas. A person familiar with policy makers' thinking said regulators were unlikely to impose fines over Tuesday's settlement failures. Turkey's banking regulator declined to comment. The latest supply squeeze followed heavy interventions in the currency market last week. Dollar sales executed by state banks to prop up the lira began to settle after a public holiday, draining the supply of local currency and pushing the overnight borrowing rate in the offshore market to its highest level in 17 months. To deter short sellers, foreign investors have essentially been barred from borrowing from local banks and do not have access to Turkish Central Bank funding. As a result, those without

liras on hand have to borrow the currency in the offshore market — where supply is limited — driving up the rate. Behind the strains are concerns about the level of Turkey's reserves and an aggressive monetary easing cycle that is fueled an outflow of foreign capital. Facing pressure on the currency to weaken, authorities have been leaning on state banks to bolster the lira with dollar sales, rather than raising interest rates or curbing the supply of credit. The Central Bank's gross currency reserves have dropped by more than a third this year to 49.2 billion US Dollars as of July 17<sup>th</sup>, 2020. Including gold, they stand at 89.5 billion US Dollars. Of this, more than 54 billion US Dollars is borrowed from local lenders through short-term swaps, according to the latest available data through the end of June. As in previous episodes of funding stress, investors struggling to get hold of liras started dumping their stock and bond holdings, according to two traders familiar with the matter. The Borsa Istanbul 100 Index fell 3.5% on Tuesday, while the yield on Turkey's benchmark two-year bond rose above 12%, its highest level since April. Signs of normalcy returned to financial markets on Wednesday, with the overnight rate plunging back down to 6.8%, just below the Central Bank's own benchmark. Still, the cost of borrowing money for two nights was around 100%. The lira breached the psychologically important level of 7 per dollar on Wednesday, slipping as much 2%, despite efforts by state lenders to stop the slide. It is weakened more than 15% against the US currency this year. (www.aljazeera.com)

- August 7<sup>th</sup>, President Recep Tayyip Erdogan has announced that Turkey has resumed energy exploration work in the eastern Mediterranean, saying Greece had not kept its promises regarding

such activities in the region. NATO members Turkey and Greece have long been at loggerheads over overlapping claims for hydrocarbon resources and tensions flared up last month, prompting German Chancellor Angela Merkel to hold talks with the country's leaders to ease tensions. *"We have started drilling work again,"* Erdogan told reporters after participating in Friday prayers at the Hagia Sophia mosque. *"We do not feel obliged to talk with those who do not have rights in maritime jurisdiction zones."* He said Turkey's BARBAROS HAYREDDIN PASA, a seismic survey vessel, had been sent to the region to carry out its duties. The ship moved into waters off Cyprus in late July and remains in that region. Erdogan made the comments when asked about an accord signed by Egypt and Greece on Thursday designating an exclusive economic zone between the two nations in the eastern Mediterranean. Diplomats in Greece said their agreement nullified an accord reached last year between Turkey and the internationally recognized Government of Libya. Erdogan, however, dismissed the Egypt - Greece deal, saying Turkey would sustain its agreement with Libya *"decisively."* Commenting on the agreement, Turkey's Foreign Ministry said the zone included in the Greco - Egyptian deal falls under the area of Turkey's continental shelf. Ankara has maintained that sea boundaries for commercial exploitation should be divided between the Greek and Turkish mainlands and not include the Greek islands on an equal basis. Athens contends that Turkey's position is a violation of international law. (www.aljazeera.com)

## COUNTRY ASSESSMENT :

*Turkey continues to implement a multilateral and multidimensional foreign policy seeking to secure*

*its national interests. Speaking about Turkish national interests, these could be specified on internal stability, energy security, regional balance of power and elimination of regional threats. Having this in mind it could be easily explained why Turkey has expanded its presence and influence in so many fronts. The Turkish – Libyan agreement on maritime zones in Eastern Mediterranean is nothing more than Turkey's reaction in its regional isolation due to the East Med Forum of Cyprus, Egypt, Greece, Israel, Italy, Jordan and Palestine (authority). Turkey is threatened to be excluded from the energy plans of Eastern Mediterranean and it will not accept it by any chance. This could explain the Turkish aggressive activity in the region seeking to establish its presence and make clear that consolidation of East Mediterranean as a new energy hub needs to Turkey. Greek – Egypt agreement on maritime zones could not be accepted by Turkey since it cancels the Turkish – Libyan memorandum. Under these circumstances tension is escalating once again in the region and Turkey announced hydro-carbon drills in the sea between Crete, Karpathos, Rhodes and Kastellorizo. Greek and Turkish Navies is expected to deploy again bringing the two countries close to a “hot” incident or accident. In Libya, Russian, French and Egyptian intervention has slow down Saraj military advance threatening Turkish interests. Turkey focuses lately on Nagorno Karabach conflict declaring that it will help Azerbaijan with military assets. In this context it has deployed military forces in Azerbaijan conducting large scale military exercises which look like preparations for a large scale military operation. In other words Turkey is ready to military engage in another front. Finally, in Syrian front Turkey has achieved to stabilize its presence and securing the country*


*by the Syrian Kurd threat. What really hearts Turkey in all these grand strategic plans is economy. With Lira facing strong pressures and with Central Bank's gross currency reserves in historic low, Turkish economy is under serious threat. Under these circumstances, economy could become the “Achilles’ heel” for President, Recep Tayyip Erdogan and the state's internal stability. The country continues to face several restrictions in freedom of expression and human rights. Elected MPs, Mayors, journalists and thousands of citizens are in custody or convicted by the state Courts. Local and international observers claim the country moves towards an authoritarian regime with thousands of citizens being persecuted. Turkey develops an ambitious armament project aiming at becoming self-sufficient in defense sector; if it succeeds it will set the base to become a regional military super power. Without any question, Turkey has the characteristics of a regional superpower and it tries to act like one. However, the most important for taking this role in the region is to stabilize its economy and secondly to improve its military capabilities.*


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#### NOTE

 Stable situation. No security risk.

 Rather stable situation. Security risk is monitored.

 *Major concerns over stability and security. significant security risk in specific regions. Low tension incidents.*

 *Imminent major incidents regarding stability and security. Violent incidents or armed violence in specific regions. Ongoing tension or crisis. High security risk.*

 *Evolving or ongoing crisis including major armed violence or violent/armed conflict. Civil, inter-state or non –state actors war.*