



**Hermes Institute of  
International Affairs,  
Security & Geoeconomy**

## ***SOUTHEASTERN EUROPE***

### ***AT A GLANCE***



***SOUTHEAST EUROPE DIRECTORATE***

“SOUTHEASTERN EUROPE AT A GLANCE” 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, Former Yugoslav Republic of Macedonia (FYROM), Greece, Kosovo, Moldova, Montenegro, 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:** March 28<sup>th</sup>, Albanian opposition parties organized their sixth recent protest in the capital Tirana, calling for Socialist Prime Minister Edi Rama to resign and demanding early elections. The main opposition centre-right Democratic Party of Albania (Partia Demokratike e Shqipërisë – PD) mustered its supporters at two points on the main pedestrian avenue and some of them attempted in vain to push through a Police cordon near the entrance of the Parliament. Opposition parties have organized several protests recently, some of which ended in violence. However, the violence declined to pushes against Police cordons in the last two protests while Police called from loud speakers to protesters to refrain from throwing smoke bombs. They saw no need to resort to tear gas or water cannons as in the previous protests. In the meanwhile, three new MPs, two from the PD and one from the Socialist Movement for Integration (Lëvizja Socialiste për Integrim - LSI), defied their respective parties and took oaths in a plenary session in the Parliament, eroding the opposition call for a total boycott of Parliament. Up till Thursday, 36 runner-up candidates from the Democrats had refused offers of seats to replace the 41 PD MPs who resigned their seats as part of the boycott. Five runners-up in previous elections have agreed to serve in the Parliament. There are still 36 vacant PD-held seats in the chamber. However, most vacancies created by the withdrawal of the LSI MPs have been filled. The last LSI candidate who took an oath on Thursday brings the total substitutions from this party to ten. Only seven vacancies remain from this party. Ahead of local elections scheduled for June 30<sup>th</sup>, 2019 the leader of PD, Lulzim Basha, has signaled his determination to boycott these as well. *“Whoever has not yet*

*understood should understand it now. There will be no elections with Rama,”* he told supporters after the protest. *“There will be no compromise with the Maduro of the Balkans,”* he added. (www.balkaninsight.com)



Protest in Tirana

(Photo source: www.pd.al)

- March 29<sup>th</sup>, during the ceremony organized in the framework of Albania's 10 years of NATO membership, the Prime Minister Edi Rama said that situation in the region has changed and countries are not enemies anymore; on the contrary they cooperate against new enemies. *“Today we are not each other's enemies, but we are together against new ones. Violent extremism, despite ISIS defeat, has not been eliminated. The fanatic's doctrine will not be extirpated only by the force of gun, but also by force of mind and example which is embodied by this big Alliance [NATO]. The increasing nationalism, refugee's crisis in Syria, or even the increasing cyber war need a joint response in which each country has its own role,”* Rama said. In addition, Rama said that Albania is working to build in Kucova the most modern and largest NATO military base in the region. *“On the 10<sup>th</sup> anniversary of our country's membership which actually coincides with the 20<sup>th</sup> anniversary of the beginning of a close cooperation during the war of Kosovo liberation, Albania is ready to build the NATO military base in Kucova,”* Rama stated. (www.albaniandailynews.com)

- March 29<sup>th</sup>, after the US Department of State published its annual report on drug traffic around the world, which said that Albania still remains a transit country, the former Democratic Party of Albania (Partia Demokratike e Shqipërisë – PD) MP, Enkelejd Alibeaj, said that the report makes a clear reference of the alarming situation that has been created by Edi Rama's Government. According to Alibeaj, to stop Albania from being a base for criminal gangs, it is necessary to remove Edi Rama from power. *"The only solution is to bring down the criminalized power of Edi Rama, the main source of this ugly image,"* he said. (www.top-channel.tv)

## COUNTRY ASSESSMENT :

*Albania has entered in a period of political turmoil and fragile political stability not only because opposition organizes huge protests against the Government, but mainly because opposition MPs decided to abandon Parliament and resign. Such an action is blocking Parliament's works undermining Albania's reforms (economic, justice etc). Such decision was strongly criticized by the international community namely the EU (and U.S) putting at risk the opening of accession negotiations in June 2019. The Prime Minister, Edi Rama urged opposition to return in the Parliament starting a constructive dialogue but PD and LSI leaders, Basha and Kryemadhi respectively pushing for the Government's topple and snap elections. Governmental institutions and media close to the Government strongly highlight that political destabilization is in favor of Russian influence in the country underlying that Rama and his Government are the only credible stakeholders which could guarantee the firm western orientation of the country. It is not normal for a*

*stable country seeking to enter the European club to face such situation of political abnormality. Opposition MPs' resignation aiming at forcing the Government in collapse is not a reasonable political strategy for a functional and stable democracy. At the moment, the Government seeks to maintain Parliament fully functional, while opposition accuses Rama for buying its MPs to refuse resignation. In the meanwhile, several political executives of PD and LSI "disobeyed" their leaderships and accepted to replace the vacant seats in the Parliament invalidating partially their boycottage plans. Further polarization of political atmosphere in Albania by the opposition could not be excluded. Opposition PD and LSI did not submit their candidates within the deadline (March 18<sup>th</sup>, 2019), while PD leader Basha stated that his party plans to boycott the local election scheduled for June 30<sup>th</sup>, 2019. The Government is accused of having links with organized crime and current situation raises questions over the power of "Albanian mafia" in the country and its influence in state's politics. Undoubtedly, corruption and organized crime remains the most significant state's problem undermining its strategic goal of opening accession negotiations with the EU. The EU closely monitors progress of reforms especially in justice sector. Latest European Parliament assessment on Albania accession negotiations is a rather positive sign underlining concerns over specific issues such as corruption, justice reforms, and implementation of rule of law. The final decision for opening Albania's accession negotiations in June 2019 is up to the EU Heads of Governments. One should underline that unofficial concerns have already been raised regarding this date due to current political instability. Albania monitors Kosovo – Serbia negotiations and definitely has a role as a*

*“mother nation.” It is estimated that Albania will fully comply with the EU and U.S “line” for territorial exchanges or border changes between Serbia and Kosovo if it is necessary for a mutual accepted solution. Albania maintains its leading role in the Albanian world providing guarantees and support to Albanian population in the region namely Kosovo, Serbia, Montenegro, and F.Y.R.O.M. In this context, the Albanian Prime Minister and his Government work on promoting Kosovo interests in international community using any forum they have access. Possible border changes may engage Albania in dangerous situations taking into consideration that it has the role of “protector” of Albanians in the region.*



## **BOSNIA & HERZEGOVINA:**

March 26<sup>th</sup>, the Democratic Front (Demokratska Fronta – DF), one of the founders of a left-leaning pro-Bosnian political alliance that pledged not to take part in a Government together with nationalists said it is ready under certain conditions to start negotiations with the nationalist parties and then called other left-leaning parties to unite into a *“strong political organization.”* The leftists turned the offer down immediately. DF, the Social Democratic Party (Socijaldemokratska Partija Bosne i Hercegovine - SDP) and Our Party (Naša Stranka - NS) had formed the BH Bloc in 2018 and together they decided against participation in a Government formed together with nationalists, although nationalist parties won most of the votes in the election last year. The sudden DF U-turn came with a list of conditions the DF set in order to start negotiations with the three main election winners; Croatian Democratic Union of Bosnia and Herzegovina (Hrvatska Demokratska Zajednica Bosne i Hercegovine - HDZ BiH),

Party of Democratic Action (Stranka Demokratske Akcije - SDA), and Alliance of Independent Social Democrats (Savez Nezavisnih Socijaldemokrataor - SNSD). The conditions, however, are old requirements of the left and include the implementation of rulings of the EU human rights Court that would essentially clip the wings of the nationalists. ([www.n1info.com](http://www.n1info.com))

- March 27<sup>th</sup>, dozens of Bosnians were reportedly deported from Croatia for being a threat to the country’s national security and were never officially told why. They, however, claim it was because they refused to cooperate with Croatia’s secret service in an alleged plot against Bosnia. Such cases come in light of a diplomatic spat which emerged when investigative journalists revealed that Croatia’s intelligence was allegedly trying to recruit Bosnian Muslims to transport weapons to central Bosnia and establish contacts with ISIS in order to portray Bosnia as a terrorist hub. According to some of those who claim they were approached, Croatia used threats and blackmail to make them cooperate. One of the threats was losing their working license in Croatia and being deported. Croatia has denied all allegations but the affair has seriously strained the relationship between the two countries. The Bosnian investigative news outlet ‘Zurnal’ that broke the story also published what it claimed to be interviews with Bosnians who described how SOA tried to recruit them and make them create social media accounts in which they would praise the Islamic State. Bosnia’s Security Minister, Dragan Mektic, confirmed Zurnal’s allegations, saying that he has documented data proving them. According to the Minister, the plan was for the weapons to be found following a tip-off. Mektic said the goal was to prove earlier statements by Croatian President Kolinda Grabar-Kitarovic,

who said Bosnia was a hub for terrorists, as true. Croatian officials, including Prime Minister Andrej Plenkovic, called the allegations “nonsense.” (www.ba.n1info.com)

- March 31<sup>st</sup>, Internal Affairs Minister in Republika Srpska (RS), Dragan Lukac one of two Bosnia’s semi-autonomous regions, announced it is necessary to introduce auxiliary Police unit, which would respond to safety challenges such as migrant crisis, natural disasters or other situations where citizens are in need of help. The unit would be composed of young people who would be summoned only when necessary, said the Minister, adding that they would have the same competencies as active Police Officers engaged in Police duties. “First, we have to make it possible in the law to form the auxiliary Police unit, and we will then successively work on getting people in,” he said. The announcement prompted a reaction in the Federation (FBiH) entity. The leader of the left-leaning Civic Alliance said the Peace Implementation Council (PIC), a body composed of foreign Ambassadors who oversee the implementation of the 1995 peace agreement in Bosnia, should act and prevent the formation of this Police unit. Otherwise, Civic Alliance leader Nihad Colpa said, the FBiH Ministry of Internal Affairs should immediately take the necessary action to form an auxiliary Police unit, “in order to create balance and increase security in Bosnia and Herzegovina, which is possible only if there is a balance in all segment between those who support integral and stable Bosnia and Herzegovina and those who oppose such Bosnia and Herzegovina.” (www.n1info.com)

## COUNTRY ASSESSMENT  :

*Bosnia has not a Government since October 7<sup>th</sup>, 2018 general elections. It seems that the three*

*main parties representing the three constituent entities (Bosniaks, Serbs, Croats); HDZ (Bosnian Croatian party), SDA (Bosnian Muslim or Bosniak party), and SNSD (Bosnian Serbian party) have reached an agreement to cooperate in forming a Government bypassing their different views on main issues. Bosnia’s accession process towards NATO is the main disputable issue; Bosnian Serbs insist that the country should remain neutral staying out of NATO while the two other members of the tripartite Presidency set commitment to NATO accession as a precondition for supporting a Government. However, it seems that during last meeting the three leaders decided to put aside the NATO issue in an effort to form a Government bringing the country back to political normality. Country faces several functional and institutional problems. Consequently political fragility maintains permanent uncertainty and institutional mistrust. Croatia and Serbia keep on intervening in Bosnia’s internal affairs destabilizing the state. It is more than impressive that Bosnian Serbs and Croats came very close aiming at achieving their special goals. Of course, both entities (Croats and Serbs) take in advantage “Dayton Peace Agreement” weaknesses and malfunctions. Russia pays special attention in Serbia and Bosnia in order to maintain its influence in the region. Bulgaria, Romania, Croatia, Slovenia, Albania, and Montenegro have already entered NATO, while North Macedonia would join the Alliance on June 2019. These two countries (Serbia and Bosnia) are the only “vehicles” for Russia to maintain a narrow influence in Southeastern Europe. Election of ultra nationalist pro-Russian Serb Milorad Dodik in the tripartite Presidency is a strong sign of more nationalistic rhetoric and more obstacles towards Bosnia’s EU and NATO (mostly) integration. Dodik is a person who does*



*not actually believe in B&H viability and is expected to promote (actually, he has already started) his own political agenda. Saudi Arabia, Iran, and Turkey approach the country mainly through “investments” and/or funding ethnic or religious groups according to their interests.*



**BULGARIA:** March 26<sup>th</sup>, Royal Dutch Shell told reporters in Sofia that it will launch an exploratory drilling operation next month in the Han Kubrat oil and gas field off the coast of Burgas in the Black Sea. The 90-day exploration will commence off the Noble Globetrotter II ship on April 1<sup>st</sup>, 2019 about 80 kilometers from Burgas in south-east Bulgaria. Kayes estimated the chances of finding commercially exploitable resources at one in five. He said that oil and gas fields with similar characteristics yield up to 75,000 barrels of crude oil per day. Shell is expected to invest between 50 and 150 million dollars in the project, on top of the 35 million dollars invested so far. The exploratory drilling is being launched four years after the Bulgarian Government held a tender for the exploration of Han Kubrat field in 2015. Another oil and gas exploration project is currently taking place off the Bulgarian Black Sea coast. French oil company Total, Austria's OMV, and Repsol has started the drilling operation in the Han Asparuh field close to the port city of Varna in northern Bulgaria. At the time, the country granted the US energy giant Chevron a permit to explore a gas field in Dobrudzha in north-east Bulgaria, which was later revoked after a series of protests across the country. (www.balkaninsight.com)

- March 29<sup>th</sup>, Deputy Prime Minister and Minister of Foreign Affairs Ekaterina Zaharieva described the statement of Turkey's Foreign Minister

Mevluth Chavusoglu as extremely unacceptable. In front of journalists in the Council of Ministers, Zaharieva has announced she is ready to be heard in the National Assembly on the subject and has no concerns to answer all the questions, Darik reported. The Turkish Ambassador was summoned to the Foreign Ministry and headed for demarche, Zaharieva said. The Turkish Foreign Minister said in an election rally that Ankara had intervened in the amendments to the Religious Denominations Act in Bulgaria. Zaharieva noted she was surprised and extremely dissatisfied with the statement of the Turkish Foreign Minister, which, according to the Deputy Prime Minister does not help the friendly relations between the two countries. She urged her colleague to refrain from making such unacceptable speeches. “*Bulgaria has never been pressed,*” said Zaharieva. She pointed out that as a Minister was also visited by representatives from the Catholic religion, but they also disagreed with the Religious Law. The Bulgarian Orthodox Church also had disagreement, Zaharieva added. “*We listen to concerns, but we are an independent state and the Bulgarian Parliament decides what to accept,*” the Vice-Premier also said. The Deputy Prime Minister added that she had a telephone conversation with Chavusoglu at his request. During the conversation, he has expressed concern that the Religious Affairs Act, which has been discussed in Parliament for one and a half years, is against the Muslim religion. Zaharieva noted that she had refuted him. “*I told him that the law is not directed against any religion and it is the right of the Bulgarian Parliament to ensure that it finances all religions in Bulgaria so that they feel equal,*” the Deputy Prime Minister added. VMRO announced that the party would ask for a hearing of Zaharieva in the National Assembly to clarify whether there had



been an attempt to interfere with the country's internal affairs for the Religion Act. (www.novinite.com)

- March 29<sup>th</sup>, Bulgaria has no plans to establish NATO naval bases on its territory, Bulgarian Deputy Prime Minister and Minister of Defense Krassimir Karakachanov said in an interview with TASS. *“Information on the possible deployment of new NATO bases on the territory of the country is being circulated by sites that specialize in fake news,”* he said. *“I believe that such news are part of the hybrid war that is taking place in the world now. No one wanted Bulgaria to provide its Black Sea naval bases to NATO or the United States,”* he concluded. *“Bulgaria is a loyal partner of NATO, but Bulgaria, Prime Minister Boyko Borissov and the whole Government is pursuing a policy in the interests of seeking compromises, negotiating rather than pushing tensions,”* Karakachanov stressed. The Deputy Prime Minister also pointed out that there are much more serious problems and challenges for the civilized Christian world, so all parties must find a common language by avoiding unnecessary confrontation. *“I am convinced that between Europe and Russia, between NATO and Russia, it is necessary to look for a path; for a peaceful resolution of the problems,”* he said. Third countries, especially radical Islam, gained from confrontation, Karakachanov added. *“Negotiations and the search for solutions to the controversial issues are a better option for the development of events, and I say this as a representative of Bulgaria; a country that has no aggressive intentions and does not lead an aggressive policy,”* he said. (www.novinite.com)

## COUNTRY ASSESSMENT :

*Although the Government claims that there is no parliamentary crisis and possibility of snap elections, BSP absence from parliamentary sessions it is not a good sign of democratic function and the Government always has a responsibility about it. However, one should claim that Bulgarian politics follows the Balkan trend (Albania, Montenegro, Serbia etc) of leaving the Parliament; a strong sign of democratic and parliamentary immaturity. It is assessed that Bulgaria has not entered yet in political instability but it could be evolved into a potential major crisis. On the other hand, the junior partner of the ruling coalition, United Patriots remains the vulnerable and unpredictable piece of the inter-governmental stability; none could predict when a new incident or dispute will break out. Thus, Bulgaria has entered in a period of rather stable political situation. The President Radev grabs every opportunity to criticize the Government (and the Prime Minister Borissov) highlighting his different political affiliation (Radev is backed by the opposition Socialists). Opposition BSP tries to push further Borisov and his Government by strengthening its rhetoric and having tabled three motions of no confidence so far. The country strengthened its efforts towards entering the Eurozone achieving a positive decision of the Eurogroup. However, the EC made clear that Bulgaria could not enter the Eurozone before 2022. Fitch upgraded Bulgarian economy from stable to positive; a good sign of economic function. Apart from that the European Parliament adopted a resolution for the accession of Bulgaria (and Romania) in Schengen Zone. However, it is questioned if the European Council will receive a unanimous final decision for Bulgaria under the current migration pressure. Corruption and organized crime remain*

*significant obstacles and should be addressed decisively. Although modernization of Armed Forces is a top priority for Bulgaria and huge armament projects are ongoing (fighter jets, armored vehicles, vessels etc) military operational capability of the state is questioned especially in the Air Force. Bulgarian Armed Forces are far from NATO standards. Security situation stable; no major threats.*



**CROATIA:** March 25<sup>th</sup>, leader of the Independent Democratic Serb Party (Samostalna Demokratska Srpska Stranka – SDSS), Milorad Pupovac met with Prime Minister Andrej Plenkovic following three weeks of speculation that he would leave the coalition Government. Speaking to reporters after the meeting Pupovac said that the SDSS would stay on with the coalition Government. *“We agreed that for all of those issues we agree on, and those we do not, to create the necessary conditions for the continued work of the parliamentary majority and the SDSS within that parliamentary majority,”* Pupovac said. Senior Croatian Democratic Union (Hrvatska Demokratska Zajednica – HDZ) official Lovro Kuscevic made it clear when the speculation started some weeks ago, that no one member of parliamentary majority was so important that the coalition Government could not do without him. ([www.glashrvatske.hrt.hr](http://www.glashrvatske.hrt.hr))

- March 29<sup>th</sup>, the Croatian Democratic Union (Hrvatska Demokratska Zajednica – HDZ) is poised to take six out of twelve seats allotted to Croatia in the next European Parliament, according to the latest projections by the European Parliament. With the HDZ taking half of Croatia’s seats, the Social Democratic Party of Croatia (Socijaldemokratska Partija Hrvatske – SDP) are expected to take three, and Human

Shield (Živi zid – Zivi Zid), the GLAS-led Amsterdam Coalition, and Bridge of Independent Lists (Most Nezavisnih Lista – Most), are likely to win one seat apiece, according to the EP’s projections, which are based on a cross-section of national polls released on Friday. In two earlier projections of the composition of the next European Parliament the HDZ was expected to win six, the SDP three, Zivi Zid two, and Amsterdam Coalition, and MOST one seat each. The numbers are based on polling by the Promocija Plus Agency. Their poll predicts that the HDZ will win 30.7% of the vote or 6 seats. The SDP is expected to win 19.2% of the vote or 3 seats, followed by the Zivi Zid (10.2%), the Amsterdam Coalition (7.7%), and MOST (6.8%) winning 1 seat each. The next European Parliament will have fewer MEPs than the outgoing parliament, 705 instead of the current 751 seats. However, the new distribution will apply only if the UK exits the EU before the elections, which are scheduled for May 26<sup>th</sup>, 2019 in Croatia and May 23<sup>rd</sup> – 26<sup>th</sup>, 2019 in the rest of the EU. ([www.glashrvatske.hrt.hr](http://www.glashrvatske.hrt.hr))

## COUNTRY ASSESSMENT :

*Croatia follows a tough regional policy with neighboring countries. It is openly intervene in Bosnia’s internal affairs, while it maintains open disputes with Slovenia, Serbia, and Bosnia. It is estimated Croatia tries to establish a leading role in Western Balkans not only as an EU and NATO member state but also as a rising “local” (Western Balkans) power. One should take into consideration that Croatia shows its military strength and capabilities quite often not only in international, but also in national level sending strong messages to neighboring countries. Apart from that, Croatia pays special attention in*

*energy strategy and security announcing ambitious projects. Although the President is a member of the ruling party, it is estimated that there is some kind of political distance between the President and Government. However, the state enjoys political stability. Latest incidents with journalists' persecutions by the national broadcaster HRT has raised concerns over media freedom in Croatia and one should focus on the Government's action on this matter. Border dispute on Piran Bay remains active and Slovenia's initiative to file a lawsuit against Croatia adds a new chapter between the two countries conflict. The state accelerates its efforts towards accession in Schengen zone, while the EC sends good news regarding Croatia's fiscal policy. Croatia implements a policy of Armed Forces' modernization trying to form a reliable and well equipped force according to NATO standards. Failure to complete successfully the purchase of a modern fighter jet maintains a long period of an ineffective and weak Croatian Air Force.*



**CYPRUS:** March 26<sup>h</sup>, the French Air Force continued its flights in the Nicosia FIR. The aeronautical exercise of the French Navy and Air Force, which began last week and will continue until Wednesday, is according to Kathimerini part of the Cyprus-France military cooperation. In a statement, the Ministry of Defense announced that helicopters and Rafale fighter jets will conduct exercises over Paphos and Polis Chrysochous. The French fighter jets participating in the exercise flew over Larnaca and Famagusta on Monday afternoon. ([www.ekathimerini.com](http://www.ekathimerini.com))

- March 27<sup>th</sup>, Cyprus's Minister of Foreign Affairs Nikos Christodoulides concluded his three-day visit to Washington having discussed

matters such as the arms embargo on Cyprus implemented by the US since 1987, security and energy issues and the Cyprus problem in meetings with Senator Bob Menendez and Undersecretary of State for political affairs David Hale, with Menendez expressing the view that “we are getting ever closer” to lifting the arms embargo. In statements after the meeting, Menendez, who serves as Ranking Member of the Senate Foreign Relations Committee, said that “we are really enthused about the role Cyprus is continuously taking in exercising leadership in the region. We are very optimistic about the exploration that is going on and the ability of Cyprus to play a major role in terms of energy and energy security, not just for the region, but potentially for Europe,” he noted, adding that “we applaud that and we want to make sure that it is secured and be able to happen. I have always had a view of lifting the arms embargo. I think we are getting ever closer and to the credit of the Cypriot Government they have taken a series of actions that I think makes that move possible,” he said. In his comments, Christodoulides said “on the part of the legislative power there is a clear intention in the immediate future to take specific actions, which will allow further enhancing relations between the United States and the Republic of Cyprus but also in general through the recognition of the role of the Republic in the Eastern Mediterranean.” Speaking during a panel discussion at the AIPAC (American Israel Public Affairs Committee) Policy Conference on Monday executive director of HALC Endy Zemenides had announced that this week, Senator Bob Menendez and Congressman Ted Deutch will introduce “a very aggressive piece of legislation on the Eastern Mediterranean that is very pro-Israel, pro-Greece and pro-Cyprus.” In the meantime, a State Department press release said that Hale met with

Christodoulides “to discuss the recent progress in the US-Republic of Cyprus security relationship.” The Undersecretary, the press release said, “reaffirmed the longstanding US policy on resources in the Republic of Cyprus’s Exclusive Economic Zone. He also reaffirmed US support for the Cypriot-led, UN-facilitated efforts to reunify the island as a bizonal, bicomunal federation, which would benefit all Cypriots.” (www.ekathimerini.com)

- March 28<sup>th</sup>, The IMF said it expected Cyprus to maintain the capacity to repay its debt but warned that this could change under certain circumstances, including court cases, a hard Brexit, and weaker growth in Europe. In its report following a visit to Cyprus as part of its post-program monitoring, the IMF said the island’s economy had showed strong growth mainly supported by construction, tourism and professional services. It said the banks’ balance sheets were being strengthened and non-performing loans had declined sharply after loan portfolio transfers out of the banks. As things stand, Cyprus’ capacity to repay the fund is adequate, the IMF said, but things could change if growth slowed significantly “or if some specific risks materialize from banks’ still weak asset quality; the realization of fiscal guarantees; or unexpected spending, including from court cases. This could be exacerbated in the event of weaker than expected growth in Europe, or a hard Brexit.” To avoid the risks, the IMF recommended facilitating deleveraging, reducing NPLs and strengthening bank profitability through additional efforts to address troubled legacy assets—which remain among the highest in Europe and steadfast implementation of the foreclosure framework, including e-auctions. It also suggested keeping the growth of the wage

bill below nominal GDP growth given the gradual reversal of crisis-era public wage and pension cuts. Cyprus must also strengthen structural reforms. “Ongoing judicial reforms to increase the efficiency of courts and accelerate enforcement of commercial claims should help address the legacy of the crisis and improve the investment climate,” the IMF said. Reforms of the civil procedure code and introduction of the e-justice system should be completed and the issuance and transfer of property titles should be accelerated. (www.cyprus-mail.com)

## COUNTRY ASSESSMENT   :

*Cyprus works systematically in order to become a major part of the East Mediterranean energy hub. Its natural gas deposits affect not only its economy but also its security. The strategy of multilateral cooperation seems to be fruitful. At the moment, Cyprus is engaged in three different trilateral formations which also include strong features of strategic cooperation and alliance; Cyprus – Egypt – Greece, Cyprus – Israel – Greece, and Cyprus – Jordan – Greece. The last two are highly improved due to the US engagement. Turkey is isolated from the energy game and it is a good question how it will react since it is certain that it will not accept “fait accompli” in a region considered as part of its strategic interests. It is assessed that Turkish provocative actions may be intensified either by Turkish gas and oil drills within the Cypriot EEZ, or by military actions. It is a fact that Cyprus has a significant deficit of military power which is (externally) balanced by regional cooperation. Furthermore Cyprus improved its bilateral relations with the U.S, strengthened its defense cooperation with France, and lately develops its defense and security relations with Germany. The*

*US administration appears ready to abolish the arms embargo against Cyprus allowing it to improve its military capabilities. Conduct of aeronautical exercises in cooperation with other countries (Israel, Egypt etc) sends various messages of defense capability, readiness, and determination. Although the UN Secretary General appears optimistic for a new round of talks between the two communities, it is assessed that talks could not be resumed earlier than summer 2019. President Anastasiades promotes the scenario of a “bizonal, bicomunal decentralized federation”; an idea which is in principle accepted by the leader of the Turkish Cypriot community and enjoys support from the U.S. However, there are a lot of disputed issues in which both parts should compromise; the most important is considered the decision-making process. Recent close approach between Cyprus and the US provoked Russia’s strong reaction which foresees a possible isolation from its influence in the Island. It is not a secret that Russia enjoys or used to enjoy a privileged relationship with Cyprus due to the US distance regarding defense and foreign policy neutrality. It is a question how Cyprus will achieve to balance between the US and Russia interests in the region. 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:** March 29<sup>th</sup>, Turkey’s Defense Minister Hulusi Akar urged Greece to refrain from taking provocative action in the Aegean Sea, adding that Ankara will respond to any challenges against Turkish sovereign rights. Speaking to a group of veterans in Istanbul, Akar

reportedly said that “*we expect everyone to stay clear of provocations... We expect everyone to bear in mind that we will react to any action [directed] against us. We will make no concession on this.*” Once again describing Turkey as a “*blue homeland*,” Akar warned that Ankara will not give up on its rights in the Aegean. While stressing that Turkey is committed to the principle of good neighborly relations and to solving problems within the framework of international law, Akar reportedly added that “*we want everyone to know that we will tolerate no fait accompli, we will sacrifice none of the rights of our holy nation.*” On Thursday, Greece’s Defense Minister Evangelos Apostolakis reiterated Athens’s growing concern over the behavior of its eastern neighbor. “*A perennial problem is Turkey, which has its own agenda, moves in its own way and does not cooperate well with its neighbors, nor with its historical allies,*” he said after meeting with Archbishop Demetrios of America in New York. Speaking in light of the recent escalation of tension emanating from Ankara, Apostolakis said Greece experiences problems with Turkey “*daily.*” ([www.ekathimerini.com](http://www.ekathimerini.com))

- March 31<sup>st</sup>, Albania on Saturday reportedly withdrew a decision published in the online version of its Government Gazette calling for the seizure of properties belonging to members of the ethnic Greek minority in the town of Himara. According to diplomatic sources, Tirana’s decision came in the wake of a stern warning by Greek Prime Minister Alexis Tsipras to Albania on Friday to respect the rights of ethnic Greeks and their property. Speaking in Bucharest on Friday, Tsipras said Tirana’s aspiration to join the European Union will be dashed if it moves ahead with property seizures. “*It is an unfortunate fact that at this moment we are not optimistic about*



*the European perspective of this country, which is facing major challenges which it must address,”* Tsipras said. He said that if Albania intends on moving in the direction of property seizures then preconditions for EU accession “*do not exist.*” Diplomatic sources said on Saturday that it remains to be seen if the Albanian Government’s decision to withdraw the call for property seizures from its online gazette is the first step toward the complete withdrawal of its unacceptable demands on ethnic Greek property. Otherwise, the sources repeated Tsipras’s warning that Albania’s prospects to join the EU will be seriously undermined. “*The precondition of this prospect [Albania’s EU accession] is the respect of the rights of all minorities living in Albania,*” the sources said. In an announcement late Friday, the Omonoia organization representing the Greek minority appealed to Greek authorities to defend its legal rights so that their properties in Himara are not seized. (www.ekathimerini.com)

- March 31<sup>st</sup>, with an eye on upcoming local and European Parliament elections, along with the looming national elections, the Greek Government is reportedly intent on distributing handouts and benefits to the tune of 658 million euro in a bid to bridge the gap in opinion polls with opposition New Democracy (Νέα Δημοκρατία – ND). However, the Government’s intentions, which include an Easter handout, have come up against objections from the Finance Ministry, which has earmarked the sum to pay a one-off retroactive benefit to civil servants and public sector pensioners. It insists that the 2019 budget cannot afford handouts as this would derail primary surplus targets. Greece will have a surplus of 3.3% of GDP instead of the 3.6% which the Government has committed to achieve in 2019. “*We have no intention to spend [the 658*

*million euro] because it will then count as an expense for 2019 and that will have a negative impact on the fiscal target,*” Finance Ministry sources said last week. Finance Minister Euclid Tsakalotos’s objections to the measure also stem from his intention not to spoil the climate with Greece’s European Union partners ahead of Friday’s Eurogroup, which Greece hopes will approve the disbursement of the first tranche of roughly 1 billion euro of European Central Bank profit returns on Greek bond holdings. The European Commission’s enhanced post-bailout report last month noted the danger of Greece deviating from the path to normalcy. If the Government does move ahead with the distribution of handouts, this is expected to draw the ire of the country’s creditors and puncture the narrative that Tsakalotos has painstakingly sought to promote that Greece is getting back to normal. Moreover, according to sources, Tsakalotos has committed to the institutions to use the money for retroactive payments to civil servants and pensioners. In remarks last week, he said that the sum “*is credit that was there in case we were unable to pay retroactive [payments] in 2018.*” “*As it was not needed, it now remains as credit,*” he said, adding that “*we have no intention of spending it as then it would count as an expense for 2019 and would have a negative impact on fiscal targets.*” (www.ekathimerini.gr)

## COUNTRY ASSESSMENT :

*Political situation in the country is rapidly evolving and it is assessed that early parliamentary elections will be held on May 2019 (although the Prime Minister Tsipras insists that his Government will complete its mandate by October 2019). The country has entered in pre-electoral period due to EU elections scheduled for*

*May 26<sup>th</sup>, 2019 and local elections scheduled also for May 26<sup>th</sup>, 2019 and June 2<sup>nd</sup>, 2019 (second round). A long pre-electoral period first of all may polarize society with unpredictable results and secondly it hurts national economy. The Prime Minister Alexis Tsipras focuses on approaching the center-left voters and weakening KINAL (former PASOK). Moreover, the ruling SYRIZA intensifies its efforts to gain the electoral body by announcing social care measures. Political turmoil emerged in a period where Greece faces several diplomatic, security, and economic challenges. Internal terrorism is considered as a major unresolved problem of national security undermining stability of the state. Although Greek Defense Minister announced mutual efforts with his Turkish counterpart for confidence-building measures the latter insists on a provocative rhetoric undermining de-escalation efforts between the two countries. Turkish fighter jets keep violating Greek airspace and NAVTEXs reserves part of Greek continental shelf and Cypriot Exclusive Economic Zone. Security situation is of significant risk due to an accidental or preplanned incident.*



**KOSOVO:** March 26<sup>th</sup>, Kosovo's President, Hashim Thaci said his contacts with his Serbia's counterpart Aleksandar Vucic is difficult but added *"an open communication channel is necessary,"* Pristina media reported. Thaci added that a peace agreement between Kosovo and Serbia would be equally successful as the one Germany and France had. *"Dialogue with Belgrade prevented many necessary things between our two countries. We both know where we come from but that does not stop us from cooperating for the sake of peace,"* Thaci said. On the other hand, he added, the status quo meant a

constant regression because it destabilized the region. Thaci said that over 70% of Kosovo's people supported the dialogue with Belgrade. Asked about the border change, he said that *"our aim is a comprehensive agreement which will finally solve all open issues between Kosovo and Serbia. But there is nothing on the table right now, no maps. The media are exaggerating the issue (of border change)."* That was the first time Thaci did not insist on his idea on the so-called border correction. His plan has been Pristina's annexation of Serbia's southern district mostly populated by ethnic Albanians without any territory exchange with Belgrade. However, he faces resistance at home especially from Prime Minister Ramush Haradinaj who said no border changes would happen, and a large part of the international community which fears a domino effect in the region. The two are also at odds on the issue of the 100% import duties on goods from Serbia and Bosnia, which Haradinaj supports and Thaci says should be lifted. Belgrade's stand toward the idea on border change is not clear since Vucic said last summer he favored *"separation with the Albanians."* Foreign Minister Ivica Dacic has recently said all options are on the table, including the demarcation, adding the issue has not been discussed yet. The Belgrade - Pristina dialogue on normalization of relations has been on hold since last November when Kosovo introduced the tariffs. Despite demands from Washington, Brussels and many other Western capitals to either suspend or abolish the taxes, Pristina has been refusing the move, saying it has been made to counter Belgrade's aggressive policies and will be in place until Belgrade recognizes Kosovo independence. (www.n1info.com)



- March 28<sup>th</sup>, the European Parliament (EP) adopted a suggestion by the European Commission (EC) asking the European Union to liberalize visa regime for Kosovo's citizens, the Tanjung news agency reported. Dimitris Avramopoulos, the EU Commissioner for Internal Affairs, said he was satisfied that the EP recognized the importance of visa-free regime for Kosovo. *"It is not only about the recognition of their efforts but also about securing the stability and safety in the region. The European perspective of the whole region is at stake,"* he said. Avramopoulos added that the EC confirmed in 2015 that Kosovo had met all conditions for visa liberalization, including the demarcation with Montenegro and strengthening the fight against organized crime and corruption. Kosovo has been complaining about the EU hesitation to allow them visa-free regime for long. That was one of Pristina's criticism of the EU, saying the bloc demanded the suspension or lifting of the 100% import tariffs on goods from Serbia and Bosnia, while on the other hand ignoring visa liberalization for Kosovo. (www.n1info.com)

- March 29<sup>th</sup>, Kosovo Prime Minister, Ramush Haradinaj, said that Serbian President, Aleksandar Vucic, is trying to destabilize the Balkan region by forcing Kosovo Serbs to leave state institutions. According to Haradinaj this is the second attempt of Vucic, adding that his initial attempt to cause troubles in Balkans was by promoting his idea on swapping territories between Kosovo and Serbia. *"Having failed to destabilize Balkans through land swap proposal, Vucic is now trying to cause destabilization by demanding the Kosovo Serb officials to leave their elected public posts,"* Haradinaj said. Kosovo Prime Minister called on the European Union to react to as he said Vucic's dangerous

tendency. *"The EU must act against such dangerous behavior,"* Haradinaj said. According to Haradinaj Serbian President is asking German giant Volkswagen to invest in Serbia and on the other hand is undermining security and peace in Kosovo and the region. *"This is hypocrisy and needs to be stopped,"* Haradinaj wrote on social media. (www.gazetaexpress.com)

## COUNTRY ASSESSMENT      :

*Haradinaj's decision to impose 100% tax on Serbian and Bosnian products provoked major problems in Kosovo affecting Governments stability. The international community namely the EU and the U.S put a lot of pressure on the Government to suspend taxes. The UN Secretary General confirmed that tax is the major problem regarding dialogue between Pristina and Belgrade. The US has started sending officials in Pristina in an effort to convince Kosovo leaders to restart dialogue with Serbia, while a joint French – German initiative for restarting the dialogue is underway. Although Kosovo still enjoys the EU and U.S support none could avoid recognizing that the state acts beyond European standards violating international agreements such as CEFTA. On the other hand dialogue between Kosovo and Serbia has reached a deadlock trapping mostly Pristina in an endless conflict. Only through normalization of relations with Serbia it will be able to move forward namely to enter the UN, NATO, EU and to achieve a normal status of a state. However, the state's authorities show a tendency of escalating tension with Serbia undermining a peaceful resolution of the case. By imposing 100% tariff on Serbian (and Bosnian products), establishing Kosovo army, executing Special Forces operation in northern Kosovo, arresting Serbs, and requesting special court for*

*Serbs it is created a climate which does not facilitate dialogue and the establishment of confidence between the two parties. Latest rumors for an imminent military operation in North for controlling the Trepca mines may trigger an armed conflict. Thaci changed his position claiming that he is not in favor of border correction. It is estimated that internal politics affect political leaders' stance in Kosovo – Serbia issue. The question of border exchange or simply change continues to divide Kosovo political forces and population. It seems that the U.S (and the EU) has a leading role in the background pushing for the idea of territorial change (or exchange). Kosovo lacks determination over its critical reforms which will establish in the country rule of law and modern functional administration. Path towards the EU and NATO will be long and hard. Establishment of Kosovo Army is also a factor of destabilization since there is always a possibility of Police or military engagement with Serbian forces. Kosovo seeks KSF to be operating all over the country pushing NATO towards such direction. The presence of Kosovo Army in the north it is assessed of high security risk which may lead in armed violence. One should take into consideration that the Serb President has already ordered all defense and security stakeholders to take all necessary measures for protecting Serbian population in Kosovo.*



**MOLDOVA:** March 25<sup>th</sup>, the President of Moldova, Igor Dodon, has officially invited the leaders of the Party of Socialists of the Republic of Moldova (Partidul Socialiștilor din Republica Moldova – PSRM), the Democratic Party of Moldova (Partidul Democrat din Moldova - PDM) and those of the

ACUM [Dignity and Truth Platform Party (Partidul Platforma Demnitate și Adevăr - PPDA) and Party of Action and Solidarity (Partidul Acțiune și Solidaritate - PAS)] block at the State Residence to discussions on the matter of the establishment of a parliamentary majority. After a closed-door discussion, the PSRM leader, Zinaida Greceanii, declared that the Socialists are ready to form a parliamentary majority, in particular, with the political bloc ACUM. “*Our door remains open for the bloc ACUM, but it seems that their ego is much more important,*” Greceanii said. The Socialists are ready to negotiate under certain conditions before creating a parliamentary majority, considering their right to propose the candidatures for key positions in the Government, according to the statements made during a press conference held after the meeting with Dodon. PDM leader, Vlad Plahotniuc expressed his optimism regarding reaching, ultimately, after several discussions, a common understanding with other parties. “*In case snap elections will be organized, PDM will not be accountable for them. The party is open to dialogue with all political parties that want to avoid a political crisis. In this context, PDM intends to form a parliamentary majority as soon as possible,*” the Democrats declared during the PDM press conference. However, neither PSRM nor ACUM expressed their willingness to discuss or negotiate with the PDM. Leaders of ACUM block Maia Sandu and Andrei Nastase, refused to shake hands with Dodon. “*Citizens of this country no longer trust the state. The country must first be liberated from oligarchic structures before solving other issues. We have come up with concrete proposals, and if other members of the Parliament have other proposals, we are ready to listen to them and discuss it on the parliamentary platform. We are*

*not the ones pushing the country to snap elections,”* said Sandu, the leader of PAS at a press conference. Leaders of ACUM proposed, in an earlier press briefing, the candidacy of Nastase, the leader of the PPDA, as the Speaker of Parliament, and Sandu, for the position of the Prime Minister. The bloc announced their solution of escaping the political vacuum by forming a minority Government on the responsibility of the political bloc ACUM. After the talks Dodon, launched a new invitation for April 2<sup>nd</sup>, 2019. This time, the leaders of the PSRM, PDM, and bloc ACUM have been called for a joint dialogue. (www.moldova.org)

- March 28<sup>th</sup>, Minister of Foreign Affairs of the unrecognized Transnistrian Moldovan republic (PMR) Vitaly Ignatiev transmitted to new Head of the OSCE Mission to Moldova Claus Neukirch an address with an initiative on the soonest conducting of a meeting in the 5+2 format and in general about the start of a more systemic work in negotiations. According to the PMR Foreign Office website, Ignatiev told this to journalists after his meeting with the OSCE representative in Tiraspol. Welcoming the guest he pointed at the systemic character of contacts with the OSCE and expressed gratitude to the Mission for the active work within the framework of expert (working) groups, as well as spoke for the soonest activation of negotiation process with Moldova. During the meeting, the interlocutors discussed a wide range of issues, connected with the current situation in relations between Transnistria and Moldova. In particular, they exchanged opinions about the process of implementing the agreements achieved in 2017-2018, including in the field of education, road transport, as well as full use of the bridge across the Dniester River near the Bicioc and Gura Bicului villages. The main Tiraspol

negotiator pointed at the long-standing standstill in interaction at the level of the sides' political representatives, speaking for the continuation of dialog in this format. According to the diplomat and within the work of profile experts there are certain problems, besides there are difficulties in practical implementation of a range of agreements. *“In this context we again spoke for the need of the soonest conducting of political representatives. I am ready for this meeting and I hope that given the conclusion of certain political processes in the neighboring state, we will see a more systemic and responsible position of Moldovan partners and our dialog, which was quite intensive over the last years, will come to a more efficient level,”* he said to mass media representatives after the meeting. According to the press release, Claus Neukirch confirmed the readiness to the further active interaction within the negotiation process. (www.infotag.md)

- March 29<sup>th</sup>, Russia's Foreign Ministry Spokeswoman Maria Zaharova accused US Ambassador to Chisinau, Dereck J. Hogan, of *“open and non-appealing”* interference in the process of forming the new parliamentary majority in Moldova. *“The so-called open letter to Moldovan Deputies, recently made public by Dereck J. Hogan, is a truly unique document through its directness and cynicism. This is a direct dictate for Moldova from the US,”* she said at a Moscow briefing, writes TASS. Thus, commenting on an article by Ambassador Hogan published in the Chisinau press, Moscow's Spokeswoman said it was clear that the only way for Moldovans to live better is to strengthen relations with the US and Europe, and that the only way problems could be solved is through a *“return to Western values.”* According to her *“it looks more like an instruction”* describes how and

what internal reforms should be made by the Chisinau authorities, how cyber security has to be strengthened, tighter controls on foreign companies that tend to influence important infrastructure, how to diversify energy resources. (www.moldova.org)

## COUNTRY ASSESSMENT :

*President Igor Dodon undertook an initiative for promoting dialogue between the three main parties for forming a parliamentary majority and avoiding a political crisis. PSRM and PDM are open in cooperation, while ACUM set tough terms for cooperation. Its proposal for an ACUM minority Government or a PSRM – ACUM Government with Sandu and Nastase as the Prime Minister and Parliament Speaker respectively is difficult to be accepted since ACUM will fully control state's politics. It is not a secret that the EU and US are promoting such scenarios aiming at ensuring Moldova's western orientation. Snap elections could not be excluded. Moldova is between the Euro-Atlantic structures on the one hand and the Russian influence on the other. Political situation in the country is alarming and the EU has hardened its policy towards Moldova pushing for more reforms which will strengthen state's transparency, accountability, and democratic values. The current Government has walked into dangerous paths which support corruption and organized crime and deep and determined justice reforms are needed. The U.S, EU and IMF express their major concerns. The ongoing crisis between Russia and Ukraine may affect Moldova; First of all Russia maintains military forces in Transnistrian ground and secondly it shares common borders with Ukraine which cannot go unnoticed by international stakeholders. The "Transnistria case" is always a*

*"running sore" for the country working as a potential factor of destabilization.*



**MONTENEGRO:** March 28<sup>th</sup>, with closing arguments of one of the accused, Milan Knezevic, the trial for the attempted terror on the parliamentary elections day in October 2016 ended, while the verdict will be announced on May 9<sup>th</sup>, 2019. Among other things, Knezevic said that he and Democratic Front (Demokratski Front – DF) officials were doing everything in accordance with the law in order to win the Democratic Party of Socialists (Demokratska Partija Socijalista Crne Gore – DPS) in the elections. He claimed that he would do everything the same again because, as he said, he did not violate the law. He reiterated that the process was politically mounted. Knezevic also said that the verdict had already been written and that somebody thinks that it would “stop civil protests that have been shaking Montenegro for several weeks.” He also stated that “no judgment should stop the civil protest. All Montenegrin citizens on Saturday and following Saturdays should overflow Podgorica streets. Not because of Milan Knezevic and Andrija Mandic, as we are innocent and free people, but because of the freedom of Montenegro.” (www.rtcg.me)

- March 28<sup>th</sup>, Montenegro's Civil Initiative “Resist – 97,000” which has been organizing protests in the country for six Saturdays in a row said it made a deal with the country's opposition on a document “Agreement about Future,” the Beta news agency reported. Dzermal Perovic, the leader of the Initiative, said all 39 opposition Deputies would sign the document during the next Saturday's protest. He fell short of revealing the Agreement's details, saying they would also be known next Saturday. Earlier, the media reported

that, unlike opposition in Serbia, the one in Montenegro could not agree on whether to boycott the Parliament's sessions. (www.n1info.com)

- March 30<sup>th</sup>, thousands of Montenegrins marched again through the capital, Podgorica, on Saturday, some chanting “Milo thief” and waving pro-democracy placards in the seventh anti-government march in the Adriatic country since February. Opponents of President Milo Djukanovic and his governing Democratic Party of Socialists (Demokratska Partija Socijalista Crne Gore – DPS), accuse the long-time leader of presiding over poverty, a loss of human rights and media freedoms, and corruption. They say senior law officials have ignored and failed to prosecute evidence of corruption in the ranks of Djukanovic’s inner circle. The Odupri se [Resist] movement started as an initiative of a group of civic activists, university professors, and journalists. It has since gained the support of all opposition parties, some unions, and students associations. All 39 opposition MPs in the 81-seat Parliament signed the so-called “Agreement for the Future”, proposed by the protest organizers a week before, pledging unity in the fight against the 30-year rule of Djukanovic and his ruling DPS. The agreement demands the resignation of top officials, including the Speaker of the Parliament, the state Prosecutor and the Head of the Anti-Corruption Agency. It calls for free and fair elections and more media freedom, focusing on the public broadcaster RTCG, which is widely seen as under the control of the ruling party. The agreement also requires the formation of the “government of civic unity” that would prepare the way to fair and free elections, composed of the current authorities, opposition parties, and independent intellectuals. Although the opposition

and the organizers of the protest have not reached an agreement on a continued boycott of Parliament, the agreement binds them all to jointly continue “non-institutional activities,” referring to actions taken outside state institutions, such as street protests. (www.balkaninsight.com)

## COUNTRY ASSESSMENT :

*Massive protests against the President and high officials disturbed a period of “euphoria”, emerging state’s problems such as corruption, media freedom, and nepotism. Protest movement and opposition parties reached an agreement to join forces for toppling the Government ensuring fair and free elections. Of course, under these circumstances polarization of political situation could not be excluded undermining the EU process of the country. The EP assessment was positive praising the state’s efforts to implement major reforms, but on the other hand it underlined the problems of the rule of law, media freedom, corruption, money laundering, and organized crime. However, the EP stated that Montenegro under certain conditions may be able to access the EU by 2025. It is assessed that the EU and U.S strongly supports the President Djukanovic and the Montenegrin Government despite corruption accusations as being the only loyal partner committed to the Western orientation of the state. In other words the west is closing its eyes in lack of democratic values and rule of law due to geopolitical interests namely Russian influence. The Government promotes state’s political and economic stability which creates an almost ideal investment environment. Although the Government takes concrete measures against corruption, organized crime, and money laundering it is assessed that a lot should be done to reach such a level of economic*

activity; mainly in the field of public administration, public sector corruption, and money laundering. Imprisonment of opposition MPs is a worrying and alarming sign regarding rule of law and democratic values in the country. Montenegro shows activity within NATO trying to prove that it is an equal partner of the alliance with military capacity according to NATO standards. Moreover, it tries to modernize and strengthen its operational capabilities and in this context it raised its defense budget aiming at purchasing new assets such as armored vehicles. Establishment of a credible and effective system of Armed Forces reservists will strengthen defense capabilities of its Armed Forces.



**NORTH MACEDONIA:** March 25<sup>th</sup>, implementation of the Law on Use of Languages in parallel to the Prespa Agreement, including the failure to start the Agency for the implementation of Law on Languages makes the work of state institutions more difficult. The translators are proposing the establishment of a control mechanism while the institutions are analyzing three scenarios regarding the process of translation, informs Portalb.mk. In order to avoid the lingering of the problem, the Vice Prime Minister for European Affairs Bujar Osmani announced that the Albanian language parallel to the name change and in accordance with the Prespa Agreement, will find its place on the signs of state institutions. He explained that the Government is analyzing three scenarios for the implementation of the Law on Languages. First scenario is all institutions to hire a translator. The second one foresees all translators to be employed by the Agency and the Agency to conduct translations, while the last one proposes cooperation with private companies for translation

services. *“We informed the institutions not to change the signs by themselves, but to leave that to the Government. The Government will provide the institutions new plates that will be provided from one agency. That will leave little room for linguistic and spelling mistakes. The bilingual memorandums and all of the documents are already prepared by the Government,”* Osmani said. (www.meta.mk)

- March 29<sup>th</sup>, the Special Police Forces of North Macedonia, Albania, and Kosovo have conducted the first Police training in Skopje, simulating combat actions for the arrest of dangerous people. The purpose of this exercise, according to the representatives of the Ministries of the respective states was to intensify cooperation, increase security in the region, fight against crime and illegal trafficking. *“This cooperation represents a strong signal in our commitment to maintaining security and stability in the region,”* North Macedonia’s Interior Minister Oliver Spasovski said. Such cooperation will continue in the future according to the Minister of Internal Affairs of Kosovo, Ekrem Mustafa . *“With this exercise we have achieved the goal of proving that our Police and units are prepared to guarantee security for our citizens and beyond,”* the Minister said. The training was held at the Police polygon in Skopje and it was supported by the US Embassy in North Macedonia. (www.mia.mk)

- March 29<sup>th</sup>, a delegation from Greece, led by Prime Minister Alexis Tsipras, arrives for an official visit to North Macedonia on April 2<sup>nd</sup>, 2019 reported the Government. *“In the framework of the visit, the delegation from Greece will be welcomed at the airport in Skopje, followed by a formal reception with high state honors on the plateau of the Government of the Republic of*



*North Macedonia. After several brief bilateral meetings between the Prime Ministers and the Ministers of the two countries, an intergovernmental meeting will be held, followed by a joint press conference by Prime Ministers Zaev and Tsipras in the Government hall, with the Parliament Speaker Talat Xhaferi. At the end of the visit, Prime Ministers Zaev and Tsipras will open the business forum, which will be held at the Alexander Palace Hotel,” the Government stated. (www.meta.mk)*

## **COUNTRY ASSESSMENT :**

*Ratification of NATO accession protocol by the member states proceeds rapidly. Zaev and his Government focus on domestic affairs trying to benefit by the successful name agreement. The ruling SDSM announced that it will not call for early parliamentary elections along with the presidential one. As it was assessed, the Government seeks to fully capitalize its gains from NATO accession and a possible opening of accession negotiations with the EU (June 2019). VMRO-DPMNE will strengthen its nationalistic rhetoric due to the coming presidential elections seeking to elect its own presidential candidate. However, the ruling coalition SDSM-DUI presented its own common candidate, Stevo Pendarovski. Polarization of state's political life including low scale violent incidents could not be excluded during the pre-electoral campaign especially if VMRO-DPMNE realizes that it is not going to elect its own President. The EU did not hesitate to send the message that coming presidential elections would be a stress test for state's opening of accession negotiations. The fact is the country is more stable and more coherent watching its future in a more optimistic way. One could claim that North Macedonia is a country in*

*“identity transition”; name deal with Greece oblige it to change institutional documents, while the law on the use of languages also obliges the state's institutions to implement changes that are brand new for public services. Too many changes in too little time. The country should focus on its economy and major administrative reforms aiming at reaching the EU standards. The U.S and EU enjoy their success since F.Y.R.O.M moves in their paths far from Russia's influence. Needless to say that in a period where border questions are raised again in the Balkans F.Y.R.O.M achieved to strengthen its political stability and growth prospects.*



**ROMANIA:** March 25<sup>th</sup>, Romania's opposition hopes that a good electoral result in the European elections would indirectly create the opportunity for overthrowing the Government. The president of the National Liberal Party (Partidul Național Liberal - PNL), Ludovic Orban, announced on March 22<sup>nd</sup>, 2019 that his party is planning to file a no-confidence motion against the Government after the European elections on May 26<sup>th</sup>, 2019, pointing out that the party's primary target is winning the ballot and moving the balance of forces in Romania's Parliament in favor of the opposition, Hotnews.ro reported. “Our objective is to put an end to the ruling of this Government as soon as possible because its actions have catastrophic consequences for Romania. We will file a non-confidence motion at the time when we believe that there is a chance to get a significant number of votes and overthrow the Government. After we win the European elections, it may be good timing,” Orban said in Bacau, according to Mediafax. Orban's PNL is neck and neck in the polls with the senior ruling party, the Social



Democratic Party (Partidul Social Democrat - PSD), at little over 26% of the intended vote, while another opposition force, the Save Romania Union (Uniunea Salvați România - USR) - PLUS alliance, is third, with a score of about 15%. (www.romania-insider.com)

- March 25<sup>th</sup>, Prime Minister Viorica Dancila “*has managed to also put on the fritz*” the relation with the Arab world, which “*is very sad*” President Klaus Iohannis has stated on referring to the fact that Jordan’s King has cancelled his visit to Romania on the last minute, following Dancila’s announcement to relocate Romania’s embassy to Jerusalem. Iohannis revealed that the Jordanian King had personally felt very offended by Viorica Dancila’s approach. The Head of state made the statements during a debate hosted by the Association of the Cities in Romania. “*I had a pretty tight schedule. I was supposed to leave from here to host a dinner for a dear and important guest. Jordan’s King should come, but, due to the Prime Minister’ dilettantism, that ruined our relation with this region, it is not the case anymore,*” Iohannis explained. The President argued that one of the fewest stable things in the Romanian foreign policy was the very food relation with the Arab world. “*This is a real problem for Romania, (...) Romania has built a confidence relation with the Arab world. It was, at least until today, one of the fewest stable things in Romania’s foreign policy, where we, as a state, had a firm, fair attitude for our partners. Now, the Prime Minister managed to put that on the fritz, too. This is not a joke. It is very sad. And for what? For nothing,*” the Head of state added. (www.romaniajournal.ro)

- March 28<sup>th</sup>, Romania's President Klaus Iohannis, in a public speech announced that he

would convene a referendum on May 26<sup>th</sup>, 2019 (the day of the European elections). The referendum is aimed at stopping the ruling party's assault on justice, according to Iohannis. The citizens have the sovereign right to decide whether they let corruption become state policy, Iohannis stressed. The announcement came as the Government reportedly plans to amend by emergency ordinance (OUG) the justice laws, a move that President wants to prevent. The European Commission has also explicitly warned the Government not to amend any more the justice laws by emergency ordinances and Prime Minister Viorica Dancila had a phone call with EC First Vice-President Frans Timmermans on this topic. Dancila reportedly told Timmermans that the Government would not adopt the emergency ordinance on justice this week, local G4media.ro reported. Moreover, the leader of the Social Democratic Party (Partidul Social Democrat - PSD) Liviu Dragnea said in a TV interview that EC specialists would be given more time to analyze the proposed changes. Meanwhile, PSD has been reportedly pressuring Justice Minister Tudorel Toader to sign the ordinance on justice, as Toader does not want to do that. The ruling party may even dismiss him if he continues to oppose the initiative, according to G4media.ro. The Justice Ministry, on March 22<sup>nd</sup>, 201 sent to the magistrates’ body CSM for reviewing a list of amendments to the Criminal Code, to the related procedures (Law 135/2010) as well as amendments to law 78/2000 on corruption offenses. Some magistrates’ organizations, quoted by Hotnews.ro, claim that, if enacted, the amendments “*will result in a state of general impunity, particularly concerning serious crimes.*” (www.romania-insider.com)

## COUNTRY ASSESSMENT :

*Political struggle between the President Klaus Iohannis and Government has been transformed into an “open battle” leading the political functionality in a deadlock. Iohannis announced a referendum on justice issue together with the European elections on May 26<sup>th</sup>, 2019. It is another initiative which pushes further the Government over its decisions on manipulating justice system. Iohannis strongly opposes in Government’s plans to intervene in judicial system while there are specific signs that the Government works towards controlling state’s justice. Under these circumstances, it is assessed that political climate will be fully polarized affecting Romania’s political stability. Romania took over the Presidency of the Council of EU facing criticism and non-confidence by the EU member states’ high officials. The state looks divided in major institutional issues such as national defense, justice, and security. In this context, one should add the direct European Parliament warning for activating article 7 of the EU Treaty (suspending certain rights of an EU member state when a country is considered at risk of breaching the EU’s core values). The state faces political abnormality in many levels which at the moment could be resolved only by early parliamentary elections. The Prime Minister Dancila announced that Romania will transfer its Embassy in Israel from Tel-Aviv to Jerusalem harming Romania’s relations with Arab world. Jordan’s King postponed his visit to Romania, while Morocco requested cancellation of a Romanian Senator in the country. It should be noticed that foreign policy is a very complex field with sensitive balances. In this context, it is assessed that Dancila’s announcement was on wrong time and without further analysis. In other words it is not very clear how such an initiative (transfer of the Embassy) could benefit the state’s*

*interests; on the contrary, it is assessed that it was a harmful decision putting at risk not only Romania’s relations with Arab countries but also its security. Romania according to NATO strategic and operational planning has become an advanced base close to Russia. Its strategic importance and role has been upgraded and high level NATO exercises take place in its territory. Consequently, Russia reacts mainly against the NATO military base in Deveselu where anti-missile defense systems have been deployed.*



**SERBIA:** March 25<sup>th</sup>, power in Serbia is won in elections, the President Aleksandar Vucic said. At the same time, he sent a message to that part of the opposition gathered around the Alliance for Serbia by saying “*get ready for the truth.*” “*Power is won in this country in elections and those who want it in another way - let them spell it out, and not hide behind children and behind all those who are, with or without reason, dissatisfied - nor behind stupid jokes,*” Vucic said. In an opinion piece for Monday’s edition of Srpski Telegraf, the President reiterated that the opposition should finally tell the people what they want; elections, or his head. ([www.b92.net](http://www.b92.net))

- March 26<sup>th</sup>, Serbian President and ruling Serbian Progressive Party (Srpska Napredna Stranka - SNS) leader Aleksandar Vucic said no final decision has been made on holding parliamentary elections. Elections will take place either in June 2019, or in the spring of 2020, Vucic announced late on Monday, after a meeting of his party’s presidency. He said that the final decision had not been made yesterday “*but we are closer to calling them than before. The SNS presidency was in favor, with one abstention; mine,*” Vucic said. He announced that the SNS will start internal elections on September 1<sup>st</sup>, 2019 which will be

completed before the end of the year. Vucic also received unanimous support from the party's presidency *"not to enter into talks with leaders of (opposition) Alliance for Serbia Djilas, Jeremic and Obradovic."* *"The decent Serbia will not have violence,"* Vucic said. The SNS must be the most responsible party he said the party's top officials. *"We must not enter into grinding stone of political violence, into which our political opponents along with fascist Bosko Obradovic are trying to pull us,"* Vucic said. Vucic announced that he will be in Belgrade on the April 19<sup>th</sup>, 2019 continuing *"The Future of Serbia"* campaign, and then go to Cacak. He reiterated that he would *"not allow violence."* On the other hand, opposition Alliance for Serbia said that the date of possible early elections is not important unless the current conditions are changed. The opposition has demanded fair conditions for elections, including at least six to nine months of unbiased media coverage, or else they will boycott them. (www.b92.net, www.n1info.com)

- March 29<sup>th</sup>, Defense Minister Aleksandar Vulin announced that the Army of Serbia has received a battery of six 155 mm Nora B-52 self-propelled howitzers. He said that Army personnel had been fully trained to use the domestically produced weapon and they are ready for operational use. A Ministry's statement said that Vulin and Armed Forces Chief of Staff Lieutenant General Milan Mojsilovic attended training with the Nora B-52 at the Pasuljanske Livade training field. The Minister said the Army would continue to receive equipment and grow stronger with more of the new self-propelled howitzers. Nora B-52 is a 155 mm 53 caliber self-propelled howitzer designed and developed by the Serbian defense company YugoImport. It is designed for general fire

support, which achieves a powerful, sudden and fast fire according to the goals of tactical, operational and strategic importance at great distances. It includes a semi automatic breech block, automatic loader and an advanced solution of powder chamber self-opt rating system. Automatic loader consists of two cassettes containing 12 projectiles and 12 propellant charges; projectile and charge feeder and chain rammer controlled by PLC thus increasing firing rate and minimizing crew effort. The Nora B-52K1 crew cab of the truck and the 155mm gun turret can be fitted with armor offering ballistic protection against firing of small arms and artillery shell splinters. It is fully integrated into AFCCS (Artillery Fire Command and Control System) for battlefield observation, target acquisition, data transfer, ballistic computation and fire command instructions transfer. It can be ready to fire the first round in less than 60 seconds and leave its firing position in the same time. The gun system is able to fire at a maximum rate of fire of 4 rounds per minutes. (www.n1info.com, www.politika.rs)



Nora B-52 Battery during firings in Pasuljanske Livade training field

(Photo source: www.vs.rs)

## COUNTRY ASSESSMENT   :

*Serbia has entered in a period of fragile political stability due to citizens' reactions against*

governmental practices regarding human rights, media freedom, and elections transparency. People protest in the streets, while opposition starts to take action. Vucic is thinking of snap elections, but he has to balance a lot of things before his final decision. June 2019 is a possible time for early elections, but it would be determined by developments on Belgrade – Pristina dialogue progress and especially by Kosovo's decision to remove 100% taxes on Serbian products. It is more likely early elections to be called on spring 2020. Serbia has followed so far a successful diplomatic strategy regarding Kosovo achieving to be appeared in the international community as a reasonable voice seeking a compromise resolution via dialogue. Serbia realizes that time runs in favor of it and knows that Kosovo will become more and more nervous as long as it cannot get Serbia's recognition. On the other hand Serbia strengthens its relations with Russia (and China) seeking stronger support regarding Kosovo case. Security situation is complex and uncertain since Serbia apart from political and diplomatic means has engaged its military and security forces. The Armed Forces are in high readiness alert but Vucic tried to de-escalate situation by stating that war is not a possible solution. However, none could predict Serbia's reaction in a possible accidental or pre-planned (provocation included) incident in Northern Kosovo against local Serbs. One should have in mind that top state officials have said in public that Serbia will protect Kosovo Serbs by any mean including security and military force. At the moment, Serbia looks like acting in accordance with the international law aiming at reducing tension in the region. In other words state's leadership is acting in a "reasonable" and "wise" way avoiding mistakes of the past which have isolated Serbia from the

international community. Of course, under these circumstances none could speak for restarting of Belgrade – Pristina dialogue. There are certain analysts who claim that such situation will inevitably lead in Kosovo partition with the north part going to Serbia. Some of them claim that this scenario has already agreed by Vucic and Thaci. Serbian repayment will be Kosovo recognition. Serbia pays special attention in improving operational capabilities of its armed forces. It receives new MIG-29 fighter jets from Belarus and reinforced with a new modern artillery battery.



**SLOVENIA:** March 25<sup>th</sup>, leader of the Slovenian Democratic Party (Slovenska Demokratska Stranka - SDS), Janez Jansa announced that his party will ask the Constitutional Court to review the supplementary budget for the year arguing that it poses major risk for Slovenia. Jansa said through social media that the 2019 revised budget "is unconstitutional" and "structurally the worst since 2009 and 2010." "It dangerously exposes Slovenia to great risk at a time of an economic downturn. We will demand a constitutional review," Jansa said. The revised budget, passed by the lower Chamber in a revote following the upper Chamber veto, projects 6.2% higher revenue than in the original budget, at 10.35 billion euro and 4.8% higher expenditure at 10.16 billion euro. Surplus is projected to stand at 193.6 million euro. The Fiscal Council issued a negative opinion on the budget due to excessive expenditure and a lack on of reform measures. The general Government's expenditure for the year is budgeted 1.1 billion euro above last year's, while the fiscal rule law caps the increase effectively at 870 million euro. Responding to Jansa, the Finance Minsiter Andrej Bertoneclj

repeated his position that the budget is optimal given the circumstances noting that the budget surplus is quite high at 0.6% of GDP. He said that Slovenia has a slight structural deficit which the Government plans to tackle with structural measures over the next three years. *“Things are perfectly under control,”* the Prime Minister Marjan Sarec said arguing that Jansa is trying *“to create political turmoil again.”* A constitutional review needs a third of MPs to be initiated and given that SDS has only 25 Deputies in the 90 seats Assembly, it would need support of one more opposition party. Apart from SDS, New Slovenia – Christian Democrats (Nova Slovenija – Krščanski Demokrati - NSi) also voted against the supplementary budget, while the Slovenian National Party (Slovenska Nacionalna Stranka - SNS) voted in favor. NSi said that has already warned of the supplementary budget’s unconstitutionality adding that it will decide next week its further steps and if it will support SDS initiative. SNS leader Zmago Jelincic said that his party will not support such initiative. (www.sta.si)

- March 27<sup>th</sup>, Foreign Minister Miro Cerar announced that Slovenia would issue a diplomatic note to Croatia over a grave border violation by a Croatian Police boat in the Piran Bay on March 24<sup>th</sup>, 2019. Cerar said the boat crossing 2.5 kilometers into Slovenian territorial waters and 1.3 kilometers across the bay’s midline was a special kind of provocation. He claimed that it was an unnecessary escalation between the two countries showing that Croatia failed to respect international and EU law violating Schengen Zone border, while at the same time seeks to become a member of the Schengen area.



Slovenia – Croatia border dispute

(Photo source: www.vlada.si)

According to Slovenian newspaper Delo, Croatian Police claimed that violation of Slovenian territorial waters was due to navigation equipment problems. *“This is obviously just an excuse and it is absolutely unacceptable,”* Cerar said adding that accepting such an excuse *“it would be an affront to the intelligence and capabilities of Croatian Police, which knows exactly what it is doing.”* Cerar said that this incident demonstrates that implementation of the arbitration award is urgent not only for legal or political standpoints, but also *“because of the entire European history.”* *“Such behavior is not European and also serves as a poor example to the western Balkans,”* Cerar said adding the EU constantly reiterates that candidate members should respect international law. (www.sta.si)

- March 30<sup>st</sup>, Damir Crncec, the State Secretary in the Prime Minister's office for national security, has told the Siol web portal that all types of radicalisms or extremisms are present in Slovenia, but noted that Slovenia is a safe country. Among the potential threats, are the information-cyber war, illegal migration, terrorism, and the rise



violent extremism. Crncec reiterated that in Slovenia *“all three types of radicalism or extremism are present, ie right, left, and also Islamic fundamentalism.”* He noted that Slovenian legislation addresses terrorism effectively, but *“there are legal gaps in the case of extremism and violent extremism.”* According to him the problem of migration is dominant. He insisted that the issue of illegal migration is primarily a security one, while he underlined that it is a criminal act. *“The proper balance between security and solidarity is and will remain the key imperative of our actions in the future,”* he said. Regarding Ilirska Bistrica, where the local authority opposes the establishment of a migrant center promoting a local referendum on the issue, Crncec said that the Government does not approve such a referendum since there is no legal basis for it. *“The Government will simply not allow this,”* he stated. In the area of information and cyber security, Slovenia is lagging far behind. *“We promote the establishment of an information security agency within the Ministry of Public Administration in the next few months, which will become the information security’s backbone of Slovenia launching preventive measures against such threats,”* he said, adding that the Government allocated additional funds for this purpose. Crncec emphasized that *“there is a threat posed by the so-called false news and disinformation. We are mainly talking about the influence of external actors, especially of states, on the political process in the EU when they seek to influence the break-up of the EU or weaken it in international relations. The same threat may affect single countries.”* Asked whether Slovenia’s biggest threat is Russia, he said that it is difficult for Slovenia to support an idea like this. Regarding the implementation of the arbitration decision on the border dispute with Croatia, he said that the

Government continues the policy of the previous one, adding that the current Government has decided to take more concrete measures. At the same time, he expressed his concern over Jansa’s party [Slovenian Democratic Party (Slovenska Demokratska Stranka - SDS)] position, *“in which they put themselves in the same position as the Croatian Prime Minister Andrej Plenkovic, who still bargains the border percentages in Piran Bay.”* He added that *“The arbitral award is clear, the coordinates are determined and any bargain in this case could be only against Slovenia’s interests.”* According to him Slovenia is participating in the process of Croatian integration in the Schengen area *“because we want Croatia to enter the Zone as soon as possible, but at the same time we clearly state that it must meet all criteria.”* (www.vecer.com)

## COUNTRY ASSESSMENT :

*Slovenia enjoys a relative political stability. 2019 budget is the new field of political struggle with the opposition SDS claiming that it is unconstitutional, while the Government insists that does not breach the Constitution. If SDS achieves to find the necessary support from other opposition parties the Constitutional Court will decide about the budget’s “fate.” However, it is a fact that the budget of 2019 projects excessive expenditure putting at risk the fiscal policy of the country; that is why the Fiscal Council has already rejected it. Sarec has been proved of being flexible in Slovenia’s politics so far achieving to balance adequately between different political trends. Although Government’s stability has been reconfirmed there is some tension due to Sarec agreement with the Left party which is necessary for the Government’s viability. Without the left’s support the Government would be*

*toppled and early elections should be called. At the moment none of the ruling coalition parties wish snap elections. The Government has to address several internal social issues (increase of minimum wage, health care, pensions etc) and at the ruling parties' summit it was paid special attention in tax reform, social care measures, health reform, and private education measures. Tension has been raised again regarding the border dispute with Croatia over Piran Bay due to Croatia's Police violation of Slovenia's territorial waters by boats. It is assessed that such low level skirmishes will continue without major incidents. However, Slovenia implies that such actions may affect its decision regarding Croatia's membership candidacy in Schengen Zone. Slovenia, as it is already known, has filed a lawsuit against Croatia over its refusal to implement the border arbitration. The Slovenian Armed Forces face problems mainly in the field of modern equipment and manning. The med-term 2018 – 2023 defense program it could improve situation, but under current political situation it is doubtful if it will be implemented to the end. More attention should be paid on navy (or coast patrol) assets given the open dispute with Croatia on Piran Bay and Slovenia's weak surveillance and protection capabilities.*



**TURKEY:** March 20<sup>th</sup>, Turkey will

keep directing its banks to withhold lira liquidity from a key foreign market at least until after local elections on Sunday, sources have told the Reuters news agency, as the Government intensifies efforts to defend the currency, which plunged last week. The Government's stop-gap measure to restore confidence in the lira, which remains unsteady after a crisis last year, helped send the London overnight swap rate rocketing to

1,200% on Wednesday. That was by far its highest on record and so high that economists said it was no longer based on actual trading. That presented a massive hurdle to foreign investors looking to bet against the Turkish currency or to hedge or close out positions, so they sold off holdings in Turkish stocks and bonds which came under heavy pressure for a fourth straight day. The Government's move is temporary and aimed at heading off “speculative attacks,” one of the three sources familiar with the matter told Reuters. However, the Turkish banking association Head Huseyin Aydin denied the reports in a statement to Reuters, saying lira swap rates are not surging due to banks withholding liquidity from foreign banks. Aydin said the reason behind the rise in lira swap rates was that there was not enough lira for foreign banks to buy dollars, and added that Turkey had shown the necessary stance against a speculative attack on the lira. While the lira came under fresh pressure on Wednesday, weakening more than 2% to 5.4440 against the dollar in volatile trading, steps taken by the central bank in recent days have succeeded in erasing its steep losses on Friday. Last year, the lira lost nearly 30% of its value. “When liquidity returns to the market, participants will be able to express their sentiment towards the lira in an unconstrained way,” said Piotr Matys, emerging market forex strategist at Rabobank adding “It is crucial that [Turkey] starts implementing reforms as soon as possible after the local elections to restore confidence in the lira.” Turkish President Recep Tayyip Erdogan is campaigning hard before nationwide municipal elections set for March 31<sup>st</sup>, 2019 in which his AK Party could lose control of Ankara and other big cities. A London-based FX trader said that while some speculative traders surely lost money in the borrowing squeeze, “the



*currency is still weakening and long-term the capital flight will continue and the currency will continue to devalue.*" The lira had weakened to 5.8490 on Friday before settling at 5.7625, its lowest closing value since October 2018. The currency's meltdown on Friday marked its worst performance since August when a full-blown crisis took hold and tipped Turkey's economy into a recession that could last deep into this year. The Government has launched investigations into bankers, alarming foreign investors, alongside the central bank's "*back door*" measures to control liquidity. Late on Monday, Turkish banks started to keep lira swap market transactions in London well below a 25% limit set by the banking watchdog, four sources told Reuters on Tuesday, causing overnight and weekly swap rates to soar. (www.aljazeera.com)

- March 30<sup>th</sup>, Turkey's Defense Minister Hulusi Akar and Chief of the Armed Forces General Staff General Yasar Guler inaugurated an operation center in southeastern Şanlıurfa province that would manage possible military operation against militants [namely YPG Syrian Kurds fighters] east of the Euphrates River in Syria. Akar and Guler also inspected Turkey's forces deployed near the Syrian border in Şanlıurfa. Speaking at the inauguration ceremony, Akar said Turkey is in pursuit of terrorists [Kurd militants] with an air operation launched early Saturday in northern Iraq. In another operation three days ago, Akar noted, Kurdisatn Workers Party (PKK) ringleaders suffered "*heavily*." "*This will continue. No one should have doubts about that,*" he added. Akar said that Turkey's plans and preparations for a possible operation east of the Euphrates in Syria are completed. Turkey has stressed that it will not allow the formation of a terrorist corridor along its southern border with

Syria, and towards that end has promised a military operation east of the Euphrates in Syria. The expected operation would follow up on two other successful Turkish military operations in Syria since 2016, Operation Euphrates Shield and Operation Olive Branch. (www.dailysabah.com)

- March 31<sup>st</sup>, millions of Turkish voters are casting their ballots in critical local elections, after a heated campaign dominated by discussions over the country's economy and security. The polls pose a major challenge for Turkish President Recep Tayyip Erdogan and his Justice and Development Party (Adalet ve Kalkınma Partisi – AKP) given a backdrop of high inflation and rising unemployment sparked by a major currency crisis last year. According to Taha Akyol, a Turkish political analyst and columnist, the vote is the "*hardest*" faced by Erdogan's party since coming to power in 2002. "*The party is trying hard to stay away from discussing actual economic issues,*" he said. "*I considered economy and terror as the main issues while casting my vote,*" worker Ayse Kara, told Al Jazeera after voting in Istanbul. "*I cast my vote for more freedoms, a better economy and a better educational system. And I hope that we will see change following these polls,*" Ilke Beltinge, a 25 year-old student, told Al Jazeera at an Istanbul polling station. Two people died in the eastern province of Malatya, and 26 others were wounded in the southeastern provinces of Mardin and Diyarbakir in fights broke out in the voting process, state media reported. The polls take place just weeks after official statistics showed that in the last two quarters of 2018 the Turkish economy slipped into its first recession in a decade, as inflation and interest rates soared due to the currency meltdown. In February, inflation stood at just under 2%, while the Central Bank's main

interest rate is currently 24%. Erdogan has often blamed foreign powers and “speculators” for the currency fluctuations and other economic woes faced by Turkey; a message he repeated this week. With control of Turkey's major cities up for grabs, Erdogan's AKP has entered the election race with its ally in the last two polls, the far-right Nationalist Movement Party (Milliyetçi Hareket Partisi - MHP), under the People's Alliance. The bloc's biggest rival is the Nation's Alliance, which was formed by the centre-left main opposition Republican People's Party (Cumhuriyet Halk Partisi - CHP) and the right-wing Good (Iyi Partisi - IYI) Party. Both blocs have fielded dozens of joint candidates in the country's provinces, districts and towns. The pro-Kurdish Peoples' Democratic Party (Halkların Demokratik Partisi - HDP), the fifth party represented in Parliament, has not put forward any mayoral candidates for Turkey's six largest provinces, Istanbul, Ankara, Izmir, Bursa, Antalya and Adana, opting instead to back candidates running against Erdogan's alliance. In recent years, HDP has seen scores of its mayors removed and replaced with trustees due to “terror charges” under an emergency rule that was put in place after a failed coup in 2016. The emergency measure ended in July 2018. In the lead-up to Sunday's vote, the People's Alliance has sought to link the local polls to internal and external risks threatening the country's security. The bloc's leaders have accused the parties in the Nation Alliance of being in cooperation with the outlawed Kurdistan Workers' Party (PKK), which has fought the Turkish state for more than 30 years in demand of autonomy. Separately, the parties that make up the Nation Alliance have repeatedly dismissed the claims that they are cooperating with the HDP. For its part, the main opposition alliance has focused its campaign on the economic situation and its effect on citizens. It

also used Turkish flags in their campaigns, rather than party banners, in an apparent bid to attract voters from different backgrounds. (www.aljazeera.com)

## COUNTRY ASSESSMENT :

*Turkey faces several restrictions in freedom of expression and human rights. Elected MPs and journalists 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. Turkish – U.S relations have strongly been harmed forcing Ankara to approach new allies such as Russia. Although Turkey maintains its strategic goal of entering the EU, the EU sends strong messages of suspending the EU – Turkey accession talks. Turkish Armed Forces have been engaged in military operations against Kurds and PKK in Northern Iraq and against YPG Kurds in Syria as well. Turkey declares its readiness to intervene militarily in Syria, eastern of Euphrates river but the U.S does not give the “green light” aiming at protecting Syrian Kurds and YPG. Turkey is waiting for the “green light” for establishing a safe zone in Syria but it is doubtful if it will ever get it. However, Turkey strengthens its cooperation with Russia and Iran conducting joint military patrols with Russia in Syrian Idlib, and a joint military operation against PKK in North Iraq, with Iran. Turkey has been developed into a “regional power” engaged actively in regional conflicts seeking to expand its influence and secure its interests. In this context, Turkey is conducting military operations in the territory of two other countries, it threatens to start a new operation in Syria, maintains a significant military force in North Cyprus, and threatens a NATO ally – Greece – with an armed conflict.*

*Apart from the use or the threat of use of direct armed violence Turkey participates actively in diplomatic processes in the region (Syria negotiations, Nagorno-Karabakh conflict, Cyprus question, Qatar crisis etc). The country demonstrates its interests in Africa by strengthening its presence through various ways (economic, military etc) in several countries such as Somalia, Djibouti etc. Moreover, the state demonstrates decisively its leading role in the wider region of the Middle East, Southeast Europe, and East Mediterranean implementing its doctrine for a diligent capability development effort to be able to fight two multi-front, inter-state armed conflicts while being able to simultaneously carry on large-scale counterterrorism operations at home and beyond borders. Turkish President Erdogan toughly reacted against the terrorist attack in New Zealand presenting a leading profile in Muslim world. Turkish economy inaugurated a period of recession bringing back memories of 2009. It seems that economy is the major Turkish problem which may be emerged as the “Achilles’ heel” for Turkish President Erdogan and his political long reign starting with the local elections scheduled for March 31<sup>st</sup>, 2019. Economy and security are the two main issues which affect the electoral body’s behavior. Although Erdogan presented a nationalistic rhetoric in order to rally Turkish voters, he obviously avoided to engage economy in the pre-electoral campaign. It cannot be excluded dramatic developments regarding Turkish economy right after the local elections. Kurdish question is a major security threat for Turkey affecting stability, peace and even unity of the state. Regarding Turkish interests in East Mediterranean Sea, Turkey looks like has been isolated from the energy activities in the region. Cyprus, Egypt Greece, Israel, Italy, Jordan, and*

*the Palestinian Authority have established an energy coalition promoting their interests and isolating Turkey. Turkey has proved so far its decisiveness in protecting its interests and it assessed that it will not give up its role in the “energy game” in Eastern Mediterranean Sea. Turkey is ready to start oil and gas drills within the Cypriot EEZ escalating tension which could not exclude an accidental or pre-planned “hot incident”.*

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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
-  Imminent major incidents regarding stability and security. High security risk
-  Evolving or ongoing crisis or violent/armed conflict