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Bosnia and Herzegovina

Inzko vs. Dodik

The High Representative in Bosnia and Herzegovina (BiH), the Austrian diplomat Valentin Inzko, delivered his opinions about the country at the UN Security Council session held on 13 November. He accused the current President of the Republika Srpska (SR), the Serbian entity of Bosnia, of being the most frequent proponent of Bosnia's dissolution. Inzko remarked that territorial integrity of the Balkan nation, secured by Dayton peace agreements, is still under threat due to Dodik's irresponsible behaviour.

Over the years, Dodik, who leads the Alliance of Independent Social Democrats (SNSD), has frequently stated that the coexistence between the Serbs, the Muslims and the Croats, the three main ethnic group of Bosnia, is artificial. He also threatened to call a referendum in the Serbian entity focusing on independence from Bosnia and Herzegovina.

Inzko's comments adhered to an official report, released by himself just few days before his speech at the UN, explaining that «statements uttered by senior RS figures, as well as actions initiated by them to erode the competencies of the state, raise profound doubts about the commitment of the current RS leadership to [...] the sovereignty and territorial integrity of BiH».

The High Representative, backed from Western powers, was severely criticized by the Russian UN ambassador, Vitaly Churkin, who said that Inzko used alarmist tones. Churkin also called for the closure of the Office of the High Representative (OHR), an issue topping Dodik's agenda. Hence, Russia confirms its support for the Bosnian-Serb entity, that is somehow an extension of the special relationship between Moscow and Belgrade. The latter still has a say in Republika Srpska's affairs, even though Serbia's leaders haven't questioned Bosnia's territorial integrity since a long time.

Reshuffle in Sarajevo

Milorad Dodik vehemently blamed the contents of the report released just before the High Representative headed for New York. Dodik underlined that the main hurdle for a functioning Bosnia is the Office of the High Representative itself. He said this on 8 November, after a meeting in Mostar with Dragan Covic, the leader of the Croatian Democratic Union of Bosnia (HDZ BiH), the largest Croat party in Bosnia.

Dodik argued that Bosnia's current stalemate (not a single big reform has been made since 2006 elections) depends on the OHR's vision of the country and on how Inzko manages the balance of power in the Federacija Bosne i Hercegovine – also called the Muslim-Croat federation – stressing that the Croats should get more autonomy.

He said this also for tactical reasons. As a matter of fact he met Covic to get a green light for the coalition reshuffle in Sarajevo, orchestrated by Dodik's party and the Social Democratic Party (SDP), headed by the current Foreign Minister Zlatko Lagumdžija. They signed a deal to exclude the Party of Democratic Action (SDA), Bosnia's strongest Muslim party, from the coalition.

Their move stemmed from a harsh dispute over budget. The SDA, a party that advocates a transfer of powers and resources from the entities to the State, asked for channeling much more money to central institutions. Dodik did oppose the request, as he knows that RS's strength is directly proportional to the evanescence of the State. As for Lagumdžija, he also ignored SDA's position. This was strongly affected by the tough war that the SDP, which basically is a Muslim party even though it pictures itself as a multiethnic force, is fighting with the SDA for the control of the Muslim-Croat Federation, where the Social-democrats currently are in power. So, both Dodik and Lagumdžija looked at the SDA's stance over budget with a local approach, fearing it could harm their own feuds. This brought them to agree to kick the SDA out of the coalition.

The SDA was replaced by the Party for a Better Future (SBB), led by media tycoon Fahrudin Radončić, who was named Minister of Security. His appointment sparked many protests, as he's suspected of having business ties with Naser Keljmenđić, an entrepreneur with Kosovo-Albanian roots who is on the US blacklist because he's suspected of being one of the biggest drug lords of the Balkans.

To sum up, November was another troubled month in Bosnia. The coalition formed in May 2012 after a political vacuum lasting 16 months broke up, confirming that power sharing is highly exposed to rivalries between the parties and local dynamics. As for Dodik and the High Representative, they added another chapter to their long-lasting challenge.

This chaotic and unstable situation suggested the UN Security Council to prolong for a year the mandate of EUFOR, the EU-led peacekeeping mission in Bosnia. Its presence was extended until 15 November 2013.

Fyrom

The Albanian guests

The Albanian minority marked the centenary of the Albanian State on 25 November. Many people gathered in central Skopje and Albanian flags were raised. The day after, the Prime Ministers of Albania and Kosovo, Sali Berisha and Hashim Thaci respectively, went to Skopje and took part in a celebration for the centenary.

Thaci, during his speech, praised the first fighters of the KLA, who were based in Western Macedonia, a region where the Albanians are the ethnic majority. In particular, Thaci bestowed Ali Ahmeti, one of the co-founders of the KLA and heads of the Albanian rebellion against the Macedonian Government in 2001. Now Ahmeti is the leader of the Democratic Union for Integration (DUI), the strongest Albanian party of Macedonia. Thaci also said that Kosovo wants to be the guardian of the rights of the Albanians of Macedonia.

These words could spark political tensions in Skopje. The relations between the Slav majority and the Albanians has always been rather tense, even though political leaders from both sides has managed to keep them under the alert level after the 2001 short conflict. Yet, the situation has deteriorated in the last months and there have also been some ethnic skirmishes.

The Social Democratic Union of Macedonia (DSMS), the main opposition party, which organized rallies against the Government in October and is asking for early elections, said that celebrations for the centenary of Albania and the presence of Berisha and Thaci in Skopje could stimulate new plans for a Greater Albania, a project aimed at creating one big Albanian nation by merging all the Balkan regions where the Albanians represent the ethnic majority (Albania, Kosovo, Western Macedonia, some strips of land of Montenegro, Serbia and Greece). The Prime Minister Nikola Gruevski wouldn't have let Berisha and Thaci come to Skopje, some members of the DSMS argued.

Even some high officers of the Internal Macedonian Revolutionary Organization-Democratic Party for Macedonia National Unity (VMRO-DPMNE), the party to which the Prime Minister Nikola Gruevski belongs to, looked at the celebrations of Albania's centenary with some annoyance. Thaci's warm tribute to Ali Ahmeti and former KLA fighters was seen as a provocation.

Yet, Nikola Gruevski was somehow forced to give the Albanians the chance to hold these gatherings. It was a move to mend ties with the DUI, which is the junior partner of the coalition. Relations between the two VMRO-DPMNE and the DUI has worsened in recent weeks, due to a

recent tribute paid to the 2001 insurgents by the Minister of Defense Fatmir Besimi, a member of the DUI. Gruevski reacted by presenting a law to grant pensions to former government soldiers who fought in the ethnic conflict, but not to the Albanian veterans. The coalition was close to collapse and by giving a green light to hold celebrations for the 100th anniversary of the Albanian State in Skopje Gruevski, presumably, tried to win Ahmeti's trust back.

Kosovo

The European flop

The EU has channeled to the former Serbian province almost €700 million euro since 2008, but despite this strong budget, the European mission to Kosovo (EULEX), which supervises the country's transition and allocates Brussels' funds, hasn't succeed in strengthening the rule of law and fighting corruption in the former Serbian province. This is the main point of a report released by the European Court of Auditors, based in Luxemburg. The document, made public in early November, underlines that unqualified staff is one of the reasons behind EULEX inefficiency. Members States are filling the mission with unfit personnel, it explains.

Responsibility for the failure also depends on the weak coordination between the EU and the US, the European body said. A lack of consensus among the EU members contributed as well. Kosovo's authorities should also be blamed, as they haven't showed interest in fighting corruption and improving the quality of democracy so far. A recent large-scale corruption scandals that have involved prominent members of the administration would confirm this.

Few days before the release of the report, the German Minister of Defense, Thomas de Maiziere, pointed out that EULEX, which mandate expires in 2014, should be replaced with a new mission. «We need a new start, a new name, a new structure, new people and a new mandate», the German minister said. By mentioning a new mandate, one could assume that the Germans believe that Kosovo is not yet ready to take care of itself without an international tutorage and that, as consequence, the process of monitoring state-building processes in Kosovo should continue under schemes other than those applied so far.

Montenegro

Milo is back

As largely expected, the President of the Republic, Filip Vujanovic, asked Milo Djukanovic to form the new Government. Djukanovic, who leads the Democratic Party of Socialists of Montenegro (DPS), which won general elections in October, will serve as Prime Minister for a seventh term.

Djukanovic's grip on power dates back in the Nineties. He has continuously served as Prime Minister or President from 1991 to 2006. Then he left politics for a couple of years, after Montenegro got independence from Serbia on May 2006. He was appointed Prime Minister again in 2008. In 2010 he left the office again, but remained the head of the Democratic Party of Socialists of Montenegro. Now he is back again.

Djukanovic's power, rooted in its longtime experience, is not only limited to politics. He also has a strong influence on economy, as his elder brother Aco is the biggest stakeholder in Prva Banka, the main bank of the country. Also Milo Djukanovic, as well as his sister Ana, has a stake.

This term could be the most difficult for the most powerful Montenegrin politician. For the first time his party doesn't have an absolute majority in the Parliament. Oppositions scored a very good electoral performance and won many seats. The DPS was forced to look for the support of some parties representing minorities' interests. As the DPS will have to find some compromises with its allies, the governance will be more complex, analysts suggest. Moreover, there are growing pressures from the EU to curb corruption, money laundering and organized crimes. These issues are quite serious in Montenegro and Djukanovic has even been accused of having ties with the criminal élite. Without showing a real political will to do it, accession negotiations with the EU won't move forward.

Serbia

Belgrade and The Hague

News coming from The Hague shook Serbia in November. The International Criminal Tribunal for the former Yugoslavia (ICTY), a UN body located in the Dutch capital, cleared the former Croatian generals Ante Gotovina and Mladen Markac from war crimes accuses on 16 November. They had been sentenced to 24 and 18 years respectively in April 2011 for their conduct during Operation Storm, the military action carried out in August 1995 through which Croatia retook control of the regions that fell under the Serbian control in 1991. The large-scale offensive led to the exodus of at least 200.000 thousand Serbs.

On November 28, few days later the clearing of Gotovina and Markac, the Tribunal acquitted Ramush Haradinaj, a former top commander of the Kosovo Liberation Army (KLA), the guerrilla that rose up against Serbia in 1998-1999. Haradinaj was charged with war crimes accuses related to the conflict. The verdict confirmed a previous judgment made in 2008. However, the UN judges ordered to repeat a part of the trial due to intimidations suffered by some key witnesses. One of them, Kujtim Berisha, died in a car accident in Montenegro in 2007.

Recent developments in the Hague caused angry reactions in Serbia. After Gotovina and Markac's release, the Serbian Government decided to reduce the cooperation with the Hague Tribunal to the technical level. It means that documents requested by UN prosecutors won't be transmitted to The Hague anymore. This affects the quality of the dialogue with the EU, which has always made clear that good cooperation with the ICTY is for Serbia one of the main conditions to get a faster path to Europe.

As for Haradinaj's discharge, the Serbian President, Tomislav Nikolic, stated that international justice has showed its hostile feelings towards Belgrade. While Vuk Jeremic, the former Minister of Foreign Affairs, now Speaker of the UN General Assembly, scheduled a public debate in spring 2013 that will look into the issue of ad-hoc tribunals. Likely, Serbia will use it to question ICTY's conduct in the UN context. It's a risky job. As a matter of fact, it should be remembered that the Tribunal was established by the UN Security Council with a unanimous vote. Thus, its legitimacy is in accordance with international law.

Gotovina, Markac and Haradinaj cases, analysts argue, could ignite that sense of victimhood, strongly exaggerated by media but still present in the Serbian society, which had been the origin of Belgrade's troubles in the past. This syndrome could be mitigated if the EU will open accession talks with Serbia. A decision could be made during the Irish Presidency of the European Council (it

begins on 1 January), but it's linked to the outcome of talks between Kosovo and Serbia, which were launched in October under the aegis of the European Union. Discussions have focused on technical issues (trade, customs, etc..) and good neighborhood policy so far, but a growing number of observers say that Serbia has to recognize its former province if it wants to join the EU. This is a thing that Belgrade won't accept easily.

Tomislav Nikolic and the Prime Minister, Ivica Dacic, are not in a comfortable situation. On the one hand, there is a need to continue the dialogue with the EU. On the other, they have to deal with domestic consensus, where Kosovo is a very sensitive issue. A recent poll has highlighted that 59% of the Serbs prefer to keep Kosovo instead of joining the European club.

Economic turmoil

A fragile economic scenario could boost Serbia's frustration. Many fragilities are emerging. The capital market could experience its worst situation ever, said head of the Belgrade Stock Exchange, Gordan Dostanic, on 22 November. The day after, media reported that the average inflation rate surged to the highest level in Europe in October (12.9), as food prices rose after a bad harvest. While on the same day Tanjug, the main Serbian press agency, dispatched a shocking news highlighting that nearly 400,000 children live in poverty.

Serbia strongly needs foreign financial assistance. The government walks on two different paths. Negotiating a new loan with the IMF is the main goal, but Belgrade is also knocking on Russia's door, as Moscow can provide cash ignitions faster and without all the strict criteria required from the IMF. On 23 November the Wall Street Journal wrote that the Russian Government agreed to give Serbia \$800 billion to finance improvements to the infrastructures. The month before, the Russian gas giant Gazprom and its Serbian counterpart, Srbijagas, the state-owned gas provider, signed a definitive agreement on South Stream, the pipeline bringing Russian gas to the European market. The pipeline runs also through Serbia's territory and according to some recent studies it could attract \$1.9 billion in direct investments.

Analysts say that Belgrade's agreements with Moscow could pave the way for a growing Russian influence on Serbia's internal affairs, an issue That the EU can't ignore.

Moldova

Barroso in Chisinau

José Manuel Barroso, the President of the European Commission paid an official visit to Moldova on 30 November. Barroso praised the achievements made by Vladimir Filat, the Prime Minister. He rose to power in 2009, after his coalition, the Alliance for European Integration, won elections and put an end to the longtime rule of the Communist Party, who kept Moldova isolated. Since then, Filat and his team has worked to improve relations with neighbouring Romania and bring the country closer to the EU. Reforms have paved the way for a better integration with the European community.

Barroso said that if Moldova will continue staying on track, 2013 could bring the country three major goals. He referred to the establishing of a Moldova-EU free trade area, the signing of the Stabilization and Association Agreement with Brussels and the liberalization of visas. These are deals that could hugely speed up Moldova's economy. By contrast, economic stagnation in the EU could limit their benefits. Actually, the crisis in the EU has already affected Moldova's economy. The flow of money coming from Moldovan workers living in the EU has decreased. Moreover, in the next years geography of remittances is supposed to change, as a growing number of Moldovan immigrants are moving to Russia to find a job.

Barroso's visit marked the second recent noticeable endorsement for Filat. In August Angela Merkel went to Moldova for the first visit of a German Chancellor to the former Soviet Republic. In Chisinau, Merkel said that Berlin is satisfied with Filat's job and exhorted him to continue making reforms.

Nonetheless, both Barroso and Merkel made clear, although using a diplomatic language, that Moldova's path to the EU depend on the solution of Transnistria issue. Transnistria is a breakaway region of Moldova protected by Moscow. Finding a reasonable agreement to overcoming the status quo won't be easy at all. There have been rumours about reunification in the past, but nothing concrete has followed. The Russians don't want to give up and talks within the 5+2¹ framework haven't brought to relevant progresses so far.

¹ The 5+2 format involves Moldova and Transnistria, as well as the Organization for Security and Cooperation in Europe, Russia, Ukraine, the European Union and the United States.

Georgia

Ivanishvili's first doubtful moves

International observers, the EU and the US praised Georgia for its political maturity during and after general elections in October. Nobody expected a smooth transfer of power in the tiny Caucasian republic. After all, elections in the post-Soviet space, as well as their aftermaths, have always been tense over the last years. Frauds, mismanagement of the voting process and street protests have been the normal picture of electoral contexts. Nothing similar happened in Georgia in October. The President Mikhail Saakashvili accepted the defeat of his party, the United National Movement (UNM). While Bidzina Ivanishvili, head of the Georgian Dream, the six-party coalition that surprisingly won elections, didn't threaten any major breaks. Basically, the Georgian Dream proposed to mend ties with Russia (diplomatic relations were interrupted after the military conflict in August 2008), however without renouncing to pursue the dialogue with NATO and the EU.

This quiet scenario has already vanished. Once the transfer of power was completed, political tensions rose, mainly because Bidzina Ivanishvili's government carried on a vindictive policy. Some top former members of the previous Government were arrested and charged for abuse of office and even torture. Moreover, the Government is trying to force Saakashvili out of the luxurious presidential palace. It said it's a necessary measure to cut the costs of politics, but it's quite evident that this is a move to disqualify the role of the President, with whom Ivanishvili must cohabit until October 2013, when Saakashvili's second mandate will end and there will be presidential elections.

As for foreign policy, the Government has stated that NATO strategy is still a priority. However, the arrest of the former Minister of Defense Bacho Akhalaia and the firing of the Chief of the Army Giorgi Kalandadze (he was arrested too), two people who contributed to Georgia's Atlantic policy, in other words, is not the right message to send NATO.

Moreover, the Government showed a confused approach over the normalization of the relation with Moscow. Some top members of Ivanishvili's team said that it's early to restore diplomatic relations with Russia. It should be a progressive process, they remarked. But in November, the new Minister of Reintegration, Paata Zakareishvili, stated that Georgia thinks of recognizing the documents issued by the authorities of Southern Ossetia and Abkhazia, the two former Tbilisi's breakaway provinces that declared themselves independent after the war in 2008 and under Moscow's

patronage. Zakareishvili explained that recognition of Abkhazia and Southern Ossetia's documents would facilitate freedom of travel between the two former Georgian provinces, Russia and Georgia proper. Yet, this move implies that Georgia would recognize the two former provinces as fully independent countries.

Rasmussen and Ashton's worries

Georgia's recent political developments are worrying the West. The US and the EU fear that under Ivanishvili's rule Georgia could move away from Saakashvili's legacy. After the Rose Revolution, the peaceful mass protest that paved the way for Saakashvili's rise to power, Georgia carried on many important reforms in the fields of administration and economy. Moreover, it promoted a foreign policy aimed at fostering strong ties with the EU and NATO. The conflict between Tbilisi and Moscow slowed down the Euro-Atlantic, yet Georgia is still perceived by the West as an important partner in the post-Soviet area, as well as a key transit corridor for Central-Asian energy going to the European markets.

Anders Fogh Rasmussen and Catherine Ashton's visits to Georgia in November indicates that the West, in light of Ivanishvili's first steps, thinks that Georgia could choose another path. The General Secretary of NATO went to Tbilisi on 9 November, while the head of the European foreign policy paid a visit on 26 November.

UKRAINE

Another gas war?

The Minister of Energy, Yury Boyko, announced that Ukraine will try to ease its dependence from Moscow's gas in 2013. Boyko, speaking on 16 November, said that the country bought 26 billion cubic meters (bcm) of Russian gas in 2012, that is 1,5 bcm less than how the two countries agreed in 2009. The day after, Naftogaz, the state-owned gas company, indicated that there will be a further cut in 2013.

Boyko thinks that the current agreement through which Ukraine buys gas from Russia isn't fair at all. Kiev pays too much, the Minister has often stated. Also the President Viktor Yanukovich shares this view. The agreement dates back in 2009, when the former Prime Minister Yulia Tymoshenko signed a deal with Vladimir Putin, at that time head of Russia's Government, in order to put an end to a gas dispute that brought the Russians to halt gas shipments to Kiev. This severely affected Ukraine, as well as the Eastern part of the EU.

Ukraine has frequently asked Russia for renegotiating the deal. Julia Tymoshenko's conviction to seven years in jail could be interpreted not only as Viktor Yanukovich's political vindication, but also as a move to convince the Russian to bring down gas prices. As a matter of fact Tymoshenko was sentenced because according to the official indictment, then confirmed by the judge, the deal she made with Putin wasn't financially sustainable and hugely harmed the state budget. However, the Russians didn't listen to Ukraine's requests neither pay too much attention to Tymoshenko case, pretending instead the respect of the contract signed in 2009.

Kiev's strategy to reduce its gas dependence from Russia is based on two pillars. On the one hand, Naftogaz – as already explained – is buying less gas than agreed with Russia. On the other, it plans to buy cheaper energy from Germany (it would be channeled to Ukraine via Hungary) and to import Azeri gas through Turkey and then across the Black Sea. Whether it works or not, Russia could bring Ukraine to an international court because Kiev is buying less gas than agreed in 2009. A new gas war shouldn't be ruled out. Central-Eastern Europe could suffer again a lack of supplies during the coldest weeks of winter.