



Briefing

Political Trends & Dynamics in Southeast Europe

September | October 2016

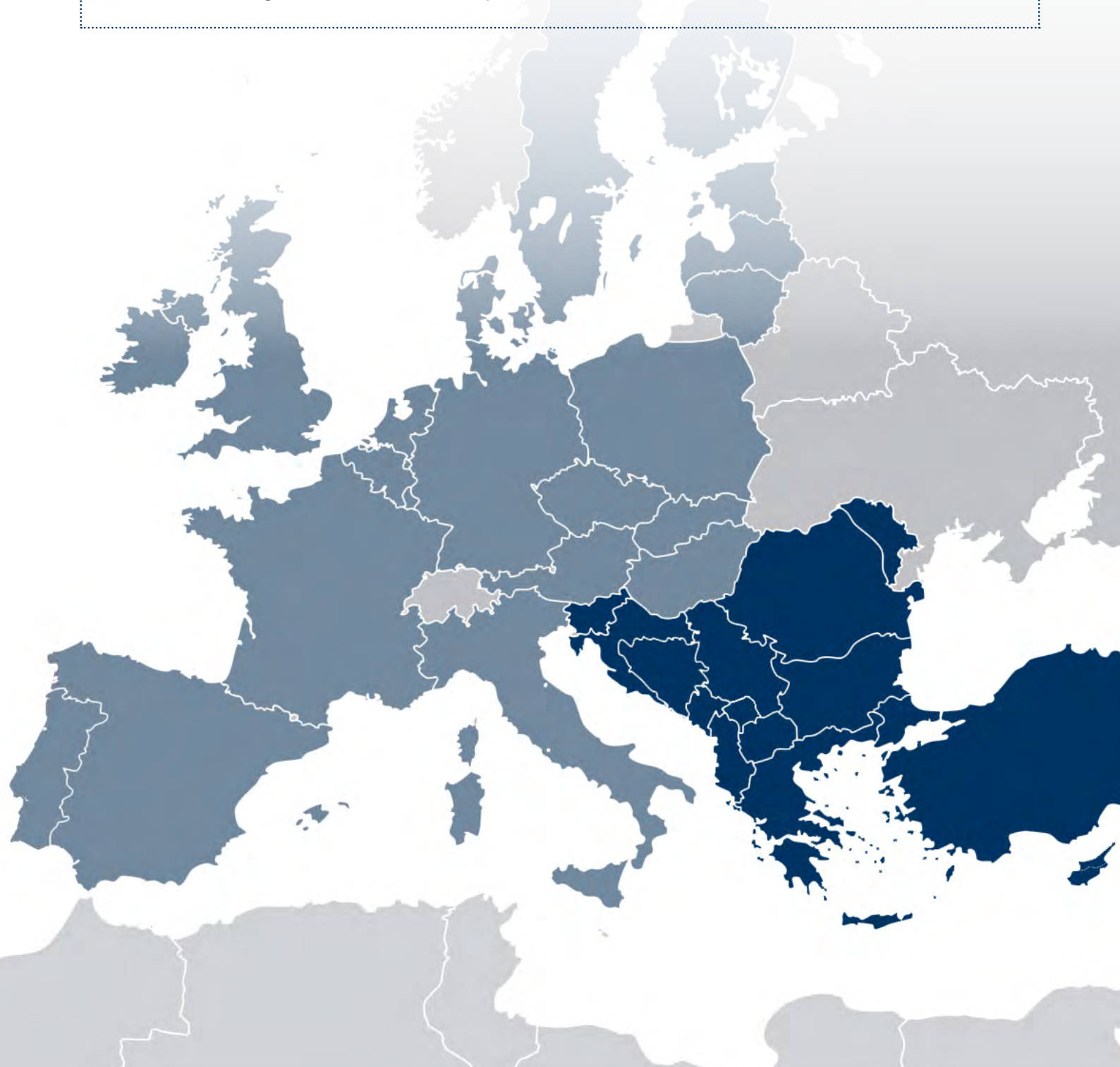
[#SEESecurityTrends](#)

Political Trends & Dynamics in Southeast Europe

#SEESecurityTrends

A FES DIALOGUE SOUTHEAST EUROPE PROJECT 2016–2018

Peace and stability initiatives represent a decades-long cornerstone of the Friedrich-Ebert-Stiftung's work in southeastern Europe. Recent events have only reaffirmed the centrality of Southeast European stability within the broader continental security paradigm. Both democratization and socio-economic justice are intrinsic aspects of a larger progressive peace policy in the region, but so too are consistent threat assessments and efforts to prevent conflict before it erupts. Dialogue SOE aims to broaden the discourse on peace and stability in southeastern Europe and to counter the securitization of prevalent narratives by providing regular analysis that involves a comprehensive understanding of human security, including structural sources of conflict. The briefings cover fourteen countries in southeastern Europe: the seven post-Yugoslav countries and Albania, Greece, Turkey, Cyprus, Bulgaria, Romania, and Moldova. This is a joint project between the thirteen Friedrich-Ebert-Stiftung offices in Southeast Europe and the Social Overview Service (SOS).



Regional Developments

In this period almost all of Southeastern Europe was witnessing numerous significant events and developments, such as snap elections in Croatia and general and local elections in Montenegro. At the same time, Macedonia started preparing for new elections while the talks about the reunification of Cyprus and also negotiations about the resolution of the Greek debt crisis continued. However, one event that above all others has the potential to have an impact on the security situation in the region was the referendum that was held in Bosnia and Herzegovina's Serb-dominated entity of Republika Srpska on September 25. This event had an impact across much of the former Yugoslavia, triggering talks of war unheard of since the late 1990s. Although ostensibly the referendum was organized on the issue of Republika Srpska Day and whether it should be celebrated on January 9, it had far greater significance. By organizing the referendum, the authorities of Republika Srpska defied both Bosnia and Herzegovina's Constitutional Court and the Office of the High Representative, the ad hoc international institution established to oversee the implementation of the Dayton Peace Agreement. Already in August, Bosniak officials went on record saying that the referendum could be a prelude for another plebiscite – for the secession of Republika Srpska from the rest of the country. Such statements triggered a series of bellicose reactions from politicians and media in Bosnia and Herzegovina, Croatia and Serbia in August and September.

Albania

Key developments:

- On September 23, the Albanian Parliament passed a law allowing the import of waste. The law has been criticized by environmentalists and opposition parties, which have called for a referendum on the issue. The waste is intended for recycling, but environmentalists fear that the law, for which only 63 out of 140 MPs voted, would turn Albania into a dumping ground for Europe's waste. Demonstrators took to the streets to protest against the law on October 1. In the wake of these protests, the Albanian President, Bujar Nishani, sent the law back into parliamentary

procedure on October 14. Parliament will therefore have to vote on it again, but this time a minimum of 71 votes are required for the law to be adopted. The Speaker of the Albanian Assembly, Ilir Meta, intervened in the debate by stating that in view of diverging interpretations of the same European Union Directive on waste import, the best solution would be to request a thorough and detailed expertise on this piece of legislation from the EU itself. Newspapers report that the ruling majority might review the law and introduce some new amendments to it. Representatives of the Alliance Against Import of Garbage, a civil society group objecting the import of waste, said that they would rally again to protest against the import of waste on October 30.

- Johannes Hahn, European Commissioner for European Neighborhood Policy & Enlargement Negotiations, helped generate a diplomatic spat involving Albania, Greece and the European Union when on September 28 he said that one bilateral issue the two countries needed to resolve was the status of Cham Albanians. Hahn was referring to an Albanian community who had lived in western Epirus in north-western Greece until 1944 when they were expelled for alleged collaboration with Nazi Germany during the Second World War. In the wake of Hahn's comment, Greece sent a protest note to the European Union accusing the Commissioner of raising a non-issue and siding with Albania. Greek Foreign Minister Nikolaos Kotzias stated for the Greek daily *Tribune*, on October 16, that issues between the two countries should be resolved before Albania could open accession talks with the European Union. Many MPs in Tirana interpreted this statement as a sign that Greece may block the opening of accession talks between Albania and the European Union.
- On October 25 the Albanian Constitutional Court decided to suspend one of the core laws on judicial reform – the Law on Reassessment of Judges and Prosecutors, known as the 'vetting' law. The Court accepted a request from the main opposition Democratic Party to stall progress. The suspended law aims to vet 800 judges and prosecutors on their professional ability, moral integrity and level of independence from organized crime,

corruption and political officials. The Democratic Party considers the initiative, which is backed by EU and US representatives, to be a 'witch hunt'. Before making the final ruling, the Court decided to request an *amicus curiae* opinion from the Council of Europe's Venice Commission on whether the legislation was compatible with the Albanian constitution or not. This process is expected to take some months. Experts believe that this move could jeopardise the country's chances of opening EU accession talks this year although Albania had been expecting to get a positive recommendation from the European Union on November 9 for opening accession talks.

Next month's prospects:

Albania is expecting to hear from the European Commission on November 9 on whether it will recommend to the Council of the European Union the opening of the accession talks with Albania. The country expects a positive recommendation after its Parliament adopted the constitutional changes related to judicial reform in July, which are viewed as prerequisite for the opening of the accession talks.

Bosnia and Herzegovina

The political agenda in Bosnia and Herzegovina (BiH) in recent months has been dominated by the holding of a referendum in Republika Srpska (RS) on September 25; and of local elections throughout the country a week later on October 2. Both the referendum, which was held in defiance of the state Constitutional Court and the Office of the High Representative, and the local elections contributed to an increase in tensions both in Bosnia and Herzegovina and the wider region.

Key developments

- The Republika Srpska authorities held a referendum on September 25 on continuing the celebration of Republika Srpska Day on January 9 in spite the rulings of the Constitutional Court and the disapproval of the Office of the High Representative (OHR). RS President and leader of the Alliance of Inde-

pendent Social-Democrats (SNSD), Milorad Dodik, initiated the referendum, which was supported by all parties based in Republika Srpska. However, opposition leaders were critical towards the timing of the referendum – one week before local elections – accusing Dodik of using it to boost support for the SNSD. Bosniak and Western officials fear that the referendum was a trial run for a plebiscite on the secession of Republika Srpska from the rest of the country. Moreover, some analysts believe that the weakness of the response from the European Union and the United States may encourage Dodik in this endeavour. Turnout was officially 55.78 per cent of registered voters in Republika Srpska, of whom 99.81 per cent supported keeping January 9 as Republika Srpska Day. Dodik presented the referendum outcome as a triumph, but many SNSD officials saw it as a near-defeat, as they had expected a greater turnout. Some analysts alleged that the turnout had actually been below 50 per cent. These claims could not be verified, since there was no independent monitoring. BiH's state prosecution has launched an official investigation into the referendum and has already questioned some RS officials who participated in its organisation, but it is unclear whether or what kind of effect this investigation will have since Dodik has already announced he would not come to Sarajevo for eventual questioning.

- Bosnia and Herzegovina's 2016 local elections took place on October 2 amid heightened tensions caused by the referendum in Republika Srpska and the use of inflammatory language during the election campaign from various sides. Many analysts considered the October 2 polls more important than previous local elections, since they represented a crucial test of political support before the 2018 general elections. Moreover, the elections were marred by controversial incidents and allegations of fraud. The worst incident took place in the southeastern town of Stolic, where arguments degenerated into a fistfight between a Bosniak candidate for mayor and a Croat election official. After masked men entered polling stations to remove election material, voting was suspended throughout the town and special police deployed. Bosnia's Central Election Commission is still deciding what steps it should

take. In the RS, Dodik's SNSD achieved a major victory, winning the mayoral poll in 24 municipalities. The opposition bloc, the Alliance for Change, suffered a clear defeat, having lost control over a number of municipalities. These results showed that the opposition bloc in the RS is still not perceived as a serious alternative, which is expected to remain the case as long as they refuse to clarify their policies and strengthen their performance. In predominantly Bosniak and Croat areas, the respective national parties – the Party of Democratic Action (SDA) and Croat Democratic Union (HDZ) – won the mayoral polls in most municipalities – 39 and 17 respectively. While the SDA came out of elections as the single party with most mayoral posts and the biggest number of votes, their results are considered a defeat since they have lost control over Srebrenica, as well as a number of other municipalities where mayoral positions were won by independent candidates, most of whom are former SDA officials. The leading centre-left party, the Social Democratic Party (SDP) managed to slightly increase its number of mayoral posts, but has lost control over one of its key strongholds, the Centar municipality in Sarajevo, while winning the industrial town of Tuzla once again.

- On September 20, the 28 member states of the European Union accepted BiH's membership application, while asking the European Commission to prepare an assessment of the country's readiness to receive official candidate status. Taking into account the experience of other countries this process could take at least one year. Bosnia submitted the application in February 2016.

Next month's prospects

Fallout from both the referendum in Republika Srpska and local elections will continue to dominate the political agenda in Bosnia and Herzegovina in the coming month. Both local institutions and the international community will have to work out ways to address the issues raised by the referendum in particular. In addition, local governments will have to work hard to meet criteria that would enable continuation of the IMF's program for the country, which is up for revision in November.

Bulgaria

Government attempts to secure Bulgaria's border with Turkey through shuttle diplomacy with visits by Prime Minister Boyko Borissov to both Ankara and Berlin have been high on the political agenda. Bulgaria's international standing and the issue of migration have dominated the campaign for the presidential election, which is scheduled for November 6. Relations between partners in the governing center-right coalition – GERB and the Reformist Block – have been deteriorating.

Key developments

- In August, Bulgarian Prime Minister Boyko Borissov visited both Ankara and Berlin in an attempt to reinvigorate the stalled agreement on refugees between the European Union and Turkey that had been signed in March. In this way, Borissov relayed Turkey's message that the migrant deal would not enter into force unless the European Union removed restrictions on visa-free travel in the European Union for Turkish citizens. Alarmed at the prospect of a surge in migrants entering Europe through Bulgaria, Borissov has urged the European Union to keep its part of the deal – despite concerns about the human-rights situation in Turkey in the wake of August's failed *coup d'état*. In August and October, Bulgarian police returned several supporters of opposition figure Fethullah Gulen to Turkey who had reportedly sought asylum in Bulgaria. This move generated public outrage with analysts and opposition figures accusing the government of disregarding the human-rights situation in Turkey and caving in to Turkish pressure.
- Borissov's coalition government has been criticized for its failure to nominate a successful candidate for Secretary-General of the United Nations. Bulgaria initially nominated UNESCO Director-General Irina Bokova for the post. However, she did not receive the full support of the government, as it sought to replace her with a right-wing candidate. Although there appeared to be a desire for a female candidate from Eastern Europe, Bokova failed to obtain much support in the first five rounds of secret ballots. The government used the opportunity to make an eleventh-hour switch, replacing Bokova with European Commissioner for Budget and Human Resources, Kristalina Georgieva. Bokova remained as a candidate in

her own right and ranked higher than Georgieva in the final vote. Portugal's Antonio Guterres was chosen, leading to recriminations in Bulgaria, including calls for the resignations of both Borissov and his Foreign Minister. Disagreements over the introduction of mandatory voting and restrictions to the voting rights of Bulgarians living abroad have contributed to a deterioration in relations between the main parties in the governing coalition – Borissov's GERB and the Reformist Block – heralding the possibility of early elections.

- Both Bulgaria's international standing and the migration crisis have featured prominently in the campaign for the presidential election, which is scheduled for November 6. Analysts have criticized the campaign for the absence of strong political messages and appeals to populism. According to opinion polls, the two frontrunners are GERB's Tsetska Tsacheva and the Socialist Party's Rumen Radev, a former Air Force Commander.

Next month's prospects

The political agenda is currently dominated by the campaign for the forthcoming presidential election, which is scheduled to take place on November 6. The presidential election is largely seen as a dress rehearsal for future parliamentary elections. Prime Minister Borissov has announced that he would resign in the event that GERB's candidate, Tsetska Tsacheva, loses in the first round of voting. If GERB's candidate is defeated in the second round of voting, as opinion polls are currently predicting, its position will have been weakened, thereby raising the possibility of early parliamentary elections.

Croatia

The political agenda in recent months has been dominated by parliamentary elections, which took place on September 11, and negotiations on the formation of a new government.

Key developments

- The Croat Democratic Union (HDZ), Croatia's main center-right party, won most seats in the parliamentary elections on September

11 and has formed a government with Most (Bridge) another center-right party. The coalition built around the HDZ won 61 seats out of 151 in Parliament, whereas the coalition built around the Social-Democratic Party (SDP) won 54 seats and Most won 13. The Only Option coalition, led by the anti-establishment Living Wall, came in fourth with 8 seats. The results surprised most local analysts and international officials as opinion polls in the run-up to the elections had indicated an extremely tight race between the HDZ and the SDP. Most analysts attribute the HDZ's success to its change of leader in mid-July, when Andrej Plenkovic succeeded Tomislav Karamarko as party president. Plenkovic presented the HDZ in a new light and steered away from his predecessors' national-conservative towards a Christian-democrat image. From that moment on, opinion polls showed the HDZ's popularity steadily rising.

- After just over a month of negotiations between HDZ and Most officials, Croatia's Parliament confirmed the new government of Prime Minister Andrej Plenkovic in a 91-45 vote on October 19. The government includes ministers from both the HDZ and Most and is supported by representatives of national minorities. Controversial figures of the extreme right wing in the HDZ, such as the previous Minister for Culture, have been replaced by more moderate representatives. Prime Minister Plenkovic, a 46-year-old former MEP, promised to boost economic recovery and overcome political divisions in the European Union's newest member state. He announced tax reform, the easing of regulations on business, education reform and judicial reform and urged support for his program, arguing that national goals should come before political differences. Although Plenkovic's more moderate course has been successful in the elections and is reflected in the composition of the new government, he is still facing resistance within his party from the nationalist right wing.

Next month's prospects

Plenkovic's new government is expected to take office and begin to work. As a consequence of the disappointing election results, SDP leader Zoran Milanovic will make room for a new

party president. There are as many as nine candidates for the inner party elections which will take place on November 19.

Cyprus

Ongoing negotiations for a new settlement to reunite Cyprus have entered an extremely sensitive and difficult phase. Developments in Turkey and the prospect of gas exploration have contributed to the complexity of the situation and the challenge of finding a solution to the conflict.

Key developments

- Negotiations between Greek Cypriot leader Nicos Anastasiades and Turkish Cypriot leader Mustafa Akıncı on the unification of the divided country resumed in August and several meetings have taken place since. Both sides seem optimistic about the prospects of these talks, even though they remain far apart on some of the key issues, including citizenship and the electoral system. Negotiations also covered the future role of Greece, Turkey and the United Kingdom, countries that the 1960 Cypriot Constitution recognized as guaranteeing or protecting powers, as well as the issue of Turkish troops stationed on the island since 1974. The financial aspect of the property issue also remains unresolved and can jeopardise the entire agreement.
- The failed *coup d'état* in Turkey and the clampdown following it may have a mixed impact on negotiations between the two Cypriot communities. Having survived the *coup d'état*, Turkish President Recep Tayyip Erdogan and his government feel strengthened and may feel sufficiently confident to seek to influence the outcome of the negotiations. The freedom of action that Erdogan enjoys may cut both ways, however. On the one hand, he may help achieve agreement now that the Turkish military is no longer able to limit his actions. On the other, he may use his authority to undermine negotiations if he believes that this would improve his standing at home.
- Other factors, including prospects for gas exploration, may also have an impact on the negotiations. Anastasiades, who is also the Republic of Cyprus's President and has one

eye on the 2018 presidential election, wants international energy companies to continue exploring offshore gas fields in Cypriot waters in 2017. The Turkish Cypriots would prefer to co-manage the exploration of natural gas after the successful outcome of the talks. In a statement from October 18, Akıncı indicated that the sooner economic cooperation materializes, the better for Cyprus, including both the Greek Cypriot and Turkish Cypriot side, as well as Turkey. Any resumption of drilling activities in 2017 – without a prior solution to the Cyprus problem – could result in the suspension if not the end of the talks since Turkey is likely to respond to any Greek Cypriot move with a corresponding counter-reaction.

Next month's prospects

Three more negotiation meetings are scheduled to take place at the end of October. If they prove fruitful, representatives of the two communities plan to meet in early November in Switzerland. They have chosen to meet abroad rather than on Cyprus, in order to, among other things, avoid excess publicity about the next, extremely sensitive phase of negotiation. This phase will include discussions on the territory over which each community would rule and the security guarantees, which local populations would enjoy.

Greece

The political agenda has been dominated by continued negotiations with the lenders, ongoing economic and social hardship, as well as rising tensions with Turkey.

Key developments

- Relations with Turkey have deteriorated since late September after Turkish President Recep Tayyip Erdogan was reported commenting on the 1923 Treaty of Lausanne, seeming to imply that Turkey had "given away" the Aegean islands to Greece. The Greek government responded immediately, characterizing Erdogan's comments as "dangerous." It seems that the comments may have been designed for domestic consumption, as Turkish officials have downplayed them. Nevertheless, the

Greek Foreign Ministry complained to NATO about the presence of Turkish submarines in the Aegean. Moreover, reports of Turkish military aircraft entering Greek airspace also contributed to tensions. Erdogan made further apparently-revisionist comments about “ethnic kin” in Greek Thrace and elsewhere, implying that Ankara should support populations formerly under Ottoman rule, drawing responses from Greek President Prokopis Pavlopoulos, among others. Pavlopoulos was reported saying that there should be no attempt to revisit the issue of international borders in the region and that Erdogan’s comments might undermine Turkey’s European perspective.

- In advance of the Eurogroup meeting on October 10, Athens experienced further anti-austerity protests by pensioners, the threat of a strike by air-traffic controllers, uncertainty over the role of the International Monetary Fund (IMF) in the Greek bailout program and divided opinions about debt relief and further reforms. In the event, the Eurogroup expressed satisfaction that Greece had implemented the 15 reforms laid out in the first review of the third bailout, though the corresponding bailout sub-tranche was delayed on a technicality. The government is eager to conclude the second review of the third bailout so as to begin talks on restructuring Greek debt and the possibility of Greece’s entry in the European Central Bank’s quantitative-easing program. Negotiations will resume before the end of October, with issues related to labour laws, privatization, public administration, energy, non-performing loans and the business environment.
- SYRIZA held its second party congress in mid-October and Prime Minister Alexis Tsipras was re-elected head of SYRIZA with an overwhelming majority. Moreover he managed to steer the party on a course towards the political centre, taking into account that the current governmental policies are in stark contrast to the program announced at the founding congress of SYRIZA in 2013.
- Government attempts to overhaul the system of TV licensing are proving controversial. At an auction in early September two major TV channels retained their licenses, while five lost theirs. In the wake of the auction,

a case was brought to the Council of State, the country’s highest court, challenging the constitutionality of the whole process. The issue has become increasingly political, with disputes both among judges, and between judges and the government. The government has argued that opposition to its reform of TV licensing is directed by big business supporting the status quo, which it considers corrupt. Opposition parties are critical of the extent of the government’s involvement, arguing decisions on licenses should be made by the independent commission for media regulation and not the government. They also argue that advances in technology allow for more TV channels and that by limiting the number to four, the government is aiming to shut several existing media to create a more compliant media environment. In a preliminary vote, the Council of the State indicated that it would likely find the TV licensing law to be unconstitutional. This would be a serious blow to the government, which has already indicated it may seek to reach broader consensus with the opposition on the matter.

Next month’s prospects

The coming period will be crucial for the survival of the SYRIZA-led government, whose popularity, according to opinion polls, has slumped to well below that of the main opposition party, New Democracy. Prime Minister Tsipras will be making the case for inclusion in the European Central Bank’s quantitative-easing program, and debt relief by the end of the year to regain political momentum domestically. Therefore he will, oddly as it may seem, argue for further participation of the IMF in the program. On a longer term he will aim at Greece’s return to the financial markets, as well as the finalization of the third bailout program, hoping for the positive economic outlook forecasted for 2017. In the next weeks a reshuffle of the government is to be expected.

Kosovo

Key developments

- On September 28, Serbian police arrested Nehat Thaci, police director in the Mitrovica area, as he entered Serbia. Thaci was arrested on terrorism charges, including allegedly

having been part of the Kosovo Liberation Army (KLA). In an October 10 court hearing in Belgrade, Thaci denied both expelling a Serb family from the village of Lipljan in July 1999 and having been part of the KLA. On October 12, Kosovo's Parliament adopted a resolution calling for Thaci's immediate release and urging the European Union's rule-of-law mission in Kosovo, EULEX, to become involved in the case.

- On October 8, Kosovo's Parliament passed a law transforming ownership of the Trepca mining and industrial-processing complex, whose debt is estimated to be around €1.4 billion, in an attempt to prevent it from going bankrupt. According to the new law, the Kosovo government now holds 80 per cent of Trepca shares with the remaining 20 per cent in the hands of the company's workers. Kosovo Serb miners and Serb representatives in the Kosovo government objected to the law. On October 11, Serbian Prime Minister Aleksandar Vucic said that the Serbian Government would not accept Pristina's decision to put the Trepca mining and industrial-processing complex under its control, given its importance to Serbs in the north of Kosovo. The debate on Trepca shifted to Brussels on October 19 when Belgrade and Pristina officials started a new round of their ongoing dialog.

Macedonia

Key developments

- On August 31, representatives of Macedonia's four leading parties agreed in negotiations moderated by EU and US diplomats to hold parliamentary elections on December 11. The agreement also included pledges to clean up the electoral roll and introduce reforms designed to ensure balanced reporting. Appointees of the four parties formed a new, interim government on September 2, which should lead Macedonia towards new elections, after almost two years of political crisis.
- Debate over Macedonia's Special Prosecution (SJO) dominated the political agenda in September. The SJO was created a year earlier to probe high-level crime and corruption in the wake of revelations of illegal wiretapping. On September 15, the SJO issued two new indictments involving 14 individuals for both enticement and committing a criminal act against public order and seven others for illegal destruction of documents. VMRO-DPMNE, the longtime governing party, described the indictments as biased and politically motivated. VMRO-DPMNE's criticism triggered demonstrations in Skopje on September 26 by activists from the "Colorful Revolution" movement in support of the SJO. On September 28, the SJO launched a new investigation into how four Interior Ministry operatives acquired the financial means to procure and maintain surveillance equipment for the secret police. On October 4, VMRO-DPMNE blocked parliamentary bills aimed at improving witness protection and boosting the SJO.
- The Constitutional Court is deemed as playing dangerous tactics in terms of deciding whether the SJO is constitutional or not. According to the Przino Agreement 2.0, if the Constitutional Court decides that SJO is unconstitutional, then the Parliament will react quickly and "re-formulate" the laws to "bring back" SJO with full functionality. With the Parliament already being dissolved due to the upcoming Parliamentary Elections, there is no option to do so before the constitution of the next Macedonian Government. Such situation and the different potential outcomes could lead to a possible postponement of the Parliamentary Elections with the probability of combining them with next year's Local Municipality Elections (April 2017) – an option that is seen as suiting the ruling coalition parties, VMRO-DPMNE and DUI.
- The fact that some of the SJO's cases have been assigned to those judges in the Criminal Court that are also implicated by the wiretapping scandal has been perceived as an additional proof of the weakness of Macedonia's judiciary. This further shows the need of a separate (Special) department unit within the Criminal Court that would handle SJO's cases and procedures.
- The State Election Commission (DIK) has announced that 40 of its official seals have been missing from its inventory – seals that are used by the local election committees during the elections.

Next month's prospects

Preparations for the December 11 elections, including both measures to clean up the electoral roll and campaigning, will dominate the political agenda in the coming month. The election campaign is expected to cause a surge in inflammatory rhetoric. The work of the Constitutional Court is being monitored as a potential distraction similar to President Ivanov's pardons in April 2016.

Moldova

Key developments

- On October 30, Moldovan citizens will have the opportunity to elect their president directly for the first time in 15 years. The election is expected to be a test of the current political orientation of the country that is divided between Pro-European and Pro-Russian supporters. Opinion polls indicate that the Socialist Party's candidate, Igor Dodon, who wishes to strengthen ties with Russia and review Moldova's relations with the European Union, is the favourite to win. Victory for Dodon may cause challenges for Moldova's relations with its partners and creditors.
- During the past three months, Prime Minister Pavel Filip and his government have worked to unlock funding from the International Monetary Fund. This source of borrowing, which would be crucial for Moldova's economy, was frozen in 2014 in the wake of a 1 billion US dollars fraud involving three Moldovan banks. Although Filip's cabinet had expressed confidence that it would secure funding by August, the IMF delayed its program. No date has been set for the release of IMF funds, though Moldovan Finance Minister Octavian Armasu said on October 20 that approval of a loan of nearly 180 million US dollars would be announced in the coming days. In August, Moldova announced it has received a first tranche of 60 million euros of a long-heralded 150 million euros loan from Romania.

Next month's prospects

The result of the presidential election, which will probably only be known after the second round of voting in early November, will be cru-

cial for Moldova's relations with the European Union, the International Monetary Fund and the United States. The election of a pro-Russian candidate may undermine Moldova's prospects of receiving international financial support.

Montenegro

Parliamentary and local elections took place on October 16 in which the Democratic Party of Socialists (DPS), the party of longstanding Prime Minister Milo Djukanovic, came out on top again. However, according to a statement by the party leadership of DPS, Milo Djukanovic might not take another term in office.

Key developments

- The DPS, Prime Minister Milo Djukanovic's party, won 36 of the Montenegrin Parliament's 81 seats in October 16 general elections. If parties representing the interests of minorities decide to join the DPS, Djukanovic should be able to form a new government. The DPS' junior ruling partner, the Social Democrats, won two seats, the party representing Bosniak interests won two seats, and the parties representing Albanian and Croat interests won one seat each. Djukanovic could, therefore, form a government with the support of 42 deputies. The four main opposition parties – the Democratic Front, Key Coalition, Democratic Montenegro and Social Democratic Party – had expected to do better and have challenged the election results. The election day was overshadowed by arrests of 20 paramilitaries on the eve of the elections, including former Serbian Gendarmerie commander, Bratislav Dikic, who was allegedly seeking to disrupt the election process. The group was allegedly caught entering Montenegro from Serbia with a large quantity of arms and ammunition and arrested on charges of terrorism. According to the Montenegrin Prosecutor's Office, the group aimed to influence the legislative and executive powers in the country. In addition, local NGOs reported numerous irregularities at polling stations throughout the country. Voting was suspended at a number of polling stations because devices used to electronically identify voters were not working and ballot papers were found bearing identical se-

rial numbers. Moreover, party activists were spotted recording voters outside of polling stations.

- Montenegro's privatization agency launched a tender on October 19 for the sale of part of the state-owned stake in port operator Luka Bar with a face value of 20.4 million euros. In total, 17,030,021 shares in Luka Bar, with a nominal value of 1.2113 euros each, are for sale, the privatization agency said. The deadline for bids is December 1. The face value of Luka Bar's total registered capital is 70.3 million euros. In December 2015, Montenegro's privatization council adopted a plan for 2016 foreseeing the sale of stakes in several companies including Luka Bar. A few days later, Belgrade media reported that Serbia, which is land-locked, was looking for a partner to purchase shares in the Montenegrin port operator. At present, the Montenegrin government has a 54.05 per cent stake in Luka Bar.

Next month's prospects

The political agenda will be dominated by fall-out from the October 16 general elections, with opposition parties continuing to complain of widespread irregularities and with the DPS likely to form a new government.

Romania

Key developments

- Prime Minister Dacian Ciolos's technocratic interim government announced on August 31 that general elections would take place on December 11, nearly a year after it came into office. In the wake of June local elections that were marred by record low turnout and concerns about fraud, Ciolos has committed to ensuring transparent elections. Specifically, he replaced the Interior Minister, who had been indicted for corruption, with a respected technocrat, tasked with "guaranteeing free elections and ensuring public order." Ciolos is standing on a civic platform for a "corruption free" and "poverty free" Romania.
- Even though Romania's economic performance – 6 per cent GDP growth in the second quarter of 2016 – has been the highest

in the European Union, the country is facing a wave of strikes in the run-up to the December 11 polls. Health workers have scheduled an all-out strike on October 31 and will likely be joined by town hall and county council employees as well as prison staff. It seems unlikely that Prime Minister Ciolos's government will be able to meet the demands of the workers – who are seeking improved pay and working conditions – due to lack of time and funds. Some political parties, such as the Social Democrats, are expected to try to capitalize on the public disenchantment.

- On October 18, the Romanian Parliament gave the green light to a bill allowing the conversion of Swiss-Franc loans into local currency at historic rates. Banks have warned that the move could cost them more than 500 million euro. Moreover, Romania's Central Bank said that the legislation could undermine economic gains. The Fitch rating agency, however, has indicated that it would not reduce Romania's credit rating, deeming the number of Swiss-Franc loans in Romania to be insignificant. In order to become effective, the Law needs to be promulgated by the president Klaus Iohannis.

Next month's prospects

The coming month will be dominated by the campaign for the December 11 elections, where no party is expected to secure a majority.

Serbia

Key developments

- Prime Minister Aleksandar Vucic's new government was confirmed by Serbia's National Assembly on August 10 almost four months after elections had taken place, with 163 MPs voting in favour and 62 against. Vucic's new cabinet has 16 ministries and three ministers without portfolio.
- On September 24, Dragan Sutanovac was elected the new leader of the Democratic Party (DS) – one of the main parties in Serbia – by winning a direct vote with a convincing majority of 60 per cent from the 18,300 registered party members. Sutanovac replaced Bojan Pa-

jtici who lead the DS since 2014 and who finished third (out of 4 candidates) with only 10 per cent of votes.

- The Serbian government signed a 1 billion euro loan agreement on October 4 with the Fund for the Development of Abu Dhabi. The annual interest rate is 2.25 per cent and the maturity period is 10 years, including a grace period of five years. The draft Law on Ratification of the Loan Agreement has been submitted to the Serbian Parliament and will be debated on October 25. The loan is designed to support Serbia's economic development by reducing financing costs.

Slovenia

Key developments

- On September 15, Slovenia filed a case against Croatia at the European Court of Human Rights (ECHR) in relation to outstanding debts of Croatian companies from the time of Yugoslavia to Slovenia's Ljubljanska Banka. Slovenia argued that Croatia has violated the European Convention on Human Rights and Fundamental Freedoms since the breakup of Yugoslavia by preventing Ljubljanska Banka from recovering debts due to it from Croatian companies. Slovenia argued that it is in an unjust position, where, on the one hand, it is obliged to meet obligations to Ljubljanska Banka's savers while, on the other, Croatia has made it impossible for Ljubljanska Banka to recover money owing to it. Slovenia said it took this step after lengthy negotiations with Croatia failed to resolve the matter. Slovenia is seeking damages of at least 360 million euro. This case may generate new tensions among the countries of the former Yugoslavia, where a number of similar cases remain unresolved.
- Slovenia started erecting a metal panel fence at its largest border crossing with Croatia, Bregana-Obrezje, on October 20, as well as at the Gruskovje-Macelj crossing on October 21. Moreover, fencing would be erected at several other border locations by the end of October. Interior Ministry State Secretary Andrej Spenga told media that these border crossings would be closed in the event of a new wave of migrants; that Slovenia had to

date erected fencing along 183 km of its border with Croatia; and that Slovenia would do everything to prevent migrations from jeopardising the safety of Slovenia's citizens. Slovenia's move reflects growing concerns in the Balkans over a new wave of migrants.

- The border conflict between Croatia and Slovenia about the Gulf of Piran still remains unresolved. The agreed procedure to solve the conflict by verdict of a court of arbitration came into difficulties after a wire-tapping scandal in 2015 and Croatia's subsequent withdrawal from the process. The verdict is expected towards the end of this year. It remains unclear how Croatia will react to a verdict from a procedure it has unilaterally withdrawn from; this might lead to possible tensions between Croatia and Slovenia.

Turkey

The situation has continued to deteriorate amid military operations against ISIS in Iraq and Syria, and against the outlawed Kurdistan Workers' Party (PKK) within Turkey, in the middle of an on-going clampdown against anyone implicated in July's attempted coup d'état.

Key developments

- Since the failed coup d'état of July 15, Turkish President Recep Tayyip Erdogan and his government have maintained their clampdown against alleged coup plotters. The Turkish government declared a three-month state of emergency on July 20, which it then extended for another three months on October 3. According to official figures, 1329 non-governmental organizations, 934 educational institutions, 15 universities, 35 hospitals, 18 TV channels, 3 news agencies, 23 radio stations, 45 newspapers and 15 magazines have been closed by the government because of alleged links to the Gulen Movement that Ankara accuses of masterminding the failed coup. In addition, 93.000 public-sector workers have been suspended pending investigation and nearly 60.000 more have been laid off. In total, 40.000 people have been detained and 32.000 people from a variety of backgrounds remain in prison. In addition to alleged coup

plotters, the government has suspended 11.285 teachers and 14 mayors in eastern towns because of their alleged links to the PKK. As the government's clampdown deepens, opposition parties, labour unions and civil-society groups have accused the government of abusing the attempted coup d'état to settle scores with all alternative groups and consolidate its authority over state institutions.

- Turkish military intervention in Syria, code-named "Operation Euphrates Shield", started on August 25. The operation aims to drive ISIS out of Northern Syria and thereby to create a safe haven for Syrian refugees. The Syrian Free Army (SFA), together with allies, including in particular Syrian Turkmen, is leading the operation. Turkish tanks, artillery, jets and Special Forces are supporting SFA forces on the ground, who also benefit from intelligence and air support from the international coalition. Although the operation was officially aimed at ISIS, it has contributed to increasing tension between Turkey and the United States, as it has led to clashes between US-trained Syrian Kurds (PYD) and Turkish-backed forces. Turkey considers the PYD to be the Syrian partner of the PKK, which it considers to be a terrorist organization.
- Turkey's military base in Bashiqa, near Mosul, in Iraq, where Turkey has been training Sunni Arab, Turkmen and Kurdish Peshmerga forces to fight ISIS, became a point of contention after Iraqi Prime Minister Haider al-Abadi accused Turkey of violating Iraq's sovereignty and territorial integrity. President Erdogan responded by saying that the Iraqi government had invited the Turkish Army into Bashiqa and that it would remain there. On October 17, the Iraqi government launched its operation to liberate Mosul deploying Kurdish Peshmerga and Shiite militants in addition to the regular Iraqi Army. Sunni groups, which Turkey had trained and equipped, joined the operation, though Shiite militants surrounded the Bashiqa base. The Turkish government maintained curfews in southeastern Anatolian cities as part of its on-going anti-terrorist operations and continued its actions against the Kurdistan Workers' Party (PKK) in rural areas, with daily reports of bombings, clashes and deaths of both PKK fighters and Turkish Army soldiers.

Next month's prospects

The situation is expected to continue to deteriorate because of the extent of the government's clampdown against alleged coup plotters and Turkey's growing involvement in the conflicts in Iraq and Syria. Debate over turning Turkey's parliamentary system of government into a presidential system will also likely feature high on the political agenda, as will warnings over the country's economic prospects.

The Friedrich-Ebert-Stiftung in Southeast Europe

After more than two decades of engagement in southeastern Europe, the FES appreciates that the challenges and problems still facing this region can best be resolved through a shared regional framework. Our commitment to advancing our core interests in democratic consolidation, social and economic justice and peace through regional cooperation, has since 2015 been strengthened by establishing an infrastructure to coordinate the FES' regional work out of Sarajevo, Bosnia and Herzegovina: the Regional Dialogue Southeast Europe (Dialogue SOE).

Dialogue SOE provides analysis of shared challenges in the region and develops suitable regional programs and activities in close cooperation with the twelve FES country offices across Southeast Europe. Furthermore, we integrate our regional work into joint initiatives with our colleagues in Berlin and Brussels. We aim to inform and be informed by the efforts of both local and international organizations in order to further our work in southeastern Europe as effectively as possible.

Our regional initiatives are advanced through three broad working lines:

- Social Democratic Politics and Values
- Social and Economic Justice
- Progressive Peace Policy

Our website provides information about individual projects within each of these working lines, past events, and future initiatives: <http://www.fes-southeasteurope.org>

© 2016

Friedrich-Ebert-Stiftung

Publisher: Friedrich-Ebert-Stiftung Dialogue Southeast Europe

Kupreška 20, 71 000 Sarajevo, Bosnia and Herzegovina

www.fes-southeasteurope.org

Orders/Contact: info@fes-southeasteurope.org

Responsible: Felix Henkel, Director Dialogue Southeast Europe

Project coordinator: Denis Piplaš

Editor: Srećko Latal

Co-editors: Ioannis Armakolas, Felix Henkel

Authors: Dimitri Sotiropoulos, Katherine Poseidon, Hamdi Firat Buyuk, Maria Cheresheva, Fatjona Mejdini, Zoran Jegdic

Proofreading: Christopher Bennett

Design/Realization: pertext, Berlin

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung (FES), or of the organization for which the authors work. The FES cannot guarantee the accuracy of all data stated in this publication. Commercial use of any media published by the Friedrich-Ebert-Stiftung is not permitted without the written consent of the FES. Any reference made to Kosovo is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence. Any reference made to Macedonia is understood as reference to the Former Yugoslav Republic of Macedonia.

This publication has been produced in cooperation with:

Social Overview Service
SOS
Udruženje za društvena
dešavanja

