



# BLACK SEA NEWS UPDATE

EU – BLACK SEA OBSERVATORY

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## I. GEORGIA

1.

### Georgia's FDI Dwindling

28.06.2009, New Europe

READ MORE: <http://www.neurope.eu/print.php?id=95255>

Following last year's August war with Russia, the economy of Georgia received a huge flow of funds from donor but finally had to succumb to global recession, Georgia's Prime Minister Nika Gilauri told The Messenger. The Premier predicted that the economy will shrink by 1.5 percent and will return to growth in 2010. He added, The current situation is definitely not great, but I'm not worried because we see where we're going, we have a very concrete plan and we know the situation. The recession has honed in on effects of the political standoff that has been dragging on for two months.

2.

### A Cold Day in Georgia

28.06.2009, New Europe

READ MORE: <http://www.neurope.eu/articles/95162.php>

NATO and Russian diplomats were set to disagree on Georgia, but nevertheless break a long standoff and restart bilateral cooperation on a number of issues during their meeting, NATO spokesman James Appathurai told New Europe on June 27 telephonically from the Greek island of Corfu where the ministers and diplomats gathered.

## II. GEORGIA-RUSSIA

1.

### ECHR to Hear Georgia vs. Russia Case

04.07.2009, Civil.Ge

READ MORE: [http://www.civil.ge/eng/\\_print.php?id=21198](http://www.civil.ge/eng/_print.php?id=21198)

European Court of Human Rights (ECHR) said on July 3 it found Georgia's complaints against Russia over deportations admissible for hearing. The Strasbourg-based court said in a statement that it "has declared admissible the application lodged in the case of Georgia v. Russia." "The Court's admissibility decision in no way prejudices the merits of the Georgian Government's complaints. The Court will deliver its judgment at a later date," it said.

2.

### Saakashvili Says EU's War Inquiry Commission to Say 'Georgia was Right'

03.07.2009, Civil.Ge

READ MORE: [http://www.civil.ge/eng/\\_print.php?id=21195](http://www.civil.ge/eng/_print.php?id=21195)

President Saakashvili said on July 3 he was sure that the EU-funded mission probing into the August war would produce a report in which it would say that "we were right." He said that all the international organizations had condemned Russia's invasion and "sided with Georgia." "The only chance for 'a crow to become white' is if Georgia itself says that we are to blame [for the war]; everyone has said that Georgia is right; all the commissions – more or less authoritative – said it and the commission, which is now working will say the same and I want to assure that it will say that we were right," Saakashvili said while speaking in a live televised meeting with ministers in Batumi.

3.

### Russia Hopes 'Objective' Report from EU War Inquiry Mission

03.07.2009, Civil.Ge

READ MORE: [http://www.civil.ge/eng/\\_print.php?id=21193](http://www.civil.ge/eng/_print.php?id=21193)

Russian Deputy Foreign Minister Grigory Karasin met with Heidi Tagliavini, the head of the EU-funded mission probing into the August war, in Geneva on July 2, the Russian Foreign Ministry said.

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“The Russian side expressed hope that the forthcoming report of the mission will be drawn up in as objective as possible form, based on taking into consideration all documents, which were handed over to the mission’s experts. As it is known, Russia took the most active part in this work,” the Russian Foreign Ministry said in a statement on July 2.

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4.

#### Georgia and Russia say Caucasus Talks Constructive

01.07.09, Reuters

READ MORE: <http://uk.reuters.com/articlePrint?articleId=UKL15880920090701>

Talks to prevent a repeat of last year's flare-up would continue despite heightened Moscow-Tbilisi tensions, a joint statement by mediators from the European Union, United Nations and Organisation for Security and Cooperation in Europe said. More negotiations will take place in Abkhazia's eastern Gali region on July 14 and in Geneva on Sept. 17, they said. On Tuesday, U.N. monitors began pulling out of Georgia and the OSCE closed its observer mission, raising concerns about a security vacuum in the key transit territory for Caspian gas and oil where a five-day war erupted in August 2008.

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5.

#### U.N. Monitors Leave Georgia, OSCE Mission Shuts

30.06.09, Reuters

READ MORE: <http://www.reuters.com/articlePrint?articleId=USTRE55T3OR20090630>

United Nations monitors began pulling out of Georgia on Tuesday and the OSCE officially closed its observer mission, testing security almost a year since the former Soviet republic's war with Russia. A deadline for the OSCE to withdraw passed on Tuesday after negotiations with Russia broke down in May. The mission conducted its last patrol on Friday, and has already left its hillside headquarters in the Georgian capital, Tbilisi. Russia rejected extending the mandates of some 130 U.N. monitors in breakaway Abkhazia and 20 monitors of the Organization for Security and Cooperation in Europe, who operated in rebel South Ossetia until last August's war.

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6.

#### Russia Stokes Tensions with Georgia as Troops Gather Near Border

30.06.2009, The Times

READ MORE: <http://www.timesonline.co.uk/tol/news/world/europe/article6605067.ece>

Russia was accused of stoking tensions with Georgia yesterday as it mounted a huge military exercise, in an ominous echo of last summer's war. Thousands of troops and hundreds of armoured vehicles began the "Caucasus 2009" manoeuvres across southern Russia, close to the border with Georgia. Soldiers based in the Georgian breakaway regions of Abkhazia and South Ossetia were also taking part, as well as elements of the Russian Black Sea Fleet, the air force and the elite airborne troops.

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7.

#### In Caucasus, EU Monitors Must Deal with Tensions Alone

29.06.2009, Deutsche Welle

READ MORE: <http://www.dw-world.de/dw/article/0,,4435199,00.html>

In the conflict-prone Caucasus, concern is mounting about a security vacuum following the end of the UN and OSCE's observer missions. Just 200 EU monitors are left, and they're facing a volatile situation. Territorial tensions in the Caucasus have a long and tangled history, but since the break-up of the Soviet Union, Russia and Georgia have been repeatedly at odds over the breakaway regions of South Ossetia and Abkhazia. It's not surprising, then, that several international observer and military missions have been active in the region.

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8.

#### Friction Feeds Fears of New Russia-Georgia Conflict

29.06.2009, Radio Free Europe/Radio Liberty

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READ MORE: <http://www.rferl.org/articleprintview/1765258.html>

When Russia invaded U.S. ally Georgia last August, the Kremlin presented its actions as a line in the sand marking the former Soviet republic as part of a resurgent Moscow's sphere of influence. Western countries said they would not accept such territorial divisions. But NATO has now resumed formal ties halted last summer. Speaking at a meeting of the relaunched NATO-Russia Council (NRC) in Corfu on June 27, NATO Secretary-General Jaap de Hoop Scheffer said cooperation over such issues as terrorism and nuclear nonproliferation were too important to allow the Russia-NATO rift to continue.

9.

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Refugee Debts Out of Control in Georgia

25.06.2009, Institute for War & Peace Reporting

READ MORE: [http://www.iwpr.net/index.php?m=p&o=353608&s=f&apc\\_state=hENfcrs353608](http://www.iwpr.net/index.php?m=p&o=353608&s=f&apc_state=hENfcrs353608)

Thirty-five-year-old Archil, his two brothers and their families, left the Liakhvi gorge, in Georgia's conflict zone with South Ossetia, during the war in August 2008. Before the conflict erupted, the three brothers were prosperous farmers and the banks lent them money without a problem. Now, Archil is massively in debt and one of a fast growing number of Georgians who cannot repay loans taken out in better times. Archil knows well how he slid into debt as a result of war and the consequent loss of his business, income and home. "My brothers and I had two-storey homes, orchards, farms and heavy trucks and because our income was good, the bank gave us a loan without any problem," he recalled. "Today we have nothing left of that but the debt." Archil said his bank had called him so often in connection with the loan that he has changed his telephone number.

10.

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Caucasus Analytical Digest No. 7 - Abkhazia

25.06.2009, Caucasus Analytical Digest

READ MORE: <http://www.res.ethz.ch/analysis/cad/>

In 2004, many optimistic observers hoped that a democratizing Georgia with the prospect of European integration would provide a more attractive interlocutor for Abkhazia to negotiate a mutually acceptable resolution to the conflicts, with the possibility of a reconfigured political relationship between Sukhumi and Tbilisi. Those hopes came into question after hostilities in South Ossetia in summer 2004 and then faded after the Georgian military operation in the Kodori Gorge in July 2006 and the increasing political standoff between Georgia and Russia caused by Georgia's striving for NATO membership. The Abkhaz leadership never warmed to European initiatives because they always started with support for Georgia's territorial integrity. A number of unresolved questions now burden Europe's efforts to contribute to a conflict resolution process in the region at a time when the most likely outcome is that Russia will be able to effectively annex Abkhazia.

11.

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Georgia Conflict "Could Erupt Again"

22.06.2009, Reuters

READ MORE: <http://www.reuters.com/articlePrint?articleId=USLM629266>

The absence of U.N. and OSCE monitors from Georgia's breakaway Abkhazia and South Ossetia could aggravate tensions and lead to new "full-blown hostilities", a Brussels-based thinktank said on Monday. The International Crisis Group said Russia's consolidation of its military presence in both regions, and its refusal to endorse the continuation of U.N. and OSCE monitoring in their current form posed a threat to security.

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### III. MOLDOVA

1.

#### Pro-Russian Breakaway Region Refuses to Have Talks with Moldovan Authorities

03.07.2009. mosnews.com

READ MORE: <http://www.mosnews.com/politics/2009/07/03/transtalks/>

Moldova's separatist Transdniestria region on Thursday rejected a call from mediators to resume talks with the ex-Soviet state's leaders and accused them of trying to impose new trade constraints, Reuters said. Igor Smirnov, the region's self-styled president, rejected a proposal for talks after a meeting on Wednesday with officials from the Organization for Security and Cooperation in Europe (OSCE) in the country wedged between Ukraine and Romania. Smirnov said Moldova was proposing the imposition of import restrictions that would stifle industry in his Russian-speaking region - a sliver of land hugging the Ukrainian border and the focal point of one of the ex-Soviet Union's "frozen conflicts."

2.

#### Moscow Plays It Smart in Moldova, as Others Dither

29.06.2009, Radio Free Europe/Radio Liberty

READ MORE: <http://www.rferl.org/articleprintview/1765163.html>

The "Big Daddy" of U.S. Democratic Party politics in the 1960s and '70s, Jesse Unruh, had a wonderfully ribald saying about the role of money and influence in the business of government: "If you can't drink a lobbyist's whiskey, take his money, sleep with his women, and still vote against him in the morning, you don't belong in politics." Moldova's Big Daddy, acting President Vladimir Voronin, recently held meetings in Moscow with vastly bigger daddies: Russian President Dmitry Medvedev and Prime Minister Vladimir Putin. Voronin expressed gratitude for the Kremlin's singular support of Moldova's Communists following the chaos and violence after the April 5 elections and reiterated his view that "colored revolutions" and "foreign interference" have no place in the Republic of Moldova.

### IV. RUSSIA

1.

#### Russia: A Tale of Two Crises

03.07.2009, CER

READ MORE: <http://centreforeuropeanreform.blogspot.com/2009/07/russia-tale-of-two-crises.html>

Russia's economy has been hit hard by a triple whammy of capital outflows, collapsing oil prices and falling global demand. In the first three months of the year, output was down by 10 per cent compared with a year earlier. The retail boom that had fuelled growth in recent years has turned into a slump. The output of the manufacturing sector is contracting at a rate of over 20 per cent year on year. Construction is in deep recession. The current-account surplus has melted away.

2.

#### Energy-Rich Russia Hit Hard by Global Financial Crisis

01.07.2009, the Online NewsHour

READ MORE: [http://www.pbs.org/newshour/updates/europe/july-dec09/russiaenergy\\_07-01.html](http://www.pbs.org/newshour/updates/europe/july-dec09/russiaenergy_07-01.html)

During Vladimir Putin's tenure as president, Russia enjoyed an annual growth rate of 7 percent, according to the CIA World Factbook, using its abundant energy resources to leverage both economic and political power with the rest of the world. But when the world economy began to tank in 2008, declining demand for commodities like oil and natural gas threatened Russia's resurgence as an energy superpower. In the first five months of this year, Russia's economy shrank by more than 10 percent, the Associated Press reported.

3.

Russia Would be Better off without Non-Russian Areas, some Russian Nationalists Say

01.07.2009, Georgian Daily

READ MORE: [http://georgiandaily.com/index.php?option=com\\_content&task=view&id=12641&Itemid=72](http://georgiandaily.com/index.php?option=com_content&task=view&id=12641&Itemid=72)

In recent statements, some of which eerily recall writer Valentin Rasputin's 1989 proposal that Russia should leave the Soviet Union, some Russian nationalists are now arguing that their nation both as a people and a state would be far better off if it were to jettison the North Caucasus and possibly other Russian regions as well. Such ideas are not entirely new – indeed, their authors have sometimes been classified by scholars “little Russia” nationalists – and they are certainly not widespread, with most ethnic Russians committed to the defense of the borders of their country without much regard to the costs involved themselves or those living in those regions.

4.

Why is Russia Staging Major Drills in North Caucasus?

29.06.2009, XINHUANET.COM

READ MORE: [http://news.xinhuanet.com/english/2009-06/30/content\\_11626999.htm](http://news.xinhuanet.com/english/2009-06/30/content_11626999.htm)

Russia began its massive "Caucasus-2009" military exercises in the North Caucasus area bordering Georgia on Monday. The move, analysts say, aims to help stabilize the situation in South Russia and prevent possible Georgian military action against its breakaway regions of Abkhazia and South Ossetia. The exercises, commanded by Gen. Nikolai Makarov, chief of Russia's general staff, run until July 6 under the guidance of the Russian Armed Forces, the Itar-Tass news agency reported. A total of 8,500 servicemen, 200 tanks, 450 armored personnel carriers and 250 artillery guns are involved in the drills, Andrei Bobrun, a spokesman for the North Caucasus military district, told Itar-Tass.

5.

Russia's Maneuvers in Caucasus Highlight Volatility of Region

28.06.2009, The Washington Post

READ MORE: <http://www.washingtonpost.com/wp-dyn/content/article/2009/06/27/AR2009062702303.html?hpid=sec-world>

Military helicopters circled once again over Georgia's mountainous terrain. Amid the crackle of gunfire, soldiers ran across battlefields carrying comrades on stretchers. But this was no repeat of last summer's brief war with Russia. It was a training exercise – and this time, NATO sent help. The month-long exercises, which concluded June 3 and involved more than 1,000 soldiers from 14 countries, took place near Georgia's border with the breakaway territory of South Ossetia and were condemned by the Russian government as a "provocation." Now the Kremlin is preparing to stage its own military maneuvers in the Caucasus region. Russia's top commander, Gen. Nikolai Makarov, has said the "large-scale exercises" will involve "all the brigades of the North Caucasus Military District, the Black Sea Fleet and Caspian Flotilla marine brigades."

6.

NATO Resumes Russia Military Ties

27.06.2009, BBC

READ MORE: <http://news.bbc.co.uk/go/pr/fr/-/2/hi/europe/8122743.stm>

Russia and NATO have agreed to resume co-operation on security issues, after nearly a year of difficult relations. The deal came at a meeting in Greece of foreign ministers from the two sides. Ties deteriorated sharply in 2008 after Russia's brief conflict with Georgia. NATO chief Jaap de Hoop Scheffer said differences over the issue remained. But he said NATO and Russia would nonetheless resume co-operation on issues such as Afghanistan, drug trafficking and piracy. "We have restarted our relations at a political level, we also agreed to restart the military-to-military contacts which had been frozen since last August," the NATO Secretary-General told a news conference in Corfu.

7.

#### Russia is Keen to Keep the West out of Its Near Abroad

21.06.2009, New Europe

READ MORE: <http://www.neurope.eu/print.php?id=95064>

Addressing the media on the broad conclusions of the first summit of BRIC nations (Brazil, Russia, India and China) in Yekaterinburg on June 17, Russian President Dmitry Medvedev said the bloc's governments must regularly interact at the level of finance ministers and central bank governors to monitor the progress of decisions taken at the summit. Following his meeting with Chinese President Hu Jintao, Medvedev also said the two sides had agreed a record USD 100 billion in energy deals. Russia and China assert that the regulation of the situation around the Iranian nuclear programme is possible only by political and diplomatic methods, a joint statement said. Hu came to Russia for a state visit which included two summits of developing world countries covering global trade, security and greater representation for emerging market powers on the world stage. Russia and China consider international security indivisible and all-encompassing, the joint statement said. Earlier on June 17, Hu met Russian Prime Minister Vladimir Putin and praised efforts by Russia and China to pool their influence on the world stage.

## V. UKRAINE

1.

#### Ukraine, EU Launch 7th Round of Talks on Creation of Free Trade Zone

01.07.2009, BSANNA News

READ MORE: <http://bsanna-news.ukrinform.ua/newsitem.php?id=9529&lang=en>

Ukraine's Economy Minister Bohdan Danylyshyn has opened the 7th round of talks between Ukraine and the European Union on the creation of a free trade zone, the economy ministry press service reported. He pointed out that the holding of official talks has a complex character. "The purpose of creating a free trade zone is to form an effective common economic space of Ukraine and the EU through gradual implementation of four freedoms - free traffic of goods, services, capital and workforce," he emphasized.

2.

#### Ukrainian, Russian Security Councils to Seek New Instruments to Improve Partnership

30.06.2009, Ukrinform

READ MORE: <http://www.ukrinform.ua/eng/order/?id=163892>

Ukrainian National Security and Defense Council Secretary Raisa Bohatyriova has met with Russian Security Council Secretary Nikolai Patrushev as part of her two-day visit to Russia. Major subjects discussed at the talks were reflected in a joint communique that was the evidence of the sides' pragmatic aspirations for deepening their cooperation, understanding the need for a constant dialogue and seeking new instruments to improve the Ukrainian-Russian strategic partnership.

## VI. EU

1.

#### The European Commission Allocates €40 mio to Multi-Country Projects in Eastern Europe and Southern Caucasus

03.07.2009, EU

READ MORE: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1084&format=HTML&aged=0&language=EN&guiLanguage=en>

The assistance package of €40mio will fund several programmes in different areas such as the

strengthening of culture policies and civil society, support of SME networks, border management, air quality governance and disaster preparedness. All the projects to be financed with this programme will have a regional scope as they each will each benefit at least two of the seven partner states along the Eastern border of the EU (Russia, Ukraine, Republic of Moldova, Belarus, Armenia, Azerbaijan and Georgia).

## VII. CIS

1.

'Scent of War' Spreads across CIS, Moscow Commentator Says

29.06.2009, Georgian Daily

READ MORE: [http://georgiandaily.com/index.php?option=com\\_content&task=view&id=12556&Itemid=65](http://georgiandaily.com/index.php?option=com_content&task=view&id=12556&Itemid=65)

Nearly a year after the Russian Federation violated the longstanding assumption that no post-Soviet state would use military force against another, "the scent of war" is spreading across the Commonwealth of Independent States, according to a leading Moscow commentator. In an essay in "Nezavisimaya gazeta" today, Yuri Simonian, who regularly comments on events in the former Soviet republics, says that perhaps one should "consult an astrological calendar for the past week" because wherever one looks the situation seems to have fallen under the influence of Mars, the god of war.

## VIII. NATO

1.

Ukraine's President Rules out Hosting NATO Bases

05.07.2009, RIA Novosti

READ MORE: <http://en.rian.ru/world/20090705/155436632-print.html>

Ukrainian President Viktor Yushchenko said on Sunday that Ukraine will not host foreign military bases, and its territory will not be used against Russia, when the country joins NATO. "Ukraine guarantees that there will be no foreign soldiers of any bloc or any country. This is implied by the Constitution of Ukraine and Ukraine's Law on the Fundamentals of Security," Yushchenko said. Ukraine has been pursuing NATO membership since pro-Western Yushchenko was inaugurated in January 2005.

2.

Russia and NATO Work to Repair Frayed Ties

28.06.2009, New York Times

READ MORE: [http://www.nytimes.com/2009/06/28/world/europe/28nato.html?\\_r=3&scp=2&sq=georgia&st=cse](http://www.nytimes.com/2009/06/28/world/europe/28nato.html?_r=3&scp=2&sq=georgia&st=cse)

NATO and Russia on Saturday took another step toward rebuilding ties that were damaged by the war in Georgia last year, holding a high-level meeting of foreign ministers and pledging to resume full military cooperation. The ministers gathered on the Greek island of Corfu and, under the auspices of the NATO-Russia Council, discussed potential areas of cooperation, including the war in Afghanistan, nuclear proliferation, piracy, terrorism and drug trafficking. The sides did not appear to make any progress on the issue of Georgia, and Russia's foreign minister, Sergey V. Lavrov, reiterated Russia's objections to NATO activities there, officials said.

## **IX. OSCE**

1.

### **OSCE Makes Last Georgia Patrol, Issues Warning**

26.06.2009, Reuters

**READ MORE:** <http://www.reuters.com/article/worldNews/idUSTRE55P2L720090626>

The OSCE's mission in Georgia has warned of a new conflict over the breakaway region of South Ossetia with its monitors facing a deadline to leave next week. Its 20 military monitors in Georgia conducted their final patrol up to the de facto border with South Ossetia on Friday before a June 30 deadline to pull out after 17 years. The Organization for Security and Cooperation in Europe must withdraw after Russia opposed extending the current mandate having recognized South Ossetia as independent in the wake of last August's war with Georgia. A similar dispute over sovereignty saw Russia this month veto an extension to the mandate of some 130 U.N. observers in Abkhazia, Georgia's other breakaway region also recognized by the Kremlin as independent.

## **X. EASTERN PARTNERSHIP**

1.

### **The Eastern Cities Want Less Bureaucracy and More Cooperation**

02.07.2009, welcomeurope.com

**READ MORE:** <http://www.welcomeurope.com/default.asp?id=1300&idnews=5516&print=yes>

The cities met in June in Georgia to discuss their role in the development of the European Neighborhood Policy. Participants representing EU and eastern ENP cities, associations of local authorities from the region, and local NGOs gathered to discuss specifically current and future opportunities under the European Commission's ENP and the new Eastern Partnership (EaP) initiatives. Although there was a general consensus that cities should not wait for EU funding to begin or intensify working relations with EU cities and within regional networks, the feeling was that less bureaucratic EU funding would provide an important boost towards not only better, but also more exchanges and joint initiatives.

2.

### **Implementation of Eastern Partnership Program Delays**

02.07.2009, APA

**READ MORE:** <http://en.apa.az/print.php?id=104656>

European Union delays the implementation of the Eastern Partnership program, Sweden's Prime Minister Fredrik Reinfeldt said, APA reports. Fredrik Reinfeldt said the step had been taken in connection with EU's difficulties. "Europe has faced serious financial crisis and we should take necessary steps to escape the crisis. Now our main task is to escape crisis. Moreover, the climate change problem is not less important. We can not lose time and should solve these problems by December," he said.

3.

### **Eastern Partnership Opens New Ways for Economic Development of Participating Countries**

26.06.2009, Public Radio of Armenia

**READ MORE:** <http://www.armradio.am/news/?part=pol&id=15278>

"The European Eastern Partnership creates certain opportunities for the participating countries to get closer to Europe. It's important for the countries involved to contribute to the program by their own ideas, because without their active participation the program is doomed to fail," the Ambassador of Poland to Armenia, Tomas Knothe said during the international conference on "The Eastern Partnership and the prospects for democracy building in the South Caucasus" organized by the Caucasus Institute and the South Caucasus Bureau of the Heinrich Boll Foundation. This Polish-

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Swedish initiative, which envisages creation of free trade zones, opens ways for economic development, added Alexander Dileba, Director of the Research Center of the Slovak Foreign Policy Association.

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## **XI. BLACK SEA**

1.

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Ukrainian, Russian Foreign Ministers Discuss Azov, Black Sea Delimitation

30.06.2009, Kyiv Post

READ MORE: <http://www.kyivpost.com/nation/44353/print>

Ukraine's Acting Foreign Minister Volodymyr Khandohiy has met with Russian Foreign Minister Sergei Lavrov on the sidelines of a meeting of foreign ministers of the OSCE member-states on the Greek Island of Corfu on Sunday. The parties exchanged opinions concerning the talks on the delimitation of the Sea of Azov, the Black Sea and Kerch Strait with regard to the results of the 31st round of meetings of the delegation of Ukraine and Russia, which took place in Moscow on June 16-17, the Ukrainian Foreign Ministry's press service said.

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2.

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UK Firm Freezes Controversial Mega Project on Bulgaria Sea Coast

30.06.2009, Sofia News Agency

READ MORE: <http://www.novinite.com/newsletter/print.php?id=105201>

Black Sea Gardens, the EUR 1 B project for a mega vacation complex on the Bulgarian Black Sea coast, has been frozen. The news was reported by the Pari Daily which cites a report of the UK investor, Madara Bulgarian Property Fund Limited, a company listed on the London Stock Exchange. The EUR 1 B project for a vacation complex close to the town of Byala has been designed by the UK architect, Sir Norman Foster. At the same time, however, Bulgarian environmentalists have raised alarm over the environmental impact of the project, and the way the UK firm acquired the land through deals with the Bulgarian state.

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## **XII. CAUCASUS**

1.

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Turkey Becomes Key Partner for Europe in Caucasus: Report

02.07.2009, Hurriyet Daily News

READ MORE: [http://www.hurriyet.com.tr/english/domestic/11984438\\_p.asp](http://www.hurriyet.com.tr/english/domestic/11984438_p.asp)

Turkey is becoming an important partner for the European Union in South Caucasus, says a report, urging more cooperation between Brussels and Ankara. The European Union's regional policies will be successful if it works together with Turkey and supports Turkish government's policies in the fragile region, a Polish institute says in the report. A Polish institute recommended on Wednesday that the European Union cooperate with Turkey in the South Caucasus, underlining the strategic importance of the region for the EU and Turkey.

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2.

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The UN Will not Abandon the South Caucasus

02.07.2009, The Messenger Online

READ MORE: [http://www.messenger.com.ge/issues/1888\\_july\\_2\\_2009/1888\\_eto.html](http://www.messenger.com.ge/issues/1888_july_2_2009/1888_eto.html)

In a statement released on June 30 UN Secretary General Ban Ki-moon reaffirmed that despite the withdrawal of the UN Observer Mission in Georgia (UNOMIG) "the world body will remain engaged in the region." Ban Ki-moon said that the UN is ready to continue undertaking its other key work in the region. He also highlighted that his special representative Johan Verbeke has already been

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informed of this and asked to “continue to represent the United Nations at the ongoing Geneva international discussions on security and stability and on the return of internally displaced persons and refugees.”

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3.

Central Asia and Caucasus: Dark Days for Democratization - Report

01.07.2009, Eurasianet.org

READ MORE: [http://www.eurasianet.org/departments/insightb/articles/eav070109b\\_pr.shtml](http://www.eurasianet.org/departments/insightb/articles/eav070109b_pr.shtml)

The countries of the Caucasus and Central Asia experienced a decline in their democratic development in 2008, according to a report issued June 30 by the American watchdog group Freedom House. Nearly every country in the region saw its rankings drop in Freedom House's Nations in Transit 2009 report, according to numerical measurements that the organization developed to try to quantify democratization in several crucial areas, including civil society development, independent media, elections and corruption. Azerbaijan experienced the largest decline among the 29 postcommunist countries that Freedom House examined. Meanwhile, Kyrgyzstan for the first time joined the ranks of the "consolidated authoritarian regimes," joining every other post-Soviet Central Asian state in that category, along with Russia, Azerbaijan and Belarus. "It was a bad year," said Vladimir Shkolnikov, director of Freedom House Europe and author of the report, at a news conference in Prague.

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4.

Caucasus Discussions to Resume in September

01.07.2009, RIA Novosti

READ MORE: <http://rian.ru/russia/20090701/155406137.html>

The latest round of Geneva discussions on the situation in the Caucasus was productive, and the next round will take place on September 17, a Russian deputy foreign minister said on Wednesday. "We are closing the discussions on a positive and constructive note, and we have agreed to hold the next meeting on September 17," Grigory Karasin said. He said the discussions centered on changes in the format of Geneva consultations following the withdrawal of the UN and OSCE missions from the region, hit by a five-day war between Russia and Georgia over South Ossetia last August. "There is a pressing need to find ways of ensuring security and stability in the region," he said.

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5.

Turkey 'Firm' on Armenia Talks, Says Davutoglu

30.06.2009, Asbarez.com

READ MORE: <http://www.asbarez.com/2009/06/30/turkey-%E2%80%98firm%E2%80%99-on-armenia-talks-says-davutoglu/>

Turkish Foreign Minister Ahmet Davutoglu had a brief meeting late Sunday with his Armenian counterpart Edward Nalbandian on the sidelines of a ministerial meeting of the Organization for the Security and Cooperation in Europe (OSCE) in Corfu. According to Hurriyet, Davutoglu expressed Turkey's "unyielding determination" to normalize relations with neighboring Armenia. Davutoglu's remarks come amid a period of uncertainty in the Armenian-Turkish negotiations following efforts by Turkey to link its talks with Armenia to a resolution of the Nagorno-Karabakh conflict—a process that international mediators say is unrelated. Last month, the OSCE Minsk Group warned Ankara not to jeopardize either process by making one conditional on the other.

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6.

G8 Foreign Ministers Call for Karabakh Peace, Armenia-Turkey Ties

29.06.2009, Asbarez.com

READ MORE: <http://www.asbarez.com/2009/06/29/g8-foreign-ministers-call-for-karabakh-peace-armenia-turkey-ties/>

Foreign Ministers from the Group of Eight most industrialized nations on Friday called for a peaceful

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settlement to the Nagorno-Karabakh conflict and the normalization of strained relations between Armenia and Turkey. The statement came on the second day of a three-day meeting in Trieste, Italy, where the world's largest industrial powers were discussing international issues, from the ongoing war in Afghanistan to the election turmoil in Iran.

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7.

Armenia, Turkey: Tense Half-Time

26.06.2009, ISN Security Watch

READ MORE: <http://www.isn.ethz.ch/isn/layout/set/print/content/view/full/73?id=102473&lng=en&o>

The Armenian president is criticized at home for his efforts to address relations with Turkey, but on the international stage he is scoring points. If he wishes to retain control at home, he will have to play the next round of Armenia-Turkey talks in October carefully, Asbed Kotchikian comments for ISN Security Watch.

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### **XIII. ENERGY**

1.

Turkey to Sign up to Nabucco

03.07.2009, European Voice

READ MORE: <http://www.europeanvoice.com/article/2009/07/turkey-to-sign-up-to-nabucco/65411.aspx>

Turkey to put pen to paper on 13 July, clearing the way for work on Caspian pipeline to begin. The Turkish government has confirmed that it plans to sign a gas transit agreement with the European Union in Ankara on 13 July. The agreement is the last major precondition needed for construction work to start on the Nabucco pipeline, which will bring Caspian gas to western European markets. Agreement had been held up by Turkey's insistence on keeping 15% of the gas delivered through Nabucco for its domestic consumption at discounted prices, a principle known as 'lift-out'. The EU has in the past rejected both the 15% figure as well as the notion of lift-off and has proposed market-based transit fees for Turkey instead. A Commission spokesman declined to say what the two sides have now agreed upon.

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2.

Energetic Blackmail

02.07.2009, The Economist

READ MORE: [http://www.economist.com/world/europe/PrinterFriendly.cfm?story\\_id=13944892](http://www.economist.com/world/europe/PrinterFriendly.cfm?story_id=13944892)

In blackmail timing can be everything. The governments of Russia and Ukraine have cause to ponder this after failing to extract billions of euros from the European Union in the name of keeping Russian gas flowing to Europe next winter. Thanks to recession and competition from cheaper suppliers, European demand for Russian gas has fallen. It is also summer. So right now governments and gas companies are unusually brave over threats to cut off the gas. They have resisted pressure to give Ukraine a huge loan that both the Russians and Ukraine's squabbling leaders say is needed to avoid another dispute like the one that blocked Russian gas in January, affecting 18 of the 27 EU countries. Whether Europe's nerve will hold as winter approaches remains to be seen. Russia supplies 42% of all EU gas imports, and its share is rising.

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3.

Russia Offers Turkey a Role in South Stream-Agencies

01.07.2009, Reuters

READ MORE: <http://www.reuters.com/articlePrint?articleId=USL151418020090701>

Russia has offered Turkey a role in its South Stream gas pipeline to Europe, Russian news agencies

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reported on Wednesday, marking another Russian attempt to undermine the European Union's rival Nabucco project. Deputy Prime Minister Igor Sechin, Russia's top energy official, told Turkish Energy Minister Taner Yildiz that Turkey is welcome to participate in the South Stream project, which aims to transport Russian gas under the Black Sea through Eastern Europe to Austria and Italy. "We hope that the Turkish side will look at our offer and that we will cooperate further so that our offer is more attractive and clear to our partners," Sechin told reporters in Moscow after the meeting with Yildiz, thenews agencies reported.

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4.

#### Azerbaijani, Russian Energy Officials Sign Gas Deals

30.06.2009, Radio Free Europe/Radio Liberty

READ MORE: <http://www.rferl.org/articleprintview/1766073.html>

Russia and Azerbaijan have agreed to two major natural-gas deals during a visit to Baku by Russian President Dmitry Medvedev, RFE/RL's Azerbaijani Service reports. One agreement, signed by Russian gas giant Gazprom's Aleksei Miller and State Oil Company of the Republic of Azerbaijan (SOCAR) President Rovnag Abdullayev, defines the basic terms of gas deliveries from Azerbaijan to Russia under a memorandum signed on March 29. The sides agreed that Russia would buy 500 million cubic meters of gas a year beginning in 2010, with the possibility of increasing the amount on a formula-based price that takes market prices into account.

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5.

#### Fears Grow that Russia Will Turn off Gas Supply Through Ukraine 'at any Time'

30.06.2009, The Times

READ MORE: [http://business.timesonline.co.uk/tol/business/industry\\_sectors/natural\\_resources/article6605334.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article6605334.ece)

The flow of Russian gas through Ukraine may be disrupted at any time, the International Energy Agency (IEA) said yesterday, as it warned about the impact of weak demand and falling prices on the global gas market. Weak prices will undermine future investments, the IEA said in its Natural Gas Market Report 2009, published yesterday, which reported a fall in gas consumption worldwide — the first decline for 50 years. The IEA, which monitors energy markets on behalf of consumer nations, is worried about the continuing row between Gazprom, the Russian utility, and Naftogaz, its Ukrainian counterpart, over unpaid gas bills. Nobuo Tanaka, the IEA's executive director, said that there were "many concerns about the security of Russian gas supplies".

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6.

#### EU Optimistic on Ukraine Gas Dispute

29.06.2009, Financial Times

READ MORE: <http://www.ft.com/cms/s/0/f351a17a-64d2-11de-a13f-00144feabdc0.html>

Progress was made in talks aimed at preventing the latest Russia-Ukraine gas dispute from becoming a fullblown crisis, the European Commission reported on Monday. Participants at the meeting in Brussels, including the International Monetary Fund and the World Bank, stressed that any financial assistance to help the recession-battered Ukrainian government pay its bills would be contingent on continued reform of its gas sector. They also lowered their estimates for the amount of support Ukraine would need to fill its own gas needs and serve European customers through the winter. One attendee put the figure as low as \$2bn – or less than half of previous estimates.

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7.

#### Oil Price Represents the Main Risk for Russia

28.06.2009, New Europe

READ MORE: <http://www.neurope.eu/articles/95259.php>

For Russia, the oil price represents the main country risk, Chris Weafer, chief strategist at Moscow's UralSib bank wrote in a note to investors on June 22. The relatively better market performance this

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year was on the back of the higher oil price. From here the price of crude is more likely to track backwards. That is because OPEC compliance levels will likely have slipped further in June, probably led by Saudi in response to US pressure to halt, or reverse, the price appreciation as it starting to affect recovery prospects, Weafer wrote.

8.

#### Russia's Putin Offers Surprise Deal to Shell

27.06.2009, Reuters

READ MORE: <http://www.reuters.com/articlePrint?articleId=USLR10355520090627>

Russian Prime Minister Vladimir Putin moved again to ease his government's clasp over the energy sector on Saturday, capping off a week of foreign energy deals with a surprise offer for Royal Dutch Shell (RDSa.L: Quote, Profile, Research, Stock Buzz). Weaker oil prices, now half of what they were a year ago, have persuaded Russia to scale back its resource nationalism. Moscow now looks to be balancing the dogged protection of its energy wealth with the need to have foreigners invest in it. The offer to Shell, which comes days after Russia struck major deals with France's Total (TOTF.PA: Quote, Profile, Research, Stock Buzz) [ID:nLO221477], is emblematic of the renewed openness, because Shell was the victim of Russia's most aggressive drive to re-take control of its natural resources.

9.

#### Gazprom Forecasts 40% Drop in Sales to Europe

25.06.2009, EurActiv

READ MORE: <http://www.euractiv.com/en/energy/gazprom-forecasts-40-drop-sales-europe/article-183498>

Russia's Gazprom expects its sales to Europe to drop 40% this year but sees European demand picking up again as the average price in 2009 falls by a third, its export chief said on 24 June. At a news briefing, Alexander Medvedev rebuffed accusations that a rigid pricing policy was to blame for plummeting sales, and insisted that Gazprom would not offer cheaper gas to stimulate demand. The world's largest gas company will only export 142 billion cubic metres of gas to Europe this year, down from 158.8 bn last year, with export revenues falling to \$40 billion from \$65 billion, Medvedev said. "When there is a global storm there is no safe haven anywhere," he said.

## XIV. PROTRACTED CONFLICTS

1.

#### Sofia Holds Forum on Frozen Regional Conflicts

02.07.2009, Radio Bulgaria

READ MORE: [http://www.bnr.bg/RadioBulgaria/Emission\\_English/News/207B-10.htm](http://www.bnr.bg/RadioBulgaria/Emission_English/News/207B-10.htm)

On 1-2 July, an international expert forum was held in Sofia, which looked into opportunities for international institutions to jointly deal with frozen conflicts. Experts from Bulgaria, the USA, Canada, Romania and Maroco attended the meeting.

## XV. SECURITY

1.

#### Russia Is Back on the Warpath

03.07.2009, The Wall Street Journal

READ MORE: <http://online.wsj.com/article/SB124649267530483121.html>

With President Barack Obama's trip to Moscow on Monday, you might expect Russia to avoid stirring up any trouble. Yet the Russian media are now abuzz with speculation about a new war in

Georgia, and some Western analysts are voicing similar concerns. The idea seems insane. Nonetheless, the risk is real. One danger sign is persistent talk of so-called Georgian aggression against the breakaway regions of Abkhazia and South Ossetia, which Russia recognized as independent states after the war last August. "Georgia is rattling its weapons . . . and has not given up on attempts to solve its territorial problems by any means," Gen. Nikolai Makarov, who commanded Russian troops in Georgia in 2008, told the Novosti news agency on June 17. Similar warnings have been aired repeatedly by the state-controlled media.

2.

Russia Meets Resistance to Plea for European Security Revamp

27.06.2009, Bloomberg

READ MORE: <http://www.bloomberg.com/apps/news?pid=20670001&sid=a3VkGEiDFEEM>

Russia met resistance from NATO countries and its ally Serbia to calls for an overhaul of the U.S.-dominated structure that keeps the peace in Europe. As Russia and the North Atlantic Treaty Organization held their highest-level contacts since Russia's war with Georgia last August, German Foreign Minister Frank-Walter Steinmeier dismissed the idea of rewriting the security rules. "This is something we can talk about in the long term, but only if it doesn't call into question existing institutions," Steinmeier told reporters before foreign ministers of NATO and Russia met in Corfu, Greece, today. President Dmitry Medvedev is trying to revamp Europe's security arrangements, provoking concern that Russia is striving to sideline the U.S. and pull formerly Soviet-dominated countries back into its orbit. Today's gathering sets the stage for President Barack Obama's trip to Moscow on July 6 as part of a policy to "reset" U.S.-Russian relations strained by the Georgia war, NATO's expansion and American plans for a missile- defense system.

3.

Ukraine Road Police Detain Bus with RF Black Sea Marines

26.06.2009, ITAR-TASS

READ MORE: <http://www.itar-tass.com/eng/prnt.html?NewsID=14090798>

Officers of Ukrainian road police under far-fetched pretext detained for a day a bus with marines of the Russian Black Sea. The fleet's command regards this as gross violation by Ukrainian officials of the Agreement on the status and conditions of stay of the RF Black Sea Fleet in the Ukrainian territory.

4.

Moscow Says European Security Treaty not Aimed Against NATO

23.06.2009, RIA Novosti

READ MORE: <http://rian.ru/world/20090623/155329448.html>

Moscow's proposal for a new European security treaty is not aimed against NATO or other organizations, Russian Foreign Minister Sergei Lavrov said on Tuesday. Russian President Dmitry Medvedev put forward the European security initiative in July 2008. He said a new security treaty should be based on such principles as respect for national sovereignty, territorial integrity and political independence of signatories, the non-use of force, and equal security.

## **XVI. TRANSPORT**

1.

Bulgarian Government Seriously Concerned about Violation of Trilateral Cooperation along Ferry Link Bulgaria-Ukraine-Georgia

02.07.2009, BSANNA News

READ MORE: <http://bsanna-news.ukrinform.ua/newsitem.php?id=9548&lang=en>

The Bulgarian Government is seriously concerned about the constant violation by Ukrainian carriers

of the agreement on ferry transportation along the route between Varna (Bulgaria), Ilichevsk (Ukraine) and Poti/Batumi (Georgia), Transport Minister Peter Moutafchiev said on Thursday. He reacted to the demand of Ukrainian carriers taking part in railway-ferry transport between Bulgaria, Ukraine and Georgia to switch to bilateral commercial relations and to cease the activity regulated by the intergovernmental trilateral agreement.

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