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2B BRIEF

Black Sea & Balkans

IN THIS ISSUE

1. War in Ukraine

2. Russia's internal developments

3. The Energy Crisis

4. Developments in the Balkans

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MAIN TAKEAWAY of the month

No side made major military advances in the Ukraine war during December. The weather conditions and the increasing weapons' shortage made kinetic warfare difficult. However, Russia continued targeting Ukrainian critical infrastructure, which resulted in leaving the country without heating and electricity for most of the month. Meanwhile, Kyiv has proved its ability to strike far beyond Russia's borders, with strikes in the oblasts of Saratov, Ryazan, Kursk and Bryansk. In Russia, while Vladimir Putin declares he wants to intensify the fight in Ukraine, the public support for the war seems to be dwindling, with recent polls showing an increased interest in peace talks and more and more deserters being reported. At the same time, The Kremlin has imposed additional authoritarian legislative measures, while Western companies are being replaced by Chinese competitors on its internal market.

Also in December: The European Union (EU) has imposed a price cap on Russian oil, but its effectiveness in limiting Russian profits is being questioned and Russia announced it considers retaliatory measures. The EU's current success in reducing its gas demand is augmented by several initiatives aimed at reducing reliance on Russian gas. Croatia's application to join the Schengen area was accepted by the EU while those of Romania and Bulgaria were rejected. The EU needs to have consensus over decisions of expanding the Schengen area and while Austria has vetoed Romania's accession, the Netherlands has previously announced that it will block Bulgaria's accession. This decision has boosted pro-Russian propaganda in Bulgaria, where the internal political crisis seems to be leading into another snap election. It could also help the rise of eurosceptic parties in Romania. In the Western Balkans, regional leaders gathered in Tirana for a summit to discuss the prospects for the region's integration into the EU. Meanwhile, tensions remain high between Kosovo and Serbia (who have still to resolve their Northern Kosovo car plates crisis), while Kosovo has sent its formal application for joining the EU and Bosnia and Herzegovina has finally been granted candidate status by the EU member states.

In the first part of the month, Russia primarily targeted the [Kharkiv](#) and [Donetsk](#) regions with heavy artillery, as heated battles were fought especially for the town of Bakhmut. As such, the [Ukrainian secret services claimed](#) that while the Russian Army's missile stock has dropped to critical levels as a result of the increased bombardment over the last month, it can still cause damage, especially to the Ukrainian infrastructure. Despite the sanctions, Russia has been confirmed to still have the [capabilities to produce its own missiles](#), as some of the recently used artillery shells date from October 2022. Nevertheless, Ukraine has strengthened its aerial defense, as Russian bombardments have been [intercepted at an 87% rate in early December](#). [To provide an even more efficient aerial defense, the United States is planning to send a Patriot missile defense system to Ukraine soon.](#)

Russia also continues to use the [Zaporizhzhia Nuclear Plant as a cover for their missile launchers](#), significantly increasing the nuclear risks in the region. After a missile attack in mid-December, Ukraine caused significant casualties among the Russian army [in Melitopol](#). The Russians are also expected to only make minor advances, as their recent retreats have forced them to [adapt to defensive positions](#) in both the Eastern and Southern frontlines. Furthermore, Russia has been involving its soldiers in [tactical drills in Belarus](#), ostensibly in an attempt to draw Minsk deeper into the conflict.

Meanwhile, the Ukrainians have also had to halt their counteroffensive due to weather conditions, with the Defense Minister declaring that [it will resume once the ground freezes](#), allowing for easier movement of heavy equipment. Meanwhile, President Zelensky has declared that the remaining mines from previously occupied cities are one of the main threats and concerns for the Ukrainian Army. [He accused Russia of "mine terror"](#), claiming it is even crueler than missile terror.

The most significant shift in the war's development has been the increasing targeting of strategic points within Russia's territory. Russian authorities reported drone attacks on airfields in [the Saratov and Ryazan oblasts](#), located approximately 450 km away from the Ukrainian border. Shortly after, another such strike followed, [this time in the Kursk and Bryansk oblasts](#). This demonstrates the Ukrainian Army's growing retaliatory capability, as well as Russia's struggle with aerial defense capabilities. Ukraine's aerial capacity may soon be expanded, as the Ukrainian Supreme Rada has signed an [accord that will allow the construction of a Bayraktar drone factory in Ukraine](#). Although [not directly claimed by Ukraine](#), the United States has declared that

[such attacks on Russian soil are discouraged and are not aided](#). That being said, there are countries such as the United Kingdom, who are [much more open to sending equipment such as long-range missiles to Ukraine](#).

In the latter part of the month, Belarus has declared that [Russia has deployed Iskander missiles on its territory](#) which are ready to use. Belarus has also been vocal regarding [an allegedly Ukrainian missile being intercepted by Belarus](#), with parallels being drawn by the Belarusian authorities to a similar incident from Poland which happened in November.

As Russia appears to become weaker, its attitude towards nuclear escalation appears more favorable. In this regard, Vladimir Putin said that he is considering changing Russia's military doctrine, in order to [allow the usage of a preventive nuclear strike to disarm an adversary](#). Also, Russia [heavily shelled the Southern region of Kherson on Christmas Eve](#), leading to seven deaths and 58 people injured.

When it comes to the foreign military aid that Ukraine has received this month, Germany has sent [18 RCH 155 self-propelled howitzers, 80 trucks and 90 units of anti-drone equipment](#). Also, the US has contributed with a [\\$275 million aid package and 80.000 rounds of ammunition for howitzers and an undisclosed amount of ammunition](#) for the HIMARS systems, meant to help counter drones and increase aerial defense. [Slovakia has vouched to start the production of 120-mm and 155-mm projectiles](#) and declared its [readiness to send MiG-29 airplanes](#), while Bulgaria is preparing its [first military aid package for Ukraine, consisting of light ammo](#). Kyiv has also received significant assistance in mitigating its power outages and [will benefit from the expansion of US-backed training programs for their soldiers](#).

After a long period in which [Hungary has blocked the EU financial aid package](#) for Ukraine, the Council of the EU finally agreed [on an 18 billion euro package](#) in the form of loans, thus bypassing the Hungarian veto. Furthermore, NATO has been considering redistributing [financial resources used previously in Afghanistan to Ukraine](#), which would amount to \$3 billion. The European Union also imposed a [ninth set of sanctions](#) on Russia, which introduces new export restrictions, targeting goods and technology with dual-use, or that may boost the technological enhancement of Russia's defense and security sector. The EU also expanded the export ban on certain goods and technology to the aviation and space industry, which includes aircraft engines, as well as drone engines. The sanctions also target the banking sector, energy and mining sectors, as well as consulting services.

RUSSIA's internal developments

The Russian president has clearly expressed his intentions of continuing the war effort in the last weeks of this month. During a meeting with the Administration Council of the Ministry of Defence on December 21st, he proposed [the increase of the Russian soldier number from 1.15 to 1.5 million](#). Vladimir Putin also added that there are [no funding restrictions for the army](#), who will be provided with whatever it asks for. Also, in his [New Year's Eve address](#), he accused the West of lying about its intentions for peace and of using the Ukrainian people to weaken and divide Russia, while claiming that the only way for Russia [in the war] is forward, towards a win. This indicates that the diplomatic solution is currently no longer an option for the Kremlin regime.

Despite these declarations, according to reports, public support for Russia's war is dwindling especially after the recent retreats. A leaked report from the Russian Secret Service shows that [55% of Russians are in favor of peace talks with Ukraine and only 25% want the conflict to continue](#). This growing public skepticism poses an increasing challenge to Putin's leadership and military commanders. As a result, there have been reports of [deserters among the mobilized Russian convicts](#). The Wagner Group requested permission to use [Ukrainian convicts from Russian-occupied regions of Ukraine such as Donetsk](#), or [the formation of defense battalions in Belgorod from the population that is unfit to serve normally](#) due to age or health issues, which just proves Russia's desperation to engage more soldiers.

As a result of these developments, the Kremlin is starting to adopt authoritarian and restrictive measures to contain the crisis. Some of the legislation passed this month includes the [banning of meetings inside or near governmental buildings, universities, schools, and hospitals](#) or [the creation of a digital database of the population that is fit for military service](#), meant to track and punish those who avoid service. Another measure under consideration is the [reintroduction of the death penalty](#), which could be used as a repressive tool against dissidents in the near future.

Western powers have expressed concern about the timing and scope of the sanctions' impact on Russia's economy. Recent statistics released this month show that [Russia's cereal exports have increased by 10% in the July-December 2022 period](#), compared to the same period during 2021. Furthermore, [Russia's budget surplus has more than quadrupled due to surging oil and gas revenues](#), in the context of rising energy prices.

Another emerging trend is China starting to dominate the Russian market, as Western companies leave in droves. For example, [Chinese companies now account for nearly one-third of the Russian car market](#). This shows both the lack of alternatives for the Russian consumer, in terms of goods and services, as well as the increasing Chinese influence in Russia.

Russia's strategy of concentrating its attacks on Ukraine's energy infrastructure continued into the first month of this winter. Renewed attacks [targeted the Vinnytsia, Kyiv, Odessa and Sumy](#) oblasts. As a result, 50% of Ukraine's energy infrastructure was destroyed, according to a [UN report](#). It is estimated that around 40% of Ukraine's population, which is approximately 18 million people, will require humanitarian support in this period. The flow of aid towards Ukraine continued, with the [United States](#) offering power gear and the [European Union](#) using the emergency "rescEU" reserves of the EU Civil Protection Mechanism. [France](#), [Norway](#) and [Germany](#) also sent individual contributions. Ukraine's Prime Minister, Denys Shmygal, mentioned that Ukraine [still requires 17.000](#) large and industrial-sized generators in order to face this winter. President [Zelensky requested](#) that the EU increase its electricity exports, so that Ukraine can face power outages.

On December 3rd, all EU member states approved the implementation of a \$60 per barrel [price cap on Russian seaborne oil](#), with the goal of limiting Russia's profits. The price cap went into effect two days later, causing an oil tanker [traffic jam](#) in Turkish waters, as Ankara stopped several ships from entering the Mediterranean Sea. In order to [retaliate](#) against the decision, two Russian officials declared that Moscow was considering imposing a fixed price for the oil or stipulating maximum discounts to international benchmarks at which it can be sold, in addition to the fact that Russia will not sell oil to countries that respect the decision. Moscow also claimed that the price cap will destabilize global markets [without affecting its ability to fund its military actions](#) in Ukraine. In fact, many analysts agree that the price cap is ["very generous"](#) and will have little impact on Russia's oil revenues, as it is very close to the predicted market price and the level proposed in Moscow's budget. President Vladimir Putin has not ruled out [reducing oil production](#) if necessary, stating that Russia will refuse to sell its oil according to the price cap.

Europe has successfully [reduced its gas demand](#) by nearly a quarter as a result of favorable weather, finding alternatives to gas, and taking measures to curb demand. Similar to October, the EU's gas demand fell by 24% in November, compared to the five-year average. In Germany, demand fell by 23%, while Italy's demand decreased by 21% - a significant development, considering that the two countries are the largest gas consumers in Europe. Consequently, the EU currently has enough gas for this

winter, but the possibility of [shortages in the coming year](#) remains, if Russia continues to reduce its deliveries, according to the International Energy Agency (IEA). To counteract such risks, EU member states agreed on an extra [€20 billion fund](#), with the goal of investing in alternatives to gas and oil, renovations focused on reducing energy consumption and decarbonizing the heavy industry. Germany, in particular, is struggling with the energy crisis, having spent [about €1.5 billion per day](#) to reduce the impact on the population.

Slovenia announced plans to [build a pipeline](#) connecting Slovenia and Hungary, as part of its effort to reduce reliance on Russian gas. This would provide Hungary with Algerian gas and reduce Budapest's extensive reliance on Russia. Furthermore, recently, EU member states approved a [mechanism allowing a cap on the price of natural gas starting at 180 euros/MWh](#), putting additional pressure on Russian energy revenues. The leaders of Romania, Hungary, Azerbaijan, and Georgia also agreed in Bucharest to build an [electric cable running under the Black Sea](#), with the goal of transporting Azeri green energy to Europe. This policy is intended to reduce the energy dependency of the Eastern Flank. Another similar policy has been commenced by the Turkish president, by starting the negotiations for the [creation of a new natural gas pipeline that would connect Europe to energy-rich Turkmenistan](#).

Developments in the BALKANS

On December 8th, the Council of the EU approved [Croatia's bid](#) to join the Schengen Area. However, Austria vetoed Romania and Bulgaria's accession, while the Netherlands previously expressed its opposition to Bulgaria's membership. As a result, Bulgarian Acting Prime Minister Galab Donev [threatened countermeasures](#) against the Netherlands and Austria, though he has not been specific about their nature. The Justice Minister of Bulgaria, Krum Zarkov, stated that the European Commission (EC) has told President Radev that Bulgaria would [join the Schengen zone before October 2023](#) at the latest. This blockade [fueled Kremlin-sponsored narratives](#) in Bulgaria, with pro-Russian populist party *Vazrazhdane* (Revival) framing the Council's decision as a plot against Bulgaria: "The decision reveals the hypocrisy of European politics," declared Kostadin Kostadinov, the leader of *Vazrazhdane*. Analysts expect similar effects in Romania, in the shape of [a rise in popularity for euro-skeptic party](#) "Alliance for the Unity of Romanians" (AUR). The threat posed by Russian influence has been described by Albanian Prime Minister Edi Rama as a [real danger for the Western Balkans](#) as well, pointing at Serbia's refusal to comply with EU sanctions. Bulgaria's political crisis has worsened, with President Radev giving GERB, Boyko Borissov's party, [another mandate to form a government](#). GERB nominated a [low-profile, non-partisan neurosurgeon](#) as Prime Minister, honoring Borissov's promise that he will not run for the position. Nonetheless, with only 113 votes in the 240-seat parliament, GERB failed to [form a government](#). The main opposition party, *We Continue the Change*, is now expected to attempt to form a government and [has named Nikolay Denkov](#), a chemistry professor, as Prime Minister. Another failure seems likely, as no party appears willing to back *We Continue the Change*, which will result in a fifth round of parliamentary elections in Bulgaria in two years, deepening the country's political crisis and undermining its plans for further European integration.

[New tensions](#) erupted in northern Kosovo just ahead of local elections, triggered by the resignation of several ethnic Serb representatives in protest of Pristina's policies. The protesters' explosions, attacks and gunfire against the local police and a reconnaissance patrol of the European Union Rule of Law Mission in Kosovo (EULEX) were condemned by the EU and NATO, who called for the [de-escalation](#) of the situation. Serbian President Aleksandar Vucic sought NATO approval to [deploy troops](#)

in the area to protect the Serb minority, delivering an official request on December 14th to [send 1,000 Serbian military personnel](#) to the region. The vast majority of Serb representatives that resigned were [replaced by ethnic Albanians](#). By the end of the year, Kosovo police announced that the [border crossing between Serbia and Kosovo has reopened](#), as ethnic Serb protesters have removed barricades, after their conditions have been allegedly met. The EU still considers the matter to be [unresolved](#), and expects the two countries to reach a broader agreement in 2023.

Despite initially stating that he would not attend the Tirana Summit due to the situation in Kosovo, President Vucic eventually [decided to attend](#) on December 6th. The [Tirana Summit](#) reaffirmed the EU's support for the integration of the Western Balkans and built on the conclusions reached during the Berlin process last year.

During the summit, German Chancellor Olaf Scholz stated that he sensed a more [positive attitude](#) toward future EU enlargement in the region. This optimism is mirrored by Kosovo's claims that progress has been made towards [obtaining recognition](#) from the five EU member states that currently do not recognize Kosovo as an independent state. Building on that, three Kosovo leaders, including President Vjosa Osmani, signed the [application for EU candidacy](#), later [formally submitted](#) by Prime Minister Albin Kurti. Progress has also been made by Bosnia and Herzegovina, by adopting a comprehensive [strategy on migration and asylum](#), as requested by the EU. On December 15th, Bosnia and Herzegovina was officially granted [candidate status](#) by all EU member states. All these developments come in the context of the EU's declining [popularity](#) in some Western Balkan countries, especially North Macedonia.



Less than a year ahead of general elections, Erdogan's main contender, [Istanbul mayor Ekrem Imamoglu, has been sentenced to jail](#) and has been banned from politics. The move resulted in a rally in support of Imamoglu, while a final decision is expected after the [mayor's appeal](#).



Alexandru Musteață, the director of the Security and Information Service of the Republic of Moldova stated that [the Russian Federation is intending to invade the country](#) "either at the beginning of [next] year, January, February, or later, March, April," with the goal of securing a land corridor to Transnistria. When Russia will choose to invade depends upon the developments in Ukraine.



Azerbaijani protests have [blocked the supply route](#) to ethnic Armenians in Nagorno-Karabakh since December 12, drawing the attention of the United States and the EU. Baku stated by the end of the month that the protests would be suspended if Azerbaijani monitors were given [access to mining sites](#) in the region, which Baku considers illegal.