



NATO Parliamentary Assembly

95<sup>th</sup> ROSE-ROTH

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## SEMINAR REPORT

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# TOWARDS A SECURE AND STABLE UKRAINE AND BLACK SEA REGION

## KYIV, UKRAINE

3-5 JULY 2017

1. The 95th Rose-Roth seminar of the NATO Parliamentary Assembly entitled “Towards a Secure and Stable Ukraine and Black Sea Region” took place in Kyiv on 3-5 July. The participants also commemorated the 20th anniversary of the NATO-Ukraine Charter. The seminar brought together over 170 participants, including 80 members of parliament from 29 NATO member states and partner countries. The event was organised by the NATO Parliamentary Assembly (NATO PA) in cooperation with the Verkhovna Rada of Ukraine and with the support of the Swiss Government.

2. “The Black Sea is a springboard for Russia’s efforts to extend its reach and influence far beyond its borders”, distinguished US diplomat and former NATO Deputy Secretary General **Alexander Vershbow** told participants in his keynote address. Given the political, economic and human rights implications of Russia’s destabilising policies, he stressed that all NATO Allies were stakeholders in the security of the Black Sea. In the face of Russia’s considerable military build-up, he suggested that NATO needed to consider a more persistent military presence in the region, especially when it came to maritime capabilities.

3. Ambassador Vershbow and **Ivanna Klympush-Tsyntsadze**, Vice Prime Minister of Ukraine for European and Euro-Atlantic Integration, also called on individual NATO member states to step up their support by providing Ukraine with a broader range of defensive weapons to better protect the forces along the line of contact. They also urged them to raise the costs to Russia for its daily aggression in Eastern Ukraine, which Russia continues to deny.

4. **Andriy Parubiy**, Chairman of the Verkhovna Rada, noted that the Ukrainian parliament had passed legislation identifying NATO membership as a strategic goal for Ukraine. He stressed that public support had increased considerably in recent years. According to opinion polls, a clear majority of the voting public now supports Ukrainian membership of NATO. **Paolo Alli**, President of the NATO PA, reaffirmed that the Assembly was determined to provide its support to Ukraine’s Euro-Atlantic aspirations.

5. Legislators from NATO member and partner countries were also briefed on the situation in the occupied regions of Ukraine. Speakers stressed that the Kremlin continued to orchestrate the conflict in Eastern Ukraine, with casualties and ceasefire violations reported on a daily basis. Russia had not fulfilled its obligations as a Minsk 2 signatory, including ending the violence and the withdrawal from Donbas of heavy weapons and the thousands of Russian soldiers there. Some Western officials also urged Ukraine to step up the implementation of its commitments under the Minsk 2 agreement. However, Ukrainian interlocutors insisted that granting Donbas special status at this point would provide a base for President Putin to continue to destabilise Ukraine.

6. The delegates also heard that the situation of the local population in Crimea had deteriorated during Russia’s illegal annexation of the peninsula. In particular, the indigenous Crimean Tatar and Ukrainian minorities had experienced severe intimidation and persecution, with reports of numerous abductions. Freedom of speech had been curtailed and cultural organisations banned. Western politicians were warned not to fall into “the Kremlin’s trap” of considering the recognition of Crimea’s illegal annexation in return for Russia’s withdrawal from Donbas.

7. The delegates also discussed Ukraine’s reform agenda. **Ivan Miklos**, Chief Economic Adviser to the Prime Minister of Ukraine (and former Deputy Prime Minister and Minister of Finance of Slovakia), as well as Ambassador **Hugues Mingarelli**, Head of the EU Delegation to Ukraine, noted that Ukraine had made more progress on reforms in the last three years than in all the previous years of independence combined. While corruption remained a major problem, the scope for corruption had been reduced. They stressed, however, that the battle between reformers and those who tried to preserve their vested interests was far from being over. The delegates heard that NATO’s Building Integrity programme provided a very important tool to help eradicate corruption from the defence and security sector.

8. The participants also discussed other regional issues, including the situation in the Republic of Moldova. **Ruslan Piontkivsky**, World Bank Senior Country Economist for Moldova, said that since the economic nadir of 2015 Moldova had managed to put the economy on the path of growth. However, Chatham House expert **Cristina Gherasimov** noted that political uncertainty in Moldova was acute, and that there was a possibility that the country could abandon its pro-Western strategic course.

9. This was the sixth Rose-Roth Seminar in Ukraine since the beginning of the programme in 1991. The first one was held in 1993.

## I. UKRAINE'S EURO-ATLANTIC AND EUROPEAN INTEGRATION

10. **Andriy Parubiy**, Chairman of the Verkhovna Rada, noted that the NATO-Ukraine relationship had had its ups and downs since the signing of the NATO-Ukraine Charter, but that Ukraine has always been an active partner of NATO, and that its participation in NATO-led operations was substantial. He informed the participants that the Ukrainian parliament had passed legislation identifying NATO membership as a strategic goal for Ukraine. He stressed that public support had increased considerably in recent years. According to opinion polls, a clear majority of the voting public – some 60% according to his estimates – now supports Ukrainian membership of NATO. Russian aggression against Ukraine made Ukrainian society realise that it is at the frontier of the free world, the speaker said. NATO is the only force that can stop Russian aggression, he stressed. In the last three years, Ukraine had been forced to rapidly reform, modernise and bolster its armed forces, which had been virtually ruined as an effective force under the Yanukovich rule, Mr Parubiy argued.

11. Paolo Alli reiterated the Assembly's support for Ukraine's Euro-Atlantic integration and the Assembly's repeated calls on Western governments to increase practical support in both bilateral and multilateral formats.

12. Ivanna Klymush-Tsyntsadze said that Ukraine highly values the steadfast support it receives from NATO and the Assembly. She stressed that Ukraine's endeavour to fulfil the criteria for NATO membership underpins all its reform efforts. This includes consolidating democracy, the rule of law, freedom of speech and anti-corruption efforts. Kyiv understands that it has serious homework to do, the Vice Prime minister said. She regretted that some Allies publicly doubt Ukraine's membership chances. She expressed her hope that the upcoming visit of the North Atlantic Council to Ukraine would provide further impetus for Ukraine's Euro-Atlantic integration and a reaffirmation of the Alliance's Open Door policy. Finally, she argued that the time has come to revisit the NATO-Ukraine Charter to adapt it to the realities of Russian aggression and provide a clear membership perspective for the country.

## II. RUSSIAN MILITARY BUILD-UP IN THE BLACK SEA

13. Vice Prime Minister Klymush-Tsyntsadze noted that Russia's aim is to undermine the global order because it cannot compete in a rules-based world. Russian aggression against Ukraine is a manifestation of this attack on the rules-based world, and therefore poses a threat to global security and international law. She also stressed that Russian aggression is not only military but also involves energy, trade, cyber and propaganda components. Kyiv watches on with concern as preparations for Russian-Belorussian *Zapad* exercises are underway, hoping these will not translate into any aggressive acts against Ukraine from the territory of Belarus.

14. Vice Prime Minister Klympush-Tsyntsadze said that Ukraine is not asking NATO to send troops to counter Russian aggression. Ukrainian armed forces bear the main responsibility for protecting their country. However, Ukraine needs more tangible support from the West, and the Vice Prime Minister used this opportunity to call on Western governments to provide lethal military support to Ukraine in order to reduce losses of Ukrainian troops and civilians.

15. This message was echoed by the keynote speaker, Ambassador Vershbow, former Deputy Secretary General of NATO. He noted that the Black Sea is in many ways the nexus of Russia's strategy aimed at re-establishing hegemony over its southern neighbourhood – a strategy based on disruption and destabilisation rather than mutually beneficial cooperation. Given the political, economic and human rights implications of Russia's destabilising policies, all NATO Allies are stakeholders in the security of the Black Sea region, he argued.

16. Since the illegal occupation and annexation of Crimea, Russia has undertaken a major militarisation of the occupied peninsula, Ambassador Vershbow said. Russia has significantly upgraded and enlarged the Black Sea fleet with new submarines and warships armed with long-range cruise missiles. It has deployed advanced air defences (such as the S-400) and coastal anti-ship defences, and is rumoured to be planning the reintroduction of nuclear weapons and dual-capable delivery systems like the Iskander missile system that can reach NATO territory. Occupied Crimea has become a bastion for Russian anti-access and area denial (A2AD) capabilities that provide Russia with the potential to impede the movement of regional forces and disrupt NATO efforts to reinforce Allies' defences, the keynote speaker warned.

17. Independent Moscow-based defence analyst **Pavel Felgenhauer** argued that the decision-making process in Russia is to a large extent influenced by the military and security sector leadership (the so called '*siloviki*') and their desire to keep tensions with the West alive. Russia's policy vis-à-vis the Black Sea is best explained through a military lens: Moscow believes it is under attack by NATO and it needs to restore balance and counter NATO ally Turkey's control of the Bosphorus Straits as well as NATO's missile defence installations in Romania by occupying Crimea and deploying capabilities such as Iskander missiles, capable of reaching NATO assets in Romania, he said. He noted that militarisation of the Black Sea is part of a broader Russian strategy to build a chain of bases along its entire perimeter. According to the speaker, Moscow does so to protect the natural resources that Russia's enemies will allegedly try to capture in the context of the upcoming global resource crunch. Mr Felgenhauer argued that this philosophy is flawed, but it is nevertheless widespread among Russian military strategists.

18. **James Sherr**, Associate Fellow at Chatham House, agreed with Mr Felgenhauer that tensions in the Black Sea area are here to stay. Russia's destabilising strategy is a reflection of its Darwinian worldview as well as its distorted view of the West and its own military-technical base. He suggested that Western Allies should not focus on Russia, but on their own capabilities and strengths.

19. **Andrew Budd**, Head of Defence Capabilities Section (Defence Policy and Capabilities Directorate) at NATO, discussed the Organisation's perspective on the Black Sea. He noted that Russia is moving modern weapons and military platforms to the region, creating a very effective A2AD "bubble" and challenging freedom of movement in the Black Sea area. NATO responded by increasing its maritime presence in the region, establishing a missile defence site in Romania, reinforcing air bases in Bulgaria and Romania, as well as increasing assistance to partners Ukraine, Georgia, Azerbaijan and Moldova. He noted that, unlike in the Baltics and Poland, NATO's strategy in the Black Sea area is that of rapid reinforcement rather than forward presence.

20. Ambassador Vershbow noted, however, that despite these positive steps, there are still some significant gaps in NATO's deterrence posture in Europe – including gaps in maritime presence and insufficient air and theatre missile defence. He suggested that NATO should consider a more persistent military presence in the Black Sea region, especially when it comes to maritime capabilities, fully in compliance with the Montreux Convention. Allies also need to bolster the

capabilities of Russia's neighbours, like Ukraine and Georgia, who are threatened by Moscow. Several speakers also underlined the need to continue the policy of sanctions against Russia as long as it continues to violate the sovereignty of its neighbours. The sanctions may not have caused a fundamental shift in Russian policies, but they were effective in the sense that Russia's ambitions have been reduced: for instance, the plans for '*Novorossiia*' seem to have been abandoned.

### III. RUSSIA'S VIOLATION OF UKRAINIAN SOVEREIGNTY – DONBAS AND CRIMEA

21. Concerning the continuing violence in Donbas, the Kremlin still sponsors and orchestrates the conflict in Eastern Ukraine, with casualties and ceasefire violations reported on a daily basis, largely caused by Russian-led forces, the participants of the seminar heard. Ambassador Vershbow and Ukrainian representatives stressed that Russia has not fulfilled its obligations as a Minsk signatory, including ending the violence, withdrawing heavy weapons and removing thousands of Russian soldiers that remain in the Donbas in overall command of military operations. As a result of Russia's intransigence, the diplomatic process has reached a standstill, despite the efforts of Ukraine, Germany and France within the so-called Normandy Format.

22. Vice Prime Minister Klympush-Tsyntsadze reaffirmed that this conflict should be resolved through political and diplomatic means. The Minsk format is important, but not the only way to achieve a sustainable ceasefire, the exchange of prisoners and other aspects of the conflict resolution. The involvement of other stakeholders such as the United States is instrumental, the Vice Prime Minister argued.

23. First Deputy Minister of Defence **Ivan Rusnak**, reminded participants about the casualties of the conflict: with over 2,700 Ukrainian soldiers killed, and about 9,900 wounded. 2.3 million Donbas residents had to flee their homes. According to his assessment, Russia has deployed about 60,000 well equipped and trained military in the occupied Ukrainian territories in Donbas and Crimea. So far in 2017, more than 10,000 violations of the ceasefire took place in Donbas, the deputy minister said. Illegal armed groups in Donbas also continue to use prohibited weapons.

24. **Ernst Reichel**, Ambassador of Germany in Ukraine, noted that there has been some progress on reaching new agreements on a sustained ceasefire and the exchange of prisoners, but their implementation remains poor. He pointed out that there is a growing divide that drives the occupied territories in Donbas further from the rest of Ukraine. The Ambassador noted that the Minsk agreements are increasingly unpopular in Ukraine, but he asked what the alternative was. He suggested focusing on the reinvigoration of Minsk 2 rather than a replacement.

25. Discussing the clause of Minsk 2 regarding the according of special status to parts of the Donetsk and Luhansk regions, **Hanna Hopko**, Chairperson of the Committee on Foreign Affairs of the Verkhovna Rada of Ukraine, stressed that the attempt by the Ukrainian parliament to amend the Constitution to allow for this 'special status' was a mistake. Russia has done nothing in exchange and has not stopped violating the ceasefire. The notion of 'special status' would give Moscow tools to further destabilise Ukraine. She noted, however, that the Ukrainian parliament has adopted considerable decentralisation reforms that give local municipalities considerable new powers and financial resources.

26. Developments inside the occupied Donbas are alarming. According to Vice Prime Minister Klympush-Tsyntsadze, Russia and its puppets are nationalising state enterprises in Donbas and introducing the rouble, thus further violating the law. The OSCE observers continue to be denied access to the Russian-Ukrainian border in the occupied zone, and are therefore unable to prevent Russia from supplying weapons to its proxies in Donbas under the guise of "humanitarian convoys".

27. **Iryna Gerashchenko**, First Vice-Chairperson of the Verkhovna Rada of Ukraine, President's Envoy for Conflict Settlement in the Donetsk and Luhansk Regions, noted that actual civilian casualties on both sides are higher than the official UN figures of 10,000 people. She also added that there are 132 hostages (civilian and military) and 408 persons missing on the Ukrainian side. She regretted that Russian proxies in Donbas make it very difficult for the Red Cross to visit occupied territories, and prisons in these territories are completely closed to international monitoring. Ms Gerashchenko thanked NATO for helping to treat wounded Ukrainian soldiers. She called for more help with psychological rehabilitation. Ukrainian interlocutors listed a number of serious humanitarian problems that the local population in the occupied Donbas face, including healthcare, education and environmental issues.

28. James Sherr noted that the stalemate in Donbas prompted Russia to focus more on destabilising Ukraine itself, including influencing internal politics and encouraging the "fifth column". Therefore, he called on Ukrainian politicians to prioritise the internal front.

29. Regarding the illegal occupation and annexation of **Crimea**, keynote speaker Ambassador Vershbow stressed that the situation for the local population on the peninsula has only deteriorated. This is especially true of the Ukrainian minority and the indigenous Crimean Tatars. The latter have experienced severe intimidation and persecution, with reports of abductions, un-investigated crimes against prominent members of their community, and the persecution of cultural organisations. Many have had to flee the peninsula as a result.

30. **Refat Chubarov**, President of the Mejlis of Crimean Tatars, spoke about systemic arrests of Crimean Tatar activists in Crimea and cases of torture of prisoners. He condemned Russia's decision to ban the Mejlis of Crimean Tatars in occupied Crimea. He called on Western policymakers to adopt further sanctions on Russia, including freezing the assets of Putin's cronies as well as refusing to buy Russian oil and gas. He warned that if the international community remains idle *vis-à-vis* Crimea, the Crimean Tatar population will vanish altogether in the foreseeable future.

31. **Oleksandra Matviychuk**, Chairperson of the Board of the Center for Civil Liberties, noted that Moscow is deliberately changing the demographic composition of Crimea by managed migration of ethnic Russians. She also listed a number of human rights violations in the peninsula, including imposing Russian citizenship, the suppression of free media, political persecution, kidnappings and even targeted killings. She urged the international community to launch new diplomatic initiatives to address the situation in Crimea. She also urged the EU to impose new sanctions on Russia for massive violations of human rights abuses in Crimea.

32. **Andreas Umland**, Senior Research Fellow, Kyiv Institute for Euro-Atlantic Cooperation, argued that the prospect of Crimea's return to Ukraine was not unrealistic. He noted that the so-called Crimean referendum on joining Russia is widely and justly regarded as illegitimate. The international community will never recognise the annexation, not least because it also indirectly violates the 1968 Nuclear Non-proliferation Treaty by violating the 1994 Budapest Memorandum, which ties the issue of Ukraine's nuclear disarmament with guarantees of its territorial integrity. Mr Umland also argued that, given Russia's economic problems and disregard for socio-economic conditions in the peninsula, Moscow's "Crimea project" will eventually be seen as a failure by Russian and Crimean populations.

33. Several speakers warned that the international community should not fall into "the Kremlin's trap" of considering the recognition of Crimea's illegal annexation in return for Russia's withdrawal from Donbas.

34. Ambassador Vershbow also pointed out that, although the international community has refused to recognise Russia's attempted annexation of Crimea, Russia has *de facto* seized control of essential energy infrastructure and resources in the region. This includes two billion cubic meters of Ukrainian natural gas storage and access to undersea hydrocarbon resources in the Black Sea,

potentially worth trillions of dollars. This has dealt a severe blow to Ukraine's ambitions to become energy independent and has weakened the energy security of several other Black Sea states, he said. In this context, he also criticised the *Nordstream 2* project, which was clearly not just a commercial, but also a strategic project: the pipeline bypassing Ukraine will give Russia additional political leverage.

#### IV. UKRAINE'S REFORM AGENDA

35. President Alii stressed that, while supporting Ukraine's Euro-Atlantic integration, the NATO Parliamentary Assembly also urges Ukrainian policy makers to redouble efforts to implement painful but necessary reforms, and, in particular, to address the problem of corruption and oligarchic influences. Despite recent accomplishments, Ukraine still has a lot of homework to do. The President also stressed that it is very important for Ukraine to begin seeing the actual benefits of its efforts, including visa liberalisation with the EU, the upcoming full activation of the Deep and Comprehensive Free Trade Area, NATO's Comprehensive Assistance Package for Ukraine and the IMF's tranches as part of the Fund's aid programme.

36. Vice Prime Minister Klympush-Tsintsadze noted that the government had to pursue the policy of reforms under difficult economic conditions: due to Russian aggression, the Ukrainian economy contracted by 16% in 2015. However, the Ukrainian economy is currently recovering and grew by 2.2% in 2016. This year, growth of 2.4% is expected. Foreign Direct Investments increased by a third in the last year, the Vice Prime Minister said.

37. Mr Miklos, Chief Economic Adviser to the Prime Minister of Ukraine argued that in the last three years, Ukraine has done more on reforms than in all previous years of independence. In the early 1990s, Ukraine's GDP per capita was the same as Slovakia's. Now the GDPs of Slovakia and Ukraine are also similar, but in absolute numbers, not per capita, Mr Miklos said. Ukraine lagged behind because of the lack of reforms.

38. In recent years, Ukraine has managed to achieve fiscal stabilisation. Despite the usual perception that corruption in Ukraine is thriving, the actual space for corruption has been reduced, particularly due to energy price deregulation. Cleaning of the banking sector has also helped fight corruption, as so-called ghost banks were closed. Another achievement is the introduction of the *Prozoro* electronic procurement system, which has proved to be very successful, Mr Miklos said.

39. A number of shortfalls remain. Some sensitive legislation on structural and institutional reforms has yet to be passed. Current priorities for the government are pensions reform, privatisation of numerous inefficient state companies, as well as land reform, which is expected to open significant potential for investments and development of agriculture. The establishment of a new anti-corruption court is also expected.

40. Ambassador Hugues Mingarelli, Head of the EU Delegation to Ukraine, underscored the importance of the decentralisation process and governance reform, which underpins all other reforms. The EU is offering its assistance to the Ukrainian government as it embarks on the most pressing reforms, including pension, healthcare, education and judicial reforms as well as on a faster adaptation of the European *acquis* in the energy sector. The Ambassador noted that reformers in the government face daily attempts by those who try to protect their vested interests to derail the reform process, and reformers need the continued support of both civil society and the international community.

41. **Ihor Hryniv**, Deputy Chairperson of the Committee for Informatisation and Communications of the Parliament of Ukraine, noted that living standards plummeted following political upheaval in 2013-14, and levels of corruption remained high, which had prompted public discontent and even calls for a "third Maidan". Now that this discontent has receded, he argued, living standards are

gradually improving. He stressed the need for government to continue pressing ahead with reforms, particularly with the aim of tackling corruption.

42. **Valerii Pekar** from the New Country Civil Platform, former member of the National Reform Council, noted that the pace of reforms in Ukraine is slowing and that many true reformers have left the government. The lack of political will, procedural complexities, bureaucratic resistance, vested interests of politicians and the war in the east are some of the factors affecting the reform process. He stressed that the real push for reforms comes from outside the government – NGOs and Ukraine's international partners. He urged Western politicians to demand better implementation of reforms as a condition for support.

43. **Balazs Jarabik**, from the Carnegie Endowment for International Peace, argued that reforms are unprecedented compared to the past 25 years, but that actual progress is modest. The greatest obstacles for reforms include the captured state at local level, low level trust in authorities and the legacy of neoliberal reforms. Power consolidation by the president threatens an authoritarian drift, Mr Jarabik argued. He urged the EU to manage expectations and reduce rhetorical solidarity, while increasing support and meaningful conditionality. Instead of encouraging shock therapy, Western institutions should let Kyiv stimulate the economy and minimise the socio-economic costs of structural reforms. Kyiv does not need another strategy or roadmap, but better planning, implementation and monitoring, he stressed.

44. **Alexander Vinnikov**, Director of the NATO Liaison Office in Ukraine, said that since 2014 the level of NATO's support to Ukraine and its reforms has been unprecedented. Allies are investing in ensuring that Ukraine is a success story. The decisions of the Warsaw summit and the upcoming visit of the North Atlantic Council to Ukraine show that the Alliance's political support to Ukraine is steadfast.

45. In terms of NATO's practical support, the Comprehensive Assistance Package was introduced to consolidate assistance to Ukraine in order to carry out reforms and help Ukraine develop its defensive capacity. This is done through advisory support, trust funds and various capacity building programmes. One of the most important programmes is Building Integrity (BI), a unique project which contributes to tackling one of the biggest problems facing Ukraine: corruption. For too long Ukraine has been blighted by corruption, which can lead to revolutions, Mr Vinnikov said. Strong political will and personal and institutional integrity are required to achieve this. BI addresses corruption in the defence and security sector, which is of paramount importance, because, as Mr Vinnikov argued, corruption in security jeopardises people's lives. BI was launched in 2007 and is unique as it assists both Allies and partners. BI supports security and defence institutions engaging them in self-assessment and a peer review process, embedding policies and encouraging employees to comply with best practices. Parliamentarians are critical actors in this effort as they provide the democratic oversight function.

46. The reform of Ukraine's defence and security sector is also supported by the Swiss government through the Geneva Centre for the Democratic Control of Armed Forces (DCAF), said **Christoph Späti**, Chargé d'affaires a.i. of Switzerland to Ukraine.

47. **Joelle Vachter**, Deputy Head of the European Union Advisory Mission (EUAM) in Ukraine, noted that although the EUAM has a mainly advisory role in supporting the internal security sector authorities of Ukraine with their reform efforts, the mission has also been empowered to help Ukrainian authorities with the operational implementation of conducting reforms. The EUAM specifically addresses civilian security sector reforms, helping to raise the integrity of law enforcement agencies by ensuring inter-agency cooperation, changing organisational cultures and delineating their competencies.



48. Several participants noted that the role of parliament and strengthening parliamentary oversight were of critical importance to the success of Ukraine's reform efforts. **Philipp FLURI**, Assistant Director, DCAF, noted that the Ukrainian parliament clearly has a credibility problem. In order to rectify that, an initiative to promote parliamentary ethics was introduced in the Ukrainian parliament. The main sponsor of this initiative, **Iryna Suslova**, Head of the Parliamentary Subcommittee on Gender Equality and Non-Discrimination of the Parliament of Ukraine, briefed participants about it. The proposed ethics code for parliamentarians covers a wide range of situations, including encouraging the attendance of meetings, avoiding the influence of lobbying organisations, voting for other members as well as the promotion of civilised and respectful dialogue and debate among parliamentarians. The European Parliament and DCAF provide assistance to this initiative, Ms Suslova said.

49. The co-Chairperson of the Ukraine-NATO Interparliamentary Council **Raynell Andreychuk**, in her capacity as chairperson of the Committee on Ethics and Conflict of Interest for Senators of the Senate of Canada, shared the Canadian experience with developing ethics codes within the parliament of Canada. She stressed that development of and adhering to such codes strengthen considerably the ability of parliaments to exercise their role of oversight.

## V. OTHER REGIONAL ISSUES IN THE BLACK SEA AREA

50. The keynote speaker Ambassador Vershbow noted that, in addition to destabilising Ukraine, Russia is fostering tensions and instability in the wider region – including by perpetuating the ‘frozen’ conflicts in NATO partner countries such as Georgia and Moldova, where Moscow continues to arm and sustain its proxies in South Ossetia, Abkhazia and Transnistria. Altogether, this creates a loop of instability around the Black Sea that threatens to prolong insecurity throughout the region and prevent countries such as Ukraine, Moldova and Georgia from pursuing their aspirations to integrate with Europe, he said.

51. **Dominika Krois**, OSCE Co-ordinator at the European External Action Service, discussed the EU's approach to the Black Sea. The EU's flagship initiative for the region is Black Sea Synergy (BSS), which provides a framework for existing and future EU activities in the region. It is cross-sectoral and aims to involve all nations around the sea. The BSS programmes cover a number of areas, including maritime affairs (the facility for blue growth in the Black Sea), research and innovation, environmental protection and supporting civil society. The EU's Eastern Partnership is another track for engaging with the region. Through Eastern Partnership mechanisms, the EU supports regional partners in their efforts to diversify economies, strengthen institutions and fight corruption. The EU has signed Association Agreements with Ukraine, Moldova and Georgia. She admitted that the EU's engagement with the region was affected by Russia's illegal occupation and annexation of Crimea.

52. **Igor Burakovsky**, Head of the Board of the Institute for Economic Research and Policy Consulting, discussed economic cooperation in the Black Sea region. He noted that Black Sea countries are members of different international and regional political and economic organisations, and that a unified regulatory regime in the Black Sea region is absent. Nine out of twelve members of the Black Sea Economic Cooperation Council (BSEC) are affiliated with the EU (EU members or EU partners), therefore EU regulations play a critical role in determining the regulatory environment in the region. BSEC has clear potential to promote development in the region, but at the moment BSEC countries do not speak with one voice, Mr Burakovsky said. Economic cooperation with Russia is affected by the EU sanctions. He concluded that currently there is no global economic leader in the region and a local regional leader has yet to emerge.

53. **Julian Popov**, Fellow at the European Climate Foundation and Chairman of the Buildings Performance Institute Europe, highlighted the economic and geostrategic importance of a transition towards green energy and energy efficiency. He noted that Ukraine used to consume

120 billion cubic meters of natural gas a year, of which 90 bcm were purchased from Russia. This level of consumption led to various security issues and oligarchic state capture. Currently, due to conflict with Russia, Ukraine's gas consumption has decreased considerably, and the country's economy has adapted, which proves that Ukraine's previous level of gas consumption was needlessly high. Mr Popov suggested that Ukraine should not be obsessed with hydrocarbon infrastructure. Genuine energy security can be achieved by investing more in energy efficiency and renewable sources such as wind and solar power. Mr Popov quoted a recent study on green energy potential in Ukraine, which claimed that, by 2030, wind energy alone could produce five times more electricity than the country needs, at competitive prices. The speaker also suggested some new areas for regional cooperation that would benefit the population and encourage people-to-people contacts, for instance, investing in low-cost airlines, reducing roaming costs and developing a regional energy market.

54. The final session of the seminar addressed developments in the Republic of Moldova. Ruslan Piontkivsky, World Bank Senior Country Economist for Moldova, said that the country is recovering after the corruption scandal in 2014-15 when 1 billion USD disappeared from three Moldovan banks, causing major political turmoil and economic decline, and undermining the country's European integration. Moldova's economy is currently growing at about 4% a year, inflation has been curtailed, the budget deficit reduced to 2% of GDP and the public debt stabilised at about 40% of GDP. The flow of remittances has also stabilised. Moldova receives support from international partners such as the EU and the World Bank as well as from individual countries such as Romania.

55. While the general outlook is positive, many risks remain. The outcome of upcoming parliamentary elections is uncertain; the population is split between pro-western and pro-eastern factions. As the elections approach, the government's appetite for reforms naturally decreases. Mr Piontkivsky noted that the unreformed healthcare and education systems are a heavy burden for the country. In the longer term, major challenges are the reduction of poverty and adapting to the demographic crisis. The country needs to urgently improve governance and tackle corruption, the speaker said.

56. Cristina Gherasimov, from Chatham House, noted that the current government has serious legitimacy issues as well as very low popularity ratings. The openly pro-Russian Socialist party is the most probable winner of the next October 2018 parliamentary elections, the speaker said. Civil society is very polarised in terms of its geopolitical preferences, and support for European integration has decreased considerably in recent years: according to opinion polls, less than half of the population is currently in favour of EU membership, and some 36% are against. Ms Gherasimov said that many reforms have been adopted on paper, but efforts were significantly missing at the implementation stage. A prominent example is the reform of the judiciary, which remains stalled. None of the 39 judges facing criminal charges have been prosecuted. She urged the international community to strengthen monitoring of the implementation of the EU Association Agreement by Moldova and to increase support for civil society at grassroots level.

57. President Alli and Head of the Ukrainian delegation to the NATO PA, Irina Friz, closed the seminar, which provided a very useful update on the situation in Ukraine and the wider Black Sea region. President Alli reiterated the Assembly's steadfast support for Ukraine.