



**Joining the dots and making sense of the key geopolitical developments in Europe, Eurasia and MENA**

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**Key points:**

- 1. The geopolitical implications of the Coronavirus (COVID-19) pandemics will inevitably stay on our agendas in the foreseeable future*
  - 2. At times of global crisis, as oil giants are fighting, geopolitical differences must be put on the back burner.*
  - 3. Why Turkey strengthens its geopolitical and strategic hands in the Wider Black Sea*
  - 4. President Zelensky and his team have been caught in the crossfire on local administration reforms between “oligarchs” and hard-line nationalists.*
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## **The geopolitical implications of the Coronavirus (COVID-19) pandemics will inevitably stay on our agendas in the foreseeable future**

On March 11, 2020 the news from the World Health Organization (WHO) director general that the COVID-19 can be characterized as a pandemic shook the world. "This is not just a public health crisis, but it is a crisis that will touch every sector [...]. Countries must take a whole-of-government, whole-of-society approach, built around a comprehensive strategy to prevent infections, save lives and minimize impact." (who.int)

As of April 7, there were 1,350,523 confirmed cases, and 74,855 related deaths reported in the world (coronavirus.jhu.edu). Meanwhile, nearly 4 billion people would have been asked to stay at home to slow the COVID-19 pandemic (economist.com). The global medical community devised a strategy for mitigating the coronavirus that depended largely on quarantine, and limiting contact among the infected and potentially infected, thereby reducing the virus' transmission. Those plans would come at massive economic and human costs. The Economist Intelligence Unit have just revised their growth forecasts for all countries across the world. "The results paint a bleak picture. Across the G20, all but three countries [China, India, Indonesia] will register a recession this year. The global economy will contract by 2.2%." (eiu.com)

Furthermore, the ongoing OPEC-Russia oil price war (see story below) has been partly driven by the plummeting oil demand in the wake of the lockdown measures taken to counter the spread of the Coronavirus across the world.

In addition, a plethora of publications worldwide have started to assess the prospective geopolitical implications of the COVID-19 pandemics. For example, Brookings experts feared that: "COVID-19 may become not only a huge health crisis, but

also a crisis of globalization and global governance." They envisaged moves to reduce global connectedness, including in terms of travel, trade, and financial, digital, and data flows. And they highlighted the demand for greater global cooperation. While this might at first sound inconsistent with heightened suspicion of globalization, the necessary reforms of global governance could in fact synthesize both trends. (brookings.edu)

Furthermore, a March 2020 Foreign Affairs article argued that: "The Coronavirus Could Reshape Global Order: China Is Manoeuvring for International Leadership as the United States Falters". As the argument flowed, while China strived to make good in response to vital needs of those most affected by the pandemics (e.g. Italy, Iran, Serbia, Africa), the U.S. has erroneously embroiled itself in populist/nationalist policies foreshadowing its faltering global role. Both trends were shifting the global balance of power, while contrasting with the need for the U.S. to "effectively cooperate with China, rather than get consumed by a war of narratives about who responded better" (foreignaffairs.com).

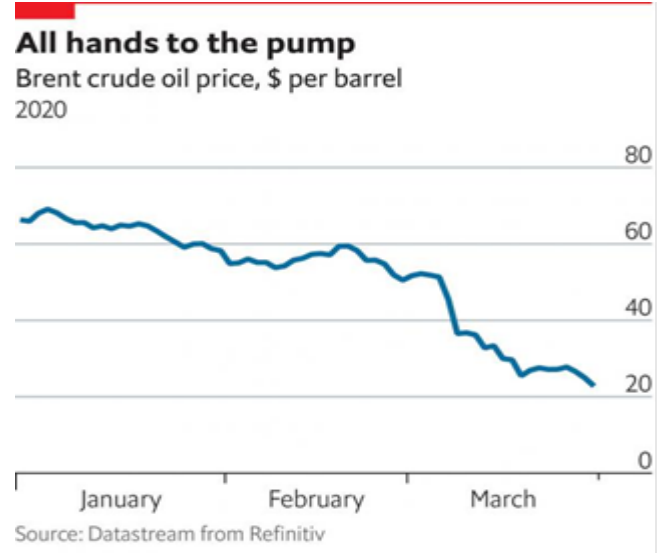
Finally, very recently, Stratfor offered a framework for analysis of the geopolitical implications of the current pandemics. They suggested that, on the short-term, analysis should focus on how countries balanced between physical health and economic health. The mid-term analysis should focus on the broader economic recovery. While the long-term perspective should ask how COVID-19 would impact on existing geopolitical trends. (worldview.stratfor.com)

Upon medical experts' forecasts, the COVID-19 crisis could stay with us at least for the next 12 to 18 months, until either a vaccine came out on the market or herd immunity was achieved. Its geopolitical implications are still in their early phases and therefore difficult to discern from the

web of evolving medical, political, socioeconomic, and other consequences. What is very likely though, is that they could be as significant as those emerging from the end of the Cold War (1991), the 09/11 terrorist attacks (2001), and the global financial crisis (2008-2009). As such, they will inevitably feature in the stories of this publication within the foreseeable future.

**At times of global crisis, as oil giants are fighting, geopolitical differences must be put on the back burner.**

In early March, an OPEC-Russia squabble on additional production cuts to prop up the oil prices has triggered a full-blown oil price war. Saudi Arabia, on behalf of OPEC, had suggested additional production cuts of 1.5m bpd for the next three months in response to collapsing global demand because of the coronavirus outbreak. But the oil market did not buy it, and neither did Russia (ft.com). Pavel Sorokin, Russia's deputy energy minister, described the proposed additional production cuts as technically challenging. "We cannot fight a falling demand situation when there is no clarity about where the bottom (of demand) is", Sorokin said (reuters.com). Russia proposed to extend existing OPEC+ combined cuts of 1.7 million bpd for at least one more quarter and try to assess the real impact on demand of the coronavirus, but OPEC refused. Following this disagreement, Saudi Arabia threatened to flood the market with oil, which made oil prices drop to incredible levels. The price of Brent crude fell by more than half in March, to below \$23 a barrel on April 1. (economist.com)



Saudi Arabia's monopolistic decision to increase output was likely meant to mount pressure on Russia to agree to a significant additional production cut. But the ensuing oil price war has been counterproductive for every supplier. As outlined on March 8 by the Russian state oil company Rosneft, Russia was unwilling to cut production because, in its view, production restraint had simply led to growth in competing supply. This competition included not just U.S. shale oil, but also a lot of deep-water offshore investment in places like Guyana and Norway. (worldview.stratfor.com)

According to international oil experts, both Russia and Saudi Arabia would lose from this oil price war. For example, a Carnegie Moscow expert assumed that Russia would need the price of oil to stay above \$45 per barrel to keep its budget balanced, while Saudi Arabia, to support its target deficit of 7%, needed it to be around \$47.50 to \$50. U.S. shale oil producers would also be affected by low oil prices, but they counted much less than Saudi and Russian oil producers did within their respective countries' GDP's. The biggest losses likely would be sustained by smaller oil-exporting countries, such as Azerbaijan, Iran, Iraq and Venezuela (carnegie.ru).

At oil prices below \$ 23 a barrel, oil giants Russia, U.S. and OPEC, as well as smaller oil suppliers were all on the losing side. Meanwhile, oil importing economies, most notably China, Japan, India, and Europe, could theoretically benefit from the OPEC-Russia oil price war, in the wake of the Coronavirus crisis. Would Moscow and Washington be ready to sacrifice their oil wealth for changing/maintaining the global distribution of power?

On March 30, in spite of their countries' great powers' rivalry, presidents Donald Trump and Vladimir Putin had a phone conversation allegedly aiming to work out a reasonable compromise to end the ongoing OPEC-Russia oil price war ([wordview.stratfor.com](http://wordview.stratfor.com)). Consequently, on April 12, oil-producing nations agreed to the largest production cut ever negotiated, in an unprecedented coordinated effort by Russia, Saudi Arabia and the U.S. to stabilize oil prices. It was unclear, however, whether the cuts would be enough to bolster prices. ([www.nytimes.com](http://www.nytimes.com))

But the emerging trend to avoid turning a global pandemic crisis into worldwide chaos points out that as oil giants are fighting with each other their geopolitical differences must be put on the back burner.

### **Why Turkey strengthens its geopolitical and strategic hands in the Wider Black Sea**

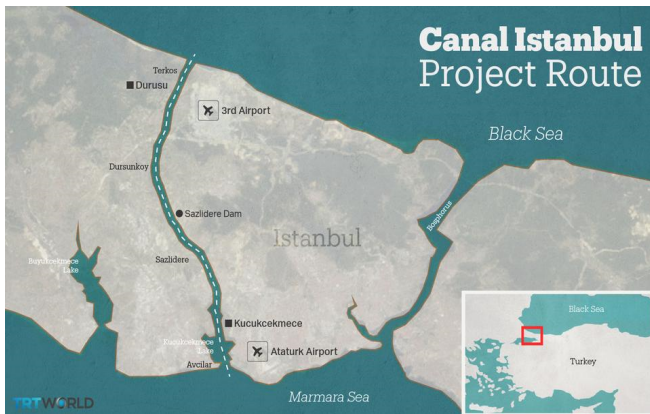
In the previous issue of the EGF Geopolitical Trends (No 5/March 2020), we noted Turkey's walk on a tightrope in her attempt to play Russia against the United States and Europe in dealing with the Syrian conundrum. However, Turkey's zigzagging policy between NATO allies and Russia has been neither new nor narrowly focused on Syria or the Middle East. It was rather an enduring feature of Turkey's strides to emerge as a regional power in neighbouring areas stretching from the Middle East to the Eastern Mediterranean, and

from the Wider Black Sea to the Balkans and Central Asia. This policy has been grounded in president Erdogan's "strategic depth" approach to foreign and security policy (labelled by some as "*neo-Ottoman-ism*"), dating back to his second mandate as prime-minister in 2007-2011 (<http://gpf-europe.com/egf-files/black-sea/>).

From this perspective, Ankara's recent openings to Kyiv and Tbilisi should be taken at their face value: tactical moves to get leverage over Russian policy in the MENA (Syria, Libya) by pursuing active defence cooperation with Ukraine and Georgia, Russian local adversaries in the Wider Black Sea.

This geopolitical thinking was highlighted in February 2020 when Turkish President Erdogan visited Ukraine and announced \$36 million in Turkish military aid for Ukraine. During the same visit, a framework agreement on cooperation in the defence sector was signed. Furthermore, on February 12, Turkish and Ukrainian military delegations openly discussed the possibility of enhancing bilateral security cooperation in the Black Sea region. This also involved potential participation in joint exercises and the intensification of dialogue between Turkish and Ukrainian naval forces ([caucasuswatch.de](http://caucasuswatch.de)).

Along similar lines of thought, in December 2019, Turkey announced it would allocate \$17 million to support Georgia in carrying out military logistics reforms. This assistance project followed upon a significant growth in the transfer of Turkish defence capabilities to Georgia throughout 2019, as well as commitments within the Turkey-Georgia-Azerbaijan format to cooperate in creating military forces and defence systems in line with NATO standards. In addition, last January, during the Davos World Economic Forum, Turkish Foreign Minister -Mevlut Cavusoglu- unexpectedly called for Georgia's accession into NATO ([caucasuswatch.de](http://caucasuswatch.de)).



However, the building of the Istanbul Canal could be hardly deemed as a tactical geopolitical move. In early March 2020, President Erdogan announced that Ankara would soon call for bids on the construction of a planned Istanbul Canal (RIA Novosti). He said he hoped to complete that \$25 billion project by 2023. This latest development has set off alarm bells in Moscow because Ankara had already floated the idea that ships using the new canal would not be subject to the limitations of the 1936 Montreux Convention regarding the regime of the Black Sea Straits. Indeed, in December 2019, Aleksey Yerkhov, Russian ambassador to Ankara, stated Moscow's position that, even if the canal was built, Montreux should apply to passage through it ([jamestown.org](http://jamestown.org)). This statement formalized Moscow's concerns that the Istanbul Canal might be used by non-riparian NATO allies (most notably the U.S.) to strengthen their permanent naval presence in the Black Sea, and thereby undermine the ongoing Russian-Turkish strategic dominance.

Obviously, when the Istanbul Canal was eventually built, its status under or beyond the Montreux Convention will become a strategic trump card in Turkey's hand. As such, it will be most likely plaid out in supporting Turkey's delicate balancing act against Russia, U.S. and Europe not only in Syria or in Libya, but across Ankara's wider areas of strategic interest.

**President Zelensky and his team have been caught in the crossfire on local administration reforms between “oligarchs” and hard-line nationalists**

The Coronavirus (COVID-19) pandemic caught Ukraine at its utmost vulnerability. Embroiled in dire economic and security ordeals, stumbling into incomplete reforms, most notably in the healthcare and local administration sectors, Kyiv might fall victim of growing fragmentation and great power rivalries in Europe.

The first COVID-19 case in Ukraine was reported on March 3, carried reportedly by migrant workers returning from Italy. As of April 6, there were 1319 confirmed cases and 38 fatalities ([coronavirus.jhu.edu](http://coronavirus.jhu.edu)). The numbers were expected to sharply rise once testing, which was limited so far, increased. The initial response of Ukraine's recently reshuffled government was rather chaotic. However, at present, the steps taken by Kyiv mirror those adopted by many other countries ([epc.eu](http://epc.eu)).

However, in response to the COVID-19 crisis, president Zelensky came up with a rather “original” solution. On March 16, he had summoned Ukraine's wealthiest businessmen (also known as “oligarchs”) to consider a coordinated response to the pandemic crisis. The meeting ended in agreement that the top business leaders would: 1) help finance the state's effort, in addition to undertaking their own initiatives; 2) be assigned certain geographical areas of responsibility; 3) organize anti-crisis centres on the level of Ukraine's *oblasts* led by professional managers from their respective companies ([jamestown.org](http://jamestown.org)).

Fears of the emergence of two separate lines of command—state and “oligarchic”—that would apply to each *oblast* seemed to be counterbalanced by the public recognition that



current state weakness necessitated: private initiatives and solutions, and decentralization of power towards the local level.

On another tack, on March 11, the Russian and Ukrainian presidents' representatives, Dmitry Kozak and Andriy Yermack, respectively, agreed in Minsk on a plan to create a "Consultative Council"-CC as a new negotiating platform within the Minsk Contact Group. It should comprise representatives of Ukraine and self-proclaimed 'republics' of Donbas, as well as from Germany, France and the OSCE. The CC would give Russia the status of observer and guarantor. "The major tasks of the Council are to conduct the dialogue, consultations and to make offers on projects of political and legal solutions to the conflict, according to the measures, including those on holding elections in separate areas of Donetsk and Luhansk regions" (112.international.ua).

The agreement on this plan was to be finalized and signed officially during the Minsk Contact Group meeting on March 24–26. However, the Coronavirus pandemics led to switching the meeting to a video-conference, during which Ukraine's deputy prime minister, Oleksiy Reznikov, came out to announce that "any signing would be physically impossible by video-conference" (ukrinform.net).

Critics of the CC cited: changes of the existing negotiating format in Moscow's favour by officially casting the Ukrainian side and Russia's proxies as coequal parties; Russia would be positioned officially as an impartial observer, and consequently relieved of its responsibility as a party to the conflict, and of the ensuing Western economic sanctions; an omission to mention the security prerequisites to elections and to any political settlement, undermining Kyiv's defence of the "security first" principle. (jamestown.org).

On the one hand, president Zelenski's approach to the COVID 19 crisis management underscored the need for Ukraine to move towards a decentralised model of local self-government. On the other hand, the growing domestic opposition to the recent Kozak-Yermack plan, including from parliamentarians of the pro-presidential "Servant of the People" party, is seriously questioning the ability of the president to push through the Parliament the necessary legislation for the implementation of the "Steinmeier Formula", as agreed at the most recent summit in "Normandy Format", held in Paris, last December.

In conclusion, it seemed that in Ukraine hard-line geopolitical concerns would prevail over *oblasts'* needs for self-governance in crisis situations. Meanwhile, president Zelensky and his team have been caught in a politically deadly crossfire on the decentralization of power at the local level between "oligarchs" and hard-line nationalists.



### About EGF

The European Geopolitical Forum (EGF) was established in early 2010 by several independently minded practitioners of European geopolitics, who saw a certain vacuum in the information flow leading into the European geopolitical discussion. EGF is dedicated, therefore, towards the promotion of an objective, Pan-European geopolitical debate incorporating the views of Wider-European opinion shapers rather than simply those from the mainstream European Union (EU) member states. EGF seeks to elaborate upon European decision makers' and other relevant stakeholders' appreciation of European geopolitics by encouraging and effectively expanding the information flow from east to west, from south to north. In order to achieve these objectives, the European Geopolitical Forum was established as an independent internet-based resource, a web-portal which aims to serve as a knowledge hub on Pan-European geopolitics. EGF's strength is in its unique ability to gather a wide range of affiliated experts, the majority of whom originate from the countries in the EU's external neighbourhood, to examine and debate core issues in the Wider-European geopolitical context. Exchange of positions and interactivity between east and west, south and north, is at the heart of the EGF project. Please visit our website for further information at [www.gpf-europe.com](http://www.gpf-europe.com).

### About the Author

Mr. George Vlad Niculescu is originally from Bucharest, Romania, and is currently acting as the Head of Research of the European Geopolitical Forum. He is also currently acting as co-Chair of the Regional Stability in the South Caucasus Study Group of the [PfP Consortium of Defence Academies and Security Studies Institutes \(PfPC\)](#). In October 2019, he has successfully defended his PhD thesis on "[SECURITY SCENARIOS PLANNING IN THE GEOPOLITICAL AREA FROM THE BALTIC SEA TO THE WIDER BLACK SEA \(INTER-MARIUM\)](#)" at the National School of Political Studies and Public Administration (NSPSPA) Bucharest. He has also academic experience as a member of several other PfPC working groups, as well as assistant professor and/or visiting lecturer at the NSPSPA, "Dimitrie Cantemir" University, NATO Studies Centre, and the PfP Training Centre from Bucharest (1997-2004). Mr. Niculescu has been involved in several international research projects sponsored by the German Marshall Fund of the United States (Black Sea Trust for Regional Cooperation), the European Commission (HiQSTEP Project), and the Friedrich Ebert Stiftung. His full CV and list of publications could be found [here](#).

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