

# EaP

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# Think Bridge

Eastern Partnership monthly analytical digest

## The security situation in Ukraine: Lessons for the Eastern Partnership neighborhood and wider Europe

Understanding  
of the security  
situation in  
Ukraine is hardly  
possible without  
understanding  
of the Russian  
motivation and  
strategic goals



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## Security first

**Security remains to be the key for all of the Eastern Partnership countries, without exception. Frozen, simmering and hot conflicts are the distinctive feature of the region as a whole.**

If, after the Russian intervention in Georgia in 2008, the West failed to learn the necessary lessons, today such lessons are again taught by the Russian-Ukrainian conflict. Where is the place of the region in Moscow's geopolitical integration projects? What instruments of a hybrid intervention does the Kremlin use in attacks, not only against Ukraine? Where will Russia's expansionist efforts lead to? Sergiy Gerasymchuk is looking for the answers to these and other security issues.

In April, with the risk of resuming the clashes in Nagorno-Karabakh, security issues become dominant for Armenia and Azerbaijan, where Russia sells military equipment to both sides of the conflict, while providing them with a platform for the diplomatic negotiations.

The main question in the expert environment of Belarus was: Do the concessions in the security sphere appear as a price of the economic agreements with Russia?

At the same time Georgia's agenda in April was dominated by the debate over the changes to the Constitution. The main stumbling block is the new electoral system. The change in the parliamentary electoral system was the top issue of the disputes yet with no results in Moldova as well.

These and other most important events of April in the Eastern Partnership countries are discussed in the traditional review of the month.

**Olga Chyzhova,**  
**Editor in Chief**  
**EaP Think Bridge Digest**

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# Armenia: Sharing spoils of power

Richard Giragosyan, Regional Studies Center (Armenia, Yerevan)

After weathering a decisive yet somewhat disappointing parliamentary election on 2 April, political competition in Armenia only deepened within the month, marked by the natural post-election negotiations over a new coalition and a looming municipal election for the capitol Yerevan set for 14 May. Although economic issues and foreign policy tended to be eclipsed by the political developments, this month was also marked by the one-year anniversary of the most serious fighting over Nagorno-Karabakh, making the risk of the renewed warfare a serious concern.



A voter in Yerevan having his fingerprint scanned to confirm his identity before receiving his ballot for the parliamentary elections in Armenia, 2 April 2017.

OSCE/Thomas Rymer

## DOMESTIC POLICY

### Armenia's election aftermath

After a pivotal parliamentary election on 2 April, Armenia's ruling Republican Party maintained its position as the largest party in the Parliament, holding on to its leadership position since the first taking power in 1999. Garnering almost 50% of the vote (58 seats plus 7 more seats of pro-government Dashnak), the

Republicans were far ahead of its rival, the Tsarukian bloc, which came in second with slightly less than 28% (31 seats).

But the election did include a notable breakthrough with the election of a new opposition force, the "Exit" bloc, which came in third. Composed of two new and much more diverse parties, the "Bright Armenia" and the "Civil contract", the third-place finish gave the bloc

9 seats and an opportunity to begin work as a constructive, and more effective new opposition within the new Parliament.

Sadly, the election was less about promise and progress and, instead, demonstrated that old habits die hard, as the ballot was tainted by a pattern of voting irregularities, including vote buying and voter intimidation, as well as a reliance on coercion and interference by the incumbent ruling party. Despite these shortcomings and deficiencies, the election results

were generally accepted, and did not trigger any street demonstrations or protests.

Although the absence of any post-election crisis was surprising, it was mainly due to the election of a new and more viable opposition. And it also stemmed from the fact that the real conflict was behind the scenes, as a competition within the country's political elite over political spoils of the patronage and positions only heightened through the weeks after the election.

## ECONOMY

### Looming challenges

Yet the outlook for an orderly political transformation to a parliamentary system by 2018 is neither assured, nor automatic. The new Parliament will face a set of urgent challenges and pressing problems, ranging from the deepening economic downturn afflicting the country to the deep-seated burden of the entrenched corruption. This inherent weakness is only magnified by the risk of the dangerously high expectations from the public promises of the economic growth voiced through-

out the campaign.

And such campaign promises were too easy to make, especially by the Prime Minister, who specifically and personally pledged to bring in “billions” of dollars in new investments. Thus, popular expectations have been raised and people now expect to see the next government to at least try to fulfill its own vows.

**Third-place finish gave the “Exit” bloc an opportunity to begin work as a constructive, and more effective new opposition within the new Parliament**

## FOREIGN POLICY

### One year on – risk of renewed hostilities

Externally, the pronounced and increased risk of the renewed hostilities over Nagorno-Karabakh loomed large for a month, for several reasons. First, 2 April marks the one-year anniversary of the most serious fighting over Nagorno-Karabakh in over two decades. Last year's round of fighting, triggered by an offensive by Azerbaijani forces against Nagorno-Karabakh, followed a steady escalation of both tension and military operations that already seriously undermined and weakened the fragile 1994 ceasefire in place.

More broadly, last April's fighting not only confirmed that the “frozen” conflict over Nagorno-Karabakh had entered a new, much more serious combat phase, but also, for the first time, the large-scale Azerbaijani military offensive succeeded in meeting a limited campaign objective of seizing and securing territory.

And for the Azerbaijani leadership, the military offensive in April, 2016 offered a convenient distraction from the domestic economic problems, which have only mounted in recent years due to the country's dependence on the energy sector as the main driver for growth. At the same time, a second related factor is that a repeat military victory, in terms of seizing a territory no matter how small in size, is simply far too tempting to forego.

Such temptation is especially important for the Azerbaijani government, whose sense of humiliation and loss over the Karabakh conflict is not only deeply rooted, but has also burdened several consecutive leaders. Such a reversal of fortunes on the battlefield, therefore, not only endows an embattled authoritarian regime with a degree of legitimacy, but also empowers a leadership with little popular support. And lastly, a final factor driving an increasingly likely resumption of hostilities stems from the absence of any real deterrence, whereby nothing and no one is capable of pressuring or persuading Azerbaijan from not resorting to an attempt to “resolve” the Karabakh conflict through the force of arms.

Despite this increasing risk of a renewed Azerbaijani offensive targeting Nagorno-Karabakh, there are two key differences from the April, 2016 context. First, unlike last April's sudden attack, any Azerbaijani offensive would lack the element of a surprise, a factor that was crucial to their initial breakthrough and subsequent territorial gains. And a second serious difference is that the defending Karabakh forces are now much better equipped and well-armed, in contrast to the previous year military posture and disposition of the defensive units. Given these factors, the danger now is of a new round of fighting that may quickly and seriously escalate, posing even more lasting damaging to an already delicate balance of power that only undermines fragile regional stability.

# Azerbaijan: Economy decline and Russian military support

Vugar Bayramov, Center for Economic and Social Development (Azerbaijan, Baku)

In April Azerbaijan introduced new decision-making institutions meant to transfer some of the presidential functions. On foreign issues the attention was caught by the new batch of Russian military equipment delivered to the country, while at same time Russia provided the grounds for the diplomatic talks.



Russia delivered a new batch of modern weapons and military equipment to Azerbaijan.

Photo by mod.gov.az

## DOMESTIC POLICY

### Reforming political decision-making institutions

On 25 April, the Parliament adopted amendments to the [law “On Civil Service”](#). The changes are designed to create the legal basis and work-environment for the vice-presidents in Azerbaijan.

This move signals about the on-going reforms regarding political decision-making institutions in the country. With the creation of the vice-presidency institution, part of the presidential responsibilities is transferred to a vice-president. This will lead to change in political landscape of the country.

Although the first Azerbaijani vice-president was appointed by the president Aliyev a couple of months earlier, not waiting for the required law to

be passed. The post was given to the president's wife and the Member of the Parliament Mehriban Aliyeva.

## ECONOMY

### Restrictions by financial market supervisory authority

The Financial Market Supervisory Authority of the Republic of Azerbaijan [imposed restrictions](#) on the bank accounts of individual businesses and corporations for the cash operations. Now the named institutions are allowed to cash or withdraw only limited amount of money from their bank accounts. The withdrawal of the bigger sums and other operations should be done through the bank transfers. The decision created obstacles for business to operate in the country.

The action aims to increase the accountability and transparency of business operations in Azerbaijan. The government strives to advance the amount of the non-cash operations, promote the bank transfers, and hence to acquire full information on the business activity in the country.

Meanwhile the country experienced a decrease in GDP in the first quarter of 2017. [The State Sta-](#)

[tistic Committee of Azerbaijan announced](#) 0.9% decrease, whereas independent calculations indicated 1.2% decrease in comparison to the same period of 2016. At the same time the oil GDP declined by 6.6%. Nevertheless, the non-oil sector of the country is rising and enlarging. The share of non-oil GDP boosts up to 2.4%. The non-oil sector was announced to keep its status as “the engine of the national economy”.

**Trying to preserve its influence in the region  
Russia has been selling military equipment  
to both Azerbaijan and Armenia**

Following the economic crisis in Azerbaijan, which was triggered by the prolonged slump in oil prices in the world market, the government of Azerbaijan endeavors the share of the non-oil economy. The recent figures demonstrate the success in this direction, although also reveal the overall decline in the economy itself.

## FOREIGN POLICY

### New batch of Russian military equipment

In the context of the Nagorno-Karabakh conflict, trying to preserve its influence in the region Russia has been selling military equipment to both Azerbaijan and Armenia, that is an alarming sign for local and international expert community. The military in Azerbaijan received a [new batch of military equipment from Russia](#). The Ministry of

Defense of Azerbaijan released a video demonstrating arrival of the armored vehicles BTR-82A to Baku by sea. Russian instructors will provide training for the armored vehicle personnel.

The news was released a few days prior to the [meeting of he Azerbaijani and Armenian Ministers of Foreign Affairs in Moscow](#). The continuation of the army equipment selling to the war parties, while providing platform for the diplomatic talks in Moscow, is a controversial move by Russia.

# Belarus: Balancing foreign policy and reviving the economy

Arsen Sivitski, the Centre for Strategic and Foreign Policy Studies (Belarus, Minsk)

Despite some negative forecasts, the Belarusian economy demonstrated positive dynamics in April, while Minsk foreign policy attempts led to specific results, following the negotiations with Russia and new prospects in the relations with China.



The State of the Nation address delivered by the President of the Republic of Belarus to the people of Belarus  
Photo by president.gov.by

## DOMESTIC POLICY

### Presidential address and force dominance

[The State of the Nation address delivered by the President of the Republic of Belarus to the people of Belarus and the National Assembly on](#)

21 April, 2017 was the main political event. Despite its central role in political agenda determining, this document was in many ways of a transitional nature. The main feature of the Belarusian president speech was the national unity issue, sovereignty and independence of the Republic

of Belarus. One of the key points of the address was the state attitude to unemployment. Better financial support for unemployed was declared a priority, however, following a priority of facilitating employment.

Alexander Lukashenko's address included important messages regarding attracting potential investors (especially Chinese partners), announcing widespread measures to improve the conditions for business owners and reducing the control of the state institutions. It was of a special interest that the President in fact put back the reforms of the government on the agenda.

Even though the authorities corrected its policy in many aspects, the period was marked with

continued repressions of the participants of the protests of February–March, 2017. [Alexander Lubenchuk](#), a cameraman for “Belsat” TV channel, a rights advocate [Tatiana Revyako](#), an anarchist [Vyacheslav Kosinero](#), a street-art project coordinator [Oleg Larichev](#), an activist Yury Lynsha were fined or detained. The opposition leader [Nikolay Statkevich was detained as well](#), but most likely that it was done as a precaution before the unsanctioned protest on 1 May in the October Square in Minsk. Just as before, the court made a sentence based on a false testimony provided by the law enforcement officers, while the attacks on the activists themselves were left without any proper investigation.

## ECONOMY

### Pursuing economic growth

Within the period the positive economic dynamics and growing economic optimism was seen among the Belarusian authorities. Despite the International Monetary Fund's negative forecast for Belarus (GDP decline by 0,8%), the government is confident [in reaching the economic growth already in the first 6 months of 2017](#). The first quarter demonstrated GDP growth of 0,3% (against the projected 99,6%) In general, taking into account the 2017 results, the government expects GDP growth of 1,7% and more.

Positive dynamics is seen when it comes to the ruble deposits of the population. The first quarter showed their growth of 6,5% (plus 192 million rubles). The average interest rate for the new loans in Belarusian rubles (exclusive of privileged credits) went down 3,6 interest points (in March–1,7) in three months and reached its annual forecast (16,9% annual interest rate against the projected 17%). Inflation is going down and is placed within the projected parameters of 1,7% against the projected first quarter rate of 4,8%. While [problem assets of the Belarusian banks started to increase again](#), their share in the banking system made up 13,7% as of 1 April.

According to the foreign experts, the problem assets growth in the banking system of Belarus is determined by the fact that the authorities started to reduce state support for the inefficient state sector to slow down the inflation.

Manufacturing output grew by 1,2% in March,

**Formally, it looked like Minsk in fact exacted concessions from Moscow regarding all key issues of the bilateral relations**

with first quarter level of output making up 104,3% by 2016. In January–February Belarus increased its export of goods by 20% against the same period last year and reached up to \$3.781 billion with oil products export going down 15% (to \$677.5 million).

With positive macroeconomic dynamics in the background, living standards of the population continue to decline. In January–February the level of the real disposable income decreased 3,2% against the last year level. However, in March the [average Belarusian salary made up 770.6 roubles](#) (\$406), which is 54.1 rubles (\$28,6) less than in February.

### Stabilizing relations with Russia, having active relations with China, and Ukrainian factor

The Belarus–Russia agreements reached against the background of the terroristic attack in St. Petersburg on 3 April, 2017, remained uncertain and to a great extent illogical to observers during the period of ten days following the date when they were signed, until they resulted in specific contracts.

Formally, it looked like Minsk in fact exacted concessions from Moscow regarding all key issues of the bilateral relations, in exchange for a [formal acknowledgement of the debt for Russian gas and its settlement](#). Given the context, the observers started to search for the hidden, non-economic implications in the reached agreement. To be more precise, analysts drew attention to the fact that Alexander Lukashenko emphasized such an aspect of the negotiations with Vladimir Putin as [security issues for the both countries](#). Moreover, a special interest was captured when the Belarusian leader asked his Russian colleague [to consider Belarusian interests](#) when holding negotiations with the leading world countries, first of all the USA and the European Union. Some experts interpreted these words as an alleged surrender of the Minsk sovereignty and independent relations with the USA and the European Union while delegating the corresponding functions to Moscow. There are also speculations regarding Lukashenko allegedly agreeing to place some Russian military infrastructure and soldiers in Belarus. However, the following events proved there is no additional evidence of such an agreements in public space and they are not factually accurate.

The essence of the concessions made and the agreements reached is as following. Belarus 1) acknowledged its gas debt and paid back \$730 million; 2) signed the Customs Code of the Eurasian Economic Union. Russia 1) restored the former volume of the oil supply (up to 24 million tons per year); 2) refused its requirement for Belarus to supply 1 million tons of the oil products to Russia at a domestic price; 3) provided a gas discount (the price of \$130 instead of earlier \$142 for 1000 cubic meters in 2017, \$129—in 2018, \$127—in 2019); 4) restored its work contacts to resolve conflict situations in export of the Belarusian food and the agriculture products to the Russian market; 5) undertook an obligation to provide finan-

cial support to Belarus (from \$750 million to \$1,6 billion).

China continued to be the source of the important “balancing news” in the given period. In the course of [a meeting between Lukashenko](#) and the Chairman of the Standing Committee of the National People’s Congress Zhang Dejiang, the Belarusian leader voiced “a list of the requirements” for the Belarusian cooperation with China. Namely, there were three of them: a priority implementation of the high technology projects in the China-Belarus Industrial Park; improving of a trade balance between the two countries; and a financial support of the Belarusian side. However, Lukashenko also voiced his full political support for the continued strategic cooperation between Belarus and China. His visit to China on 14 May, 2017 in order to participate in “One Belt One Road” Forum in Beijing was also confirmed.

Besides the essential “Chinese factor”, the cooperation at the highest political level with the Ukrainian authorities made a huge stabilizing impact on the Belarusian authorities. The meeting and negotiations held by [Alexander Lukashenko and Petro Poroshenko](#) on 26 April, were of a critical importance both from the point of view of dealing with the negative aftermath following the March, 2017 crisis (more on the mass protests can be found in [the Issue 3](#) and the [Issue 4](#) of the Digest), and from the point of view of the strategic aspects for the further Belarus positioning in the region. The Belarusian side endorsed its position of a regional stability and security donor, as well as its obligation [to oppose the use of its own territory](#) to threaten the national security of Ukraine or the international security of the region in general.

The parties announced that they reached an agreement for cooperation in the joint manufacturing sector, as well as in the oil and gas industry, which could mean not only continued oil product supply from Belarus but also developing of a scheme of alternate oil supply. Moreover, it is likely that the military and technological cooperation will also continue. Finishing the demarcation of the border, announced by the Ukrainian leader as a near-term prospect, will become a crucial factor for the better stability and predictability of the Belarus–Ukraine relations.

# Georgia: Fighting for new Constitution

Lasha Tughushi, “Liberal Academy Tbilisi” Foundation (Georgia, Tbilisi)

**The Constitutional Commission of Georgia finished its work in April. Even though the new project mostly consists of the proposals made by the experts and civil activists, it has already triggered quite a few discussions both among the politicians and in civil society.**



Constitutional Commission votes for the new project of Constitution.  
Photo by parliament.ge

## DOMESTIC POLICY

### Constitutional project by civil society, but not quite

On the pivotal last day of the Constitutional Commission's work, the ruling majority approved a new constitutional project with the majority of votes, despite the entire political spectrum and civil society opposing it.

The new project consists of approximately 90% initiatives of the non-governmental organizations (NGOs), the fact that was repeated a number of times by the Chairperson of the Parliament and the Head of the State Constitutional Commission of Georgia

Irakli Kobakhidze. However, the NGOs representatives and the experts that are included in the commission showed little support to the final version of the project, as an agreement has not been reached on a number of the key issues.

In particular, the system for both parliamentary and presidential elections become a stumbling point. According to the new constitutional project, the citizens will not be able to elect the President directly. The head of the government will be elected by an electoral college of 300 electors, including the MPs and the regional representatives. Such an approach is unacceptable almost for all parties in the Parliament.

Moreover, according to the various surveys, most citizens in Georgia support a popular vote election of the President. The incumbent President Margvelashvili has an extremely negative stand on the electoral-college election, which he voiced during his address to the people of Georgia. In his turn, the Chairperson of the Parliament accused the President of misleading the country's people.

Emotions also ran high when it came to the suggested method of the Parliament electing. The Parliament consists of 150 members, with 77 seats distributed according to a proportional system of the party lists, and the remaining 73 according to the first past the post system in the single-member electoral constituencies.

The cancellation of the electoral blocs is among the other novelties of the project, while a 5% threshold of the valid votes still remains. This approach is justified by “the concern” for the political parties and their development, but the reality is that joining a bloc is just about the only opportunity for the small parties, that form the majority

in Georgia, to surpass the high threshold. Particular protests were caused by the fact that the new project allows the transfer of all undistributed mandates to the winning party.

Various groups have been preparing the conclusions for the Venice Commission to make several changes to the project. The political debates have been so radical that truly crucial novelties made to the project have been left unnoticed by the majority of people. They included the Georgian aspirations for the Euro-Atlantic space, functional responsibilities of a social state, effective mechanisms of public trust and mistrust for the government, the right of a free access to the Internet and its use, gender rights issues etc. One month is left for the general discussion. The Parliament plans to pass the constitution project with two hearings already in June.

**According to the new constitutional project, the citizens will not be able to elect the President directly**

## ECONOMY

### GDP growth

According to [the National Bank report published in April](#), the economy growth in 2016 in Georgia made up 2,7%. The official sources state that the Georgian industry has greatly contributed to its economy growth. The main engine of the Georgian economy growth was its construction, which grew by 8,1% during the year, thus making the biggest contribution to the economic growth equal to 0,6 %. However, these numbers are much smaller against the same period in 2015 (13,5%).

The preconditions for the rapid growth of the construction last year included the implementation of the infrastructure projects, financed by the government, and some large investments in the private sector, namely, the new British Petroleum pipeline project.

Manufacturing has also made a significant contribution to the GDP growth (0,4%), having demonstrated the growth of 4,8 % against 2,4 % in 2015. The increased foreign demand in the second half of the year had a positive effect on the export, with manufacturing being at the core of it.

## FOREIGN POLICY

### Germany–Georgia friendship year

[The Germany–Georgia friendship year](#) officially kicked off under the slogan “Future Heritage” at the Tbilisi City Council. Several days later, a similar ceremony was held in Berlin.

The important dates that speak about the relations between the countries will be commemorated under the patronage of the Ministers of Foreign Affairs of Georgia and Germany, namely, a 200-year anniversary of the date when the very first German people emigrated to Georgia, and a 25-year anniversary of the two countries establishing their first diplomatic ties. Moreover, 2018 will mark 100 years since Germany

recognized the independence of the first Republic of Georgia.

The heads of the diplomatic missions of both countries highlighted the importance of the friendship year, and stressed upon many years of friendship and close cooperation between the two states.

In April Georgian tourists could finally use the country's visa-free regime with the European Union. The first month of a visa-free travel to the EU for Georgian citizens overturned the previous pessimistic expectations. [According to the information provided by the Ministry of Foreign Affairs of Georgia](#), only 26 people out of 15 thousand travelers heading to the EU were not able to cross the border.

# Moldova: Internal political debates, ambivalent economic decisions and ambiguous foreign policy against background of natural disasters

Natalia Stercul, the Foreign Policy Association of the Republic of Moldova (Moldova, Chisinau)

The necessity of making changes to the electoral system of Moldova was the cornerstone of the April controversy. So far only one thing is clear: this step should be a well-thought-through and reasoned decision. A good time to make such a step is seen to be after the parliamentary elections. Some concerns are raised regarding the reaction of Transnistria to the decision of the Moldovan authorities not to purchase energy from the Cuciurgan power plant and implement joint control at one of Moldova-Ukraine border crossing points. As for the foreign policy, along with the Association Agreement with the European Union, the President signed the Memorandum of Cooperation with the Eurasian Economic Commission.



The economic situation was considerably worsened by the abnormal snowfalls in April  
[instagram.com/gurau/](https://www.instagram.com/gurau/)

## DOMESTIC POLICY

### Is there a need for changes in the electoral system?

The issue of changes to the electoral system of the Republic of Moldova was the subject for the heated April discussions among the politicians, experts and civil society representatives. The Democratic Party proposed an initiative to transfer to a single seat electoral system with candidates considered elected when they receive the majority of votes in their electoral constituency. Those supporting this initiative emphasize that it will allow to create a parliamentary majority, and will facilitate the growth of responsibility and commitment to the people of Moldova among the MPs.

The speaker of the Parliament [Andrian Candu](#) said: “This system is more efficient from the representative point of view, since each constituency will be represented in the Parliament”. According to him, it will create the conditions for the society controlling the MPs. “Maybe the political establishment we have is the result of our electoral system?”—this is an inherent question. It is indeed possible, but pre-

**The decision made by the Moldovan authorities to stop purchasing the energy from the Cuciurgan power plant was considered as “politically motivated” by the Transnistrian side**

## ECONOMY

### Changes on energy market and in transborder cooperation

It is still unclear if the Ukrainian side, represented by DTEK Trading, and the intermediary company Energocom fulfill the obligations they have undertaken to supply Moldova with energy. What are the guarantees of the energy supply? What are the chances of the energy supply price fluctuations depending on the market conditions? What measures will be taken in case of failure of the project by the Ukrainian side fault?

Apart from this wave of quite logical questions, the accusations coming from the Tiraspol administration took little to follow. The decision made by the Moldovan authorities to stop purchasing the energy from the Cuciurgan power plant was considered as “politically motivated” by the Transnistrian side. Moreover, the Transnistrian leader [Vadim Kras-](#)

cisely what system does the country need?

Those against the initiative draw attention to the fact that it contravenes the Constitution (according the Part 2 Article 68 of the Constitution of the Republic of Moldova, the imperative mandate is invalid). The leader of the “Dignity and Truth Platform” Andrei Nastase named this proposal “[an oligarch attack on fragile democracy](#)”. The President of the country was not indifferent to the issue as well, having suggested a compromise with a transfer to a [mixed electoral system](#) (51 MPs are elected by party list voting, with 25% of the electoral constituencies provided to the diaspora and Transnistria). [Common ground is yet to be reached](#), as it is precisely the political consensus on the range of the specific issues regarding the changes of the electoral system that is essential. The importance of a higher level political culture and professionalism among the political elite, as well as getting back the lost trust of the citizens to the political parties representatives and those in power, is obvious.

[noselsky named](#) the actions of Chisinau “an increased pressure” and “a challenge for the entire Russian world”.

In this context [implementing of the joint control](#) at the crossing point of Moldova–Ukraine border at Pervomaisk-Kuchurgan, in the central Transnistrian segment, stirred up the discussions.

This measure facilitates the process of the Transnistrian crisis resolving. It is expected that the joint Moldova–Ukraine actions will deprive the Tiraspol regime of its main source of the income—smuggling, without which the interests of the foreign powers will go down since this zone will no longer be seen as an instrument for a get-rich-quick program.

The economic situation was considerably worsened by the abnormal snowfalls in April. The power lines were broken, many villages and areas were left without electricity or any connection. The agricultural sector was damaged as well, namely, fruit plantations and some crops were affected by the snowfalls.

## FOREIGN POLICY

### The start integration

Moldova continues enjoying a full-fledged support of the European Union, which, by doing so, extends the opportunities and advantages of the common borders of the countries of the Eastern Partnership. Implementing the joint projects facilitates the level of the regional development and the degree of their correspondence to the European standards. Furthermore, [the priority list](#) of the new agenda for the Moldovan export to the EU market under the conditions of implementing the regulations of the Association Agreement and creating the free trade zone between the Republic of

Moldova and the EU is getting longer. This list now includes a bigger volume of the agricultural export, as well as the livestock export from Moldova. The tasks include a bigger volume of trade and a wider range of produce.

Meanwhile, on 3 April, 2017 the President of Moldova Igor Dodon signed the [Memorandum of Cooperation with the Eurasian Economic Commission](#). The Republic of Moldova received the status of an observer state of the Eurasian Economic Union. The Prime Minister Pavel Filip stated that this document does not have a judicial power, as the head of the state was not authorized to take such a step without the Parliament’s consent.

# Ukraine: Political spring break, economic downturn and waiting for “visa-free regime”

Sergiy Gerasymchuk, Foreign Policy Council “Ukrainian Prism” (Ukraine, Kyiv)

With a political instability and a looming threat of the political struggles escalating in the background, the MPs made a decision to take some time off and announced the spring recess in the Parliament. Yet the economy of the country saw a decline while foreign policy, on the contrary, was successful and made progress.



“Ukraine vs. Russia” at the International Court of Justice.  
Photo by icj-cij.org

## DOMESTIC POLICY

### Postponed “event of the year”

The government reporting on its work should have become the ultimate event of the year in the Ukrainian politics. 14 April marks the end of the immunity period for the Cabinet of Ministers, which was the result of the Parliament voting for the

program of the governmental activity a year ago. Therefore, Verkhovna Rada has a right to either approve the further activity of the Groysman’s Cabinet or pass the motion of no confidence and dismiss the government. Despite many political powers expecting the report, and the government itself not ruling out this possibility while the Prime Minister

[called for a correspondent press conference](#), in the end the Cabinet failed to present the results of its work in the Parliament. On 14 April Verkhovna Rada held a morning meeting, after which the vice-

speaker Iryna Herashchenko announced a [spring recession](#) until 16 May. Therefore, the decision on the fate of the incumbent Prime Minister is yet to be made.

## ECONOMY

### Forecasts worsen

The economic situation in Ukraine did not demonstrate stable dynamics in April. On the one hand, the National Bank of Ukraine had an opportunity to purchase a currency surplus at the interbank currency market, as well as got a [100 million loan](#) from the Swiss National Bank. This amount was enough to service Ukrainian debts and current operations of the government and the National Bank. Positive dynamics also featured in export, which, according to the State Statistics Committee of Ukraine, [increased in the first months of 2017](#).

At the same time, the international ratings agen-

cy Fitch lowered 2017 forecast of GDP growth in Ukraine from 2,5% to 2%. Furthermore, Fitch affirmed the Ukraine's long term foreign- and local- currency issuer default ratings at "B-" with a stable outlook. ["B" ratings](#) indicate that some material default risk is present, but the limited margin of safety remains.

Concerns are expressed regarding the risk of the foreign partners cutting their economic help. Namely, the Administration of the President of the USA Donald Trump is expected [to cut USAID financial assistance to Ukraine](#) from \$571 million to \$177 million 800 thousand.

## FOREIGN POLICY

### Visa-free regime and the Hague

The Ukraine's biggest success in April was a progress to its long awaited visa-free regime with the European Union. On 6 April the European Parliament [voted for the visa-free regime](#) for the citizens of Ukraine, and on 26 April the Committee of Permanent Representatives in the EU (COREPER) [approved it as well](#). Therefore, Ukraine entered the final stage on its way towards visa-free travel to the European Union. Visa-free regime is finally expected to function starting this summer.

Some relative success was made in the landmark case of "Ukraine vs. Russia" at the International Court of Justice. At the very least, the highest UN Court urged Russia to fully implement the Minsk agreements. [According to the President of Ukraine Petro Poroshenko](#), it means that the court recognized Russia as a conflicting party in the East of Ukraine. Moreover, the court agreed with the key claims [made by Ukraine](#) on the elimination of all forms of discrimination,

and ruled that Russia must refrain from imposing any limitations on the activity of Mejlis of the Crimean Tatars, and put an end to the minority discrimination in the Crimea. Even though Moscow is unlikely to agree to such court rulings, Ukraine gained the advantage of an additional juridical argumentation to resist the Russian aggression.

The attempts to reach some progress within a

**The court ruled that Russia must refrain from imposing any limitations on the activity of Mejlis of the Crimean Tatars, and put an end to the minority discrimination in the Crimea**

"Normandy format" have not been dropped yet. The "Normandy four" leaders held phone talks on 18 April. The parties confirmed their [commitment to fulfill the Minsk agreements](#) regarding the security issues and the political regulations.

# The security situation in Ukraine: Lessons for the Eastern Partnership neighborhood and wider Europe

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Understanding of the security situation in Ukraine is hardly possible without understanding of the Russian motivation and strategic goals, on the one hand, and without assessing the vulnerabilities of Ukraine and other countries that Russia is targeting at, on the other hand. This article is a modest attempt of both discovering Russian motives and the weak sides of the countries that are or potentially can be the victims of the Russian aggression.



Photo by the Ministry of Defense of Ukraine

## Growth of Russian ambitions and “Ukrainian crisis”

The very fact of the Russian intervention first in Georgia in 2008 and then in Ukraine in 2014 supplemented by the illegal annexation of Crimea became possible due to a number of factors. Probably, the main factors were the false assumptions of the West that Russia is more of a partner than an adversary and that Europe is stable and secure after the collapse of the USSR, the underestimation of Russian ambitions

in the region, as well as an infiltration of the Ukrainian elites by the supporters of the idea of the Russian-dominated world.

The West put a blind eye on the fact that the Russian Federation never accepted the domination of the Western liberal democratic values and their influence on the world order. Moscow had its own vision of the new world order. Notwithstanding the defeat in the Cold War, Russia did not face any repercussions from the West. On the contrary, [the countries of the West invested a lot into the development of Russia.](#)

These investments, alongside with the huge amounts of money gained through the hydro-carbonates selling to the EU countries, provided Kremlin with the resources for acting beyond its borders. Moreover, successfully manipulating Western false assumptions, Kremlin even tried to promote its own agenda in the international relations. For years Russia promoted (nearly forgotten nowadays) the idea of a “Greater Europe” (2), a space ranging from the Atlantic to the Pacific coast, from Lisbon to Vladivostok, as a new form of cooperation between Russia and the EU, and deeper integration on the continent. Under this pretext, Russia was attempting to regain the control over Eastern Europe, integrate it to the “russkiy mir” (“Russian world”) concept, and aimed at a second round of the geopolitical competition with the US within the framework of the revolutionary expansionism concept (3).

Within such a context, the involvement of Ukraine into its geopolitical orbit was among the essential goals of Russia. First, this would contribute a lot into the Russian geopolitical integration projects. Despite Kremlin’s success in shaping the Eurasian Economic Union, it would hardly become a success without the inclusion of the Ukrainian market and Ukrainian human resources. Second, the Russian success in Ukraine would demonstrate that Russian influence goes far beyond Kremlin’s influence on autocratic regimes of Central Asia. Besides, the incorporation of Ukraine into the Russian integration project would have brought Russia even closer to NATO and the EU borders, would have increased the length of these borders far beyond the Belorussian segment, and would prove that the Russian integration ideas, although rather imposed than promoted by means of a soft power, are still feasible.

However, something went wrong in 2013. Although the Ukrainian president Victor Yanukovich suddenly withdrew from the planned signing of an Association Agreement (AA) with the EU, a significant step towards European integration of Ukraine, and a symbolic demonstration of Ukraine belonging to the Western bloc. The people of Ukraine did not accept this, and the Revolution of Dignity started. Also, despite all the attempts of Kremlin to prevent the success of the revolution and labeling it as a coup, the first weak reaction of the West later converted into the protestors support.

That was a significant blow to Russian geopolitical ambitions. On the one hand, it challenged the Russia’s great power’s capacities: despite having full-fledged



**Russia supports the Minsk negotiations while ignoring violations of the ceasefire agreements.**

Photo by wikipedia.org

control over the Ukrainian president and government, Moscow was not able to implement its objectives because of the opposition of people at the grass-root level. Besides, signing the AA with the EU would also hamper the Russian desire to stretch its geopolitical border with the West. And on the top of all that Russia was not ready to accept the challenge of a stable, independent, democratically and Western-oriented Ukraine that will put into question the Russia’s own model of a “managed democracy” in its so called “near abroad countries”.

**The West put a blind eye on the fact that the Russian Federation never accepted the domination of the Western liberal democratic values and their influence on the world order**

Accepting that would come into contradiction with the strategic goal of the Russian leadership, that was to establish their country among the world’s great powers, with a status it enjoyed during the Cold War period, meaning, according to Putin (4), a role that has been conferred upon Russia by its history and is a defining feature of the country. The great power’s models for development could not be questioned in the Russian elites’ opinion; small countries also could not put into question the influence of the great power and undermine the Russian goals in the region. In this regard, the Ukrainian crisis, de-facto Russian war against Ukraine as a demonstration of the Russian strength to Ukraine and other smaller countries of the region and the West in general, was somewhat unavoidable. The Russian logic was clear: those who oppose it should be punished, whereas those still hesitating should be intimidated.

## Russian “hybrid intervention” instruments

For the sake of such a demonstration, Russia applied a new model of the Russian military thinking, combining traditional Russian military thought instruments thought with a new emphasis on a surprise, deception, and strategic ambiguity.

This model enables Russia to disguise its real intentions and conduct an “invasion by stealth” (5). The theoretical background and framework for such a model was elaborated beforehand by the Russian strategic thinkers, and was reflected in several documents. In the Western literature, it is often described as a “hybrid warfare”. However, it is important to note that there are some differences in the Western and Russian perception of a “hybrid war”.

While describing a “hybrid war”, Western scholars often refer to some “hybrid threats” that incorporate a full range of the various modes of warfare, including conventional capabilities, irregular tactics and formations, terrorist acts with indiscriminate violence and coercion, and criminal disorder. “Hybrid wars” (6) can be conducted both by the state and a variety of non-state actors. However, such description is rather applicable to the phenomenon of the radical Islam or ISIS, whereas the Russian interpretation was somewhat different. The war in Ukraine contributed into further elaboration of the toolkit for describing warfare used by Russia. An important feature of the Russian hybrid war is that it is not only conducted by both military and non-military actors but also is targeting both state actors and non-state or supranational entities (e. g. the EU in general), as well as the societies (e. g. Western society in general). Some authors argue that the term is confusing as Moscow itself is not conducting war in a classical sense but applying a wide set of confrontational instruments. It would be more appropriate to use the terms “hybrid threat” or “hybrid intervention”, which consist of a mix of the non-military and military elements, applying both a “soft power” and a “hard power”. The use of a “soft power”, however, is fundamentally different as understood in the West, where it is seen as means to attract other countries to its own community.

Opposite to this power of attraction is the Russian view of a “soft power”, that is to influence or destabilize countries through some non-military actions. Russia’s Foreign Policy Concept, issued in February 2013, refers to the use of “мягкая сила” (7), which is better translated as a “soft force” rather than a “soft power”.

But it’s even more important to follow another ideologist of the Russian intervention to Ukraine to understand what is being applied by Russia. Writing under a well-known pseudonym just days before the Russian annexation of Crimea, Kremlin advisor Vladislav

Surkov discussed a new form of a “non-linear war” (8) that involves “everybody and everything, all aspects of life, while still remaining elusive in its main contours”.

In this regard it’s fair to admit that (9) in the Eastern Ukraine “Kremlin has not operated by the direct military intervention but by the “indirect means” of various sorts: propaganda by putting all the blame on the “offensive” Ukrainian Army; covert activities by supporting proxies (local rebels) with weaponry and by sending Russian volunteers disguised as “green men” or local fighters; and keeping the area somewhere between war and peace through supporting the Minsk negotiations, on the one hand, while ignoring violations of the ceasefire agreements, on the other hand. Moscow’s interest is to keep the Donbas area in a hybrid situation of neither full-scale war, nor a functioning political entity under the control of Kyiv. In essence Putin’s aim is to keep Ukraine destabilized, thus preventing it from becoming a functioning state ready to set up closer ties with the EU and NATO”.

**An important feature of the Russian hybrid war is that it is not only conducted by both military and non-military actors but also is targeting both state actors and non-state or supranational entities**

The destabilization on the contact line inspired by Moscow keeps pressure on the Ukraine’s military but also diverts Kyiv’s attention from enacting reforms, creates a “Ukraine fatigue” among the Western powers (which are quite vulnerable towards such a challenge, since politicians there still remember the failure of the “Orange revolution team”), and labels Ukraine as a fragile if not failed state.

Simultaneously, disappointment with the authorities is growing. Ukrainians are upset with the slow pace of the reforms, the problems of corruption, and the oligarch-based system. According to the [opinion polls conducted at the end of 2016](#), the lowest results on the scale “success–failure” were gained by such governmental activities as fighting corruption, the situation with the tariffs for utilities, the currency exchange rate, and pricing for the main products and services. It is no surprise that under such circumstances only 16% of the population are satisfied with the activities of president Poroshenko, whereas 82% are disappointed with him. Same is true for the prime-minister Groisman (16% are satisfied with his activities, whereas 78% are disappointed) and for the speaker of the Parliament Parubiy (11% are satisfied with his activities, whereas 82% are disappointed).

The aforementioned circumstances create perfect ground for the continuation of the Russian hybrid intervention. Despite the continuation of the military operation in the East of Ukraine, Russia is applying its soft force in the rest of the country. The propa-

ganda war conducted by Russian media and pro-Russian media-outlets in Ukraine is supplemented by the strengthening Russian positions in the social media. Pro-Russian opinion makers highlight the mistakes of the government and invigorate further disappointment, hinting on the early parliamentary elections as the best solution.

At the same time, there is a visible rise of the pro-Russian/anti-Western political forces that aim at passing the parliamentary threshold. At the beginning of May, even the leader of the forbidden in Ukraine Communist party Symonenko [participated in some demonstrations](#), appealing to protest for the high utilities tariffs.

All these factors result in Ukraine's further vulnerability towards the Russian hybrid aggression.

## Prospects of Russian-Ukrainian conflict, what needs to be done

In 2017, the security situation has high chances to get even worse. The ongoing conflict, as well as the eroding support from the population, prevents the government from the prompt and proper reforms. On the other hand, the situation in Europe is changing fast. Although the Russian main attempts of the hybrid intervention are focused on Ukraine, its efforts to expand already challenged the EU, and the elections both in France and in Germany (both countries are parties to Normandy format) are heavily influenced by the Russian propaganda, which not only labels Ukraine as the state not worth European efforts but also inspires in-country destructive populist forces. If any of these approaches is successful, the West will get weaker in its response to the Russian intervention and Moscow will get a broader field to maneuver in Ukraine.

It is also clear that the Russian resources for conducting its hybrid aggression are far from being exhausted. Moscow will continue to apply its soft force and will not limit its geographic scope by the Eastern Partnership countries, the "near abroad" or Central Asia but will also continue its efforts on winning hearts and minds further in the West.

Successful counteracting to the Russian hybrid war demands fulfillment of the certain preconditions. The main and most important precondition is the acknowledgement of the fact that Russian hybrid aggression is not aimed solely at Ukraine but rather at the Western way of life, the EU, and the West in general (although without applying a military component yet). In this regard, the West has to respond to this aggression in a cohesive way and to demonstrate its solidarity. Both European and Transatlantic solidarities matter a lot.

Also, it would be of an immense importance to understand that while it is Ukraine being the direct target of the Russian hybrid aggression but failing of Ukraine

in the war with Russia would also mean the defeat of the pro-European forces in the other EaP countries. While the success of Ukraine would prove that even the Russian great power's ambitions can be vain if the people do not agree to them, the defeat will lead to disappointment and frustration that will make these countries more vulnerable towards the Russian hybrid

**Moscow will continue to apply its soft force and will not limit its geographic scope by the Eastern Partnership countries, the "near abroad" or Central Asia but will also continue its efforts on winning hearts and minds further in the West**

aggression. And finally, the government of Ukraine, as the governments of other AA countries of the EaP, should accelerate the pace of the reforms in the key sectors of governance and economics to counteract general disappointment and depression, which are the best allies to the Russian hybrid forces.

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