

THE SOURCES OF SUSTAINABILITY OF THE TRANSNISTRIAN DE FACTO STATE

Ruslan Kermach

Ilko Kucheriv Democratic Initiatives Foundation, Ukraine

The article is aimed at identifying the key factors and policies contributing to the economic sustainability of the Transnistrian republic, which over a long period of time functions as an unrecognized de facto 'state' on the sovereign territory of the Republic of Moldova. The author indicates the role of the Russian economic patronage for the breakaway republic and explains the rationale behind the ambiguous hybrid soft policy approach taken by Chisinau with regard to Transnistria, which along with the Russian factor substantially contributed to the maintaining of the unrecognized regime of Tiraspol.

For more than 25 years so far, on the left bank of the Dniester River in the Republic of Moldova a fairly sustainable quasi-state entity exists, which is not recognized by any member-state of the UN.¹ Being from legal standpoint an integral part of the Republic of Moldova, the so-called "Transnistrian Moldovan Republic" or Transnistria was able to bestow on its de facto controlled territory most of the attributes inherent to a real full-fledged state: the national flag, the government and other state bodies, a tax system, passports (citizenship), the police, army, customs service, and even the national currency.

In addition, there is a population of the unrecognized republic that is quite loyal to local authorities in Transnistria, as

evidenced by their rather active participation in the electoral procedures and elections of the breakaway republic.² Being deprived of external international legitimacy, the authorities of the self-proclaimed republic possess certain domestic legitimacy or recognition on the part of the population living in the respective territory. Transnistria, being illegitimate from the international legal standpoint, has nonetheless managed to form itself as at least a 'de facto state'.

Paradoxically, even in the ambiguous position of the international non-recognition, the very existence and functioning of the unrecognized institutions of the Transnistrian de facto state over a fairly long period of time have still been possible. This article is aimed at clarifying the factors and

¹ Transnistria was recognized in 2006 only by three states with limited recognition – Abkhazia, South Ossetia, and Nagorno-Karabakh republic. This fact does not give a reason to claim even a partial recognition of Transnistria, as it was not recognized by any UN member-state. See also: <http://www.newsru.com/russia/17nov2006/aup.html>

² The turnout was over 60% for the last presidential elections in 2016 and 47% for the elections of the Supreme Soviet of TMR (2015). See: "Central Election Commission of the TMR", 30 November 2015, [<http://www.cikpmr.com/index.php/novosti/item/1131-pobedil-vadim-krasnoselskij>]

policies which might have contributed or continue directly or indirectly to contribute to the sustainability of the unrecognized de facto state in Transnistria.

The Role of the Russian Economic Patronage

First and foremost, one should mention Russia as a long-term contributor and de facto patron of the Transnistrian breakaway republic of Moldova over the whole period of its existence. Moscow provided support to the Tiraspol regime over the course of its existence through several key channels.

The Russian Ministry of Finance has been providing annual funding to the social needs of Transnistrian pensioners (the so-called pension supplement) since 2008.³ Such regular appropriations, although not fully covering the amount of required pension payments, certainly allow for relieving the budgetary costs for Tiraspol for the social protection of its own population.

The second, and probably crucial for maintaining viability of Transnistria, factor is an indirect subsidy of the regime through the provision of natural gas to the Transnistrian company called "TiraspolTransGaz" by "Gazprom" free of charge starting from 2009.⁴ The former company in turn sold the gas to the

population and economic agents (companies) in Transnistria at the tariffs which were significantly below the market price and lower than those on the right bank of the Republic of Moldova. The money obtained from the sale of natural gas (about \$ 270 million per year)⁵ are accumulated in a separate bank account and used by the self-proclaimed Transnistrian authorities, in particular, to cover enormous budget deficits.⁶

Besides, natural gas sold at subsidized prices allows residents of the breakaway Transnistrian republic to spend considerably less money for housing and, at the same time, provides local economic agents with hidden competitive advantages. In the breakaway republic, where according to the statistics provided by the "State Statistics Service" of Transnistria almost 1/3 of the population is employed in the industry sector, these subsidies might be of utmost importance.⁷

It is also worth noting that the Transnistrian economy is highly dependent on imports from neighbouring countries. According to the official statistics of the breakaway republic, annual imports of Transnistria exceed the respective exports more than twice, and almost a half of the total imports last year were from Russia.⁸ A major part of these Russian imports apparently consists of the supply of energy (natural gas).

³ By 2015, the Russian pension supplement for the retirees residing in Transnistria was about 15 USD for one person, but in 2015 it was reduced to 9 USD. See more: <https://republic.ru/posts/66931>; See also: *Russian Surcharge*, "Information and news resource TMR"; [<http://newspmr.com/novosti-pmr/obshhestvo/11822>]

⁴ At the same time, the debt for the supplied natural gas (that according to some sources already exceeds 5 billion US dollars) is assigned to official Chisinau. See: *Transnistria Has a Significant Debt for the Russian Natural Gas in the Short Term and in 10-20 Years, the Region Will Be not Able to Pay It off*, Yevgeny Shevchiuc, "InfoMarket", 06 April 2015, [http://www.infomarket.md/en/transniester/Transnistria_has_a_significant_debt_for_the_Russian_natural_gas_in_the_short_term_and_in_10-20_years_the_region_will_be_not_able_to_pay_it_off_Yevgeny_Shevchiuc]

⁵ K. Calus, *Transnistria's Economy Going from Bad to Worse*, "New Eastern Europe", 23 January 2015, [<http://neweasterneuropa.eu/articles-and-commentary/1462-transnistria-s-economy-going-from-bad-to-worse>]

⁶ According to the data provided in the Statistical Yearbook of TMR (2015), the budget deficit in 2014 was around 28%. See also: K. Calus, *An Aided Economy. The Characteristics of the Transnistrian Economic Model*, "OSW Commentary", 16 May 2013, [<https://www.osw.waw.pl/en/publikacje/osw-commentary/2013-05-16/aided-economy-characteristics-transnistrian-economic-model>]

⁷ See: *Statistical Yearbook of TMR – 2015*, Tiraspol, 2015, [<http://mer.gospmr.org/assets/files/pdf/stat-2015.pdf>]

⁸ *Ibid*, p. 32

Thus one can speak of, at least, triple benefit gained from the Russian direct and indirect subsidies for the Transnistrian regime: (1) the unloading of the budget social spending (pensions); (2) the actual revenues for the budget due to the sale and usage of natural gas; (3) the possibility for the citizens and the local economic agents in the country to save on the purchase of energy resources, which allows the latter to remain profitable and competitive on external markets.⁹ The covert maintaining of the profitability of companies in the region due to the subsidized rates (much lower than the market) allows local industrial enterprises of the energy and metallurgical sectors, the backbone of the Transnistrian economy¹⁰, to stay afloat and thus to be able to fill the budget of breakaway Transnistrian republic with tax revenues.

Furthermore, the region receives some tangible economic benefits from Russian interest-free loans¹¹ because of the activities of social and humanitarian projects undertaken in Transnistria with the support of Moscow. For instance, the projects already implemented by the Russian NGO "Eurasian Integration" in the recent years included the construction of several educational and healthcare facilities.¹²


Thus, Russia has taken over a substantial part of the economic burden, which the self-proclaimed authorities of Transnistria would have inevitably faced and would have had to deal with under the international non-recognition and lack of internal resources.

It could be assumed that without such a continuous economic support on the part of Russia, the real capacity of the unrecognized political regime in Tiraspol to maintain sustainable and functional state institutions would be quite limited, if at all possible.

Maintaining Separatists or the Role of Chisinau in Sustaining the Tiraspol Regime

Support on the part of Russia, although being of crucial importance, yet is far from being the only factor contributing to the sustainability of the unrecognized Transnistrian de facto statehood.

Opportunities of an unrecognized state to perform legal foreign trade are severely limited because of the need for such a state

 ***Chisinau, while not recognizing Transnistrian statehood officially and considering this territory being an integral part of the Republic of Moldova, went for quite a serious concession to economic agents functioning in the breakaway region.***

to have an internationally recognized status. Since the Transnistrian breakaway republic from the international legal standpoint is an integral part of the Republic of Moldova, Tiraspol needs customs certificates

⁹ The natural gas provided by Russia is used as a fuel for producing electricity on the Kuchurgan Power Plant, which is further exported to the right bank of Moldova. See more: <https://moldovanpolitics.com/tag/kuchurgan-power-plant/>

¹⁰ The electricity sector (32.2%) and ferrous metallurgy (27.2%) in aggregate account for about half of the total industrial production in the TMR, according to statistics. See more: *Statistical Yearbook of TMR – 2015*, Tiraspol, 2015, [<http://mer.gospmr.org/assets/files/pdf/stat-2015.pdf>]

¹¹ *Farmers of Transnistria Has [sic] Received from Russia Interest-free Loans*, "Agro2b", 29 December 2015, [<http://agro2b.ru/en/news/26322-Farmers-Transnistria-has-received-from-Russia.html>]

¹² *Results of the Year. Projects NGO 'Eurasian Integration'*, "News of Transnistria", 21 December 2015, [<http://novostipmr.com/ru/news/15-12-21/itogi-goda-proekty-ano-evraziyskaya-integraciya>]

(certificates of origin) of the Republic of Moldova to export its products abroad.

Paradoxically, as it may seem at the first glance, the official Chisinau, while not recognizing Transnistrian statehood officially and considering this territory being an integral part of the Republic of Moldova, went for quite a serious concession to economic agents functioning in the breakaway region.

In fact, since 2006 the official Moldovan authorities have been allowing economic agents from the left bank of the Dniester River (territory of Transnistrian region), which re-registered in the Ministry of Justice of the Republic of Moldova, to conduct legal foreign trade (exports) on behalf of the Republic of Moldova.¹³ And it is particularly remarkable in this context that the Transnistrian companies re-registered in such a way continue to pay taxes on exports to the budget of the self-proclaimed Transnistria but not to the state budget of the Republic of Moldova. Thus, even being unrecognized, the Tiraspol regime has gained a unique opportunity to carry out foreign trade operations through its economic agents that are legalized in Moldova.

Apart from this, it is also worth noting that the business of Transnistria, legalized in the Moldovan legal framework, enjoys all the benefits of trade preferences and free trade agreements that the Republic of Moldova

has with the European Union (DCFTA and Autonomous Trade Preferences regime), as well as within the framework of the World Trade Organization (WTO) and other free trade agreements.¹⁴

Such an ambiguous state of affairs seems to contribute to the sustainability of the Transnistrian economy and 'statehood' no less than the Russian support does. After all, the revenues from foreign economic activity of Transnistria allow local economic agents to fill the budget of the breakaway republic. The latter ensures the functioning of all institutions of the unrecognized state, ranging from defence to the social, healthcare, and education systems of Transnistria.

Moreover, it is the Republic of Moldova (the right bank of the Dniester), according to the official statistics of Transnistria, that is a major market for the Transnistrian economy. The share of Moldova in the structure of Transnistrian exports has even grown in 2016 up to 46% (while only 8-8.5% is exported to Russia).¹⁵

The above clearly serves to prove that the Republic of Moldova itself, despite its official non-recognition of Transnistria, actually serves as one of the sponsors of its economic sustainability along with Russia. Economic agents of Transnistria enjoy preferences in foreign trade (without paying taxes to the Moldovan budget) and have access to the Moldovan market, the

¹³ See: K. Calus, *An Aided Economy. The Characteristics of the Transnistrian Economic Model*, "OSW Commentary", 16 May 2013, [<https://www.osw.waw.pl/en/publikacje/osw-commentary/2013-05-16/aided-economy-characteristics-transnistrian-economic-model>]

¹⁴ See: *Free Trade Agreements: Moldova*, European Commission – Export Helpdesk, [http://exporthelp.europa.eu/thdapp/display.htm?page=cd%2Fcd_Moldova.html&docType=main&languageId=en]. See also: *Council Regulation (EC) No 55/2009 of 21 January 2009 Introducing Autonomous Trade Preferences (ATP) for the Republic of Moldova and Amending Regulation (EC) No 980/2005 and Commission Decision 2005/924/EC*, European Commission – Export Helpdesk, [http://exporthelp.europa.eu/thdapp/display.htm?page=cd%2Fcd_Moldova.html&docType=main&languageId=en]

¹⁵ See: *Statistical Yearbook of TMR – 2015*, Tiraspol, 2015, [<http://mer.gospmr.org/assets/files/pdf/stat-2015.pdf>]. See also: *Where Transnistria Supplied Goods in 2016: The Exports Geography*, "News of Transnistria", 16 December 2016, [<https://novostipmr.com/ru/news/16-12-16/kuda-pridnestrove-postavlyalo-tovary-v-2016-godu-geografiya>]

population of the region does not experience substantial obstacles in visiting the right bank of the Dniester, and the Transnistrian holders of Moldovan biometric passports (75,000 people) have actively been using the opportunities of visa-free travel to EU countries for several years.¹⁶

However, with respect to such an ambiguous soft policy of Chisinau towards breakaway Transnistria, a number of significant reasons are being voiced. First of all, there is a conviction that such a policy of the 'most favoured' (or vice versa – of the lowest impediment) with regard to the Transnistrian region can create important preconditions for rapprochement, confidence building, and even the possibility of reintegration of the region into the Republic of Moldova in the long run. Maintaining and deepening economic relations, the actual retraction of different business entities (and ordinary residents of the Transnistrian region) into the legal framework of the Republic of Moldova, creation of certain 'threads' of TMR depending on Chisinau (customs certificates, free trade agreements, energy supply contracts, visa-free regime with the EU, etc.) – all this supposedly strengthens the levers of influence that Chisinau has over Tiraspol and its policies, creates a space for ongoing dialogue and confidence-building between the parties.

Besides, it should be recognized that such a soft policy approach as applied by Chisinau reduces the tension and potential for a

possible conflict escalation between the parties. Taking a tougher political stance towards Tiraspol could potentially cause counteraction on the part of Russia, which carries out efficient patronage over the breakaway republic.

An important hidden leverage that Moscow has at its disposal is Transnistria's huge debt for the consumed gas of the "Gazprom" company, which accounts for around 6 billion US dollars.¹⁷ As Russia officially does not recognize breakaway Transnistria as a sovereign state, it considers the debt of the self-proclaimed separatist republic as the debt of the Republic of Moldova and this approach of Moscow might become a crucial obstacle for the future reintegration of the Moldovan state.¹⁸ The range of possible leverages of pressure Moscow has over Chisinau is quite extensive: from economic sanctions (embargo) and manipulations with gas prices or supply up to the possibility of direct military provocations ignited by the Russian military forces stationed in the Transnistrian region.¹⁹ Given the prevailing military capabilities that Transnistria enjoys over the rest of Moldova, Chisinau might reasonably fear the scenarios that could potentially lead to the escalation of tension on the line of the Dniester.

However, it is quite clear that under the conditions of a continuous dialogue and openness between the parties, the possibility to reach an agreement with the appearance of a real 'window of opportunity' for the

¹⁶ R. Schwartz, *Visa-free Travel for Eastern Europe, but with a Lot of Question Marks*, "Deutsche Welle", 26 December 2015, [<http://www.dw.com/en/visa-free-travel-for-eastern-europe-but-with-a-lot-of-question-marks/a-18933243>]

¹⁷ *Gazprom Rejected Moldova's Proposal to Separate Its Gas Debt from that of Transnistria*, "Moldova.org", 13 February 2017, [<http://www.moldova.org/en/gazprom-rejected-moldovas-proposal-separate-gas-debt-transnistria/>]

¹⁸ *Tri missii Rogozina (Rogozin's Three Missions)*, "Economiceskoye obozrenie", No.15 (943), April 2012, [<http://logos.press.md/node/34164>]

¹⁹ Russia has already imposed import duties on the 19 types of goods from Moldova in September 2014 after the country has signed the Association Agreement and DCFTA with the EU. See: [<http://newsmaker.md/rus/novosti/u-moldovy-i-rossii-vse-poydet-po-planu-cto-soderzhit-soglasovannyi-dokument-o-vos-28632>]. The Joint Group of Russian Forces (JGRF) that has around 1,300 soldiers being stationed on the territory of Transnistria (Moldova).

reintegration will be significantly better than under conditions of hostile confrontation and economic blockade of the Transnistrian region on the part of Moldova. Some experts also point to the necessity of increasing people-to-people contacts between Moldova and Transnistria as a part of the broader context of confidence building between the parties and in the longer term – of the bottom-up reintegration process.²⁰

Readiness for the reintegration of Transnistria should be demonstrated by the citizens living on both banks of the Dniester River. Without implementing trust-building measures between the parties, it is difficult to imagine the attainability of such an ambitious goal as stapling the state – the Republic of Moldova – in its full internationally recognized borders.

An important point that is also often stressed to justify the current Moldovan soft policy approach with regard to the breakaway republic is based on the very fact that the Transnistrian region uncontrolled by Moldovan authorities is a home for many citizens of the Republic of Moldova. According to the unverified data of 2009, at least 107,600 Transnistrians held the citizenship of the Republic of Moldova (which was about 19.4% of the then population of Transnistria).²¹ This consideration could be the defining principle that guides Chisinau to apply a rather soft and balanced policy towards breakaway Transnistria, which would not significantly complicate the life of ordinary Moldovan citizens living on the territory of the unrecognized republic.

Anyway, the current Moldovan policy of the ‘most favoured’ with respect to Transnistria is actually rather ambiguous or even multifaceted. On the one hand, such a policy is justified by the strategic considerations of creating real prerequisites for confidence building, bringing together the two banks of the Dniester, solving common issues, which might be crucial and essential steps to reunify the Moldovan state. On the other hand, this policy in some respects contributes to the sustainability and viability of the Transnistrian de facto statehood, which is definitely at odds with at least the official line of Chisinau with regard to its separatist region.

The Factor of Corruption behind the Hybrid Moldovan Policy Regarding Transnistria

One should not exclude potential hidden corrupt interests, which may be behind the current soft policy of Chisinau regarding Transnistria. The Republic of Moldova is a rather corrupt state, according to the Transparency International Corruption Perception Index.²² The latest indication of the problems that the country faces with regard to the institutional transparency and corruption was the resonant bank fraud in 2014 when the National Bank of Moldova loaned about 1 billion USD to three Moldovan banks (Banca de Economii, Banca Sociala, and Unibank), which were further transferred to offshore accounts and led these banks to declare bankruptcy.²³

Some experts point to the possible corrupt interests in the energy sector and electricity

²⁰ N. Popescu, L. Litra, *Transnistria: A Bottom-Up Solution*, European Council on Foreign Relations, “ECFR/63”, September 2012, p. 4, [https://www.files.ethz.ch/isn/173479/ECFR63_Transnistria_Brief_AW.pdf]

²¹ *Problem of Organising Elections in Transnistria*, “E-democracy”, 14 February 2009, [http://www.e-democracy.md/en/monitoring/politics/comments/20090214/]

²² *Corruption Perceptions Index 2016: Moldova on the 123rd place with a score of 30/100*, [http://www.moldova.org/en/corruption-perceptions-index-2016-moldova-123rd-place-score-30100/]

²³ T. Whewell, *The Great Moldovan Bank Robbery*, “BBC News”, 18 June 2015, [http://www.bbc.com/news/magazine-33166383]

supplies to Moldova (the right bank of the Dniester) from the breakaway territory of Transnistria. As it is known, the Republic of Moldova has recently imported electricity from Transnistria through the dubious intermediary company “Energocapital” registered in Tiraspol. The final beneficiaries of this company with offshore roots may be, according to some reports, some of the Moldovan and Transnistrian high-ranking officials and businessmen.²⁴ Besides, the contract for the electricity supply to Moldova, as the Transnistrian minister for economic development admitted, “made up 37% of all the export of Transnistria and if not signed for 2016, then for the Transnistrian economy it would be a disaster.”²⁵

Corruption might also be among the central reasons of Moldovan political elites’ unwillingness to undertake for all the years of its independence any substantial steps towards creating an alternative to the Russian gas-transporting infrastructure, for instance, with the neighbouring Romania. Only in 2014, a new gas pipeline with Romania called Iasi (Romania) – Ungheni (Moldova) was launched. However, it remains virtually empty due to the lack of funding for the project to become a significant factor in diversifying gas-distribution for the Republic of Moldova.²⁶ Dependence on the Russian import of energy resources (mainly, gas) among other things might give Moscow a certain leverage over the decisions taken by Chisinau.²⁷

Corrupt interests of a part of political elites in Moldova could have led to the current ambiguous or hybrid policy approach of Moldovan authorities with regard to the breakaway territory when it is not recognized at the official level but preserving its sustainability as a ‘grey zone’ is beneficial for elites on both sides of the Dniester. However, it is worth mentioning that since 2005, when the EU Border Assistance Mission (EUBAM) was launched, and later on after some agreements have been reached between Moldova and Ukraine (since 2014) on strengthening common border control, the smuggling capabilities through Transnistria have been substantially limited.

Conclusion

The Russian patronage and support in the form of social subsidies, interest-free loans, and free energy resources covers a significant part of the financial and economic needs of the breakaway republic of Transnistria. However, contrary to a popular view about the pivotal role of Russia in providing sustainability of the Transnistrian republic, a more precise analysis shows that it is Chisinau that also contributes substantially to the economic sustainability of the current political regime in Tiraspol.

The Moldovan soft policy of the ‘most favoured’ might be aimed at constructing conditions for deepening cooperation and building sustainable trust between the

²⁴ *Energocapital vs. Energocom: A New Postponed Meeting*, “Crime Moldova”, 01 June 2015, [http://en.crimemoldova.com/news/social/energocapital-vs-energocom-a-new-postponed-meeting/]. See also: M. Andreev, *The Head of Transnistria Has Been Accused of Involvement in the “Theft” of 100 Million USD*, “NewsMaker”, 12 April 2016, [http://newsmaker.md/rus/novosti/evgeniya-shevchuka-oblozhili-prokladkami-glavu-pridnestrovyya-obvinili-v-pri-chastno-24088].

²⁵ *Not Preserving Electricity Supplies to Moldova Would Threaten Transnistria with the Disaster – Ministry of Economic Development*, “News Agency Infotag”, 04 March 2016, [http://www.infotag.md/rebellion/219664/].

²⁶ *The one who provides gas is a boss: by an example of Moldova and Russia*. ‘Jamnews’, February 23, 2017, [https://jam-news.net/?p=20924]; See also: Puiu V. *Moldova Struggles to Escape Russian Gas*. ‘EurasiaNet’, September 25, 2014, [http://www.eurasianet.org/node/70161].

²⁷ S. Gerasymchuk, *Ukraine-Moldova: Complicated but Promising Relations*, “Ukraine Analytica”, Vol. 2, No. 4, 2016, p. 42

Moldovan left and the right banks of the Dniester. But without adjustment of this policy and binding the perspective of its further implementation to the long-term political objectives of Chisinau, it is naive to hope that it will lead to any meaningful result in terms of the political dialogue between the parties. At the current stage, when the economic situation in Transnistria has substantially worsened, not least due to the weakening Russian financial capabilities²⁸, a 'window of opportunity' opens for Chisinau to softly impose 'its own game' in the context of the Transnistrian settlement process.



The Russian patronage and support in the form of social subsidies, interest-free loans, and free energy resources covers a significant part of the financial and economic needs of the breakaway republic of Transnistria.

Above all, the official Moldovan authorities need to be consistent in the implementation of their policy with regard to Transnistria. It would also be necessary to coordinate the efforts and work out a common approach with partners (mainly, the EU and Ukraine) with respect to the breakaway territory. Elaborating a common integrated policy approach might significantly strengthen the bargaining position of Chisinau in the context of the Transnistrian settlement process (in the '5+2' negotiation format). While searching for the common policy approach, Chisinau has to clearly delineate its 'red lines' that should not be crossed due to possible

further legitimization of the unrecognized political regime in Tiraspol.

It is important for the policy of Chisinau regarding Transnistria to be not only agreed upon with key partners but also consistent and subordinated to the long-term strategic objectives of the Republic of Moldova itself. Having clear policy objectives on the issue (on what terms should reintegration occur; what should be the future status of the territory, etc.) is also a valuable factor that strengthens the bargaining position of the country in the negotiation process.

The format and experience of relations chosen by Chisinau with regard to the breakaway Transnistria might be quite revealing for Ukraine, which in the past few years also faced an acute problem of dealing with uncontrolled and Russia-supported separatist entities in Donbas.

At the current stage, Kyiv adheres to the opposite strategy, directed rather at isolation of the occupied territories of Donbas and restriction of economic relations with them, which is in many respects dictated by the ongoing armed conflict of low intensity and the current socio-political moods in Ukraine formed in the conditions of the protracted Donbas conflict. In such a complicated political situation, simply adopting the current Moldovan soft policy approach regarding Transnistria in the Ukrainian context would be fraught with sharp public rejection and could potentially aggravate the already shaky political situation in Ukraine.

However, in case of overcoming the hot phase of the military confrontation in Donbas and general normalization of the situation in the region, the Moldovan experience at

²⁸ M. Tishchenko, *At the Bottom of the Barrel. How Russia Is Funding Transnistria in the Time of Crisis?* "Republic", 20 April 2016, [<https://republic.ru/posts/66931>]

least in some aspects could turn out to be relevant for Ukraine and could be adopted by authorities in Kyiv depending on the goals pursued regarding the temporarily uncontrolled territories of Donbas.

Although the Moldovan policy approach, like the other policy strategies towards breakaway separatist territories (e.g. in Georgia or Azerbaijan) in the post-Soviet space, is not exemplary – as none of them has led to the restoration of territorial integrity – it has certain significant advantages. The soft policy of the ‘most favored’, which is intentionally or unintentionally being implemented by Moldova regarding its breakaway territory (including economic cooperation, socio-humanitarian contacts, and introducing various confidence-building measures) significantly reduces the risks of resumption of military escalation, increases trust between residents of the conflicting

sides, and creates some economic ‘binding ties’ between them, which in the long run creates a more favorable context for territorial reintegration at the bottom people-to-people level than the contrary isolationist approach does.

Ruslan Kermach is a political analyst at the Ilko Kucheriv Democratic Initiatives Foundation (DIF) and a postgraduate (PhD) student at the National University of Kyiv-Mohyla Academy studying mainly the issues of the Russian foreign and domestic policy, frozen conflicts, and de facto statehood. Fellow of the DAAD semester study program at the Friedrich Schiller University of Jena in Germany (2013/14) and PASOS Democracy Program Fellow (2016). He is a political observer and columnist in several Ukrainian internet media outlets and freelance contributor for the US news organization EurasiaNet since 2017.
