



**NATO DEFENSE COLLEGE FOUNDATION**

**EASTERN EUROPE STRATEGIC TRENDS**

May-June 2013

## **Executive summary**

The political situation in Moldova, Ukraine and Georgia is crystallized ahead of the summit of the Eastern Partnership, which will be held in Vilnius in November 2013. The Eastern Partnership is a European initiative aimed at improving ties between Brussels and a group of former Soviet republics, which basically focuses on two pillars: Stabilization and Association Agreement (SAA) and free trade.

In the coming months, Kiev, Chisinau and Tbilisi are expected to make concrete moves matching conditions set by the EU to sign the SAA and free trade deals in November, which have not yet been satisfied. Basically, Ukraine's Government should free Yulia Tymoshenko, Moldova has to make deep reforms in the field of justice, while Georgia's ruling party has to stop using justice as a tool to weaken political rivals and show a real commitment to enhance ties with Europe.

In the meantime, the most important news coming from the countries monitored was the appointment of Moldova's new Government, which put an end to a period of great instability, marked by harsh political fights between pro-EU parties.

## **Situation report**

### ***Moldova***

The institutional crisis is over. After a long political struggle, fought in the Parliament as well as in judicial courts, Iurie Leanca was invested as the new Prime Minister on May 30. Leanca was appointed as Prime Minister designated in April and served as Minister of Foreign Affairs and European Integration until the collapse of Vladimir Filat's pro-EU coalition in March (for a background see our previous Eastern Europe Strategic Trends).

The new coalition almost duplicates Filat's one, which was supported by the Liberal-Democratic Party (to which both Filat and Leanca belongs to), the Democratic Party and the Liberal Party. The only difference is the split of the Liberal party. Just a fraction of this small force entrusted the new Prime Minister. However it was enough to form a majority in the Parliament, although quite narrow. Leanca is backed by 53 out of 101 members of the assembly.

Leanca will have wider powers compared to his predecessor. This stems from a law, approved on May 3, which gives him the chance to fire ministers. On the same day, the Liberal-Democratic Party and the Communist Party, which ruled the country until 2009 elections, surprisingly joined forces to pass a law allowing the Parliament to sack judges of the Constitutional Court. The move, driven by Filat's desire to have a revenge on those same judges who forbid him to be appointed again as Prime Minister on April 22 (Leanca's

appointment was the B plan), was criticized by Brussels, which argued that the measure might jeopardize Moldova's integration process.

However, the EU sent a hopeful signal by approving a pre-deal on free trade, which should be officially confirmed at the summit of the Eastern Partnership.

## ***Ukraine***

In May and June, driving factors of Ukraine's political and foreign agenda did not differ from those emerged in the previous months. There were pressures to release Yulia Tymoshenko coming from Brussels, through the Parliamentary Assembly of the Council of Europe (PACE), whose rapporteurs for Ukraine asked Kiev's authorities to release the former Prime Minister. The request came right after a sentence, issued by the European Court for Human Rights (ECHR) on April 30, declaring Tymoshenko's arrest and pre-trial detention politically motivated.

Yet Ukraine's authorities made clear once again that there are no plans to release the former Prime Minister, despite this is the main condition (the other one, the release of the former Minister of Home Affairs Yuri Lutsenko, a key ally to Tymoshenko, was fulfilled) set by the EU to sign the SAA, alongside a deal on trade and customs, at the summit of the Eastern Partnership.

Russia is making pressures on Ukraine too. Moscow is trying to exploit a dispute over gas prices to try to increase its political and economic influence in Kiev. Ukraine needs a discount, since the current prices are not financially affordable. Moscow replies that it can cut costs only if Kiev hands over the control of its pipelines to Gazprom or join the Russian-Belarusian-Kazakh Custom Union, the embryo of the so called Eurasian Union, a project which Vladimir Putin strongly advocates. To appease the Russians, Kiev signed a deal on May 31 to become an observer of the Custom Union. This does not have any particular political implications. Basically, it is a way to buy time and freeze the scenario.

On the domestic front, oligarchs close to Yanukovich continue to expand their economic influence. Rinat Akhmetov, the country's most powerful tycoon and a supporter of Yanukovich' Party of the Regions, bought UkrTelecom – fixed-line monopolist and 3G mobile license – from an Austrian investment group in June, adding a new profitable asset to his impressive financial empire, ranging from metals to banking and media. Some observers say that Akhmetov's economic power is so huge that now he can even blackmail Yanukovich, as Berezovsky did with Eltsin in Russia, just to make a comparison.

## ***Georgia***

Vano Merabishvili, a former Prime Minister detained in May on corruption charges, is the last high ranking personality belonging to the former coalition hit by selective justice, the tool through which the Prime Minister Bidzina Ivanishvili, after he won general elections

in autumn 2012, is carrying out a vindictive policy towards members of the United National Movement (UNM), which has ruled the country until Ivanishvili's unexpected electoral victory.

Late in June, other prominent members of the UNM, including the deputy mayor of Tbilisi, David Alavidze, were arrested. Prosecutors said that Alavidze embezzled city funds. The UNM, founded by the Head of State Mikhail Saakashvili, reacted furiously by threatening to boycott parliamentary sessions.

NATO Secretary General, Anders Fogh Rasmussen, said that the Atlantic Alliance looks with great concern at these arrests, made the day after his visit to Georgia on June 26, during which the Government was asked to ensure free and fair presidential elections in October. Elections will be a crucial test for Georgia's aspirations to improve its ties with NATO and the EU. As well as Ukraine and Moldova, also Georgia would hope to sign a Stabilization and Association Agreement with the EU.

Meanwhile, Ivanishvili made a shocking announcement by saying that he will leave politics after the presidential vote. Many observers doubt this, also because Ivanishvili recently said that, in order to give a further impulse to Russian-Georgian relations, clearly improved after he rose to power, he might attend the opening ceremony of Winter Olympics in Sochi next February. That is to say that he would not plan to quit the job.

As for presidential candidates, the Georgian Dream, Ivanishvili's party, chose Georgy Margvelashvili as its candidate. Margvelashvili is a renowned pro-West and pro-NATO academic, thus it is not difficult to see a will to appease NATO and the EU behind this choice.

## **Regional trends**

The appointment of Iurie Leanca can help Moldova to win back the trust of the EU ahead of the summit of the Eastern Partnership, during which the former Soviet republic hopes to sign the SAA, as well as deals on the liberalization of visa regime and free trade. Yet Brussels is not sure to finalize the agreement. The political crisis that shook the country in the last two months damaged its reputation. Thus, the EU wants to evaluate the performance of the new Government before taking any choices.

Moldova's chances to finalize agreements with Brussels does not depend only on Leanca's team itself. As a matter of fact a renewed dispute with Transnistria over borders might have a relevant impact on Moldova's European aspirations. Transnistria, a rebel territory of Moldova backed by Moscow, unilaterally resettled the frontier drawing three Moldovan villages inside its territory. The move might be an attempt to preserve the status quo by forcing the EU to postpone the signature of the deals.

As for Georgia and Ukraine, somehow it seems that their leaderships are playing in the same movie. Both Yanukovich and Ivanishvili are deploying a polycentric strategy aimed at maintaining acceptable relations with the West and Russia, avoiding at the same time to move too close to the first and to have a showdown with the second. To be more explicit, Kiev and Tbilisi are in favour of signing the SAA, but only if this does not mean jeopardising political and commercial relations with Russia.

To a certain extent, they are exploiting pressures coming from both Brussels and Moscow. They turn to the Europeans when they feel the Kremlin too aggressive and to the Kremlin when the EU raises the stake by asking to carry out policies strictly matching European standards.

As the EU and NATO do not seek to bring these countries in, at least not in this decade, one might assume that this tactic will continue, while in the meantime Moscow and the West will try step by step to build strategic advantages in order to expand further the European sphere of influence or, in the Russian case, to block the EU's penetration in post-Soviet Europe. However this is a challenge that will be solved in the long term.