

MOLDOVA AT A CROSSROADS



SEPTEMBER 22, 2016

**Briefing of the
Commission on Security and Cooperation in Europe**

Washington: 2016

Commission on Security and Cooperation in Europe
234 Ford House Office Building
Washington, DC 20515
202-225-1901
csce@mail.house.gov
<http://www.csce.gov>
@HelsinkiComm

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ABOUT THE ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE

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The OSCE Secretariat is in Vienna, Austria, where weekly meetings of the participating States' permanent representatives are held. In addition, specialized seminars and meetings are convened in various locations. Periodic consultations are held among Senior Officials, Ministers and Heads of State or Government.

Although the OSCE continues to engage in standard setting in the fields of military security, economic and environmental cooperation, and human rights and humanitarian concerns, the Organization is primarily focused on initiatives designed to prevent, manage and resolve conflict within and among the participating States. The Organization deploys numerous missions and field activities located in Southeastern and Eastern Europe, the Caucasus, and Central Asia. The website of the OSCE is: <www.osce.org>.

ABOUT THE COMMISSION ON SECURITY AND COOPERATION IN EUROPE

The Commission on Security and Cooperation in Europe, also known as the Helsinki Commission, is a U.S. Government agency created in 1976 to monitor and encourage compliance by the participating States with their OSCE commitments, with a particular emphasis on human rights.

The Commission consists of nine members from the United States Senate, nine members from the House of Representatives, and one member each from the Departments of State, Defense and Commerce. The positions of Chair and Co-Chair rotate between the Senate and House every two years, when a new Congress convenes. A professional staff assists the Commissioners in their work.

In fulfilling its mandate, the Commission gathers and disseminates relevant information to the U.S. Congress and the public by convening hearings, issuing reports that reflect the views of Members of the Commission and/or its staff, and providing details about the activities of the Helsinki process and developments in OSCE participating States.

The Commission also contributes to the formulation and execution of U.S. policy regarding the OSCE, including through Member and staff participation on U.S. Delegations to OSCE meetings. Members of the Commission have regular contact with parliamentarians, government officials, representatives of non-governmental organizations, and private individuals from participating States. The website of the Commission is: <www.csce.gov>.

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Commission on Security and Cooperation in Europe Washington, DC

The briefing was held at 4 p.m. in room 2456, Rayburn House Office Building, Washington, DC, Alex Tiersky, Policy Advisor for the Commission on Security and Cooperation in Europe, moderating.

Commissioner present: Hon. Joseph R. Pitts, Commissioner, Commission on Security and Cooperation in Europe.

Panelists present: Alex Tiersky, Policy Advisor, Commission on Security and Cooperation in Europe; Ambassador William Hill, National War College, National Defense University; and Matthew Rojansky, Director, Kennan Institute, Woodrow Wilson Center.

Mr. TIERSKY. Ladies and gentlemen, welcome to the briefing on “Moldova at a Crossroads.” If you’re here for the meeting on ocean acidification, that ended just a few minutes ago; you’re in the wrong place.

I want to say nothing other than to welcome Congressman Joe Pitts to present his opening remarks. Mr. Pitts, please.

Mr. PITTS. Thank you. [Applause.] Thank you. [Applause.] Thank you. It’s a pleasure to be with you, and I’m sorry I’ll have to leave when I conclude, because we are voting, I think around 4:15—I’ll find out. But welcome to the Helsinki Commission’s briefing on “Moldova at a Crossroads.”

This briefing marks the latest in a series of events held in recent years by the Commission on challenges facing Moldova. The Commission has worked hard to keep informed on developments there and drive U.S. policy towards greater effectiveness.

In 2012, Congressman David Pryce and I established the Moldova Caucus to act as yet another entity to augment our government’s foreign policy with respect to the Republic of Moldova. The Caucus helped to accelerate collaboration between Moldova’s Government and members of Congress, and it did so at a critical juncture.

As Moldova prepares for the Presidential elections scheduled for October 30th, the country is at another crossroads. And while it seeks to overcome significant internal challenges, Moldova also remains squarely in the crosshairs of Russian destabilization efforts intended to maintain Moscow’s influence, and prevent closer relations between Moldova and the West.

This briefing is intended to explore several issues, including Russia's efforts and continued threats to Moldovan territorial integrity and sovereignty; Russian destabilizing actions, including misinformation campaigns, an economic blockade, and threatening rhetoric; and the roles of the Moldovan Government and external actors, including the U.S., the EU and the OSCE in addressing Moldova's vulnerabilities.

Let me emphasize that Moldova remains a key concern not only for the Helsinki Commission, but also for Congress as a whole. I was proud to sponsor a resolution on Moldova, House Resolution 562, which was passed by the House in July of 2014. And among other things, the resolution reaffirmed that it is U.S. policy to support the Republic of Moldova's sovereignty, their independence, their territorial integrity. It called upon the government of Russia to withdraw its military forces from Moldova, refrain from economic threats, and cease supporting separatist movements, and affirmed that lasting stability and security in Europe is a key U.S. priority that can only be achieved if the territorial integrity and sovereignty of all European countries is respected.

These principles—sovereignty, territorial integrity and the like—are the cornerstone of the Helsinki Final Act, commitments monitored on a continuing basis by the Helsinki Commission. I'm afraid that many of the challenges that my resolution sought to address, challenges that we have learned about through past Commission hearings and briefings on Moldova, are unfortunately still with us today.

Before turning the briefing over to Alex Tiersky from the Helsinki Commission to moderate the discussion, let me say a few words about the Commission itself.

I was first appointed to serve as a member of the Helsinki Commission in 1999. In that time, the Commission has given me an opportunity to promote and defend core U.S. values and interests on issues ranging from religious freedom in Russia to combating child pornography and other things. As a Commissioner, I have traveled with fellow members of the House and Senate abroad to meet with our counterparts from more than 50 OSCE nations to ensure that each country is pushed to fully uphold its commitments, including the defense of fundamental human rights.

The Commission often draws attention to issues and countries that are not always in the Washington, D.C. spotlight, but are nevertheless of crucial importance to the United States. The subject of today's hearing is a case in point. While Georgia and the Ukraine—two countries in similar circumstances—rightly get a lot of attention in Washington, the Commission will continue to make sure that Moldova's challenges also get the attention they deserve.

I'd therefore like to thank Ambassador Hill and Mr. Rojansky for once again offering their expertise to the Helsinki Commission. It is only through the support of exceptional individuals like our speakers today that the Commission can ensure that its work is well-informed, that it is relevant, and that it is effective.

So thank you very much for your interest, for your being here. And so now over to you, Alex. Have a good afternoon.

Mr. TIERSKY. Thank you very much, Mr. Pitts. [Applause.]

Mr. Pitts very modestly noted he's a very longtime Commissioner with the Helsinki Commission. And an extraordinarily strong and sustained leader, particularly on the question of Moldova, so we're very grateful for him coming to kick off our briefing, which he actually had asked us to organize in conjunction with our chairman, Chris Smith. So I appreciate their asking me to organize this briefing.

I've been looking forward to learning more about these critical questions from our experts today. The Helsinki Commission itself has long demonstrated a sustained interest in developments in Moldova, including holding several hearings and briefings, such as this one. Our agenda has covered issues ranging from democracy, rule of law, human rights, to today's main focus, security issues, including a protracted conflict in Transnistria. Other types of engagement by the Commission on Moldova included a visit to Moldova in 2014 with a congressional delegation and participation by the Commission's staff members in the context of OSCE Parliamentary Assembly election observation missions.

So let me just say, I think, a few words that will resonate with pretty much everyone in this room. From a security perspective, Moldova certainly faces a number of internal and external challenges which have a potential to bleed out to the broader region. Corruption, organized crime, trafficking in goods and people—in a country that borders NATO and the EU, this is, of course, a concern to us.

And just to name one particularly concerning report that wrapped all of these concerns together for me, was an October 2015 Associated Press piece that described official suspicions that criminal organizations, some with ties to the Russian KGB successor agency, are driving a thriving black market in nuclear materials in Moldova. This frightening report is only compounded by what appear to be Russian efforts to keep Moldova destabilized and rife with lawlessness and criminal activity, particularly by perpetuating the so-called protracted conflict in Transnistria.

So we have before us today a great opportunity to better understand the current security situation in Moldova, including the hows and whys of Russian influence in Europe's poorest country, particularly as it heads into an important election season. Guiding us on this tour will be two world-class experts on Moldova and Russian policy, certainly no strangers to the Helsinki Commission.

Let me first introduce Ambassador William Hill from the National War College, a career Foreign Service officer who served two terms as ambassador and head of the OSCE Mission to Moldova, where he was charged with negotiation of a political settlement of the Transnistrian conflict and facilitation of the withdrawal of Russian forces, arms and ammunition from Moldova. Ambassador Hill has a tremendously long list of impressive academic and professional accomplishments on his official biography that has been made available to you. I can't possibly summarize it, other than to say he seems to have worked everywhere and done everything at the most interesting possible times, to say nothing of speaking six foreign languages. He has been an invaluable witness to previous Helsinki Commission events, and we're grateful that he's accepted our invitation to once again inform our work.

As I mentioned, this is also not the first Helsinki Commission rodeo for Matthew Rojansky, who directs the Kennan Institute at the Woodrow Wilson International Center for Scholars. We're thrilled to be able to once again call on his expertise, which he has deployed not only at the Kennan Institute but also as deputy director of the Russia and Eurasia Program at the Carnegie Endowment for International Peace, where he founded Carnegie's Ukraine Program and led a multiyear project to support U.S.-Russia health cooperation. Significantly for our purposes here, he also created a track II task force to promote resolution of the Transnistria conflict. But of course, most important for me is that he's an adjunct professor at Johns Hopkins SAIS, which is my alma mater. His full biography is also available to you. Matthew, thanks for agreeing to share your thoughts with us today.

I'll first turn to Ambassador Hill, who I've asked to provide some perspective on current developments in Moldova, and then I'll turn to Matthew Rojansky for some words. Gentlemen, feel free to use the podium. And then I'll ask a couple of questions of our panelists myself before turning it to the audience for a question-and-answer session. So, please, Ambassador Hill, if you would.

Amb. HILL. OK, thanks. I think I'll stay here, and I think I can make myself heard by everyone.

Thank you very, very much. I am always happy to come back and visit and cooperate with the Helsinki Commission. It's now, I think, 31 years since I first hosted a Helsinki Commission staff member in Belgrade, what was then Yugoslavia, and started a string of meetings and other joint efforts with this grand institution.

I need to say that I am here offering remarks in my personal capacity. Anything I may say does not reflect the views or positions of the National Defense University, the U.S. Department of Defense, or the U.S. Government. So I, and only I, am to blame.

I'm also really happy, always, to talk about Moldova. I've developed over a long period of time a very deep affection and concern for the welfare of that country, and it's from this starting point that I come to offer my comments today.

I'm going to talk a little bit about Moldova and Right Bank politics; I'm going to talk about politics on the Left Bank, in Transnistria; I'll say a little bit about the conflict—the negotiation seeking a settlement of the Transnistrian conflict and the role of the OSCE; and end up with a couple of observations on general security issues in Moldova. And they'll be necessarily brief, but I can try to go into more detail depending on what strikes you, or if you disagree, or if you have further thoughts on any of these.

Now, I'd like to start off saying that, at this point in time, I think that the political situation on the Right Bank in Moldova is the greatest threat to Moldova's stability and security. I say that not to minimize the current difficulties with the Russian Federation, the continued problems with the Transnistrian conflict, with the failure to obtain full withdrawal of Russian military forces and equipment from the Transnistrian region of the Republic of Moldova, or a number of other things. But there are a number of factors that have come together to make the political, financial and economic situation as it's developed on the Right Bank a real danger to further progress in Moldova.

With a little bit of background, the post-2009 pro-European coalitions in Moldova unfortunately consistently disappointed both those who supported them from outside of Moldova and those who voted for them inside Moldova. The coalition basically ended up in a very deep and bitter fight between the PLDM and the PDM and between their effective leaders, Prime Minister Vlad Filat and the deputy head of the PDM Vlad Plahotniuc. This feud came out in the open in the fight after the Padurea Domneasca scandal, the Imperial or Lord's Forest scandal, and it ended up with both men out of the formal offices that they held and, eventually, after—in 2015, with former Prime Minister Filat charged and in jail. This was due to the fact, largely, that the PDM and Plahotniuc effectively, in the division of labors among the coalition, controlled the courts and the domestic police organs, which worked against the PLDM and the backers of Filat.

In general—I say this not to favor one party or another—all of the parties in the coalition basically failed to address issues of rule of law inside Moldova on the Right Bank. This was particularly crucial as it affected Moldova's financial institutions and the investment climate in Moldova. And what you got out of this was the so-called theft of

the century, where three banks right at the time of the elections of the end of November of 2014 ended up losing—having something like almost \$1 billion disappear into thin air through non-performing loans, false loans, other mechanisms. It's still being investigated.

Now, hostile takeovers of the major banks in Moldova and channeling/laundering of money through these banks had been apparent through open sources, through the press, as early as 2012–2013, and it clearly involved by inference and by direct assertion significant funds coming out of various sources in Russia, as well as from other countries in the region, and passing then through various channels to offshore sites through Latvia, Cyprus, Channel Islands, and off to destinations that investigators are still determining. In a very controversial move that led to the fall of one government and contributed to the fall of another one later, the Moldovan National Bank ended up making up a large portion of these losses, so that the currency simply wouldn't collapse and the Moldovan population at large would not suffer even more from this.

The mechanics of the scheme and who exactly was involved continue to be debated. There are charges and counter-charges going on right now. One of the investigatory reports by Kroll, a Western corporation, was leaked, and the number of stockholders in these dummy corporations was really shocking. But the point is that the problem really hasn't been fixed.

The banking system, the financial markets in Moldova, and the lack of reliable court and police organs and functions is still evident enough that Moldova still remains vulnerable. And there has been a significant problem with money laundering, illicit funds, capital flight out of the former Soviet Union, with Russia being one of the largest sources and problems in this respect. And it's not accidental; Moldova was an easy target for licit and illicit actors able to use the institutions—to seize control of financial institutions and move stuff.

A succession of governments have been unable to address corruption issues, and the fall of these governments, their replacement, have led to demonstrations, in particular the winter of 2015–2016, when pro-West and pro-Moscow demonstrators joined hands to lead one government, Filat's government, out, and to protest the installation of the current Filip government.

Meanwhile, PDM—Mr. Plahotniuc first tried to get himself installed as prime minister. President Timofti would not go along with this. He has lately been courting Western opinion and using resources, including his media empire within Moldova, to create a more favorable impression for his party and himself prior to the presidential vote coming up at the end of October.

The EU, the U.S. and other Western actors have taken a sterner line with Moldovan authorities after 2015, and have been demanding more transparency, better evidence of progress. But one wonders, is this closing the barn door after the horse has left? Is it too late?

I hope not, but Moldova remains in a perilous state now, where population of working age continue to leave Moldova to seek employment outside the country because investors just don't want to put their money in an atmosphere like this. The budget of the country remains significantly dependent upon remittances, and if Moldovans stop sending money home, the country's going to be in real trouble. And the electorate remains badly split. European integration has been widely discredited among significant parts of the population because of the succession of governments, the so-called theft of the century, and

the general failure of the programs of pro-European integration and reform to show better results.

One result you can see is those who advocate union with Romania, who used to get significantly less than 10 percent of the vote when I was there, now poll up towards 20 percent of the vote. And one of the candidates for president, Mihai Ghimpu, has said flat out that he's running for president simply to advertise union with Romania as the only solution to Moldova's problems. The very statehood of the country is at stake. And before you can integrate Transnistria into Moldova, you've got to make sure that you have a strong Moldovan state. So it's not that I minimize the other difficulties which still face Moldova, but this is just a challenge that all Moldovans really face right now.

Now, the Left Bank, Transnistria, is maybe even worse off economically. It's an economic disaster. Working-age population has fled to Ukraine, to Russia, wherever they can get a job. They're sending money back. The Left Bank is significantly depopulated. It has large deficits, monetary—financial subsidies from Russia and a high dependence—maybe a higher dependence than the Right Bank on remittances.

The current leadership is increasingly authoritarian and arbitrary. It is not so much the authoritarian character of his rule but the really unpredictable and arbitrary character. He is opposed by Sheriff, the large conglomerate from the Left Bank that controls much of the retail trade, the media and the Moldovan entry in the Champions League in European football—Sheriff Tiraspol.

The Russians seem to be banking—betting on Sheriff and Sheriff champion Krasnosyelsky, former head of the MVD, the police in the Left Bank, now the head of the Sheriff-backed party that runs the legislature on the Left Bank, the Renewal Party, or Obnovleniye. It seems Moscow is going to back him in the elections in December. One wonders whether they will be more successful than when they backed yet another candidate and lost to Shevchuk in 2011.

The upshot is there is little prospect for positive change on the Left Bank, irrespective of the outcome of the elections, and therefore little real prospect for rapid progress in the settlement negotiations and reintegration of Transnistria in Moldova.

The German 2016 OSCE chairmanship had ambitious, although still pragmatic, goals for their year in the chair, and it has had some successes. They, I think most significantly, convinced the EU to extend the unilateral trade preferences for Transnistria through this year, despite the terms of the association agreement with Moldova, which called for these to end at the end of 2015. So this has not been an issue in the Transnistrian settlement talks and they have been able to concentrate on other issues.

The 5+2 talks have met again this year and the Germans got both sides off to a special session, informal session, in Bulgaria as has been done in years past. They adopted a number of practical, very small measures to restore confidence and to eliminate some minor administrative irritants between the Left and Right Banks, such as recognizing license plates and things like that. These small concessions nonetheless provoked a storm of protest from a number of leading figures in Moldova and Right Bank civil society that remain adamant about any concessions to Left Bank authorities.

Meanwhile, the status of ethnic or national minorities within Moldova in Gagauzia and Taraclia remains really unaddressed. Just today I pulled off the Web a recent report just out from the Institute for Public Policy, one of the leading NGOs in Chişinău now, which treats in detail the situation in the south of Moldova with minorities—Gagauzia,

Taraclia—and comes to the conclusion that very little has been done and it remains with the failure to integrate these regions more successfully into Moldovan politics and economy. There is very little incentive to Transnistrian elites and push for them to get back into Moldova as a whole.

With the state of politics in Moldova on both banks, there is little chance of further progress this year. And I think the best that Germany is going to be able to do is to hand off the process intact and ready to move for Austria in 2017 if there are opportunities after elections have been held on the Left and Right Banks and new authorities look at these issues.

On security, Moldova, happily, seems relatively unaffected by the war in Eastern Ukraine. Odessa Oblast seems to have calmed down and there doesn't seem to be as much danger as there was in early to mid-2014, the Russian mischief-making in Odessa, that would call on forces coming out of Transnistria and that might spill back over into Moldova. Basically, neither Chişinău nor Tiraspol for a long time have had any desire to fight each other or to warm up the conflict again. And barring relatively small or isolated provocations, I expect the military situation will remain calm.

The Russians, both the peacekeeping forces and the Operational Group of Russian Forces, the OGRV in Russian, conducted exercises with the Transnistrian forces this summer, which drew some criticism. And it's really a mystery why the OGRF, the OGRV, was involved because they never were during my time there. They've generally just been there to guard the ammunition and not much else.

I'm not sure that it signifies any real plans on the part of the Russians other than the fact that the OGRV has been idle for so long that many of them have probably forgotten that they are soldiers. But it remains a concern. There is relatively little danger from the Russian forces. They are more of a political impediment than a real security impediment. The significant forces on the Left Bank belong to the Transnistrian authorities. They were Russian during Soviet times. They moved over to the Transnistrian flag. And those are the ones you need to worry about.

But the political significance of the stalled Russian withdrawal and political impediment that it places in improving Moldovan and, generally, European relations with Russia remains there. These remain sore points, but the disastrous state of the economy on both banks and the deep political divisions and widespread disillusionment on the Right Bank, in my estimation are relatively newer and right now are the most clear and present danger to Moldova.

With the Moldovan electorate remaining equally split between east and west, you could well have a pro-Moscow candidate win in the presidential elections. The polls that I saw in the IPP's Barometer of Public Opinion show that the two pro-Russian parties—the Socialists of Dodon and Usatii's Partidul Nostru—are polling by far—or, you know, much, much higher than any of the other parties in Moldova.

What the country desperately needs is rule of law, a real progress in rule of law which would lead to a more secure investment climate, which in turn might lead to the return of some of Moldova's educated, working-age elite—capable, young and middle-aged Moldovans who now reside from Canada and the United States, through Germany, Britain and elsewhere in the West, a workforce and intellectual capability that Moldova desperately needs back home to improve its economy.

It's not clear, as I said, that any of the choices offered in the upcoming elections can promise progress on these key issues. But while dealing and looking at Russia and looking at other issues in the region, I think both the U.S. and the EU need also to focus and keep their eye on these issues lest, for looking at security issues stemming or emanating from the north and the east, we lose the entity that we are seeking to promote, protect and encourage.

Thank you.

Mr. TIERSKY. Thank you, Ambassador. [Applause.]

Why don't we go straight to Matt Rojansky, please?

Mr. ROJANSKY. Well, thank you, Alex, and to the Commission and Mr. Pitts.

Most of all, I just want to associate myself with pretty much everything that Bill has just said, which is not hard for me because I always invite him to lecture to my SAIS class about Ukraine, Moldova and Belarus—the only class of its kind in the D.C. area, I would note for those of you who are still interested in graduate degrees.

But there is one area where I need to depart, and that is that Alex has asked me to talk specifically about the Russian challenge—let's call it that—although I fully embrace the notion that Moldova's first and foremost challenge does come from its just absolutely tortured domestic politics.

Let me start, despite Alex's very generous introduction, with a note of humility about what those of us in the expert community—and by the way, although I clearly am at a think tank so it should be obvious I'm expressing my own opinion, I do technically work for the Federal Government since the Wilson Center was congressionally chartered. And so I also apply the disclaimer: Nothing I'm saying is the position of the Wilson Center or anyone else except myself.

So what experts can't do: First of all, we can't read Putin's mind. I'm not going to do that. We can't tell Russians what their interests are, or Moldovans or anyone else, for that matter. And we can't predict what the next crisis is going to be. We have a terrible record of that, although it turns out not to be bad for anybody's career. That's been scientifically proven. [Laughter.]

What can we do? What can we actually be useful at? We can pay attention to how Russians—and others in the region, but in this case Russians in particular—define their interests. What do they say that they actually want and not ignore that?

Second, we can identify patterns, themes and trends in what they actually do. And then, third, we can recall what has, in fact, happened—past lessons, mistakes, insights. And in that, I would note that with certain very notable exceptions, the U.S. Government tends to have a very short memory, and it's important, I think, to be a repository of that.

So, that said, let me give you a very quick framework—and I introduce it even though it's very broad because I will make reference to it—a framework for understanding how I assess the Kremlin's goals in general, Mr. Putin's goals specifically.

The 2000s—if you look at the decade, roughly speaking, between the time that Mr. Putin became President of Russia and kind of the end of the last decade, I think the theme of what he did in that time, in Russia and to some extent in the post-Soviet space, was rolling back the 1990s, the idea that he was going to save the integrity of the Russian Federation by winning the war in Chechnya, by stopping the separatism of various Russian regions and governors and political figures and so on. He was going to restore the primacy of the Russian state.

That's what the Power Vertical was all about. He was going to stabilize Russia economically versus the basket case that it was in the 1990s, thereby regaining some degree of respect in the world. And all of this is enabled by a kind of social contract with Russians that says, stay out of politics and you'll get rich. And it basically worked.

So what then is this decade about? What is the theme of the 2010s and Putin's sort of second and third, fourth tour as President, whatever you want to call it? What has this been about?

I think this is about rolling back the 1980s. So rather than Yeltsin's chaotic 1990s, this is about Gorbachev's reforms in the 1980s, and basically saying: These people betrayed the Soviet Union, these people betrayed my country, and I am going to undo what they did.

Now, the analogy doesn't hold perfectly but I think it's a useful tool. That's why I introduce it. If you think about it, Gorbachev gave away not just the Soviet space, the former Soviet space, but the Warsaw Pact. He gave away the influence. This isn't to say direct territorial control. Moscow never really had that, even in the post-World War II era, but it had levers. It had ways of ensuring that stuff he didn't want to happen wouldn't happen. And I think Putin wants those back.

Russia was clearly—in the guise of the Soviet Union was a global great power. And if you look at what Russia is doing in Syria, it's very clearly aimed both at an outcome in Syria, but also it's sending a message to the United States, to Germany, to China that Russia is a global great power to be reckoned with.

And even the Russian economy—if you think about primarily what Gorbachev did, privatization wasn't just about Yeltsin in the 1990s. Privatization actually began under Gorbachev, the idea that there would be private enterprise, that there would be boards controlling Russian Soviet enterprises. In fact, what Mr. Putin has done systematically, especially the last 5 to 10 years, is to restore either state or nomenklatura—which is a Soviet term for sort of the elite around the political power—control of the Russian economy. And if you do that, statistically/numerically through the Russian economy you see that that is basically true.

This has been enabled in turn by that same social contract that worked during the last decade. It's attenuated, it's hurting as a result of Russia's tough economic situation, but it's still basically intact because, by and large, the salient period in most Russians' memories is still the 1990s—and by any measure they're still doing much better—but also by the “brain drain” and the departure of this enormous—sort of what I call the political safety valve, the fact that if you oppose this deal, if you oppose the Kremlin, you can always leave Russia, and that wasn't always possible.

All right, so that's kind of a broad framework for thinking about where Putin is headed. How do Russians specifically think about Europe, the European project, and how Moldova's European aspirations fit into that—so why Moldova even matters for Russians in this context.

So first of all, the European project, as such, conflicts with the Russian world view in a very fundamental level. The European project is fundamentally premised on prosperity, the welfare state as we understand it in modern Europe, particularly Western Europe. And ordinary Russians have never shared that and so they don't buy it. They're not sharing in that prosperity. They don't enjoy an effective welfare state.

If you think about some of the sentiments behind the Brexit vote, they're actually held in common very much with Russians—and, by the way, with a large number of Americans, which has some implications we can talk about.

The European project is built on the notion that there are certain rules. We call it a European Acquis; you can call it values, whatever you want, but the idea that European countries that claim that status have got to play by certain rules. Well, that doesn't work with crony capitalism, and that's the system that Putin has built in Russia today and so it's rejected by the Kremlin.

Europe most of all is driven by its really deep fear of what? Nationalism and military conflict. These are the two things that have brought Europe to chaos and ruin and that the European project is intended to avoid. Well, what are the two biggest foreign policy tools of Russia today? Nationalism and military conflict, right? And so again, fundamental world view is in conflict.

And then of course this notion of whether European identity even appeals to Russians anymore. You can't describe every Russian with a broad brush but, broadly speaking, there is more appeal in Russia today for the notion either that Russia is the true repository of European values and Europe has abandoned them, or the idea that there's something distinctly Russian—the old sort of Pan-Slavism, Eurasianism, Russophile, Slavophilism, whatever it is.

How do they think about NATO? Basically as a veil for U.S. meddling. So NATO, in and of itself, is not really a thing. What it is, is it's a tool that the United States has created to put a certain gloss on our interventions in Europe and in the area that Russians care most about.

They ask, what's the difference between NATO's interventions in Kosovo, in Libya, NATO training Ukrainian, or for that matter Moldovan, troops versus NATO next going into Belarus, into Kazakhstan or into Russia itself? So there's really a kind of, you know, reverse domino theory if you think about America's Cold War ideology at work there.

And then there's a different area, which I admit is actually contradictory but they co-exist—this is one of the fun things about Russia's political discourse—that NATO is actually a naïve tool and that therefore the United States is a naïve instrument of cynical neo-fascists in Europe. So the Baltic States, Southeast European countries like Romania.

This is where historical memory—and this memory is genuinely held by Russians—this is where it matters a lot that, for example, if you read the history of this region, in fact it was Romania that occupied a big chunk of Ukraine, including Odessa and so on, and it was Romanian forces responsible for the atrocities and so on.

So this does play into genuine, deeply held historical memory on the part of Russians, Ukrainians, Moldovans themselves, but the narrative is that the United States just doesn't get it. We don't know that we're being manipulated. And when NATO shows up in the region, we're there for someone else's purposes, nothing that would be good for the American people.

So what are Russia's apparent goals, if they see the world this way, if they see Europe this way, and how does Moldova fit in?

I think, first of all, it's obvious Russia would seek to damage, discredit and minimize the European project. That wasn't always true, but given the water under the bridge of the last 5 to 10 years, it is very true today. That entails exacerbating fissures within

European countries—refugees, nationalism. We obviously heard the sort of glorying, the kind of schadenfreude over Brexit in Moldova.

Bill has mentioned it—Gagauz, Transnistrian separatism, the use of passports, the distribution of pension payments, and of course the Russian language itself, right, which is, again, very genuinely connected to the history of the region, the experience of individuals, family identity, et cetera, and nonetheless is a very valuable tool for dividing society.

Bill I think made the point very delicately, and it is true: Support for Romanian unification is higher than it has been in recent history in Moldova, but it's still relatively low. It's somewhere south of 20 percent, safely. The numbers I saw were in June of 2016: 13 percent support, 67 percent oppose. And then you have the huge "I don't know" or "I won't answer" number, as usual in post-Soviet polling.

But nonetheless, Moscow's objective would be to magnify that number as much as possible, not because they actually want Moldova to join Romania, but because that's a very useful narrative, that this is Romanian imperialism all over again, and by extension NATO, American, et cetera, even the sort of fascist narrative, and puts enormous pressure on this already severely weakened Moldovan sovereignty that Bill talked about.

And then of course the promotion of Eurasian alternatives—pressuring Moldova and other former Soviet republics to join. And the success stories there for Moscow have been Armenia and Kyrgyzstan, which have more or less acceded to the Russian-led Eurasian Economic Union and now Eurasian political union.

In Moldova, the latest numbers I've seen—these actually go back to late 2015—30 percent support the Russian Eurasian alternative; 54 percent support the European association. I would guess that those numbers are probably a little bit closer now, as Bill suggested, but this was the latest poll that I had.

And of course dividing the trans-Atlantic connection—dividing the United States from Europe and then a divide on the issue of transatlanticism within European states—so referring to European states that will host American troops or NATO exercises as being "occupied," literally using that term, again dredging up a lot of historical memory there.

Moldovans, again according to the October 2015 IRI poll, 31 percent support NATO; 38 percent oppose NATO. But geography is what matters most there. I mean, if Ukraine is not going to be in NATO, the notion that Moldova would be this sort of extra front line, it's kind of difficult to fathom that that would be a worthwhile undertaking, especially given the Transnistria problem.

The point about values, Russians make the argument that Moldova is a conservative society. That's just simply a statement of fact. People are not particularly receptive to kind of modern Western divisive social issues—questions of gay marriage and so on.

And so Moscow makes the argument: We are the repository of traditional Christian values—we, us in the East, not the West—and so you should stay with us rather than going with decadent "Gayropa." And of course Russian-backed media—RT, Sputnik, which we see in the U.S.—and then other sorts of media projects in Central and Eastern Europe will back that up.

Money going directly to pro-Moscow parties. It's hard to prove this stuff. This is the kind of thing you read in kind of the Moldovan yellow press or the Russian-speaking yellow press. But there have been a number of theories as to why these parties are suddenly able to purchase hundreds of billboards with slogans like "Together with Moscow." And, you know, voters have gotten a meeting with the Russian leadership, and so on.

And of course new NATO activities in the region—and this is very important—are a double-edged sword, because while it may reassure the Baltic States, for example, to have this NATO presence regularly rotating into the region, or while it may reassure Romanians and Bulgarians—with my recent visit to Sofia—to ask for a NATO flotilla to come to the Black Sea, you can imagine how this argument would be made by the Russians. “What is NATO doing there? We’re not threatening them. We haven’t invaded them. NATO is clearly there to claim this territory and to threaten us.” So it really is a tricky double-edged sword.

And if you look—I would argue again, judged by what Russians do, if you look at where they have located the three new division headquarters in Eastern Europe, they’re all on the border with Ukraine. They are all intended to surround eastern Ukraine so that if necessary they could essentially collapse the pincers and kind of take over what they consider to be Novorossiia in eastern and southern Ukraine. They are really not primarily designed to threaten places like the Baltic States or central Europe, or even, for that matter, Moldova. But obviously Moldova could be easily swept up in a conflict.

And then lastly, of course, it’s very much in the Russian interest, again, with this logic being taken seriously, to raise the level of risk. The more fear there is, the more uncertainty, the more saber rattling, the more Russia has to be taken into account, the less Europe can choose the option—and this goes as much for Moldova as any other country—of sort of, we develop ourselves and our success story on our side of the line. And we see that playing out right now in Ukraine, where the more Russia can destabilize Ukraine’s attempts at reform, the more success Russia has in its objectives.

Why all this matters to Americans—just very, very briefly, I would say this is an extension, broadly speaking, of why Europe matters to us. You know, we’ve been pulled into world wars in Europe. Global order tends to be determined, just as a factual statement, by whether there is order among European states. If there is, there is more global order and it looks a certain way; if there isn’t, there isn’t.

And of course, the European project has led to the longest period of interstate peace in the modern era, but also prosperity. The European project promotes free trade, lowering of trade barriers. The U.S. economy versus 50 years ago is now three times more dependent on trade than it was—28 percent versus 9 percent. Our bilateral trade in goods with Europe is almost a trillion dollars, and that I would say substantially understates actual trade with Europe because you have finance, you have American companies headquartered in Europe that sell exclusively in Europe but that the revenues come back to the United States. So that’s substantially greater than our trade even with China—just as a reminder of why this matters.

All that said, not all interests are created equal. I guess I’m a kind of realist in this way. Moldova is small, so the argument could be made that one way or the other, right—win Moldova, lose Moldova, it sort of doesn’t matter, it’s so small.

Here’s the thing: It is symbolic. And tipping points tend to have a kind of, you know, snowball effect, to mix my metaphors. The Russian troops are already present in Moldova through the OGRF and the peacekeepers in Transnistria. The United States does relatively minimal trade with Moldova, although very significant assistance, I would say, proportional to other countries and as a proportion of the economy.

So while losing—sort of as a narrative—that’s not to say it’s a battle with a winner and a loser—but losing as a narrative would not be catastrophic. That’s true. On the other

hand, it would clearly indicate that we are on the wrong track. Clearly I'm not saying it wouldn't be catastrophic for Moldova. It clearly would. But in the grand narrative, it would indicate that we're on the wrong track.

So what should we do to help Moldova? And let me try and end on this. You know, I really like the British World War II posters—keep calm and carry on. But what does that mean in this context? I mean, it's always good wisdom.

First of all, understand what's actually going on. This isn't World War II all over again. There are not thousands of Russian tanks that are sort of poised to roll over the borders. This isn't the Cold War again. You know, don't obsess over Putin. Don't play Kremlinology games, counting people's liver spots, who's up, who's down. Don't make hybrid war into a magic wand, like the Russians can achieve anything they want by waving this magical hybrid war wand. No. Hybrid war, whatever it might be—and I have a piece out on the table Alex very kindly printed out. Hybrid war is possible in environments that are friendly to it, and Crimea was obviously such an environment. Donbass was to an extent. Moldova might be. But it's not the same as either of those, so we shouldn't presume that the same tactics are possible.

And then most of all, we've got to manage and minimize the risks of accidental escalation. Remember—and here, you know, the obvious case up in the Baltics is ships and airplanes getting near each other and risking an accident. But remember what happened in Odessa where you had the Trade Union building catch on fire and probably unintentionally kill a bunch of people who were protesting against the Maidan movement. If something like that were to happen in the context of a Moldovan protest movement—and we've seen a heck of a lot of protests—it kind of reminds me that the whole 2009 change happened because of one relatively small casualty. So you put that together with the current very explosive environment with the situation in Ukraine—that's the type of accident we should be on the lookout for.

And then carry on—what does that mean? Well, it means focus on what we are about. What is the European project? What is the Western message? We need to do a self-audit. Where are we vulnerable? Moldovan corruption—I don't even have to say anything else. That's all I have to say. Bill described it adequately. But also migration, nationalism, pluralism, identity, history issues—we're ignoring all of this stuff, bottom line.

This, by the way, is the mission of the Helsinki Commission, is to deal with these issues, the so-called human basket issues of the OSCE. And I simply want to say it's the right vehicle—the Helsinki Commission, the OSCE—but we're not applying the right resources. And Germany would have been, could have been, I think, a much stronger leader on this. Let's hope that Austria finds the resources to do so.

And then, of course, the economic factor. How are questions of jobs and trade impacted by, for example, Western sanctions policy? It's not negligible. There is definitely a negative impact for most of the countries that border on Russia and that do a lot of trade with Russia, of Western sanctions—which isn't to say it's a bad idea at the end of the day. It simply means we have to be very cognizant of the effects of that and make sure that much like this argument about we're losing the thing that we're seeking to protect, make sure we don't lose the population in the course of seeking to assert their interests and to protect them.

We have to be clear about our values. Don't fight fire with fire. One of the most frustrating things to me always is to go to this part of the world and be told, "Look at all

the Russian propaganda. We need our own propaganda. Will you pay for it?" This is a huge mistake because it runs counter to our values.

And then lastly I'll simply say, the lesson of George Kennan's original vision that he laid out in the famous long telegram and the Mr. X article—my institute bears his name—is that containment is not about running around the world and everywhere the Russian threat comes up, you whack it like Whack-a-Mole. That is a recipe for exhausting yourself, and it probably also undermines who you are.

Containment is about getting problem-solving right in the areas where you can. And to the extent that we're failing that now, and being on Capitol Hill and this institution, I think there are more than enough reminders around us—that is our biggest vulnerability. That is where any strategy that seeks to counter whatever Russian threat and whatever Russian influence there may be in Europe's more vulnerable regions is going to fall down. It's not going to be because they have magical powers that can overcome where we're strong.

If I can leave you with one message, it's this—and I'll ask a question to end this since I know we're going to transition in a moment to the question-and-answer session. I would ask what the lesson of 25 years of dealing with the Moldova-Transnistria conflict is for Ukraine and Donbass today, because I think that is an operative question that American policymakers, certainly I think the Helsinki Commission, is thinking about.

Thank you, Alex.

Mr. TIERSKY. Thank you. Fantastic. [Applause.] Thanks.

I will certainly be the first to put on the t-shirt that says "keep calm and embody our values."

So ladies and gentlemen, I'd like you to get your interventions, your questions ready from the audience, but I do want to first provoke and push back a little bit on our speakers.

Ambassador Hill, very sobering presentation. Clearly you mentioned a couple of times you didn't see a lot of prospect or positive movement in a number of different areas. Your focus on the internal challenges as the most urgent and potentially problematic is very clear and heard. I'd like to push you to pivot a little bit to whether or not those internal challenges actually invite external influence and potentially allow for greater latitude for external actors to play on what is a potentially pretty precarious situation.

I'd also like to ask you—and I think this fits with Matt's presentation—should there be a sense of urgency in any particular direction, contrary to this idea of keep calm and contain, broadly speaking?

Matt, I'd like you to speak a little bit—and thank you for your terrific overview of Russian interests, strategy and memory, frankly—can you speak to whether Russia—and I promise not to ask you for a prediction—

Mr. ROJANSKY. Right.

Mr. TIERSKY. Is Russia content with current trends, the status quo? What factors—both in Moldova, Transnistria, the other protracted conflicts—what factors could change their calculation in this respect, and what levers might they pull to accelerate their desired ends, without asking you to actually be in their minds?

And then we will go to audience questions.

Please, gentlemen.

Amb. HILL. Well, thanks. No, I want to be clear that my remarks are not a call to forget about Transnistrian settlement or other things like that. But it's more to pay attention to the fact that for some time the international community, specifically the U.S. and the EU, have been doing one thing or a set of things dealing with the courts, policing the rule of law in Moldova, and it's clearly not working. And so there is, I believe, a need to do more and different things.

Certainly I think a more comprehensive and stricter variation of conditionality, a more rigorous set of milestones, standards and metrics, needs to be set.

You know, when I was head of mission in 2005, 2006, we were sending people out to survey the behavior in the courts in Moldova. There are very fine reports that are on the web now about the status of courts in Moldova in the mid-2000s. And you know, this seems like it was a tree that fell in the forest and no one did very much about it.

Certainly the theft of a billion dollars in a country with a GDP of under \$10 billion ought to be enough to get people to wake up and pay attention. One just needs to pay attention to this. It doesn't mean neglect the other stuff, but it should—if not a sense of urgency, at least a sense of importance, that if this is not fixed, you are simply going to repeat the history in different forms. You know, people will find new and different ways to steal money and funds that are in the country unless both the organs of law enforcement, setting economic and enforcing economic standards, and bringing those to justice, are reliably reformed.

And I see some hints of this in both what I see in U.S. Government and EU discussions, but there needs to be more.

In terms of inviting perhaps people like Muscovites to fish in troubled waters—they already are. They already were. I mean, look, Usatii, he used to work for Russian railroads. We know where that all comes from, and it's not a mystery.

But the point is that Moldova for years has had a Russian-speaking population that has seen in the left-wing parties—the Communists, and now it's transferred to the socialists, and Partidul Nostru or [inaudible]—they see it as protection. There's 30 to 40 percent of Moldovan population that probably speak Russian at home even though the statistics for Ukrainian and Russian minorities are lower. You have mixed families or just Moldovan families who learned—who spoke Russian in Soviet times and they haven't yet changed. And you need to integrate these people into society, and it calls for a more nuanced, more sensitive and more balanced linguistic and nationality and minority policies within Moldova.

The OSCE mission in Moldova has been doing yeoman work on this for the last couple of years; others need to do more. It doesn't mean you need to punish the Moldovans, but find a way to get authorities in the Right Bank to see that this is the way out, this is the way to bring the population so that simply the appeal of those who would point to the east and say there's a better solution somewhere else will cease to have a voting public. Right now they have a voting public which they don't need to create. It's there, and all they need to do is point to it. It's one of the reasons why the Communists consistently get a high percentage—30, 40 percent or more. And these parties—they're seen by these Moldovan minorities as a defense of their interests. And until Moldovan society and politics changes to recognize that, it's not always going to be easy for parties that get support from the east.

Mr. TIERSKY. Thank you.

Matt?

Mr. ROJANSKY. Yes, thanks, Alex.

So, is Russia content with the status quo, and what might change that calculus?

I think Russia is—as a general rule, Russian political leaders of today's type are more content with ambiguity and uncertainty and gray than Western leaders are. So all things are relative in the world. They thrive more in such an environment than Western leaders, who tend, in a kind of classically, Greco-Roman, logical framework, to seek clarity. You're sort of either in the European Acquis or you're not. You're either in compliance with OSCE norms or you're not.

You know, I—with all deference and respect and appreciation for what our ambassador at the OSCE has been doing since the Ukraine crisis broke out, there's only a certain number of times I can hear Americans repeat, like, "Russia, you're in violation; Russia, you're in violation." It's like, Yeah, right, it's a mess. You know, the whole space is a mess, and that is an environment in which the Russians are comfortable operating. They can get their interests done and advance in that environment. We have much more trouble doing that. For us, that is—it throws us way off.

That said, I think there are a few factors that might change and sort of throw the Russians back on their heels and in that sense provoke a Russian reaction. And I want to be very clear here: The Russians are not always operating according to some ingenious KGB plan that they've pulled off the shelf. They are improvising every bit as much as we often feel like we are in this town, or Brussels is, or Berlin.

So number one would be domestic politics. They don't necessarily know when some issue in the domestic economy or some opposition-produced video exposé about, gee, I don't know, Medvedev's \$20 billion dacha in Ivanovo Oblast that just came out a week ago—you should watch it; it's awesome—that that is just going to go viral and cause—you know, they don't know this stuff.

And when that happens—when and if that happens, then there is likely going to be some pressure to stir up something geopolitically. It doesn't have to be in the former Soviet space, but that simply tends to be the most convenient target. They have the most leverage. They have the most assets. And so you could definitely see the desire for a sort of rally-around-the-flag patriotic moment for domestic consumption.

Two would be what happens on the ground. Local opposition actors, accidents, unintended events like, as I said, the Odessa Trade Union fire—but also think in terms of the folks who, during the unfolding, the kind of slow train wreck of the Ukraine crisis—a lot of the biggest beneficiaries were actually people that the Russians didn't fully know existed, or at least not at high levels, sort of local thugs in Donbass, in Kharkiv, in Odessa, whoever, who sort of saw an opportunity. And if they make enough noise and they create enough of an opportunity, of course Moscow's going to exploit that opportunity. They're not stupid. We, by the way, would do the same thing if suddenly we found someone who appeared to stand up for Western values and promise truth, freedom, justice and the American way. Of course we'd support that person. So I think they could be tempted in that sense to move in that direction.

And, by the way, there's also a kind of soft linkage at work, where, if things are going badly on other fronts, if Russia is being pushed back in many other directions, everything is connected. And so the notion that Russia would act out in another direction where it

feels like it has greater capabilities—as, for example, it did in Syria, I think in direct response to being thrown back on its heels in Ukraine.

And then, of course, there is the notion of a direct tit-for-tat reaction something that is directly connected, even if it's asymmetric, to something that the West does. So, for instance, we make an argument about Russian democracy being not credible, that Russia is an authoritarian country, et cetera. What do the Russians do? They waded into our politics and they lay bare, for all the world to see, that our political leaders aren't so squeaky clean either and that our system has a lot of problems in it. This is the sort of asymmetric tit-for-tatism. And you could definitely see that playing out.

In the post-Soviet space, and particularly in the context that Bill described, you know, it's *de rigueur*. It happens every day. But you could put more and less emphasis on it, depending on how important it is to you.

Mr. TIERSKY. Ladies and gentlemen, we're going to move into audience questions and answers. I'll ask our panelists to try to be brief. We are running out of time. But I'm honored to let the audience know that we've got Mrs. Tatiana Solomon from the Embassy of Moldova with us today. I'd like to give her an opportunity to provide any comments she might like to make in response to the presentation that she's heard so far. Thank you.

Mrs. SOLOMON. [Off mic.]

Mr. TIERSKY. Sure. You're welcome.

Mrs. SOLOMON. This is my first time seeing—being honored to talk in front of the great crowd of people on the Hill.

I'm really very happy to see a growing attention for my country on Capitol Hill. And I am thankful—on behalf of the Government, I would like to thank Ambassador Hill, Matt, and the Honorable Joe Pitts, who left—he is the co-chair of Congressional Moldova Caucus on the House side—and Alex for organizing this event.

This is a very timely briefing in the Helsinki Commission today. And I don't want to miss mentioning Mark Milosch [inaudible, background noise]—who tremendously contributed for this event to happen.

To the keynote speakers, I would like to address a special thanks for the insightful presentation and continued interest towards the Republic of Moldova. And we do appreciate and we will send back home all their expectations and giving their perspectives on the crucial topics related to the Republic of Moldova, including the struggles that our country goes through.

Indeed, Moldova has had a troubled path since gaining its independence in 1991. Down the road, our independence has been questioned and challenged, and it is a good time to reflect on the achievements and to assess our government's preferred goals for the future of our country and the people of Moldova.

The year 2016 is a crucial year for our country. Our first strategic priority is to anchor our country firmly in the West. To reach that, we have embarked on an ambitious and thorough reporting process. This is where the battle for hearts and minds is won. We want to make sure our development model benefits all Moldovans.

It is true that the challenges for Moldova are large, and we're facing an uphill battle. However, we want Moldova to become a successful example of transformation, which, despite all odds, have appeared gradually. We highly appreciate U.S. support for Moldova's European and Western integration agenda. Implementation of the association

agreement remains a top priority for our government. And the road map of priority reforms agreed between the EU and Moldova serve as the main tool to mobilize efforts at national level for the implementation of crucial reforms in key sectors.

We are determined to further implement all these remaining actions in the road map of priority reforms until the end of this year. And on behalf of the government, I avail myself of this opportunity to assure the United States Congress that we have utmost interest to work well together and work within the U.S.-Moldova Strategic Dialogue.

I certainly accept, and we do recognize that the reforms cannot be made overnight. It takes a lot to do that, and especially due to the country's struggles and challenges during this 25 years of independence.

While Matt said that it might not be very huge loss to not have Moldova stable and secure, I would like to say that a stable and democratic Moldova, at peace with itself and its neighbors, will contribute to regional security and global security. And reforms indeed might be painful, but we harbor no doubt that this is the only way to offer a better future to our country and the Moldovan people. And from now on, Matt, I promise that we will try, while implementing the reforms, to keep calm and carry on. [Laughter.]

Mr. TIERSKY. Thank you very much. Thank you, Tatiana. [Applause.]

Ladies and gentlemen, who would like to ask a question? If you could please identify yourselves first. I see a number of questions. So why don't we take the two at the front first. Please, why don't we start over here? There's no microphone; if you could just project, please.

QUESTIONER. My name is Benedikt Harzl. I'm the Austrian Marshall Plan Foundation fellow at CTR SAIS. I would also like to join in thanking the two speakers for really very thought-provoking and interesting, wonderful keynotes.

I have two questions. As we have heard from Ambassador Hill, Moldova today seems to be occupied with homegrown domestic economic problems. But that makes it also possible, the way I see it, for Transnistrian authorities on the one hand, and the Russian Federation on the other hand, to avoid the proactive engagement in the 5+2 discussions, which is pointing to this argument.

But at the same time, it also raises the question to which extent do Transnistrian issue and the terms of a possible power-sharing agreement are issues to place on the agenda as a pressing issue of the Moldovan Government. My question is, is there still a shared vision of how such a power sharing in the future—not unitary, but unified, could look like? That's my first question.

And the second one relates to conditionality, which also Ambassador Hill has referred to. But one very important element that was unfortunately not mentioned by you, but which has been so predominant, is the association agreement. Moldova has concluded and ratified this document, and has thereby signed up to sweeping reforms with all these different issues—benchmarks, monitoring, conditionality. It has even signed up to future—[inaudible]—without even being represented in the EU institutions, which raises some issues from the point of view of democracy. Now, my question is, would this association agreement address your concerns in terms of meeting certain criteria and, of course, in driving the country forward?

Thank you.

Mr. TIERSKY. Thank you.

And one more here. Let's take these together.

QUESTIONER. Hi. Thank you very much. Andrew Comstock, Georgetown University.

I had a question for Mr. Rojansky. Specifically, I was hoping you could clarify your position when you were speaking of these competing narratives in Moldova, one of unification with Romania versus this alternative to the east. And it seemed in your speech that at times you sort of kind of flat-out said that both of these narratives were being supported by the Russian Government or pro-Russian civil society. I was wondering if you could clarify, because they seem to be competing narratives—if you could clarify how that works. What is the mechanism behind that?

Mr. TIERSKY. I'd like to try to get in two more rounds of questions in the next 10 minutes, if I could ask you to try to keep your responses brief. Would anyone like to speak on the sweeping reforms of the association agreement?

Amb. HILL. Well, yes. There are two things. First, the AA—it would be wonderful if the Moldovans implemented the Acquis Communautaire. It would have been nice if the Romanian and Bulgarian Governments would have implemented the Acquis in 2005–2006, before they were let in, rather than having to play catch-up afterwards.

It's understood, yes, this would help. I mean, the EU standards are ideals that, if fully implemented, would fix many of the problems. The problem is getting people and states to do it. And that's where one really needs to be—you go to the website of the EU mission on Moldova and you'll see they've taken a much sterner line more recently. Will this help? I hope so. We have to see. It's something to look at.

And power sharing is—the question of status is still theoretically on the table in the 5+2 talks. The problem is that neither the Transnistrians nor the Russians pay much attention to it. They don't need an excuse in order—let me tell you, I've dealt with this for seven years, and they need no excuse to avoid engaging in serious talks.

The problem for Chişinău in these circumstances, you know that the Transnistrians would like to preserve the status quo if they can. You know that the Russians will assist them and push them to do so. The question is, what can you do to make yourself more attractive, more trustworthy, more believable, so that you can break some of the Transnistrian elites away from the Russians?

There are considerable incentives. Transnistria still does as much trade with the EU as it does with the CIS. And if you make it attractive for the Transnistrians to work in a Moldovan legal and economic space, you have a real chance, because, unlike the Donbas, Transnistria is a thousand kilometers away from Russia. But the Moldovans need to do that. And this has been one of the consistent failings that many Moldovan negotiators and governments have shared.

Mr. ROJANSKY. Benedikt, very quickly, does the association agreement meet my concerns? No, not because it doesn't say what it needs to say, but because, in actual fact, in proof of fact, it has not delivered what it needs to deliver yet, which isn't to preclude that it ever does.

The reason why, because we in the West don't understand how the political relationships here actually work. It's all a negotiation. If you can extract more now, and then also get more later by running a high risk and by playing fast and loose with the deal, then that's what you're going to do. And the problem is so far, by and large, with some exceptions, Moldovan politicians have gotten away with that, in part because we—that is, the West—don't have better options. I'm not saying I know what those options are. That's the problem. I don't have a solution for that problem.

Andrew, on narratives, it's very simple, because it's not a binary choice. It's not greater Romania or return to the Soviet Union. There are many very valid choices down the middle of that, including successful reform, Moldova as a sovereign, relatively normal, functional European country. That's just not a narrative that helps Moscow very much. But Moscow can actually find a lot of advantages to a narrative that says Moldova is basically selling itself out, is a neo-fascist, Romanian, expansionist instrument or, of course, well, the Moldovans love us because we're all, after all, at the end of the day, the same people. Either one of those is fine, just not the stuff in the middle.

Mr. TIERSKY. All right. More questions, please? Let's take all three at the same time, if I could. Why don't we start over here, please?

QUESTIONER. Hi, I'm Kathleen Weinberger from the Institute for the Study of War.

And I was wondering if you could both give me an idea of how you think Moldova [inaudible] NATO activity in Eastern Europe. On the one hand we do have—[inaudible] coming up. And I do think Moldova has a very strong inclination to, as you were talking about, pursue [inaudible]. On the other hand, I can see how this would be construed by [inaudible] and by different actors in Moldova. So I was wondering if you could give me an idea of how you see this as helping or hurting Moldovan security.

QUESTIONER. My name's Franklin Holcomb from the Institute for the Study of War.

I was curious if you could talk about Moldova's other significant neighbor and the developing relationship they have with them. How has the Moldova-Ukraine relationship changed over the past few years, particularly in relationship to how their relationship with the United States as well? [inaudible]

Mr. TIERSKY. Thank you. And one more.

QUESTIONER. Isabel MacCay from American University and Senator Sullivan's office.

My understanding, Moldova seems to have a strong reliance on Russia and Ukraine for energy resources. And I'm curious, as far as their economy is concerned, as Moldova's infrastructure is concerned, how that [inaudible] and what their options are. Because, as stated [inaudible] they want to think of themselves as a Western nation, how that causes a conflict in their energy resources, and what options are then out there.

Mr. TIERSKY. Let me add to that already very rich slate, Ambassador. I don't want to leave you off the hook that Matthew has put you on, which is, what are the lessons of Moldova, Transnistria, if I'm getting this right, for the Donbas in particular, 25 years. So if we could fix all of this in the following six minutes. Over to you, gentlemen.

Amb. HILL. All right. Well, let's see. Very quickly, NATO causes big splits in Moldova. But what really causes the splits are pushing membership. And it's simply unrealistic to push that. We've already found that with the Bucharest summit. But what NATO likes is PFP.

I once listened to—someone spoke to then President Voronin 10 years ago about NATO expecting a diatribe from the Communists. And Voronin started in, went on for 10 minutes about all the wonderful things NATO was doing in his country. And these are basically PFP type, you know, non-war fighting type, cooperative type activities. That's the way to get NATO in there, is NATO does an awful lot with demilitarization, with security, with disaster relief, with civil protection, things like that. And Moldova's been an active PFP member, and that is a way to get publicity with the population while avoiding the really divisive issue, which is signing up for membership, which simply isn't going to happen.

On the reliance for energy, Moldova historically has been fighting battles with Russia because the primary source of energy has been Russian natural gas, both directly and to run the big Moldavskaya GRES, the electrical office located on the Ukrainian border in Transnistria.

Recently, pipelines have been finished to Romania, to bring gas in through Ungheni, but somebody's got to find the gas for the Romanians to buy that doesn't come from Russia in order to go in there. If Congress clears LNG exports, it would not be proper for me to tell Congress what to do, but, you know, things like this sit there.

There are increasingly pipelines available to get stuff in, if you can find the sources, because the Ukrainians are no longer great fans of Gazprom and the Russians and probably would be willing if you could get gas from Azerbaijan, say, up to Odessa. Building pipelines would probably be prohibitively expensive. There's one in there, but are there other ways to do that?

On Moldova, Ukraine, the relationship has not improved as much as I thought it would be. I mean, I'm very encouraged overall. When I read Putin's March 18th, 2014 speech, I was really worried because I said he's going into Ukraine and he's going after all of southern Ukraine. And it turns out that from Odessa all the way up to Donetsk, the Ukrainians, even if they speak Russian, seem to want to be part of Ukraine rather than part of Russia. And that is very encouraging for Moldova.

What I haven't seen is as much cooperation between Ukraine and Moldova and 5+2 talks as I would have expected. And I think that's something that both U.S. and EU political leaders might think about, about talking both with guys in Kyiv as well as in Chişinău about why this hasn't happened and why the change in attitude towards all of this. It may be the Ukrainians are just afraid of having provocation, having a problem on their southwest when they've got a real problem on their southeast.

But when it comes to the lessons of Donbas, it was no accident that The New York Times called me up in August of 2014 and asked me about all of these guys that I had dealt with in the Transnistrian conflict who now seemed to be in responsible positions in the LNR and DNR. The playbook is well known and it's well known how it's run.

The problem is that barring a military solution there's nothing quick you can do about this. But there is a political solution. You can avoid letting it screw up the rest of your country. You know, Ukraine controls, what's it, 90 percent of Ukrainian territory; Moldova controls 90 percent of Moldovan territory. Run that territory well, avoid falling victim to provocations as much as you can. Yes, I know, the Russians will do all sorts of boycotts, all sorts of other things to try to make trouble for you, but we have to look at the fact, the positive side, the glass is more than half full, it's 90 percent full of territory that's controlled by recognized, reliable authorities that, if they pay attention to good governance, can create a society that will be attractive to the folks in these separatist entities, and the separatist enterprise will be increasingly less attractive.

I don't expect the Russians to lose gracefully on this. But if we play our cards right, we hold the winning hand. I firmly believe that.

Mr. ROJANSKY. These were very good questions. I think Bill answered the gas question.

On Moldova, Ukraine, Romania, I think I can't really speak to relations with Romania. I can tell you that on Ukraine, what I see is that rather than being more coordinated or just closer to each other, Kyiv and Chişinău are just more like each other. And

that's disturbing because I actually think that the Ukrainian post-Maidan reform emphasis is also going in the wrong direction right now. And that's not to buy into a propaganda narrative, it's just I kind of know too much about the guys who are running the show. And they remind me an awful lot of the guys who have been running the show in Chişinău for the last several years. And so that bothers me because it suggests that anything that's possible in Ukraine is possible in Moldova as well, and vice-versa, in a negative sense. Sorry to be a pessimist about that.

On NATO, what I find interesting about what Bill says, it's all correct, everything Bill says is correct. The problem is the battle of narratives. So when you say, you know, we can get NATO in there to do all this good stuff, counterterrorism and counter-trafficking and stability ops and human security, that's all true. The problem is that's not at all the way Russians see it.

They would see getting NATO in there as simply the first step, as I said, this veil for American imperialism, the idea of the next step is we occupy the region. And the problem is not that that is actually going to happen and they'll be proven right. The problem is that that narrative then blocks everything else, that it is a useful enough tool that everything else you're trying to do in the meantime, all the sort of good, glass-half-full stuff about your sovereignty and taking advantage of the fact that you actually do control 90 percent of your country and so on, goes off the rails because of this narrative.

Let me answer my own question if I can, 30 seconds. After 25 years, I see three lessons. Number one, there is not a military solution. OK? You may want there to be one. I know that this august body has just passed a bill that entails the possibility of lethal support for Ukraine, and that may be a good idea, but it doesn't mean that a military solution is there that wasn't there.

Second, that it may very well be preferable to take the path of separate development, to sort of make the 90 percent successful and let the 10 percent vote with its wallet or with its feet, rather than compromising their sovereignty by doing a deal now when it's a bad deal.

But then the third point is the problem, and that's where we get hung up, is that your sovereignty might be compromised anyway and it might be compromised by the continuation of the conflict in those ambiguous conditions and by your own failure to do the things that you would have to do, that are hard things on your own side of the line.

And if that's the lesson of 25 years of Moldova and Transnistria, and I often get shot down when I say this to Ukrainians, then unfortunately it doesn't lead me to be very hopeful about how we resolve the Donbas conflict in the short term or the long term in Ukraine.

Mr. TIERSKY. No, let's stick with the winning hand that Ambassador Hill had.

Mr. ROJANSKY. Yeah, yeah, I know. The diplomat, right? Half full.

Mr. TIERSKY. Ladies and gentlemen, I can assure you, I can assure the embassy that the Commission will continue to monitor developments in and around Moldova, certainly with a view towards supporting its sovereignty and its territorial integrity and the right of Moldova and Moldovans to choose their own future and in support of the reforms necessary to make that path a reality. I think as the Commission does that, we are fortunate that these gentlemen know that we will call on them again and frequently.

Will you please join me in thanking them for their expertise this afternoon?

[Whereupon, at 5:34 p.m., the briefing ended.]

A P P E N D I X

PREPARED STATEMENT OF HON. JOSEPH R. PITTS

Ladies and Gentlemen,

Welcome to the Helsinki Commission's briefing on "Moldova at the Crossroads."

This briefing marks the latest in a series of events held in recent years by the Commission on challenges facing Moldova. The Commission has worked hard to keep informed on developments there and drive U.S. policy towards greater effectiveness.

In 2012, Congressman David Price and I established the Moldova Caucus to act as yet another entity to augment our government's foreign policy with respect to the Republic. This caucus helped accelerate collaboration between Moldova's government and Members of Congress, and it did so at a critical juncture.

As Moldova prepares for presidential elections scheduled for October 30, the country is at a yet another crossroads. While it seeks to overcome significant internal challenges, Moldova also remains squarely in the crosshairs of Russian destabilization efforts intended to maintain Moscow's influence and prevent closer relations between Moldova and the West.

This briefing is intended to explore several issues, including:

- Russia's efforts and continued threats to Moldovan territorial integrity and sovereignty;
- Russian destabilizing actions, including disinformation campaigns, an economic blockade, and threatening rhetoric;
- and the roles of the Moldovan government and external actors, including the U.S., the EU, and the OSCE, in addressing Moldovan vulnerabilities.

Let me emphasize that Moldova remains a key concern not only for the Helsinki Commission but also for Congress as a whole. I was proud to sponsor a Resolution on Moldova, House Resolution 562, passed by the House in July of 2014. Among other things, the resolution:

- Reaffirmed that it is U.S. policy to support the Republic of Moldova's sovereignty, independence, and territorial integrity;
- called upon the Government of Russia to withdraw its military forces from Moldova, refrain from economic threats, and cease supporting separatist movements;
- and affirmed that lasting stability and security in Europe is a key U.S. priority that can only be achieved if the territorial integrity and sovereignty of all European countries is respected.

These principles—sovereignty, territorial integrity and the like—are the cornerstones of the Helsinki Final Act, commitments monitored on a continuing basis by the Helsinki Commission.

Ladies and Gentlemen, I'm afraid that many of the challenges my resolution sought to address, challenges that we have learned about through past Commission hearings and briefings on Moldova, are unfortunately still with us today.

Before turning the briefing over to Alex Tiersky from the Helsinki Commission to moderate the discussion, let me close by saying a few words about the Commission itself.

I was first appointed to serve as a member of the Helsinki Commission in 1999. In that time, the Commission has given me a platform to promote and defend core U.S. values and interests on issues ranging from religious freedom in Russia to combatting child pornography. As a Commissioner, I have traveled with fellow Members of the House and Senate abroad to meet with our counterparts from the more than 50 OSCE nations to ensure each country is pushed to fully uphold its commitments, including the defense of fundamental human rights.

The Commission often draws attention to issues and countries that are not always in the Washington, DC spotlight, but are nevertheless of crucial importance to the United States. The subject of today's hearing is a case in point. While Georgia and Ukraine—two countries in similar circumstances—rightly get a lot of attention in Washington, the Commission will continue to make sure that Moldova's challenges also get the attention they deserve.

I'd therefore like to thank Ambassador Hill and Mr. Rojansky for once again offering their expertise to the Helsinki Commission. It is only through the support of exceptional individuals like our speakers today that the Commission can ensure its work is well-informed, relevant, and effective.

Thank you for being here.

Over to you, Alex.



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This publication is intended to document developments and trends in participating States of the Organization for Security and Cooperation in Europe (OSCE).



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