

**ASYMMETRIC  
THREATS  
PROGRAMME**

**A Study of Romania, Bulgaria, Georgia  
and the Republic of Moldova**

**PROPAGANDA MADE-TO-MEASURE:  
HOW OUR VULNERABILITIES  
FACILITATE RUSSIAN INFLUENCE**

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*Funded by:*

**B | S | T** The Black Sea Trust  
for Regional Cooperation  
A PROJECT OF THE GERMAN MARSHALL FUND

A project by



Bucharest, Romania

February, 2018

The report can be accessed at [www.global-focus.eu](http://www.global-focus.eu)

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The Asymmetric Threats programme focuses on strategic communications, terrorism and radicalization, cyber security and hybrid war.

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## ARGUMENT AND METHODOLOGICAL EXPLANATION

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*"The strong do what they can and the weak suffer what they must"*, the Melian dialogue tells us, a classical case study of political realism; and states and societies from the United States to Eastern Europe and beyond have been suffering everything in recent (otherwise peaceful) years, from interference in elections and destabilization of governance, to the ascent of far right forces, radicalization and extremism, nationalism and separatism, increasing state penetration and/or capture by corrupt political-economic networks.

Paradoxically, the perpetrators are generally not from among the strong. Whether it's Russia, or ISIS, or political/ religious radicals and xenophobes, or the McMafia-type business-politics nexus, they all have one thing in common: they are the marginals, those who feel they stand to lose from the (still) Western-led global order. Hence, they practise a revisionism set outside the rules of the international game. Much like terrorism, they employ unlawful (or, at best, unethical) means of intimidation and (in this case indirect) violence against state institutions and civilians alike, in the pursuit of political aims, punching well above their weight and sending ripples through the whole society and global system.

Though richer and stronger than the aggressors, target societies are increasingly developing fatal vulnerabilities, which make them easy prey to the propagandist 'insurgency'. 'Alternative realities' and seductive narratives, of conspiracy and 'holy war' against injustice by the powerful, find a receptive constituency among the genuinely destitute and disillusioned. The current speed of global change leaves entire social and professional categories behind and generates tremendous polarization. Governments and politicians have been slow in making sure they represent everyone and govern for everyone. Institutions have not adapted to the kind of direct democracy and citizen agency which new communication technologies allow. Education systems are preparing the youth for jobs that may not exist by the time they graduate. The elderly and other vulnerable categories are struggling to

adjust to a world with ever-thinner safety nets, a world they have little influence on, though these profound changes often hit them the hardest. Traditional societies are having trouble accepting the seemingly implacable march of liberal secularism, which they feel is unseating the “natural”, “God-given” order of things. Individuals are feeling powerless in their relations with the corporate or state legal, bureaucratic and economic machineries. As the gap between citizens and their representatives in politics and government widens, supranational institutions like the European Union are increasingly perceived as expensive monsters meant to just further neutralize individual will, as well as national sovereignty.

All these societal tensions and cleavages are aptly exploited by the revisionist underdogs of the international system. Propaganda, disinformation, subversion, malign influence have become a peacetime continuation of war by other means. In a creeping occupation of hearts and minds, they have already made advances and created breaches into the very substance of our democracy and liberal order, which we have not even started to patch up. Their goals are not targeted or limited or temporary; they are systemic and far-reaching and aim for the fundamental redesign of our societies.

The main assumption of the present study is that if the nature of conflict and the instruments of global competition have changed, to include a wide array of hybrid means of peacetime interference in the well functioning of states and societies, then so should our means of defence and of advancing our own security. Much like in the case of conventional situations then, in order to design effective security strategies, we first need an accurate assessment of existing risks and gaps. The authors have therefore undertaken to provide an overview of our own preparedness in terms of understanding the challenges, of the institutional setup and mechanisms, of horizontal cooperation among all actors involved, resources and investment, objectives and instruments, etc.

We also believe that if entities with an interest to influence elections are using voter profiling to manipulate individual behaviour, exploiting every window of opportunity as an access point - then so do governments and interest groups, who will profile states and societies and target their weaknesses to determine their domestic and international agenda.

To our knowledge, this is the first study of its kind, which takes a ‘demand’-side approach, choosing to focus on the permeability of different states and societies to propaganda and subversion, on those vulnerabilities that ‘invite’ aggression, rather than on the activity of the propagandists themselves (the ‘supply’-side). We have done so because we believe that, just like prevention is better than cure (and also

more efficient and cheaper), resilience is preferable to response and provides us with a more realistic chance of success.

As regards disinformation, even just the experience of traditional media (but even more so of social media, where readers' attention span is more limited) teaches us that the damage is done once the false stories are circulated. Debunking them will likely only correct misperceptions among a fraction of the initial audience, interested in following the story through. By way of extrapolation, 'alternative' realities, once created, are very hard to deconstruct. The situation is even more serious in the case of subversion, where realities actually *created* on the ground (clientelistic networks, state capture, political corruption etc.) become very hard to uproot.

While some remarkable writings (*some of which are hereby reviewed and have served as the methodological basis of the present study*) have highlighted the impact of Russian propaganda on Central or Western Europe and on Ukraine (which has experienced the whole range of Moscow's hostile tactics), this is also the first foray into the region where Russia's soft power has been used for the longest – and uninterrupted – period of time, with objectives ranging from the more modest (preventing full integration with the West) to the most ambitious (reversing the independence of countries in the region and returning them to Moscow's sphere of influence).

We have deliberately chosen to compare countries in the same geographic neighbourhood (Eastern Europe and the Black Sea), but with widely different internal and external circumstances: EU/NATO members and non-EU/non-NATO members; countries which share a border with Russia and countries which do not; countries with a Russian minority and/ or a frozen conflict (separatist regions) on their territory and countries without either or both of the above; countries which have traditionally had good relations with Russia and countries with longstanding enmity against Moscow, etc.

The resulting picture of similarities and differences is very revealing for the basic ingredients of propaganda and subversion strategies and how they adapt to the specific target. The value of such comparative analysis thus goes way beyond the Black Sea region. A seminar organized in Bucharest (*report attached at the end of the present publication – Annex 1*) halfway through our yearlong research, with senior level experts from across the transatlantic space, to discuss the preliminary findings, testifies to the practical advantages of this approach. The exchange of lessons learnt and good practices has generated a more complete mind-map of the context-sensitive aspects of propaganda. Once the debate is grounded in the reality of different situations and experiences, planning for resilience and response can take account of all the complex factors that compound success or failure, while we try to

provide answers to the fundamental questions: whose role is it and to what extent to design and implement solutions? Is it for governments to do it, for society or both? How can the state effectively intervene without being suspected of censorship, in the context of the current mistrust between citizens and government/ political class? What is the right balance between stepping up positive measures (media literacy education, information, awareness etc.) and restrictive ones (banning propaganda channels, designing new legal clauses to regulate internet and dissemination of information etc.)? How can hierarchical institutions and conventional doctrines adapt to horizontal, hybrid, non-kinetic threats? And these are just a few (*more in the final seminar report, in Annex 1*).

The other novelty in the current study is the fact that it is not a strictly academic endeavour, but provides a practical instrument for decision-makers to (re)think their counter-propaganda and counter-subversion strategies. To this end, it brings together, on the one hand, a strong analytical method, the quality and depth of expertise sourced directly from the countries under analysis, and on the other hand, the operational value of quantitative data processing. The Propaganda Permeability Index is an original instrument that allows for country-by-country evaluation and monitoring throughout time, as well as impact assessment of the policies designed to improve the situation.

The present study understandably focuses on Russia, given the prominence of Kremlin-directed information war in the region (and what it can teach us about its declinations elsewhere in the world), but also because Russia has ideologized and operationalized this approach to a remarkable degree of efficiency and refinement and has explicitly incorporated it into its military doctrine. As the brief section on *Russian Political Warfare* points out, the Kremlin was first to profess that the rules of war have changed, the frontiers between war and peace and between civil and military are now blurred. This new security concept, proposed by the so-called Gerasimov doctrine, puts the *protest potential of the population* at its very core, aiming to weaponize gaps between societies and their leaders to further cast them apart, generate unstable and ungovernable spaces, where Moscow would find it much easier to subsequently interfere and advance its own interests. Interference in the stability and well functioning of a state and society is not limited to the so-called information war though, but includes a wide spectrum of non-military instruments, amply utilized by the Kremlin: clientelism, proliferation of rent-seeking networks to the point of state capture, economic leverage (from oil and gas dependency and covert ownership through local oligarchs, to pressure on the target countries' diaspora in Russia), using client EU/ NATO members to sabotage developments within these organizations etc.

Russian propaganda and malign influence use internal (structural) vulnerabilities and seek to amplify existing fractures to reach a tipping point. The ultimate goals are, firstly, to prevent governments and societies from making policy choices that help them become increasingly autonomous, efficient, successful and integrated with a West that the Kremlin sees as actively pursuing regime change in Russia (according to Dimitar Bechev's chapter on Bulgaria). In the long run (because Russia *is* playing the long game!), the aim is to reverse the course of such developments, drawing them as close as possible into Moscow's sphere of influence and control, and to shape their identities to converge with the Russian worldview and posture, thus turning them into long-time partners/ proxies/ satellites or even 'army of zombies'.

Russia's essentially disruptive agenda may be somewhat difficult to detect, because it does not propose an alternative construction, a competing view, but rather limits itself to thwarting the plans and objectives of those that it perceives as its opponents. One of the major takeaways of this research is that the absence of immediately visible consequences of its adversarial activity makes it harder to identify the manipulative agenda behind and might well conceal the fact that Russia is, nevertheless, relentlessly pushing its agenda all this while, 'under the radar', in inconspicuous ways.

This is not something that Russia alone practises. As the title of the present publication points out, propaganda is made to measure and works with the client's material. The same weaknesses can be exploited by any present or future enemy, from within or from without. We have therefore tried to look beyond the obvious, since giving attention to Russia alone would be to fall into the same trap of inadvertent focus, which has blindsided us in the first place and allowed Moscow to attain the current scope and level of effectiveness. The Black Sea region, like many others, has already experienced variable levels of attempted influence from external actors, like China or Turkey, or from internal ultraconservative, illiberal, far-right, nationalist or religious fundamentalist groups. Governments seek to promote their interests and challenge Western dominance. Non-state actors practise a societal revisionism that challenges the fundamentals of the social contract and the (liberal) social order; their agendas often align with that of the Kremlin. At times there is direct or indirect cooperation; in other cases there is just significant overlap in interests and intentions. As is the case with other asymmetric threats, like terrorism or cyber war, the more successful propaganda and manipulation turn out to be as tools to attain these goals, the more tempting it will be for others to employ the same tried and tested recipes and further refine them. Consequently, our research focuses on the prevention side, on making stakeholders more aware and better prepared to withstand such aggression in the future, by providing early warning and

preparedness assessment mechanisms. We do believe this is a mission for states as well as citizens and that only a whole-of-society approach and permanent vigilance can raise our defences in front of an ever-evolving threat.

We need to be aware that two major global trends are creating auspicious conditions for these comfortably disruptive agendas, which focus on contestation alone, with no intention to take responsibility for managing the consequences or proposing a genuine alternative. The first trend is the accelerated diversification and spread of communication technologies, which allows easy access to the hearts and minds of the people and also divides them according to their level of opportunity to take advantage of this progress. The second is the accompanying growing access of more and more citizens to making their voices heard, advancing political claims, and holding their leaders accountable. This political agency of the masses does not find a channel in traditional institutions, which have not reformed to an adequate extent.

The increasing use of alternative, informal channels, as well as the confidence gap thus generated between citizens and institutions offers ample space for propaganda and destabilization, casting doubt over representative democracy itself. How we will manage this conflict is as much a function of social communication and revisiting our institutional setup, as of pushing back the enemy. Our societies will never be inexpugnable fortresses. The essence of democratic order is that it remains open for questioning and permanently perfectible through negotiation among participants in the social contract. To think that we can reduce our permeability by placing more and more restrictions on civil freedoms would only play into the hands of our foes. We can never become invulnerable. We do not imagine that all of these vulnerabilities that we have identified can and will be entirely fixed. Many of the solutions involve long-term strategies, with results at the end of long processes, while the problem is with us here and now. Hence, like in any war, we also need to go after the enemy while we strengthen our own resistance and 'immunity'; only such a mix of solutions will do the job. This is why we propose a complementarity of approaches, where targeted intervention centred on the aggressor to limit its ability to do damage works alongside structural measures meant to empower society to handle the challenges posed by evolving global circumstances.

## Methodology

With the above perspective in mind and given the comparatively abundant literature on Russian information war, the current study chooses not to focus on what others do to challenge us, but on what we do not do enough to resist subversion, destabilization and malign influence of all sorts. We try to map out the weaknesses and identify the possible inroads into our 'defence' systems, a research effort leading up to targeted policy solutions to boost our immunity. We undertake a critical examination of the individual threats in the four countries under analysis; the level of awareness and understanding of these threats on the part of political elites, government and other stakeholders (civil society, the general public, private sector etc.); the capabilities for counteraction and the institutional framework in place; and ultimately, of action taken so far with regard to preparedness and response measures, with a view to prospect the needs and perspectives for the future and anticipate possible scenarios (systemic consolidation and defence preparedness).

Our goal is to offer policy-makers and interested stakeholders an innovative, practical instrument, which can be easily replicated and used proactively to build resilience into social, economic, political and security systems – as opposed to the generally reactive approach of doing damage limitation when the aggression has already happened. Although we have reviewed tactics of 'attack' and case studies of propaganda penetration, our primary objective has been to identify auspicious conditions that can be used by hostile actors to create a "manufactured reality".

In terms of methodology and structure, the editors have chosen to combine qualitative and quantitative analysis, to achieve as high a degree of accuracy and granularity of research as possible, especially as they were on uncharted territory.

For the qualitative part, GlobalFocus Center has worked with an original methodological framework based on intelligence analysis and structured along four major fields which constitute 'combat grounds' for malign influence and disinformation: society – economy – politics and foreign policy/ security. To probe each of them, in every one of the four countries under examination, we have assembled a multidisciplinary and multinational team of sociologists, statisticians, intelligence and security experts, journalists, economists, diplomats, political scientists, government experts and think-tank analysts. Each of the four major fields of study was broken up into component parts (subtopics) and analyzed across the key dimensions of information war and malign influence: context; auspicious conditions; messages; vectors; channels; conclusions and recommendations.

The substantive research for each country was carried out by the local partner organizations, which have provided the necessary resources of expertise, so that each of the fields of study would be covered by acknowledged specialists. In the case of Bulgaria, we have chosen to rely on the vast knowledge and experience of Dimitar Bechev, one of the foremost and internationally recognized authorities on Bulgaria and the Balkans, author of a recent book on Russia's influence in the region. The expertise of local partners was complemented by consultations with country experts, integrated and refined by the core team.

The quantitative analysis framework developed in-house brings a fully original dimension to the study of propaganda, disinformation and subversion: it proposes a theory that permeability to these non-kinetic threats can be measured and compared across different countries, using data collected through national expert surveys; it also offers a pertinent and practical instrument (the Propaganda Permeability Index) to do so, in order to subsequently develop tailored resilience and response. While impact has traditionally been easier to observe, assess and assign a numerical value, potentialities and risks (especially in these fields) have generally been thought harder to operationalize, since the analysis would have been prospective and to some extent speculative. The novelty also lies in the fact that the countries in question had never been submitted to scrutiny before with a view to identify their vulnerabilities vis-a-vis information war and malign influence, much less compared along these lines.

A solid methodological approach can capitalize on reliance on new data and an original algorithm, while ensuring rigour and consistency. The team has used expert surveys, polling professionals with good knowledge of their respective fields in each of the countries studied (there were separate sets of respondents for each of the four fields of study in each of the four countries), to source perceptions of the local realities from those individuals who are most equipped to express an informed opinion. The lists of respondents were drawn up by local partners, taking every precaution to ensure a representative sample, balanced representation of every side of the political spectrum, every relevant professional field, ideological background etc., to ensure diversity of views and to even out personal subjectivities.

Expert surveys were preferred because they reflect perceptions – and perceptions are instrumental in determining propaganda strategies. At the same time though, the research team was not interested in polling public opinion, but stakeholders, which is why respondents were selected among the expert community. The similar professional profile and level of expertise of the respondents across the four countries provides for a remarkable degree of internal survey cohesion, while the

option for a numerical, modified Likert scale (to assign a numerical value to each answer) ensures the generalizing character across the whole questionnaire.

Both the qualitative and quantitative frameworks were extensively tested with local partners and experts in the target countries, successively refined and reviewed. Experts were guaranteed anonymity, to diffuse possible reluctance on their side to answer the more sensitive questions. The response rate was satisfactory and more than sufficient for processing relevant results. The end product is a tool which has the potential to prompt more focused policy orientation from state institutions and other stakeholders, as it clearly pinpoints and quantifies the areas of concern, indicates the level of risk and urgency and is user-friendly and visual, easily understood by everyone.

The authors acknowledge the limitations of the present study – ranging from personal subjectivities and biases, to the ever-perfectible character of a methodology devised to analyze complex and wide-ranging social phenomena. Nothing would make us happier than if other more knowledgeable experts engaged with our research to debate it, challenge it, correct its imperfections and thus improve it. Our main purpose is to raise alarm about the gravity of the threat, even in states that seem the least likely victims, as well as generate substantive, solutions-oriented debate and provide a basis for it, with the strong belief that this is precisely what is lacking at present in our societies, both within the expert community and the public.

## RUSSIAN POLITICAL WARFARE

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In the aftermath of an ever more muscular programme of Russian revisionism, Western security experts have studied the so-called “Gerasimov doctrine” as a basic outline of the *hybrid war* that Russia wages against Ukraine. However, the immediate utility of the speech should not be understood as codifying a military doctrine *per se*, but more as a statement about the changing character of conflict in the current security environment. Gerasimov’s 2013 speech provides a sample of how the Russians frame contemporary warfare, where there are no clear-cut frontiers “*between war and peace*”, operations don’t follow a fixed conventional template, and the very “*rules of war have changed*”. At the core of his vision lies the instrumentalization and weaponization of “*the protest potential of the population*” in conjunction with non-kinetic means to inflame social and political tensions. Gerasimov is describing a technology of disruption that has a very specific societal component, designed to ferment alienation of Moscow’s perceived adversaries within the respective populations, particularly Russian ethnic minorities<sup>1</sup>.

None of these traits are particularly new. Many of these characteristics can be found in the Cold War publications of Evgeny Messner, a war theorist and a former colonel in the Russian Imperial Army, widely read by the Russian military establishment in the 2000s<sup>2</sup>. He is a thinker who understood the centrality of popular movements in waging “subversion war”<sup>3</sup>: “*the fighters are not so much the troops themselves, but rather public movements.*” To him the battlefield that mattered most was the mind of the people, while the main fronts were essentially behind enemy lines and contained a political, social and economical substance. In contrast to the conventional understanding of war, focused on physical territorial gains, the key operational lines

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<sup>1</sup> Mark Galeotti, “Hybrid, ambiguous, and non-linear? How new is Russia’s new way of war?”, *Small Wars & Insurgencies*, 2016, 27:2, p. 288

<sup>2</sup> Armand Goșu, “Cateva adevaruri despre minciuna. Propaganda si manipulare – strategia militara a Rusiei”, *Dilema Veche*, nr. 577, 5-11 martie, 2015 <http://dilemaveche.ro/sectiune/tema-saptamanii/articol/propaganda-si-manipulare-strategia-militara-a-rusiei>

<sup>3</sup> Evgheni Messner, *Razboiul Razvratirii mondiale*, Editura Antet, 2015, p. 47.

are in Messner's understanding more psychological in nature and premised on influencing the perception of civilian populations.<sup>4</sup> The core tools to be used were disinformation and propaganda in order to shape an auspicious psychological atmosphere where instigators can move freely in order to harness societal grievances, feeding popular disaffection and crippling any cohesive state action against Russian power.<sup>5</sup>

Our present Information Age ecosystem has only created more tools for this long-established Russian strategic tradition. By weaponizing the Internet and social media through a multi-layered infrastructure of troll factories and bots able to project the power of "alternative realities", Russian soft power can effectively challenge the "ground truth" of competing societies in order to advance highly disruptive agendas.

The implication is that Russian statecraft needs to display very granular localized knowledge and *"a profoundly cultural understanding of the conflict and of the context. Any organic evolution in an area of interest has elements of vulnerability if you know them very well. You will not find pro-Russian movements as such in Romania, but you will find anti-establishment ones. The idea is to hide your influence under an existing conflict, conceal everything under a trend that is not fabricated, but organic"*<sup>6</sup>, as one expert puts it. Any organic societal grievance in the local context can, in theory, be exploited. In this interpretation, ethnic divisions, polarizing cleavages, corruption, and poor state legitimacy become potential actionable vulnerabilities, ready to be inflamed by skilled entrepreneurs of instability.

As one observer of the Russian interference in the 2016 US elections put it: *"the tried and tested way of active measures is to use an adversary's existing weaknesses against himself, to drive wedges into pre-existing cracks: the more polarized a society, the more vulnerable it is"*.<sup>7</sup>

## Domestic Channels for Russian Propaganda

Strong reactionary impulses within the political culture of many former communist countries create wide availability and readiness of certain local ideological structures to embrace narratives intensely promoted by Russian propaganda channels. They exploit the grievances of certain segments of society that feel a loss of power amidst rapid cultural and economic change. For this segment of the populace,

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<sup>4</sup> Idem, p. 58.

<sup>5</sup> Ibid, p. 214.

<sup>6</sup> Anonymized expert interview, Romania, Oct 2017

<sup>7</sup> Thomas Rid's Hearing before Select Committee On Intelligence US Senate, 30 March, 2017, <https://www.intelligence.senate.gov/sites/default/files/documents/os-trid-033017.pdf>

“Europeanization” tends to be fundamentally associated with an erosion of national sovereignty, demands from Brussels for multiculturalism and increased migration, and a destruction of traditional social structures through cultural libertarianism, particularly in the acceptance of homosexuality. In an age of hyperglobalization, a national economy with domestic manufacturing giants is disappearing, while the foreign multinational corporations are perceived as the big winners of the new order. This mix of both economic populism and more alarmist social conservatism offers powerful political impulses, that lend themselves to exacerbation and exploitation by effective propaganda.

Given this political demographic, there is a widely distributed virtual “market” for narratives that question Westernization, reject globalization, glorify a mythic past golden age, and long for the return of exclusive ethnic mythologies. The overlap with the values metanarrative encouraged from the East is no coincidence. It is hardly accidental that for some years now, Russia has been trying to collaborate with traditionalist, conservative movements in Europe, while deploying an intensive effort to present itself as a protector of Christian values and civilization.

This is a different kind of war, one that is not waged by tanks or fire weapons, but through ideas, one in which emotions are weaponizable: *“in a way, there is a shooting war for our minds, where the target is the set of values we embrace and the real danger is the shift towards a set of anti-Western values, to Euro-scepticism, to a kind of aggressive conservatism. That will only play to Russia’s interest.”*<sup>8</sup>

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<sup>8</sup> Armand Goşu, TV talk-show Garantat 100% (TVR1), “Este Rusia un pericol real?”, July 2017, <https://www.youtube.com/watch?v=psMZLLjFtcs>

## EXECUTIVE SUMMARY

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### ROMANIA

Romania seems at first sight an unlikely case of vulnerability to propaganda. A historical record of Soviet invasion, territorial losses, the estrangement of the country's Treasury (Tezaur), sent to Russia for safekeeping during WWI and never returned, and the country's remarkable autonomy from Moscow even as both countries were part of the same communist bloc, have generated deep and widespread social resentment toward the big neighbour to the east, which is perceived as an existential threat. Therefore, overt pro-Russian propaganda has little chance of success. Such effort is not even necessary though.

#### Society

Despite Romania's constant ranking among the most pro-Western, pro-EU countries in Europe for all its 800% economic growth over the past 25 years, it remains a country of huge inequalities and social fault lines. GDP growth was in no way matched by human development, especially in terms of healthcare, education and access to infrastructure. Hence the rapid change and transition that it has experienced have produced at least as many losers as winners and unprecedented low levels of intra-societal trust, due to the huge polarization in both values and living conditions. These cleavages can be exploited by anyone seeking to challenge the status quo, deter the country's liberalization, EU integration and democratic consolidation, as well as undermine the cohesion of the state and its capacity to provide stability and prosperity.

For Russia, it is enough to turn around Romania's pro-Western orientation, not necessarily its specific foreign policy choices. The cultivation of anti-European, anti-Western values finds fertile terrain in a country only recently re-socialized into EU values and where significant categories of population feel they are worse off than before 1989. An ever-growing group of elderly people in an aging population, whose world as they knew it crumbled in the space of only two decades naturally idealize a past when they were younger and healthier and which was familiar and easier to control than the changing present. The marginalized youth project their sense of loss of self-worth and declining prospects for the future on the perceived artisan of these changes, the European Union; the three million-strong post-1989 diaspora has enjoyed economic benefits at huge personal cost – broken families, abandoned children and elderly parents, divorce. The poor and disenfranchised feel they have incurred the costs of other' prosperity. The large numbers of political cronies and sub-qualified bureaucrats in a public administration that has traditionally been a vehicle for corruption and clientelism are now threatened by EU performance standards and by the strong domestic anticorruption drive. Romanian capitalists cannot keep up with the competitive common market; some have turned to state contracts in exchange for cash-backs and have subsequently been the target of investigations and corruption charges. Christian conservatives and traditionalists deplore the trend toward tolerance and liberal values often contrasting with strict Christian teachings. Many of the above turn to right-wing movements, who serve as the transmission belt for the conservative ideology favourable to the Kremlin (as in other countries, the Romanian left is underdeveloped and as such does not satisfy Russian interests).

The groups above are heterogeneous and do not make up *one* public for propaganda, which could easily be targeted by a one-size-fits-all message. On the downside though, they have the capacity to further disseminate said messages to a large and diverse spectrum of audiences. Also, the agendas of all these groups are not necessarily – in fact they are even rarely – set by the Kremlin; they rather simply align with Russian interests in a way that creates large inroads for destabilization efforts and only requires a 'gentle' nudge to do maximum damage. Conveniently for Moscow, an unstable society which distrusts its own democratic institutions is harder to govern and less appealing to investors and foreign partners in the EU and NATO (which, as a bonus, can also be blamed for this dire state of facts!) and more likely to accept authoritarian rule and practices as a 'solution'.

The apparent conflict between obvious progress over the last decades in a number of areas and negative perceptions should not be surprising. Even positive transformation can sometimes produce unintended consequences. The sustained anticorruption campaign is a case in point: while undoubtedly strengthening social resilience against attempts to derail rule of law and good governance, it has also exposed the whole array of problems and shortcomings which have accompanied reforms, leading to the perception among some that capitalism and democracy themselves are fundamentally flawed.

Perceptions are easily deformed in a society still marred by the present consequences of the communist practice of discouraging critical thinking and feeding instead nationalistic myths of great power/ secret conspiracies against brave national heroes defending Romanian exceptionalism. A media in disarray, underfunded, controlled by corrupt magnates and largely unprofessional, contributes to spreading rumours, alternative realities and conspiracy theories (comfortable to accept as simple explanations for an unnervingly complex reality) which make the truth hardly discernible, and subsequently lead to questioning the very existence of truth and objective reality. Distrust in mainstream media turns people to the vast numbers of conspiracy websites, which write about UFOs and popular remedies for illness, but also about Western 'depravation' or conspiracies against Romania.

The lack of a post-EU accession national project or clear trajectory facilitates confusion about national interest and common ground. Against this background, Russophobia can easily coexist with Euroscepticism and set the stage for growing nationalism. The Centennial of Romania's independence, celebrated in 2018, is a potential minefield in this regard. This is even more likely as we are simultaneously looking at four successive elections campaigns between June 2019 and December 2020 (European Parliament, presidential, local, parliamentary) and as many opportunities for the repeated validation of populist messages, playing on existing inter-regional disparities and historical inter-ethnic issues (as Hungary holds its own national elections and Fidesz and Jobbik are expected to actively campaign in Transylvania, home to a sizable Hungarian minority). Glorification of Romania's pre-modern Dacian ancestors will very probably continue, a reiterated statement that the country's identity is not Latin and not European.

Any active Russian propaganda will probably focus on going from niche to mass, it will seek to reach the middle-aged population and the disaffected youth and will back any initiative which meets the criterion of being simultaneously divisive and popular. It will, of course, capitalize on any American or European faux pas or behaviour that can be translated as deceitful to Romania. It will likely have the Romanian Orthodox Church as an ally, the institution being currently in the midst of a popularity crisis,

under the pressure of modernization, which justifies its increasingly energetic efforts to galvanize and mobilize its sympathizers. The near future will probably continue to see cooperation among conservative groups in society, the Orthodox Church and Evangelist groups, who share an interest in building a common front against changes in values and social practices.

The first such large-scale cooperation was materialized in the campaign by the Coalition for Family/ CpF to amend the Constitution to introduce an explicit ban against gay marriage. This is also, perhaps, the best illustration of how, in a most pro-Western and Russophobic country, a movement with an apparently limited, niche agenda can turn around public opinion in record time to generate significant anti-EU, anti-Western backlash. The Coalition for Family, a consortium of NGOs with little visible activity before this major civic initiative and strong Evangelist backing from groups in America that include the Romanian diaspora, suddenly presented 3 million signatures (apparently gathered with help from the Orthodox Church) in favour of a constitutional amendment that would make it clear that marriage was strictly between a man and a woman. Up until then, the topic had not been on the public or political agenda, since the strong traditionalist character of the Romanian society was plainly clear to all and a debate on this subject was considered premature.

The proposal – backed by almost all parliamentary parties (except one, which deposed its founder in the course of internal settlement of this dispute) and which will lead up to a mandatory referendum – sparked a strong counter-reaction from liberal activists, as well as ample and heated public debate. Political and civic organizations took on board the CpF agenda and added to it a whole anti-Western rhetoric: the EU is killing Romania's traditions and Orthodox faith and undermining essential social institutions like the 'traditional' family. It floods us with its decadent habits, in exchange for no real benefits: Brussels and Washington have colonized the country and used it only as a market and source of cheap labour force, have killed local capital and used the anti-corruption fight as a pretext to interfere in Romania's sovereignty in order to keep it from developing. This discourse may not be embraced by a majority of the population, but many agree with at least parts of it; national elections in 2016 were won by the most socially conservative political force, the Social-Democrat Party, whose public messages very much align with the CpF discourse.

With society the main battleground of disinformation, solutions need to focus on increasing people's ability to cope with this complex phenomenon: cultivating media literacy, organizing media training courses, funding and supporting quality journalism nationally and across the EU, promoting a culture of civilized debate (as opposed to social media algorithms and TV talk-shows encouraging one-sidedness)

and tolerance of difference, pro-EU campaigns and dispelling anti-EU myths are a few solutions at hand. More structurally, poverty and wage gap reduction, an education system which includes lifelong learning and critical thinking as fundamental dimensions and collaboration between church authorities and the state to distance themselves from illiberal practices and those promoting mutual distrust are indispensable long-term remedies.

## **Economy**

As previously mentioned, Romania is an Eastern European champion in terms of GDP evolution. However, this growth has been extremely unevenly distributed, so that now the country ranks first in terms of income inequality among the EU 28, with all the associated negative social consequences. The main strength of the economy and defence against illicit influence is its firm Western orientation and integration with the EU market (70% of exports, 75% of imports and more than 90% of FDI). Relations with Russia are negligible by comparison (up to 5% of imports and 2 to 3% of exports, and less than 1% of FDI). Ever since communist times, when Nicolae Ceaușescu sought self-reliance for the country, connections with Moscow have been much looser than those of other former members of the Comecon bloc. The main enduring advantage is energy self-sufficiency, which leaves Romania only minimally reliant on Russian gas. As much as this comparatively privileged position shelters the economy from unwarranted interference, it conceals nevertheless a hidden danger: the possibility that Russian (or other) interests could pursue less conspicuous channels of influence, with potentially lesser impact, but also harder to identify.

One of these potential avenues is the lack of transparency, which allows for unethical practices among investors and for corruption in political-economic relations. The legislative process is often opaque and discretionary, at the mercy of the parliamentary majority of the day. Public administration is highly clientelistic, unaccountable and incompetent, and subject to political influence. This functions as a major brake on structural development and competitiveness and reduces the attractiveness of the business environment.

The fact that only a part of the population has shared in the benefits of the economic leap forward which Romania has taken in the space of two decades and a half is not unique to Romania; throughout Europe, disenfranchised communities, left behind by globalization and the unmitigated forces of the market nowadays make up the disillusioned masses which turn to nationalism, populism or radicalism of various kinds. In Romania, however, the situation is both more desperate, given the sheer level of poverty (the country ranks second within the EU) and more easily associated

in people's minds with the main transformational process of the past decades: EU accession and integration, reflecting negatively on the EU as a whole. There is ample room for propagandists to portray these shortcomings as a direct consequence of Brussels policies, rather than domestic corruption or incompetence.

Among the business sectors that have deteriorated markedly throughout the years, the media is a particularly worrying example. Most foreign investors have withdrawn from the market. Quality print media has lost audiences to Internet and 24-hour news. Currently, most media institutions are running at a loss or have declared insolvency, serving as platforms for political influence to protect their owners' other business or political interests, rather than information outlets. Perhaps more business owners and managers have done jail time already or are facing criminal convictions than in any other economic sector. Ownership is highly concentrated and journalists are increasingly deprofessionalized and turned into spin doctors: they are underpaid, overworked (because cash-stripped newsrooms are understaffed) and subject to abusive contracts depriving them of negotiating power in relation to their employers. The public broadcaster is subject to extensive political pressure and its audiences have dropped to 3-3.5%, leaving it to the small but multiplying independent journalism projects to re-establish some journalistic deontology or standards of professionalism. At this point, an attempt by the Kremlin to indirectly buy out a media outlet (overt ownership would meet with social and government resistance) might be successful, given the dire financial situation of the market.

Perhaps at the other end of the vulnerability spectrum are critical infrastructure (all in Romanian hands) and energy markets. A significant oil and gas producer, Romania's resources are running out fast (roughly in the next 10-12 years). However, newly discovered deposits in the Black Sea, whose production is about to start in 2018 hold the prospect of making Romania a regional exporter and contributor to reducing other countries' dependency on Russia – pending timely execution of the necessary interconnections. There is also potential for shale gas extraction, but Chevron's attempt came to an abrupt end when resources apparently proved inferior to expectations. The company's exploration also came up against unexpectedly fierce opposition from locals in deep rural countryside. The unusual nature of these protests awakened suspicious of Russian intervention via the Orthodox Church, but these rumours were never substantiated.

Nevertheless, the three main oil and gas players on the market do have relations to Moscow not to be overlooked: OMV Petrom has important business dealings with Russia and financial difficulties because of Western sanctions; Rompetrol, owned by the Kazakh KazMunayGas is itself susceptible to pressure; the third player is Lukoil. All three major oil refiners run their imports via a single Russian bottleneck – the port

of Novorossiisk, relying on an increasingly unreliable Turkey for an alternative. Gazprom itself has a hardly noticeable presence but remains interested. The Competition Council has named the fuel market situation as oligopolistic, but has not taken any measures so far. Interconnections with neighbouring countries are gradually increasing chances of reducing the Russian footprint, although Moscow has demonstrated a capacity for thwarting and delaying actual effective cooperation (perhaps the most high-profile instance being that of the failed Nabucco pipeline).

While direct influence is hard to gain, Russia can still act to destabilize the market in less obvious ways. One such example is provided by the business practices of Russian capital, which may find willing partners in local politicians and businessmen. The most significant Russian-owned industrial enterprise, ALRO Slatina, which is also the country's largest electricity consumer, was accused of receiving illicit preferential contracts for electricity supply. Steel giant Mechel has bought several local enterprises only to bring them on the brink of bankruptcy, lay off thousands, ship strategic assets to Russia or Ukraine and de facto keep the market in lockdown for other competitors. Whether this was part of any deliberate scheme is hard to prove and at this point seemingly exaggerated. But this tested model could certainly be used again, this time with a purpose- and make an impact on some of the most destitute social categories or regions of the country.

Similarly, alleged Russian influence has been reported on several high-profile politicians, of which some are direct decision-makers on the energy or metallurgy market. Beyond controversial business associations or rumours, no actual impact has been traced though. The most salient vulnerability remains that of businesses or regions where industry is not sustainable at current market price levels. Moscow could see an opportunity, despite the current absence of Russian finance and banking in Romania.

The prospective agenda for potential Russian interference is opposition (in every way) to Romania's contribution to diversification of energy supply and routes into Europe; preventing the alignment of interests between Romania and neighbouring countries and turning individual countries into chokepoints for regional cooperation (especially under Brussels or Washington leadership); encouraging a favourable or at least opportunistic stance toward Russia. It can also use corruption and rent-seeking networks as a channel to political influence.

## Politics

The individual and collective traits outlined in the chapter on Society have a natural continuation in the political attitudes of the Romanian public. Decades of disinformation, used extensively by successive regimes, have made Romanians suspicious of *positive* propaganda originating from the locus of formal power. At the same time though, suspicion of ill intent and falsehood behind any political statement, action or movement generates high receptivity to *negative* propaganda, i.e. mudslinging and conspiracy theories. This suits well the agenda of both the Russian Federation and illiberal forces (challenging the ground truths of democracy, liberal society and of Romania's Euro-Atlantic orientation).

Social trust is low and/or declining on all levels: intra-societal, trust in politics and politicians (resulting in low political participation), in the Orthodox Church (slowly declining), in the EU (declining, though it started from unsustainably high levels to begin with) and definitely in Russia, seen as 'public enemy number one' (which makes Romanians generally immune to pro-Russian propaganda). This lack of confidence in established institutions creates a lot of room for alternative leaders and narratives and for informal channels of influence. At the same time, the absence of a unifying vision within society and of a common political project on the part of the elites undermines the quality of democracy, increases polarization and limits the ability of any one political institution or leader to have wide representativeness.

Interested actors can exercise a destabilizing influence, further deepening existing conflicts, whether of values, inter-generational, between social classes, or inter-ethnic. At the same time though, these divisions make it harder to reach multiple audiences, with different grievances, with the same propagandistic message, thus functioning as a natural defence against any large-scale attempt to sway public sentiment in one direction. If protest and civic activism are indeed a measure for the availability of a social corps ready to embrace an anti-establishment leader or cause, Romania has been the scene of multiple large-scale protests during the past few years. However most of these have been leaderless, spontaneous, organized by informal communities mobilizing on social media, with different interests, ideologies and motivations. This makes them relatively ineffective in producing any massive impact, but also hard to hijack.

While no mass mobilization around an alternative agenda seems likely, at least in the foreseeable future, the existence of considerable social anger remains a major concern and seems to match the general Russian agenda. For lack of a better option in Romania (outright pro-Russian propaganda), Moscow aims to diminish the political and moral stature of its strategic competitors and create the impression that all

powers are Machiavellian and playing a self-interested Realpolitik game, not one based on values and cooperation. The message is that the EU and US are only using Romania for their own interests; Bucharest should therefore stop being loyal and do the same – there are no ‘good guys’ in this game!

It is also in Russia’s interest to foment conservative Orthodox tendencies and encourage a fundamentalist streak in Romanian conservatism. While Moscow has little to offer to the Romanian population, it can offer something of symbolic significance: its value as a bulwark of traditional values against the relentless march of ‘Western decadence’. It can also seek to consolidate unionistic feelings among the more nationalistic audience, for whom reunification with the Republic of Moldova, lost to the Soviets, is a historic duty. The number of staunch advocates of unification is not necessarily high in Romania and is even smaller in Moldova; however the unionistic discourse can bring votes from the Eastern side of the Prut and popularity on the Western side. Moscow can then recycle it for the domestic or regional audiences to prove that all states are in fact imperialistic, pursuing geopolitical/territorial interests; therefore Moscow’s stance is in fact a defensive one.

All in all, disaffection with the traditional institutions of representative democracy – part of a more widespread Western trend, but made worse by a still immature democracy – can be exploited to cast doubt on the usefulness of democracy altogether and to promote alternative leaders, ideologies, values, agendas etc. A few systemic vulnerabilities provide auspicious conditions for this message.

First and foremost, the problematic quality of democracy is the ‘source of all ills’. Romania has a very recent democratic history – starting from scratch after 1990, following decades of communist dictatorship and rather authoritarian monarchy. At present, only a small part of society (52%) prefers democracy to any other form of government, while almost two thirds would like to have a strong, authoritarian leader. This reflects a rather personalized view of politics, where leaders and not institutions are the ultimate representatives of the people. Political corruption is persistent and significant.

Within political parties, the same features make these political organizations highly leader-centric. The power and authority of the head of the party is unchecked by any internal structures and they can distribute party resources at their own discretion. Parties are cartelized, clientelistic networks, and the internal definition of success is based on the ability to command such networks. Hence, they essentially become actual ‘schools of illiberalism’, an organizational culture which increases permeability to propaganda and manipulation because it offers clear unique channels for influence: whoever controls the leader will control the whole party and its agenda.

Internal practices are then replicated in the exercise of governance and political representation.

The party funding system creates additional challenges: it is generally well regulated, but subject to little public scrutiny, legislation is not enforced and sanctions are almost never imposed when the rules are broken. As only parliamentary parties get access to public funding, proportionally to the number of votes obtained, a political oligarchy is created, and smaller parties are finding it hard to compete. At the same time, the system determines established parties to invest in their base and discourage wide electoral participation. They end up being unrepresentative for the electorate at large (polls confirm a marked gap between the issues ranked as important by the public and the agendas of political parties), and this only deepens public apathy and the lack of confidence in representative democracy and its political institutions, making room for illiberalism, populist and anti-establishment movements.

Last but not least, the high social polarization and lack of a common goal, mentioned at the beginning of this chapter, is reflected in elite factionalism and the growing mistrust among political parties. They no longer perceive each other as competitors, but enemies, out to annihilate each other. The governing Social-Democrats (PSD) accuse the opposition of using the “parallel state” (i.e. security institutions, the judiciary, civil society) to unseat them, while the opposition is accusing the PSD of abusing their representative mandate to drive the judicial system and public administration into complete submission. The common ground once lost, the very essence of democracy is compromised.

A few solutions would be to reform the public funding of political parties (financing them per vote and lowering the threshold) to stimulate them to reconnect with the electorate and public agenda. This would improve the quality of democracy and reduce cartelization and the risk of external influence. To further open up political parties, the introduction of open primaries for candidate selection could foster internal democracy and merit-based leadership. Lastly, full disclosure of donors, in yearly reports, should be mandatory.

## Foreign policy and security

In terms of Romania's foreign policy and security, there are two major categories of vulnerability that can be – and have been – successfully exploited by propaganda: one is institutional and the other has to do with Romania's geopolitical position in an unstable region, at the crossroads of competing security interests and visions.

To start with the latter, Bucharest's foreign policy can be characterized as firmly Euro-Atlanticist, with a solid tradition of cross-party consensus and wide public support and with a strong commitment to NATO, the EU and the strategic partnership with the United States. Russia is clearly Romania's "Other", inspiring fear and historic resentment, more in terms of its destabilizing regional influence than of actual Russian aggression.

The annexation of Crimea came as a shock to a public and security establishment which had expected NATO membership to bring a sort of 'end of history' and "eternal peace", deriving from simply being on the 'right side of the border'. This shock translated into paranoia and polarization, on the one hand, with suspicion of 'treason' and ill intent in any discourse or behaviour that apparently aligns with Russian interests. On the other hand, the view that Russia has proved itself again to be too big and too strong to fight has been proliferating, with the corollary that more energy should be invested in avoiding upsetting or provoking it, and rather stepping up efforts for a rapprochement which could win over its benevolence. In terms of effective manipulation, this is the equivalent of an age-old strategy of intimidating your adversary into submission by the projection of sheer overpowering might.

Romania is easy prey to Moscow's instrumentalization of the instability and climate of fear that it has itself created on the outer borders of NATO and the EU. Throughout time it has sought to cripple military capabilities and undermine allied solidarity by portraying NATO and the EU as inefficient structures dominated by great power interests, which apply double standards in their treatment of newer member states and request from them unnecessary sacrifices (i.e. an aggressive posture toward Russia, troops in Iraq and Afghanistan, accepting migration quotas against their will), but would be unwilling to jump to their rescue, should they be in danger themselves. A tradition of history education which emphasizes how the country has always stood at the intersection of invasions, empires and great power interests makes the public prone to believing in plots against Romania and accepting bandwagoning and acting on opportunity as the best policy. Current tensions between the European Union and the United States also place Bucharest in a very delicate position, since it is so dependent on both. Dwindling Euro-Atlanticism would shatter the unifying vision of a West which has always acted as a powerful magnet

for positive change and it would cast doubt on the whole array of gains which Romania has made thanks to this strategic option.

Along the same lines, Russian rhetoric has managed to alter threat perception and undermine the formation of a common one among allies. It has convinced a significant part of the population that the Ballistic Missile Defence Shield hosted on Romanian territory is a provocation to Moscow, thus turning a security guarantee into a threat to Romanian national security. This narrative has also strengthened another, which the Kremlin constantly promotes: that the US and NATO are only using Romania as a territory for the deployment of strategic capabilities to protect their own interests and damaging Romania's in the process. Bucharest policy-makers loyal to the country's allied commitments are portrayed as an unpatriotic and subservient clique who serve foreign interests for their own personal benefit; therefore the general strategic orientation of the country cannot be trusted.

This is where *institutional* weaknesses add their own destabilizing potential to narratives circulated by the Kremlin. The foreign policy and security complex is a gated community, non-transparent and with offshoots under the form of think tanks and NGOs run by former 'apparatchiks', who serve as multipliers of the official institutional message. Retired officials from security institutions end up being recycled as echo chambers for the establishment or used by specific groups of interests (see the recent founding of a nationalistic and ultraconservative Homeland Party of former generals). Paradoxically, this situation arises from the very success of Romanian diplomacy in securing a pro-Western orientation for the country, with wide public approval. This has provided little reason for debate, dissent and criticism of the political direction.

With EU and NATO accession behind now, the lack of consensus on a clear strategic vision, the lack of Western and/ or domestic efforts to socialize elites into the Euro-Atlantic mindset after accession, coupled with disengagement from the larger society, academia and the expert environment, deprive the establishment of the much-needed and creative competition of opinions. Even political party foreign affairs platforms are written inside the MFA, an institution traumatized by the frequent changes in leadership accompanied by internal purges. It also leaves the public exposed to propaganda and prone to conspiracy theories fed by the 'shadows' in which foreign policy is elaborated. In turn, the views that these constituencies come to harbour reflect back on political decision-making, inclined to populism and easier influenced than diplomats and defence personnel, schooled within the NATO and EU tradition. To give just one example, repeated statements throughout the years by high-ranking officials, including former president Traian Băsescu, making reunification with the Republic of Moldova 'the next national project', have given

Russia an unexpected gift, playing into the hands of propaganda portraying Romania as a revisionist regional power with ambitions in both Moldova and Ukraine. It has also distracted the establishment from devising a functional policy toward its neighbour.

Romania lacks at this point a healthy debate on the country's foreign policy, as well as the environment conducive to one. Truly independent think tanks are few and have difficulty funding their activity in the absence of state support and with little interest from the private sector; therefore they have little capacity to harness existing expertise or to make an impact on policy-makers. Given the near-absence (a situation worse than that of any other country in the region) of solid research, international circulation of experts, participation of think-tanks in international projects, and also of major fora for national and international debate, as well as publications to host opinions on international affairs, the Romanian foreign affairs environment is de facto excluded from the international exchange of ideas and the public is left at the mercy of dubious influencers. Romania punches well below its weight. This also triggers slowness in adapting institutional culture (hierarchical, top-down, centred mostly on military threats) to emerging threats which combine non-kinetic elements, target the civilian population and which require horizontal connectivity, a whole-of-government approach, flexibility and cooperation with the larger society.

In terms of concrete measures to tackle disinformation, some steps have been taken, which have seen the setting up of dedicated units in the MFA, MoD, MoI, as well as heightened interest among the intelligence community and presidential administration, but it is hard to speak of a paradigm shift. Civil society and some of the media have been more active in this regard, though the misperception that Romania is not at the forefront of this game still endures.

## BULGARIA

“[...] adhere to NATO and the EU common positions, avoid direct confrontation with Moscow in the hope of winning concessions, and occasionally make dovish statements (e.g. on the sanctions) to pander to public opinion at home where only a minority perceives Russian expansionism as a threat”, is Dimitar Bechev’s characterization of the Bulgarian posture vis-à-vis Russia.

Historical affinities, power asymmetry and energy dependence are a few of the objective realities creating stronger links between Sofia and Moscow than is the case of other countries in the region. What sets Bulgaria apart though is primarily a public opinion that does not see close ties with Russia and membership of NATO and the European Union as being mutually exclusive, but rather complementary, even in the wake of the Crimean annexation. Moreover, the political – business – media – civil society nexus creates an actual *demand* for Russian interference, unlike in other states.

### Society

Bulgarian society sees Russia as the liberator from Ottoman rule and fascism, and the flag-bearer of similar linguistic, cultural and religious traditions. History education, which emphasizes moments of convergence over conflict, contributes to brushing aside the memory of relations that have not always been harmonious (see, for instance, the case of clashes between 1878 and 1944). During the days of the USSR, Bulgaria was so closely integrated with the Soviet Union that it was nicknamed its “sixteenth republic”. The continuity of the communist party renamed as the Bulgarian Socialist Party (BSP) beyond the regime change and its dominance over political life until 1997 bears proof to that. The country bounced back after 1989 from its isolation from the West – more severe than in the case of Central Europe – but emotional and ideological bonds with Russia remain.

Bulgaria has nevertheless pursued a decidedly pro-Western foreign policy, with parties both on the centre-left and centre-right contributing to NATO and EU accession. Perhaps surprisingly, membership of Euro-Atlantic organizations has not hindered, but rather seems to have boosted relations with its eastern neighbour: billion-euro projects such as the South Stream gas pipeline, the Belene nuclear power plant and the Burgas-Alexandroupolis oil pipeline were termed “Bulgaria’s grand slam” by then-president Georgi Parvanov. Though they proved illusory and were eventually abandoned, they apparently delivered benefits to both sides: Bulgarian politicians extracted high cash-backs and Russia got negotiation leverage regarding other projects.

Continued support for EU and NATO membership does not seem to sit at odds with a widely popular (and Russian-backed) narrative branding Bulgaria as a failed case of EU-driven political and economic transformation. According to the polls, there is near consensus within society that post-communist transition has been a failure, with only 10% of respondents holding the opposite view. Pro-Russian forces and nationalists have jumped on the wagon, with a discourse that idealizes the pre-1989 period as one of social cohesion, economic development and prosperity (despite available data being indicative of the contrary). This thesis has found fertile ground in the low trust in institutions and political elites, which allows the Kremlin and its adherents ample room for manoeuvre, driving wedges between the 'self-interested' politicians playing Brussels' or Washington's game for personal benefit, and the rest of society. Just like in the case of other countries analyzed in the present study, Russia brands itself as the protector of its Orthodox brethren, as well as the preserver of Christian traditions and morals, threatened by Western liberalism, secularism and tolerance, and by EU-endorsed migration, already a problem to a country with a 12% Muslim minority – the largest share relative to overall population among the 28 member states.

To a considerable extent therefore, Sofia's appurtenance to a pro-Russian bloc within the EU (which seeks accommodation with Moscow, opposes sanctions and implies that the annexation of Crimea should be regarded as a *fait accompli*) is prompted by constituencies back home, not only by the private interests of rent-seeking individuals in power. Beyond affinities with Russia, the favourable terrain that can be easily instrumentalized as described is made up of a mix of social discontent and populism, which has long been the norm in the country and is not at all a new reality. Bulgaria is still the poorest EU member, with GDP per capita at 48.1% of the EU average, hence few amongst the population actually believe in liberal democracy and a market economy as the recipe for prosperity and good governance. More recently, rising nationalism and xenophobia following early exposure to the refugee crisis have pushed far-right parties into government and created additional vulnerabilities.

With most sectors of society aligned behind the view that Russia is not necessarily a hostile actor, the Kremlin has a wide range of channels at its disposal to propagate its messages: state structures and political forces, but also NGOs, the Orthodox Church, nationalist movements, members of the intelligentsia, media, private sector, transnational criminal syndicates. Among civil society organizations, the Russofili (Russophiles) have 220 local chapters and 35,000 members, and a leader with ties to Russian oligarchs on the Western sanctions list, himself a businessman, media publisher and former leading member of the BSP. At their annual meetings, they wave flags of the Soviet Union and the self-proclaimed Donetsk and Lugansk People's Republics. The Bulgarian Patriarch of the Orthodox Church and most other members

of the Holy Synod were partly educated in Moscow. The media situation has deteriorated markedly in recent times, reaching a catastrophic state.

Though Russian-language channels are not popular, some local media outlets are directly sponsored by Russian state or para-state institutions (i.e. Russia Beyond the Headlines project). The propaganda, conspiracy theories and fake news stories circulated through various news portals and information websites, which often make it to mainstream media, including the public radio or main TV stations, are even worse, because they reach and can convert a larger and more diverse audience. Even more neutral outlets tend to ply themselves to the populist tastes of their audiences and/or host hard-line pro-Kremlin commentators on a regular basis.

Among the messages they spread, there are a few 'standard' ones: "the US have a destructive impact on global affairs – exporting war, radicalism, and insurgencies against legitimate governments, leading to strife and chaos", "the West is aiding and abetting Nazism (as in post-Maidan Ukraine) and also gives support to jihadi militants (as in Syria)", "the EU is suffering an existential crisis and is on the verge of collapse", "Russia is a force for good opposing Western hegemony and defending the underdogs and victims of American interventionism", "refugees and Islam threatened Europe's core values and internal cohesion", "post-1989 pro-Western reforms have destroyed society and prompted economic decay", "Russia is offering opportunities for development through energy cooperation and access to its vast markets".

As outlined in the present study, structural differences between Bulgaria and its neighbour Romania make the former more receptive to both anti-Western and pro-Russian rhetoric, as opposed to the latter, where deep Russophobia makes it almost impenetrable to explicit Moscow-friendly messages.

## **Economy**

It may seem a paradox that business ties provide Russia with its strongest anchor to Bulgaria's domestic life, while at the same time Bulgarian economy is almost fully dependent on the European Union. EU funds, FDI, remittances from the EU drive economic growth; two-thirds of Bulgaria's exports go to the common market; the national currency is pegged to the euro. Yet energy dependence on Russia (75% of all oil and gas imports) and the business - politics nexus fuelled by corruption and lack of transparency provides ample opportunity for malign influence over internal developments. Russia is also not negligible as a trading partner, even more so because ownership is often hard to trace, given that it is concealed behind entities in Cyprus, the Netherlands, Austria or offshore havens.

Against the backdrop of perceptions of decline and disillusionment with the little improvement in the quality of life after EU accession, Russia seeks to present itself as the saviour, who, through major infrastructure projects such as the “grand slam”, can return the country to the industrialization of the pre-1989 golden era, help it recover lost markets to the east and snatch it from the grip of its Western patrons who practise double-standards and who have ruined local industry and preyed on the nation’s resources. Pro-Kremlin propaganda portrays sanctions as damaging to the national economy; the termination of the Russian-sponsored projects as a hard hit to Bulgaria and a favour to its competitors Turkey and Greece; and EU policy such as the encouragement of renewables over ‘cheap’ nuclear energy based on Russian technology as imposing an unjustified extra cost burden on the population, just to enrich subservient pro-Western elites.

Studies put Russian influence over the economy at around 20% of GDP, exercised through both state and non-state entities: government, state-controlled companies, banks, private corporations and small investors. The propagation channels are both formal, government to government negotiations (i.e. the two-way deal whereby Gazprom was conditioning a discount on gas on Sofia’s endorsement of South Stream, as revealed by a European Commission investigation, while Sofia was also trying to leverage South Stream in a bid to obtain better price conditions from Moscow) and informal. A vast clientelistic system of Bulgarian companies with connections to political parties uses backroom deals with Russia to extract rent and appropriate public resources. These networks extend their control as well over parts of the judiciary and much of the media.

Moscow’s goals are quite varied. Firstly, it protects the interests of Russian firms, some of which have a significant stake in critical infrastructure: Bulgaria’s single nuclear power plant runs on Soviet technology; the government in Sofia owes Rosatom 550m euro over the abandoned project of building a second one near Belene; Russian bank VTB is a shareholder in Bulgaria’s largest telecom company. Secondly, it seeks to slow down diversification of gas supply sources and preserve a monopoly on the market, working through vested interests and lobbies in state-owned companies and regulators. Thirdly, it uses Bulgaria as an ally in external energy diplomacy, to advance the same goal at EU level: Sofia had a central role in promoting South Stream and undermining Nabucco, and now it is pushing for TurkStream. Additionally, Moscow manipulates economic links to attain foreign policy goals: Sofia has been opposing sanctions, albeit only rhetorically, despite the minimal impact they have had on its trade. Ultimately, Bulgaria functions as a safe haven for the Russian elite and other “affiliates” in the region: Deputy Prime Minister Dmitry Kozak, the head of the Duma legal affairs committee Vladimir Pligin, who is on the Western sanctions list, former Moscow mayor Yuri Luzhkov and apparently also

Viktor Yanukovych and Armenian politicians are keeping assets there, with the help of local figures.

As a matter of fact, just as the promised grand infrastructure projects have failed to materialize, but have nevertheless enriched quite a few, other high-profile bilateral dealings seem to have served the same purpose, while causing significant damage to the national economy. Demand from rent-seeking networks inside Bulgaria encourages supply from Russia. Bulgaria's fourth largest lender KTB, "a political slush fund on a grand scale with connection to most, if not all, parties" (D. Bechev) went bankrupt in 2014 and 5% of the country's GDP was wiped out, but the Russian VTB bank, which held one third of KTB shares, managed to retain stakes in KTB-controlled strategic assets like Vivacom (the largest telecom company). Lukoil was under government investigation on suspicions of tax avoidance, cartelization and petrol smuggling, it was reported to operate a de facto tax-free trading zone outside the control of the Sofia government at its Rosenets terminal, but emerged unscathed.

## Politics

Perceptions of Russia within society bear on the political parties' orientation as well. Parties left and right of centre avoid any staunch anti-Russian positions, for fear of alienating their constituencies or because of the balancing act they need to perform while in power. Many within the ranks of the leadership of the successor to the communist party, BSP, were schooled in Moscow or have Russian spouses. Even so, it has supported EU/NATO integration and only its elderly constituents favour ever-closer links to Russia. Current Prime Minister Boyko Borisov's centre-right GERB started off as a continuation of the anti-communist opposition, strongly pro-NATO and pro-EU; yet once in power, it has pursued the same 'safe' middle-of-the-road strategy to avoid alienating Moscow: supporting some energy projects but not others, calling for the end of Russian sanctions but doing little in fact to have them removed, abiding by NATO and EU decisions, but keeping options of economic deals with Russia open. While until 2017 GERB governed together with the staunchly anti-Russian Reformist Bloc, currently it partners with far-right parties either – as it seems – directly funded by the Kremlin (Ataka) or very close to Moscow. Other smaller or opposition parties are also no strangers to Russian connections.

With no strong adversaries anywhere across the political spectrum, Russia's best hope is to have an interlocutor in Sofia who can deliver and who will tilt the balance as little as possible toward the West. This is only partly the case with premier Borisov, as well as with president Radev. Hence, to secure a better chance of controlling the government, Moscow has been using its acolytes in civil society and in radical parties to put pressure on Sofia (for instance in the case of the Belene power plant, or to protest Western economic sanctions).

Overall, just as in the case of Romania, but on a far more serious scale, it is weak democratic institutions that make Bulgaria particularly permeable to outside interference. Clientelism is rife, vote-buying is a common practice, party financing is non-transparent, populist and nationalistic parties are gaining ground. Rule of law institutions do not function well (the judiciary has no track-record of prosecuting high-level corruption cases) and independent watchdogs, like the media, are not independent at all. As previously outlined, external influence is “as much a matter of supply as of demand” and interested domestic players have a direct interest in preserving democracy as dysfunctional as possible, placing Moscow in the fortunate position of easily deriving benefits from this situation, without needing to go through the trouble of persuading its Bulgarian interlocutors to participate in this ‘collusion’. Oftentimes, relations run so deep that the latter are very likely not just indebted to their Russian patrons, but also easy targets of kompromat, should the need arise to use such means of persuasion, which the Kremlin surely keeps at hand. Russia therefore has plenty of opportunity to set the agenda for issues as critical as the development of the energy system or the modernization of Bulgarian military forces.

### **Foreign policy and security**

When it comes to Sofia’s foreign policy and defence, Russia scores highly on both counts: preventing the modernization of the country’s military capabilities, away from dependence on Russian technology and increase in interoperability with NATO; as well as using Bulgaria as a Trojan horse (as it has – somewhat unfairly – been called) within the EU and NATO. And yet it must be retained that, while it seeks to avoid making mutually exclusive choices between the West and Russia, the country has always opted for the former over the latter in terms of strategic alignment when it had to choose.

From the point of view of operational capacity, the power asymmetry, as well as the scarcity of options are blindingly clear. While the Russian occupation of Crimea has further increased the Kremlin’s capability to deliver precision strikes against targets anywhere on Bulgarian territory and to impose anti-access/ area denial in the Black Sea, Sofia has very limited capabilities and as such is fully dependent on NATO collective defence. It is also bound by the NATO line on Russia and it actively develops bilateral cooperation with the US. However, it is only very recently that national strategic documents clearly identify Russia as a threat. A previous attempt in 2014 met with such fierce opposition from the administration, but also from Moscow, that it had to be redrafted without any controversial mention of Russia.

The lack of a sense of urgency on the strategic level leads to the sluggish pace of reform in revamping the military. The rearmament programme is blocked; the procurement procedure for new fighter jets is back to square one after disagreement about what to buy and from where – which foresees continued dependence on Russian MiGs for quite some time to come. The navy largely relies on Soviet-era vessels. A major part of the budget, which is well below the NATO target of 2%, is spent on maintenance and repair of old equipment. On cyber defence, Sofia is only now starting to take its first steps. Even the diplomatic service is full of graduates of the Moscow State Institute of International Relations and possibly also of collaborators or informants of the pre-1989 repressive security services, as the ‘clean-up’ of both diplomacy and intelligence establishment has relied solely on voluntary disclosure, with no mandatory lustration legislation in place.

Looking at Bulgaria’s foreign policy, we note the same East-West double game. Premier Borisov’s focus has been to build better ties with major EU powers Germany and France, despite advocating for energy cooperation with Moscow and criticizing sanctions. President Rumen Radev is a former NATO general who has won the highest position in the state on an anti-Western platform and whose personal brand is built on his patriotic credentials. Both therefore perform the same balancing act whereby from the country’s position as a EU and NATO member, they seek to maximize any potential for relations with Moscow (especially economic). Geopolitical realities, historic legacy, the Kremlin’s influence over domestic affairs and sympathies toward Russia among their constituency raise the cost of abandoning this middle ground (a lesson from which perhaps states with similar circumstances vis-à-vis Moscow, like aspiring EU member Serbia, might have something to learn).

Certainly though this causes trouble not just for Bulgaria, but for allied solidarity and creates multiple possibilities for Russia to have its way, at least in the Black Sea, bordered by NATO members who are either too weak by comparison (Romania and Bulgaria) or in a complicated relation with the Alliance, as is Turkey’s case. In the same way, permanent pressure from an anti-sanctions bloc within the EU makes it more difficult to preserve the unity of the Union’s position. Even failed Russian projects like South Stream, which Prime Minister Borisov has subsequently striven to revive in some shape or form (working together with Serbia and Hungary), in the end grant Moscow some limited gains, namely flexibility in negotiating with other potential transit countries. Last but not least, Bulgaria proves a useful tool for Russia to discredit EU policies in the neighbourhood – i.e. in Macedonia, where Russia Today launched rumours of Bulgaria and Albania together plotting to partition the country, an accusation that has also been made about Romania with regard to Moldova and even Ukraine, in the wake of the Euromaidan.

## GEORGIA

Georgia provides some very interesting insight into how Russian propaganda operates, adjusts to the target and can achieve significant impact even in the most inhospitable conditions. More than other countries in the region, Georgia seems a very unlikely victim of deception: its relations with Moscow have been crystal clear over the past decades – it was invaded by Russia and the two fought a war against each other only ten years ago, which has left Tbilisi with two large chunks of national territory outside its control and currently at risk of annexation. Georgia has seen chances of Euro-Atlantic integration vanish under Russian pressure when it was refused the MAP (Membership Action Plan) for NATO integration. It has known energy sabotage from Russia, export bans and deportations of Georgian migrant workers.

In many ways, this experience of conflict has contributed to views on Russia generally being very clear and almost unanimously negative, both among the society and the political establishment. Similarly to the situation in Romania, pro-Russian narratives stand almost no chance of gaining ground. Georgia has also acknowledged the need for resilience measures. It has dramatically reduced its energy dependence on Russia, going from 100% to 5.4% on natural gas, for instance, within a single decade. And yet all it seems to take for successful interference is the cladding of the pro-Russian narrative in an anti-Western, ethno-nationalistic overcoat of traditional values and anti-EU scaremongering, and the chances of advancing the Kremlin's agenda increase exponentially. Still a very young democracy, whose underlying principles and values have not yet gained a strong foothold in society, Georgian cohesion can very easily be shattered. This, in fact, is Russia's purpose: draw Georgia back into its sphere of influence, of course, but also prevent it from emerging as a model of success which could give ideas to other neighbours and even to the Russian public.

### Society

Russian goals within Georgian society are summarized by the authors as follows: the erosion of public faith in democratic institutions; the spread of illiberal propaganda; demonization of the West and undermining pro-EU and pro-NATO sympathies by portraying the West as an enemy to Georgia's identity and traditions, in opposition to Russia, the defender of a commonality of history and spirituality; nostalgia for Russia's imperial aura and for Georgia's status within the Soviet Union; prevention of the country's democratic development and modernization and of potential membership of NATO and the EU. Polls indicate a remarkable level of success, given the history of hostility between the two.

Much of Georgian society still trusts religious institutions more than democratic ones and has a paternalistic view of the state which stands at odds with the idea of democracy – based on participation, accountability, public oversight, delegation of mandates, checks and balances and limits on power etc. “People are like children and the government should take care of them like a parent”, believe 51% of respondents to one survey (up to 62% among some ethnic minorities). Such expectations, in stark contrast with the current disappointing state of governance, as perceived by the population, generates nostalgia for the past, seen as a golden era even among those who have not lived it. While on average 42% of respondents, to another opinion poll, believe that the dissolution of the USSR was a negative development for Georgia, the percentage among adults aged 18 to 35, though smaller, still stands at 30%. Around 57% of those surveyed also believe that Stalin played a very/mostly positive role in history.

With such marked disagreement about the very events that have led to the existence of the independent Georgian state, it is no wonder that differences run deep among races, religious, ethnic and sexual minorities. Rapid transformation of the country has led to the exacerbation of intolerance and now radicalism is on the rise. From social attitudes to legislative proposals, everything is formulated in terms of identity and identity conflict: being Orthodox, having a Georgian last name or even looking Georgian are considered features fundamental to being a true Georgian national. Ethnic and religious identities are considered synonymical and are constructed in opposition to the historically developed perception of Georgian identity. This comes in a single package with branding everyone else who – subjectively – does not fulfil these criteria as evil and ‘the enemy’. The years 2012-2013 also saw clashes between Muslims and Christians. Though Armenian and Azerbaijani minorities have traditionally lived peacefully side by side and with the majority, they are isolated in every way: they often do not speak the national language, they do not mix or marry outside of their communities and they are overall not integrated in the life of the state and community.

The diversity of Georgian society is instrumentalized as ‘dangerous fragmentation’ by radical nationalist groups, some of whom are openly pro-Russian, and others whose agenda simply happens to align with the Kremlin’s interests. Liberal values, tolerance and coexistence with minorities are branded as conducive to a loss of Georgian identity – which is shown to have been appreciated at its best during Soviet times. The number of such radical groups is in itself not alarming; however social media and the wide public appeal of stories capitalizing on intense emotions and fears allow them to punch way above their weight. To give just one example, these far right movements circulated stories in 2017 alleging rape of Georgian women by

foreigners, perhaps following a model previously tested in Germany. Certainly, it also does not help that credible – even official – figures are backing such movements. A march organized in July last year to “cleanse the country of illegal immigrants” included a former deputy minister in the current government.

In fact, the administration has been tacitly supportive of these undercurrents, climbing on the populist wave – which also explains their proliferation, as they are not marginalized or penalized in any way either by society or by the state, and are endorsed by the Church, which enjoys more trust than state institutions. What is more, legislative changes have been effected taking cues from the ultra-nationalists. A new provision was introduced in the Constitution banning the sale of agricultural land to foreigners, after media articles circulated, which were sounding the alarm on “whole villages” being owned by foreigners, who would soon take the land from under the Georgians’ feet till they wouldn’t own their country anymore. The law was fast-tracked to adoption despite experts’ assessment that in reality only 0.7% of the overall agricultural surface is owned by foreigners. Similarly, another change in the Constitution bans gay marriage; another measure analogous to those in other former communist countries aiming to stop the import of Western “immorality” into traditional culture.

While the Church is often the main flag-bearer of such messages and initiatives everywhere in Orthodox countries, in the Georgian case some clergymen are particularly militant and actively anti-Western, anti-liberal, xenophobic and even openly pro-Russian. They can be found among the organizers of a protest against gay rights, in May 2017, turned violent without any legal consequences. The same Church has openly pronounced anti-discrimination legislation adopted in 2014 as a “deadly sin” and has called the adoption of European and American values a move away from Christ. As in every other Orthodox country analyzed, the huge grassroots influence and mobilization capacity of the Church renders it immune to being challenged and politicians in particular go out of their way to maintain good relations. In Georgia, that has led to the Prime Minister calling “secularism in Georgia, in its classical understanding, as inappropriate”!

The Church and the government are not the only actors who use anti-Western rhetoric. Media (especially online) does too; a multitude of outlets often (though not always) has the same founders and the backing of the same openly pro-Russian NGOs, who in turn are funded by Russian foundations, with money from the Russian state budget. They frequently circulate translated fake news from the likes of RT, Sputnik and Russia24 and rally around Eurasian integration, demonizing the EU Association Agreement, promoting Christian and conservative values as the core of

Eurasian civilization and amplifying the myth that the West is out to destroy Georgia's national identity and traditions.

Nevertheless, popular support for the goal of EU membership is still extremely high, at 77%, as well as for NATO integration (66%). The numbers are much lower among ethnic minorities, many of whom get their information exclusively from Russian channels, since they do not speak or understand Georgian: 53% support EU accession and only 29% agree with the country joining NATO. Despite these favourable attitudes to integration with Euro-Atlantic part of the population construes Western values in opposition to Georgian ones: 28% expect respect for Georgia's traditions to decrease once it becomes part of the EU and 45% agree with the statement that the European Union threatens Georgian traditions.

Just as little effort is made to integrate ethnic minorities, there is a lack of accessible information about the EU and NATO, while the Russian market and environment are, of course, extremely familiar. Lack of media literacy, ICT skills and knowledge of a Western language make it difficult for individuals to fact-check and confront narratives. On the government level, there is no visible effort to expose Russia's subversive activity. All of these elements reduce social resilience to disinformation and manipulation.

## **Economy**

Though Georgian economy has finally reached the 1990 level after taking a plunge in the early '90s, poverty and unemployment still cause high levels of emigration (half of which to Russia) and significant dependence on the Russian economy - though this has been drastically reduced and overall we can talk of a potential for influence, but not control. This dependence has deprived Tbilisi of 500m USD in losses generated by Western sanctions on Russia and the drop in oil prices between 2014-2016. By leveraging its significant share in Georgian tourism, and its influence on remittances, trade and energy, Moscow can cause its neighbour losses amounting to cca. 9% of GDP. If Russia decides to throw its full weight behind this goal, it could also coerce Eurasian Economic Union member states Armenia, Belarus, Kazakhstan or Kyrgyzstan, thus affecting export potential of up to 10% of Georgia's total.

Through its illegal occupation of a fifth of Georgia's territory, Russia also maintains a permanent climate of instability and the looming threat of renewed large-scale aggression, which translates into investors' perception of Georgia as a high-risk place for doing business. Nevertheless, Tbilisi's efforts to climb up the charts in international rankings have not remained without results and the country currently enjoys sustained growth.

Russia is the top destination for Georgia's exports (with a share of 15% of the total), but the EU as a whole absorbs 60% more than the Russian market. However, Russia is a traditional market for agricultural products, which means that a ban on imports from Georgia would affect first and foremost the poorest and most vulnerable segments of society, and given the concentration of production in certain regions, the local impact would be even harder felt. This would be nothing that Tbilisi has not seen before: in 2006-2007, when the country was growing at a spectacular 10% per year and was becoming more and more vocal about its Euro-Atlantic aspirations, Russia decided to curb this enthusiasm by banning imports, cutting the gas and electricity supply and deporting thousands of Georgian labour migrants.

When it comes to imports from Russia, Georgia's bigger neighbour holds more than 9% as a share of overall imports and it is its second largest trade partner. Wheat supply is a particular vulnerability, since almost 100% of domestic consumption is sourced from Russia. Surely Georgia could decide to diversify its suppliers, but that could potentially lead to price increases and cause social tensions, at least in the short run.

Tourism from Russia (in 2017, Russia ranked second in Georgia as the source of foreign tourism) is also a potential liability, as we have seen in the recent Turkish-Russian spat, which led to the Kremlin warning Russians against travelling to the country and banning package holidays. The number of Russian tourists decreased by 87% in 2016.

The situation of remittances holds out an even larger potential for destabilization. These amount to cca. 10% of GDP, of which 40% comes from Russia. Should Moscow obstruct the transfer of money to Georgia or even deport Georgian citizens again, the damage would be significant.

Unlike a decade or more ago, Georgia is now remarkably self-sufficient in its energy supply. Only cca. 5% of gas comes from Russia, down from 100% in 2005. Soon it will be able to consume 100% Azeri gas, while also collecting from Russia a transit fee for the Trans Caucasus Gas Pipeline, which supplies Armenia. Suspicions remain only with regard to the non-transparent negotiations carried out between the government in Tbilisi and Gazprom, which have ended with a confidential contract and price conditions unknown to the public. The situation is similarly favourable as concerns electric energy – with an import share from Russia of only 3% (down from 20% in 2005). Here too, there is one glitch: most of it is imported during winter months (10-15% of consumption), when Georgian output is insufficient. Again, if past experience is an indication, Russia has sabotaged electricity lines and gas pipelines before and left Georgia without electricity and gas for two weeks in 2006 – but at that

time, dependence was much higher. Smaller skirmishes could be caused by the borderization process and the manipulation of Russian-controlled separatist regimes in Abkhazia and South Ossetia (Georgia's largest hydroelectric power plant Engurhesi is placed on the Administrative Boundary Line of Abkhazia and it is operated jointly with the Russian Federation. In previous occasions, sectors of oil pipelines were left outside of Tbilisi's control) – but here the damage might be shared with the population in the occupied territories, so this strategy is less likely to be employed.

Other than trade, remittances, tourism and undermining the economy by imposing a general climate of instability through occupation and the presence of Russian troops (which could also degenerate into accidental or provoked escalation), Moscow has little in the way of direct influence on the Georgian economy. Absent official data (unavailable to the public), empirical evidence shows Russia to be only a minor investor, with a contribution to FDI of only 3-4%. The influence it could exercise nevertheless could be channelled through its involvement in energy, financial and communications infrastructure, which it has consistently shown special interest in, and where participation can provide it access to important information. Another additional cost that Russia indirectly imposes on the Georgian budget is the cca. 50 million USD spent annually on internally displaced persons from the occupied territories (currently around 273,000).

Objective reality aside, the view that Georgia's economic development would benefit more from closer cooperation with Russia than with the EU is both popular and permanently reinforced – as is the case in Bulgaria. A few EU-bashing myths are added to the mix: that the DCFTA brings little benefit to Georgia and just imposes extra demands; that traditional exports to Russia will be disrupted because of the adoption of European standards and that the EU stands more to gain than Georgia from the removal of customs duties.

Resilience-building measures include deepening the economic relationship with Western countries, especially in the most vulnerable sectors described above, trade, tourism and energy, thus shrinking the Russian footprint and expanding on a 500 million-strong EU market, three times and a half the Russian market of 140 million; informing exporters of the risks of the Russian market and EEU countries; diversifying sources for wheat imports; boosting domestic electricity production to cover winter months needs and carrying out negotiations with Gazprom in a transparent fashion; treating Russian investments with the utmost caution and awareness of the political and security risks; mobilize support from international partners to end the “creeping occupation” from Russia.

## Politics

By regional standards and in comparison with other former Soviet countries, Georgia is a success story in the economic, political and foreign policy realms, despite all its shortcomings. This is bad news for Moscow, which has no interest in seeing a model emerge among former Soviet states which can show others, both in the region and at home, that it is possible to escape the Russian sphere of influence and stand on your own feet, and possibly even integrate with the West. Ever since it picked itself up and got back in the game, Russia has sought to reverse this process. Its means have changed after the 2008 invasion of Georgia, with more emphasis placed on soft, rather than hard power.

The domestic political environment plays a key role in determining whether Moscow will be effective in its subversive efforts or not. And from this perspective, the Georgian state of governance, politics and rule of law still offers plenty of cracks for Russia to penetrate the system. After a period of controversial, but largely successful transition, Georgia is now a country run by one single party, led by an unaccountable, informal ruler with links to Russia and a fortune the size of the country's annual budget, a party whose supermajority has led to a constitutional reform rejected by all other social and political forces and questioned by the Venice Commission, but nonetheless implemented. Some commentators consider that Georgia "has never been able to transcend the one-party state". Given the recent constitutional changes, it looks likely that it may not succeed in the future either: recommendations from other parties and NGOs (proportional electoral system, direct election of the president) were ignored and the Constitution was amended to give the incumbent a clear advantage in elections; prevent the president from being an independent counterweight to the parliament; keep the parliament too weak to perform efficient oversight of executive functions and essentially avoid the formation of a functional system of checks and balances.

Circumstances are aggravated by the deinstitutionalization of governance, which has moved actual decision-making outside the framework of democratic institutions under public and legal scrutiny and to a shady area of unaccountability and lack of transparency. Just like in Poland or Romania, the de facto leader of the Georgian Dream party, Bidzina Ivanishvili, stepped down from the premiership at the end of 2013, but continues to be the informal eminence behind his two successors, both his former business associates. If we factor in his fortune (accumulated in Russia, where he was a Gazprom shareholder), he looks set to almost single-handedly determine the direction of the country and the fate of elections over the next many years. At this point, the very system of informal power which he is promoting, let alone his plausible connections with Russia, are helping further the Kremlin's agenda of

detering Georgia's democratic development. The same consequence arises from political control over the judiciary and the overall lack of reform in the justice system, as well as from the lack of real oversight by the parliament or civic bodies of the institutions of force, some of which can be suspected of infiltration by Russian agents.

The dire state of governance is facilitated by the weakness of political parties, personalized structures dependent on their leadership and prone to populism in the absence of any real ideological cohesion and ability/ willingness to serve the public interest. From ethnic minorities, who do not have a say in political life, to the most disenfranchised social categories, the population at large does not feel represented. The fragmentation of the political scene generates voter apathy, but also risks leading to disillusionment with political parties as fundamental institutions of representative democracy. The most pessimistic scenarios in that case range from the emergence of a third force – either nationalistic or pro-Russian (perhaps with a deceiving populist façade), which can sway a disaffected electorate relatively easily by proposing a 'different way of doing things', to the reiteration of a revolutionary scenario. The latter is not a far-fetched idea, since the 2012 parliamentary election was the first peaceful transfer of power through free elections in the history of independent Georgia. Russian (or other) interests can also enter Georgian political life via cash advances provided to the chronically underfunded parties, as donations tend to go overwhelmingly to the party in power. The substance of democracy is also diluted by the intense polarization and lack of bipartisanship, as is the case in other countries – the Romanian example being discussed at large in the respective chapter. In this case though, the threat is compounded by the very brief democratic tradition and the fragile statehood of Georgia. The impact could be devastating.

### **Foreign policy and security**

As outlined at the very beginning of the present chapter, Russia's primary interest in Georgia is to keep the country within its sphere of influence, hinder its political, economic and security autonomy and prevent its integration with the West. The most obvious path in this direction goes through the occupied territories of Abkhazia and South Ossetia and the Russian military presence there, followed by borderization (pushing the administrative demarcation line deeper into Georgian-controlled territory) and potential annexation. In the absence of territorial integrity, with Russian troops on the ground, frozen conflicts and the permanent prospects of escalation, the country is much less appealing to Western investors and can be regarded as a liability to the collective security and organizations it seeks to join.

In turn, Georgia has concentrated its international efforts on mobilizing support for de-occupation and non-recognition of the separatist regimes, as well as on countering threats from Russia and advancing toward its Euro-Atlantic objectives. The National Security Concept does not explicitly identify disinformation and malign influence as part of these threats. In fact, Georgia still lacks a strategic document which could present a unifying vision, integrate the role of various institutions, serve as the basis for policy planning and provide the framework for horizontal coordination – all needed in fighting hybrid threats. The country's cyber security capabilities are also in their infancy, despite having suffered major attacks as early as 2008. As a matter of fact, Tbilisi also lacks a comprehensive anti-annexation strategy, even after the precedent of Crimea.

The absence of both an overarching strategic document and a genuine consultative process with the expert community at large (something which can also be found in other countries under analysis) leads to underperformance on the international stage, where Georgia currently starts with a disadvantage, after the government has toned down its commitment to NATO and the EU and seems to have warmed up to Moscow, avoiding any move which might bother it. This has triggered a certain level of disengagement from external partners, in a context where Russia, on its side, has never stopped trying to leverage its own influence with Georgia's Western partners to signal that it would meet any further steps toward enlargement with a strong response. At the same time, should the Eurasian Union become a viable foreign policy option, this would complicate things further; surprisingly, 23% of the population in Georgia supports the EEU. As long as the EU has no regional competitor, Tbilisi will likely stay the course, backed by widespread popular support. Once a choice is put in front of the public though, the government will have to defend the Western option more energetically in front of its own constituency.

The Caucasus and Black Sea region itself is volatile and violence in one country can easily spin out of control to its neighbours. Just as Russian occupation of Georgia poses a problem to the rest of the region through the trafficking, organized crime and terrorism that it encourages, Georgia itself may be caught between a rock and a hard place, if the Nagorno-Karabakh conflict is reignited, as it almost seemed inevitable not long ago. Having not one, but at least two difficult neighbours (relations with Turkey have never been perfectly smooth), the administration will have to come up with answers to a number of key questions regarding Tbilisi's position, such as if Russian troops should be allowed to pass through Georgian territory to supply the Gyumri base, or the Turkish military to use it to aid Azerbaijan; or if Georgia will open its airspace to Russian aircraft; or how a potential flow of refugees would be handled etc.

## REPUBLIC OF MOLDOVA

The Republic of Moldova is perhaps the quintessence of all other cases under analysis – one will find every vulnerability in other countries replicated here, but amplified and aggravated. The intensive and brutal process of Russification under Soviet rule seems to have paid off: much of Moldovan society looks like an offshoot of the Russian one – fundamentally conservative, overwhelmingly Orthodox, with a worldview which aligns with Moscow’s objectives. Thus it constitutes a captive audience to Russian-language media and its lack of a culture of dissent easily ushers in authoritarian rulers.

Indeed part of it, the one which feels closer to Romania as the homeland, is not well represented by this description; yet many of its members have either migrated to the West or neighbouring Romania, or are concentrated in the capital Chişinău.

The extent of its permeability to Russian influence, as well as these cleavages, set the very statehood of Moldova at risk, especially with a history of less than three decades of independence and the unresolved issue of the separatist region of Transnistria and the Găgăuz Autonomy. Unlike in its sister country Romania or former Soviet republic Georgia, but rather like in the Bulgarian case, Russia is not seen as an enemy in the Republic of Moldova, except by a fraction of the population. The current president Igor Dodon has won elections on a clear pro-Russian platform. With no identification of a threat, the natural consequence is that there are also very few measures taken to limit exposure or the potential damage.

### Society

Moldovan society is heterogeneous, with Moldovans, Romanians, Ukrainians, Găgăuz, Russians, Bulgarians, Roma, Belarusians, Jews, Poles and Armenians sharing the same territory. One other thing they share is the Russian language to enable communication, a legacy of Soviet times, with four times more Russian speakers than ethnic Russians. Having Russian as the lingua franca makes them more susceptible to propaganda, delivered by the generously funded Kremlin media machine of infotainment, for which the small, underdeveloped and cash-stripped local media industry is no match. Worse still, this category is socialized more in the Russian culture than the Moldovan one. This keeps them from integrating in society, but also in the social paradigm of values and beliefs, turning them into a reactionary force opposing Moldova’s liberal, democratic transformation.

Russian propaganda strives, like in all other cases, to present a negative image of the EU and NATO, to foster nostalgia for the former Soviet Union and admiration for Russian resurgence, as well as to sap at the foundation of Moldovan democracy – and even statehood, it must be emphasized – by undermining public trust in democratic institutions and the Moldovan state.

However, the larger goal goes beyond shaping short-term political preferences; Russia plays the long game and follows through its objectives over decades. To this end it seeks to mould identities (as it has done before, with the Russification of Moldova, it is worth repeating) and slowly nudge them on to align with the deep-seated principles and structures of Russian society. It receives support in this endeavour from two fundamental vehicles whose mission is, among others, to influence values, beliefs and behaviours: the media and the church. Moldova has only recently done what others among its neighbours did long ago: banning the rebroadcast of Russian media. It delayed action for so long for fear that the relatively high degree of liberalism in Moldovan political life would lead to the perception of such a move as censorship, but also because the rebroadcasting rights to some of the most prominent channels belong to local magnates and politicians. They will not lose that control now either, since broadcasters are free to register their media outlets as local stations and present propaganda as local production.

The success of the media and others in projecting a favourable perception of Russia and instilling certain beliefs and values in the public opinion is immediately visible in the popularity of Vladimir Putin. The Russian president is not only the most popular foreign politician, but he scores higher than any of the local figures. The associated concepts – a strong leader, submissive legislatures, public administration and civil society – simultaneously make their way into the popular psyche, relegating individual rights and civic agency to a negligible place. In parallel, the Kremlin seeks to discredit the EU and the Association Agreement signed by Moldova, by implying that the Union is a failing project doomed to final collapse, and only a Russian-led order can deliver according to citizens' needs. Kremlin-sponsored NGOs are an ally in delivering and multiplying these messages: the Byzantine Club, an imperial-conservative movement that supports Russia's role as a spiritual alternative to the "decadent" European civilization; the League of Russian Youth; and especially the Izborsk Club, whose most prominent member is president Igor Dodon.

Some of the messages, which capitalize on the conservative tradition within Moldovan intelligentsia, are: "the basic trait of the Moldovan collective identity rests in Orthodox religion", "Moldova is part of the contemplative Eastern civilization", "the permanent neutrality of Moldova is a fundamental component of the country's foreign policy and a cornerstone of our Constitution", "Moldova must reject its status

as a political and economic colony of the West, in favour of political and economic independence”, “Moldova needs a conservative intellectual and spiritual revolution”, “Moldova needs to conclude a strategic partnership with Russia without which it will not be able to have an independent domestic and foreign policy”.

Apart from civil society and the media, the religious homogeneity of Moldovan society (96% of the population being Christian Orthodox) and the subordination of the Moldovan Orthodox Church (MOC) to the Patriarch of the Russian Orthodox Church creates the ideal environment for weaponization of religion as an additional means of opposing a liberal turn. Just like in Georgia, where antidiscrimination legislation was declared a sin, the MOC has organized major protests against the anti-discrimination bill that was part of Moldova’s commitments under the EU Association Agreement. The current president vowed to repeal even the diluted version that was eventually adopted, but could not harness the needed majority. Instead, he rewarded the clerics who lent him support during the campaign, among which one hardliner distinguished himself by saying that Dodon’s competitor Maia Sandu was unfit for the job because she was a single woman.

When it comes to social norms and constructs, Moldovan society can display frightening levels of intolerance to the LGBTQ community in particular. This poses a permanent problem through the potential it creates for linking – as Russia and ultraconservatives never fail to do – modernization, EU accession and Westernization to immorality and decadence, to discredit the process in the eyes of the population. According to a 2014 study, 90% of respondents wouldn’t accept a homosexual as their neighbour and 70% associate homosexuality with illness and sin, while 57% call for it to be punished. With media largely controlled by Russia or populist political leaders, the only hope for much-needed grassroots education in the spirit of tolerance lies with civil society.

One last aspect of the Republic of Moldova’s close relation to Moscow is the large number of labour migrants who work in Russia (half of the overall diaspora). Most of them integrate and accept the doctrinal views propagated within Russian society, which find fertile ground in the tradition of thought of their own upbringing. This allows the Kremlin ample access to the hearts and minds of some of the poorest and least equipped for critical resistance among the Moldovan populace: low-skilled workers, from rural areas in particular. This helps explain why the annexation of Crimea, for instance, which has modified Russia’s relations with the Western world, has produced very little - if any - uproar in the Republic of Moldova, despite the reality of the country’s own separatist regime in Transnistria.

Most of the numerous vulnerabilities which make Moldova highly permeable to external influence, especially coming from Russia, have already been utilized by Moscow in its so far successful attempt to deter the modernization of the country and the progress of its relation with Euro-Atlantic structures. The existence of a massive Russophile group within society provides the Kremlin with 'agents' who can echo its agenda from within and submit the society to constant bombardment of pro-Russian messages, while the current administration does very little to oppose this 'charm offensive'. This makes Moldova's situation similar to the three other countries under analysis, but more dramatic than any of them.

## **Economy**

The list of soft spots in the Republic of Moldova's economy is long: its very high energy dependence on Russia; a sprawling informal economy and pervasive state capture by Russian interests or local oligarchs with Russian connections; political control over the judiciary and extreme levels of corruption, leading to the billion-dollar bank fraud of a few years ago; a business environment affected by recurrent political crisis and general instability; external control over large categories of population, from small farmers (agriculture is the main source of Moldovan exports) whose produce Moscow can ban from its market, to the large numbers of economic migrants working in Russia and sending remittances back home.

After almost one billion dollars vanished from the country's banks in 2014 and was converted by the government into public debt, the Republic of Moldova made a surprising recovery (with help from the EU) and it is now on a positive trend. Growth, however, is very much based on internal consumption, driven by pensions and remittances – both presenting clear potential of illicit instrumentalization by various groups of interests, internal or external. Pensioners are a volatile section of the electorate, likely to be easily influenced by political authorities with decision-making power over their daily income; migrant labourers are socialized into the mindset of the host society (Russia is still the top destination), on the one hand, and on the other hand, they send home remittances which are a lifeline for their families, given Moldova's high poverty rate – unless, that is, Russian authorities decide to prevent them from doing that or deport them altogether, as was the case with Georgian workers (a less likely possibility though, since Moscow would rather use them as a loyal mass of manoeuvre, in this case).

With fragile drivers of growth, a high quasi-fiscal deficit and low FDI caused by an unreliable investment climate, the country is short on cash, finds it hard to borrow on the internal and external markets (or is granted short maturity rates) and its public

debt is growing. The main overall risk is that its currently underdeveloped, factor-driven economy will not be self-sustainable or competitive any time soon, keeping it in a state of unhealthy dependence on foreign partners. This parallels the threat to Moldova's statehood encountered on the political front.

Fortunately, Chişinău's relations with the European Union have not failed to leave a mark: trade dependence on the EU is high and exports to the common market have diversified (though it seems some are actually re-exports of Russian products under sanctions, rebranded as Transnistrian to take advantage of the free trade agreement); the Union brings in 61% of total FDI; and the value of remittances from member states roughly equals that originating from Russia, after Western sanctions have halved the latter. Yet political crisis and lack of will on the part of the Moldovan authorities to genuinely implement reforms have led to the EU suspending direct budget support to Chişinău.

Against this background of alarming public debt level, and in the absence of structural reforms (which are unlikely to be carried out by the current administration), a rent-seeking public sector will continue to drain resources from state-owned enterprises (currently making up 32% of GDP) and will potentially block vital EU-funded infrastructure projects. Corruption surfaces in multiple forms in the country's economy: investors accuse frequent abuses and harassment from regulators and have sometimes had to appeal to the EU courts to settle disputes; the public sector is a vast clientelistic and excessively bureaucratic network which carries out non-transparent and non-competitive transactions; the judiciary is largely controlled by Moldovan and Russian oligarchs (some of whom are on the Western sanctions list) and is used as a weapon against business competitors who are not politically aligned with these powerful influencers; public tenders are likely rigged (see the case of the Chişinău International Airport, which has ended up in Russian hands after a mock tendering process).

Russian influence over the economy remains significant, although the EU has acted as a successful counterweight throughout the years. Full interdependence with the other Soviet republics during the times of the USSR and the degree of control that Moscow has preserved are hard to shake off in the short or medium term. The Federation holds a significant share of FDI, either directly, or indirectly, through offshores in the Netherlands or Cyprus, or through Moldovan investors who have registered their companies in tax havens. Moldovan enterprises controlled by Russian capital dominate all sectors of the economy, including critical infrastructure and media. Russia continues to be the top destination for the Republic's agricultural exports, though a previous ban has determined the country to reorient itself toward the EU. While in the long run any repeat of such a ban would do Moldova a favour by

prompting it to further diversify its export markets, in the short run the measure would hit one of the poorest and most vulnerable social categories: small farmers. The economy's agrarian character is not negligible, with the sector accounting for 50% of export income and experiencing the fastest growth.

By far though Moscow's control is primarily exercised in the energy sector, as Moldova is 100% dependent on Russian gas and overwhelmingly dependent on Russian-controlled electricity distribution. The Moldovan thermal power plant is located in the separatist region of Transnistria and under Moscow control. The market is not open or competitive. Attempts by Romania to balance the electricity supply are both difficult and stalled by authorities in Chişinău. To ensure interconnection with the European systems, it will take at least five years of work and investment to meet the technical requirements. Russia also controls the Moldovan national gas company, so the likelihood of blockage in the extension of the Iaşi-Ungheni gas pipeline – which can provide an alternative to Russian gas and strengthen Moldova's negotiating position – is not unlikely. Political instability on both sides of the Prut can also negatively impact project development. Ultimately, in fact, domestic political instability – the Republic of Moldova was without a president for two and a half years and changed five governments in two years – is one of the most damaging factors, leading to erosion of investor confidence and leaving it easy prey to predatory investment by those who feel they can leverage political influence to their benefit.

## Politics

Just like in the case of other states on course for democratization or in the process of democratic consolidation, the main determinant for Moldova's susceptibility to foreign interference is the extent to which it has overcome the clientelistic one-party system of its communist past and internalized and institutionalized democratic norms and pluralism. Currently, it doesn't seem to have secured any of these sufficiently well.

The Republic's post-independence trajectory has alternated periods of pluralism, but marked by poor governance and political infighting, with times of popular revolt and protest, with constitutional crisis and domination of the state by a single powerful party. Russian-dominated media has aptly amplified these divisions, framing them as part of an existential East-West competition. EU assistance has helped the country score some important victories, but not yet transform altogether; in fact support for EU accession has fallen from 70% in 2008 to 40% today. The most acute problem remains that the constitutional and institutional framework of Moldova, which could

lay out the conditions for democratic development, is still - and permanently - under construction. Therefore the backbone of the country's future evolution is often at the mercy of politicians alternating to power and aiming to consolidate their grip on the entire state system.

The analysis of Moldovan politics focuses on three different levels: systemic (constitutional, electoral), institutional (political parties, government institutions) and individual (politicians, voter profiles).

On the systemic level, despite its nominal character as a parliamentary system, the Moldovan context pitches the president against the government, in an unhealthy competition that can be destabilizing for the entire political system. The president's influence derives from the public mandate received through direct elections (since 2016). He or she can have wide public appeal and can raise political issues high on the agenda - which makes the president a prime target for foreign influence.

The electoral system, on the other hand, presents its own disadvantages: the present proportional system in one national constituency is vulnerable to external influence under the form of illicit funding or media support. Far from solving this problem, the envisaged changes, which replace it with a mixed system of single-member districts in a single-round election, are introducing new ones. Such electoral systems are usually suited for countries with a long multi-party tradition, as they lead to political party consolidation and reduction in the number of relevant parties - hence, less pluralism, not more. In Moldova's case, with its slant toward concentration, this is rather counter-productive. The main beneficiaries are large and resourceful parties, which come to establish increasing dominance - in Moldova's case, these would be left-wing political forces, which are well consolidated, usually around a single party, as well as traditionally pro-Russian, whereas right-wing parties are rather fragmented. Oligarch Vlad Plahotniuc's Democratic Party is in a position to also capitalize on its vast clientelistic network and to pressure independent candidates, thus perpetuating itself at the helm of the state.

When examining institutional vulnerabilities, what immediately catches attention is the personalized nature of Moldovan politics - not unlike all other countries reviewed in the present study. Political parties are leader-centred organizations, with little internal democracy and poorly institutionalized, hence easy to influence with minimal 'investment' and high returns. Concentration of decision-making power in the hands of very few high-level party officials leads to low representativeness. Their inability to truly articulate public interests discredits the democratic principle of political parties as the proper vehicles for representing the public agenda. Parties are also not connected by a common ideology, but rather by a clientelistic network and

common personal interests to be fulfilled through the exercise of political power. This makes them prone to shifting positions easily, if prompted by external influence, for instance.

Additionally, a combination between underfunding and lack of accountability and transparency offers plenty of opportunities for interference. Electoral campaign financing of the parties in power is usually not closely scrutinized, even when suspicions exist. Despite a complaint filed with the Central Electoral Commission by president Igor Dodon's opponent in 2016 elections, his alleged connection with Russian funding via offshore accounts has not been investigated properly.

Government institutions, on the other hand, are hyper-politicized and corrupt. They are full of political appointees that change with every successive government and no institutional memory exists as a counterweight. Political control over the judiciary, central bank, regulatory agencies or law enforcement discredits yet another fundamental democratic principle, that of checks and balances. Support for democracy itself is dwindling among the population, which decreases bottom-up pressure on decision-makers. This is, at the same time, a reflection of internal polarization, including in terms of fundamental beliefs and the allegiances that accompany them.

Similarly to the case of Bulgaria, external influence is a matter of supply as much as of demand. In 2014, the Party of Socialists used the image of president Putin next to then party leader Igor Dodon in their campaign posters. Foreign endorsement for domestic candidates was outlawed after the elections, but since no mention was made of religious leaders, in 2016 Dodon received the blessing of Patriarch Kirill, a very strong symbolic figure in a country where the church is directly subordinated to the Russian Orthodox Church. In a highly conservative country like Moldova and in the absence of a robust welfare system and state solutions for poverty or loneliness of the elderly in rural areas, the church provides at least a spiritual substitute – and is invested with the corresponding power; another dysfunction, impeding actual separation of church and state and sapping at the root of confidence in democracy.

Against the background of multiple elements rendering democratic principles empty of real substance for at least part of the population, the simple geopolitical narrative of East-West competition is powered by the country's brief democratic experience and low level of political culture – and then further disseminated and exaggerated by Russian-dominated media, also through nominally pro-European Moldovan politicians, who claim to be fighting Moscow's influence, while in fact advancing it.

The Republic of Moldova is dealing with a dramatic mix of a young (and split) national identity, with territorial divisions (the separatist regime in Transnistria and the Găgăuz Autonomy), high social and political polarization along the East-West axis, poverty, endemic corruption and a dysfunctional state apparatus verging on state capture. As such, it is highly unlikely that even in the future it will find within itself the resources to build the strong democratic and pluralist system that it needs and which would increase its resilience in front of external destabilization efforts. Top-down reforms tend to lose momentum and continuity and bottom-up pressure are still weak, coming from a civil society under construction. Paradoxically, the hope lies with foreign influence: positive one, from the Moldovan diaspora and the European Union.

### **Foreign policy and security**

The Republic of Moldova's foreign policy and security conundrum is not hard to decipher: its defining cleavage is the permanent East vs. West dualism, which keeps it in a state of high vulnerability to external interference. The same deadlock drives the country in limbo in a counter-productive neutrality status, while Russia maintains a military presence on the separatist territory of Transnistria. Regional relations are influenced by past memories of history and geopolitics, rather than onward-looking pragmatism and values.

Internally, the back-and-forth between the choice for European democratic development and Soviet nostalgia slows down the country's transition to democracy, creating obvious vulnerabilities and making it an uncomfortable international partner. This hesitation has internal reasons, but it is also fuelled by exogenous factors, with several stakeholders actively trying to push the country in one direction or another. The result is instability and lack of predictability in Moldova's foreign policy. Shifts in direction are usually associated with major events, external pressure or high domestic dissatisfaction with the foreign policy of the country. At the same time though, given the factionalization in Moldovan politics, every national election can result in a radical change of strategic orientation. Since so much of Moldova's evolution depends on this East or West choice, foreign policy is high on the agenda in every national election – and even in the Chişinău mayoral race. While it refuses to evade this dualism, the Republic remains hostage to destabilizing interference from Russia.

Strangely enough, it was communist president Vladimir Voronin who turned the country westward in 2005, after refusing to sign the Kozak Memorandum in 2003, which would have federalized the country and given Transnistria veto power over

strategic decisions (including joining the EU and NATO). During his second term, support for the EU was at an all-time high of 70%. In 2009, following parliamentary elections, wide popular support for the European direction led to the Moldovan Twitter Revolution, which prefaced active engagement with the European Union, whereas previous reforms had been lacking, being replaced by empty political statements.

The counter-performance of the Alliance for European Integration in terms of domestic governance led to the discredit of the whole EU integration idea. Once the poster child of the Eastern Partnership's success, with a signed Association Agreement in hand and among the first to receive visa-free regime, Moldova has been going downhill from there, partly for reasons of domestic instability and weak rule of law, partly because of regional turmoil. Ten years since the 2009 exultation with Moldova's European prospects, public support is at only 37%, whereas 42% favour the Eurasian Union. The political scene is as divided as ever on the issue: the governing Democratic Party advocates enshrining EU accession in the Constitution despite low public support, while president Dodon had vowed before his election to denounce the Association Agreement and join the Eurasian Union instead. This is a very improbable move, since many of the costs of reforms required under the Agreement have been borne already and the benefits should start showing before long. Economically it would be an unnecessary sacrifice, while politically, it would mobilize the pro-European electorate against the president. These are risks that Dodon will likely not find worth taking, and instead he will simply stall the EU integration process. For Russia, this counts as a victory, since all it wants is to keep Moldova within its sphere of influence – and this goal is well served if it turns into a grey area suspended in the middle of a troubled region.

In truth, Chişinău can hardly afford to make any radical decisions against Russian interests, for as long as Moscow maintains troops in Transnistria. This was the original interest behind the introduction of neutrality in the Constitution – to delegitimize the deployment of Russian military. Both the military presence and the existence of the separatist conflict itself are a major security vulnerability for a young and rather weak state. The Republic is virtually defenceless: it has no international security guarantees and in a deteriorating regional environment, it relies on internationally unrecognized neutrality status. Moscow has protested the opening of a NATO liaison office in Chişinău, while president Dodon has stopped Moldovan officers from participating in NATO-led exercises, which negatively affects capabilities and interoperability with NATO. He also refused to approve a national security strategy drafted by his predecessor, leaving the country without a strategic document. Moreover, conflicts with government led to the deferral of the

appointment of a defence minister for almost one year. On the security front, Moldova is completely exposed, with internal political forces using the East/ West cleavage to settle political disputes.

Alongside this geopolitical polarization, underdeveloped capabilities and the inertia of preserving a state of neutrality that cannot possibly provide security, the Republic of Moldova also has complicated relations with its neighbours. Romania has been its most vocal advocate at EU level and provides a model and a window to the West through its own growth (both economic and in importance). Yet in concrete terms of action in key areas, which can reduce Moldova's dependence on Russia (i.e. information and energy security), no particular progress has been made. Recently, two interconnections, one for gas and one for electricity have started being built between Romania and Moldova, after years of procrastination. Given the high stakes (cutting down on Russian leverage), it is to be expected that Moscow will employ its saboteurs to delay or derail the projects, either through propaganda or through corruption. If successful though, the projects will also help raise Romania's profile vis-a-vis the relation with Moldova.

The more resounding the success, the higher the stakes for Russia; it may hence seek to inflame suspicion about possible unification between the two. The issue of unification is one of the most divisive. Support on the Moldovan side was never high enough to be taken seriously. Yet numerous statements by Romanian officials (mostly populist and electoral, not with real intent) have only populated the fake reality Russia had created and have legitimized it. Relations with Ukraine are likely to continue being mixed too: on the one hand, the two countries are finally cooperating now, after Kiev has looked on Transnistrian separatism for years, without being helpful to its neighbour; on the other hand, weak institutions and corrupt elites are reducing the effectiveness of such cooperation. The determining factors for the Republic of Moldova's future relations with the rest of the world are bound to remain the EU and Russia.

# ROMANIA

## SOCIETY

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The fundamental narrative of Romania is one of *change*: political metamorphosis, shifting borders, modernization, industrialization and, more recently, becoming a society in which information technologies play a key role. These transformations have been extremely rapid and uneven, leaving behind at times significant parts of society. It is within these gaps that Russian propaganda currently operates, trying to emphasize differences of opinion and lifestyle between segments of society, setting the old against the new, nationalists versus Europhiles, Christians versus progressives, small towns and rural communities against the inhabitants of Romania's largest and most productive cities, etc. It is to be expected that any foreign or non-foreign entity that aims to influence the fate of Romania will make use of the differences in development, values and living standards that have been mentioned above.

Overt pro-Russian attitudes are exotic in Romania. The main cause: poor historical relations between the two countries. In Romania, almost all political vectors of the last 170 years have tried to secure the support of the population by rallying against a factual or imagined Russian menace. In that sense, the Russian Empire, the USSR or the Russian Federation were seen in turn as threats to the integrity of the national territory, dangers to Romania's economic well-being, as well as culturally alien entities to which Romania could not relate. The political and financial elites were well aware that Russian control over the country would imply them losing power or even their life (something which actually did occur from 1947 until 1965). Russophobia is one of the main reasons for Romania's consistent pro-American and pro-European trajectory after 1989.

At the same time, it must be stated that Europhobic and illiberal attitudes have taken speed due to the global financial crisis and its effects – a development which aids the Russian Federation greatly in its propaganda efforts in Romania. The Russian disinformation machine utilizes public sentiment concerning national identity and pride, the fading away of Romanian traditions in an inter-connected world and negative perceptions regarding the country's status in the European Union. At the

same time, adaptability and flexibility are the keywords of Russian propaganda initiatives in Romania.

The tale of the past is important in understanding the significant resilience of today's Romania to overt pro-Russian discourse. The local elites have used history as a means of legitimizing themselves and in order to create an all-encompassing, credible national narrative. Russian acts of aggression and strategic mistakes have supported the creation and maintenance of the narrative.

During the 19<sup>th</sup> century, as the regions of Wallachia and Moldova left the Ottoman sphere of influence and united under the name of „Romania”, the Tsarist empire was at times their ally, trying to utilize the emergence of Romanian nationalism in order to further its own agenda in the region, and on occasion a wannabe master of the newly-founded country. Russian land grabs of Moldovan territory in 1812 and 1878 soured the attitude of Romanian elites towards the Russians and a consistently anti-Russian discourse was encouraged to spread in the population at large; the country joined World War One on the Entente side (therefore, having Russia as an ally) belatedly, which is to say two years after the beginning of the war, and only in order to acquire the region of Transylvania from Austria-Hungary. The Russian Revolutions of 1917 occurred at what was, militarily speaking, a critical juncture, eventually forcing Romania's departure from the war. The loss at that time of valuable and symbolic governmental goods, such as 93 tons of gold, ancient coins, art, etc. (the *Treasury/Tezaur*) at the hands of the Russians became a point of relevance for Romanians in the ensuing decades and even today sours official Romanian-Russian relations (a concerted, full-blown Russian soft power offensive would probably include the return of the remaining *Tezaur* components; however the Federation is not likely to do so except in order to strengthen the image of a regime it wants to promote, a difficult task since Russian support for a Romanian government would create anti-governmental backlashes of various sorts).

In the inter-war period the ideology of Bolshevism was unpopular in Romania, as it was in conflict with both the country's economic setup (capitalism) and its existence (Romania being defined by the movement as a multi-national empire<sup>1</sup>). In 1940 the USSR made use of Romania's poor strategic situation in order to effect a land grab; this action worsened the image of the Soviet nation in the eyes of Romanians and provided Romania's leaders with the moral justification – in the citizens' eyes – for entering the world war on the side of the Axis. The country's occupation by the Red Army after 1944 and the imposition of communism by the Red Army following World War Two led to a lasting negative impression of Russia to which no section of society

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<sup>1</sup> <http://legeaz.net/personalitati-juridice/george-g-marzescu>

was immune. The somewhat brief period of total Russian control over the country - from the end of World War Two until the late 1950s - was later defined even by Romanian Communists as a destructive event, a "harrowing decade"<sup>2</sup> of economic loss and broad political persecution. Nicolae Ceaușescu, Romania's leader after 1965, devised a strong anti-Soviet narrative in order to build legitimacy, symbolically taking the part of the people in an invisible struggle against the non-Romanian opponent to the East.

### **The Romania in Russia's dreams: conservative, Eurosceptic, in economic turmoil**

The Federation's long-term vision is a Romania that has left both the EU and NATO and that in the process has become an ideological ally of the current Russian elite, which would imply turning into a country dominated by a conservative, anti-Western discourse. In addition, due to the sundering of economic links to the West, in this future Romania would find itself in economic turmoil and therefore vulnerable to Russian financial pressure. In order for this goal to be reached, on a medium-term basis the Russian Federation needs a serious build-up of Eurosceptic or anti-Western sentiment in the country, perhaps leading to a situation similar to that of Hungary: a country still formally part of Western structures, but where the dominant values are in major disagreement with those harboured by the West. In Romania, the Russian Federation cannot hope to wipe out decades of anti-Russian sentiment, but it can at least try to portray itself as a moralistic, Christian country, a "protector" of sacred and traditional values – a posture which may bring it popularity. The neo-Tsarist imagery prevalent in the current ideology of the Russian Federation limits its interest in left-wing movements, which have been mostly dormant in Romania, and which may be used exclusively in order to spread anti-EU messages to sections of society for which conservative values are not appealing.

The ideals of the Federation have found a home in the hearts and minds of some of Romania's leading politicians, members of the currently ruling coalition. As a recent journalistic investigation pointed out<sup>3</sup>, they perceive the modern world as filled to the brim with conspiracies of all sorts. While not Russophile or at least not publicly Russophile, the current front row of the Social Democratic Party leadership is in quasi-perfect synthesis with the Russian outlook on the world. Their actions and statements influence, in turn, the party's very stable and loyal voting block of approximately 3 million people – more than a fifth of the adult population currently residing within the country.

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<sup>2</sup> <http://jurnalulunuivulcanolog.blogspot.ro/2013/08/obsedantul-deceniu-marin-preda-si-lupta.html>

<sup>3</sup> <https://www.riseproject.ro/articol/dragnea-partidul-nevazut/>

On a short-term basis Russian presence and activity are predicated upon driving a wedge between different groups within Romanian society and, also, between Romanians and the West. The logic behind the latter goal is easy to understand: somebody who trusts NATO or the European Union is very unlikely to be sympathetic towards Russia. What would Russia have to gain, however, from sowing dissension among Romanians? There are two possible answers, which do not contradict each other:

a) An unstable and unmanageable society is hard to govern, less appealing to foreign investors and less efficient. All of these effects, in turn, would create more discontent, which could be easily blamed on the European Union and Western countries by skilful agitators;

b) Anarchy, discontent and strong emotions create the need for a strong hand, a decisive leader or party who/which would stamp out dissent and, in the minds of his/their potential followers, "allow the country to get on with its normal business". Such a tyrannical, populist figure might be more amenable to Russia than the current political class.

A different but complementary perspective starts from the premise that the Russian Federation is interested in and focusing its efforts on undermining NATO and the European Union as political and security constructs. In Romania's case, by pointing out the differences in social values between the West and traditional Romania (on issues such as the rights of sexual minorities, migrants or atheism) Russia is trying to widen the already existing perception that "supranational [NATO/EU] policies are substituting ours".

### **Painful change and the comfort of nationalistic myths. Ceaușescu reloaded**

The tools which Romania's former dictator Ceaușescu used in order to achieve popular support are relevant for understanding the stepping stones of the Russian propaganda of today. In a country with an anti-Socialist intellectual elite, a large rural majority and a very newly urbanized proletariat, Ceaușescu - himself a person of small educational ability - could not use ideology effectively. The real conceptual framework of the regime consisted of nationalist myths, recycled from Romania's small but dramatic pre-WW2 Fascist movement, Archangel Michael's Legion, or from stretching to extremes the ideological paradigm of 19<sup>th</sup> century Romanian conservatives. The main pillars of the framework were:

- defining Romanian history as a struggle between brave, resourceful and patriotic leaders (supposedly mirroring Ceaușescu himself) and hostile or unreliable foreign powers.

- emphasizing national uniqueness, resourcefulness and achievements - a type of psychological autarchy. The mystique of Romanian superiority was sometimes backed by baseless propaganda (such as the extensive falsification of public and publicized data concerning agricultural output) and sometimes by solid state investment that translated into authentic successes (in fields such as Olympic sports or football/soccer).

Russia has faded from popular consciousness after 1990, as the Communist regime in Romania fell and the country doggedly pursued EU integration and membership of NATO; approximately 4 million citizens - a fifth of the total - left the country in order to work in the West. Yet Ceaușescu's discourse has never really faded from the national psyche. For most Romanians born before 1970 - and for some who are younger - the changes brought on by EU integration have been difficult to absorb. The lack of a positive, enduring narrative concerning Romania's post-1989 trajectory, coupled with the global financial crisis have opened the door to Europhobic propaganda and, in a broader sense, to the rejuvenation of Communist-era nationalist themes. The anti-corruption drive of the last decade has strengthened the perception already held by many Romanians, according to which capitalism is a farce, by exposing a number of dysfunctions. In 2013, 44% believed that communism was „a good thing for the country”<sup>4</sup> and a similar percentage claimed that their lifestyle was economically superior before 1989.

Sociological data consistently underlines the resilience of Russophobia while at the same time identifying the existence of a significant Europhobic minority:

- a July 2014 poll asked Romanians to indicate whether they had a positive or negative emotion towards a series of 18 countries. Russia ranked last in „positive emotions”, below historical enemies such as Turkey or Hungary. In fact, Russia and Hungary were the only countries for which the number of respondents expressing a positive emotion was lower than that of those expressing a negative emotion. When the same poll was repeated two years later, this time concerning 23 countries, Russia ranked better than Syria or Iran; yet it is worth mentioning that the percentage of those expressing a positive emotion about Russia had dipped from 37% to 29%.
- a 2015 poll showed that only 5% of Romanians believed the country should have the Russian Federation as an ally. The Russian Federation ranked first as the answer to the question "Who do you believe Romania's greatest enemy is?", with 35% of respondents indicating it as the greatest threat to the country, twice as many as for the country which ranked second.

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<sup>4</sup> <http://www.inscop.ro/10-decembrie-2013-adevarul-sondaj-jumatate-dintre-romani-suspina-dupa-comunism/>

- a 2017 study undertaken in Central and Eastern Europe by the Slovak think-tank GlobSec Policy Institute<sup>5</sup> showed that 87% of Romanians believe NATO membership is essential for their safety.

At the same time:

- a 2017 opinion poll showed that 29% of Romanians who live inside the country claim they had more to lose than to win from Romania's accession to the European Union, a significant rise from 20% in 2014<sup>6</sup> and 23% in 2015<sup>7</sup>.
- one Romanian out of every seven would vote for leaving the EU, should there be a referendum<sup>8</sup>.

The result is a conflicting worldview, pointedly noticed by anthropologist Vintilă Mihăilescu, whose analysis<sup>9</sup> is paraphrased in the following paragraph. According to a 2016 study, 93% of Romanians are proud of their nationality, but only 61% state that being Romanian is important to them. Whereas 87% state that they'd rather be citizens of Romania than of any other country in the world, only 68% claim they would like to live in Romania (if they had a concrete choice to make). Romanians are proud of their country's art and literature (79%) or history (69%) but not of their democracy (17%) or the country's economy (8,5%!).

Also, 72% of Romanians believe that foreigners who live here have a good or very good influence on the country; at the same time 67% state that "Romanians take too many models from abroad".

Mihăilescu concludes that „ 'patriotism' has become a socially desirable value on an upward trend, but which expresses itself as an abstract demand. To a great extent it is also a reactive "patriotism" or a form of nationalism that has risen from the unfulfilled hopes Romanians had placed in EU integration. "

In other words, while Russophilia is not an exciting stance, a significant portion of the Romanian public – albeit not a majority – looks at the European Union and the West as a whole with displeasure or hostility. Who are these people? Which are the segments of society that may join the anti-European or illiberal narrative in the near and medium future?

<sup>5</sup> <http://www.cepolicy.org/publications/globsec-trends-2017-mixed-messages-and-signs-hope-central-and-eastern-europe>

<sup>6</sup> <http://www.inscop.ro/wp-content/uploads/2014/05/INSCOP-mai.2014.-Perceptii-Europa1.pdf>

<sup>7</sup> <http://www.inscop.ro/wp-content/uploads/2015/05/INSCOP-05.2015-Uniunea-Europeana1.pdf>

<sup>8</sup> <http://www.ires.com.ro/articol/334/brexit--perceptiile-romanilor-cu-privire-la-decizia-marii-britanii-de-a-iesi-din-uniunea-europeana>

<sup>9</sup> <http://dilemaveche.ro/sectiune/situatiunea/articol/nationalism-patriotism-cosmopolitism-1>

## The losers of transition. Clinging to a real or imaginary past

Scepticism is pronounced among those who had the most to lose (or the least to gain) from the technological and economic changes of the past 27 years:

- senior or even younger citizens for whom the shift to a capitalist democracy was a daunting, harmful process, which threatened their sense of self-worth and/or stability. Deeply infused with the nationalist ideology of the Communist regime, they have witnessed the decay and disappearance of the economic entities in which they had spent some or most of their life, such as factories or other industrial enterprises. A whole social infrastructure has vanished in the past two decades – a new set of values, artefacts and opportunities have sprung to life, and the cost of adapting to a rapidly shifting world is high for some Romanians. Too old to benefit from the opening of EU borders, which is to say too old to find a job in Western Europe, these individuals try to match their own personal narrative to that of the country – as they age and start facing major medical and financial hurdles, they seek clues that the country as a whole is undergoing the same path. Of special importance in this context is the large Romanian diaspora – the offspring of the blue collar workers of the 1970s and 1980s, offspring who are now working abroad; the feeling that families have been broken and separated by the existence of economic opportunities in the West is a painful one, manifesting itself occasionally in a dislike of the European Union as a whole.

Within a decade, the generation that has been socialized in the Communist framework will pass away, and it is unlikely that the current 40-to-50 year old citizens will experience the same discontent, disorientation and ennui towards the existing situation.

- the poorer sections of society that do not have access to remittances and for whom job opportunities are scarce or non-existent; blaming the status quo, which may include Romania's western trajectory, is a natural psychological reaction. As there is a significant correlation between income and education levels, these sections of society are also vulnerable to fake news and propaganda campaigns.
- the sub-qualified segments of Romania's bureaucracy, for whom efficiency and transparency are difficult to implement.

Recruitment within Romania's state apparatus is a generally corrupt practice, in which public, open contests have pre-selected winners. This climate is not conducive to selecting the best human resources available in the market; with the exception of a few institutional „islands“, there is no link between an individual's performance and her or his pay, and firing public employees is legally difficult or in many instances impossible (therefore low-quality employees cannot be

removed from office). This state of facts has existed since Communist times and, one might argue, even since the emergence of the Romanian national state. For such a workforce, EU performance standards are at least annoying, if not disruptive. In some domains, the bureaucracy even fails to keep up with the standards imposed by Romania being a European country; illiberal and anti-Western attitudes are, from this point of view, reactions to a wider and more important phenomenon, namely the rapid increase of the intricacy of the Romanian society, an evolution which burdens Romania's bureaucracy.

- party members who have benefited from petty or not so petty corruption at the local and national level, and who see the anti-corruption drive of the past decade as the result of the country's Western trajectory.

Party membership is traditionally seen as a path to a cosy job in the local or national administration, a situation brought partially into existence by the weak ideological cohesion between the party and its members. The anti-corruption drive has severed personal and financial networks; it has also created disarray in a social spectrum driven by the concept that the state or the local administrative unit is to be „milked” for the use of one's self, family and political organization. This is a social phenomenon affecting hundreds of thousands of Romanians, who have become members of one party or another in order to reach financial well-being or whose close relatives are party members and therefore expected to provide for the family. These people feel threatened, and they are angry.

- Romanian capitalists who have difficulty competing with Western products and for whom the European common market is an excessively competitive environment. Many have tried switching from market competition to contracts involving the government; most such cases end up in corruption charges, as politicians routinely demand cashbacks. Very few Romanian brands have survived the contact with either democratic capitalism or the EU; numerous ventures deploy marketing campaigns which aim to prove that Romanian goods are by definition better, healthier, tastier, etc. than the non-Romanian goods they are in competition with. This efficient tactic damages the image of the West in the eyes of Romanian consumers.
- Christian conservatives, who bemoan the rising tolerance of the youth and society in general towards behaviour that contradicts Christian teachings; some have strayed towards neo-Fascist beliefs, and those who espouse a democratic discourse are often „overwritten” by their more radical brethren, who are far more present and visible in the public arena. Russia's use of conservative values in the West is well known; the Federation's image as the “last true defender of Christian values” rarely resonates well with Romania's conservative intelligentsia, for whom

the horrors of Russian occupation in the 1940s and 1950s are an element of maximum importance. However, as new communication vectors emerge, the situation is shifting and is likely to continue to shift. The Russian Federation is far from being identified as the sole source of Christian values in Romania, but it is making headway in that regard.

Additionally, it may be emphasized that, as long as Christian movements act in a manner which divides the nation, creates mistrust and deepens already existing divisions, they fulfil the strategic objectives of the Russian Federation even if the movements or their leaders are authentically Russophobic.

- some left-wing intellectuals with an Americanophobic or anti-capitalist bent, for whom the EU is a tool of oppression utilized by cross-national capital. Dogmatic, limited in its audience, but energetic, the Romanian left is making inroads into society at large on issues which are liberal and pro-cosmopolitan in nature, such as the rights of minorities, anti-corruption, etc., and not through its opposition to capitalism. Its utility for Russian propaganda is limited – an aspect which may change in the coming years.
- ecologists both of the modern and pre-modern persuasions, the former being affiliated with broader, internationalist ecological discourses or enterprises while the former see maintaining the heritage "of the ancestors" as a way of expressing their patriotism. After a period of intense activity in 2012-2013, a time during which they managed to create strong coalitions with other sections of society, these movements are as of now dormant, but they may become active once again, should circumstances present an opportunity.

The heterogeneous structure of said groups limits their ability to act together. It is close to impossible for a single message to reach all of them at once and at the same intensity. At the same time, because of that very same attribute, they have the capacity to spread disinformation widely across society.

As it can be seen, not all – and indeed only a part – of these societal strands are pro-Russian or could conceivably build a pro-Russian agenda. However, their situation places them in conflict with the status quo; the existence of these groups and of their discourse may be subtly encouraged – or nudged on – by Russia in order to achieve maximum effect in moments of national emotion.

## The 2018 Centennial: a potential minefield

In the short- and medium- term perspective, Russian endeavours will not focus on promoting direct pro-Russian discourse. Europhobic or Eurosceptic tendencies will be encouraged under the keyword of „national independence“. The 100-year centennial of the formation of Great Romania – an anniversary that takes place in 2018 - will offer a springboard for nationalist messages centred on the notion of "national superiority", a gateway towards intolerant or nationalistic messages. As a 'bonus', unwise statements made by politicians or other stakeholders in 2018 will have the added impact of worsening Romania's relations with its neighbours and possibly the West. From the point of view of discourse, communication and public expression, 2018 is a minefield for the Romanian society, and it is almost certain that the Russian propaganda machine will attempt to steer the national atmosphere towards themes and positions that would emphasize Euro-sceptic and anti-Western trends.

Between June 2019 and December 2020, which is to say within 18 months, all four possible election types will take place in Romania (European Parliament / presidential / local / parliamentary). For a year and a half the country will be exposed to an electoral "fever", and populist messages can have a strong impact on several consecutive elections. The repeated validation of populist messages by recognized politicians is a clear and present danger. The peril is underlined by sociological data that suggests that, due to demographic imbalances, 2019 will be a year of anger, disappointment and social discontent, as men of marriage age will find it excessively difficult to start a family<sup>10</sup>.

The use of fake news and massive disinformation drives will continue to be a relevant space of action for Russian vectors. In its activities which deal with the Romanian society, the Federation will continue to make use of existing discontent, repackaging it via Internet „trolls“, „useful idiots“, etc. Regional disparities and ethnic diversity may take the forefront in the coming years, depending on the course of events, which may lead to the rise of authentic social movements, perceptions and attitudes. Distrust will be created between majorities and sizable minorities, such as between ethnic Romanians and Romanian citizens of Hungarian ethnicity (approximately 1 million in number) or between the country's Christian Orthodox majority and the approximately 2 million non-Orthodox Christians (such as Catholics, Protestants and neo-Protestants). The 100-year commemoration of Ardeal (Transylvania)'s acquisition from Hungary will create vast opportunities for Russian Federation agents or „useful idiots“ to make use of Hungarian rhetoric in a fashion which would inflate Romanian nationalism, creating international scandals.

<sup>10</sup> <http://www.hotnews.ro/stiri-esential-8300861-sebastian-lazaroiu-noua-revolutie-sexuala-asteptat-jumatatea-acestui-secol-romania.htm>

A very likely line of attack will consist of exacerbating inter-regional differences, such as between the wealthier north-west of the country ("Transylvania" / "Ardeal") and the rest of the nation (of which some parts, i.e. Moldova and southern Oltenia are dramatically poor as compared to the national average, as well as much less connected to sources of trade and wealth by physical infrastructure). The emergence of a Transylvanian independence movement is as of yet unlikely, but may become a topic in the immediate future, if regional development gaps do not disappear.

The Orthodox Church is undergoing a massive popularity crisis<sup>11</sup> and it is nearing the point at which fewer than half of (officially) Romanian Orthodox Christians have confidence in the institution, down from 88,5% in 1990<sup>12</sup>. By definition, in any society that is undergoing modernization, traditionalist movements are on a downward path, as they face significant demographic and cultural challenges. Romania's connection with the West and its liberal values represent a constant and clear danger for conservative Christians; their drive to act publicly is in part shaped by the fact that they are aware of the multitude of factors which threaten their lifestyle and their expectations concerning Romania's future.

Russian propaganda will make extensive use of any American or Western European faux pas or mistakes, trying to define them as unreliable, deceitful or disinterested in Romania's well being. Romania's middle age population is a particularly important battlefield, as the youth is pro-Western and senior citizens are not useful as a long-term target group.

Russia will also encourage the glorification of Romania's pre-modern traditions and cultural items of interest. One case in point is the mythology concerning the Dacians – the country's inhabitants prior to and immediately after the birth of Christ; a trendy topic since the late 2000s, it is likely to be re-emphasized and popularized once more. The mechanism behind the use of Dacian imagery consists of two elements:

- the glorification of a non-Western, non-modern culture, subtly signalling that Romania's identity is not Latin or, in effect, European; this aids the Russian narrative according to which Romania's 'natural' path is not fully aligned with that of the European Union or the West in general;
- the reprisal of Ceaușescu's theme of national uniqueness, performance and self-reliance. The wondrous and at times supernatural powers assigned to the Dacians in the Romanian fake news media have the effect of underlining the supposed innate qualities of the Romanian people.

<sup>11</sup> <http://www.gandul.info/stiri/sondaj-ires-cum-s-a-prabusit-increderea-romanilor-in-biserica-15025517>

<sup>12</sup> USIA opinion poll, April 1990, available at <http://fspac.ubbcluj.ro/romanianelectoraldata/surveys>

Broadly speaking, Russia will aid and promote any initiative which is simultaneously divisive and popular; a topic or movement which fails either of the two tests (“is it likely to create a major breach in society?” and “is it capable of attaining popular support?”) is of no interest for the Russian Federation, as it cannot further its goals.

## Back to a pre-modern future

In addition to the elements mentioned above (economic, political or psychological), there are three other auspicious conditions for the spread of Russian disinformation and misinformation - conditions of a special nature.

Firstly, due to the bad reputation of communist-era propaganda, there is widespread distrust among Romanians over the age of 40 in the official media. Conspiracy theories have abounded in the country even before 1989, caused mainly by Romania’s small international relevance (which led to the perception that the country’s geopolitical fate was always decided elsewhere) and the widespread feeling of lack of control over one’s own destiny. The end result is an ambiguous situation, ripe with opportunities for a hostile foreign actor:

- a 2015 poll concerning manipulation pointed out that 75% of Romanians feel they are immune to manipulation, while at the same time 73% consider that there are entities which seek to manipulate Romanian society<sup>13</sup>;
- according to the same study, 70% of Romanians get their political information primarily from TV stations, as opposed to 16% from the Internet. Figures for economic information, social and cultural life, incidents and natural phenomena etc. are similar. However, 57% of Romanians do not have confidence in the mainstream media<sup>14</sup>.

Russia does not possess overt avenues of communication with the Romanian public; the Romanian-language section of the Moldovan site sputnik.md occasionally addresses Romanian topics, but no TV networks maintain a visibly pro-Russian agenda. On the Romanian Internet however, there is a vast and popular array of “conspiracy” websites, whose subjects range from UFOs to orthodoxy and diet advice. The underlying and occasionally overt message is that Romania is a colony of the West and that there are broad plots aiming to destroy the country's wealth, identity, etc.

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<sup>13</sup>

[https://www.academia.edu/33506913/Perceptii\\_ale\\_manipularii\\_in\\_societate\\_Perceptions\\_of\\_manipulation\\_in\\_society?auto=download](https://www.academia.edu/33506913/Perceptii_ale_manipularii_in_societate_Perceptions_of_manipulation_in_society?auto=download)

<sup>14</sup> <http://www.cepolicy.org/publications/globsec-trends-2017-mixed-messages-and-signs-hope-central-and-eastern-europe>

Secondly, religion is also a key battleground in the Federation's attempt to reach its goals in Romania. The Romanian Orthodox Church has a strong and credible identity as an institution outside Moscow's control; dissensions within the Church, while not leading to secession, have pointed out the existence of a traditionalist faction in Romania's impoverished east. Throughout the country, individual priests, by definition defenders of tradition, find themselves bound by their views to defend values dear to Moscow's heart and to participate in initiatives that aid the Russian Federation in reaching its goal.

A new avenue for action has opened up in Romania's northwest, as neo-Protestant communities have been growing in number and visibility. More dogmatic than the Orthodox majority, these communities have an important role to play in furthering Russia's agenda by unwittingly promoting some of its favourite themes. A case fascinating through its apparent redundancy is the initiative of a group of NGOs ("The Coalition For The Family") to insert an article in Romania's Constitution defining marriage as taking place exclusively between a man and a woman. There was no initiative to the contrary - and no chance for Romania's political class to back such an initiative. Furthermore, Romanian law already prohibits marriages between people of the same gender. The Coalition's campaign has created a major breach between progressives and conservatives, in particular between the younger and more educated inhabitants of large cities and the religious senior citizens. Both the neo-Protestant and the Orthodox establishments gave their support to the Coalition, an unusual occurrence in a country in which inter-faith relations have been traditionally poor. It is quite obvious that the anti-same-sex marriage referendum is but a stepping-stone for the Coalition, whose presence will soon be felt in more substantive issues. In February 2017, the Russian ambassador to Romania went out of his way to point out the fact that he supports the Coalition for the Family, simultaneously portraying Russia as on the side of a popular Christian movement and exposing the Coalition to charges of Russophilia by its enemies (which is to say pushing an already divisive conflict to new heights).

Lastly, the Romanian mainstream media is in disarray. After the downfall of several media magnates, who were sentenced to prison as part of the country's anti-corruption drive, TV networks are easy prey for potential outsiders, since their business model is deficient and cash flow is a constant issue<sup>15</sup>. Romania's news networks have a total primetime viewership of less than 600 thousand people in urban areas - less than *any* of the top 3 TV channels in the country<sup>16</sup>, and slightly more than 10% of the country's total urban population. However, their viewership

<sup>15</sup> For example: [http://economie.hotnews.ro/stiri-media\\_publicitate-19107936-reportervirtual-taieri-salarii-disponibilizari-anuntate-antena-3.htm](http://economie.hotnews.ro/stiri-media_publicitate-19107936-reportervirtual-taieri-salarii-disponibilizari-anuntate-antena-3.htm) but also <https://www.paginademedias.ro/2017/06/concedieri-si-probleme-cu-salariile-la-romania-tv>

<sup>16</sup> [https://www.paginademedias.ro/tip\\_audienta/audienta-medie/](https://www.paginademedias.ro/tip_audienta/audienta-medie/)

consists half of senior citizens<sup>17</sup>, who are naturally attracted to a paradigm which paints the past in rosy colours while diminishing the accomplishments of present post-industrial Romania; the other half consists of party members (of all colours) and political operators, a very influential public in the political arena. Marketing studies show the existence of a huge media consumption gap between senior Romanians and the rest of the population, as the latter watch less TV and focus more on entertainment or sports<sup>18</sup>. These facts limit to a certain extent the influence of politics-driven news networks, however messages transmitted through this medium have a strong chance of entering the online world, especially if they are sensational in one way or another.

### **Increasing resilience and fighting back. Recommendations**

While there is some awareness in society of the existence of Russian aims concerning Romania, no effective mechanisms are in place as of yet in order to mitigate said efforts. In April 2017, a National Academy-based initiative was set up with the goal of investigating the mechanisms behind Russian propaganda in Romania<sup>19</sup>. The correct response for minimizing Russian propaganda in its social impact consists of a series of actions, such as:

- media training courses, aiding journalists in understanding the difference between real news and fake news, as well as the negative impact of the latter. It must be noted in context that many of the employees of Romanian newspapers, TV stations, radio stations, news websites, etc. do not possess a B.A. in Journalism, but rather in related fields, and that therefore some of the practical or theoretical aspects of journalistic methodology may be unknown to them. In fact, a European Union-level initiative in that sense may be useful, with specialists from countries that have resisted the fake news frenzy being valuable, hands-on teachers.
- the formalization of debates on thorny issues in a formal and polite setting, in which all sides involved maintain a respectful attitude towards the other. The absence of dialogue feeds mutual distrust and raises the temperature of communities, which find themselves in disagreement on one issue or another. Facebook algorithms encourage one-sided debates<sup>20</sup> and so does traditional media, albeit in a much more unsophisticated fashion. Lack of exposure to the thinking of "the Other" effectively separates and breaks societies, discouraging

<sup>17</sup> [http://www.stiripesurse.ro/ce-romani-se-uita-la-antena-3-romania-tv-realitatea-tv-b1-tv-si-digi24\\_963090.html](http://www.stiripesurse.ro/ce-romani-se-uita-la-antena-3-romania-tv-realitatea-tv-b1-tv-si-digi24_963090.html)

<sup>18</sup> [http://economie.hotnews.ro/stiri-media\\_publicitate-21461063-studiu-intereseaza-adolescentii-tinerii-singuri-familistii-romani-televizor-net-google-facebook-filmele-piratate-divertismentul-singurele-constante.htm](http://economie.hotnews.ro/stiri-media_publicitate-21461063-studiu-intereseaza-adolescentii-tinerii-singuri-familistii-romani-televizor-net-google-facebook-filmele-piratate-divertismentul-singurele-constante.htm)

<sup>19</sup> <http://www.gandul.info/stiri/academia-romana-si-a-facut-laborator-de-analiza-a-razboiului-informational-cum-se-vede-propaganda-rusiei-si-ungariei-de-la-bucuresti-16247874>

<sup>20</sup> <http://edition.cnn.com/2017/01/22/health/facebook-study-narrow-minded-trnd/index.html>

empathy, critical thinking and the ability to adapt and change one's own point of view.

- pro-European Union media campaigns, events and public initiatives, aiming to clarify the importance of the EU for Romania and Romanians, to dispel negative myths and to establish a stronger bond between Romanians and the Union as a whole. These initiatives should be targeted in particular towards the groups who are more Eurosceptic than the average. Some have been identified in this study, but social studies must be undertaken in order to identify with more precision the social strata that are vulnerable to Euro-scepticism.
- through governmental and parliamentary efforts, the reduction of poverty and of wage gaps. Due in particular to the inefficiencies of the Romanian economy, 44% of Romanians inside the country live on the minimum wage. Inequality of income and of opportunity represents a national vulnerability, which may be easily speculated or converted by entities hostile to society. It must be noted in context that the elimination of poverty is not a central issue for any of Romania's current parties and that political stakeholders are mostly blind to the existence of wide economic and regional gaps. The necessity of lifelong learning is made obvious by the need to adapt to fast changes in the economy and in society as a whole.
- the development of critical thinking skills, since they are a 'shield' against fake news and disinformation. It is not only the standard or traditional educational system that should be brought up to date from this point of view; adults should also be encouraged to develop a 'natural immunity' to fake news. The traditional media is particularly important in this aspect.
- an effort by church authorities, regardless of nomination, to stifle anti-democratic discourse and to distance themselves from movements which make use of religious vocabulary and imagery in order to promote dissent and mutual distrust.

Given the objective inefficiencies of the Romanian state apparatus and its poor record in communicating effectively with the entire society in the past, alliances of NGOs or responsible, informal civil society organizations are the best actors for developing and implementing the measures above.

## **ECONOMY**

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Romania is a fast-growing economy, having managed to grow from low to upper-middle income in a time span of just 25 years. In nominal terms, GDP grew eightfold between 1992 and 2017, from a low of \$25 bn. to almost \$200 bn.<sup>1</sup>, which places Romania as a top achiever among world economies. However, growth was uneven in terms of both temporal and social distribution, with occasional imbalances that, at times, led to recession and currency balance crisis.

Structurally, the economy has moved from (low-performance) industrial to services-based, with high-tech being a leader of growth in latter years. The share of industrial output shrunk from half to about a quarter of GDP, while nominal industrial output actually quadrupled with just a third of the employees (from more than 4 million during the communist era to less than 1.5 million nowadays), suggesting an outstanding increase in productivity.

Just between 2000 and 2017, according to Eurostat, general productivity in Romania grew by 135%, fastest among all current EU members, with Bulgaria a far-distant second at 63% and an overall average of just 18.7%<sup>2</sup>.

However, as already mentioned, growth was uneven, with rural and small-urban areas mostly left out. The jobs that were no longer needed in the industrial sector were never fully replaced, therefore total employment dropped from 8 to 5 million, with between 3 and 4 million Romanians nowadays having to work abroad, mostly due to the lack of decent paying jobs locally.

Wages are still among the lowest in Europe, with an average net monthly salary of 500 euros and a minimum of about half that (coming to 1.5 euros/hour). Of the total number of employees, 86% earn less than the average wage, this being a consequence of Romania having the highest level of income inequality among all EU member states (8.3 fold between top and bottom quintile, as opposed to an EU

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<sup>1</sup> . World Bank: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=RO>

<sup>2</sup> . Eurostat: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdec310&plugin=1>

average of 5.2). Disposable income is at the absolute lowest in the entire European Union, at less than 2,500 €/year<sup>3</sup>.

### **A fully Western-oriented economy**

Although fragmented, Romanian economy is firmly oriented towards the West, with the European Union accounting for 70% of exports and 75% of imports. Of the Foreign Direct Investment stock, more than 90% comes from EU countries, with entire business sectors (financial included) firmly in Western hands. Also, of the millions of Romanian nationals working abroad, virtually all are employed in another EU country.

Comparatively, Russia accounts for up to 5% of Romanian imports, 2 to 3% of exports<sup>4</sup>, less than 1% of FDI stock and negligible employment of local workforce abroad.

The rather loose ties date back to the latter decades of communism, when Romania sought self-reliance, away from the relationship with the former Soviet Union. Tight economic integration only lasted between the post-war occupation and 1964, at which point the Soviets came up with the “Valev Plan”, which sought to assign Romania an agricultural role inside the Comecon economic block. The plan was vehemently rejected and Romania started to seek a path towards industrialization, favouring Western technologies. For example, the first local car factory used a French Renault license, the only nuclear power plant was based on Canadian technology and the attempt at building an airliner relied on licenses and components from British Aerospace and Rolls Royce, Romania thus trying to emulate non-aligned Yugoslavia rather than the rest of Eastern European countries.

With dictator Ceaușescu’s opposition to the 1968 invasion of Czechoslovakia, the unfavourable attitude towards Russia became socially widespread and politically acceptable, a situation that lasted throughout the communist era.

Some economic reliance on Russia persisted until the end of the Ceaușescu years though, as well as shortly after, as industry was so energy intensive that it required more resources than could be produced locally, even at a time when Romania reached its peak energy output (the ‘70s and ‘80s). However, during transition to a free market, the model proved no longer viable and most industrial enterprises were

<sup>3</sup> . Eurostat: <http://ec.europa.eu/eurostat/web/gdp-and-beyond/quality-of-life/median-income>

<sup>4</sup> . Gândul: <http://www.gandul.info/stiri/ce-exporta-romania-in-rusia-13054694>

either closed down or completely overhauled, bringing demand much lower, to the point that energy imports, while still necessary, are no longer critical.

Romanian economy thus holds a particularly strong regional position in relation to Russian interests, due to its energy self-reliance, loose commercial ties with Russia - current or historic - and high levels of suspicion towards anything coming from the former Soviet bloc.

Romania still runs a yearly trade deficit of 1-2 billion dollars with Russia, which it never managed to bridge in spite of importing mostly raw materials (oil and gas) while existing exports have much more added value, such as cars, car kits for further assembly in Renault's factories in Russia or electrical machinery.

From a strategic point of view, this is arguably a strong point. Romania had practically nothing to lose when it came to sanctions over Crimea, unlike countries like Poland or Bulgaria.

While comforting, the apparent resilience of Romanian economy may warrant Russian interests to pursue more pervasive but less obvious methods of influence, which may prove even harder to counter.

### **Business interests run the government**

Transparency in the economy is not up to the challenge - with offshore companies and bearer stock being allowed even in public procurement, without detailed knowledge of the ultimate beneficiary owners. There is also a risk of exchanging favours (privileged contracts, loans) with local magnates that historically made their fortunes by means of political favouritism.

Foreign capital is dominant in the economy (57%) with most of it coming from Western companies<sup>5</sup>. However, it is hard to categorize it as either more or less resilient than local capital for several reasons: they both use largely the same pool of talent for management, they are both rather oriented to short term, high-risk gains and both have to be "well-adapted" to a not-so-stable environment. Local capital is more cash-constrained, thus being more vulnerable to financing promises. On the other hand, foreign capital is often decoupled from the ethics values back home and can easily be lured in by opportunities for easy gains.

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<sup>5</sup>. Hotnews: [http://economie.hotnews.ro/stiri-finante\\_banci-21615063-capital-strain-capital-autohton-companiile-din-romania-cine-bate-cine.htm](http://economie.hotnews.ro/stiri-finante_banci-21615063-capital-strain-capital-autohton-companiile-din-romania-cine-bate-cine.htm)

On the political front, lobby regulation and party financing is loose enough as to allow for some illegitimate interests to be pursued at the highest levels of political decision. Things can go as far as outright corruption, in some of its more sophisticated forms, where the money can't be easily followed (money laundering), such as "contracts" awarded to apparently unrelated third parties, in order to gain access to public work or procurement contracts, licenses and privatization tenders.

As the integrity of administration is rather weak and political subordination usually comes first, the regulatory framework is not always resilient in the face of illegitimate interests, either financial or strategic.

Effectively, laws can easily be passed through Parliament, with little to no debate, at the indication of party leaders. Moreover, the executive branch has discretionary legislating powers, being able to pass decrees that instantly come into full force, at the will of the Prime Minister.

Ministries and government agencies are often politicized or captive to illegitimate groups and rarely accountable for their decisions. While attempts have been made towards the independence of some regulatory agencies, transparency is still low, making abuse possible.

At regional and local levels, power is centralized in the hands of mayors and county council presidents, with the councils effectively having little say over decisions.

## **The forgotten half**

Looking at the social impact of economic development, while joining the EU led to unprecedented levels of prosperity, this has been unevenly distributed, with large swathes of the population being left out (or even stigmatized), and thus receptive to all sorts of alternative approaches. Rural and small urban areas, where revenue increases have hardly kept up with prices, are especially vulnerable to propaganda.

Disenfranchised communities have constantly been the target of political manoeuvring. Whether from a lack of will or of policy-making knowledge, as well as due to the particulars of Romania's situation, most social measures meant to address the situation of the cca 36% of the population at risk of poverty or social exclusion<sup>6</sup> have mostly just achieved a structural vicious circle which only further consolidates their dependence on the state, on the often corrupt local administration, on the incumbent party in power and the pre-election subsidies it is able to dispense.

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<sup>6</sup> <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>

Romania is among the countries with the highest income inequality in the EU, both by market income and disposable income Gini coefficient<sup>7</sup>.

Romania has low unemployment as compared to other EU member states (4.6% vs. the EU-28 average of 7.3%)<sup>8</sup>, but high long-term unemployment among the jobless (50.3% of total)<sup>9</sup>, as well as few active job seekers and many NEETs (persons Not in Employment, Education or Training). With 2-3 million people who are in fact either occupied in agriculture, with very small subsistence farms, or homeworkers (all figuring as „self-employed”, which in fact means they do not receive a stable income and are outside the regular labour market and system of welfare benefits, taxation and social contributions), most EU-wide socio-economic models are only partially conducive to the proper development avenue in Romania, which severely delays convergence.

State mechanisms meant to incentivize labour-market integration are hardly adequate or efficient. Income growth has not reflected productivity increase until 2010-2011, when it started catching up, but distribution shows marked imbalances: many minimum wage earners, many top earners (in the IT sector, for instance, which has come to account for more than 6% of GDP growth<sup>10</sup>), but few among the labour force who make average wages.

The situation is, on a smaller scale and with due regard to structural differences, similar to some of the circumstances that have led to Brexit. Membership in the EU has brought more business in the financial and high-tech sectors, in turn driving property prices up, which left a large number of people unable to afford buying their own property. In Romania, the combination of low-paying jobs with higher living and property prices leads to low-income employees either seeking work abroad or accepting radical, populist solutions; or both.

## **Media - one of the most corrupt and politicized sectors**

The dire financial and professional state of the media makes some of them vulnerable to being extensively controlled or bought outright by all sorts of interests, including those of state actors. Most of the media are running at a loss and/or are in insolvency and a single large contract can be critical for a publisher's or broadcaster's

<sup>7</sup> [https://ec.europa.eu/romania/sites/romania/files/conferinta\\_de\\_lansare\\_a\\_raportului\\_de\\_tara\\_-\\_semestru\\_european\\_2017\\_-\\_joana\\_gligor.pdf](https://ec.europa.eu/romania/sites/romania/files/conferinta_de_lansare_a_raportului_de_tara_-_semestru_european_2017_-_joana_gligor.pdf)

<sup>8</sup> (seasonally adjusted totals), [http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment\\_statistics#Recent\\_developments\\_in\\_unemployment\\_at\\_a\\_European\\_and\\_Member\\_State\\_level](http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics#Recent_developments_in_unemployment_at_a_European_and_Member_State_level)

<sup>9</sup> <https://data.oecd.org/unemp/long-term-unemployment-rate.htm>

<sup>10</sup> <https://www.romania-insider.com/central-bank-itc-sector-gdp/>

survival<sup>11</sup>. Media owners show little-to-none ethical behaviour in terms of critical judgement towards the demands of advertising customers, selling to the highest (or sometimes only) bidder. There is also a too thin (or often none at all) firewall between advertising and authentic editorial content, with sponsored pieces being passed as genuine journalistic research, which makes agendas even harder to detect. For example, only a few years ago, the promoters of the controversial (and ultimately abandoned) Roşia Montană gold mining project were able to buy out virtually all media, accounting for over half of the revenue budget with some publications. Nothing has changed that could prevent such an outcome happening again, this time at the hands of Russian or whatever other hostile interests.

While outright propaganda would not bode well with most of the public, there is always a risk that particular issues be pushed higher (or lower, if need be) on the public agenda. As a matter of fact, the practice is already widespread. According to the Digital News Report 2017, Reuters Institute for the Study of Journalism, “trust in the Romanian media has declined sharply due to a long list of issues, ranging from corruption and blackmail to insolvency, from fake news to obvious political biases. Some of the most powerful media owners and directors have criminal records and have spent time in jail in recent years”<sup>12</sup> The report also cites „evidence of political and economic interference in the news agenda, not least scores of transcripts from prosecutors’ files on politicians and media owners”. Consequently, only 39% of the public trusts news overall. The little hope there is lies with independent journalistic projects and individual bloggers (who, it must be said, are not transparent themselves as to their sources of funding etc.).

Numbers show<sup>13</sup> that 84% of users are taking their news from television and 88% from Internet and social media. Internet penetration is 56%. With television still a major influencer, high concentration of ownership (a de facto oligopoly) – and much of it in the hands of one individual or a family/ closed circle of interests, most often of Romanian nationality, rather than in the hands of several shareholders, with the current exception of CME, a regional company listed on Nasdaq - makes it easy for interested actors to gain access to multiple media channels and a variety of other platforms by influencing a single person.

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<sup>11</sup> „The media market was hit hard by the economic and financial crises of 2008-9, but started to show signs of recovery in 2016, especially for TV and internet. The advertising budgets per capita, however, are still around 40% lower when compared to the period before the crisis, making it hard for Romanian newsrooms to compete” (Digital News Report 2017, Reuters Institute for the Study of Journalism, p. 88-89)

<sup>12</sup> p. 88-89

<sup>13</sup> Digital News Report 2017, Reuters Institute for the Study of Journalism, p. 88-89

For a long time now, more than 40% of the television market has been controlled by two major media groups (comprising 10 TV channels): CME (ProTV SRL) and Intact Media Group<sup>14</sup>. The former successfully combines entertainment, movies and news, it was the first Western-style television in Romania and acquired market dominance in the '90s, which it has never since lost, both online (Știrile ProTV) and offline (ProTV). It was started by a Romanian businessman, Adrian Sârbu, who in the meantime has been investigated for money laundering, fraud and tax evasion.

The latter is owned by business mogul Dan Voiculescu (1.5 bn EUR in 2009, in Capital Magazine's Top 300, then down to 340-360 m EUR in 2013), who is often described to have made his fortune by appropriating part of Romania's pre-1989 foreign trade money and then acquiring state assets at very favourable prices<sup>15</sup>. He owns multiple other businesses, in industry, energy, agriculture, trade, aviation and started a political party (the Conservative Party/ PC) whose honorary president he continues to be, which has been the kingmaker to some extent, in repeated elections, helping make or break the government though it has never received more than cca de 4% of total votes. For a good number of years it was a junior coalition partner to the Social-Democrat Party, which it continues to be now, after merging with a breakaway wing of the Liberal Party and forming the current governing coalition junior partner ALDE. Dan Voiculescu has scored a record among prosecuted officials and business people with a criminal conviction of 10 years in jail on account of a fraudulent privatization. It is said that it was his television station Antena 3 that won PSD the national elections in 2012 rather than the party's campaigning. Intact Group, through all of its media outlets (5 television channels, one national daily, radio channels etc.) has long taken on a clear political battle against former president Traian Băsescu, current president Klaus Iohannis, what it calls the „parallel state structures” (the Anticorruption Directorate, National Intelligence Service and other intelligence services, the #Resist movement, the political opposition to the PSD etc.).

It was later joined in so doing by news channel Romania TV, which belongs to Sebastian Ghiță, IT mogul suspected of having received the generous state contracts for his companies thanks to his connections with intelligence and with former PSD prime minister Victor Ponta. Sebastian Ghiță is now in Belgrade, where he fled house arrest in Romania and awaits possible extradition. Victor Ponta himself has recently been granted Serbian citizenship.

<sup>14</sup> <https://www.forbes.ro/cine-controleaza-audienta-pe-piata-tv-aprilie-2017-83456>

<sup>15</sup> <http://evz.ro/averea-lui-dan-voiculescu-sau-cum-s-au-evaporate-sute-de-milioane-de-dolari-are-apartineau-statului-roman.html?&page=1>, <http://www.hotnews.ro/stiri-esential-17848790-portret-dan-voiculescu-marirea-decaderea-unui-mogul-brokerul-putere-care-suspondat-presedintele-romaniei-zece-ani-puscarie.htm>

At the other end of the political spectrum, former minister, presidential adviser and confidante to Traian Băsescu, Elena Udrea, herself convicted for corruption and abuse of power, admitted to have paid off journalists. Even a small TV station, Realitatea TV, may have disproportionate influence; it has passed from the hands of a convicted fraudster to those of a political consultant with alleged connections within intelligence and the Russian masonry and former advisor to Moldovan oligarch Vlad Plahotniuc. The channel's huge debt to the Romanian state has been tolerated for years. Last but not least, Digi24, branded as a pro-liberal broadcaster, also has a business model whose sustainability is not immediately obvious.

All of these TV stations though, alongside 50 other, share the remaining half of the total market, while Kanal D, a stand-alone Turkish-owned entertainment TV channel takes another 10%. The public broadcaster's two television channels, TVR 1 and TVR 2 are at a meager 3-3.5% consolidated market share<sup>16</sup> and since 2011 its financial situation has deteriorated markedly and made it increasingly dependent on the public budget, at high cost for its credibility.

A very fragmented, imbalanced and non-transparent market (money flows in through various foundations, advertising agencies and other businesses to cover its true origin or beneficiaries) operates with understaffed and underpaid newsrooms where journalists often work on intellectual rights contracts only, leaving them with no negotiating power in front of their employers, and with media managers who are most often trusted friends to the owners or shareholders themselves. The result is polarized, selective and biased news reporting, with daily talk-shows which have the same invited guests (aka spin doctors) as commentators every single night and politicians who seek a platform for themselves and dictate the spin as much as they need to serve the interests of these media outlets themselves to keep their air space access. A situation that effectively cancels the media's watchdog function, makes fake news undistinguishable from fact-based journalism, but also creates plenty of inroads for external interests aiming to influence the public agenda.

Audio-visual watchdog CNA has recently denied a licence to a Moldovan-owned company that rebroadcasts the Russian Rossyia 1 and wanted to enter the Romanian market. However, in the described context there is always the possibility of new media entering the market at first under a more or less professional guise to achieve credibility and then veering toward propaganda.

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<sup>16</sup> according to Kantar Media measurements

## Energy autonomy, the main shield against Russian influence

Romania currently needs to import more than half of its oil and between 0% (even with a slight surplus in some years) and 30% of its gas consumption. While there is potential for diversification of sources for oil imports, gas imports are, for now, bound to be sourced from Russia. However, the occasional imports are not critical for the economy, as those inputs can be easily substituted at an affordable extra-cost. This makes Romania self-reliant in terms of covering its energy needs.

Traditionally, Romania was a significant oil producer, with output peaking 10 m. tons/year in the '70s, but reserves have been dwindling ever since, with extraction now at around 4 m. tons/year, or less than half of domestic needs<sup>17</sup>. Known onshore oil and gas reserves are estimated to last for less than another 10-12 years at close to current production levels<sup>18</sup>.

Further down the road, there is great potential for development of newly discovered reserves, offshore in the Black Sea, in shale deposits or at greater ground depths.

Offshore tapping is the most advanced of these endeavours, with ExxonMobil, OMV Petrom, Romgaz and Lukoil (!) having invested a combined \$ 2 bn in Black Sea exploration and estimating to start oil and gas production in 2018<sup>19</sup>.

There is also potential for shale gas extraction, by hydraulic fracking, with licenses already granted (even to Gazprom among others!) and an attempt by Chevron to start drilling back in 2012-2014. The Chevron attempt however started on the wrong foot, as it drove ample protest from local communities and activists around the country. The company eventually quit as soon as findings didn't rise up to initial expectations and the price of oil and gas dramatically dropped.

While the Chevron withdrawal is most likely the result of economic calculation, the company also experienced violent resistance from locals, as well as from environmental activists around the country, and there was speculation of covert Russian support. The gendarmerie had to move in to secure Chevron equipment in the tiny village of Pungești after a series of protests both locally and in the capital Bucharest against hydraulic fracturing. The mayor, quoted by the New York Times<sup>20</sup>, expressed his surprise at the sudden outburst in civic activism, which his village had

<sup>17</sup> [http://adevarul.ro/economie/stiri-economice/cat-petrol-romania-rezervele-dovedite-titei-14-mai-mici-decat-cele-tatneft-companie-medie-rusia-1\\_566847467d919ed50e0dda02/index.html](http://adevarul.ro/economie/stiri-economice/cat-petrol-romania-rezervele-dovedite-titei-14-mai-mici-decat-cele-tatneft-companie-medie-rusia-1_566847467d919ed50e0dda02/index.html)

<sup>18</sup> Agerpres: <https://www.agerpres.ro/economie/2016/09/14/rezervele-de-gaze-naturale-ale-romaniei-se-vor-epuiza-in-9-ani-iar-cele-de-titei-in-12-ani-ropepca--14-26-06>

<sup>19</sup> Adevărul: [http://adevarul.ro/economie/stiri-economice/havrilet-anre-romania-incepe-2018-extractia-gaze-marea-neagra-devine-exportator-1\\_58a480635ab6550cb87ff1e6/index.html](http://adevarul.ro/economie/stiri-economice/havrilet-anre-romania-incepe-2018-extractia-gaze-marea-neagra-devine-exportator-1_58a480635ab6550cb87ff1e6/index.html)

<sup>20</sup> <https://www.nytimes.com/2014/12/01/world/russian-money-suspected-behind-fracking-protests.html>

never known before. There was also no evidence of where the funding was coming from. The American company faced a similarly hostile reception in Lithuania and decided to pull out of there too. No proof has ever been produced though of any Russian interference, and Gazprom, the potentially interested third party in Chevron's failure, denied any involvement.

Regarding the depth of oil drilling, the challenge is to find the right balance between higher capital and operational costs, market prices and long-term sustainability of production. This challenge falls onto OMV/Petrom, the company that has operational control of virtually all existing onshore oil fields.

While there is no clear estimate of the size of potential reserves, it can safely be said that they can cover for Romania's conventional energy needs for the foreseeable future and even put the country in a position to help some neighbouring countries towards the same goal.

This comes at odds with Russia's goals to maintain an energy stranglehold on the region. Gazprom's negotiated prices are (to a lesser extent since oil and gas prices went down) a good barometer of Russia's diplomatic stance towards its partners. In extreme circumstances (i.e. with Ukraine) Russia even resorted to completely cutting off deliveries.

There have also been attempts by Russian capital to penetrate Romanian economy, some of them fruitful.

Russian Lukoil owns one of the three remaining oil refineries, Petrotel in Ploiești, with some 25-30% of total refining output and a market share of 15% of the vehicle fuel sales. It has also managed to obtain an exploration license for the new perimeters in the Black Sea. Also worthy of note are Gazprom attempts to enter oil and gas exploration on the one end and the gas stations market on the other end, but with very little to show for it this far.

In terms of indirect leverage, OMV itself, owner of Petrom, the largest oil and gas company (40% market share), has overt business deals in Russia and stated difficulties due to sanctions over the Crimean invasion.

The other player on the fuel market is Kazakhstan's state-owned KazMunayGas, itself susceptible to vulnerability to Russian pressure, which has acquired the refinery at Petromidia (30% market share).

Together, the three companies control almost 85% of the vehicle fuel market<sup>21</sup>, a situation that the Competition Council (the national anti-trust authority) described as “oligopolistic”, but against which it took no active measures so far. Such concentration potentially allows for attempts at price manipulation or even disruptions in supply.

The regional context also favours such a scenario, as Lukoil owns three refineries in the region (at Burgas / Bulgaria, Odessa / Ukraine and Ploiești / Romania) but can only operate two at full capacity, with production strategically cut down at each refinery, in turn.

Even in the absence of collusion, the “competing” companies are bound to Russian constraints and stimuli. For instance, Petrom itself favours importing oil via the Russian Black Sea port of Novorossiisk, as the Strait of Bosphorus is considered too expensive and logistically complicated.

Thus, all three major oil refiners in Romania - while apparently diversified in ownership (Austrian, Russian, Kazakh) and import sources (but mostly Azerbaijan, Kazakhstan, Russia) – run their imports via a single Russian bottleneck.

This shouldn't be too concerning as long as the Bosphorus alternative remains on the table, but it could become a vulnerability as soon as a less-and-less reliable Turkey may start to make things even more complicated than they are now.

## **Keeping a tight grip on critical infrastructure**

No key infrastructure in Romania is held by foreign entities. A high-voltage power line and a gas pipeline are under extended Russian control by treaty (Issaccea-Negru Vodă), but they mostly serve for transit to Bulgaria - thus being a point of leverage for Romania, rather than for Russia.

In terms of connectivity, Romania has managed in recent years to open new gas pipelines with neighbouring countries: Hungary (at Arad-Szeged), Moldova (at Iași-Ungheni) and Bulgaria (at Giurgiu-Ruse), allowing - in theory - better balancing of regional surpluses, to the detriment of Russian interests. However, they have so far proven less-than-effective, due to either market context or even high-level policy decisions influenced by Russia's strong leverage just outside Romanian borders.

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<sup>21</sup> profit.ro: <https://www.profit.ro/povesti-cu-profit/energie/principalele-trei-companii-petroliere-controlleaza-pestre-80-din-piata-autohtona-de-carburanti-care-au-fost-primii-9-jucatori-de-pe-aceasta-piata-anul-trecut-17111744>

For example, Gazprom itself, quickly after the 2010 opening of the Arad-Szeged pipeline, somehow managed to book all capacity on the Hungarian side. With the Iași-Ungheni connection, there was no demand from the Moldovan side after the 2014 opening, although prices quoted by Petrom were lower than Gazprom's. The project also needs significant additional investment to overcome technical challenges that greatly reduce its actual efficiency. The Giurgiu-Ruse pipeline, opened in 2016, is still incomplete, part of a corridor that may stop short of its further destination, after the recent decision by Hungary's Viktor Orban to cut short the BRUA pipeline of which it is an integral part and not allow it to go all the way to Austria.

As the Northern route (Nord Stream and Nord Stream 2) is already a Gazprom monopoly, most regional routes to core Europe are effectively closed.

Without a wide European distribution network, Romania's contribution to the continent's energy security can be intermittent at best, even in the most optimistic production or transit scenarios.

Thus, Russian efforts may continue to go in the direction of trying to prevent any such development, by all means available.

Such was the case with the now defunct Nabucco pipeline project, which was intended to pump gas from the Caspian Sea region into Europe. Russia put forward its own "alternative", South Stream, had some countries along the route sign for it rather than Nabucco, only to abandon the project as soon as the competing one no longer had enough backing.

## **Controversial business practices among Russian-owned companies**

The most significant industrial enterprise owned by Russian capital is aluminium producer ALRO of Slatina, the largest power consumer in the country, buying some 6% of national electricity output<sup>22</sup>, ensuring for a number of years cca 30% of liquidity on the Romanian Stock Market and the largest aluminium producer in the European Union. This is the second most important Russian enterprise in Romania after Lukoil, in terms of turnover, jobs and share in the economy.

ALRO has already been involved in a high-profile scandal a decade ago, having received preferential electricity contracts from state-owned producer Hidroelectrica, through proven connections to the highest echelons of political power. In the future,

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<sup>22</sup> <http://www.zf.ro/companii/energie/topul-facturilor-la-energie-sau-care-sunt-cei-15-colosi-care-impreuna-consuma-cat-jumatate-din-populatia-romaniei-16040759>

it remains in a position from which it could, at least theoretically, leverage some power by threatening to influence electricity demand, national cash-flows or even employment.

Other known Russian ventures in Romania have rather negligible influence on the overall market. In the late '90s and early 2000s, metallurgy companies Mechel and TMK acquired some local factories all around the country, but their businesses have been dwindling ever since, with most of them now bankrupt or on the verge of bankruptcy.

While initially they all seemed legitimate business pursuits, with Russian capital trying to expand into areas where Russia had indisputable experience and capacity, miscalculations and poor management rendered them economically inefficient. ALRO's profitability remains exclusively dependent on cheap electricity inputs, heavy industry factories were never able to find enough customers, while Lukoil, as previously described, can only use the capacity of two of its three refineries in the region at once. Thus, there is a risk that any of them may in the future be recycled as tools of political influence, mostly related to jobs preservation.

At the same time though, in the case of Mechel, the business practices of the Russian investors have been highly controversial from the very moment of their entry to the market. Mechel International, run by powerful Russian billionaire Igor Zyuzin, entered the Romanian market in 2002, by using a Swiss-based offshore vehicle to acquire from the state, by direct negotiation, a formerly profitable steel plant, brought to the brink of bankruptcy by politically appointed administrators. It then expanded its control to other steel plants (5 in all), reaching what seemed to be a dominant market position, which sparked an investigation by the Competition Council in 2008. The Council approved the group's expansion in the end and did not raise any objections. Mechel was also suspected of breaking the terms of the privatization contracts by laying off one thousand employees in the first three years from one plant only and moving some equipment and production facilities out of the country, to Russia or Ukraine (such as one which was NATO-certified and part of a special law regarding defence capabilities, because it was used to manufacture cannon components). It had by then received generous state aid and had set up a trading company that was re-exporting the group's steel products at higher prices, to make sure that profits were exported to Russia, while the Romanian manufacturer got very little. The group's plants were gradually decapitalized, they accumulated significant debt, layoffs continued and against the background of massive protests by employees, the government ordered an investigation in 2012. It found no breach of privatization contract terms, but the fiscal authority started seizing company assets to cover a 10 m EUR debt to the state budget. A few months later, Mechel sold all five

plants in Romania for 52 EUR to a locally registered company, behind which there are still Russian citizens close to Mechel<sup>23</sup>. Nowadays only 2,000 workers are still employed by the Mechel group in Romania, as opposed to 14,000 in 1999, and the group's debt amounts to half a billion EUR, most of it to the Romanian state<sup>24</sup>.

To be sure, this is not a unique instance of potentially fraudulent industry privatization in Romania that turns out to be a long and sad story, nor have such practices been restricted to Russian investors. However, given the share of the Romanian steel manufacturing market which the Russian group came to own – and the negative impact in both social and economic terms which it was able to achieve (at the expense of and with due support from the Romanian state, whether knowingly or not), as well as its capacity in so doing to keep the market in a lockdown for other competitors should certainly serve as a rich source of lessons learnt in order to avoid similar reiterations.

### **“Useful idiots” and knowledgeable crooks**

Russian finance and banking has stayed out of Romania, at least overtly, with the only high profile attempt - Nova Bank - being left without a banking license a decade ago. More recently, when Volksbank was internationally bought by Russian group Sberbank, they specifically left out the Romanian branch, which was later acquired by local capital.

However, possible covert ownership can't be ruled out, as offshoring is the known modus operandi for plenty of Russian businesses trying to stay below radar. Speculation is rife that some banking and insurance companies may have some ties with Russian interests.

Moscow is often actively seeking to find vectors of influence among political, business and social leaders. While few Romanian politicians dare take a stance that may favour Russia, there is always the risk of some being corrupted, blackmailed or even fooled into making detrimental decisions; the current low levels of transparency and accountability fully allow for that.

The focus is, probably, mainly on decisions regarding energy security and self-reliance, so efforts should be made to further liberalize and open the sector to public scrutiny. At the same time, legitimate concerns and even opposition of interested

<sup>23</sup> <https://www.riseproject.ro/articol/operatiunea-mechel-tranzactie-ruseasca-prin-firme-offshore/>

<sup>24</sup> <https://www.digi24.ro/special/campanii-digi24/romania-furata/romania-furata-cazul-mechel-cum-au-ajuns-rusii-sa-controleze-mare-parte-din-siderurgia-romaneasca-343777>

communities should be properly taken into account and accommodated, otherwise there is a risk of further radicalization.

The improbability of open pro-Russian positions does not remove the risks of political leaders harbouring anti-Western sympathies, or of everything from promoting legislative initiatives to endorsement of social attitudes which are indirectly favourable to the Kremlin by weakening EU sentiment, undermining EU common positions and the deeper socio-economic integration of Romania with the EU core etc. In recent years, high-ranking Romanian officials have increasingly aligned with approaches until now mostly characteristic of the Visegrad Four countries, especially Hungary and Poland, both in domestic and international affairs, though there have been no calls yet for any backing off on the sanctions policy.

For decades now though, the media has been reporting murky relations between several influential politicians, many of them from the northeast of the country, and businessmen from the same area, with alleged unorthodox connections in Russia. These range from energy expert and head of the Industry and Services Committee in the Chamber of Deputies Iulian Iancu; to current minister of Transport Lucian Șova; to other high-ranking politicians: former PSD strategist Viorel Hrebenciuc, former chairman of the Chamber of Deputies Valeriu Zgonea. Apart from probably cultivating corruption networks (visible from the judicial investigations that target them) - but not necessarily more influential or more extensive than others in the country, so far no detectable political actions coming from these politicians have indicated any pro-Russian activity and no wrongdoing has been proved beyond doubt by the media or state authorities.

Economic vulnerabilities remain though, which offer opportunities for external interference – perhaps Russian, but increasingly also Chinese, if we are to judge by Beijing's slow advance into Europe via the economically fragile south and east. Russia still has a strong enough economy that it can try and leverage in order to gain support from businesses and their employees, not only in the area of energy but also export markets or tourism. They can either promise lucrative contracts in exchange for a favourable attitude or, on the contrary, threaten with cutting back on the existing ones, where they do exist.

Especially vulnerable are businesses or regions where industry is not sustainable at market price levels, while alternative job opportunities are scarce. But even companies that are already competitive may find some opportunities here!

Subtle forms of propaganda may focus on the pitfalls of EU membership while overlooking the gains. Should levels of substantial Euro-scepticism be reached in Romania, propagandists might jump on the boat and try to tip it over. There is a risk

that vulnerable groups, likely to be particularly disgruntled, may be targeted in less conspicuous ways. To find these cases, it may be useful to cast a large-enough media monitoring net (including local media, specialty TV and web, social media etc.) and match the information with audience data from available Eurobarometers. Although not as spectacular, grassroots propaganda efforts may prove more pervasive than in the case of mainstream debate topics.

## Prospective agenda

The rather obvious part of a possible Russian agenda targeting Romania could be summed up in three punctual and three broader points.

*The punctual agenda is mainly centred on energy, as the sector is critical to Russia's core interests and chances of fruition are significant.*

- preventing any development that allows for alternative routes for competing gas producers into Europe.
- limiting local energy production as much as possible, in order to keep neighbouring countries dependent on Russian imports.
- increasing the levels of uncertainty towards the future and the reliability of current projects and partners, in order to keep Romania at least potentially dependent on peak energy demand.

*The broader agenda is related to Russia's aspirations of taking back its position as a regional leader, at least to some extent.*

- preventing the alignment of interests between Romania and neighbouring countries, that may lead them to work as a bloc, except for the circumstances when that itself is in Russia's favour. As such, small incentives may be offered to one country in order to turn it into a chokepoint for whatever regional project that may benefit all parties, as was the case with Hungary's decision to cut short the BRUA pipeline.
- discouraging the adoption of policies suggested by Brussels or Washington that may go against Russian interests - from sanctions, to energy strategies and economic integration. Individual short-term benefits (export markets critical to even a minority of producers, provision of financing or energy at times of peak demand, jobs etc.) may be stimulated in order to stop the development of collective longer-term goals

- encouraging a favourable or at least opportunistic stance towards anything Russia, by overplaying affinities (economic, historical or even cultural) while minimising the inherent diverging interests.

The case of the South Stream gas pipeline is a telling tale. It was put on the table as an alternative to Nabucco and, although it would have indeed achieved the same technical goal in a more reliable way, it defeated the very fundamental purpose of the concept - that of serving as an *alternative* to Russian supply. In actual fact, South Stream made no business sense in itself and proof to that is that it quickly became forgotten as soon as Nabucco failed. It did manage to gain traction by playing whatever weakness could be found in Nabucco: inherent disagreements over routes, contractors, responsibilities, frustration among some participating countries and companies, distrust of some links in the supply chains; all that while managing to preserve a blind spot on the wider picture by all means available. This is now an already proven scenario, from which too little was learned, so it may always be used again.

## SWOT synthesis

### Strengths

- Extremely loose economic, political and social ties with Russia
- Little to no social acceptance of Russian influence
- Energy near-autonomy

### Weaknesses

- Corruption in both public and private sectors
- Uneven economic development.
- Lack of transparency

### Opportunities

- Managing to cover for its own energy needs and also help the region towards the same goal
- Need for further EU integration because of Eurozone dependency and multispeed EU

### Threats

- Being logistically isolated by Russia, including with the aid of some of its weaker neighbours
- Being blindsided by offshore or other indirect vehicles of influence

## POLITICS

At least since the 1930s, Romanians have been exposed to heavy propaganda from revolutionary movements and from their states of origin. One could even argue that modern propaganda started in Romania as far back as the 1848s generation of enlightened boyars who persuaded the two Romanian principalities Moldavia and Wallachia to abandon the “ways of the past” and enter a new era. Those were fortunate times though, when ‘propaganda’ was mostly the best expression of deeply and sincerely held beliefs – probably more appropriately called ‘persuasion’ for the purposes of this study<sup>1</sup>.

Since the 1930s we have had duplicitous propaganda and doublespeak. The fascist Iron Guard needed to simultaneously hide their true violent intentions to some and reveal them to others. The dictatorship of Carol II needed to hide the corruption of the royal clique (“camarila regală”). The communists also had many things to hide: political persecutions, economic hardships and so on.

OVERALL SOCIAL CLIMATE INDEX (Evaluation of the current situation)						
	Special EB 315 (2009)	Special EB 349 (2010)	Special EB 370 (2011)	Special EB 391 (2012)	Special EB 408 (2013)	Special EB 418 (2014)
EU28	-0.7	-0.7	-0.6	-0.8	-0.9	-1
MT	-0.2	0.2	-0.3	0.1	1	3.1
DK	2.8	2.4	2.1	2.8	2.8	2.9
LU	2.3	2.5	2.8	2.7	2.6	2.2
NL	2.6	2.4	2.5	2.8	1.9	2.2
AT	1.6	2.3	2.7	2.5	2.1	1.8
SE	1.8	2.3	2.2	2.6	2.3	1.7
DE	0.3	0.7	1.4	2	1.9	1.6
FI	1.4	1.4	1.1	1.5	1.5	1.3
BE	1	0.8	1.2	1.5	1.1	0.6
UK	0	0	-0.1	0.1	0.4	0.1
EE	-0.4	0	-0.3	-0.4	-0.5	0.1
CZ	-0.3	-0.1	-0.9	-0.6	-0.7	-0.9
IE	-1.8	-1.4	-1.6	-1.5	-1.3	-0.9
FR	-0.8	-0.8	-1.1	-0.4	-0.9	-1.1
LT	-2.5	-3.1	-2.9	-2.4	-1.6	-1.4
LV	-2.2	-2.3	-2.7	-1.9	-1.4	-1.7
PL	-1.3	-1.4	-1.7	-2.6	-2	-1.8
SI	-0.5	-0.9	-1.3	-1.4	-2	-1.9
SK	-1.6	-0.8	-1.7	-1.8	-2	-2.1
ES	-1	-0.9	-1.6	-2.1	-2.7	-2.2
HU	-3.7	-3.4	-3.6	-3.8	-2.4	-2.3
PT	-2.3	-2.8	-2.7	-3.2	-3.4	-2.6
IT	-1.9	-1.8	-1.1	-3.1	-2.9	-3
HR	-	-	-	-	-3.5	-3.3
CY	-0.7	-0.8	-1.7	-2.9	-3.4	-3.4
RO	-2.4	-4.5	-4.4	-3.8	-4	-3.4
BG	-3.6	-3.1	-3	-2.9	-3.3	-3.6
EL	-3.8	-4.3	-4.6	-5.8	-5.4	-5.3

### Trust no one and nothing

It is difficult to measure the results of this exposure to propaganda, but Romanian culture may have acquired a sense of suspecting falsehood in public speech that originates in the locus of political power. In Pomerantsev<sup>2</sup>'s words, the public may have developed the conviction that “nothing is true and everything is possible”, presuming lies and concealed motives behind literally every statement from a person who is (or is perceived as) the formal power holder. This leads to an abandonment of the rational search for truth as pointless, instead making emotional choices (i.e. based on the need to belong, charisma etc.).

Figure 1

<sup>1</sup> See Garth S. Jowett and Victoria O'Donnell, *Propaganda and Persuasion*, 6<sup>th</sup> edition, Sage Publications, 2015

<sup>2</sup> Peter Pomerantsev, *Nothing is True and Everything is Possible*, PublicAffairs, Perseus Books Group, 2014

It has also contributed to a low level of trust within society. Romania ranks low on the World Values Survey scale of survival vs. self-expression values<sup>3</sup> and ranks low on political participation in some democracy indexes (like the EIU index).

In 2010, at the height of the economic and financial crisis, the social climate index measured by the Eurobarometer<sup>4</sup> (see Figure 1) took a plunge and by 2014 (last measurement) it had never truly recovered.

While deep suspicion of any narrative proposed by authorities (Romanian or other) makes Romanians highly sceptical of positive propaganda, the general lack of trust and polarisation of expectations may make them more amenable to negative propaganda (such as conspiracy theories).

Trust in the EU is declining<sup>5</sup> – though it must be said that it started<sup>5</sup> from an untenable level in the first place (Figure 2).

Trust in the majority Orthodox Church is also slowly declining. More importantly, Romania has only 21% church attendance. This is double the median for Orthodox countries but lower than the Catholic median in a recent Pew Research study<sup>6</sup>. Even the Czech Republic, famous for its atheism, has better church attendance.

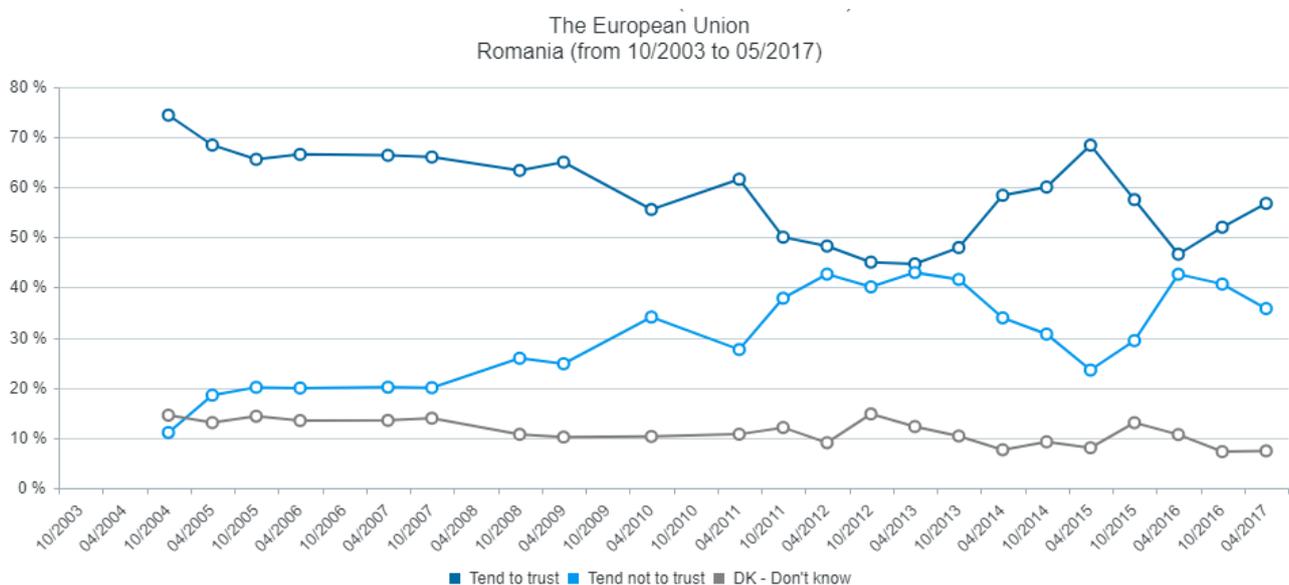


Figure 2

<sup>3</sup> [http://www.worldvaluessurvey.org/images/Culture\\_Map\\_2017\\_conclusive.png](http://www.worldvaluessurvey.org/images/Culture_Map_2017_conclusive.png)

<sup>4</sup> <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/SPECIAL/surveyKy/2037>

<sup>5</sup> <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Chart/getChart/chartType/lineChart/themeKy/18/groupKy/97/savFile/187>

<sup>6</sup> <http://www.pewforum.org/2017/05/10/religious-belief-and-national-belonging-in-central-and-eastern-europe/pf-05-10-2017-ce-europe-00-18/>

Finally, Romanians harbour a deep mistrust of Russia, which occasionally manifests itself as outright fear. See Figure 3, where the question goes as follows: “On a scale of 1 to 10, where 1 is not afraid at all and 10 is very afraid, how afraid are you of a conflict between Romania and Russia?”<sup>7</sup> In the public sphere there is deep distrust of all things Russian. This shields Romanians from much of the Russia propaganda. Also, the Russian ethnic minority is small and isolated so hostility towards the Russian state does not translate into ethnic conflict.

**Pe o scală de la 1 la 10, unde 1 reprezintă „deloc frică”, iar 10 „foarte mare frică”, cât vă este de frică de un posibil conflict al României cu Rusia?**

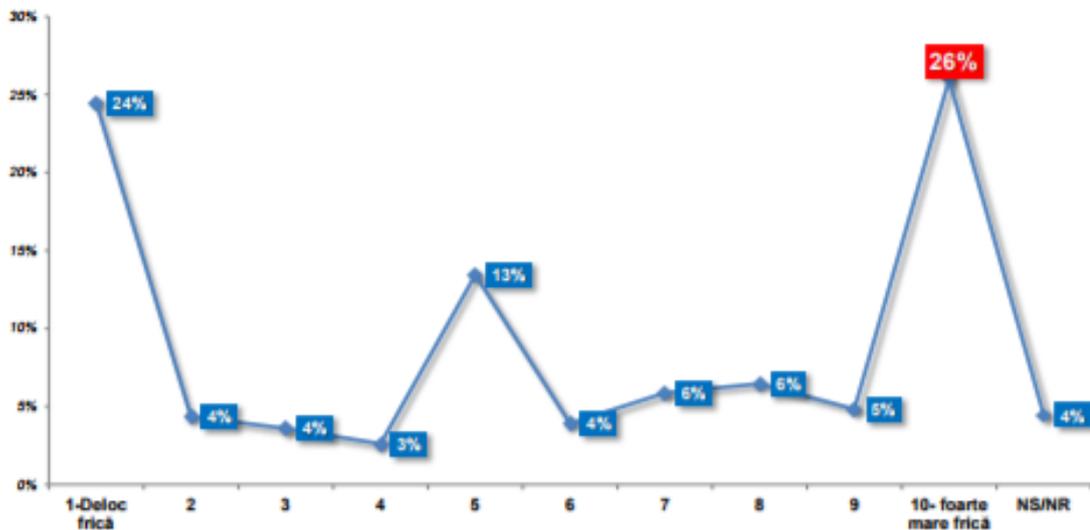


Figure 3

Russia and the Romanian orthodoxy are only loosely linked at this moment. The Romanian Church, which is autocephalous, projects mostly a patriotic position, which includes tales of how the institution bravely survived communist repression. The Church of Romania and the Church of Russia have a canonical dispute over the territory of the current Republic of Moldova. Finally, the official positions of the Patriarchate of Bucharest are typically closer to Constantinople than to Moscow. In broader terms, we can say that Romanian orthodoxy is strong enough that not even its critics see it as being under the influence of the larger Russian sister-church.

This, however, may change in 2018. According to the president of the Republic of Moldova, the country will host the meeting of the World Congress of Families in

<sup>7</sup> [http://www.ires.com.ro/uploads/articole/ires-agenda\\_publica\\_24-26\\_martie-2014.pdf](http://www.ires.com.ro/uploads/articole/ires-agenda_publica_24-26_martie-2014.pdf)

Chişinău in September and the Russian Patriarch Kirill will be visiting at the same time. The Patriarch will also visit the region of Transdniestria, which has declared independence but is part of the Republic of Moldova according to international law. The Romanian Orthodox Church (ROC) will be put in a delicate spot. On the one hand, the Romanian-language press and anti-Russian forces in Moldova may describe the visit as a provocation, to which the ROC will have to provide its own reaction. On the other hand, the themes of the World Congress of Families (anti-gay, anti-abortion) resonate well within the Romanian Church. But if it fails to rally the nationalist feeling, it might lose even more trust.

### **A divided society ripe for exploitation**

Even before the economic crisis, Romanian society had stopped, in some sense, having an obvious common goal. Ever since the birth of the Romanian modern state, the objective of political elites (passed on through education and the media to the general population) has been to modernize the country and bring it in line with Western Europe. After the 1989 revolution this objective has been re-launched as a national consensus by the Declaration of Snagov (1995).

Also, in 1996 the Democratic Union of the Hungarians in Romania was co-opted in the right wing and staunchly pro-Western government of the Democratic Convention of Romania and the Democratic Party. This brought relations between Romanian and Hungarian ethnics to a new stage. The Hungarians were to fight for their rights within the boundaries of the existing legal system (focused on individual rather than collective rights). Romanians, on the other hand, were to learn that giving power to minorities would not bring about the end of the national state and see the Hungarian organisation as just another political force. In time, the ethnic Hungarian party built a reputation of being more loyal to its government partners (though its alliances are always of opportunity, not based on any commonality of values) and better organised than its Romanian counterparts, becoming the object of some respectful envy.

However, in the current decade, all these are past us. Romania has joined both NATO and the EU and the Hungarian dossier appears largely closed. Predictable difficulties will occur during the anniversary of 100 years from the creation of the unitary state (2018) and of 100 years from the Trianon Treaty (2020)<sup>8</sup>, especially since this timespan coincides with elections in both Romania and Hungary. But we are likely to surpass them.

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<sup>8</sup> Romanians believe that Transylvania left the Austro-Hungarian Empire and joined Romania in 1918 when the Union was proclaimed by representatives of the Romanian population at Alba-Iulia. Hungarians believe that this only went into effect when it was sanctioned by the Trianon Treaty.

This leaves the Romanian elites, and also the general public without a *great cause* to follow. Economic recovery and growth might have become the new *great cause* but, despite good results, the story of economic growth has proven uninspiring. There is no generally accepted explanation on the structural causes and dynamics of Romanian GDP growth and political parties always try to suggest that all growth is created while they are in power and that the other side will bring Romania to a disaster. As the disaster is postponed year after year, the economy debate becomes less and less interesting for the general population.

Romania has been the stage of recurrent protests since 2012, but these, too, do not seem to merge into a *great cause*. In 2012 people took to the streets to protest changes in the health system and stayed on to protest the power of then-president Traian Băsescu. In 2013 they took to the streets to protest ecological risks at Roșia Montană but the movement developed into protest against poor governance. In 2014, after the first round of presidential elections, people went out into the streets to protest alleged electoral irregularities abroad but the protest fuelled the ascent to the presidency of Klaus Iohannis, then an opposition candidate. In 2015 people protested bad regulations and corruption, which had contributed to a large number of deaths in an accidental music club fire, but the protest contributed to the fall of Prime Minister Victor Ponta. In 2017 people protested government efforts to reform the justice system to (apparently) suit their own interests.

We can see a pattern where people may well start protesting against one thing and then move on to another. Or they protest against something and get something else. This is, however, not due to manipulation. It is rather that dissatisfaction is diffuse, without a specific target and it is not driven by opposition leaders. So, people may take to the streets to protest something while, in their hearts or minds, they also have other grievances.

The current paradigm of protest is robust but limited. Protests have no central leaders (due to societal mistrust, as mentioned above) and they are organized by a multitude of citizen groups and associations, many of which informal and without any affiliation, so they are practically impossible to redirect, hijack or control. Protests have also been able to keep under control cabinets that otherwise faced feeble established opposition. But lack of coordination and leadership stops them from achieving the highest goals that protesters might otherwise be able to formulate and attain. At the same time though, this is an obstacle in the way of any major damage potentially caused by external (or externally-prompted) agitators.

## A Machiavellian world of no friends, just foes

As mentioned above, it would be extremely difficult to run a set of propaganda messages that are in support of a rapprochement between Romania and Russia. Sure enough, these messages exist, we can see them sometimes, but they are extremely marginal. Romanians distrust Russia and the anti-imperialistic overtones of Russian propaganda remind us too much of the same overtones in the Soviet propaganda. This effect is so strong that the anti-imperialistic or Marxist discourse attempted occasionally by Romanian leftists never goes mainstream. Therefore it takes Russia other forms of discourse if it is to realistically - but indirectly - derive some benefit.

A better propaganda narrative is to *diminish the political and moral stature of Russia's strategic competitors*. Yes, Russia is an imperialistic power, such a narrative would implicitly admit - but all great powers are. All great powers fend entirely or mostly for themselves. Look at the US, propagandists say, with CIA coups in Latin America, oil wars in the Gulf and relentless efforts to achieve world domination. This narrative seems to work much better because of two reasons.

Firstly, it does include elements of truth. World powers oftentimes play a Realpolitik game and, despite Angela Merkel's protests, allies do spy on allies. The full picture, where international relations are a delicate balance of values and realism, is hard to sell to the general population. Russian propaganda offers a simplified version of reality where every dog fends for itself. This narrative can resonate even with people who are unsympathetic to Russia or take their cues from other sides. They can find such cues even in the words of Donald Trump:

"There are a lot of killers," Trump replied. "We've got a lot of killers. What, do you think our country's so innocent?"<sup>9</sup>

Secondly, such a narrative is able to now turn upon the US and the EU those anti-propaganda skills that Romanians have honed against foreign and domestic communists. As suggested above, they are reasonably well trained to detect some sorts of propaganda. They are, however, also trained to systematically and equally suspect ill intent behind any discourse of power, including powerful allies, whether it is a blatant lie or simple diplomatic hypocrisy.

As a consequence of this narrative, there comes a second one: *"If all powers are Machiavellian powers, than so should we be"*. We should not respect Western values, as

<sup>9</sup> <https://www.theguardian.com/us-news/2017/feb/05/donald-trump-repeats-his-respect-for-killer-vladimir-putin>

there are none. We should respect how Western leaders take care of their own and we should take care of ourselves. If needed, by breaking treaties and the like.

This narrative brings back echoes from history. Truth be told, Romanian politicians acted along quasi-Machiavellian lines with notable success during the unification of the Romanian principalities and then during their efforts to build the larger Romanian state. But the narrative does not clarify why Machiavellianism would still be essential or, indeed, possible, in the here and now.

A third Russian interest is to *foment conservative Orthodox tendencies and encourage a fundamentalist streak in Romanian conservatism*. Here, the “benefits” are particularly easy to see. The Russian state has little, if anything, to offer to the average Romanian citizen. But, for a fundamentalist conservative, Russia truly provides a model in the relationship between state and religion. In this respect, it *does* deliver. This can make even anti-Communist conservatives, of whom some may have intellectual roots in the fascist Iron Guard, to have some appreciation of the Russian model. Also, fundamentalist conservatives are more likely to be uneasy in the multicultural community of the European Union.

Moscow also has an interest to *foment the strangest forms of Unionism*, the ideology that calls for unification between Romania and the Republic of Moldova. Unionism has little to offer Moldovans, as long as the Romanian state does not throw its full weight behind the idea. But the spectrum of Romanian “imperialism”, laughable as it is within Romania, can be put to good use in pro-Russian propaganda abroad, in countries like Ukraine or the Republic of Moldova. At the same time, in Romania, the unionist discourse is occasionally used by local politicians to appeal to the more nationalistic groups (see, for instance, former president Traian Băsescu’s statements<sup>10</sup>) and bring in votes from holders of Romanian citizenship on the other bank of the river Prut<sup>11</sup>, or even to press the EU<sup>12</sup> on its policy toward the Republic of Moldova. It is met with equally opportunistic “rage” from Moscow<sup>13</sup>, which seizes upon every opportunity to instil fear of possible Russian retaliation, for domestic and/ or regional consumption.

All in all, Russia can hope little in the way of influence but can act to destabilize the country, driving wedges between the Romanian state and its Western allies.

<sup>10</sup> <http://www.ziare.com/europa/moldova/presa-externa-despre-o-possibila-unire-cu-moldova-romania-arunca-momeala-rusiei-1270311>

<sup>11</sup> <http://www.spiegel.de/international/europe/romanian-passports-for-moldovans-entering-the-eu-through-the-back-door-a-706338.html>

<sup>12</sup> <http://www.ziare.com/basescu/presedinte/euractiv-ce-deranjata-de-declaratiile-lui-basescu-despre-unire-ultimul-lucru-de-care-eram-nevoie-1270838>

<sup>13</sup> <http://www.hotnews.ro/stiri-esential-15711223-dmitri-rogozin-39-calul-troian-39-traian-basescu-pregatit-anexarea-moldovei-doua-etape.htm>

## Systemic political vulnerabilities

### Quality of democracy: immature and corruption-ridden

The most fundamental political vulnerability of Romania's democratic system is its very novelty. From 1900 to this day, the Romanian political regime has only been recognizably democratic since 1990. This chart (see Figure 4) from Varieties of Democracy (V-Dem) provides a clear picture<sup>14</sup>:

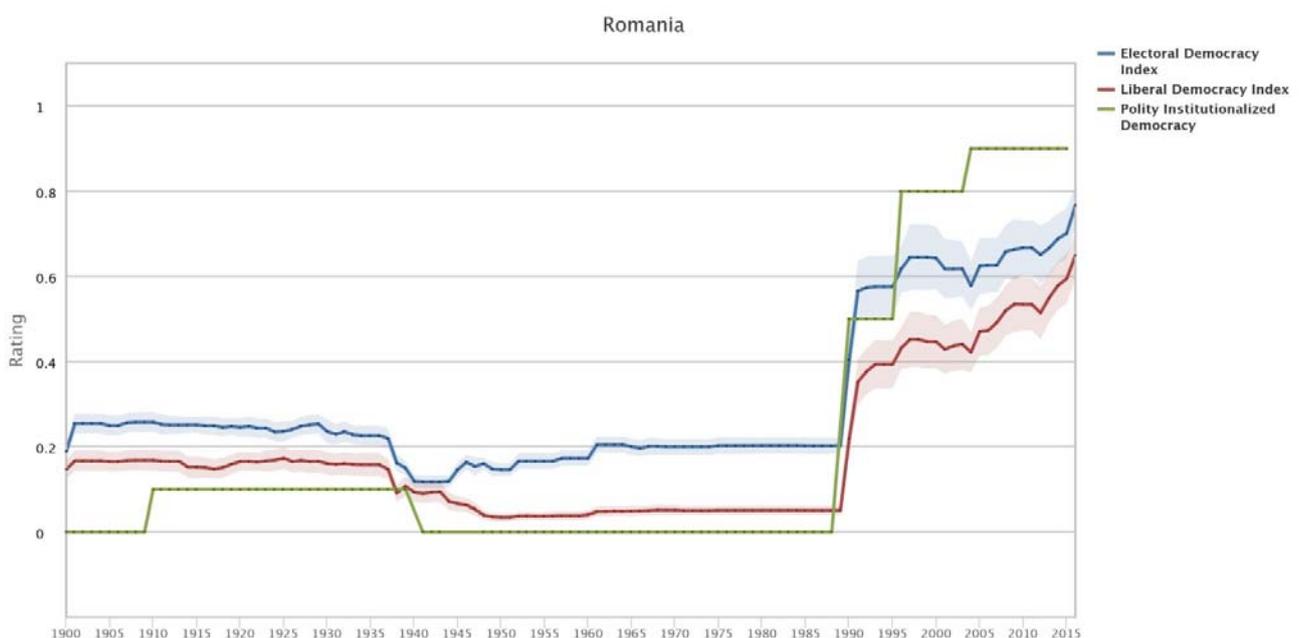


Figure 4

No matter whether we look for electoral democracy or for liberal democracy, the result is the same: from 1900 until 1990 Romania was not a proper democracy. The Polity IV index of institutionalized democracy offers additional confirmation for these results.

The fact that Romania has been a proper democracy only from 1990 onwards means that there were no democratic traditions, no institutional memory of democracy to use in the process of building a democratic regime. Democracy was literally built from scratch, out of the sheer will of 1989 revolutionaries, who demanded free elections and a multi-party system, coupled with respect for human rights.

<sup>14</sup> <https://www.v-dem.net/en/analysis/CountryGraph/>

This phenomenon of recent democracy, with virtually no roots in the past, explains why today only a small majority of Romanians (52%) support the idea that democracy is preferable to any other form of government<sup>15</sup>.

According to the World Values Survey (Wave 6), 70% of Romanians prefer having a strong leader who does not have to bother with parliament and elections, while 80% prefer a proper democratic system<sup>16</sup>. These data are not necessarily contradicting each other. They reflect a widespread preference for a personalized version of democracy, where leaders, rather than rules and institutions, are perceived as the expression of the will of the people. This is consistent with recent democracies.

Another thing that weakens Romanian democracy is the relatively high and persistent level of political corruption. According to V-Dem (see Figure 5), from 1900 until today the level of political corruption has constantly remained between 0.4 and 0.6<sup>17</sup>. This is significantly higher than Denmark's level, for instance, during the same period<sup>18</sup>.

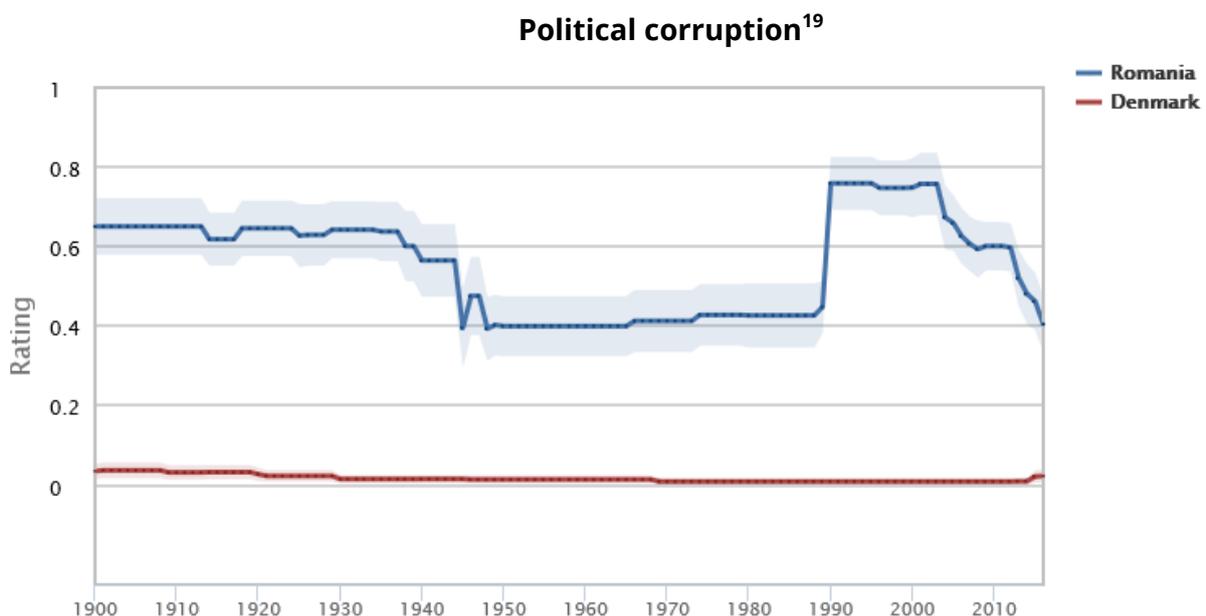


Figure 5

<sup>15</sup> <http://www.pewforum.org/2017/05/10/religious-belief-and-national-belonging-in-central-and-eastern-europe/>

<sup>16</sup> <http://www.worldvaluessurvey.org/WVSOnline.jsp>

<sup>17</sup> <https://www.v-dem.net/en/analysis/CountryGraph/>

<sup>18</sup> In the late 1700s and early 1800s Denmark and Romania were still very similar: both belonged to the periphery of the European system, and both had rather underdeveloped economies. Therefore, a comparison between Denmark and Romania shows two distinct paths on the road to modernity.

<sup>19</sup> www.v-dem.net

When we combine the novelty of democracy in Romania with the persistence of a rather high level of political corruption over a long period of time, we get a (significantly) less than perfect democratic system.

The Economist Intelligence Unit's Democracy Index places Romania in the group of flawed democracies<sup>20</sup>. Similarly, the Bertelsmann Foundation's Sustainable Governance Indicators finds that "Romania falls into the bottom ranks internationally [...] with regard to democracy quality."<sup>21</sup>

To sum it up, the rather poor quality of Romania's democratic system – caused by the very novelty of democracy here, combined with a persistently high level of political corruption – is its main vulnerability in the face of illiberal forces coming from Russia or elsewhere. All other more particular political vulnerabilities have their source in this one, and reflect it on various dimensions. We shall examine below these other vulnerabilities.

### **Organizational culture of political parties: cartelized and personalized structures**

Political parties in Romania are leader-centred. This is a common feature of political parties in Central and Eastern Europe. "The party is very often heavily dependent on its leader. In many countries the founder of the party is its leader to this day. The longest continuously ruling leaders of relevant parties are: Ahmed Dogan of the Bulgarian Movement for Rights and Freedoms (DPS), since spring 1990; Vuk Drašković of the Serbian Renewal Movement (SPO), since October 1990; Zmago Jelinčič of the Slovenian National Party (SNS) and Vladimír Mečiar of Movement for Democratic Slovakia (HZDS), since the first half of 1991. Many leaders have been continuously in office since the first half of the 1990s (see for example Fiala, Holzer, Strmiska 2002). During the congress, the real contest is only for lower posts while the leader's position is confirmed. If two strong personalities struggle for the leadership of a party, the loser often leaves the party—either out of choice or out of necessity—to form his own party. The leader retains a significant influence over the party even if he decides to leave it; this is because he will have reached a position (such as president of the country), which precludes him from returning to being an ordinary party member. Especially in the Balkans and Caucasus the inner leadership is a clique, which is connected to family and clan structures. The only country which has seen all the leaders replaced since 2000 is the Czech Republic."<sup>22</sup>

<sup>20</sup> [https://www.transparency.org/nz/docs/2017/Democracy\\_Index\\_2016.pdf](https://www.transparency.org/nz/docs/2017/Democracy_Index_2016.pdf)

<sup>21</sup> [http://www.sgi-network.org/2017/Romania/Quality\\_of\\_Democracy](http://www.sgi-network.org/2017/Romania/Quality_of_Democracy)

<sup>22</sup> Věra Stojarová, Jakub Šedo, Lubomír Kopeček and Roman Chytilek, "Political Parties in Central and Eastern Europe. In Search of Consolidation", Central and Eastern Europe Regional Report for International IDEA, 2007, p.30  
<https://www.idea.int/sites/default/files/publications/political-parties-in-central-and-eastern-europe-in-search-of-consolidation.pdf>

This doesn't necessarily mean that the party's existence depends on its leader. Sometimes this is the case – for instance, in the case of the Greater Romania Party (PRM), which after the death of its founder fell into political irrelevance. However, in the case of Romania's most important political parties – the Social Democratic Party (PSD) and the National Liberal Party (PNL) – they have successfully survived the repeated replacement of their respective leaders. Yet they remained leader-centred parties in the sense that, while in power, the leader is the one who redistributes the party's resources according solely to his or her will.

There are no rules or internal institutions that limit the leader's ability to distribute roles and resources to party members according to his/her will. The parties are created and maintained as top-down organizations, with a wide margin of manoeuvre for their leaders – and usually leaders use their power to corrupt party members into submission.

The parties' governance is therefore highly personalized, with Byzantine plots and counter-plots taking place behind closed doors – especially when the party is in opposition, and thus has access to fewer resources.

In other words, the organizational culture of Romania's political parties is, generally speaking, a clientelistic one. The option for clientelism is a rational one, as Clara Volintiru explains<sup>23</sup>:

“Clientelistic linkages can help cartel parties survive: when deployed systematically they become informal systems of redistribution, and anchor the party in society. They also provide a substitute for traditional measures of organizational strength (e.g. human and material resources). The cartelization process generates informal linkages on its own, even in the absence of clientelism, as it builds upon interpenetration with the state. But, the emergence and development of a cartel party brings about the detachment of its leadership from the party base, and to a certain extent from the electorate as well. It is within this context that party patronage, politicization, and especially the clientelistic distribution of goods and services become useful to the electoral survival of a cartel party, in the longer term.”

Even when parties are not cartelized, as is the case for newcomers like the Popular Movement Party (PMP) or the Save Romania Union (USR), the clientelistic approach within the party is still preferred, confirming the preference for a personal rather than institutional way of organization building.

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<sup>23</sup> Clara Volintiru, "Clientelism and Cartelization in Post-communist Europe: The Case of Romania", The London School of Economics and Political Science, 2016, p. 37, [http://etheses.lse.ac.uk/3611/1/Volintiru\\_clientelism\\_and\\_cartelization.pdf](http://etheses.lse.ac.uk/3611/1/Volintiru_clientelism_and_cartelization.pdf)

This means that, generally speaking, Romanian political parties have an illiberal organizational culture, one that is replicated over time – and one that leaves little room for internal democracy properly understood. As a consequence, being a party member doesn't prepare one for democracy.

This is a twofold vulnerability. Firstly, because parties are top-down clientelistic networks, so if someone controls the leader, he or she controls the entire party: the party has no institutional means to fight back. A leader-centred party is therefore more vulnerable to external influence – and if the influence is illiberal, the party will begin to promote and implement illiberal policies while in power.

Secondly, as already mentioned, if a party is nothing but a clientelistic network, and successfully keeps replicating itself as a clientelistic network, it creates an illiberal inner culture, one that is impervious to democracy. Success in these organizations is measured by the ability to create and command clientelistic networks, and every party member who wants to move upwards in the party's hierarchy has to acquire the skills necessary to create and command such networks. As a consequence, Romanian parties are, in themselves, schools of illiberalism – and, when in power, they disseminate their version of illiberalism within the wider society. This, in turn, makes the society at large more vulnerable to illiberal influences.

### **Party funding system widens the gap between parties and society**

Financing political parties is rather properly regulated in Romania. For instance, parties cannot receive money from foreign entities, from trade unions, from religious organizations or from public institutions. They can receive limited anonymous donations, they must submit a yearly report to the Permanent Electoral Authority (AEP) on their income and spending, and they also have to publish each year, in the Official Gazette, the list of all donors who have donated more than 10 gross minimum wages<sup>24</sup>.

Although various requirements in the law may be debated, generally speaking the parties' finances are rather strictly regulated. However, the parties are seldom sanctioned when they fail to meet the legal requirements, so in reality the state's control over the parties' finances is loose. For instance, since the creation of the Permanent Electoral Authority, only several local authorities have been fined for financial irregularities in electoral campaigns. No major political party in Romania has ever been sanctioned by AEP.

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<sup>24</sup> For a detailed look on the regulations, see here: <https://www.idea.int/data-tools/country-view/252/55>

To make matters worse, the public has even less control. For instance, the Official Gazette is not accessible free of charge, so ordinary citizens have difficult access, if any, to each party's list of donors (in addition to the fact that, as already mentioned, the lists are incomplete: the parties are not required by law to disclose the name of all their donors).

This is an obvious vulnerability. If the public can hardly know from whom the parties receive money, and if the state's control over the parties' finances is loose, local or foreign entities promoting an illiberal agenda are free to finance Romanian political parties with impunity.

When it comes to public funding, only parliamentary parties and the ones who obtain at least 50 mandates in county councils are eligible to receive public money<sup>25</sup>. These parties are financed proportionally to the percentage of votes they obtain.

Since only parliamentary parties receive public funding, it is difficult for non-parliamentary parties to compete, so this system creates a political oligarchy, with negative influence on the overall quality of political and electoral democracy.

On the other hand, funding (parliamentary) parties per percentage of votes stimulates these parties to encourage the non-participation of citizens in electoral processes. According to the system of financing per percentage, a party benefits if parts of the electorate stay at home (less campaign spending), and if, at the same time, its hard-core electorate gets out and votes (because it thus gets a larger percentage of votes, and therefore more public money).

In other words, this system offers a powerful incentive to political parties to ignore the electorate at large and to focus only on their hard-core base. This, in turn, creates a barrier of mistrust between the public at large and political parties, which leaves ample room to populist anti-establishment movements. There is no wonder then that, after the government imposed harsh austerity measures in 2010, anti-system movements are on the rise<sup>26</sup>.

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<sup>25</sup> <https://www.idea.int/data-tools/country-view/252/55>

<sup>26</sup> <https://www.v-dem.net/en/analysis/CountryGraph/>

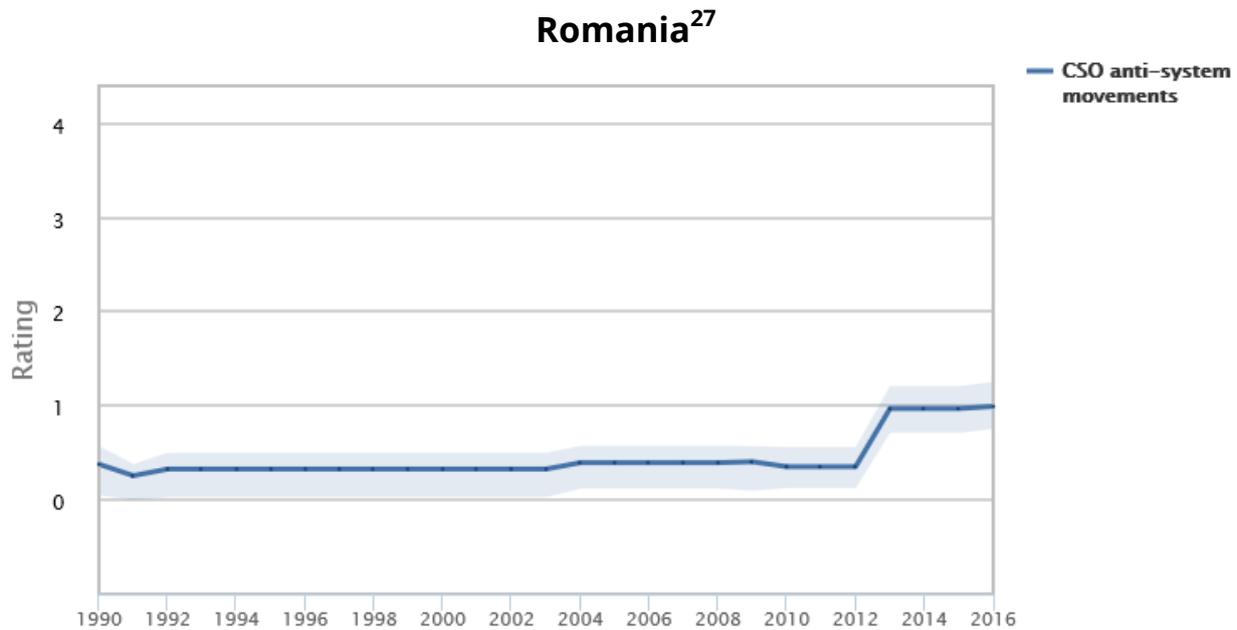


Figure 6

### Inability to represent the public agenda

For years, at least since 2012, poverty has ranked high on the public agenda in Romania. For instance, in the latest Eurobarometer (Standard Eurobarometer no. 87), the three main concerns of the Romanians at national level were health and social security (32%), the economic situation (28%) and rising prices/inflation/cost of living (23%).

At the personal level, the main concerns were health and social security (27%), rising prices/inflation/cost of living (25%), the financial situation of the household (20%), and living conditions (20%)<sup>28</sup>.

Reading these figures, one would easily come to the conclusion that poverty ranks very high on the public's agenda. However, fighting poverty is nowhere to be seen on the political agenda – which is striking when we consider the fact that Romania is also the second poorest country in the European Union.

For at least the last five years, there has been a wide gap between the public's agenda and the political agenda. In other words, political parties constantly fail to adequately represent the public.

<sup>27</sup> [www.v-dem.net](http://www.v-dem.net)

<sup>28</sup> <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/STANDARD/surveyKy/2142>

The consequence is a widespread mistrust in politicians. In the World Economic Forum's Global Competitiveness Report 2017-2018 Romania was ranked 113<sup>th</sup> out of 137 when it came to public trust in politicians<sup>29</sup>.

The constant inability of political parties to represent the general public is a major vulnerability, because it erodes confidence in democracy and clears the way for illiberalism.

This inability stems from the parties' lack of interest in genuinely representing the general public – and the lack of interest is stimulated by the system of public funds allocation for political parties per percentage of votes described above. As already mentioned, this distances the public from the political parties – while at the same time it reinforces the clientelistic networks the parties use to control their electorate (especially in rural areas and in towns).

## Factionalism

According to The Fund for Peace's Fragile State Index, elite factionalism has increased in Romania from 4.1 in 2006 (an already high level of factionalism) to 5.4 in 2017. This has been accompanied by an increase in group grievances from 5.4 in 2006 (again, an already high level) to 6.8 in 2017<sup>30</sup>.

At the social level, we witness constantly growing inequality in the distribution of power between various socioeconomic groups<sup>31</sup>, the level of inequality in 2016 being comparable to the one witnessed during the inter-war period. This inequality in the distribution of power confirms and partially explains the increase in group grievances, suggesting growing mistrust between socioeconomic groups.

At the political level, we witness a growing mistrust between political parties. Parties no longer perceive each other as competitors, but as enemies. Any common ground is lost, being replaced by each party's suspicions that the other party is plotting to annihilate it. As a result, the quest for the common good becomes impossible.

<sup>29</sup> <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>

<sup>30</sup> <http://fundforpeace.org/fsi/country-data/>

<sup>31</sup> <https://www.v-dem.net/en/analysis/CountryGraph/>

## Romania<sup>32</sup>

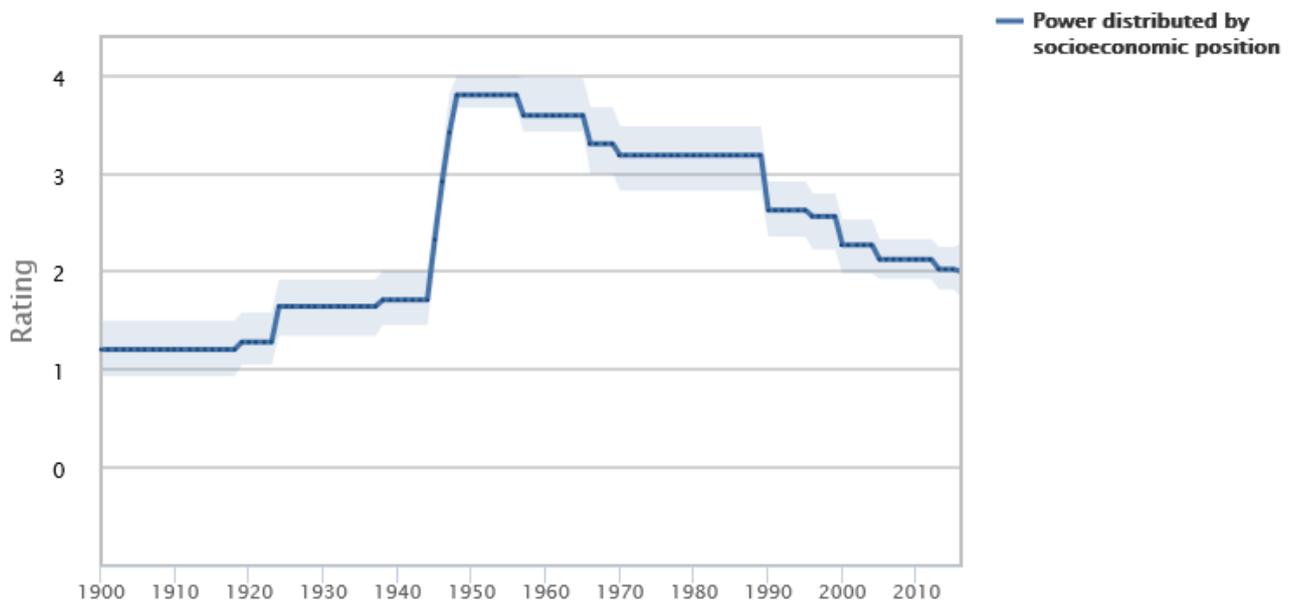


Figure 7

After losing several rounds of presidential elections, the Social Democratic Party (PSD) fears that the National Liberal Party (PNL) conspires to remove it from government using the security institutions (controlled by the President) and the judicial system. PNL, on the other hand, fears that PSD conspires to gain control over the state security institutions and the judicial system in order to gain absolute and unchecked power.

Despite their public fears, both parties use this kind of rhetoric to keep their electoral base energized and to depress their rivals'.

Just like the inability to represent the general public, this increased factionalism has its cause in the way political parties receive public money. As mentioned, this stimulates them to focus solely on their hard-core electorate – and one simple way of doing it is by claiming they are under existential threat.

However, this increase in the level of factionalism and divisiveness is a clear vulnerability – both in itself, and coupled with the overwhelming level of distrust in politicians. It undermines the democratic system, which ultimately depends on trust and cooperation – and, at the same time, it allows foreign illiberal entities to intervene at will by manipulating political factionalism to their gain.

<sup>32</sup> [www.v-dem.net](http://www.v-dem.net)

## Conclusions and recommendations

### Conclusions

#### Organizational culture of political parties

Given that political parties in Romania tend to be leader-centred organizations, this creates a double vulnerability. On the one hand, if one controls the leader, one virtually controls an entire party, so for illiberal forces it becomes easier to penetrate even large political parties.

On the other hand, the leader-centred culture means that ordinary party members are accustomed to a rather illiberal way of doing things. If one wants to move upwards on the party ladder, one has to have increasingly better command of these illiberal practices. Because of this, willingly or not, political parties tend not only to replicate their culture, but also to disseminate it within society at large. As a consequence, this makes the community of party members and the society more prone to adopt and accept illiberal views.

#### Financing political parties

Private money flows into the parties' coffers in a rather non-transparent way. Although there are clear regulations on political donations, the degree of conformity to these rules is low, especially because external control is generally inefficient. This clearly represents a major vulnerability, since parties are (understandingly so) hungry for funds, so illiberal forces may take advantage.

On the other hand, only parliamentary parties receive public funds, distributed according to the percentage of votes each party receives. This funding per percentage stimulates the parties to concentrate only on the easy votes coming from their hard-core electorate. To keep it simple, if only 40% of the electorate votes, and if Party X gets 40% of these votes, Party X gets 40% of the public money dedicated to financing political parties.

This obviously creates a strong incentive for well-organized parties, with a constant hard-core electorate, to invest only in their base while making sure the general electorate stays at home. This, in turn, generates a growing gap between the political parties and the society at large, a gap that could easily be speculated by illiberal forces.

## **Ability to represent the public agenda**

A comparison between party programs and the public agenda (as revealed by opinion polls) shows that no political party in Romania truly responds to the problems and the worries of the electorate at large. This leads to a huge degree of public mistrust in political parties, which in turn could be speculated by illiberal populist forces.

## **Factionalization of elites**

An increased degree of factionalism among elites over the last 10 years suggests that political elites are entrenched in a war for access to public resources (financial and other). This, in turn, suggests that political parties perceive one another as “enemies” rather than “competitors”. This generates a high degree of mistrust between parties, which focus more on “destroying the enemy” than on, say, improving Romania’s democratic system.

The very fabric of democracy is thus torn apart, and this is one of the greatest vulnerabilities of the Romanian political democracy. When political parties cease to see the common good, illiberalism has already won.

## **Recommendations**

### **Reforming the public funding of political parties**

One way to remedy these vulnerabilities is to reform the public funding of political parties, by financing them per vote, instead of per percentage, and also by financing all political parties who get at least 1% of the total votes. Financing more parties (not only the parliamentary ones), and financing them per acquired vote will stimulate the parties to pay attention to the public agenda and to be more open to the electorate at large.

This, in turn, will improve the quality of the Romanian democratic system by making it less prone to illiberalism.

On the other hand, offering the political parties an incentive to engage the electorate at large will force them to find better way to connect with the society, other than by developing clientelistic networks.

## Introducing open primaries

Introducing open primaries as a means of candidate selection (and even of leadership selection) will force the political parties to abandon their current organizational culture and to achieve a degree of internal democracy that is impossible under the current situation.

Coupled with the reform of public financing of political parties, this will allow shrinking the current gap between society at large and political parties.

Besides, making political parties more democratic will offer them a better protection against illiberal forces trying to manipulate them.

## Making political party financing more transparent

Political parties should be obliged to publish at least once a year a list with all their donors, and to make this list freely and easily accessible to the general public. This decreases the opportunities for illiberal entities to corrupt them.

To sum it up, more *democracy*, more *openness* and more *transparency* are effective ways to fight illiberal propaganda.

## Annex Case Study: The Coalition for Family

The present study focuses primarily on the tools and avenues which propaganda *could* use, on where and how it *could* hit and the shape it *could* take. This is not to say though that our study material is entirely theoretic or speculative. Just as we write, we are witnessing the most prominent (non-electoral) propaganda operation in years: the effort, sponsored by “traditionalist” NGOs, to amend the Constitution to ban gay marriage. Our analysis of this effort, carried out below, not only serves as a practical demonstration of how propaganda operates, but also aims to sound the alarm on a risky misconception: that a country like Romania, consistently Europhile and Russophobic, relatively well-anchored in the European space of norms and values as compared to its neighbours, is consequently sheltered from malicious influences, either of Russian origin or which align - fully or partly, willingly or not - with the Russian agenda. It also describes how a movement started around a rather niche, focused, limited goal can snowball into a larger social phenomenon of contestation of some of the fundamental principles which organize a society - effectively punching well above its apparent weight.

(Note: a longer version of this case study, which offers ample additional proof for all facts presented, was published separately<sup>33</sup>.)

### History

In the '90s, Romanian Orthodox conservatism generally aimed to follow the community from Mount Athos and, more generally, Greek Orthodoxy. However, the centre of gravity of Orthodox conservatism shifted in time from Greece to Russia. While Greeks became more liberal and would eventually admit same-sex legal partnerships, Moscow became a centre of conservatism, heavily supported by the Russian state. As far as we can tell, the shift happened gradually. There have been rumours about privileged contacts between Russian and Romanian Orthodox conservatives, especially in Moldavia, but we have not been able to corroborate them. The recent exchange of visits by the Patriarch of the Romanian Orthodox Church Daniel to Moscow (December 2017)<sup>34</sup> and of the Patriarch of the Russian Church Kirill to Bucharest (October 2017, the first such visit in decades)<sup>35</sup> offers the only visible instance of significant bilateral contacts.

<sup>33</sup> <https://civitaspolitics.org/?p=13266>

<sup>34</sup> [http://stiri.tvr.ro/patriarhul-daniel-merge-la-moscova--intr-o-vizita-istorica--prima-dupa-1990-a-unui-patriarh-roman-in-rusia\\_825247.html#view](http://stiri.tvr.ro/patriarhul-daniel-merge-la-moscova--intr-o-vizita-istorica--prima-dupa-1990-a-unui-patriarh-roman-in-rusia_825247.html#view)

<sup>35</sup> <http://www.hotnews.ro/stiri-esential-22025718-patriarhul-rusiei-veni-romania-luna-octombrie-impreuna-alti-patriarhi-din-tarile-comuniste.htm>

However, while punctually praising the Russian Orthodox Church and maybe approving acts by Putin, Romanian Orthodox conservatives try to remain as staunchly anti-communist and as wary of Russian power as ever. This is to say that sympathy towards Russian conservative policies does not readily translate into trust in “geopolitical” Russia.

Traditionally, much of the conservative activity happens within the metropolitan jurisdiction of the Romanian province of Moldova, whereas the superior patriarchal chair, held by Teoctist and currently by Daniel, has typically held friendlier (ecumenical) positions towards Catholics and more obedient towards the state.

Despite the existence of a significant conservative movement, the Orthodox Church did not initially throw its weight behind any legal marriage<sup>36</sup> discrimination towards homosexuals. It preferred to let the state act with relative freedom.

The Coalition for Family (Ro: *Coaliția pentru Familie*) is a coalition of NGOs that nominally supports and protects families. It is currently focused on an initiative to change the Constitution so that it forbids any marriage that is not between a man and a woman.

The coalition appears to combine American ‘Neo-Protestant’<sup>37</sup> know-how and presumably money with the access to population provided by the Orthodox Church. Its positions are also aligned with Russia’s views on sexuality and human rights.

The roots of the current coalition do not lie with the official church or extremist parties, but rather with the centre-right Liberal Democrats. In 2012, while the party was in government, several parliamentarians initiated a proposal for compulsory counselling before abortion<sup>38</sup> (which has since been tacitly buried and forgotten somewhere in a parliament committee). It was reportedly supported by:

- Orthodox intellectuals around the Christian Democrat Foundation
- Orthodox militants around the (anti-abortion) Pro Vita Association and its chapters
- The (mostly though not entirely) Neo-Protestant Association of Families in Romania, currently run by Peter Costea. AFR seems to have good contacts in the United States.
- Liberal Democrats from Western Transylvania, led by Gheorghe Falcă.

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<sup>36</sup> That is not to say that the Orthodox Church did not engage in discrimination. For example, during the ‘90s it lobbied against the decriminalisation of homosexuality.

<sup>37</sup> In the uniquely Romanian use of the word, ‘Neo-Protestant’ means protestant movements that occurred after the Reformation. It partly coincides with the American term: “evangelical Christians”. For the sake of adequacy to context, we have chosen to use this *sui generis* classification.

<sup>38</sup> The project can no longer be retrieved from the Parliament websites, but is stored on the Internet Web Archive. <https://web.archive.org/web/20120417002937/www.cdep.ro/proiecte/bp/2012/000/50/8/pl58.pdf>

In 2013, people and organisations who had fought together to oppose abortions came together again to oppose gay marriage and require banning it in the Constitution<sup>39</sup>. This meant again Pro Vita (several chapters) - the Bucharest chapter of Pro-Vita actually controls the Cff donations account, since the Coalition for Family (CfF) is not a legal person; again, AFR; again, the Falcă political group<sup>40</sup>.

In 2016 they started a popular legal initiative to change the Constitution.

*Only this time the Romanian Orthodox Church is on board and this changes everything.*

## The great synergy

Even though CfF comprises more groups and orientations, the most important are the (American-influenced) Neo-Protestants and the (Russian-influenced?) Conservative Orthodox Christians. It is relevant to mention here that this is a David and Goliath alliance. The Neo-Protestants are a small religious minority, albeit well organised, while the Orthodox Christians are more than 85%<sup>41</sup> of the population. The alliance is both pro-American and, discreetly, pro-Russian. CfF are great supporters of Donald Trump and publish photos and messages from him. But they also mention Russia positively when they find it appropriate<sup>42</sup>.

It would appear that the Protestant lobby brings in the branding and name recognition. A brief Google<sup>43</sup> inquiry shows that the Romanian term “Coalitia pentru Familie” is searched almost exclusively in the capital and the western counties where both Neo- Protestants and former Liberal Democrats are strong.

At the same time the Orthodox Church appears to have delivered the access to the larger population. While CfF is known more in the Western parts of the country, most signatures for the proposal were obtained in the Eastern counties under the (Orthodox, conservative) metropolitan seat of Moldova<sup>44</sup>.

In the map below, you can see the four counties that brought in most searches for the Coalition (blue<sup>45</sup>) and the states that appear to have brought in most signatures for the effort to change the Constitution (dark red)<sup>46</sup>.

<sup>39</sup> They also require recognition of the Christian roots of Romanian culture. <https://coalitiapentrufamilie.ro/2013/05/30/propunerile-ong-urilor-crestine-pentru-revizuirea-constitutiei-romaniei-familie-puternica-recunoasterea-traditiei-crestine-si-participare-mai-simpla-a-cetateanului-la-viata-politica/>

<sup>40</sup> Sources within the National Liberal Party (now including the Liberal Democrats after an earlier merger) claim that Falcă single-handedly brought the party to sign an agreement with Cff.

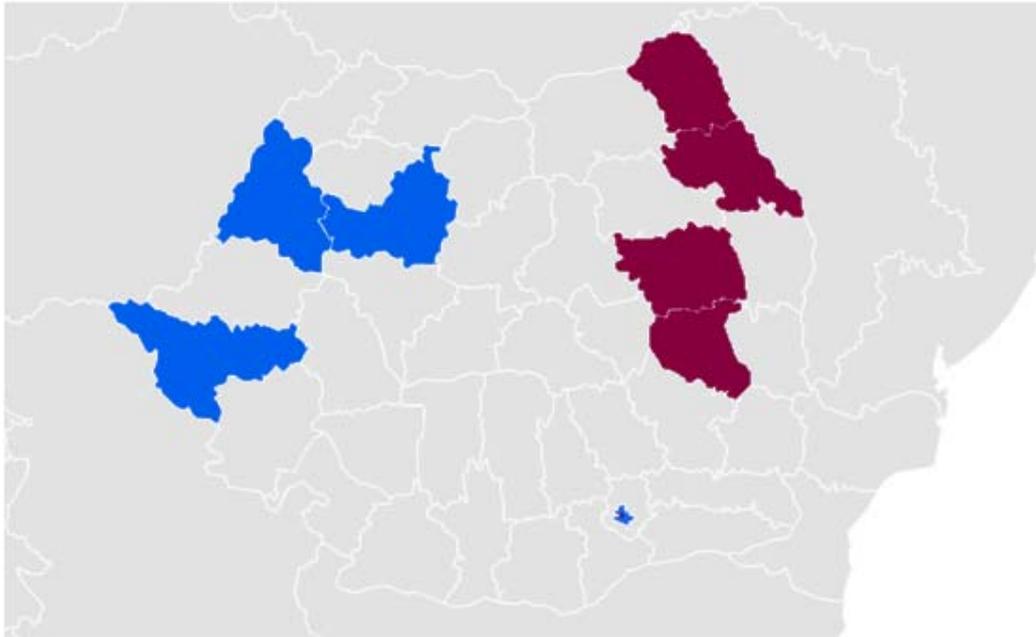
<sup>41</sup> [http://www.recensamantromania.ro/wp-content/uploads/2013/07/REZULTATE-DEFINITIVE-RPL\\_2011.pdf](http://www.recensamantromania.ro/wp-content/uploads/2013/07/REZULTATE-DEFINITIVE-RPL_2011.pdf)

<sup>42</sup> <http://www.mediafax.ro/social/video-coalitia-pentru-familie-sugereaza-interzicerea-filmului-disney-frumoasa-si-bestia-care-are-maine-lansarea-in-romania-16197646>

<sup>43</sup> <https://trends.google.com/trends/explore?geo=RO&q=coalitia%20pentru%20familie>

<sup>44</sup> <http://www.activenews.ro/stiri-social/TOP-10-judete-care-au-strans-cele-mai-multe-semnaturi-in-sprrijinul-familiei-129508>

<sup>45</sup> Cluj, Bihor, Timiș, Bucharest



### What does CfF actually stand for? A multilayer analysis

As a strategy for its advocacy work, CfF seems to offer a minimum of “attack surface”<sup>47</sup>. It has a more complex official manifesto, but only accepts to speak of its current endeavour to change the Constitution. It has various semi-official representatives/ proxies who can make occasional public appearances, but it can also disavow them when convenient. It is known to have deleted Facebook posts and altered the content of its own web pages. While it rarely (if ever) contradicts its past positions directly, CfF can add or subtract critical nuances into/from its own discourse and act like no change ever happened.

As such, it would be futile to distil a single “essence” of CfF, but it is better to speak of various different levels of its discourse. While this is not an academic endeavour, it has been influenced by research on Richard Nixon’s Southern Strategy<sup>48</sup> and by the work of Hannah Arendt on totalitarian movements<sup>49</sup>.

<sup>46</sup> Botoşani, Iaşi, Bacău, Vrancea

<sup>47</sup> The Coalition may have learned the need to avoid exposure from anti-gay campaigns in neighbouring countries

<sup>48</sup> <https://www.bloomberg.com/news/articles/2014-12-04/birth-of-the-southern-strategy>

<sup>49</sup> <https://archive.org/details/ArendtHannahTheOriginsOfTotalitarianism1979>

## The outer layer: An effort to change a single article in the Constitution

The Romanian Civil Code already prohibits gay marriage. The official movement wants to enshrine this in the Constitution. It justifies its endeavour by the people's right to direct the politicians through referenda. It can occasionally refer to Rousseau's concept of *volonté générale* as an epitome of what a democracy should be.

On the other hand, CfF has argued that, should marriage be defined exclusively as the union between a man and a woman, non-nuclear families will continue to be protected by other articles in the Constitution. It also keeps silent on civil unions between gays and, generally, does its best not to be seen as an intolerant or discriminatory group.

Thus, the CfF programme is actually fluid. The coalition holds firm on its current strategic objective, but in other areas it can make tactical retreats. For example, CfF has deleted from its website the link to a controversial<sup>50</sup> set of proposals<sup>51</sup> resulting from the public consultations they organised.

## The middle layer: messages for the connoisseurs

CfF claims<sup>52</sup> that if they fail to change the constitution, a large array of negative consequences will likely occur. These include homosexual adoptions, exposure to "gay propaganda" in schools, parents having a lesser say in children's education, conservative Christians being forced to act against their conscience (such as in baking cakes with gay messages<sup>53</sup>). It claims that, by preventing gay marriage and maybe civil unions, steps are made towards protecting society against such "unfortunate" events.

This is not legally accurate. From a legal standpoint, successfully changing the Constitution may limit (though not forbid) gay adoptions and it will do precious little in all other respects. If we were to read the actions of CfF only from the legalistic perspective offered by the "outer layer", these predictions would be absurd. We must, therefore, read them from a cultural perspective.

<sup>50</sup> <http://www.hotnews.ro/stiri-esential-21786056-solutii-problemele-familiiilor-romanesti-propuse-organizatia-coalitia-pentru-familie-taxa-celibat-descurajarea-restrictionarea-avorturilor.htm>

<sup>51</sup> <http://www.coalitiapentrufamilie.ro/docs/analiza-sinteza-consultare-publica.pdf>

<sup>52</sup> <http://romanioliberal.ro/special/documentare/coalitia-pentru-familie-invoca--dictatul-ideologic-al-unei-minoritati--457120>

<sup>53</sup> <http://www.washingtonexaminer.com/one-supreme-court-case-will-have-a-critical-impact-on-tolerance-free-speech-and-freedom-of-belief/article/2644869>; <http://www.bbc.com/news/uk-northern-ireland-32065233>

Changing the Constitution would reinforce the societal message that gay people are “not normal” and “deviant”. Thus, they can be granted many rights similar to those of “normal” people but not *all* the rights of normal people. We can call this agenda *the a-normalization of homosexuality*. It is opposed to an agenda implicit in the lay state and in the workings of international institutions to *normalize* homosexuality, either by active measures or by mere neutrality.

Once the abnormality of being gay has been re-established, there is indeed a better chance that social workers will refuse adoptions to “suspicious” single people. There is a better chance that teachers and professors would suppress references to gay people and gay culture from schools. There is a better chance that Christian bakers will never have to write the word gay on cakes.

But a one-off grand gesture of *a-normalization* does not suffice. We can safely assume that there is an implicit promise that CfF will continue to fight above and beyond the current episode and ensure that the “perilous measures” mentioned above do not come to pass. Perhaps it is useful to compare with what Hannah Arendt calls “infallible predictions”. Such predictions are, in fact, promises to act in a certain way once in power.

“[The method of infallible prediction] is fool-proof only after the movements have seized power. [...] Before mass leaders seize the power to fit reality to their lies, their propaganda is marked by its extreme contempt for facts as such, for in their opinion fact depends entirely on the power of man who can fabricate it. The assertion that the Moscow subway is the only one in the world is a lie only so long as the Bolsheviks have not the power to destroy all the others. In other words, the method of infallible prediction, more than any other totalitarian propaganda device, betrays its ultimate goal of world conquest, since only in a world completely under his control could the totalitarian ruler possibly realize all his lies and make true all his prophecies.”

While it is not a totalitarian organisation, CfF had a (brief but official) Christian fundamentalist past, and many in the larger movement have authoritarian tendencies (manifest in opposing gay pride parades, gay presence in the streets, etc.). It is not unreasonable to also read the factual predictions of CfF as threats and promises.

## The inner layer: Christian fundamentalism and far-right

Due to rather low church-attendance rate, Romania is not a great market for religious fundamentalism<sup>54</sup> and extremism. Indeed, it would be difficult to find a topic where mainstream opinions are fundamentalist. For example, the largest party in Romania, currently in power, came close to appointing a Muslim woman as prime minister and there was minimal religious protest.

Homophobia is one of the extremely few topics where fundamentalists seem to be mainstream. Data from a FRA 2012 study<sup>55</sup> show that 77% of Romanians evaluate that sightings of gay persons holding hands are very rare. In the countries studied rarer sightings have been reported only in Lithuania and Croatia.

As such, Cff is an attraction for fundamentalist and extremist religion-based organisations. Pro-Vita Bucharest (which holds the donations accounts of Cff) is run by a person that used to admit sympathies for the Legionnaire Movement (Romanian fascists). Pro Vita also has a fundamentalist agenda that speaks of a separate role for women in family (including accepting gender-based wage discrimination and providing subsidies for staying at home and making babies). The main purpose of Pro-Vita is to oppose legal permission for abortions. Another example is Asociația Rost, which has only retired from the Coalition to avoid controversy, as it was once accused of extremist sympathies. Some organisations are involved in the anti-vaccination movement or domestic violence as a way to educate unruly children.

Such entities arguably fight for more than a one-off change in the Constitution. They fight for more than the implicit agenda seen in the middle layer. They fight to amass legitimacy and resources so that they can fight their “holy war”. It is difficult to estimate how many organisations have an extremist agenda, as they do not exactly advertise, but it can be empirically estimated that at least a quarter of the forty-some Cff organizations harbour demonstrable extremist ideas or militants.

## Does Cff make Romanians more vulnerable to (foreign) propaganda?

An answer to this question also has multiple layers.

**The bright side:** Cff gives a voice to people who have been voiceless to some extent in mainstream debate. It has also acted so far squarely within the law. As such, it may be useful to create loyalty to the workings of the democratic state.

<sup>54</sup> By religious fundamentalism I understand an ideology according to which secular law should follow entirely or in part the sacred texts

<sup>55</sup> <http://fra.europa.eu/en/publications-and-resources/data-and-maps/survey-data-explorer-lgbt-survey-2012?mdq1=theme&mdq2=3507>

**The grey side:** Cff seems to aggravate the gap between conservative tendencies on the one side and liberal or progressive tendencies on the other. Understanding gaps fosters debate and a societal debate may bring both parties to a better reciprocal understanding and can educate a public opinion that is more robust and resistant to external influences. But, given the current populist surge in the world, we can also fear that some divisions may not heal so quickly. It may be worth noting that Cff employs heavily manipulative discourse tactics<sup>56</sup>, further diminishing the chances for honest debate.

**The dark side:** Cff promotes a simplistic understanding of democracy, where “the people” are generally (maybe always) right and referenda are the highest form of democracy. This doctrine is not “open to populist interpretations” - it is purely and simply populist itself. Liberal constitutional democracies rely not on the raw power and will of the people but on checks and balances.

In terms of political leverage, the third largest party in Romania, the Save Romania Union (USR), has lost its leader during heated internal debates on whether it should oppose Cff or not. The party enjoys the fortunate combination of two attributes: it is anti-system but in no way anti-democratic. If it should disappear by 2020, anti-system sentiment may become easier to manipulate towards populist platforms.

If the Constitution does modify as requested by Cff it may bring forth new intolerance towards gay people, further the members’ agenda and, perhaps, make the Romanian polity more similar to the one in Poland or Hungary.

Along the lines of our present study, the Christian fundamentalist conservative agenda aligns more or less with the Kremlin’s as described above and could offer the ideal fertile ground for surreptitiously building a constituency.

More dramatically, it also illustrates how a narrative which starts out as a message on a niche topic, which apparently presents little mass appeal or interest and did not feature high on the public agenda, can snowball into a major national scandal, involving a mandatory constitutional referendum. Furthermore, it can erupt (as has been the case) into a whole range of anti-EU messages, all stemming from the fabricated East/ West opposition, whereby the West is the sinful bearer of ‘decadent’ customs (homosexuality, abortion, family dissolution etc.) sapping at the root of society, while Russia is the defender of orthodox traditional values. The consequences of said propaganda campaign are still unfolding, as Eurosceptic messages are multiplying day by day and are being taken on board at the highest levels of political leadership and intellectual elites, whether out of pure ideological conviction or electoral opportunism.

<sup>56</sup> <http://www.scena9.ro/article/adevarurile-coalitieii-pentru-familie>

## FOREIGN POLICY AND SECURITY

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One of the most important priorities of Romanian foreign policy is fixing the structural imbalance of the so-called NATO Eastern flank, broken down into its northern and southern parts respectively, after the NATO summit in Warsaw. Recently, the Romanian president pleaded for strengthening the internal security and economic coherence and cohesiveness<sup>1</sup> of the Eastern Flank by investing in two major regional vehicles: the so-called *Bucharest Format* or *Bucharest Nine* (to coordinate the collective defence agendas of the Eastern allies before major NATO summits) and the *TSI - Three Seas Initiative* (whose summit is to be hosted by Romania in 2018 and focused on economic cooperation). The gravitational force behind both projects remains Poland, one of the most important strategic partners for Bucharest and increasingly the hub of U.S. presence on the Eastern flank. From this perspective, there are both opportunities and challenges on the horizon, as the new administration in Washington seems genuinely interested in encouraging sub-regional alliances within Europe, particularly in Central Europe and in the broader North Eastern region (Nordic, Baltic countries and Poland/NBP 9)<sup>2</sup>.

Bucharest is well aware of the inherent sensitivities in these ambitious programmes. Romania fears the consequences of a widening gap between core EU member states and increasingly assertive Eastern periphery states like Hungary and partially Poland, acting more and more on their own thinking and whose governments are engaged in the illiberal transformation of their democratic regimes. Moreover, the success of the TSI is highly dependent on the economic participation of Old Europe, where populist movements may undermine a European economic order that has brought substantial, if admittedly uneven, economic growth and opportunities for new member states in the East.

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<sup>1</sup> <http://www.presidency.ro/ro/media/discursuri/discursul-presedintelui-romaniei-domnul-klaus-iohannis-sustinut-cu-prilejul-primirii-sefilor-de-misiuni-si-a-consulilor-generalii-cu-ocazia-reuniunii-anuale-a-diplomatiei-romane>

<sup>2</sup> A. Wess Mitchell, „Rebuilding America's Alliances: Europe”, 2015, <http://www.choosingtolead.net/europe>

Looking to the south, the reliability of NATO member states to adopt common policies in the Black Sea security complex is increasingly in question. While indispensable for the overall NATO posture in the Black Sea, Turkey is accelerating its decoupling from the West. Relations with Germany are at a historical low. The (alleged) failed 2016 *coup d'état* gave Erdogan the perfect excuse for dismantling any constraints on his personalized rule, institutionalizing a highly authoritarian presidential political system. Disregard for basic freedoms - purging the administrative "deep state", side-lining the opposition, imprisoning journalists and firing professors - places the Erdogan regime much closer in its behaviour and worldview to Putinism rather than Western liberalism. Turkey's interest in acquiring an S-400 air and missile defence system from Russia suggests also that Ankara is using this potential tactical rapprochement in order to signal to NATO that it has alternatives to its current strategic arrangements. Overall, Turkey moves away from Europe and closer to authoritarian, regional powers, such as Russia, Iran, and China.

Under these circumstances, the Black Sea region might be seen as a security ecosystem exposing profound divisions, fragmentation, and a troubling lack of common action even after the annexation of Crimea. Romania's regional and bilateral efforts with Poland and Turkey aimed at refocusing some of the attention on the A2/AD situation in the Black Sea have so far been without palpable success.

The dynamic within and among the largest countries on NATO's eastern flank speaks for itself: a disunited front with short-term and uncoordinated interests.

The other regional power relevant to Romanian foreign policy is Ukraine. For a long time Ukraine perceived Romania almost as an existential threat. The memory of territorial disputes is still strong. But the Russian aggression and the Crimean annexation should have provided the impetus for a different relationship, of a strategic reset able to move the countries beyond their historical feuds. Unfortunately, it has only done so to some extent. The bilateral reality has remained somewhat captive to the legacy of tense relations, as well as to present domestic political games. Threatened by the Russians, Kiev is massively investing in a nation-building project - very much focused on its national language and heritage. While it serves the role of fuelling collective action against Russian aggression, this nationalism also cripples any potential diplomatic creativity in resolving lingering disputes with Ukraine's neighbours. Hence, despite Bucharest's efforts to improve relations with Ukraine by showing initiative and goodwill<sup>3</sup>, Ukraine-Romania relations remain far below their potential.

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<sup>3</sup> Romania has been a staunch supporter of EU-Russia sanctions, was the first country to ratify the Ukraine Association Agreement, and offered to lead NATO's cyber program in Ukraine

Romania's foreign and security policy is affected also by some of the negative trends in the immediate neighbourhood, particularly in Moldova and the Balkans. To the East, Moldova remains locked in geopolitical limbo. The country is controlled by a pervasive oligarchical elite, with widespread corruption and the absence of rule of law a multiplier for foreign influence, as well as a 'guarantee' that Moldova will remain further away from the European Union. In short, it is a societal ecosystem ideal for Russian covert incursions. *"The Russians loved weak, murky systems where it was easy to bribe the parliamentarians even as a handful of oligarchs controlled the economy, always hedging their bets based on which faction and imperial system called the shots,"* as Robert Kaplan put it<sup>4</sup>.

At the same time, the Balkans remain unstable. On one side, there are the unsolved issues from the 1990s, particularly *"the mismatch of ethnic and political boundaries"* and the widespread atmosphere that *"minorities do not feel they can realize the basic interests of any national group - namely their security, rights and prosperity - in a state dominated by another group."*<sup>5</sup> All these perceptions are compounded by the public disaffection with slow reforms and growing domestic problems. On the other side, there is increasing evidence that Russia has intensified its insidious regional presence and pressure while exploiting the EU enlargement fatigue. In Serbia, Moscow is actively shaping the perception of key societal segments through a collection of proxy entities. As the U.S. State Department noted *"the number of media outlets and NGOs taking pro-Russian stands has grown from a dozen to over a hundred in recent years, and the free content offered by Russian state outlets such as Sputnik make them the most quoted foreign sources in the Serbian press."* In Bosnia-Herzegovina, Moscow is cultivating a close relationship with Milorad Dodik, the prime minister of Republika Srpska, potentially aimed at stopping a future NATO path for the country. Last but not least, there is also the alleged Russian coup plot in Montenegro whose purpose *"was to create such discord that its NATO bid, or any prospects for integration with Europe, would be disrupted."*<sup>6</sup>

<sup>4</sup> Robert D. Kaplan, *In Europe's Shadow. Two Cold Wars and a Thirty-Year Journey Through Romania and Beyond*, Random House, 2016, p. 175

<sup>5</sup> <http://defencematters.org/news/balkans-glide-path-collapse-iii/1130/>

<sup>6</sup> Committee on Foreign Relations, U.S. Senate, "Putin's Asymmetric Assault on Democracy in Russia and Europe: Implications for U.S. National Security", A Minority Staff Report, January 10<sup>th</sup>, 2018, p. 78

## **Firm Euro-Atlantic orientation, but driven by a “gated” security community**

Romanian foreign and security policy are by default non-transparent outcomes of elite decision-making, with minimal deliberation in the Romanian public square. Public interest and involvement in foreign affairs remain limited, as there is no perception that those outside the “inner circle” have real leverage in shaping foreign and security policy<sup>7</sup>. This tendency is further encouraged by decision-makers, who have consistently preserved the privilege of communicating policies to the public as a *fait accompli*<sup>8</sup>. In effect, in the specific field of foreign policy and security, civil society has not emerged as part of a natural post-communist process of increased and ever larger participation, but as an offshoot of the establishment, whose mission throughout Romania’s pre-accession to NATO and the EU was to promote the Euro-Atlanticist idea among the wider public, echoing the official institutional message. Most of the “founders” of these think tanks or NGOs were former members or proxies of the security or political establishment. Later on, as their playing field has expanded and diversified, they had every interest to keep their previous levels of control, access, funding and privilege, while the system very much enjoyed the consensus on Romania’s fundamental orientation and was not eager to allow for any breaches of unanimity or even the least contestation and/or debate for that matter. With the complicity of their backers in line ministries, political parties and the intelligence community, they have continued to dominate public debate and sideline potential competition from truly independent experts. Even today, consultations hosted by relevant high-level institutions will most frequently only include the same limited inventory of former “apparatchiks”, while new “civil society” organizations continue to be created following the same recipe, where the number of uniformed or reserve personnel and the average age are worrying, in a world where more and more threats are hybrid in nature and in close connection with the most recent social and technological developments. Truly independent think tanks are in their absolute majority financially unsustainable, employing part-time collaborators, marginalized by the establishment and therefore unable as an organisation to produce strategic documents, even though their experts are highly qualified and working for prestigious (often foreign) institutions.

Ironically, this public disengagement from foreign affairs is the result of the diplomatic successes of the Romanian political establishment. Debates will remain limited and foreign policy think tanks few and uninvolved in the policy-making process, while public opinion is also likely to stay quiet, as long as the country’s foreign and security policy orientation remains Euro-Atlantic. The political decision in

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<sup>7</sup> Joja, Iulia-Sabina (2015), Romania’s Strategic Culture 1990-2014, unpublished PhD thesis

<sup>8</sup> Idem

the mid-1990s to invest all resources in the effort to join NATO and the EU – perceived by Romanian society as a guarantee for security and prosperity, as well as a confirmation that the country will belong indefinitely to the ‘West’ – has found overwhelming support across public opinion and the entire political spectrum. This was supported by abundant investment by future NATO allies in socializing Romanian elites into the Western system of values and Western institutions, which effectively built a coherent foreign policy and security culture. Add the legitimacy of the President’s office, who is elected through popular vote and in charge of foreign policy, as well as the high public trust in the armed forces, and you will get a model of non-transparent decision-making, firm Euro-Atlantic orientation, supported by a public which remains largely detached.

In terms of the public opinion’s position on foreign and security policy, Romanians have been the strongest supporters of Euro-Atlantic integration and are traditionally extremely Western-oriented compared to other post-communist nations. However, as this chapter makes clear, this extraordinary public consensus should not be presumed invincible or secure. The constant stream of well-designed disinformation that the Romanian public is subjected to is eroding trust in Euro-Atlantic solidarity.

### **Russia as Romania’s ‘Other’**

Romania’s historic perception of Russia makes it a very specific case. With the self-consciousness of a country of Roman-Latin heritage, surrounded by Slavic cultures and as a “civilized” *Western* frontier against *Eastern* “barbarism”, Romania has inherently defined Russia as its “other”, its long-standing enemy<sup>9</sup>. Bucharest’s opposition towards Russia - seen as embodying Eastern values, as opposed to the Western identity Romania has striven towards throughout most of its statehood - has had a twofold effect. On one side, the contradiction has led to a tense and problematic bilateral relation over the last century, including during most of the Communist regime, which began a disengagement process from the Soviet Union and the Warsaw Pact in 1952. On the other side, framing Russia as “the other” has caused public opinion and elites to become resistant to Russian soft power and resilient in the face of Soviet and Russian disinformation.

The annexation of Crimea in 2014 and the war in Donbas have heightened Romania’s threat perception. Not only has Russia now become a de facto maritime neighbour, but Romanians fear Moscow’s growingly aggressive stance in the region and possible conflict escalation in the Republic of Moldova and even towards the Romanian

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<sup>9</sup> Idem

border. Moscow's threats of retaliation against the Ballistic Missile Defence (BMD) and the thematization of Russian disinformation, the Kremlin's victories in markedly shaping Western public discourse and its interference in Western countries' internal affairs have added to existing fears.

Nevertheless, Romania's traditional Russophobia has not sharpened as could be expected. Rather, disinformation, manipulation of facts and the exploitation of strong emotions have had the effect of confusing public perception and adding to a more general sense of insecurity. According to a poll conducted in 2014 in the aftermath of the annexation, 24% of Romanians are not afraid at all of a military conflict with Russia (and 59% do not consider it likely or very likely in the next six months), but 26% are very afraid of such a conflict<sup>10</sup>. The same poll shows another binary result – 40% believe Romania does well to criticise Russia for the invasion of Crimea and 46% believe it is wrong to do so.

Subject matter experts also assess the threat of war and the danger of a Russian aggression in general as low. Over the past decade, Romania has received little attention and has not played a significant role in Moscow's thinking. Even after the annexation of Crimea, this perception continues to hold. While key strategic documents were updated to reflect the structural changes in the regional security ecosystem, political elites do not seem to be particularly concerned about an actual Russian threat, at least from the perspective of the messages they are articulating in the public sphere. General regional instability and immediate vicinity which does not share the same democratic order, values, strategic goals and alliances seem to be more worrying than Russian-Romanian relations per se.

These dual results reveal a major vulnerability, which lies in the polarisation of the Romanian population between two radically opposing views and understandings of national and regional security. Both are dominated by the 'big bear' (the fearful-affectionate nickname often used for Russia, given the similarity between the Romanian word for bear – *urs* – and the Romanian acronym for the USSR, which was *URSS*), but in a rather ambivalent way. The feeling is one of awe, a mix of fear and respect, which casts Russia as the prime danger, but also an overwhelming force of nature almost too powerful to ever oppose successfully, one you rather need to learn to live with – a view which opens wide the door for the rhetoric of intimidation.

Russian disinformation campaigns can also find other fertile ground in the country. As long as information warfare remains the norm, but does not become too obvious and transparent, concealing Kremlin propaganda behind a curtain of general beliefs and "traditional" values, these may well resonate with the Romanian public opinion

<sup>10</sup> <http://www.ires.com.ro/articol/254/agenda-publica---martie-2014>

and elites. Romanian Russophobia does not mean the country is impenetrable to propaganda. On the contrary, the anti-Western, anti-liberal discourse has an increasingly strong grip on public opinion.

### **Defence against Western decadence: Kremlin narratives for the Romanian public**

Russian disinformation excels at exploiting strong emotions, particularly negative ones. Here, too, Romanians constitute fertile ground, as the national strategic culture is laden with fears of invasion and attack. Hence, the country's staunch Euro-Atlantic orientation may easily be turned upon itself.

As a consequence of the inherent framing of Russia and what it stands for as Romania's foe, Russian propaganda in Romania cannot be Russia related. Anything that is framed as Russian is associated with negative feelings in Romanian public opinion. Since there is no Russophilia to build on, there is no significant effort to promote a positive narrative of a Russian model, as embodied by the contemporary Russian state, though there is a push to restore a positive image of Russia as a bearer of a valuable cultural heritage. Hence, Kremlin-promoted disinformation focuses on developing negative narratives of Moscow's own foes, deconstructing the positive ones and casting doubt on factual reality. Russia is indirectly pictured as the lesser evil alternative to the West, which remains a perverted, decadent society. Juxtaposed to liberal values and secular modernisation are "traditional" values, nostalgia of the past and the idea, pervasive in contemporary Russian political thought, that universal individual rights and freedoms should not have priority over the collective preferences of a strong state and conservative moral values<sup>11</sup>.

Even though Russian or Soviet propaganda is nothing new to Romania, Romanian authorities have only recently attempted to be part of the broader trend emphasizing strategic communication and countering disinformation, which is currently sweeping over the West. Bucharest's counter-actions remain modest. Beyond the occasional recognition that Russian propaganda in Romania is "proven and is common knowledge" by the Romanian Minister of Foreign Affairs<sup>12</sup>, the only visible steps so far are the setting up of dedicated units at the level of the MFA, MoD, MoI, almost all with a less-than-clear mandate and little institutional knowledge, as well as a coordination body within the Intelligence Community and a preliminary consultation with experts in academia and civil society organized by the Presidential Administration.

<sup>11</sup> PeN American Center 2014, *Discourse in Danger: Attacks on Free Expression in Putin's Russia*. 25 January 2016, [https://www.pen.org/sites/default/les/PeN\\_Discourse\\_In\\_Danger\\_Russia\\_web.pdf](https://www.pen.org/sites/default/les/PeN_Discourse_In_Danger_Russia_web.pdf), accessed 12 February 2016

<sup>12</sup> Minister of Foreign Affairs Admits there is Russian propaganda [http://adevarul.ro/news/politica/video-interviu-teodor-melescanuda-exista-propaganda-rusa-romania-e-vizibila-dovedita-1\\_58fa2eeb5ab6550cb871793a/index.html](http://adevarul.ro/news/politica/video-interviu-teodor-melescanuda-exista-propaganda-rusa-romania-e-vizibila-dovedita-1_58fa2eeb5ab6550cb871793a/index.html)

## **Disinfo mission: cripple military capabilities and undermine allied solidarity**

When it comes to Romanian defence, potential disinformation and propaganda campaigns target defence vulnerabilities, whether by crippling concrete military capabilities or undermining clear strategic deliberation about potential threats, i.e. through derailing strategies, and through the distortion of threat perception. Through manipulation and corruption, defence strategies such as procurement to boost territorial defence can be derailed or prevented. By distorting and modifying threat perceptions, allied solidarity can be negatively affected and the formation of a common threat perception may be hindered.

While the former has a clear but short-term impact, the latter entails long-term costs with high impact on a country's capacity to defend itself. Concrete examples of direct Kremlin disinformation already occur in Romanian discourse and are reflected in changing public opinion perceptions. The Ballistic Missile Defence (BMD) is the most obvious. The decision in 2010 to host SM-3 missiles as part of the US/NATO European missile defence shield originally found strong political consensus and overwhelming public support. However, Kremlin disinformation insists that the BMD shield constitutes a threat to Moscow's national security and Russian officials have repeatedly threatened Bucharest with military retaliation. The narrative of the BMD as an offensive weapon and needless challenge to regional stability has been propagated online in Romania, to the extent that it is now at the forefront of the debate in Romanian online media (i.e. stories which play along the Kremlin spin show up first in Google searches).

Such spin can lead to a (not yet measured) popular shift from the BMD as a security guarantee, to the BMD as a threat to national security. This does not only have a major impact on Romania's security, but it also has the potential to decrease alliance solidarity.

The combination between opposition to liberal values and post-modernity, on one side, and foreign policy, on the other, is a key for success when it comes to disinformation. By definition, foreign and security policy are complicated, unappealing and non-transparent policy domains in relationship to which often - particularly in Romania - public opinion feels alienated. Though Bucharest's most important choices in foreign and security policy have traditionally been met with overwhelming support by public opinion, citizens remain traditionally uninvolved and non-participatory in this area<sup>13</sup>.

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<sup>13</sup> Joja, Iulia-Sabina (2015), Romania's Strategic Culture 1990-2014, unpublished PhD thesis

Becoming a member of NATO and the EU has further complicated matters, by transferring some of the sovereignty further away from the citizens and consequently reducing the legitimacy claim for decisions. To give just one example, sacrifices in Iraq and Afghanistan were seen as justified (and accepted as such) and compatible with the new responsibilities deriving from the Euro-Atlantic membership, because they were considered part of an informal quid pro quo, where Romania participated in expeditionary missions in exchange for the promise of homeland security and prosperity offered by membership. After integration and the Crimea annexation though, disinformation efforts to consolidate a perception that the North-Atlantic Alliance and the European Union are inefficient (and perhaps even unwilling) in providing security makes ongoing investment in this direction harder for the public to understand and to legitimize.

Negative foreign policy and security narratives in Romania focus on questioning and deconstructing the country's orientation, collective security guarantees, commitment to allies and its benefits. National security priorities are a triad that has been set in stone and repeated as a mantra over the last two decades, regardless of the policy-makers' political colours: the US, NATO and the EU. The national cross-party consensus of steering Romania towards a ubiquitous Euro-Atlantic future found overwhelming public support. Nevertheless, through disinformation, even such a strong foundation can be turned into a vulnerability.

The result of promoting such narratives is fear, insecurity and doubt. Not only are the resilience of NATO and the EU questioned, but also Romania's membership benefits. Both organizations are portrayed as vulnerable and useless in the public eye and any effort to strengthen them, futile. On the one hand, the Union and the Alliance are alleged to employ double standards and disregard the newer members' security concerns. On the other hand, Romania is portrayed as a US colony – a negative metanarrative. The country is pictured as a state with a weak national identity and role formulation, recklessly and/or opportunistically used by the US as mere strategic territory for the stationing of capabilities with the aim of promoting the US aggressive stance towards Russia.

Narratives can twist reality further. On the one hand, Romania is qualified as a US colony, completely subservient and working sometimes against its own interests to please its hegemonic "master". On the other hand though, the story goes that Romania should not count on the United States reciprocating such loyalty, as this relation is highly imbalanced and the country's security is not in fact ensured by this strategic partnership; in the event of actual conflict, Washington would prioritize its great power relations with Russia over the needs and best interests of Romania. This

plays back the message of nostalgia for communist-times “neutrality” or rather bandwagoning, when Romania was a member of the Warsaw Pact, but opposed the invasion of Czechoslovakia by the USSR and followed quite an independent line from Moscow in its external affairs, which won Ceaușescu acceptance to the court of Queen Elizabeth and beyond. Some politicians, as well as part of the general public, would like to see this golden age revived, with Romania strengthening its own capabilities and aligning with the West only when it directly serves its interests, in a very transactional, Realpolitik paradigm, while befriending its big neighbour to the East just enough to avoid provocation.

This narrative of a neutral Romania relies on nostalgia for the country's past military traditions, which remain unsuitable to present geopolitical realities. In terms of military capabilities, Romania indeed has the advantage among former Warsaw Pact members of a traditionally relatively developed military, as the country had a flourishing military industry during communism and became an exporter of armament beyond the communist bloc. After the Revolution in 1989, however, the Romanian industry suffered due to a badly managed privatization strategy and to corruption and quickly became obsolete, a source of great frustration among Romanians. Today, participation in the Allies' expeditionary operations forced Bucharest to buy the necessary (expeditionary) equipment from its partners and determined it to structurally underinvest in territorial defence capabilities. After the Russo-Georgian war in 2008, when the first alarm bells were rung, and particularly after the invasion of Crimea, Bucharest decided – at first rhetorically, later also in practice<sup>14</sup> - to raise the defence budget to 2% of the GDP and develop a procurement strategy through which territorial defence would become the main focus and offset contracts would encourage the redevelopment of the national defence industry.

Romania's most relevant security vulnerabilities revolve around the Alliance's capacity to defend its territory. A country with limited resources at the outskirts of the Alliance and highly dependent on its allies' help in case of an attack, Romania is firmly set into the Alliance logic of a high degree of interoperability. Therefore, questioning this orientation or the solidarity within NATO can have devastating consequences for national defence.

Despite the conceptual incoherence of opposition to Western security arrangements, such scepticism appears to be making gains among the Romanian population. This became visible in a 2015 public poll revealing that 28% of Romanians believe NATO is manipulating them<sup>15</sup>. The same new wariness has surfaced regarding Romania's

<sup>14</sup> Romanian Military Strategy, White Book.

<sup>15</sup> IRES, 2016 <http://www.ires.com.ro/articol/300/cui-i-e-frica-de-manipulare>

strategic partnership with the US, which has served as Bucharest's first and foremost security guarantee, most notably through the creation of US military bases on its territory, high degrees of military cooperation and interoperability between the two countries and the unchallenged support of American policies by Romania irrespective of political leadership. A viable alternative orientation to Romania's staunch Euro-Atlanticism simply does not exist; this is precisely why in the increasingly polarized current environment pitching European defence against Atlanticism pure and simple, Romania is defining itself as a bridge. Anything less than this would isolate it and leave it exposed. Yet East vs. West or Europe vs. America dissensions create a lot of room for manoeuvre in a country so dependent on both. Mutual accusations of betrayal do a lot of damage, where the US is said to abandon Eastern Europe, or Europe as a whole, or to be excessively transactional in its approach when it demands that the old continent pay up for American support, or where the EU is shown to be the ungrateful ally, the profiteer who wants easy gains without pains and won't spend enough for its own security, while also disregarding its new members' security needs – all of this puts a lot of stress on Romania's dual allegiance.

### **The 'double standards' narrative**

The strategic narrative of double standards exploits an existing vulnerability: the perceived divide in Europe between "new" and "old" member states, with the former feeling marginalized from the decision-making process and taken less seriously. The narrative is tailored to the Romanian audience, feeding into existing fears of being vulnerable and exposed to insecurity and manipulation by greater powers.

Questions about democratic accountability, transparency, and fair treatment of particular member states have long dominated Europe-wide criticism of both the EU and NATO. But in today's environment shaped by anti-establishment sentiments, they provide the ideal atmosphere for spreading negative/disruptive narratives exploiting the claims that Western supranational structures are non-transparent, bureaucratic, almost imperial bodies imposing their exclusive agendas and constraining national sovereignty. Internationally, this trend is feeding the erosion process of Euro-Atlantic solidarity. In Romanian public space, this type of propaganda targeting the institutional legitimacy of these organizations and traditional consensus is gradually spreading into social and mainstream media. The net result is a changing perception within the Romanian public opinion that the EU is applying double standards when it comes to its newer member states, which have different security and economics concerns; meanwhile, the narrative that NATO is more of a hollow alliance in which Article 5 guarantees are deemed pure rhetoric is also taking shape.

Similarly, propaganda in Romanian foreign and security policy capitalizes on the current Europe vs. America divide. Trump's election and Brexit have added to the old cleavage between Transatlanticism – to which Romania clearly adhered in 2003 through its support for the Iraq war – and Europeanism. Fears of entrenchment in the two policy orientations, leaving Romania in a security vacuum, are fuelled by numerous articles and social media debates that suggest and exaggerate further dissolution of the post-World War II order<sup>16</sup>.

This narrative of division tells the story of an environment in which the cleavage between the US and EU becomes unbridgeable and where EU security and defence policy is gradually decoupled from the Euro-Atlanticist framework and becomes a substitute for NATO (though a much less efficient one!); an environment where the gap between Old and New Europe is proliferated. The narrative probes the polarization of the establishment's foreign policy orientation between continued Atlanticism and a lesser US profile in continental security. If successful, the abandonment of Bucharest's traditional strong Euro-Atlanticism would inflict a strategic loss that could create a ripple effect trickling down to every level of the foreign policy and security complex and reverse the most important historical gains which Romania has made in the past quarter century – anchoring itself deeply in the Western common space of prosperity and freedom.

The lack of transparency in foreign and security policy described at the beginning of this chapter, based on the rationale that any openness causes vulnerability, in fact brings its own contribution to the erosion of public support for Euro-Atlantic security structures. The obscurity that wraps around the decision-making process has caused a sentiment among public opinion that Bucharest simply executes Western-made policies without question and is unable to pursue its own national interests and develop its own stance accordingly. Contrary to the intended effect, the establishment's opacity has bolstered the public perception of a loss of Romanian sovereignty and limitation of policy options, unsurprisingly speculated by propaganda. In the case of NATO-Russia policy, online media has spun the facts and turned Romania's entirely voluntary firm stance on Russian sanctions into the idea that the Alliance is imposing on Romania an aggressive stance towards Russia, but would, in case of conflict, leave Romania out to dry<sup>17</sup>. On the subject of migration,

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<sup>16</sup> Leading to insistent thematic questions on relevant occasions such as joint press conferences of the Romanian President with Donald Trump this year (<https://www.whitehouse.gov/the-press-office/2017/06/09/remarks-president-trump-and-president-iohannis-romania-joint-press>), Angela Merkel (<https://www.agerpres.ro/english/2017/06/19/president-iohannis-tells-german-chancellor-merkel-romania-is-stable-country-15-06-56>) and Emmanuel Macron (<http://www.presidency.ro/ro/media/agenda-presedintelui/conferinta-de-presa-comuna-a-presedintelui-romaniei-domnul-klaus-iohannis-cu-presedintele-republicii-franceze-domnul-emmanuel-macron>).

<sup>17</sup> Examples: <http://www.napocanews.ro/2016/05/razboi-real-cu-rusia-nato-pregatete-romania-de-un-conflict-major.html>, <https://www.antena3.ro/externe/rusia-ameninta-ar-putea-ataca-romania-din-cauza-scutului-de-la-deveselu-145134.html>, [https://www.romaniatv.net/rusia-ne-ataca-romania-este-o-amenintare-clara-la-adresa-securitatii-si-un-avanpost-al-nato\\_339958.html](https://www.romaniatv.net/rusia-ne-ataca-romania-este-o-amenintare-clara-la-adresa-securitatii-si-un-avanpost-al-nato_339958.html).

Romania's eventual hosting of a very limited number of refugees has been played as only the first step to the country being invaded by 'terrorists'<sup>18</sup>, the EU-wide quota policy (which Romania initially voted against) being imposed at the discretion of large member states like Germany. The growing fears have the potential to lead Romania down the path of neighbouring countries like Hungary, Poland and Slovakia, where membership in both the EU and NATO have failed to instil solidarity with other member states or halt dramatic declines in practices of liberal democracy at home.

## **A2/AD, a fleet sunk in the Black Sea...**

While the impact of Russian soft power on policy making is limited in Romania, it has proven effective at the regional level. In order to counter Moscow's aggressive stance in the Black Sea, a common threat perception among NATO member states is a necessary starting point. Russian pressure and leverage can negatively affect common threat perceptions, leading to gaps in defence. In this context, the psychological effects of the Russian military build-up in Crimea on the regional political ecosystem cannot be ignored<sup>19</sup>. The perception that the Black Sea is increasingly a 'Russian lake' and becoming a 'no go area' for NATO can force a certain political outcome or can be used in the frontline states as leverage to intimidate risk-averse elites and extract accommodationist positions towards Russia.<sup>20</sup>

This is the case of the Romanian initiative for a Black Sea fleet, planned to be launched at the 2016 Warsaw summit on the basis of Romanian-Bulgarian collaboration, which Ukraine and Turkey were to join, with the aim of boosting regional maritime defence. In a rather awkward decision, without prior notice, Bulgarian leaders made a U-turn and renounced the initiative, condemning the project to stillbirth. Thus, while at national level vulnerability towards Moscow in terms of security and defence remains in check, at the regional level it is powerful enough to prevent allied alignments counterbalancing Russian capabilities and can prevent or break ties among neighbouring (and exposed) allies.

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<sup>18</sup> <https://huff.ro/news/romania-fost-invadata-de-imigranti-ce-se-intampla-chiar-aceste-clipe-dramatic-este-ca-133814>, <https://www.antena3.ro/actualitate/ambarcatiuni-pline-cu-imigranti-au-invadat-plajele-din-romania-432395.html>, <http://ortodoxinfo.ro/2017/08/11/vestea-noptii-valul-de-imigranti-vine-romania-guvernul-stie-dar-tace-caci-ieri-noapte-s-organizat-oficial-pentru-asa-ceva/>.

<sup>19</sup> Luis Simon, "Demystifying the A2/AD Buzz", in *War On The Rocks*, January 4th, 2017 <https://warontherocks.com/2017/01/demystifying-the-a2ad-buzz/>

<sup>20</sup> Luis Simon, "The Third US Offset Strategy and Europe's Anti-Access Challenge", *Journal of Strategic Studies*, 2016, p. 18.

## The Moldova issue: exploiting nationalistic sentiments

Traditionally, the topic of Romania's responsibility and role in the Republic of Moldova – one of the few direct issues of contention between Bucharest and Moscow - has generated a lot of emotion in Romanian society, providing ideal raw material for the Kremlin to weaponize nationalist emotions in both countries. Unfortunately, certain influential political and opinion leaders have - unwillingly or not - played right into Russia's hands by promoting unification with Moldova as the next grand "national project" after successful entry into the EU; an inauspicious posture in the context of Romania's 2018 anniversary of its Centennial<sup>21</sup>. At a time when Russia has become the rogue power of Europe, bulldozing long recognized frontiers and actively subverting the sovereignty of neighbouring states, it would be rather ironic for Romania to offer material that could aid Moscow in projecting it as a troublemaker and revisionist power. At the same time, the fact that a former president of Romania has become the honorary leader of a Moldavian party promoting unification with the "homeland" as its main objective will spearhead this narrative.

In the end this debate plays right into Moscow's hands regardless of the final policy outcome. One of the consequences is that attention is distracted from Moldova's pressing realistic tasks - keeping the European integration process on track, reforming the state, cleaning up systemic corruption – as opposed to the illusory character of actual reunification, which would not only be a daunting task but also an ideal gift for Russian objectives. At that moment, Romania would have incorporated a few million people who been socialized into the Russian culture and identify with it, who own Russian passports, speak Russian – in other words, it would have imported the Russian minority which Russia knows all too well how to manipulate and which Romania is currently 'privileged' not to have (strictly speaking from the perspective of the disinformation and manipulation tools already used by Moscow in neighbouring countries).

## No clear architecture for ambiguous scenarios

Given the changing character of warfare, particularly in the region, Romanian institutions need to adapt and adopt a whole-of-government approach. A first necessary step was the recognition, highlighted in the 2015 Romanian *National Defence Strategy (NDS)*, that national security is to be defined in a more extensive and comprehensive way, where "the defence dimension merges with and mutually balances along other dimensions-public orders; intelligence, counterintelligence and security

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<sup>21</sup>When Romania celebrates 100 years from the unification of the country

activity; diplomacy; crisis management; education, healthcare and demography.”<sup>22</sup> But the key question is: to what extent has the NDS framework set up an integrated architecture, able to project a coherent, comprehensive approach, where both kinetic and non-kinetic tools are synchronized? To what extent is the mind-set internalized at the level of the National Defence and Security Council (*in Ro.* CSAT), followed through and replicated within the second and third echelons of the national security establishment, especially in the civilian departments and ministries?

Unfortunately, Romania does not fare very well in any of this. Discussions with experts in the field have highlighted that while there are myriads of inter-agency working-groups, as well as written strategies, implementation and resource allocation are the real problem. *“It is not very clear who does what in the area of resilience. In times of peace, the legislation places the responsibility for resilience on the General Inspectorate for Emergency Situations<sup>23</sup>. In times when the state of emergency is declared, the focus falls on the Ministry of Defence. It is very difficult to determine if in real cases we will have this whole-of-government approach. The reality is that at present no strategic document outlines any perspective of the sort. The integration effort remains limited to somewhere at the very high echelons”* (anonymized expert interview).

Romania has no clear architecture for ambiguous grey-zone scenarios. While the *National Defence Strategy* embraces a multidimensional concept of security, a closer screening of the second part of the document leaves the impression of the *“parochialization of powers and responsibilities”*, which is not the natural outgrowth of an objective assessment, but more the official reassertion of traditional institutional authorities, loyalties and biases. *“We should not read them as priority strategic directions, but more as institutional attributes. The strategy restores and divides some parochial areas”* (anonymized expert interview). The result is that turf wars and the Balkanization of resources are more likely than a comprehensive, whole-of-government approach to crisis management and hybrid warfare.

Additionally, there is another structural variable that impedes a whole-of-government effort: the absence of a unifying strategic culture able to network and tear down institutional inertia. The interviews suggest that there is no whole-of-government unit/ cell able to react and coordinate those crisis situations where the lines of operations are predominantly non-military<sup>24</sup>. Therefore, the imperative is to redesign a system originally set up for dealing with linear challenges. That requires

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<sup>22</sup> National Defence Strategy 2015-2019, p.5.

<sup>23</sup> Falls under the responsibility of the Ministry of Interior Affairs and deals mostly with crisis management, civil emergency etc.

<sup>24</sup> As one of the interviewed experts emphasized, the system has not adapted to the reality that *“the essence of war has changed. It’s increasingly non-linear. If we look to the new type of conflict, 4 out of 6 sequences are non-military. What we need is a shared civil-military network. In reality what we have is a system where everyone sees only their own turf, there is a lot of institutional egocentrism, a system marked by connections between people, but without any horizontal integration or any institutionalized common culture. This is a huge vulnerability of the system.”*

fostering a cultural change involving cross government integration and coordination of all instruments of power. The aim should be that of operating closer to a 21<sup>st</sup> century *network*, not a traditional *hierarchical* bureaucratic organization, instead developing the ability to align resources and capacities, fuse different skill-sets and connect different parts of the government. It is a model that puts a price on building horizontal connectivity, intent on overcoming deeply entrenched institutional silos and developing a shared common civic consciousness<sup>25</sup>.

When it comes to the channels for promoting propaganda and disinformation in foreign policy debate, we cannot emphasize enough the specific institutional setting mentioned at the beginning of this study, which creates the false impression of sheltering the domain from external influence, but in fact constitutes a structural deficiency which lends itself to easy exploitation. This is the lack of transparency and proper debate in the field of foreign and defence policy<sup>26</sup>. As decisions are a one-way process, the Romanian public is used to accepting even major controversial decisions, such as participating in Iraq, without serious objections. Furthermore, the armed forces are one of the two most trusted institutions in Romania<sup>27</sup>, with Romanian voters willing to give it an extraordinary autonomy in guiding military affairs.

In itself, the establishment monopoly over the core message makes effective propaganda particularly difficult, increasing resilience. At the same time, this structural reality creates a larger vulnerability, opening the space to potential foreign influence campaigns over key segments of the public opinion. In the end, politicians are highly sensitive to their constituencies. As recent studies on propaganda have shown, influencing the public through media channels might lead to pressure on the political elites. The absence of broader civil society participation in shaping foreign and security policy, as well as the disconnect between the institutional establishment and the larger public might provide ideal conditions for the exploitation of populist resentment by insidious foreign campaigns. It also deprives the foreign policy and security complex of information, expert knowledge and analysis from outside the system, of avenues to communicate with different publics (which civil society and academia possess) and of a reservoir of creativity and solutions they can tap into.

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<sup>25</sup> an institutional philosophy developed by General Stanley McChrystal together with Tatum Collins, David Silverman, and Chris Fussell in their book *Team of Teams: New Rules of Engagement for a Complex World*, Portfolio/Penguin, 2015.

<sup>26</sup> Joja, Iulia-Sabina (2015), Romania's Strategic Culture 1990-2014, unpublished PhD thesis

<sup>27</sup> <https://www.agerpres.ro/social/2015/09/29/sondaj-inscop-armata-jandarmeria-si-biserica-roman-in-topul-increderii-romanilor-11-15-16>.

Further differentiation must be made between foreign policy, on the one hand and security and defence policy, on the other hand. Security policy is made in a relatively closed circle, where military personnel have a high impact. Almost all members of the military establishment are schooled within a common NATO tradition and hence more resilient towards propaganda. Nevertheless, the very single-minded institutional outlook and the rigidity of a closed and highly regulated organization expose this group to other specific propaganda methods.

When it comes to foreign policy, many career diplomats, in a similar way to military personnel, have most likely been through the same process of socialization into the Western system of values, due process and organisational culture, thanks to the multitude of learning and twinning opportunities offered to Romania as bilateral assistance during its pre-accession to the EU and NATO. This knowledge has been passed on even to younger generations. Politicians, on the other hand, have a more mixed background and hence are potentially more susceptible. Their frequent reliance on media outlets and public opinion to guide their policy preferences make Romanian decision-makers potentially vulnerable. From a constitutional point of view, foreign policy is decided by the President and the Presidential Administration<sup>28</sup> along with the parliament, while the government, through the Ministry of Foreign Affairs, which designs secondary foreign policy, carries out implementation. While the Presidential Administration and the MFA, on the one hand, mostly employ experienced people from the security and foreign policy complex, the parliament and government, on the other hand, are much more easily swayed by political opportunity. Even within the former, the presence of politically appointees (of lower professional ability and who often lack the skills to recognize and reject outside manipulation, or are busier advancing political objectives), together with the fact that the President and the MFA may often represent and be led by opposing political groups which are all but inclined to peaceful cohabitation, can cripple and paralyse the system to the extent that it renders it ineffective.

Moreover, in Romania, as in many other countries, there is a constant exchange and migration from the expert level to the decision-making level. In itself, this would not be such a bad thing, if it weren't for the closed character of the foreign, security and defence community in Romania, still very much a "gated", self-selecting community, working closely with the intelligence and state institutions, some promoting competing individual or group interests within these institutions. They quite liberally change hats, from experts to advisers/ decision-makers and back, as their respective

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<sup>28</sup> Who designs the general directions of national foreign, security and defence policy and who is the supreme commander of the armed forces, as well as the head of the Supreme Counsel for Defence, the institution responsible for decisions regarding the participation in international missions and for main issues regarding national security and defence policy.

groups win or lose power, essentially recirculating and reinforcing the same messages on and on within the same closed circle. Experts who should know better can be tempted to act as propaganda channels, indirectly propagating disinformation and directly influencing the decision-making process. Forging a community of foreign affairs experts that is more open and thus more immune to propaganda, with meritocratic internal mechanisms, with access to and dialogue with decision-makers, as well as funding truly independent think tanks is an urgent task for protecting Romania from Kremlin campaigns.

# BULGARIA

## **SOCIETY**

Bulgaria is amongst the European Union (EU) and NATO members where Russia's influence runs particularly strong. Weeks before its accession to the EU in January 2007, the Russian ambassador to the EU, Vladimir Chizhov, labelled the country a future "Trojan horse" for Moscow. Many analysts tend to invoke history – along with religious, cultural and linguistic bonds - as a blanket explanation why Bulgaria finds it hard to cut the umbilical cord to Moscow. That certainly is a valid point. Eastern Orthodoxy is the predominant religion in Bulgaria, ethnic Bulgarians speak a South Slavic language and use the Cyrillic; this is much like Russia, which adopted Christianity from Byzantium and as a result imported Church Slavonic, a liturgical language built upon dialects spoken in the Balkans that would have a tremendous impact on the development of today's Russian. Starting from the 18<sup>th</sup> century, the connection went into reverse. The Russian Empire exported its culture to the South Slavs and the tsars claimed patronage over co-religionists under Ottoman rule. Conflicts with the Porte culminated in the war of 1877-1878, which led to the emergence of a semi-independent Bulgarian state. Russia is celebrated, to this day, as a liberator and the equestrian statue of Emperor Alexander II dominates the square in front of Bulgaria's parliament, with the St. Alexander Nevsky cathedral towering from behind it. History plays an important role in diplomatic relations: in January 2008 (proclaimed "the Year of Russia in Bulgaria" on account of the 130 years from the liberation from Ottoman dominance), Vladimir Putin paid an official visit, which saw the conclusion of high-profile energy deals such as the Belene Nuclear Power Plant (NPP).

In truth, relations have never been harmonious. Thus, post-1878 Bulgaria went through a number of conflicts with the Russian Empire. Periods of alignment were followed by crises, as in the mid-1880s. Russophiles and Russophobes vied in domestic politics and in the First World War Russians and Bulgarians faced each other on the battlefield. It was only in the communist period that Bulgaria, an ally of Nazi Germany in 1941-1944, became closely integrated, at each conceivable level,

with the Soviet Union – to the extent that it won the unflattering sobriquet of “the Sixteenth Republic”. That was coupled with relative isolation from the West, particularly in comparison to the nations of Central Europe. The cult of the USSR became fused with the veneration of pre-1917 Russia, especially as the communist regime turned nationalistic from the 1960s on, repressed Muslim communities in the country, and demonized Turkey.

Though political and especially economic links weakened considerably after 1989 and the collapse of the Soviet Union in late 1991, the ideological and emotional bond remained robust, particularly amongst the supporters of the communist party, renamed BSP (typically small town and rural, elderly, with a lower level of education), which dominated the political scene all the way till 1997. The emergent opposition initially embraced the new Russia, but when it came to power, it presided over a turn to NATO (of which BSP held an ambivalent view) and the EU. The government led by the centre-right Union of Democratic Forces (UDF) did not shy away from confronting Russia in 1999, denying it access to Bulgaria’s air space during the closing days of NATO’s bombing campaign against Milošević’s Serbia. The decision strengthened ties with the Atlantic Alliance but also paved the way to opening membership talks with the EU at the end of the year. The governments that succeeded UDF, led by the former King Simeon Saxe-Cobourg Gotha (2001-2005) and BSP leader Sergey Stanishev (2005-2009) oversaw Bulgaria’s accession to NATO (2004) and the EU (2007). Bulgaria joined the ISAF mission in Afghanistan, supported the US invasion in Iraq and, in 2006, welcomed US troops on its territory. Sofia advocated NATO enlargement in the Black Sea area, though not as vocally as neighbouring Romania, and sold arms to Mikheil Saakashvili’s Georgia.

As Bulgaria joined both EU and NATO in 2004/2007, however, relations with Moscow blossomed. Projects of bilateral interest worth billions, such as the South Stream gas pipeline, the nuclear power plant at Belene and the oil pipeline between Burgas on the Black Sea and the Greek port of Alexandroupolis became the hallmark of the new era. President Georgi Parvanov (BSP, 2002-2012) praised the package as “Bulgaria’s grand slam.” This is what Boyko Borisov inherited in 2009 when he first became prime minister. He walked out from Burgas-Alexandroupolis and (tentatively) from the Belene NPP but continued to promote South Stream, a venture promising to bring profit to a range of politically connected Bulgarian businesses. Yet the crisis in Ukraine and the sharp downturn in relations between Russia and the West effectively put South Stream, subject to a long-standing regulatory dispute with the EU, to rest in the summer of 2014. Borisov, who then had a brief spell in opposition, has been pledging to bring it back to life and complaining about Brussels’ double standards (given the completion of Nord Stream and the initial steps towards Nord Stream 2).

However, the balancing act has become much harder to perform, as compared to the 2000s.<sup>1</sup>

Bulgarian society is characterized by low levels of trust in institutions and political elites. Negative perceptions of post-communist transition are common and the idealized portrayal of the pre-1989 past as a time of social cohesion, economic development and prosperity (at odds with the empirical reality attested by data on the period, especially the 1980s) has strong resonance. Still, while the memory of communism is hotly contested between the centre-left and the centre-right whose views are diametrically opposed, there is near consensus about post-communism: a survey from 2016 has found that only 10% of Bulgarians see it in a positive light, with 50% responding it has been a failure, particularly when it comes to the economy.<sup>2</sup> Sociological surveys register widespread pessimism, both before and after the economic crisis in 2008-2009, which ended a decade of vigorous growth. Pessimism is intimately connected to the striking absence of trust in society and confidence in public institutions. According to a survey from September 2017, only 12% hold a favourable view of parliament, 10% of the courts, and 9% of the prosecutor's office (as compared to respectively 44%, 58% and 49% negative views).<sup>3</sup> This is a hospitable environment for Russia to spread its anti-Western messaging. However, while anti-Western narratives are entrenched in the Bulgarian public sphere, they have not eroded support for EU and NATO membership, even at the height of the post-2008 crisis.

### **Instrumentalizing “family ties”**

Russia considers Bulgarian society, or large parts thereof, as an ally in the current contest with the West. It provides a backdoor to Bulgarian politics as well as resources for the propaganda campaigns abroad.

*Bulgaria as part of a pro-Russian bloc.* Bulgaria belongs to a group of generally pro-Russian members of the EU in Southern and Central Europe - from Cyprus, to Hungary, to Austria and Italy. They are often Moscow's allies in pushing back against Western sanctions imposed in 2014 over Crimea and the war in Ukraine. Prime Minister Boyko Borisov and especially the president, Ret. General Rumen Radev, have been vocal in criticizing the sanctions as counterproductive (though doing little to have them removed, in fairness).

<sup>1</sup> See Dimitar Bechev, *Rival Power: Russia in Southeast Europe*, Yale UP, 2017. Chapter 4.

<sup>2</sup> Alpha Research. *The Transition: Myths and Memory. 25 Years Later*, 9 November 2014.  
[http://alpharesearch.bg/userfiles/file/Prehod\\_press\\_release\\_\\_091114.pdf](http://alpharesearch.bg/userfiles/file/Prehod_press_release__091114.pdf)

<sup>3</sup> Alpha Research: *Distrust Prevails regarding the Government's Fight Against Corruption*, Capital, 27 September 2017.  
[http://www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2017/09/27/3049184\\_alfa\\_risurch\\_dominira\\_nedoverie\\_kum\\_borbata\\_s/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2017/09/27/3049184_alfa_risurch_dominira_nedoverie_kum_borbata_s/)

*Bulgaria's propaganda value.* Pro-Kremlin media, in both Russia and Bulgaria, portray the country as marginalized and disillusioned by EU membership, a failed case of political and market transformation testifying to the hollowness of Western policies for the past quarter of a century. Propaganda portrayals of Bulgaria bank on the distinction between 'venal elites selling their country to the West' and the 'population at large drawn to their Russian brethren'.<sup>4</sup>

Bulgaria is currently the EU member state with the highest relative share of Muslims (12% of the population of 7 million), a neighbour to Turkey and exposed to the influx of refugees from Syria, Iraq, Afghanistan etc. It fits the narrative of Russia as a bulwark of traditional Christian values against the threat of cultural contamination, appealing to Europe's conservatives, as well as to the far right.

## **The rise of populism and social discontent with the West**

Though knowledge of Russian language and familiarity with contemporary Russian society and culture has receded since 1989, Russia remains popular. History education plays a role, as it emphasizes moments of convergence (e.g. the 1877-1878 war of liberation) over conflict. Most Bulgarians, however, do not see Russia as an alternative to EU and NATO membership, but as a complement. In March 2015, a survey by Alpha Research, a respected polling agency, found that even after the invasion of Ukraine, 50% of respondents held positive views of Russia, of which 6.9% admitted that the annexation of Crimea reinforced their attitude. While the share of those holding a negative opinion had grown rapidly from 9 to 40%, compared to a year before, the shift was not as dramatic as elsewhere in the EU, where the average percentage was 57%. Importantly the survey found that 61% of Bulgarian citizens were against new sanctions against Russia, while the rest were in favour. Unsurprisingly, pro-Russian views are most common with supporters of the Bulgarian Socialist Party (BSP), the Alternative for Bulgarian Revival (ABV, a splinter from the BSP) and Ataka. Between 59 and 62% of the latter say they will vote for Russia and against EU and NATO in a putative referendum.<sup>5</sup>

Russian influence feeds off social discontent and receptivity to populism (which has been the norm in Bulgarian politics since 2001, when the former king won a landslide election promising to clean politics), not an anti-systemic phenomenon. As both survey data and anecdotal evidence attest, the Western narrative of liberal

<sup>4</sup> See for example the documentary "Bolagariya. Bratushki" (Bulgaria, Dear Brothers) by journalist Arkady Mamontov aired on Rossiya-24 in November 2016. [https://www.youtube.com/watch?v=hEsNE4E6R\\_c](https://www.youtube.com/watch?v=hEsNE4E6R_c)

<sup>5</sup> Alpha Research. The Russia-Ukraine Conflict and National Security, March 2015.

[http://alpharesearch.bg/bg//socialni\\_izsledvania/socialni\\_publicacii/balgarskata-vanshna-politika-konflikta-rusiya-ukrayna-i-nacionalnata-ni-sigurnost.841.html](http://alpharesearch.bg/bg//socialni_izsledvania/socialni_publicacii/balgarskata-vanshna-politika-konflikta-rusiya-ukrayna-i-nacionalnata-ni-sigurnost.841.html)

democracy and market economy as a path to prosperity and good governance has, at best, shallow roots in Bulgarian society, Russia's disruptive influence targeting the cracks in the pro-Western consensus and presenting itself as a full-fledged alternative to the US and EU-imposed political and social order.

What facilitates Russian influence in more recent years is the rise of nationalism and xenophobia. The so-called refugee crisis, coming to Bulgaria as early as 2013-2014 with the arrival of several thousands of asylum seekers from Syria, Afghanistan, Iraq etc. through the Turkish border, laid bare the alarming level of intolerance in society. United Patriots (UP), a far-right bloc including Ataka, is now part of the governing coalition (more below). Though not all nationalists are pro-Russian, virtually all pro-Russians are nationalists, whether of the communist-nostalgic or the far-right variety (the boundary between the two is often blurred).

### **From each according to their abilities**

The annual report on the state of national security by the State Agency for National Security refers to "attempts to shape public opinion through disinformation, propaganda campaigns, manipulating media, using social networks to channel misleading information, funding parties and populist organizations, as well as initiatives of populist pleaders to manipulate constituencies and causing confusion amongst the population".<sup>6</sup> While the list is not exhaustive, it maps out the main channels which the Russian state - as well as assorted para-state structures such as the Russian Orthodox Church, but also NGOs, nationalist activists, intellectuals, media, businesses close to the authorities in Moscow, transnational criminal syndicates etc. - use to project influence over Bulgarian society at large and over public life. What follows is a brief sketch of dissemination channels and agents that have to do with society, as opposed to the economy or party politics (examined later in the paper).

*Civil society.* Groups such as the so-called Russofili (Russophiles) National Movement boast more than 220 local chapters and 35,000 members. It is presided over by Nickolay Malinov, a businessman, media publisher and former member of the BSP leadership, with ties to Russian oligarch Konstantin Malofeev (early sponsor of the so-called Russian Spring in Crimea and the Donbas who has been placed on the Western sanctions list). Rusofili organise a highly publicized annual meeting in central Bulgaria where the flags of the Soviet Union and even the self-proclaimed Donetsk and Lugansk People's Republics are not a rare sight. There are displays of attachment

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<sup>6</sup> Council of Ministers of the Republic of Bulgaria, Report on the State of National Security in 2016, Sofia, September 2017. [ftp://193.109.55.85/30\\_08\\_2017/702-00-34\\_Godishen\\_doklad\\_sastoyanie\\_natsionalna\\_sigurnost\\_RB\\_2016.PDF](ftp://193.109.55.85/30_08_2017/702-00-34_Godishen_doklad_sastoyanie_natsionalna_sigurnost_RB_2016.PDF)

to Russia around historic dates linked to the 1877-1888 war against the Ottomans as well as to the Second World War (e.g. 9 May, celebrated as Victory Day in Russia and the former Soviet Union; 9 September – the date in 1944 when the Bulgarian Communist Party seized power). Such public events project a narrative of historic bonds between Bulgaria and elder-brother Russia bridging the struggle against Ottoman domination and the defeat of fascism. Additionally, as elsewhere in Central and Eastern Europe (CEE), there are other extremist factions that have become more prominent. The Vasil Levsky Military Union, a.k.a. Bulgarian National Volunteer Corps “Shipka” made the news in 2016 by launching vigilante patrols along the border with Turkey.

*The Bulgarian Orthodox Church.* Links with the Russian Orthodox Church are extensive. Patriarch Neophyte was partly educated in Moscow, as have most other members of the Holy Synod. In 2016, he was awarded the Unity of Orthodox People medal, given to a number of public figures in recognition of their contribution to links with Russia. The patriarch drew public criticism recently when he received Russia’s Prosecutor General Yury Chaika, a Putin loyalist implicated in corruption scandals who was on an official visit to Sofia.

*Media.* Media play a central role in spreading the Kremlin message - e.g. ‘US has a destructive impact on global affairs – exporting war, radicalism, and insurgencies against legitimate governments, leading to strife and chaos’, ‘the West is aiding and abetting Nazism (as in post-Maidan Ukraine) and also gives support to jihadi militants (as in Syria)’; ‘the EU is suffering an existential crisis and is on the verge of collapse’, ‘Russia is a force for good opposing Western hegemony and defending the underdogs and victims of American interventionism’, ‘refugees and Islam threaten Europe’s core values and internal cohesion’, ‘post-1989 pro-Western reforms have destroyed society and prompted economic decay’, ‘Russia is offering opportunities for development through energy cooperation and access to its vast markets’. Russia-friendly attitudes in Bulgaria mean that both anti-Western and pro-Russian messages have resonance (unlike in Romania where there is an emphasis on the former).<sup>7</sup>

Although available on the Internet and through cable operators, Moscow media (e.g. major TV stations, main dailies) do not have a large audience as knowledge of Russian is in steady decline. Russian state and para-state institutions sponsor local media, e.g. *Ruski dnevnik* - part of the Russia Beyond the Headlines (RBTH) media project<sup>8</sup> supported by the Russian Federation government – is distributed together

<sup>7</sup> For a detailed analysis of the content of such propaganda, see Dimitar Vatsov et al. *Anti-Democratic Propaganda in Bulgaria*, Human and Social Studies Foundation, 2017. [http://hssfoundation.org/wp-content/uploads/2017/04/REPORT\\_PART1\\_EN.pdf](http://hssfoundation.org/wp-content/uploads/2017/04/REPORT_PART1_EN.pdf)

<sup>8</sup> RBTH is a project supported by the *Rossiyskaya Gazeta*, a newspaper run by the Russian government. It publishes content in multiple languages, which is spread through partnerships with major newspapers worldwide, including *The Washington Post*, *Le Figaro*, *Handelsblatt*.

with Duma (*The Word*), loosely affiliated with BSP and owned between 2009-2015 by the Rusofili's head, Nikolay Malinov. However, they are mostly preaching to the converted. The same is true of current affairs magazines such as *a-specto*, financed by a Bulgarian businessman, taking a radically anti-US and, to a lesser degree, anti-EU stance under the guise of leftist critique of globalisation and capitalism. Much more consequential are stories and news items circulating through the internet – through an ecosystem of news portals and information websites (e.g. *Bulgarski pogled*, *Budna era*, *Bradva* etc.) whose content is popularized on social media. Russian propaganda, including fake news and conspiracy theories<sup>9</sup>, often makes it to tabloids and popular websites associated with the main player on the market, New Bulgarian Media Holding group (NBMH) linked to controversial oligarch Delyan Peevski (whose appointment as head of the National Security Agency triggered a wave of street protests in the summer of 2013). Though NBMH is not inherently anti-Western and its main mission is to serve the powerful of the day (currently, Borisov and GERB), it panders to populism and portrays Putin and Russia in a favourable light. Moreover, it has been smearing its critics as stooges of George Soros and US agents.

The main television channels – bTV and NOVA (which is rumoured to be close to Peevski's NBMH or even facing a takeover) – offer neutral to positive coverage of Russia. Public broadcaster BNT on occasion runs critical stories, thanks to its former correspondents in Moscow who covered the 2011-2012 protests against the rigged Duma elections. Yet there is a wealth of hard-line pro-Kremlin commentators and opinion-makers whose views are aired on a daily basis, e.g. the popular early morning talk shows. Similarly, the Bulgarian National Radio, which otherwise counts as a balanced and critical media outlet, has a political programme hosted by one of the most unapologetic pro-Kremlin and anti-Western journalists, Petar Volgin. Individuals of similar persuasion have moved from media into political positions: e.g. journalists from *a-specto* have joined President Radev's team and one has even become his chief of staff.

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<sup>9</sup> For instance, commentators linked the terror attack at Burgas airport on 18 July 2012, causing the deaths of several Israeli tourists and a Bulgarian bus driver and blamed by the Bulgarian and the Israeli governments on Hezbollah, with a US plot aimed at justifying military intervention in Syria.

## **ECONOMY**

Politically, Bulgaria may be balancing between the West and Russia but in economic terms it is clearly within the Western sphere. It is a small, open economy (trade accounts for 63.6% of GDP in 2016, according to the World Bank), which is closely integrated into the EU's single market. Financial transfers from the rest of the Union (structural funds, FDI, remittances) drive economic growth. Integration is facilitated by the monetary regime in place. The national currency, the lev, was originally pegged to the German Mark in 1997 and now to the euro. In the period between 2001 and 2008, Bulgaria expanded by an annual average of more than 6%, but then took a sharp plunge along with foreign investment (from 30% GDP in 2007 to just 2.4% in 2010 and little more than 3% at present). Growth returned in 2011 but at lower levels compared to before 2008. The European Commission projects growth at 2.9% in 2017, while the government is more bullish and forecasts 4%.<sup>10</sup> That is clearly not enough to recover consumer and business confidence, let alone catch up with Europe's "core". By way of comparison, Romania grew by an impressive 5% in 2016.

Exports are an important driver now, as opposed to FDI and domestic consumption before the crisis. They account for about a third of GDP, reaching a record €23 bn (48% of GDP) in 2016. The EU absorbs two-thirds. Exports to the rest of the Union correspond to close to 35% of GDP, as compared to 26-27% before the crisis. Sectors like manufacturing and IT have been at the forefront of the trend. Businesses have found a place in pan-European supply chains, e.g. in the automotive industry.

EU funds are a major contributor to the economy, as elsewhere in Central and Eastern Europe. One study has found that they add nearly a tenth to GDP growth and expand employment by 4.8%. In 2007-2014, the net transfers from the EU budget on annual basis reached 4% of Bulgarian GDP. EU money is invested mostly

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<sup>10</sup> European Commission (DG Economic and Financial Affairs), Economic Forecast for Bulgaria. [https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/bulgaria/economic-forecast-bulgaria\\_en](https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/bulgaria/economic-forecast-bulgaria_en)

in infrastructure but also rural development, training and other measures to improve competitiveness. However, inflows of substantial resources from outside the country have their dark side. While it is certain that without the financial support from Brussels the economy would have fared much worse during the crisis and the recession of 2009-2010 would have lasted longer, there are serious concerns about misappropriation, political clientelism and corruption at various levels.

Russia is also a key trading partner – much more on the side of imports (thanks to oil and gas which account for 75% of the whole) than exports (see Table 1). According to the National Statistical Institute, around 15% of goods entering Bulgaria originate from the Russian Federation, as compared to just under 3% of the country's exports flowing the other way. The largest export item is pharmaceuticals (around one-third of the total).<sup>11</sup> Despite the sanctions and the Russian counter-measures, 2016 saw a true surge in Bulgarian exports, which more than doubled. However, the upswing is a temporary phenomenon – it has to do with the repatriation of the pipes which were originally intended for the South Stream pipeline and were stored for a couple of years at the port of Burgas. As Table 2 shows, Russia has built a stock of investment in the Bulgarian economy. About half has gone into the Lukoil refinery at Burgas and the VTB investment into Vivacom (more below) and another half has been directed to the real estate sector (see Table 3). In 2016, Russia invested €22.9 million, which is 3.5% of total FDI in Bulgaria. Yet one should bear in mind that Russian capital is invested through third-countries such as Cyprus, the Netherlands (where Lukoil is headquartered), Austria, along with offshore jurisdictions.

**Table 1: Trade with Russia (in \$)**

Year	Imports	Exports	Turnover	Balance
2006	4168.5	228.4	3940.1	- 3711.7
2007	4159.3	446.3	3713.0	- 3266.7
2008	5983.4	614.4	5369.0	- 4754.6
2009	3533.0	407.5	3125.5	- 2718.0
2010	4694.3	587.7	4106.6	- 3518.9
2011	6465.7	730.7	5735.0	- 5004.3
2012	7529.2	721.7	6807.5	- 6085.8
2013	7118.3	756.8	6361.5	- 5604.7
2014	6041.5	707.3	5334.2	- 4626.9

Source: Republic of Bulgaria Industry Centre in Moscow,  
<http://www.cprb.ru/display.php?bg/bg-ru>

<sup>11</sup><http://www.nsi.bg/en>

**Table 2: Russian investment in Bulgaria**

<b>Years</b>	<b>Millions of euro</b>
<b>2008</b>	298.2
<b>2009</b>	166.1
<b>2010</b>	202.8
<b>2011</b>	179.4
<b>2012</b>	165.8
<b>2013</b>	75.9
<b>2014</b>	173.0
<b>2015</b>	54.7
<b>2016</b>	22.9

*Source: Bulgarian National Bank*

**Table 3: Real estate purchases by Russian entities (individuals, companies)**

<b>Years</b>	<b>Millions of euro</b>
<b>2006</b>	459
<b>2007</b>	1740
<b>2008</b>	4640
<b>2009</b>	7333
<b>2010</b>	9110
<b>2011</b>	10860
<b>2012</b>	11779
<b>2013</b>	9590
<b>2014</b>	8989
<b>2015</b>	4489
<b>2016</b>	1652

*Source: National Registry Agency (Sluzhba po vpisvaniyata)*

Though the macro picture is overall positive, the prevailing narrative in Bulgaria is that EU accession has failed to work as a shortcut to prosperity. There is some truth in such a view, to be sure. The life experience of ordinary Bulgarians certainly sits at odds with the bird's eye view of the economy. Thus, the minimum salary has grown 2.5 times between 2007-2017 but it is still at €230. The average pension is €170. Still, unemployment is lower than in the 1990s. Bulgaria is still the poorest EU member,

with GDP per capita (in PPP terms) at 48.1% of the EU-27 average (up from around 29% in 1999 and 40.8% in 2007). It lags behind both Croatia and Romania, as well as Turkey, a candidate country. Whether Bulgaria closes the gap or not in the coming years and decades depends on the future shape of the EU but even more on reforms undertaken at home to sustain and accelerate growth. Combined with the negative demographic trend (annual drop of about 40,000 people according to the National Statistical Institute), the deficiencies in the education system (as demonstrated by the disappointing scores in the PISA exercise and other international indicators) and the low levels of R&D spending and innovation are further impediments. As demonstrated by numerous studies, corruption and state capture take their toll on growth as well.

This patchy picture feeds into perceptions of decline and economic failure, which is central to the discourse of pre-1989 as the lost golden era of Bulgarian development. Pro-Russian actors have been taking advantage of that to make a case for closer cooperation with the Russian Federation as a springboard towards the “reindustrialization” of Bulgaria and recovery of vast markets to the east, lost because of the pro-EU and NATO turn in the 1990s.

### **Foreign interests in Bulgarian economy. Making sure the energy that fuels it stays “Russia red”**

The Russian footprint in the Bulgarian economy is relatively substantial, though concentrated in several sectors – energy, real estate, tourism etc. *The Kremlin’s Playbook*, a much-publicized report by the Centre for Strategic and International Studies and the Sofia-based Centre for the Study of Democracy estimates the share of Bulgarian economy linked to or controlled by Russian actors at 20% of GDP, which is significant.<sup>12</sup> One has to keep in mind that there are a variety of actors involved on the Russian side – including the government, through state-controlled firms such as Gazprom, its oil subsidiary Gazpromneft, or banks like VTB; big private corporations such as Lukoil; all the way to small investors such as the Russian owners of vacation properties along Bulgaria’s Black Sea coast.

Russia pursues several long-term objectives:

*Protect the interests of big Russian companies present in Bulgaria.* Since 1999, Lukoil Neftochim has owned the country’s sole refinery, near Burgas (largest capacity in Southeast Europe outside Greece and Turkey) and is a leader, or even quasi-monopolist, on the diesel and petrol retail market. Gazprom holds a near monopoly

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<sup>12</sup> Heather Conley, James Mina, Ruslan Stefanov and Martin Vladimirov, *The Kremlin’s Playbook, Understanding Russian Influence in Central and Eastern Europe*, Center for Strategic and International Studies and the Center for the Study of Democracy, 2016. <https://www.csis.org/analysis/kremlin-playbook>

when it comes to natural gas deliveries - about 2 billion cubic meters (bcm) annually. Bulgaria's only nuclear power plant (NPP) at Kozloduy runs on Soviet/Russian technology. The Bulgarian government owes €550 million to Rosatom over the discontinued project to build a second NPP near Belene. The sum was awarded by the Arbitral Tribunal in Geneva (June 2016). VTB, a state-owned Russian bank, has been a minority shareholder in Bulgaria's largest telecommunication company, Vivacom (which succeeded former state telecom BTK) since 2012. In March 2014, Bulgarian authorities announced that South Stream would be built by Stroytransgaz, owned by businessman Gennady Timchenko – part of Putin's closer circle. Moscow media had announced Timchenko as the winner of the public contract months before that, even before the Bulgarian government had announced a tender.

*Use Bulgaria as an ally in external energy diplomacy.* Bulgaria has been a critical piece in plans to build a gas transit corridor through Southeast Europe. First, in the context of the South Stream pipeline, which was launched in 2006 and abandoned eight years later, after the annexation of Crimea; more recently, in connection to the TurkStream project and its potential extension into the EU. South Stream ran into trouble with the European Commission as its overland section violated the competition provisions of the so-called Third Energy Package (TEP). Though Russia was hoping that the Bulgarian government would lobby for an exception from the requirement to provide access to the future pipeline to rival gas suppliers, negotiations between Gazprom and Brussels regulators fell apart in the spring of 2014, effectively killing the project. However, for the past several years, Bulgaria has been discussing with European Commission plans for the so-called Balkan Gas Hub near Varna and is hopeful that it would be supplied, in part, with volumes shipped through TurkStream's second leg (with projected capacity 15.75 billion cubic meters or bcm, as compared to 63 bcm for South Stream).

*Slow down diversification of gas supply sources.* Extend the monopoly over the Bulgarian market – e.g. by working with vested interests and lobbies in state-owned companies Bulgargaz and Bulgartransgaz, as well as at the level of the Bulgarian Energy Holding (BEH), the umbrella structure overseeing public companies in the sector. Insist on exceptions from EU legislation on non-discriminatory access of competing suppliers to existing infrastructure.

*Manipulate economic links to attain foreign policy goals.* Bulgarian leaders, including Prime Minister Boyko Borisov and President Rumen Radev have consistently opposed the sanctions as detrimental to national economic interests. Although the ban on food imports from the EU has had a marginal impact on Bulgarian producers (who had been cut off from the Russian market for years) and exports have stayed stable (and even risen sharply in 2016!), Sofia has been arguing that it has suffered in

the name of EU solidarity. While its weight in collective decision-making is limited, Bulgaria gravitates to the group of pro-engagement members of the EU.

*Use Bulgaria as a safe haven.* There have been reports of prominent members of the Russian elite keeping assets in Bulgaria. These include Deputy Prime Minister Dmitry Kozak and Vladimir Pligin, head of the Duma's legal affairs committee, who is on the Western sanctions list. A major investor is former Moscow mayor Yuri Luzhkov whose wife, Elena Baturina, has been in charge of a €120 million tourism and health centre near Varna built in 2010. The deal was facilitated, on the Bulgarian side, by the pre-1989 head of the Komsomol (the Bulgarian Communist Party youth branch), Stanka Shopova. There have been revelations that other key figures from the ex-USSR such as former Ukrainian President Victor Yanukovich had invested in Bulgarian real estate too, along with a host of Armenian politicians.<sup>13</sup>

### **Opaque sectorial governance as a facilitator for external control**

There are a number of conditions contributing to Russia's continued economic influence inside Bulgaria. They include lack of governance transparency, pervasive state capture, political meddling into the work of regulatory bodies, links between Bulgarian and Russian business and political elites, and the absence of properly working accountability mechanisms.

A case in point is the story of the Corporate Commercial Bank (Corpbank or KTB), which was Bulgaria's fourth largest lender until it went bankrupt in the summer of 2014. KTB was no ordinary financial institution but a political slush fund on a grand scale with connection to most, if not all, parties. Starting from the early 2000s the bank grew from obscurity into Bulgaria's fourth largest in terms of assets – and first in terms of deposit growth. By an unwritten rule, key state-owned companies, particularly in energy (dominated by the Bulgarian Energy Holding, BEH)<sup>14</sup>, would deposit their money exclusively with KTB. CEO Tzvetan Vassilev, the majority stakeholder, would then extend preferential credit to businesses close to power, notably the New Media Group around the young MP from the Movement of Rights and Freedoms (MRF) Delyan Peevski and his mother. In turn, Peevski's media empire, holding a near monopoly on press distribution, would provide comfort to successive governments, completing the elaborate state-capture scheme.<sup>15</sup>

<sup>13</sup> Will Russia Buy Bulgaria, *Mediapool*, 6 October 2016. (in Bulgarian) <http://www.mediapool.bg/shte-kupi-li-rusiy-a-bulgaria-news254765.html>

<sup>14</sup> BEH is an umbrella structure uniting the major public companies in the sector, including Bulgargaz, Bulgartransgaz, the Kozloduy NPP, the National Electricity Company (NEC), the lignite coalmines and one of the thermal power plants (TPP) at Maritza Iztok.

<sup>15</sup> Zornitsa Markova, *KTB State, the Story of Bulgaria's Biggest Bankruptcy or How State Capture Works*, Iztok – Zapad, 2017. (in Bulgarian)

VTB, a Russian state bank, was part of the scheme as it controlled one-third of the KTB shares. Its interests in Bulgaria are represented by Milen Velchev, a minister of finance between 2001-2005. KTB was amongst the investors in the Bulgarian section of the South Stream pipeline. The bank went downhill in the first half of 2014, when the European Commission froze funding to the Bulgarian government over irregularities in the tendering procedure. The setback triggered a clash between Peevski and Vassilev, whose partnership had already come under strain. A media attack against KTB led to a probe by the Prosecutor General (said to be linked to Peevski and MRF) and a bank run which ultimately destroyed KTB and wiped out more than €2 bn, or 5% of Bulgaria's GDP. But after the bankruptcy, VTB (which refused to bail KTB out) succeeded in retaining stake in strategic assets formerly controlled by the bank – e.g. Vivacom, which was taken over, in 2016, by a London-based Bulgarian businessman with a shady past who acted in partnership with the Russian bank. In short, a Russian entity played a significant, though probably not a leading part, in the single most important scandal that has rocked the Bulgarian political system for a long time.

Another relevant story concerns Lukoil Neftochim, the largest company in Bulgaria. Its CEO, Valentin Zlatev was billed by no one else but US Ambassador John Beyerle in a leaked cable as a “vastly influential king-maker and behind-the-scenes power broker”.<sup>16</sup> Zlatev, who has long-standing ties to the Prime Minister Boyko Borisov, stepped in as a mediator between Sofia and Rosatom, the Russian State Atomic Energy Corporation, during negotiations over the Belene nuclear power plant (NPP) in 2011. The same year, the government carried out a probe against the large company on suspicions of tax avoidance and petrol smuggling. The investigation was inconclusive and Lukoil was allowed to resume full operation, even if no proper metering devices had been installed – which was the main issue at stake. Bivol, an anti-graft whistle-blower website, alleges that the Rosenets sea terminal operated by Lukoil is a de facto tax-free trading zone outside the purview of the Sofia government.<sup>17</sup> There have been further allegations that Lukoil has consistently inflated its losses and engaged in a transfer-pricing scheme through a Swiss subsidiary in order to avoid paying corporate tax and VAT.<sup>18</sup> However, suspicions that the Bulgarian petrol market is dominated by a cartel led by Lukoil have not led anywhere. In March 2017, the Competition Commission, a state regulator, concluded that there was no cartel in operation but rather an “oligopolistic market”.

<sup>16</sup> Bulgaria's Most Famous Politician: Great Hopes, Murky Ties. 9 May 2006. [https://wikileaks.org/plusd/cables/06SOFIA647\\_a.html](https://wikileaks.org/plusd/cables/06SOFIA647_a.html)

<sup>17</sup> Bulgaria Provides an Enclave to the Russians for 860,000 Euro a Year, *Bivol*, 4 May 2015. <https://bivol.bg/en/bulgaria-provides-enclave-to-russians-for-860000-euro-a-year.html>

<sup>18</sup> Risk Studies Laboratory, Grounded Suspicions of Harming the Republic of Bulgaria's Budget through the Price of Crude Oil], June 2015. <http://www.riskmanagementlab.com> (in Bulgarian)

Public discourse is itself a factor potentially facilitating Russia's influence over the Bulgarian economy. The perception of crisis and economic decline in the country gives Moscow tailwind. Large-scale ventures involving Russia are billed by their backers as a route to economic rebirth after years of Western-oriented policies that have, allegedly, ruined local industries and impoverished the nation. Conversely, sanctions against Russia are presented as detrimental to the national economy. In the same vein, pro-Russian voices paint the termination of high-profile projects such as Belene NPP and South Stream as a loss to Bulgaria favouring its competitors, whether these are Turkey or Greece (as a transit route for Russian gas to the West), or Romania (on account of its nuclear industry). Europe has been blamed for double standards, including by Prime Minister Borisov: allowing Nord Stream but putting brakes on South Stream. EU policies, such as the encouragement of renewables to address climate changes, are presented as imposing extra costs on consumers and enriching a host of well-connected pro-Western business people, in contrast to "cheap" nuclear energy based on Russian technology. The closure of four units in the Kozloduy NPP under EU pressure in the 2000s, as a condition for Bulgaria's membership, stands as proof to that. In parallel, US corporations, such as Chevron, stand accused of pushing ahead with risky fracking technologies bringing ruin to the environment, especially in northeastern Bulgaria where agriculture is well developed. Analysts have blamed anti-fracking protests in Bulgaria in 2012 on Russian meddling, though the main drivers were bona fide environmental activists.

### **State capture and corruption: nefarious influence from within**

Russian economic influence works through formal and informal channels. The formal channels involve dealings between the Bulgarian government or public companies and Russian companies or state bodies. Examples include the negotiations of big infrastructure projects, such as the Belene NPP, South Stream and the aborted Burgas-Alexandroupolis oil pipeline, dubbed once by President Georgi Parvanov as "the energy grand slam", as well as the periodic renegotiations of the Long-Term Contracts (LTCs) allowing for deliveries of Russian gas. The Russian side has consistently applied carrots and sticks to make Bulgaria cooperate. Thus, the European Commission anti-trust investigation into Gazprom's operations in the EU found out that the Russian company had conditioned a discount on gas on Sofia's endorsement of South Stream. As it is widely known, the fragmented nature of European gas markets has traditionally allowed Gazprom to charge different – and often vastly divergent – prices to different customers depending on the size of the markets but also on whether there is an alternative supplier. That results in bargaining power for Moscow (it is important to note that gas contracts are underwritten by governments). However, the opposite is also true – Bulgarian

authorities were using South Stream as leverage against Russia in a bid to lower the price and scrap disadvantageous clauses in the LTC (e.g. the take-or-pay conditions).

Of much greater importance are the informal channels of influence. Thanks to their connections to Bulgarian businesses and political actors, Russian entities (energy firms, banks, influential individuals, the Kremlin) are able to influence decisions “from within”. South Stream was endorsed by the Bulgarian authorities because Timchenko’s Stroytransgaz agreed to include in the list of subcontractors a group of Bulgarian companies with strong connections to different political parties: the list included a subsidiary of Vodstroy 98, linked to the MRF party and Delyan Peevski (see above), Technoexportstroy, which was managed by former President Georgi Parvanov’s secretary, as well as Glavbolgarstroy, which had handled large public contracts during Boyko Borisov’s first term in office (2009–2012). There was also a company connected to the First Investment Bank, a large, domestically owned lender with ties to both Borisov’s GERB and MRF/Peevski. Similarly, Risk Engineering, a company active in the nuclear energy business, played a central part as a go-between in the Belene NPP story and was one of the beneficiaries of the €837 million disbursed by the National Electric Company (NEC) in the initial stages of the project which was “frozen” in 2012 mainly due to the impossibility to find a strategic investor from outside Bulgaria to foot the bill.

In other words, large-scale ventures involving Russia have been a critical mechanism for redistribution of rents and public resources to a range of actors in Bulgarian business and politics. Informal connections, patron-client relationships and backroom deals then work as sources of leverage that play into the hands of the Kremlin in the interaction with Bulgarian authorities.<sup>19</sup>

It is also important to note that the business-cum-political networks in question willing to work with Russia (and also pressure Russia for rents and concessions) are well ensconced in other sectors of public life. The KTB affair and its aftermath, including the saga around Vivacom, for instance, have put on display the close connections between the oligarchic group around Peevski and the Office of the Prosecutor General (part of the judiciary rather than of the executive branch in Bulgaria and therefore largely insulated from public scrutiny). One has to also take into account the near-monopoly enjoyed by Peevski’s New Bulgarian Media Holding (NBMH), especially with regard to print and online outlets. As a rule, NBMH extends positive coverage of Russian ventures in the energy sector and therefore contributes to limiting accountability.

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<sup>19</sup> Atanas Georgiev, Galya Alexandrova, Ilin Stanev, Stefan Popov and Julian Popov (eds), *South Stream and State Capture*, RiskMonitor, November 2016 (in Bulgarian).

## POLITICS

Traditionally, the main advocate of close links with Russia has been the Bulgarian Socialist Party (BSP).<sup>20</sup> BSP succeeded the Bulgarian Communist Party (BCP), which ruled the country between 1944 and 1989. The party, originating from the so-called “narrow faction” of the Social Democrats, rose to prominence right after the First World War to become one of the most numerous and strongest communist groups anywhere in Eastern Europe, performing strongly in national elections (e.g. finishing second in 1920 with 22% of votes after the left-leaning Bulgarian Agrarian People’s Union). BCP head Georgi Dimitrov led the Communist International (Comintern) until its disbandment in 1943. During the socialist period, BCP led a policy of close collaboration with the Soviets, to the point of proposing that Bulgaria join USSR as its 16<sup>th</sup> republic.

A good number of the party’s upper echelons were schooled in Moscow and/or had spouses from the Soviet Union. That applies to BCP “reformist” cadres who took the helm after changes in 1989, when Todor Zhivkov (who lead Bulgaria since the mid-1950s) was deposed in an intra-party coup coordinated with the Soviet Embassy. Andrey Lukanov, who served as prime minister in 1990 and was the driving force behind early economic reforms, was born and raised in Moscow by Bulgarian emigrés. Sergei Stanishev, party leader from 2001 till 2014 and prime minister between 2005-2009, was born in Kherson (now in Ukraine) and is thought to have held Russian Federation citizenship until the mid-1990s when he graduated from the Moscow State University (MGU). Senior members of the party or business people linked to it have profited from ties to Russia. The current chair, Kornelia Ninova, similarly advocates maintaining connections to Russia – and lifting the sanctions, as does President Rumen Radev (non-affiliated but elected on a BSP ticket). While the party leadership by and large supports EU and NATO membership, a good chunk of

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<sup>20</sup> BSP won 27.93% in the last general elections in March 2017. It lost to Boyko Borisov’s GERB (33.54%). United Patriots garnered 9.31%, ahead of the Movement for Rights and Freedoms (MRF) with 9.24%

its elderly constituents are for deeper integration with Russia – e.g. in the context of the Eurasian Economic Union (EEU). BSP was last in power in 2013-2014, in coalition with the Movement for Rights and Freedoms (see below). The coalition collapsed due to infighting amplified by the cancellation of the South Stream project and KTB's dramatic bankruptcy.

Citizens for European Development of Bulgaria (GERB or Coat of Arms) is the main political force in the country on the centre right. GERB was formed by current Prime Minister Boyko Borisov in 2007. It claims to draw on the tradition of the 1990s anti-communist opposition, which was strongly pro-NATO, and pro-EU and for breaking ties with Russia. At the same time, Borisov pursues a middle-of-the-road policy of seeking economic opportunities in dealing with Russia and supporting certain energy projects (gas pipelines) while bailing out from others (Burgas-Alexandroupolis) and keeping options open on yet others (Belene NPP). His position on Russia is defined by risk aversion, because of the external but also domestic side effects of confronting Moscow.

While in 2014-2017, GERB ruled in a coalition with the so-called Reformist Bloc (a grouping of centre-right parties hailing from the 1990s opposition, for the most part very critical towards Russia), it is now in government together with the United Patriots (UP). The latter is a cartel of three nationalist/populist/far-right parties who overcame differences to maximize their vote. One is Ataka (Attack), which has a track record of being anti-EU and anti-NATO/US while supporting Russia openly (including, but not only, with respect to the annexation of Crimea). There are allegations the party has been funded directly by the Russians. In 2014, its leader Volen Siderov launched his campaign for European Parliament elections from Moscow. Since joining the Patriotic Bloc, Ataka has toned down its anti-Western rhetoric. The other two UP members, VMRO-Bulgarian National Movement and the National Front for the Salvation of Bulgaria (NFSB) play a more central part in the coalition (NFSB's leader is a deputy prime minister, VMRO controls the ministry of defence).

The Movement of Rights and Freedoms (MRF), currently in opposition, is another key player on the Bulgarian political scene. It draws support mostly from the country's Turks and other Muslims (Pomaks, Roma). MRF was the kingmaker in several coalitions between 2001-2014 and has a prominent business wing. Delyan Peevski, the controversial oligarch who is at the centre of the latter, has had dealings with Russian entities – e.g. in the context of the South Stream pipeline. In December 2015, following an intervention from the MRF founder and behind-the-scenes leader Ahmet Dogan, the party sacked its chairman Lütfi Mestan. The formal reason was the latter's taking the side of Turkey in the spat with Russia after the downing of a fighter

jet at the border with Syria. Dogan made a high-profile speech about the rising importance of Russia.

The smallest grouping in the Bulgaria parliament is formed by Volya ("Will", 4.26% of the vote), a populist party established by businessman Vesselin Mareshki who built his fortune with a chain of drug stores. Mareshki keeps a low profile on foreign policy but has business and family connections to Russia. Other parties - e.g. the Democrats for Strong Bulgaria established by former Prime Minister Ivan Kostov, and Yes, Bulgaria!, a newly emerged reform-minded outfit - of pro-Western and/or liberal orientation, running on three separate tickets in the March 2017 general elections, failed to clear the 4% threshold and make it into the National Assembly. Another group that remained outside parliament is ABV (Alternative for Bulgarian Revival), a breakaway faction from BSP originally established by ex-President Georgi Parvanov. ABV's electorate is staunchly pro-Russian, like BSP's.

### **Control both the pros and the cons**

Russia's main interest is to have an interlocutor in Sofia who is capable of delivering on commitments. During much of the 2000s, this role was the purview of President Georgi Parvanov who prided himself on championing strategic infrastructure projects enhancing Bulgaria's role in partnership with Russia. Then the baton passed to Boyko Borisov who, from Moscow's perspective, has a chequered record. He was behind the decisions to freeze the Belene NPP and abandon Burgas-Alexandroupolis pipeline. However, Borisov has been doing his best to bring South Stream back to life (he was in opposition when the European Commission in effect blocked the project in the summer of 2014).

In parallel, Russia has developed ties to radical anti-Western parties and civil society organizations whose task is to put pressure on the government of the day when it comes to decisions affecting Moscow's political or economic interests. Thus, in the summer/autumn of 2012, BSP and VMRO-BNM initiated a signature campaign that was also backed by Ataka. It resulted in a national referendum on the Belene NPP (27 January 2013). In 2014, Ataka mobilized its supporters to protest sanctions against Russia and sent five of his members as observers at the Crimea independence referendum. The party took on board the radical anti-Western rhetoric emanating from the Kremlin - e.g. the West as proponent of gay rights and moral decay - and called for a withdrawal from NATO and, possibly, the EU.

## **Weak democratic institutions - an open door to foreign interests**

Russian political influence is advanced, first and foremost, by the weak rule of law. Accountability mechanisms do not function well. Mainstream media, particularly TV, fails to bring corruption to light and/or is beholden to business interests colluding with the main political players. The judiciary fails to prosecute high-level cases of graft. Clientelism is entrenched and there are recurrent reports of vote buying during elections, irrespective of this practice being criminalized. Party financing is opaque. A significant chunk of the electorate is attracted to nationalist parties or populist start-ups promising to bring fresh faces into politics but in reality piggybacking with big players, GERB and BSP, and/or serving as parliamentary representation of oligarchic interests.

Despite the progress made since 1989 and the EU's assistance, Bulgaria has failed to make the grade to a consolidated democratic regime. It is ranked as "free" by watchdog Freedom House which finds the quality of Bulgarian democratic institutions more advanced than those of non-EU neighbours (Turkey, Serbia, Macedonia), yet several points behind Romania and Greece. Bulgaria has the second worst score in the EU after Viktor Orbán's Hungary. The country's score has been overall stagnant since 2008 but a critical area such as media freedom has recorded sharp decline. Bulgarian media are bedevilled by an endless list of issues: the transparency of ownership, overconcentration, dependency on political and business patronage, journalist ethics.

## **Russian influence – as much a matter of supply as of demand**

While Russia cannot be held responsible for the deficiencies of the Bulgarian political system, it is in a good position to profit from them. Russian money can go a long way in co-opting Bulgarian political actors. But it is not a one-way street. Political actors in Sofia, along with their business affiliates, have actively courted Russia (whether it is the Kremlin, state-owned businesses, or private players with connections to the authorities) in the hope of maximizing rents from joint ventures. Moscow's soft power, that is the ability to win hearts and minds, is also a factor – especially at the level of certain parties' constituents – but plays a secondary role. Below is a brief breakout of the main forms of influence and/or interference into the political system:

*Direct financing of parties.* That is very difficult to ascertain, for obvious reasons. Still, there are indications that Ataka was receiving subsidies from Russia. In 2016, the Court of Auditors reported Ataka to the Prosecutor General's Office over doubts concerning income from membership fees to the tune of BGN 1.3 bn (€650 m).

*Partnering in state-capture.* Russia has been party to some of the largest and costliest infrastructure projects pursued by the Bulgarian state for the entire period since 1989. Its actions and decisions bear direct connection to the mechanisms for generating and redistributing rents amongst the political players involved. Thus, the Belene NPP resulted into the expenditure of € 1 bn. It is reasonable to believe that some of that cash has been channelled back into party slush funds. Likewise, the South Stream natural gas pipeline involved a host of subcontractor companies with links to more than one party in parliament, both participating in the then Oresharski cabinet and sitting in opposition. As a result, the total cost of the project reached some €3.8 bn, nearly three times the original projections in 2006. In parallel, First Investment Bank, one of Bulgaria's leading lenders managed to sell lands to South Stream in June 2013 at inflated prices of €100 m (the joint stock company set in Bulgaria), having acquired them previously for €17.25 m.<sup>21</sup> The lucrative deal depended on information from within state institutions as to the exact route of the pipeline and, in all likelihood, involved kickbacks. These sorts of dealings enhance Russia's leverage over Bulgarian political actors, in that they, in effect, are indebted to Moscow. It is also reasonable to expect that Russian authorities are in possession of compromising material which, if need be, could be deployed against Bulgarian political players.

*Influence on party grassroots and voters.* BSP, Ataka and ABV have a strong incentive to take a pro-Russian line during elections in order to mobilize their core electorate (see section on societal influence), regardless of the policies they pursue while in office. President Rumen Radev came to power in 2017 in no small part by appealing to hard-core anti-Western voters, though he managed to steal votes from GERB as well.

*Agenda setting.* Another, more intangible, aspect of Russian influence over Bulgarian political life is the ability to set the agenda. Moscow is a critical player in several high-profile public issues that involve disbursement of substantial resources: the modernization of the Bulgarian military forces and the development of the energy system. Any move or pronouncement by either the Russian authorities or the economic entities involved in those deals (e.g. Atomstroyeksport, Gazprom, the Russian Aircraft Corporation MiG etc.) has tremendous repercussion in domestic political life. Russia is similarly influential when it comes to symbolic issues, especially having to do with history. A case in point is the recent statement of Russian MFA spokesperson Maria Zakharova to the effect that the Soviet Army had saved Bulgarian Jews during the Second World War when Sofia was allied with Nazi Germany. Her words, occasioned by graffiti on the monument to the Red Army in

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<sup>21</sup> FIB Gas Discovery, Capital, 28 November 2014

[http://www.capital.bg/biznes/imoti/2014/11/28/2428569\\_gazovata\\_nahodka\\_na\\_pib/?sp=1#storystart](http://www.capital.bg/biznes/imoti/2014/11/28/2428569_gazovata_nahodka_na_pib/?sp=1#storystart) (in Bulgarian)

downtown Sofia, stirred a controversy, in that Bulgaria takes pride in the survival of its Jewish community thanks to efforts of politicians, public figures and the Bulgarian Orthodox Church. Both Foreign Minister Ekaterina Zaharieva and President Rumen Radev felt compelled to issue responses. Thus, a relatively junior figure in Moscow succeeded in capturing the agenda in Sofia. There are other examples as well: e.g. when in May 2015 Sergey Lavrov speculated that Bulgaria and Albania were conspiring to divide Macedonia.

## **FOREIGN POLICY and SECURITY**

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When in November 2016, Bulgarian voters elected Retired General Rumen Radev, former head of the air force, as president, world media announced that a staunchly pro-Russian leader had triumphed. Radev was quickly likened to Moldova's president Igor Dodon, who won office at the same time. The incoming president publicly criticized the Western sanctions and argued that though Bulgaria did not recognize the annexation of Crimea, "in reality there is a Russian flag waving over the peninsula." His close entourage, including the chief of staff and some of the advisors, are also clearly in the pro-Russian mould. Radev differs dramatically from his predecessor, Rosen Plevneliev, who has been a staunch critic of the Kremlin, both during his term and now, and has spoken of the "hybrid warfare" conducted by Moscow.

However, it would be a stretch to argue that the new president is beholden to the Kremlin. Radev marketed himself to the public as a NATO general and ex-head of the country's air force, banking on his patriotic credentials. Comparing the US-trained general to the head of the Moldovan Socialist Party, running on a platform to usher Chişinău into the Russia-led Eurasian Economic Union (EEU) might therefore have been a long shot.

Radev's position is not radically different from that of Prime Minister Boyko Borisov, the principal decision-maker in foreign policy. Borisov has not shied away from publicly criticizing the Western sanctions and has advocated continued cooperation in energy with Russia. The cabinet's rhetoric vis-à-vis Russia has softened even further after the March 2017 elections, with the replacement of the ministers of foreign affairs and defence, Daniel Mitov and Nickolay Nenchev, with Ekaterina Zaharieva (a technocrat) and Krasimir Karakachanov (one of the leaders of the nationalist UP, Borisov's new coalition partner). Overall, Borisov has been pursuing a balancing act. His focus has been and continues to be ties with major EU members, notably Germany but also increasingly France. While advocating economic

cooperation with Russia, Bulgarian governments have largely gone along with NATO's policies of containing Moscow in the wake of Crimea's annexation and the war in eastern Ukraine, notably the tailored forward presence in the Black Sea. When push comes to shove, Bulgaria sides with the West, not unlike other Russia-friendly members of the EU and NATO.

The tendency to hedge bets reflects a variety of factors: Bulgaria's geopolitical predicament, historical legacies, Russia's influence over domestic political actors and institutions, entrenched attitudes in society. The balancing act between Russia and the West is now much more complicated compared to the Medvedev-period thaw and even Putin's second term as president (2004-2008) which witnessed frictions with the US and key European governments. But the substance of Sofia's foreign policy has not changed: adhere to NATO and the EU common positions, avoid direct confrontation with Moscow in the hope of winning concessions, and occasionally make dovish statements (e.g. on the sanctions) to pander to public opinion at home where only a minority perceives Russian expansionism as a threat. However, the economic benefits Borisov pursues have thus far proven illusory. What's more, Bulgaria's preference for conciliation gives Russia opportunities to play divide and conquer vis-à-vis NATO in the Black Sea (seen for instance in Sofia's refusal to side with Romania and Turkey's initiative for a joint naval flotilla, launched in the run-up to the 2016 NATO Summit in Warsaw).

### **Using Bulgaria as a Trojan horse**

Taking into account Bulgaria's relative weakness and Moscow's ability to influence domestic affairs, Russia seeks to intimidate and/or co-opt Bulgarian governments in order to strengthen its hand vis-à-vis the EU and NATO as a whole. Sofia is seen as a weak link in the Western alliance, which, in the Kremlin's view, is waging a political war aimed at regime change in Russia.

Bulgaria is a potential ally in the pushback against Western sanctions. It can do little on its own but nonetheless adds to a bloc of countries that insist that the sanctions should be lifted sooner rather than later. Radev's statement during the presidential campaign that "the reality is that the Russian flag flies over Crimea" is in unison with Moscow's insistence that the EU should accept the annexation as a *fait accompli*.

Though in 2014 Putin upbraided Bulgaria for succumbing to pressure from Brussels and killing South Stream, Borisov's overtures and attempts to revive the project in part gives Russia flexibility in negotiating with other potential transit countries (e.g. Turkey and Greece but also Germany, which is currently pursuing Nord Stream 2)

while keeping options open. Bulgaria has been working with Serbia and Hungary, which both pursue generally pro-Moscow foreign policies, in a joint bid to host the extension of the planned TurkStream pipeline beyond the Turkey-EU border.

### **That whose name we dare not speak**

Bulgaria is obviously the much weaker one in relation to Russia – in light of its energy dependency, military inferiority and exposure to Russian influence from within society, the economy, the political party scene, and the state apparatus.

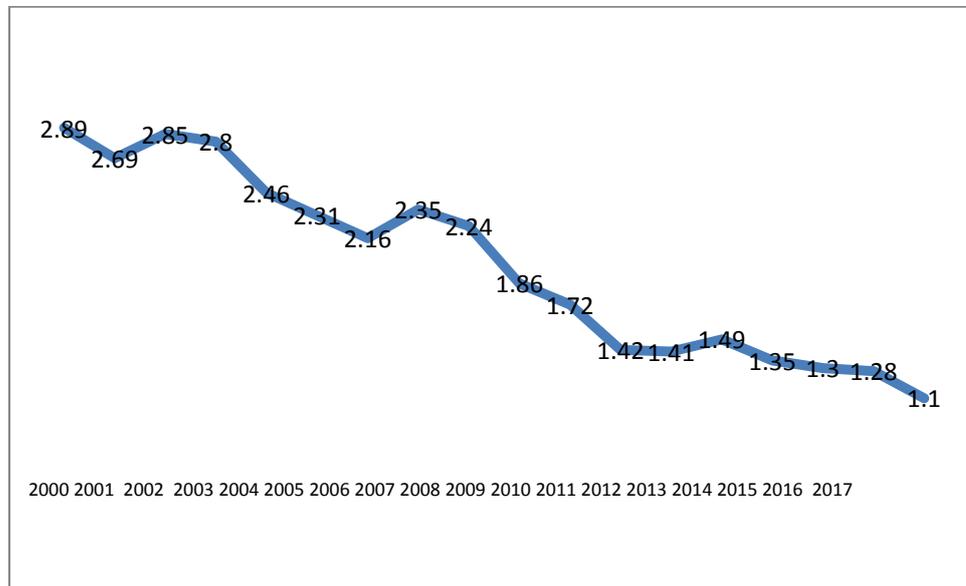
The Russian build-up in the annexed Crimean peninsula has tilted the balance of hard power in the Black Sea region against NATO members (Turkey, Romania and Bulgaria). Unrestrained by the clauses of the agreement with Ukraine, Russia has deployed or will deploy in coming years in Sevastopol six new battleships and six Kilo-class submarines equipped with cruise missiles capable of delivering precision strikes against targets across the territory of Bulgaria. Additionally, Russia has beefed up defensive capabilities (surface-to-air missile systems, coastal batteries etc.) imposing an anti-access/area denial (A2/AD) over much of the Black Sea basin. One also has to factor in Moscow's electronic warfare capabilities. Russia has been flexing its muscles, with its air force flying around the edges of Bulgarian airspace (in addition to "buzzing" US warships entering the Black Sea as part of the NATO rotation mechanism).

By contrast, Bulgaria has limited capabilities and is therefore dependent on the collective defence commitment enshrined in Article V of the Atlantic Treaty. Moreover, there is a lack of recognition at the official level that Russia poses a threat. On the one hand, Bulgaria is bound by the decisions taken jointly by NATO since the Wales Summit (2014), which set red lines to Russia. It is developing bilateral security and defence cooperation with the US, in the context of the European Reassurance Initiative (ERI) enunciated by the Obama administration. However, strategic documents fail to single out Russia. The case in point is *Vision 2020: Bulgaria in NATO and European Defence* drafted by a team around the Defence Minister Velizar Shalamanov, serving in the caretaker government that was in office between July-October 2014. The 14-page strategy paper, produced in the run-up to the Wales Summit and pointing the finger at Russia for meddling in Bulgarian affairs (through links with parties and business people, manipulating energy dependence, infiltrating the media) caused a scandal. It was lambasted by the BSP, as well as Parvanov's ABV, who blamed the defence ministry for poisoning relations with Russia. Dmitriy Rogozin, Russia's Vice Prime Minister tweeted "A certain Shalamanov has persuaded Prime Minister Georgi Bliznashki to betray Russia". He berated the report's

contention that Russian MiGs had to be replaced by Western-made jets. In his characteristic manner, GERB leader Boyko Borisov pointed out that a key document such as Vision 2020 would not normally fall into the remit of a caretaker administration. Ultimately, Blizhashki forced Shalamanov to redraft the document and erase references to Russia as a threat. This episode provides a glimpse into both Bulgarian decision-makers' reluctance to take a more muscular stance against Moscow and Russia's influence over the policy process in Sofia.<sup>22</sup> It is only now that the cabinet's annual report on the state of Bulgarian national security in 2016, prepared by the State Agency for National Security (DANS), has identified Russia as a threat.

The long-term risks that derive from the above have to do with the fact that Bulgaria's military modernization has stalled owing to the lack of resources, political bickering, and bureaucratic inefficiency. The target of 2% of GDP spent on defence agreed in NATO remains elusive. Bulgaria has been under the threshold since 2009 and if the current trend holds, it will not meet the goal in the 2020s, despite assurances to the contrary (see Figure 1).

**Figure 1: Defence expenditure, % of GDP**



Source: Ministry of Defence, Atlantic Council of Bulgaria (for 2017)

A report by the Ministry of Defence (MoD) from July 2017 highlights a great number of deficiencies as regards the Bulgarian military.<sup>23</sup> There is a shortfall of personnel and the aging Soviet-era platforms are a liability impeding interoperability with NATO

<sup>22</sup> Dimitar Bechev, *Russia's Influence in Bulgaria*, New Direction Foundation, February 2016.

<sup>23</sup> Annual Report on the State of Defense of the Republic of Bulgaria, 2016 (in Bulgarian).  
[https://www.mod.bg/bg/doc/drugi/20170905\\_Doklad\\_za\\_sustoyanieto\\_na\\_otbranata\\_VS\\_2016.pdf](https://www.mod.bg/bg/doc/drugi/20170905_Doklad_za_sustoyanieto_na_otbranata_VS_2016.pdf)

allies. The ambitious rearmament programme elaborated by Shalamanov as minister in 2014 was blocked by the Finance Ministry for more than a year. Worse than that, money allocated to capital expenditure in the defence budget is drained by the maintenance cost of old equipment. While the Wales Summit resolved that 20% of defence spending should be directed to capital expenditure, that is acquisition of new capabilities, the Bulgarian MoD counts maintenance and repair, including of housing units, under this ledger. First and foremost, funds go to the Soviet-made MiG-29s, the core of Bulgaria's air force, which are serviced by Russia's RSK MiG corporation. A decision taken by the Defence Minister Nikolay Nenchev in 2015 to reassign the contract to Poland was reversed in November 2016, following the election of Rumen Radev as president. While Nenchev has painted the ongoing case as a witch-hunt advancing Russia's geopolitical interests, prosecutors' maintain that assigning the \$6.4 million contract to Poland led to the decrease of flight hours per pilot from 180 (NATO standard) to just 33 and caused RSK damages to the tune of \$3.7 million. There is also disagreement what to do over the long term. Radev is advocating purchasing new jets from Sweden's SAAB Grippen. Others, including former president Plevneliev, insist on acquiring second-hand F-16s from Portugal as a path to strengthening relations with the US. Defence Minister Krasimir Karakachanov (United Patriots) is currently arguing for extending the life of MiG-29s until 2030. It has also transpired that Lockheed Martin has offered Bulgaria a batch of new F-16s. The likely sum effect is that the procurement procedure is now back to square one. Which means that Bulgaria will remain dependent on old Soviet hardware for the foreseeable future.<sup>24</sup>

The situation is not much better concerning Bulgaria's navy. It is largely confined to coastal defence functions and relies on vessels made in the USSR in the late 1970s and early 80s and is therefore largely non-interoperable with NATO. The three frigates acquired from Belgium in 2007 are not equipped to counteract Russia's Kalibrs. The acquisition of new multi-function patrol boats is likely to take place after 2020. A contract signed in France in 2008 for the purchase of four state-of-the-art corvettes lapsed with the advent of the economic crisis. Though there is renewed interest (President Emmanuel Macron's talks with Borisov in Varna in August touched on the subject), the focus is on the air force, which is likely to absorb the bulk of the scarce resources.

In a nutshell, the sluggish overhaul of Bulgarian armed forces reinforces the power asymmetry favouring Russia and presents an additional incentive to decision-makers to avoid confrontational rhetoric. On the surface, army modernization (or lack

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<sup>24</sup> Momchil Milev, F-16 gets back in the game, *Capital*, 29 September 2017 [in Bulgarian].  
[http://www.capital.bg/politika\\_i\\_ekonomika/bulgaria/2017/09/29/3050057\\_f-16\\_vliza\\_obratno\\_v\\_igrata/](http://www.capital.bg/politika_i_ekonomika/bulgaria/2017/09/29/3050057_f-16_vliza_obratno_v_igrata/)

thereof) is not an item in government-to-government relations, but rather a commercial matter between Bulgaria and Russian contractors like MiG. However, the linkage is there. As long as the state is loath to single out Russia as a threat to national security, there is no strong imperative to phase out dependence on Russian military industrial complex.<sup>25</sup>

Bulgaria is also vulnerable to Russia's growingly important cyber capabilities. On 25 October 2015, just after polling stations closed after the country's local elections and referendum, the Central Electoral Commission's sites came under "distributed denial-of-service" (DDoS) attack — essentially, blocking a server through an overwhelming volume of traffic. The Interior Ministry, DANS, the parliament and the president's office were also affected. A subsequent DANS report laid the blame at Russia's door, as did President Plevneliev. Bulgaria's cyber defence capabilities are only in nascent shape.

Bulgaria's diplomatic service and other agencies dealing with foreign policy are also a soft spot. The senior cadre at the MFA is still composed of graduates of the prestigious Moscow State Institute of International Relations (MGIMO). Though this does not necessarily suggest sympathies for Putin's Russia and it might be in fact an asset, given the familiarity with the former Soviet Union, biographical connection could play in Moscow's favour. Recurrent efforts to weed out diplomats disclosed as collaborators or informants of the pre-1989 security services have yielded partial results (there is no mandatory lustration legislation, only full disclosure requirements). The same is possibly true of the intelligence services, though it is difficult to get a full grip of the issue given the incompleteness of publicly available data. DANS became compromised in 2013 when media mogul Delyan Peevski (see above) was briefly appointed as director (but forced to step down soon thereafter because of popular demonstrations).

## Carrots and sticks

On the whole, Russia resorts to a variety of instruments to influence Bulgaria's foreign policy behaviour.

Externally, it is its massive military superiority. The power asymmetry gives Moscow leverage over Sofia. To balance Russia, Bulgaria needs to strengthen defence links with other NATO members in the region, including Turkey, which is the other major

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<sup>25</sup> The government report on the state of national security in 2016, prepared by DANS, is the first instance the Russian military buildup in Crimea is singled out as a threat. Council of Ministers of the Republic of Bulgaria, Report on the State of National Security in 2016, Sofia, September 2017. [ftp://193.109.55.85/30\\_08\\_2017/702-00-34\\_Godishen\\_doklad\\_sastoyanie\\_natsionalna\\_sigurnost\\_RB\\_2016.PDF](ftp://193.109.55.85/30_08_2017/702-00-34_Godishen_doklad_sastoyanie_natsionalna_sigurnost_RB_2016.PDF)

power in the Black Sea. However, given historical animosity against Turkey, heir to the Ottoman Empire, deeper cooperation is difficult to envision and potential initiatives would run into opposition from various quarters. Turkish-Russian security cooperation and President Erdogan's anti-Western rhetoric fuels criticism and suspicion on the part of pro-NATO/EU opinion makers and political figures. One of the reasons why the Bulgarian government refused to support the 2016 Romanian initiative for a joint NATO naval task force in the Black Sea was the reluctance to having Turkey in the lead. Still, Sofia committed to the multinational framework brigade stationed in Constanta, Romania. Unlike the proposed flotilla, the brigade has more variegated membership and Turkey is one amongst many participants.<sup>26</sup>

Sofia is also targeted by Russian foreign policy propaganda. In the spring of 2015, as a corruption scandal triggered a wave of protests in Macedonia (subsequently labelled "colourful revolution"), RT pointed a finger at Bulgaria for plotting the partitioning of the neighbouring country together with Albania. The claim, coming in the wake of a murky shooting incident involving the Macedonian security forces and a criminal gang from Kosovo, was repeated by Foreign Minister Sergei Lavrov in the Duma.<sup>27</sup> It was part and parcel of the campaign to discredit Western policy in former Yugoslavia by blaming the EU and US for condoning extremism and spreading instability by encouraging anti-government, Maidan-style uprisings.

Internally, Russia can rally sympathizers and fellow travellers in civil society and media (see chapter on social impact) and raise the domestic cost for decisions positioning Bulgaria in the hawkish camp inside EU and NATO. The backlash against Vision 2020 and, at present, the government report on Bulgaria's security in 2016 illustrate the point, as does the 2015-2016 saga concerning the maintenance of MiG engines.

Perhaps the most important channel for Russia to project influence over Bulgarian foreign and security policy is the economic linkage between the two countries (see chapter on economic vulnerabilities). The Russian footprint in the economy makes Bulgarian governments, whatever their stripe, risk-averse and supportive of engagement over confrontation with Moscow.

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<sup>26</sup> A naval task force would need to comply with the 1936 Montreux Convention which sets limits for military vessels belonging non-Black Sea nations and therefore giving an advantage to Turkey whose navy is far superior to that of either Romania or Bulgaria. Deployment of NATO ground troops, on the other hand, is subject to fewer restrictions. Importantly, Turkey withdrew its support for the Romanian initiative for a Black Sea taskforce after its relations with Russia improved in the summer of 2016.

<sup>27</sup> Bulgaria calls in Russian envoy to demand explanation of Lavrov comments on Macedonia, *Sofia Globe*, 22 May 2015  
<http://sofiaglobe.com/2015/05/22/bulgaria-calls-in-russian-envoy-to-demand-explanation-of-lavrov-comments-on-macedonia/>

# GEORGIA

## SOCIETY

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Alongside Georgia's progressively deeper relations with Western structures, Russian soft power has become more and more active. Russia's foreign policy doctrine for 2016 overtly says that Russia "develops its own effective ways to influence foreign audiences and promotes Russian and Russian-language media in the global information space, providing them with necessary government support."<sup>1</sup> Using different channels and actors, such as media, politicians, public figures and the clergy, the Kremlin has been trying and is likely to intensify its efforts to erode public faith in democratic institutions, spread illiberal propaganda, undermine pro-Western sentiments in Georgian society by portraying the West as an enemy to Georgia's identity and Russia as an indispensable "brother" with a common history and a common faith, preserve adherence to Russia's imperial aura, prevent Georgia from modernizing in order to become a member of the EU and NATO and hinder Georgia's democratic development overall.

There is no precise index which would enable us to make an impact assessment of anti-Western propaganda on the Georgian population; however, based on the following data we can assume that Russian propaganda, through its intensification over recent years, has indeed affected a part of the Georgian public. According to NDI's November 2016 public opinion poll, the percentage of respondents who think that Georgia will get more benefits if it abandons European and Euro-Atlantic integration in favour of having good relations with Russia was 31% whilst in April 2014 only 20% responded positively to this question. At the same time, the number of respondents who think that Georgia will get more benefits from European and Euro-Atlantic integration (53%) dropped by six percentage points from April 2014 to November 2016<sup>2</sup>.

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<sup>1</sup> Foreign Policy Concept of the Russian Federation, 2016.

<sup>2</sup> National Democratic Institute. *Public Attitudes in Georgia*. November 2016.

[https://www.ndi.org/sites/default/files/NDI\\_November%202016%20poll\\_Issues\\_ENG\\_vf.pdf](https://www.ndi.org/sites/default/files/NDI_November%202016%20poll_Issues_ENG_vf.pdf)

## Nostalgia for the Soviet past

The early years of Georgia's independence were rather chaotic, starting from inter-ethnic conflicts, which were directly created by the Soviet regime,<sup>3</sup> and ending with economic crisis and hyperinflation. Since then, Georgia has managed to overcome most of the challenges inherited from the former Soviet rule; however, it bears emphasis that vulnerabilities remain within society that may very well serve the interests of the Kremlin in the country.

The Soviet state that planned and controlled the daily life of its citizens generated the perception of a 'nanny' state. To some extent, the perception of a part of Georgian society regarding the political system cannot yet be considered democratic. According to a survey by the Europe Foundation, the share of those who agree with the statement "People are like children and the government should take care of them like a parent" stands at 51%, with this percentage rising to 62% among some ethnic minorities.<sup>4</sup> The gap between the expectations of those respondents and the current state of governance amplifies to some degree nostalgia for the past, particularly amongst vulnerable groups living in rural areas or experiencing difficult socio-economic conditions.

Nostalgia for the Soviet period is exacerbated by an understanding of history infused by propaganda. Recent poll results<sup>5</sup> from April 2017 reveal that 42% of respondents generally believe that the dissolution of the Soviet Union was a negative development for Georgia. The greatest share of these are aged 56 years and older, who themselves lived in the USSR. From this particular age group, 57% perceive the dissolution of the Soviet Union as something negative. However, more alarming data points to the fact that 30% of adults aged 18 to 35 agree with them.<sup>6</sup> Moreover, according to the Pew Research Center, 57% of Georgians say that Stalin played a very/mostly positive role in history.<sup>7</sup>

These are the sorts of sentiments which anti-Western disseminators make ample use of to further ignite sympathy for the Soviet past.

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<sup>3</sup> Svante Cornell, *Small Nations and Great Powers: A Study of Ethno-Political Conflict in the Caucasus*, London: Routledge Curzon, 2001

<sup>4</sup> Eurasia Partnership Foundation. *Knowledge of and Attitudes towards the EU in Georgia: Trends and Variations 2009 – 2015*. <https://goo.gl/sNf9wU>

<sup>5</sup> The Caucasus Research Resource Center. 2017. NDI: Public attitudes in Georgia. Retrieved through <http://caucasusbarometer.org/en/na2017ge/USSRDISS/>

<sup>6</sup> The Caucasus Research Resource Center. 2017. NDI: Public attitudes in Georgia. Retrieved through <http://caucasusbarometer.org/en/na2017ge/USSRDISS-by-AGEGROUP/>

<sup>7</sup> Pew Research Center. 2017. *Religious Belief and National Belonging in Central and Eastern Europe*. <http://www.pewforum.org/2017/05/10/religious-belief-and-national-belonging-in-central-and-eastern-europe/>

## Radicalism on the rise

Rapid social change, which came as a result of the dissolution of the USSR and which is characterized by changes in value systems, rules of behaviour, social, economic and political organization etc. has resulted in increased ethno-nationalistic sentiments. Georgians did manage to overcome the radical nationalism that characterised domestic political life in the 1990s; however, different far-right social and political groups are recently and increasingly trying to cultivate ethno-nationalism, which runs against the ethnic and religious diversity of the Georgian population. According to the Pew Research Center's recent data, 81% of Georgians say that being Orthodox is 'very important' or 'somewhat important' in order to be considered a true national of Georgia.<sup>8</sup> Existing attitudes are further aggravated by anti-Western disinformation campaigns, which are igniting fears in society towards different ethnic, religious and sexual groups and portraying them as a threat to the ethnic Georgian population.

Historically, ethnic minorities like the Armenians and Azerbaijanis, or religious minorities have been living peacefully in Georgia, side by side. This notwithstanding, in some parts of society there are still enduring stereotypes, indifference and lack of interest towards their rights and their integration with the majority. For example, the Caucasus Research Resource Center (CRRC) data collected between 2012 and 2015 disclose that the majority of Georgians do not approve of women marrying Armenians and Azerbaijanis living in Georgia.<sup>9</sup>

The latest research by the Tolerance and Diversity Institute, which was conducted in 2017 among adults aged 18 to 26 living in six Georgian cities revealed contradictory attitudes towards minorities and unfamiliar groups, which are manifest in the tension between a modern, human rights-based discourse and the so-called traditional Georgian values which respondents claim. Reinforcing the findings of the Pew Research Center cited above, the study shows that focus group participants often used ethnic and religious identities as synonymous and "the interviewees' definition of ethnic, religious and racial notions was constructed in opposition with the historically developed perception of Georgian identity, according to which whoever is not a Christian is not ethnically Georgian and if one neither speaks Georgian, nor looks like one, it is difficult for one to be perceived as Georgian."<sup>10</sup> In other words, the notion of being Georgian is not equated with civic identity, but rather with a religious, linguistic or ethnic category.

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<sup>8</sup> Ibid.

<sup>9</sup> Annex 1

<sup>10</sup> Tolerance and Diversity Institute. 2017. *Student Attitudes towards Minorities and the Role of Media*  
<http://www.tdi.ge/sites/default/files/tdi-research-cover-eng-web.pdf>

In the case of religious minorities, a part of Georgian society seems to be even more prejudiced than towards ethnic minorities. There were several instances of religious clashes between Muslims and Christians in 2012-2013. In most cases, Orthodox Christians protested the functioning of mosques of the Georgian Muslims and did not allow them to conduct traditional worship. Violations of Muslim rights took place in the village of Nigvziani (Lanchkhuti Municipality) and later in the village of Tsintskaro (Tetrtskaro Municipality), in the village of Samtatskaro (Dedoplistskaro Municipality) and in the village of Chela (Adigeni Municipality).<sup>11</sup>

Radical nationalist groups portray liberal values, tolerance and peaceful coexistence with national minorities as leading to the loss of Georgian identity. They refer to the past when Georgia was under Russian imperialist or Soviet rule as the times when Georgian culture and identity was appreciated and promoted. The lack of integration among ethnic minorities and the relative indifference of society towards these<sup>12</sup>, as well as towards violation of minority rights, including religious minorities and LGBTQ, correspond to Russia's interest in polarizing democratic societies, preventing the country's modernization and transformation into a liberal society. The number of people who are bigoted against minorities is neither high, nor alarming in Georgia; however, the intolerance of some radical groups should be worrying beyond their size. These groups and their partner media outlets are increasingly circulating manipulative stories.

One illustrative example was the "Georgian March," organized on 14 July 2017 by ethno-nationalistic radical groups, with the aim of "cleansing the country of illegal immigrants." The group of organizers included the far right political group Erovnuloba (Georgian for '*nationality*') and its leader, Sandro Bregadze, a former deputy minister in the current government. The event was supported by NGOs with explicitly anti-Western, often xenophobic attitudes and their leaders, like Gia Korkotashvili or Lado Sadgobelashvili, as well as by Emzar Kvitsiani, a member of the

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<sup>11</sup> Tolerance and Diversity Institute. 2014. *Study of Religious Discrimination and Constitutional Secularism in Georgia*. <https://goo.gl/DHpVp7>

<sup>12</sup> The largest minorities are Armenians and Azerbaijanis, making up 4.5 and respectively 6.3% of the total population. Although they are present in different places in Georgia, the areas with the greatest concentration of ethnic minorities are two southern regions of Georgia. For example, Armenians in Samtskhe-Javakheti region comprise around 49.7% of the region's total population (160,504). They live in densely populated areas, where communities are nearly 95% made up solely of Armenians. Therefore, they do not interact much with ethnic Georgians. Of the 79,878 people who identify their mother tongue as Armenian, only 16,676 (approximately 20.8%) can speak Georgian. They largely live in an information vacuum, because there is no nationwide TV (apart from the public broadcaster, which provides 15 minutes of news a day in minority languages) producing programmes in their mother tongue or in Russian (the majority of Armenians speak Russian). There is no proper education system for the Armenian population; even though bilingual education was launched, there are still many challenges, from the unresolved need for textbooks, to a shortage of teachers who would be able to teach in both languages, etc. The main problem remains that they are not integrated in society and do not actively participate in public life, due to the lack of knowledge of the state language. Also, though there are a few Azeri and Armenian MPs, the agenda of their ethnic groups is not properly represented.

Alliance of Patriots and current MP. The organizers purposefully disseminated fake stories demonizing foreigners in Georgia - for example, accusing them of raping Georgian women. The march revealed that those nationalists might be capable of igniting civil unrest by using irrational fears in society towards foreigners, the LGBTQ community and other minorities, if they are not marginalized by society itself. Their active supporters are not many; however, they reflect a growing attitude in society. With this protest they have somehow organized and institutionalized an active group that tries to influence the political agenda, and not unsuccessfully. Overall, the ethno-nationalistic discourse that Marchers try to impose is in line with Russia's interests. Attempts to divide and polarize society between "true Georgians" and "traitors", placing false labels on minority groups and branding them as evil and 'the enemy', distracting people from the Russian threat by primarily instigating fears of Turkey<sup>13</sup> instead resonate directly with the Kremlin's interests.

The government's passive and sometimes even tacitly supportive approach towards the ultra-nationalists and their xenophobic message can further legitimize them and strengthen their position in society<sup>14</sup>. This support is not limited to verbal statements. Legislative changes have also been operated, in line with the ethno-nationalistic rhetoric. Media outlets which frequently use anti-Western rhetoric have often concocted and circulated manipulative stories claiming whole villages in the country are owned by foreigners,<sup>15</sup> thus cultivating a myth that these would take over Georgian lands and no property would be left in the hands of ethnic Georgians. In this context, a new provision was included in the Constitution of Georgia prohibiting the sale of agricultural land to foreigners.<sup>16</sup> The Prime Minister, Giorgi Kvirikashvili, directly admitted: "I believe that the [proposed] formulation directly corresponds to the demands of a vast majority of our citizens and I think this is the decision that the ruling party has to take."<sup>17</sup> No one in fact knows whether or not it is the will of the majority, but the same group of radical nationalists mentioned above had endorsed the provision. No solid grounds were presented for the adoption of this provision in the Constitution when it was sped through parliament in September, one month before elections. After the elections, the review simply ceased as unexpectedly and without any justification as it started and it passed without a proper hearing. In

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<sup>13</sup> As Adjara used to be ruled by Ottoman Empire, there are constant allegations that Turkey is intent on regaining its influence over the region. This is especially brought up in the context of discussions about Russian occupation, as a counter-argument, reminding the public of the historically Georgian territories of Tao and Klarjeti, now a bordering region in Turkey. The narrative is that alongside with Russia, Turkey is also an occupying force and that Georgians should be afraid of losing Adjara as well.

<sup>14</sup> Eka Beselia, Chairperson of the Parliament Legal Issues Committee, stated about one of the organizers of the march, Gia Korkotashvili, that she did not doubt his patriotism in the least ("Eka Beselia: I have no doubt of Gia Korkotashvili's patriotism," *1tv.ge*, July 20, 2017 <http://1tv.ge/ge/news/view/170591.html>)

<sup>15</sup> "Zviad Tomaradze: 5 Arab villages may be built in Georgia" *Geworld.ge*, March 11, 2015 <http://geworld.ge/ge/6562/>

<sup>16</sup> "Georgia to Ban Agricultural Land Sales to Foreigners," *civil.ge*, June 9, 2017 <http://civil.ge/eng/article.php?id=30176>

<sup>17</sup> *Idem*.

reality, according to experts, only approximately 18,500 hectares of agricultural land or about 0.7% of the overall agricultural surface is currently owned by foreigners.<sup>18</sup>

One of the most sensitive topics in Georgian society is the LGBTQ community. On 17 May 2013, on the international day against homophobia and transphobia, anti-gay protesters attacked pro-gay rights marchers saying that they would never allow gay people to hold a parade in Georgia. Clergymen were among the organizers of the protest and also took part in the violence against participants during the 17 May demonstration. The aggression against peaceful demonstrators has not been punished and people who participated in the protest have not been prosecuted.<sup>19</sup>

Since the 17 May events, anti-Western media outlets and opinion-leaders have been constantly portraying the West as a source of immorality. Myths have also been circulated that by signing the EU Association Agreement, Georgia will now have to legalize gay marriage, seen as contrary to traditional Orthodox values.<sup>20</sup> In the meantime, rejection towards the LGBTQ community, instead of becoming more and more marginal is to some extent encouraged by constitutional changes. The government has added a new provision to the Constitution of Georgia, which includes a definition of marriage that de facto bans same-sex marriage, restricting it to the union between a man and a woman. The new provision represents a good illustration that to a certain degree, the demands of ultra-nationalist groups have been taken on board by the government. Even though these ethno-nationalistic groups represent a minority within Georgian society, the government's ambiguous response, with populist undertones<sup>21</sup>, risks fuelling their already growing popularity.

## Democratic institutions versus conservative values

Another risk that makes Georgian society vulnerable to illicit pressure from Russia is that democracy is not acknowledged as “the only game in town.” Georgian society still finds religious institutions to be trustworthier than democratic institutions. Public opinion polls reveal that trust in the church has been consistently high, whilst trust in parliament, the government and the judiciary has been much lower and fluctuating.<sup>22</sup> Moreover, surveys demonstrate that society holds in the lowest esteem precisely

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<sup>18</sup> Transparency International – Georgia. *Ban on land sales – stories from large foreign farmers*. February 24, 2014  
<http://www.transparency.ge/en/blog/ban-land-sales-stories-large-foreign-farmers>

<sup>19</sup> Human Rights Education and Monitoring Center. *Analysis of the Court Ruling on the Case of May 17, 2013*  
<https://emc.org.ge/2015/12/22/17-maisi-shefaseba/>

<sup>20</sup> Myths about the EU-Georgia Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA)  
[http://www.eeas.europa.eu/archives/delegations/georgia/documents/eap\\_aa/mythbuster\\_2\\_2014\\_en.pdf](http://www.eeas.europa.eu/archives/delegations/georgia/documents/eap_aa/mythbuster_2_2014_en.pdf)

<sup>21</sup> Provisions regarding the land sale ban and marriage were election promises in 2016, when the ruling party got a constitutional majority, so ethno-nationalistic rhetoric is a profitable bet in Georgian politics.

<sup>22</sup> Annex 2

those institutions (NGOs, media, local governments, etc.) that are meant to stand as guarantees for the democratic development of society.<sup>23</sup>

The high level of trust in the Georgian Church may become a vulnerability since the institution itself or some of its clergy often spread anti-Western and/or xenophobic narratives and often intervenes in public policy-making<sup>24</sup> on issues of non-discrimination and minority rights in ways which coincide with Russian interests. A notable example is the Church's stance on anti-discrimination legislation in 2014, labelling it as a "deadly sin."<sup>25</sup>

Some of its radical groups are explicitly pro-Russian and denounce Georgia's Western aspirations. David Lasurashvili, a Georgian Orthodox priest, has stated: "The closer we get to European and American 'values,' the more we'll turn away from Christ and the Church."<sup>26</sup> A recent report from the US Department of State on religious freedom across the globe says: "Representatives of minority religious groups continued to report what they termed a widespread societal belief about minority religious groups posing a threat to the Georgian Orthodox Church and to the country's cultural values. Some NGOs reported clergymen continued to contribute to hostile societal attitudes towards minority religious communities."<sup>27</sup>

Beka Mindiashvili, a religious studies scholar, says that groups with an explicitly pro-Russian or what he calls 'quasi'-nationalistic rhetoric (which he believes does not bear any relation to actual Georgian nationalism, which has always been liberal, tolerant and pro-European) are not discredited in society for two major reasons: a) they are neither condemned, nor marginalized by the political elite, and b) their narrative is supported by the Georgian Church<sup>28</sup>.

NGOs and minority groups have concerns that the Government of Georgia expresses explicit favouritism towards the Georgian Orthodox Church and religious discrimination and intolerance are not adequately addressed in the case of minorities. In a recent statement Prime Minister Kvirikashvili named "secularism in Georgia, in its classical understanding, as inappropriate."<sup>29</sup> As a rule, any idea coming from the religious institution, particularly from the Patriarch (despite the national

<sup>23</sup>Eurasia Partnership Foundation. *Knowledge of and Attitudes towards the EU in Georgia: Trends and Variations 2009 – 2015*. <https://goo.gl/sNf9wU>

<sup>24</sup>No to Phobia. Anti-Western Sentiments by Religious Servants <http://notophobia.ge/eng/view-media/318>

<sup>25</sup>Sergi Kapanadze, "Russia's Soft Power in Georgia – A Carnivorous Plant in Action". Latvian Institute of International Affairs, 2015. [http://liia.lv/site/docs/LIIA\\_soft\\_power\\_book\\_web\\_layout.pdf](http://liia.lv/site/docs/LIIA_soft_power_book_web_layout.pdf)

<sup>26</sup>"The closer we get to European and American 'values,' the more we'll turn away from Christ and the Church." *Tabula.ge*, June 4, 2015. <http://www.tabula.ge/ge/verbatim/96850-mghvdeli-rac-ufro-davuaxlovdebit-evropas-mit-metad-davshordebit-qristes>

<sup>27</sup>The US Department of State. *2016 Report on International Religious Freedom* <https://www.state.gov/j/drl/rls/irf/2016/eur/268816.htm>

<sup>28</sup>Mariam Tsitsikashvili. In-depth interview with Beka Mindiashvili. September 2017.

<sup>29</sup>"PM: Church in Georgia has Biggest Power, Secularism is Inappropriate Here," *Tabula.ge*, July 24, 2017.

<http://www.tabula.ge/en/verbatim/122257-pm-church-in-georgia-has-biggest-power-secularism-is-inappropriate-here>

church being autocephalous), is accepted by the majority without questioning and politicians are also reluctant to challenge it because the possible negative feedback from the population makes it a dangerous bet.

## **Negative myths about the EU and NATO spread by media and NGOs. The money trail leads to Moscow**

Georgian society support for the country's European and Euro-Atlantic integration has been high over the past years. According to NDI's latest research, the government's stated goal of EU membership is acceptable for 77% of Georgians interviewed and unacceptable for only 16% of them. Supporters of Georgia's NATO membership make up 66% of the population, whilst those who oppose membership in the Alliance are at 23%<sup>30</sup>.

These results are almost identical across the capital, cities and towns, as well as villages. However, a difference is clearly visible in the regions populated by ethnic minorities, where 53% of the population supports Georgia's bid to become an EU member, 15% are against and 30% give no answer to this question. Even more concerning is the response of ethnic minorities with regard to questions about NATO. Only 29% support Georgia's NATO membership, with an equal number being against it, while 41% give no answer to the question<sup>31</sup>. Presumably, such attitudes are primarily the result of a lack of awareness and information among ethnic minorities. Of ethnic Armenians and Azerbaijanis (in total, approximately 400,000 persons of an overall population of 3,719,000) living in Georgia's Samtskhe-Javakheti and Kvemo Kartli regions, the majority cannot speak Georgian. A lack of knowledge of the Georgian language and the reality of Soviet history mean that Russian has been used as the lingua franca for years in such areas. The 70 years of Soviet experience made these local populations particularly accustomed to receiving information in the Russian language. Therefore, their principal source of information is Russian TV and they are extensively dependent upon Russian media outlets like ORT, Russia 24 or NTV, with all the associated systemic pressure of misinformation campaigns and a deliberate "firehose of falsehoods." Dependence on Russian media and lack of integration make them more vulnerable to the Kremlin's soft power.

However, even within the ranks of the majority, surveys demonstrate that despite the declarative support, Georgians are overall ill informed about the EU and NATO. The public has optimistic expectations about EU membership and its implications vis-à-vis

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<sup>30</sup> National Democratic Institute. *Public Attitudes in Georgia*. June 2017.

[https://www.ndi.org/sites/default/files/NDI%20poll\\_june%202017\\_ISSUES\\_ENG\\_VF.pdf](https://www.ndi.org/sites/default/files/NDI%20poll_june%202017_ISSUES_ENG_VF.pdf)

<sup>31</sup> Idem

their socio-economic conditions but, at the same time, part of the population has negative expectations in terms of preserving Georgian traditions once the country becomes an EU member.<sup>32</sup> Some 16% of the public think that respect for national traditions will increase with Georgia's accession to the EU, but almost twice as many (28%) expect the opposite; also, 45% agree with the statement that the EU threatens Georgian traditions. These results demonstrate that a good part of the Georgian public perceives a degree of opposition between the EU and NATO, on the one hand, and Georgian traditional identity, on the other hand, which makes them vulnerable to Russian propaganda and its concocted tales and myths.

Since 2012, pro-Russian and anti-Western propaganda has been getting more and more vocal in the Georgian media: "This visible group of pro-Russian and anti-Western media has very close ties with those Georgian political parties which have an openly pro-Russian agenda such as the Alliance of Patriots of Georgia and the Centrists."<sup>33</sup> The number of media (mostly digital) which openly espouse anti-Western sentiments has grown considerably. In many cases, their principal backers are various openly pro-Russian non-governmental organizations<sup>34</sup> and this multitude of different press outlets actually share largely the same few founders. Their activities are covered by their partner media outlets *geworld.ge* and *saqinformi.ge* and existing research indicates that most probably they have financial support from Russian foundations including Russian World (Russkiy Mir),<sup>35</sup> Gorchakov Fund, Gumilev's Centre and Rossotrudnichestvo.<sup>36</sup> Taking into account the mission of these Russian foundations, directly funded by Russia's state budget, the goals of their Georgian partners likewise include promoting Eurasian integration, demonizing the EU Association Agreement and promoting Christianity and conservative values as the core of Eurasian civilization. The media outlets with an anti-Western narrative cite and often translate the fake news circulated by Russian media word for word, including reports from RT, Sputnik, Russia24, etc.

On the other hand, there are also anti-liberal and ethno-nationalist media outlets which are not necessarily pro-Russian. Openly pro-Russian politicians and media outlets are still rejected by the population; however, the Russian narrative clad in ethno-nationalistic discourse is much more appealing for the public. This was proven when the Alliance of Patriots of Georgia, an anti-liberal and far right political party passed the election threshold.

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<sup>32</sup> Eurasia Partnership Foundation. *Knowledge of and Attitudes towards the EU in Georgia: Trends and Variations 2009 – 2015*. <https://goo.gl/sNf9wU> Pg. 13.

<sup>33</sup> Transparency International – Georgia. *Georgian Media from 2012 parliamentary election to today*. <https://goo.gl/RS2W9z>

<sup>34</sup> Nata Dzelishvili and Tazo Kupreishvili, 2015. *Russian Influence on Georgian CSO and Media*. <https://goo.gl/A286CN>

<sup>35</sup> Russkiy Mir Foundation. <http://russkiymir.ru/en/fund/index.php>

<sup>36</sup> Nata Dzelishvili and Tazo Kupreishvili, 2015. *Russian Influence on Georgian CSO and Media*. <https://goo.gl/A286CN>

The dominant rhetoric of both ethno-nationalistic and openly pro-Russian media outlets is one which aims to discredit and demonize the West. Most of the anti-Western messages are concerned with issues of identity, human rights and values. In particular, they reiterate a widespread myth that the West is out to destroy Georgia's national identity and traditions.<sup>37</sup>

Despite the intensifying propaganda, there remains a lack of response and resilience efforts. The population living in the country's rural areas is particularly vulnerable to Russia's information war. The overall poor socio-economic conditions and a lack of awareness of the economic benefits which EU-Georgia relations can bring as compared to the familiar Russian market make it easier to manipulate public opinion in these places. Moreover, fake news is sometimes circulated by those who have the trust of the people, including members of the clergy, politicians and public figures, etc. The lack of media literacy, ICT skills<sup>38</sup> and knowledge of a Western language<sup>39</sup> further make it difficult for citizens to fact-check those manipulative stories and not fall victims to deception.

## Conclusion

In order to prevent Georgia's integration into Western structures and bring a post-Soviet country back to Moscow's fold, the Kremlin has already employed different soft power instruments. Russia has weaponized information in Georgia and used it to erode public faith in Euro-Atlantic values and democratic institutions. Apart from openly pro-Russian channels, Moscow has started using ethno-nationalistic or far-right groups to serve as the Kremlin's weapons to influence the domestic political agenda from within. Given the successes of this strategy so far, it is likely that Russia will continue to exploit vulnerabilities in Georgian society and manipulate public opinion. Apart from disseminating the narrative that Georgia's Western aspirations are threatening the country's identity, history and traditions, the Kremlin is expected to ignite more ethno-nationalistic sentiments, intolerant attitudes towards minorities and to try to wear out faith in democracy in Georgian society. To respond to this belligerent policy and strengthen resilience mechanisms, the government needs to investigate and expose Russia's hostile activities and explain the risks which they entail to the wider society.

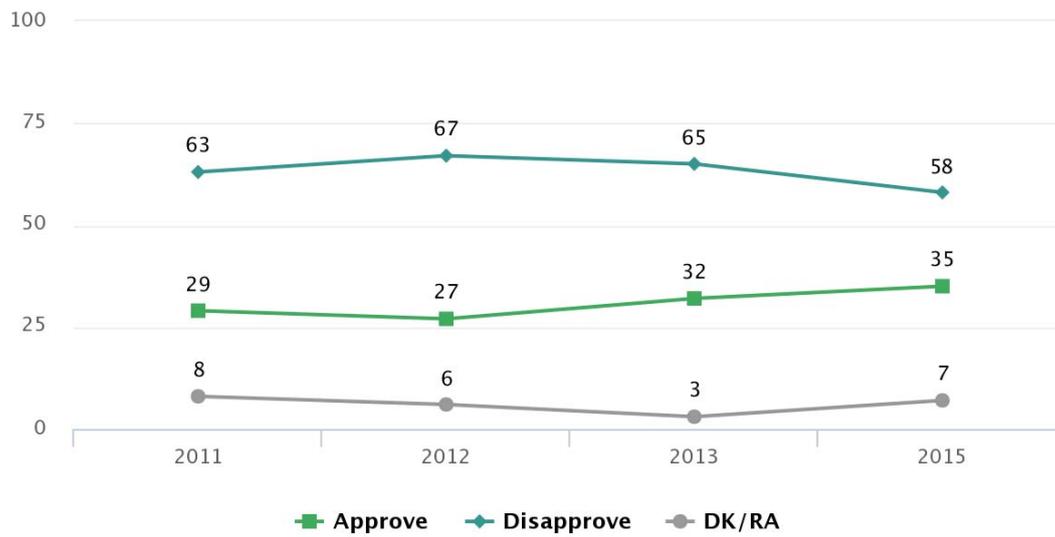
<sup>37</sup> Media Development Foundation. 2016. Anti-Western Propaganda [http://mdfgeorgia.ge/uploads/library/65/file/eng/Antidasavluri-ENG-web \(2\).pdf](http://mdfgeorgia.ge/uploads/library/65/file/eng/Antidasavluri-ENG-web (2).pdf)

<sup>38</sup> The Caucasus Research Resource Centre. 2017. *Caucasus Barometer time-series dataset- Georgia*. Retrieved through <http://caucasusbarometer.org/ge/cb-ge/COMPABL/>

<sup>39</sup> The Caucasus Research Resource Centre. 2017. *Caucasus Barometer time-series dataset- Georgia*. Retrieved through <http://caucasusbarometer.org/ge/cb-ge/KNOWENG/>

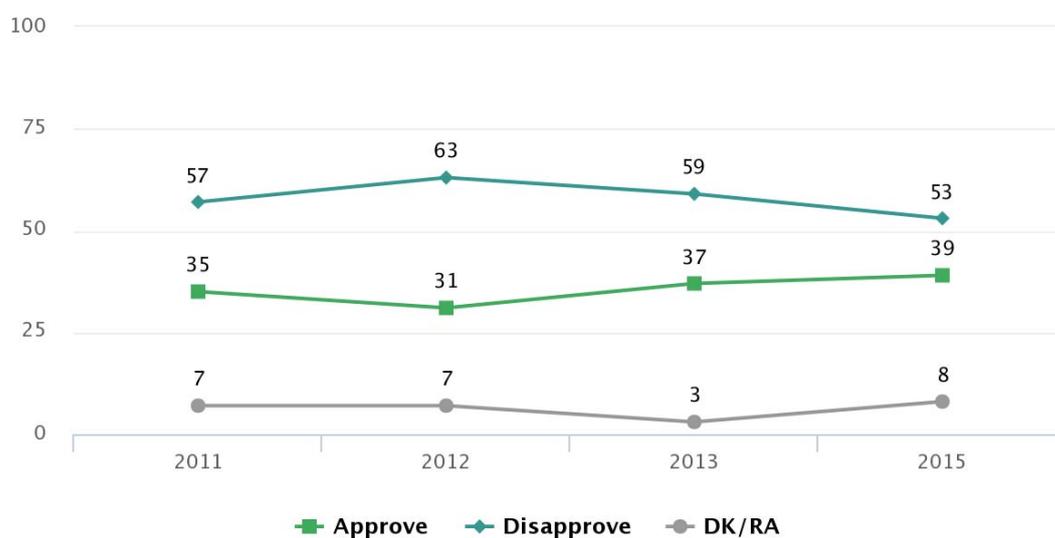
**Annex 1**

**MARWAZG: Approval of women marrying Azerbaijanis living in Georgia (%)**



კავკასიის ბარომეტრის დროითი მწკრივები – საქართველო  
წყარო: <http://caucasusbarometer.org/>

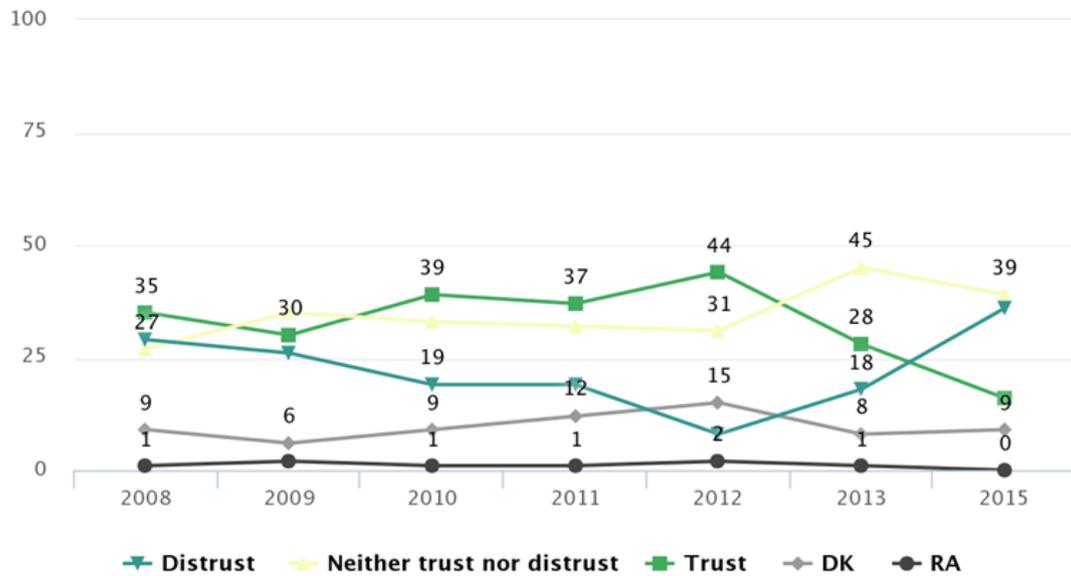
**MARWARG: Approval of women marrying Armenians living in Georgia (%)**



კავკასიის ბარომეტრის დროითი მწკრივები – საქართველო  
წყარო: <http://caucasusbarometer.org/>

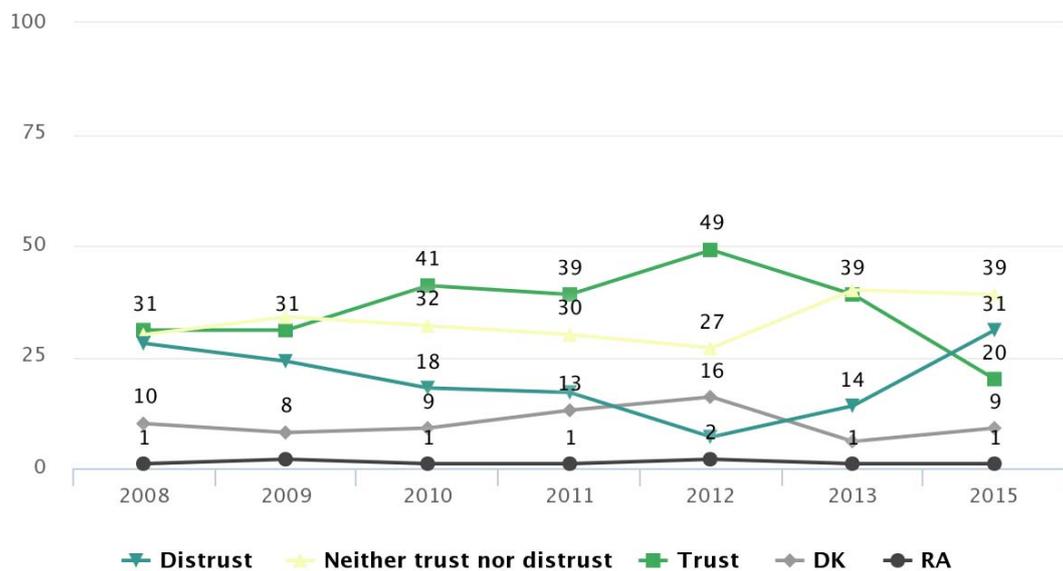
**Annex 2**

TRUPARL: Trust towards Parliament (%)



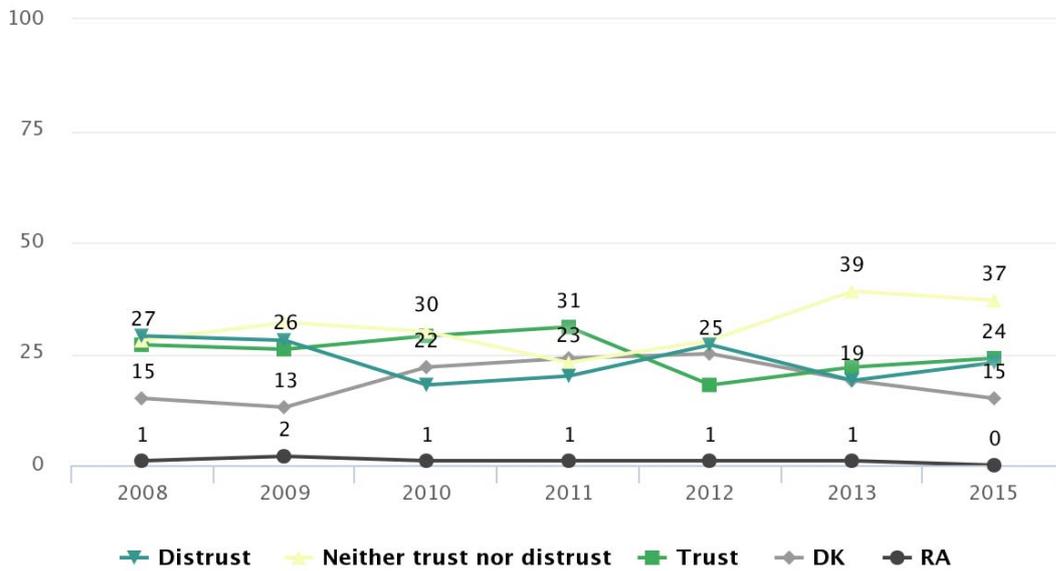
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წყარო: <http://caucasusbarometer.org/>

TRUEXEC: Trust towards Executive government (%)



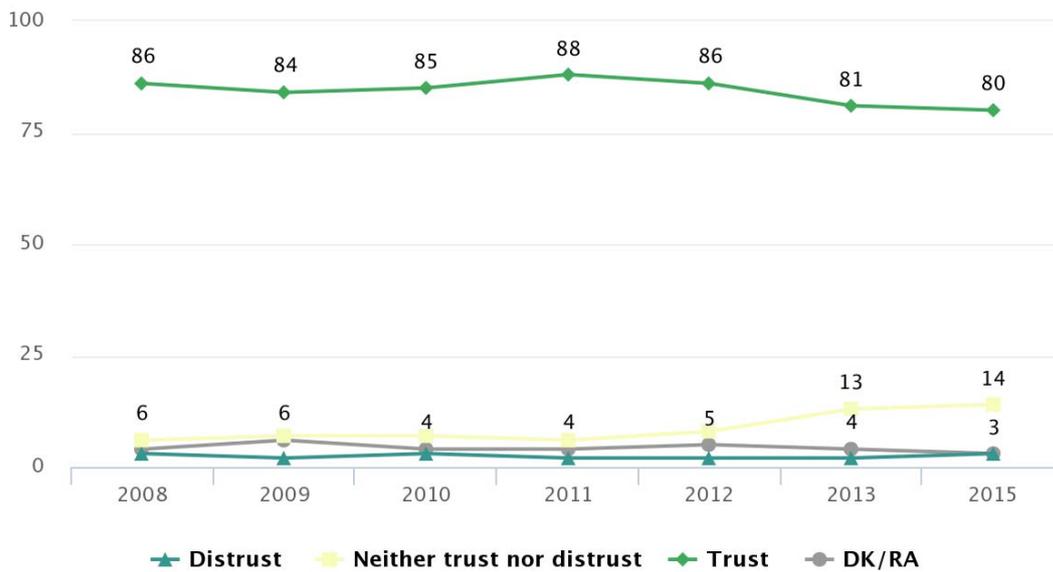
კავკასიის ბარომეტრის დროითი მწკრივები - საქართველო  
წყარო: <http://caucasusbarometer.org/>

### TRUCRTS: Trust towards Courts (%)



კავკასიის ბარომეტრის დროითი მწკრივები - საქართველო  
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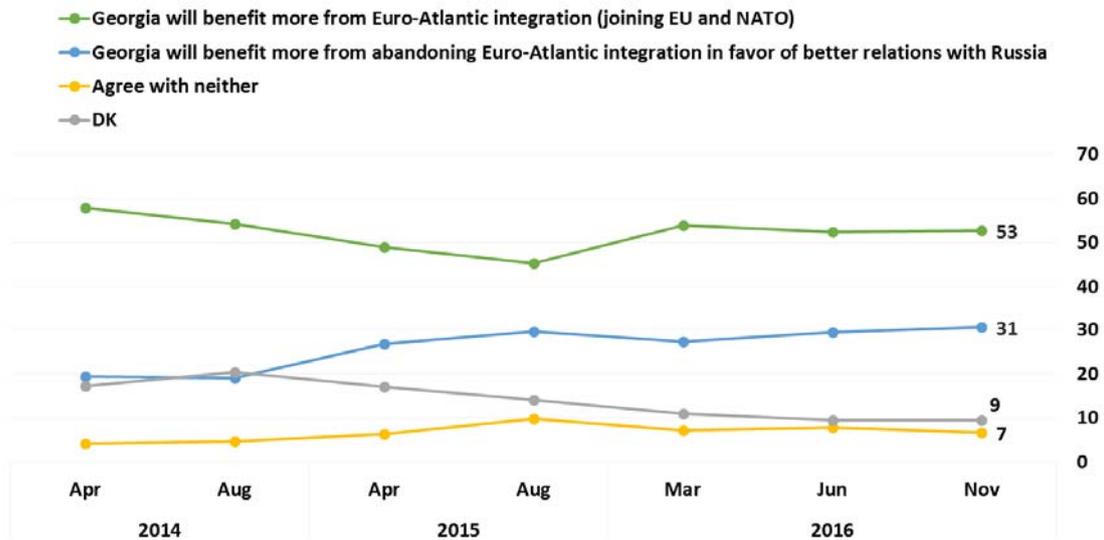
### TRURELI: Trust towards Religious institutions (%)



კავკასიის ბარომეტრის დროითი მწკრივები - საქართველო  
წყარო: <http://caucasusbarometer.org/>

### Annex 3

#### Which of the following statements do you agree with? (q13)



All waves are nationally representative of Georgian speakers. April 2015, August 2015, March 2016, June 2016 and November 2016 are also representative for minority regions.

## ECONOMY

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Georgia's economy in 1990 was USD 12 billion (considering 1996 prices<sup>40</sup>). It shrank by 72% in the following four years and by 1994 dropped to USD 3.4 billion. This sweeping decline in the economy was the result of two wars fought for Georgia's territorial integrity, of civil war, corruption, criminality, hyperinflation and a lack of knowledge of the market economy. Consequently, the population of the country became significantly poorer.

Since 1996, the Georgian economy has been growing and reached USD 14 billion in 2016 (equivalent to USD 11 billion by 1996 prices). Nevertheless, the major weaknesses in Georgia's economy are still the high level of poverty (21.3% of the population lives in absolute poverty) and unemployment (12%). As a result, the level of emigration from Georgia is high (nearly 20% of citizens are now living abroad) with half of the flow of emigrants going to Russia and supporting their families from earnings received there.

Despite the economic progress of the last two decades, the level of Georgia's economic dependence on Russia is still considerable. This dependence comes from trade, remittances, tourism and energy supply. The experience of the last decades shows that the more Georgia is tied to Russia economically, the more leverage Moscow has, and risks to Georgia's economic security increase.<sup>41</sup> In 2006-2007, when Georgia's economy was growing by 10% on average and the country's government was quite assertive in voicing Georgia's aspirations to integrate within Euro-Atlantic structures, Russia started to exploit its economic leverage against Georgia. It banned the import of Georgian products to its market, cut the gas and electricity supplies to the country and deported thousands of Georgian labour migrants.

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<sup>40</sup> 1996 prices are used as base prices to measure real change in Georgian economy. Nominal economy grows when prices and/or production output volume increases. Using base year (1996) prices eliminates price rise effect and shows real (output) growth of an economy. The National Statistics office of Georgia uses 1996 prices as a base for early '90s economic indicators.

<sup>41</sup> "Threats of Russian Hard and Soft Power in Georgia," Chapter II, *European Initiative*, Liberal Academy, Tbilisi, 2016.

This risky dependency on its larger neighbour's economy is also the cause of the Georgia's economic problems (generated by a drop in oil prices and international sanctions on Russia). Between 2014-2016, exports to Russia and remittances from Russia fell significantly (by USD 500 million). As a result, foreign currency inflows to Georgia decreased and this became one of the principal causes behind the significant depreciation of the national currency – GEL. In turn, the depreciation of the GEL caused other socio-economic problems.

Additionally, the reliability of Georgia's business environment has been seriously damaged by Russia as a result of the illegal occupation of 20% of its sovereign territories. Against this backdrop, doing business on Georgian-controlled territory itself remains a highly risky enterprise.

Russia's leverage means that it can ban imports of Georgian products, limit the travel of Russian tourists and obstruct Georgian emigrants transferring money to Georgia - in which case Georgia may suffer significant material losses, cumulatively up to 9% of Georgia's GDP, enough to significantly affect developments on the ground. In the next sections, we will discuss the sectors where potential or already existing risks of Russian influence are high.

### **Soft spots: trade, tourism, remittances**

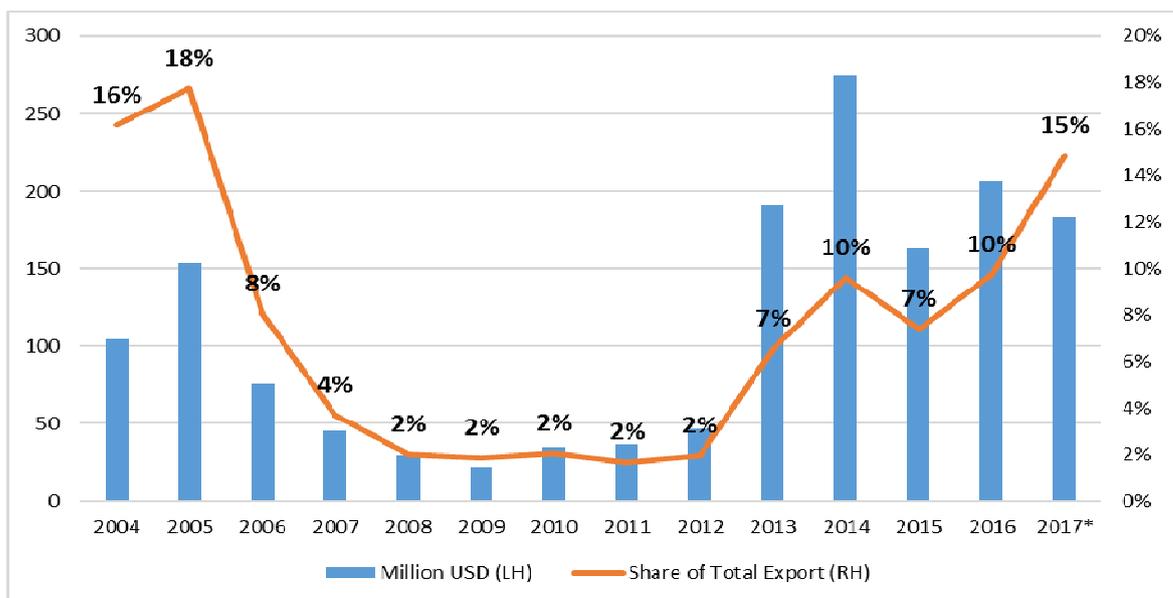
Since 2013, Georgian exports to Russian markets have been increasing. On the one hand, this contributes to the growth of Georgian economy, but at the same time, it cements Georgia's economic dependence on Russia. According to data on the first half of 2017, Russia is the number-one destination for Georgia's exports, with a share of 15% of total exports. If Russia decides to impose a trade embargo, the country loses USD 300 million (2% of its GDP), with specific regions losing even more. Russia is a traditional market for Georgian agricultural products (especially wine) and hence, in the first instance, a Russian ban would damage the agriculture, which is an important source of income for relatively poor and economically vulnerable segments of society. For example, the wine industry is mainly concentrated in one of Georgia's regions, Kakheti, where the Russian market is a significant source of income. Such a level of dependency on the Russian market fuels pro-Russian feelings in some parts of Georgian society.

In addition, the country has already experienced how Russian authorities used its market as leverage against economic development in Georgia. In 2006, Russia declared that Georgia's agricultural products failed to meet sanitary and technical standards and banned their import to the Russian market. As a result, income from

export to Russia decreased by 72%. When Georgia signed the Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU, Russia imposed customs tariffs on Georgian products at the highest rates allowed by membership to the World Trade Organization.

By overall trade turnover, Russia is Georgia's second largest trade partner (after Turkey). The share of Russian products in Georgian imports is 9.3%. Wheat is one of the important import commodities from Russia. According to the data on the first seven months of 2017, Georgia imports almost 100% (95% of domestic consumption) of its wheat from Russia. Although Russia could be replaced as a supplier, its decision to stop exporting wheat to Georgia would likely push the price of wheat up and cause social tensions.

**Chart 1:** Volume of export to Russia and share of Georgia's exports

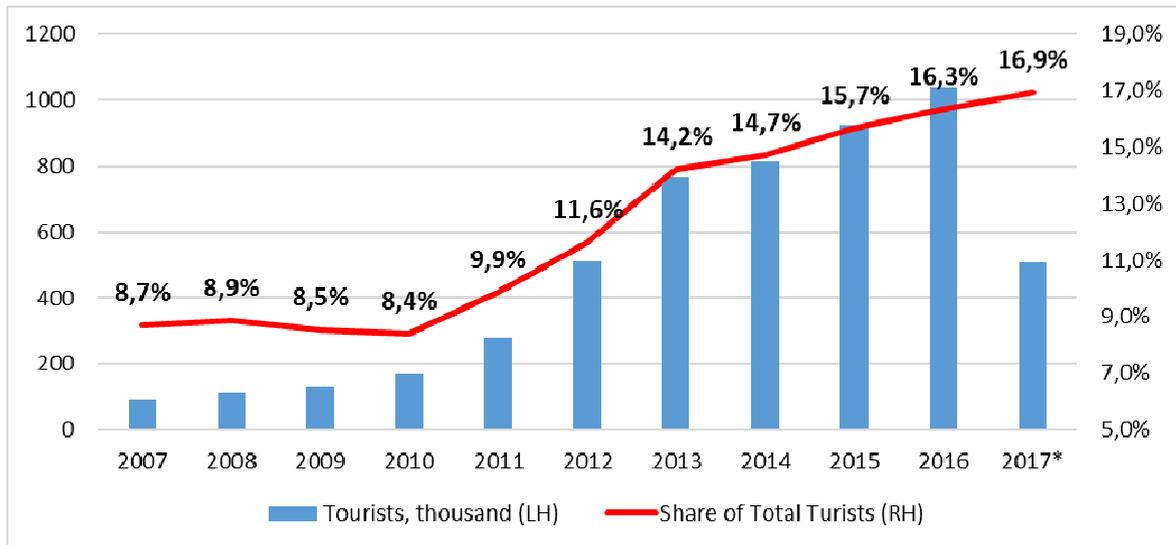


Source: National Statistics Office of Georgia

The number of tourists from Russia has been increasing very rapidly. For instance, it increased by 28% in the first half of 2017, which places Russia second as a source of tourism. More than 500,000 Russians visited Georgia in January-June of 2017, a share of 17% of the total number of visitors. If Moscow decides to restrict Russians' travel to Georgia, this will result in considerable financial losses (nearly USD 350 million) for Tbilisi. This would not be unprecedented: in 2016, when the Russian-Turkish relationship became strained, the Kremlin imposed a ban on package holidays to Turkey and warned Russians not to travel to the country, while Russian airlines suspended Turkey-bound flights. As a result, the number of Russian tourists to Turkey decreased by 87% in 2016. It should be noted that the Russian Ministry of

Foreign Affairs has been periodically warning its citizens about the risks of travelling to Georgia over the past years.<sup>42</sup>

**Chart 2:** Number of Russian tourists and share in Georgia's total tourism



Source: Georgian National Tourism Administration

As regards the number of Georgian emigrants living in Russia, there is no precise information, as most of them enjoy Russian citizenship. However, the estimated figure ranges from 500,000 to 600,000.

On average, Russia-based emigrants transfer USD 600 million annually from Russia to Georgia, which constitutes 40% of remittances to the country. If they were deprived of this opportunity, Georgia would lose significant income. Additionally, it is possible to have Georgian emigrants deported, as it happened already in 2006-2007, when 7,000 Georgian migrants were deported from Russia, with many arrested during massive raids in the streets, in houses and schools. One Georgian woman died in solitary confinement. After ten years, the European Court of Human Rights imposed a guilty verdict upon the Russian Federation in the cases of these deportations and ordered it to pay compensation to Georgian families.<sup>43</sup>

<sup>42</sup> <http://dfwatch.net/russian-mfa-warns-citizens-of-risks-travelling-in-georgia-46489>

<sup>43</sup> <http://agenda.ge/news/58871/eng>

## Energy self-sufficiency: a lesson learnt the hard way

As of 2016, 5.4%<sup>44</sup> of Georgia's gas consumption (it used to be 100% in 2005) was coming from Russia. At the same time, there is work in progress to build the new Shah-Deniz 2 gas pipeline on Georgia's territory, which will deliver Azerbaijani gas to Turkey. After completion of the Shah-Deniz 2 project (the estimated date is 2019), Georgia's population will be able to consume 100% of Azerbaijani gas, at a preferential price. At the same time, over the last two years, the government of Georgia has held intensive negotiations with the Russian gas company, Gazprom, about the future supply of Russian gas and the terms of use of the Trans Caucasus Gas Pipeline (this pipeline supplies gas to Armenia and Russia pays Georgia a transit fee). Before 2017, Russia would pay Georgia the transit fee in natural gas (10% of transited gas). However, the contract terms have changed after negotiations and Georgia now receives money instead of gas. The transit fee and other contract terms are confidential, which creates suspicion. In addition, negotiations between Gazprom and the government in Tbilisi were not transparent, with even the date and location of the meetings unknown. Such circumstances raised doubts that the Kremlin was trying to increase Georgia's dependency on Russian gas.

As concerns electric energy, the share of import from Russia is cca 3%<sup>45</sup> (from 20% in 2005) of Georgia's domestic consumption. However, Russian electricity is imported during the winter months (10%-15% of domestic consumption) when Georgia's internal capacities are not sufficient (domestic production of electricity decreases while electricity consumption increases). Therefore, if Russia does not supply electricity in winter, Georgia's 24-hour capacity for power supply will be limited. In the winter of 2006, Russia orchestrated acts of sabotage on electricity lines and gas pipelines and left Georgia both without electricity and gas for two weeks (at that time, 90% of gas consumed in Georgia as well as a significant portion of electricity was imported from Russia).<sup>46</sup>

Another important issue is Georgia's largest hydro power plant, Engurhesi, which is located on the administrative boundary line of the occupied territory of Abkhazia. Some components of Engurhesi (the water reservoir) are located outside of the occupied territory, while others are located within its confines (the main building of the hydroelectric station, aggregates). Engurhesi is owned by Georgia, although it is managed on equal footing with the Russian Federation. Electricity generated by Engurhesi is 28% (as per 2016 data) of Georgia's domestic power consumption. If the

<sup>44</sup> Georgian National Energy and Water Regulatory Commission, 2016 Annual Report.

<sup>45</sup> Electricity Market Operator of Georgia, Electricity Balance 2016.

<sup>46</sup> "Gas Flowing to Crisis-Hit Georgia," CNN. Accessible at:  
<http://edition.cnn.com/2006/WORLD/europe/01/23/russia.gas/>

Russian Federation interrupts the functioning of Engurhesi, Georgia will have a significant electricity deficit. However, at this time, the probability of this scenario is not high because this would mean that the population of the occupied territory of Abkhazia would also remain without electricity.

Nevertheless, previous experience, as mentioned above, demonstrates that energy supply could be instrumentalized by the Russian Federation to advance its interests. In 2015, the “borderization” process left a 1,605 m portion of the Baku-Supsa oil pipeline, operated by British Petroleum near the village of Orchosani, outside of Tbilisi’s control. Several hundred meters were again left outside of Tbilisi’s control in 2017, when the occupation forces drew trenches near the village of Karapila.

### **Moscow has small hands in Georgian business**

Upon request for information from appropriate state agencies about Russian companies operating in Georgia, only a list of names was received (financial information is confidential). The share of Russian business on the Georgian market remains unknown to the public.

Empirical evidence shows that Russia is not a sizable investor in Georgia. During the last 20 years (1997-2016), Georgia received USD 630 million in foreign direct investment (FDI) from Russia, which is only 4% of the total FDI inflow. Over the last three years (2014-2016), the Russian FDI share was 3% of total FDI. Nevertheless, the Russian Federation has always demonstrated special interest in investing in strategic infrastructure in Georgia, especially the Trans Caucasus Pipeline (which carries Russian gas to Armenia) and Georgian railways.

Energy, financial and communications infrastructure are other sectors of Russian investment.<sup>47</sup> Russian commercial bank VTB has a market share of 5%. The majority of large Russian companies operate in the energy sector. They are hydroelectric power and energy distribution companies (e.g. Telasi, which supplies electricity to Tbilisi).<sup>48</sup> One of the largest Russian companies operating in Georgia is Rosneft. Rosneft violated the Law of Georgia on Occupied Territories by carrying out illegal work in Abkhazia and, at the same time, purchased 49% of the Poti (the biggest seaport of Georgia) terminal.<sup>49</sup>

<sup>47</sup> “Threats of Russian Hard and Soft Power in Georgia,” Chapter II, *European Initiative*, Liberal Academy, Tbilisi, 2016.

<sup>48</sup> *Russian Capital in Georgian Business*, Institute of Development of Freedom of Information, 2016.

<sup>49</sup> <http://factcheck.ge/en/article/rosneft-violates-the-law-of-georgia-on-occupied-territories-whilest-the-government-of-georgia-in-spite-of-the-promises-it-made-has-no-reaction/>

The presence of large Russian companies in Georgia facilitates Moscow's access to important information, especially when these companies are operating in critical infrastructure sectors.

### **Occupied territories: the Russian foot in the door**

The Russian occupation of Georgia's territory undermines the most important element for the business environment: peace. It continues to make advances even today through the so-called "creeping occupation." From time to time, Russia pushes the administrative boundaries of the occupied territories. Moreover, the risk of annexation of these territories is ever higher.<sup>50</sup> According to the Strategic Defence Review 2017-2020, published by the Ministry of Defence of Georgia, "given the military presence of Russian troops in the occupied territories and the violation of the ceasefire agreement signed on 12 August 2008, Russia continues its attempts to call Georgia's peace order into question, thus the renewal of large-scale aggression remains possible. Furthermore, there is a risk of occupation of the territories around the occupation line, the seizure of strategic infrastructure and the escalation of other provocations by Russia."<sup>51</sup> As a result, the risk of doing business in Georgia increases, especially in the proximity of the occupied territories. According to the Euler Hermes Country Risk Ratings, Georgia is a high-risk country.<sup>52</sup> A significant component of the rating is political stability and the risk of conflict.

During the research, anonymous interviewees from the Georgian business sector have mentioned that the most important problem for the Georgian business environment is the existence of occupied territories and aggression from the Russian Federation. Because of these two factors, investors estimate the country risk as significantly high and abstain from starting business in Georgia.

Occupation also has its socio-economic costs for Georgia under the form of public spending on internally displaced persons from the occupied territories. According to information from the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia, more than 273,000 persons are internally displaced, with the Ministry spending about USD 50 million annually for their housing and basic needs.

<sup>50</sup> Georgia's Reforms Associates (GRASS) statement on the new danger of annexation by Russia and on the urgent need for formulating an anti-annexation strategy, 2014.

<sup>51</sup> Ministry of Defence of Georgia, Strategic Defence Review 2017-2020, Chapter 3.2.2.

<sup>52</sup> <http://www.eulerhermes.com/economic-research/country-risks/Pages/country-reports-risk-map.aspx>

## EU scaremongering

The opinion that Georgia's economic development will be better served by cooperation with Russia, instead of cooperation with the European Union, is popular in Georgia. This opinion is often deliberately promoted. With regard to the EU market and regulations, myths on how they are detrimental to Georgia's economy are made up and disseminated. Some of the most popular are: a) the DCFTA brings little benefit to Georgia and just imposes extra demands, b) Georgia's traditional exports to Russia will be disrupted because of the adoption of European standards, and c) the EU will gain more than Georgia from the removal of customs duties.<sup>53</sup>

At the same time, it is possible that Russia will attempt to create problems for Georgia's trade in the member states of the Eurasian Economic Union (EEU), namely, Armenia, Belarus, Kazakhstan and Kyrgyzstan. According to Kakha Gogolashvili, Director of the European Research Centre, whether or not EEU activation will hurt the Georgian economy depends on any cancellation of free trade agreements with EEU member countries.<sup>54</sup> As of today, Georgia does not have problems in its economic relationship with Armenia, Belarus, Kazakhstan or Kyrgyzstan. However, if Russia manages to close the markets of these countries, Georgia will lose USD 220 million in export potential (10% of the country's total).

## Conclusions: 9% of Georgia's GDP hangs in the Kremlin-held balance

According to data for January-June of 2017, 33% of remittances transferred to Georgia come from Russia. The latter also occupies the first place in Georgia's exports, with 15% of these being Russia-bound. In terms of the number of tourists it comes fourth, with figures that have been growing rapidly and have most likely pushed Russia to second place by the end of 2017.

Over the last few years, Georgia's dependence on Russian gas and electricity has been cut significantly. In 2016, the share of Russian gas in Georgia's total gas consumption was 5.4% and the share of electricity was 3%, but with higher dependence in the winter months and supply from Engurhesi also entailing some risks.

Russia is not one of the main investors in Georgia, but it is present in strategic business, especially in the energy sector where it consistently tries to control more critical infrastructure inside the country.

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<sup>53</sup> *Myths about the EU-Georgia Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA)*, European External Action Service.

<sup>54</sup> <https://www.georgianjournal.ge/business/29358-the-eurasian-union-risks-and-benefits-for-the-georgian-economy.html>

Russian occupation remains a main risk factor for the Georgian business environment. At the same time, anti-EU propaganda is being stimulated, especially against the DCFTA with the EU. Furthermore, Russia puts its efforts into expanding the borders of the EEU and raising the dependence of EEU member countries on Russia.

There is a high risk that Russia will make a political decision to ban the import of Georgian products, limit travel for Russian tourists and make it difficult for labour migrants to transfer money to Georgia or even force them to leave Russia altogether. In this case, significant material losses (USD 1.2 billion or 9% of Georgia's GDP) will be inflicted.

### **Recommendations: go West, go clean, go public!**

Georgia must deepen its economic relationship with Western countries, especially in foreign trade, tourism and the energy sector. Even though Russia is the top single destination for Georgian exports, the production volume exported to the 28 EU member states together is 60% higher as compared to products exported to Russia. At the same time, trade potential perspectives must be taken into account. The EU's economy exceeds USD 16 trillion, while Russia's economy is USD 1.3 trillion. The EU's population is over 500 million, while Russia is a 140 million market.

Georgian authorities should inform Georgian exporters about the potential risks of the Russian market and EEU countries. It should attempt to diversify sources for wheat imports at competitive prices.

Negotiations and contracts with Gazprom must be transparent. Domestic electricity production needs to be increased in order to have sustainable supply during the winter months.

As Russia often uses economic instruments for its own political or geopolitical goals, decisions regarding Russian investments, especially in strategic infrastructure (e.g., transport, electricity, gas, banking), should be based not only on economic calculations, but political and security considerations should be taken into account.

Georgia must gain solid support from the international community to stop the "creeping occupation" from Russia and improve security near the occupation lines. This will diminish the risks of doing business in Georgia and raise its investment attractiveness.

## POLITICS

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Since the fall of the Soviet Union, there has been a widely shared assumption that Communist regimes would be replaced by democratic polities. Apart from the Baltic States, nowhere was this statement truer than in Georgia. Despite the political and economic chaos that characterised the early years of its independence, it eventually managed to become one of the most successful countries in the process of state-building in the region. In 2012, Georgia had a peaceful change of government, which was fairly described as historical<sup>55</sup>, a first in both the country and the region. Despite the shortfalls, Georgia still keeps its position as one of the most successful countries in the EU's eastern neighbourhood.

Such developments in the “near abroad” (a term used by Russian officials referring to the post-Soviet republics as Moscow's special area of interest and responsibility) were the least desirable outcome for Russia. The primary goal of the Russian Federation now is to bring Georgia back into its sphere of influence and, therefore, not allow it to become a member of either NATO or the EU.

Overall, Russia has never changed its policy towards Georgia; however, Moscow did modify the means of fulfilling its own interests. If Russia was employing hard military instruments to destabilize the political environment in Georgia during the late 1990s and early 2000s, soft power has earned a substantial place in the country's 2013 foreign policy concept<sup>56</sup> and Moscow has intensified the use of its rich soft power assets against Georgia since.<sup>57</sup>

Despite Georgia's success story, weak democratic institutions and systemic deficiencies in democratization processes are vulnerabilities that could provide fertile

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<sup>55</sup> Sabina Fisher and Uwe Halbach. 2013. *Change of Government in Georgia: New Emphasis in Domestic and Foreign Policy*. SWP Comment available at <https://goo.gl/q16bjD>

<sup>56</sup> Foreign Policy Concept of the Russian Federation, 2013.

<sup>57</sup> Giorgi Muchaidze. 2004. “Russia's Soft Power Offensive in Georgia”. *Georgian Review* <http://georgianreview.ge/2014/12/russias-soft-power-offensive-in-georgia>

ground for Russian hybrid war or for illiberal propaganda. Alongside the continued occupation and creeping annexation of Georgian territories, this hybrid war includes the weaponization of information, extensively disseminated anti-Western propaganda, supporting pro-Russian or ethno-nationalistic parties and plausible infiltration of state institutions, etc.

### **A one-party democracy led by an unaccountable ruler**

After gaining independence from the Soviet Union, Georgia experienced a chaotic decade, which included a civil war, two secessionist conflicts, economic downfall, corruption and hyperinflation. Overall, Georgia was perceived as a failed state by many. However, after the Rose Revolution in 2003 the new administration made significant progress in battling corruption, introducing economic reforms, developing infrastructure, reforming the police and building a functioning state. Even though Saakashvili's government managed to strengthen state institutions and undertook significant reforms, its rule was also marred by excessive power and compromises vis-à-vis the rule of law and the independence of the judiciary.

In terms of Georgia's democratic development, the 2012 parliamentary election was a breakthrough since it was independent Georgia's first peaceful transfer of power through free elections.<sup>58</sup> Saakashvili's party, the United National Movement (UNM), was defeated by the Georgian Dream (GD), a coalition of six opposition parties led by billionaire Bidzina Ivanishvili. The recent 2016 parliamentary election was also considered to have been well-organized and generally accurately reflected voter preference; the GD running as a party without coalition partners gained 114 of 150 seats.<sup>59</sup> However, in the context of weak democratic institutions and deficiencies in the system of checks and balances, gaining a "super-majority" raised concerns. Past experience has shown that one-party rule has never been auspicious for Georgia's democratic development.

Professor Charles Fairbanks describes Georgia's political life as cyclical<sup>60</sup> and during its political life since independence "the country has never been able to transcend the one-party state."<sup>61</sup> The results of unchecked one-party rule are already plainly visible in the political arena. The ruling party has completed a single-handed reform

<sup>58</sup> Freedom House Country Report – Georgia 2013. [https://freedomhouse.org/sites/default/files/NIT13\\_Georgia\\_2ndProof.pdf](https://freedomhouse.org/sites/default/files/NIT13_Georgia_2ndProof.pdf)

<sup>59</sup> Freedom House Country Report – Georgia 2017. [https://freedomhouse.org/sites/default/files/NIT2017\\_Georgia\\_0.pdf](https://freedomhouse.org/sites/default/files/NIT2017_Georgia_0.pdf)

<sup>60</sup> Georgian democracy is at best a matter of two steps forward and one step back. Since 1992 there has been a succession of genuine popular revolutions, which introduced governments that were initially very popular, but with no powerful opposition. In 2003 there was an illusion of breakthrough in terms of consolidating democracy, then again the same perception in 2012. However, throughout this entire period, Georgia was not really able to transcend one-party rule, with an inclination toward authoritarianism.

<sup>61</sup> Joseph Larsen's interview with Charles Fairbanks. 2017. Georgian Institute of Politics. <http://gip.ge/wp-content/uploads/2017/08/Expert-Interview-4.pdf>

of the constitution without broad public and political consensus<sup>62</sup>. All parties except the GD, as well as NGOs have dropped out of the Constitutional Commission, claiming that the ruling party has neglected those recommendations that included the issues of greatest concern, such as introducing a proportional electoral system and direct election of the president. Therefore, instead of representing an opportunity for generating consensus, the constitutional reform has resulted in a polarized draft<sup>63</sup>, with the GD on one side and all of the other parties and NGOs on the other.

Overall, by the new provisions in the constitution, the ruling party adopted a document in which the incumbent has a clear advantage in elections and the president is no longer an independent counterweight to the parliament. They disregarded not only the response of the Venice Commission but also defaulted on their own promise made to the public to change the existing electoral system and instead postponed the changes until 2024 in order to retain power.

In terms of democratic checks and balances, the parliament remains too weak to be able to conduct oversight of the government and not vice versa, despite formally moving towards a parliamentary republic. It is already an established practice that despite MPs' requests, government representatives do not show up in parliament to brief members. The opposition has frequently complained that a number of ministers have broken parliamentary rules and the requests of MPs for hearings have been neglected.<sup>64</sup> The parliament's eighth convocation has not held a single government hour.<sup>65</sup> Likewise, Prime Minister Kvirikashvili has not been to parliament for questioning since he took office.

On the other hand, the parliamentary majority often overtly discredits the institution of the president, who is meant "to be the head of the state and the guarantee of the proper functioning of state bodies."<sup>66</sup> If in the beginning members of the GD were just ignoring proposals coming from the president to hold negotiations on important reforms or legislation,<sup>67</sup> recently the clash between the two has become exacerbated.<sup>68</sup> The tendency of disrespecting and disregarding independent

<sup>62</sup> "Venice Commission President "Disappointed" by Processes in Georgia". *Tabula*. June 30, 2017

<http://www.tabula.ge/en/story/121588-venice-commission-president-disappointed-by-processes-in-georgia>

<sup>63</sup> The Constitution of Georgia. 2017. <https://info.parliament.ge/file/1/BillReviewContent/161170>

<sup>64</sup> "Parliamentary Opposition talks about Ministers breaking Parliamentary rules". *Interpressnews.ge*. September 11, 2017.

<http://www.interpressnews.ge/ge/politika/451623?ar=A>

<sup>65</sup> Vakhushiti Menabde and others. *Twenty Years Without Parliamentary Oversight*. <https://www.osgf.ge/files/2017/Publications/WEB.pdf>

<sup>66</sup> Constitutional Power of the Georgian President

<https://www.president.gov.ge/en-US/prezidenti/prezidentis-uflebamosileba.aspx>

<sup>67</sup> "Kaladze: I'm Interested in the Constitutional Commission; not the President's Consultations". *Tabula*. March 10, 2017.

<http://www.tabula.ge/en/verbatim/118165-kaladze-im-interested-in-constitutional-commission-not-presidents-consultations>

<sup>68</sup> "Kobakhidze on the President: Georgia Deserves More, but We've Seen Worse Presidents". *Tabula*. July 30, 2017.

<http://www.tabula.ge/en/story/122521-kobakhidze-on-president-georgia-deserves-more-but-weve-seen-worse-presidents>

institutions, including the presidential one, has become a norm for Georgia's political life. During the process of constitutional reform, it became a widely held assumption that by abolishing the direct election of the president, the reform process was specifically targeting President Giorgi Margvelashvili.<sup>69</sup>

Another vulnerability of Georgian politics vis-à-vis Russian influence lies in Bidzina Ivanishvili's informal leadership over political parties and state institutions. Though he officially stepped down from the premiership in November 2013, his informal leadership represents a widely voiced concern. Both the previous and the current successor to Mr Ivanishvili, Irakli Gharibashvili and Giorgi Kvirikashvili, are his former business associates. There are constant allegations that due to his wealth and influence, Mr Ivanishvili is the real decision-maker and the source of informal and unaccountable power. According to the polls, he is still perceived as the ultimate authority in the GD.<sup>70</sup> It seems that the whole logic of the ruling party is that it would simply fall apart without Bidzina Ivanishvili.

Alongside the concerns expressed by the opposition, Georgian NGOs have also criticized the country's transformation, characterized by the deinstitutionalization of governance by a de facto but informal ruler. Transparency International Georgia's report, entitled *Georgia's National Integrity System Assessment*, says that there are signs of informal external influence over the executive power, thereby reducing its independence.<sup>71</sup>

However, not only Bidzina Ivanishvili's unaccountable power is worrying for many, but also his alleged ties to Russia. Mr Ivanishvili's fortune amounts to 32% of the country's GDP and almost 100% of its annual budget. He accumulated his large fortune in Russia where he was a shareholder of Russia's oil giant, Gazprom. Many have been suspicious that selling his Russian assets in the state-owned giant without the Kremlin's approval would not be possible.<sup>72</sup> Given his wealth and fortune and his influence over Georgian politics, and also taking into account the level of poverty in the country, Mr Ivanishvili can determine the fate of elections in the years to come. Deinstitutionalization of governance, informal leadership and the plausible interlacing between Georgian politics and Russian interests, all hamper Georgia's democratic development and directly meet the Kremlin's interests.

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<sup>69</sup> Tornike Zurabashvili. 2017. *The End of Direct Presidential Elections: The Constitutional Reform Process in Georgia* <http://gip.ge/wp-content/uploads/2017/05/Policy-brief-9-Tornike-Zurabashvili.pdf>

<sup>70</sup> The Caucasus Research Resource Centers. (March. 2016) NDI: Public attitudes in Georgia. Retrieved through <http://caucasusbarometer.org/en/na2016ge/BIIVDECMAK/>

<sup>71</sup> Transparency International – Georgia. 2015. *Georgia's National Integrity System Assessment* <http://www.transparency.ge/ge/post/report/sakartvelos-erovnuli-antikoruptionsiuli-sistemis-shepaseba-2015>

<sup>72</sup> Regis Gente (2013) Bidzina Ivanishvili, a man who plays according to Russian rules?, *Caucasus Survey*, 1:1, 117-126, DOI: 10.1080/23761199.2013.11417276

Political control over the judiciary represents another vulnerability that weakens Georgia's resilience in front of Russian influence. In spite of multiple waves of reforms in the justice sector and certain positive tendencies since 2012, in-depth transformation and independence of the system are still far from reality. Instead, there is a perception of politicization. According to the Coalition for an Independent and Transparent Judiciary,<sup>73</sup> the justice system remains prone to political influence, as well as vested corporate interests within the judiciary<sup>74</sup>. The US State Department's 2016 report on human rights also points out shortcomings in the justice sector, including pressure on the judiciary.<sup>75</sup> Overall, in the process of justice reform, the political system has refused to fully give up its leverage and there is still a lack of judicial independence, which was particularly manifest in the politically sensitive cases of Rustavi 2 (the most watched, opposition-aligned TV channel)<sup>76</sup> or the so-called "cable case" (when high-ranking officials in the Ministry of Defence were detained on corruption charges).<sup>77</sup> Both of these cases raised serious concerns with NGOs, which warned that questions regarding the impartiality and independence of the respective court decisions created the unequivocal perception that the interest of the authorities was a factor in the outcomes of both cases.

The lack of transparency, accountability and meaningful democratic and civic control over law enforcement and security services (e.g., Ministry of Internal Affairs, General Prosecutor's Office, State Security Service, State Security and Crisis Management Council, Ministry of Justice) compound other challenges. The most obvious examples are the recent case of the abduction of Azerbaijani civic activist and journalist, Afgan Mukhtarli,<sup>78</sup> and the assault on the Auditor General of Georgia by a former chief prosecutor.<sup>79</sup> Meanwhile, the Parliament's Defence and Security Committee has a broad mandate and carries out the simultaneous oversight of several bodies; this makes its mission cumbersome and, in practice, hardly oriented to functions of oversight, with its performance mostly confined to legislative activities.<sup>80</sup>

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<sup>73</sup> Coalition for an Independent and Transparent Judiciary. 2017. *The Judicial System Past Reforms and Future Perspectives* [http://www.coalition.ge/files/the\\_judicial\\_system.pdf](http://www.coalition.ge/files/the_judicial_system.pdf)

<sup>74</sup> The system is influenced by corporate interests and dominant groups of judges; the High Council of Justice is also politicized: too much power is in the hands of court presidents, they have unchecked leverage over judges, including assignment of a judge and disciplinary proceedings etc.

<sup>75</sup> The US state Department of State. *Georgia 2016 Human Rights Report* <https://www.state.gov/documents/organization/265634.pdf>

<sup>76</sup> Georgian Young Lawyers' Association. Legal Opinion on the Judgement of the Grand Chamber in the Rustavi 2 <https://goo.gl/qtpa7R>

<sup>77</sup> Georgian Young Lawyers' Association. *The Court has delivered an unlawful, unfair and unsubstantiated verdict in the so-called "Cable Case.* <https://goo.gl/OdwKZk>

<sup>78</sup> "Afgan Mukhtarli: Did Georgia help abduct an Azeri journalist?" *BBC*. July 18, 2017 <http://www.bbc.com/news/world-europe-40606599>

<sup>79</sup> Joint Statement of NGOs regarding Assault of Lasha Tordia, Auditor General of Georgia <https://goo.gl/5p1mjK>

<sup>80</sup> Vakhushiti Menabde and others. *Twenty Years Without Parliamentary Oversight.* <https://www.osgf.ge/files/2017/Publications/WEB.pdf>

In addition, some concerns exist regarding the possible infiltration of state institutions and particularly of security services by Russia. The State Security Service's report says that there are constant attempts by foreign surveillance agencies to penetrate state institutions and/or infiltrate agents therein.<sup>81</sup> Recently, the leader of the Republican Party, Levan Berdzenishvili, directly accused the head of the State Security and Crisis Management Council of being an FSB agent.<sup>82</sup> Lack of oversight of law enforcement structures and the possible infiltration of security units significantly raise Georgia's permeability to Russian illicit pressure.

### **A pro-Russian 'Messiah' or a new revolution could sway apathetic voters**

All of the aforementioned challenges make Georgian democracy susceptible to non-military or illicit pressure from Russia; in addition to these, however, one of the greatest threats or shortcomings for Georgia's political life is the weakness of its political parties, which should normally be the cornerstone of consolidated democracies. Even though there are more than 200 political parties registered in Georgia, the majority of them are completely invisible in the country's political life.<sup>83</sup> Georgia has gone through the cyclical process of a one-party state where political parties are prone to a "high death rate."<sup>84</sup> Forming a political party is rather easy in Georgia; yet, its survival and perspectives of becoming a stable political power are still a considerable challenge. Apart from the lack of stability of political parties, the party - voter relation is based on personal charisma rather than on the platform, meaning that constituencies are loyal to party leaders they trust instead of ideology or policies being determining factors in voting choices.<sup>85</sup> Party politics are therefore dominated by personalities, not content or ideologies. According to content analysis of the seven major political party platforms, only three of seven programmes closely match the declared and/or inferred ideology of the respective party.<sup>86</sup>

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<sup>81</sup> Georgia's State Security Service 2016 report <https://goo.gl/qej6Rk>

<sup>82</sup> "Levan Berdzenishvili - the head of the State Security and Crisis Management Council is a FSB agent". *Interpressnews.ge* August 31, 2017 <https://goo.gl/Bajcoh>

<sup>83</sup> European Initiative- Liberal Academy Tbilisi. 2016. *Threats of Russian Hard and Soft Power in Georgia*. <https://goo.gl/ae6F5j>

<sup>84</sup> G. Nodia and Á. P. Scholtbach, *The Political Landscape of Georgia: Political Parties: Achievements, Challenges and Prospects*, Eburon Uitgeverij BV, 2006.

<sup>85</sup> Levan Kakhishvili. 2017. *Is Democracy Possible Without Stable Political Parties: Party Politics in Georgia and Prospects for Democratic Consolidation*. Georgian Institute of Politics. <https://goo.gl/bakVhW>

<sup>86</sup> Ibid.

**Table1: Consistency of party programs and their declared and/or inferred ideology**

Left-leaning parties		Economic Issues	Right-leaning parties				
GD	LP		UNM	APG	FD	DMUG	RP
✓	✓	Jobs	✓	✗	N.A.	✗	✓
✓	✓	Poverty	✗	✗	✗	N.A.	✓
✓	✓	Inflation	✓	N.A.	N.A.	✗	✓
N.A.	✓	Wages	✗	N.A.	✗	✗	✓
		<b>Social Issues</b>					
✗	✓	Pensions	✗	✗	✗	✗	✓
✓	✓	Healthcare	✗	✗	✗	✗	✓
✓	✓	Education	✗	✗	✗	✗	✓

✓ - The issue position of the party corresponds to the declared and/or inferred ideology

✗ - The issue position of the party does not correspond to the declared and/or inferred ideology

N.A. – The program does not mention or devote significant attention to the issue

As the NDI Director in Georgia, Laura Thornton, stated: “Georgians are sick and tired of political parties.”<sup>87</sup> The challenge of weak and fragmented political parties is well reflected in the public attitudes of the Georgian population. The latest public opinion poll results show that the majority of Georgians are undecided prior to local elections. When asked, “which party is closest to you?” almost half of Georgians say “no party” or “I don’t know.” When specifically asked if they were decided or undecided about how they would vote, 62% of respondents were undecided – 68% among younger Georgians – including half of those who were likely to turn out to vote. Of those respondents who were decided, 23% selected the Georgian Dream (GD), 9% selected the United National Movement (UNM), 4% were in favour of both Bakradze and Ugulava – European Georgia (EG) and the Alliance of Patriots (AoP) and 3% were going for the Labour Party.<sup>88</sup> These results demonstrate that existing political parties are not meeting the expectations of their constituencies and the population is largely undecided.

The large number of undecided voters presents both a challenge and an opportunity for political parties. Taking into account public attitudes towards existing parties and the previous results of parliamentary elections, it was obvious that although the GD was not as popular as it used to be in 2012, people – especially the undecided part of the population – still voted for it at the time as it was the only alternative to the ruling UNM. However, a sudden crumbling of the popularity of the GD is indeed possible, as the public eventually grows tired of it. The signs of an over-weary electorate are already there in the above-mentioned polls.

<sup>87</sup> “Georgia is sick and tired of all political parties,” *Pirveliradio.ge*, September 7, 2017. <https://goo.gl/j1AZDW>

<sup>88</sup> National Democratic Institute. *Public Attitudes in Georgia*. June 2017. <https://goo.gl/R9mu1d>

The fact that pro-Western opposition parties were going through difficult times in terms of public support was well demonstrated in the results of the 2016 parliamentary elections<sup>89</sup>; however, since then they have become ever weaker. There were several splits in the UNM, as well as in the Republican Party. Some major leaders of the Free Democrat party have left the organization. Hence, fragmented pro-Western political parties are not a valid option for Georgian society and the existence of this gap between political parties and the electorate carries some risks. In the polarized political arena, undecided voters can easily be swayed by a third power which, unlike the GD or the UNM, would not be seen as an option between bad and worse. Therefore, the space for the new “Messiah” is still vacant. Although there is still no sign of a new political force, the challenge for Georgian politics is whether or not the newcomer will be pro-Russian or pro-Western.

The predominance of a partisan agenda and a polarizing discourse can lead to a sudden dip in the GD’s popularity<sup>90</sup>. It is obvious that the opposition is not capable of competing and balancing the incumbent party with democratic instruments. Therefore, despite the fact that a precedent has already been created of changing the government by democratic means, street protests and even a subsequent revolutionary scenario is not unthinkable. Such a scenario is nowhere more favoured than in Moscow and current democratic setbacks successfully meet the Kremlin’s interests.

In terms of political participation, the situation is further aggravated in Georgia’s regions densely inhabited by ethnic minorities. The involvement of ethnic minorities in the decision-making process remains a challenge both in central and local governments.<sup>91</sup> Political parties not only fail to engage ethnic minority representatives in their work but also lack the vision and knowledge to represent and advocate problems faced by ethnic minorities. Due to dependence on Russian media outlets, lack of knowledge of the national language and a limited level of awareness about the country’s foreign or domestic politics, ethnic minorities are considerably more vulnerable to Russia’s illicit interference. Excluding their problems from political discourse and the failure of political parties to engage them in Georgia’s political life represent a challenge that can be successfully exploited by Russia.

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<sup>89</sup> The only pro-western opposition party that passed the threshold is the UNM with 27 seats. Republicans got 1.5% and Free Democrats 4.63%

<sup>90</sup> The agenda of the ruling party includes the marginalization and demonization of opposition parties, with which it has no dialogue. Such polarizing narratives divide the public and lead it into apathy. Closing all channels of communication with the opposition parties has led to the crumbling of the previous ruling party, UNM.

<sup>91</sup> Public Defender of Georgia. 2016. *The report on the Situation of Protection of Human Rights and Freedoms in Georgia*  
<http://www.ombudsman.ge/uploads/other/4/4442.pdf>

The alarming problem is that the population, especially those living in rural areas and experiencing severe socio-economic conditions, do not feel represented and do not find their problems reflected in the political agenda. Instead, people witness a polarized discourse and the constant trading of accusations among parties. Constitutional reform has demonstrated how limited bipartisanship and cooperation is between the ruling party and the opposition. According to Sergi Kapanadze, deputy speaker of Georgia's parliament, there are only few examples of legislation adopted by bipartisanship in the parliament.<sup>92</sup> Moreover, there is a lack of cooperation within the pro-Western opposition parties as well. Despite the fact that there are only few ideological differences among them, collaboration seems uncommon because of personal egos.

Along with the non-participation of the electorate, one of the most important challenges for political parties is the shortage of funds, which provides Russia with further inroads into the Georgian political arena. It has been a historical disease for Georgian politics that donations to parties were always directed to the party in power. As recently released statistics show, there is huge disparity between donations given to the ruling party and those for the opposition. The highest amount at GEL 4,555,993 was donated to the GD. European Georgia received GEL 287,440 whilst GEL 5,330 and GEL 20 were donated to the UNM and the Republican party, respectively.<sup>93</sup> The lack of party funding in Georgian politics raises the threat of a possible rise of pro-Russian parties.

As for now, there are only a few openly pro-Russian parties (Nino Burjanadze's Democratic Alliance, Kakha Kukava's Free Georgia) and they have rather limited popular support, so they try to put up an ethno-nationalistic façade. Such groups often raise scepticism about Georgia's European and especially Euro-Atlantic integration. The Alliance of Patriots is an explicit example of the latter. The party publicly denies any political ties with Russia but it exhibits a distinctively anti-Western rhetoric and promotes a pro-Russian narrative. They represent themselves as a pro-Georgian force that does not sympathize with Russia, but does not "obey" the West either. Although their electoral pool is limited, they managed to pass the election threshold in 2016. One of their MPs, Emzar Kvitsiani, just recently proposed an initiative of enshrining into the law on Georgian Citizenship the term 'ethnic Georgian', which in his words refers to a citizen having a Georgian last name and perceiving himself/herself as Georgian<sup>94</sup>. Their recent visits to Russia and

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<sup>92</sup> Paata Gaprindashvili. In-depth interview with Sergi Kapanadze. September 2017.

<sup>93</sup> "In August GD got more than 4.5 million donation, while the UNM got 5 thousand," *Interpressnews.ge*, September 6, 2017  
<https://goo.gl/RntxRe>

<sup>94</sup> "Emzar Kvitsiani proposes to incorporate a term of "ethnic Georgian" into the law," *interpressnews.ge*, September 12, 2017  
<https://goo.gl/6y3Yas>

negotiations of a dialogue with Russia further exacerbate suspicions vis-à-vis their ties with the Kremlin.

## **Conclusion**

In more than a decade, Georgia has managed to achieve significant progress in the process of consolidating democracy; however, there are particular shortfalls and setbacks in its political life, which, apart from negatively affecting the country's development, also weaken its resilience and capacity to withstand Russian pressure. Deficiencies in the system of democratic checks and balances, shortfalls in the justice sector, weak democratic institutions, the tendency toward deinstitutionalization of governance, a fragmented pro-Western opposition and the rise of pro-Russian - or in other words ethno-nationalistic - parties are the vulnerabilities on which Russia is feeding and which make Georgia susceptible to the Kremlin's influence. A strong democracy in Georgia and success on the path of Western integration is the least desirable outcome for Moscow: the stronger the democracies in its neighbourhood and beyond, the more pressure on Putin's authoritative regime. Any setback in Georgian democracy and absence of a strategy towards the Kremlin's soft power only plays into Russia's hands.

## FOREIGN POLICY AND SECURITY

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Georgia's foreign and security environment has significantly deteriorated following the military aggression carried out by the Russian Federation in August 2008<sup>95</sup>. After the war, Georgia has dedicated its efforts to mobilizing international support for the non-recognition of occupied territories and neutralizing both military and non-military threats coming from Russia. The main principles of Georgia's foreign and security policy are laid out in two strategic documents: the 2015-2018 Foreign Policy Strategy<sup>96</sup> and the 2013 National Security Concept.<sup>97</sup> The highlights of the Foreign Policy Strategy are a successful policy of de-occupation, the restoration of Georgia's territorial integrity and Euro-Atlantic integration, as key objectives toward securing the country's democratic and economic development. The National Security Concept identifies as key security challenges, for the foreseeable future, the occupation of Georgian territories, terrorist acts organized by the Russian Federation from the occupied territories and the risk of renewed military aggression.

The primary goal of the Russian Federation is to bring Georgia back into its sphere of influence and therefore not to allow it to pursue its Euro-Atlantic choice. The tools and levers that Moscow uses to influence Georgia's foreign and security policy are diverse. As clearly demonstrated by the developments of the last several decades, Russia actively utilizes its military and non-military capabilities to thwart Georgia's European integration process and submit the country to its control. The deployment of Russia's military bases in Abkhazia and the Tskhinvali region/South Ossetia and the active anti-Western campaign serve to create instability and undermine the country's democratic development.

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<sup>95</sup> "2008 Georgia Russia Conflict Fast Facts," CNN Library. Updated on 26 March 2017. Accessible at: <http://edition.cnn.com/2014/03/13/world/europe/2008-georgia-russia-conflict/index.html>

<sup>96</sup> 2015-2018 Foreign Policy Strategy of Georgia. Retrieved from <http://www.mfa.gov.ge/MainNav/ForeignPolicy/ForeignPolicyStrategy.aspx>

<sup>97</sup> National Security Concept of Georgia. Retrieved from <http://www.mfa.gov.ge/MainNav/ForeignPolicy/NationalSecurityConcept.aspx>

## How to control a country in 3 easy steps: occupation – annexation – de-Westernization

After the occupation of Abkhazia and the Tskhinvali region and the permanent deployment of Russian troops and military infrastructure on Georgian territories, the “silent war against Georgia”<sup>98</sup> has continued ever since. The Russian Federation has intensified the fortification of occupation lines by installing razor-wire fences, trenches, so-called “border signs” and other artificial barriers. Families have been seriously impacted, with razor-wire fences cutting through their dwellings or farmyards<sup>99</sup>. On 4 July 2017, Russian occupation forces illegally installed a border sign across the occupation line in the Tskhinvali region, in the area of Bershueti village in the Gori district. The occupation line is now just 350-400 metres away from the major east-west motorway that cuts across Georgia and is of major importance to the region as it connects Azerbaijan and the Black Sea littoral.<sup>100</sup>

Since 2011, Russian occupation forces have been actively pursuing the “borderization” process (demarcation of the administrative boundary lines of South Ossetia and Abkhazia and gradually advancing the occupation line inside Georgia to enlarge the Russian-held territory), thereby creating one of the most serious security challenges. The total length of the occupation line of the occupied Tskhinvali region is 350 km, out of which today 52 km is covered with razor-wire fences<sup>101</sup> (compared to 32 km in 2013). Russia is intentionally protracting the “borderization” process to keep the pressure on the Georgian government and the international community and create a sense of indefensibility and vulnerability. With its provocations, the Kremlin instils fear among the peaceful population, which may be pulled into an uncontrolled process, with all the associated risks of accidental escalation. Government representatives have emphasized on different occasions that the situation across the boundary line has become increasingly dangerous and could evolve into a wholly unmanageable process. This, among others, serves one of Russia’s key objectives of “keeping Georgia from joining NATO and the EU, by portraying Georgia to the members of those organizations as unstable and militarily indefensible and, therefore, a potential liability as a member.”<sup>102</sup>

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<sup>98</sup> Dr. Robert E. Hamilton – Georgian Institute of Politics, Expert Comment. Retrieved from: <http://gip.ge/wp-content/uploads/2017/08/Expert-comment-5.pdf>

<sup>99</sup> <http://www.interpressnews.ge/en/politicss/89995-the-russian-federation-continues-to-occupy-two-historic-regions-of-georgias-sovereign-territory-giorgi-kvirikashvili.html?ar=A>

<sup>100</sup> “Russians and the East-West Highway,” *Georgia Today*, 6 July 2017. <http://georgiatoday.ge/news/6965/Russians-%26-the-East-West-Highway>

See also the statement of NGOs on the illegal installation of a so-called border sign in the vicinity of the village of Bershueti. <http://grass.org.ge/en/statement/statement-of-the-ngos-on-the-illegal-installation-of-a-so-called-border-sign-in-the-vicinity-of-bershueti-village/>

<sup>101</sup> <http://factcheck.ge/article/rusuli-mtsotsavi-okupatsia-tsiphrebshi/>

<sup>102</sup> Dr. Robert E. Hamilton – Georgian Institute of Politics, Expert Comment. Retrieved from: <http://gip.ge/wp-content/uploads/2017/08/Expert-comment-5.pdf>

The “borderization” process has already triggered resistance amongst civil activists in Georgia who organized and held a chain of protests across the Administrative Boundary Line (ABL) in July and August of 2017. This reached a climax when the ‘Power is in Unity’ civil movement decided to launch 24-hour peaceful monitoring of the so-called border line. The organizer of the protest, David Katsarava, stated that the timeline and locations of protests were agreed with representatives of the Ministry of Internal Affairs.<sup>103</sup> However, massive civic protest can be used by Russian forces as a pretext to launch a series of provocations. Judging by recent examples elsewhere (i.e. Estonia and the cross-border kidnapping case<sup>104</sup>), it is also worth asking if the Georgian government has a contingency plan in case a number of civilian protesters are detained by the occupation forces.

According to the Strategic Defence Review for 2017-2020 of the Ministry of Defence of Georgia, Russia continues its attempts to call the country’s peaceful order into question, thereby creating a threat of renewal of large-scale aggression. The document also suggests that the occupied regions with their proxy regimes and occupation forces also encourage trafficking, organized crime and terrorism, which pose security threats not only for Georgia but for the whole region as well. The same is stated in the 2017 State Security Service report to Parliament. The Strategic Defence Review also assumes that Russia will step up its efforts to undermine Georgia’s national unity and attempt to initiate conflict among ethnic and religious groups to create fertile ground for destabilization.<sup>105</sup>

The State Security Service report also states that the considerable presence of Russian military forces in the occupied regions is an existential danger to Georgian statehood.<sup>106</sup> It is estimated that up to 8,000 troops are stationed on Georgian territory with advanced military hardware.<sup>107</sup> This number is equal to one-fourth of Georgia’s military personnel. The problem is compounded by the fact that the Russian Federation has a number of military bases<sup>108</sup> around/ near Georgian borders (two of them are even located in Georgia). Outside of Georgia, one of the most important bases, which could pose an imminent threat in case of war or other form of conflict, is the 102<sup>nd</sup> Military Base located in Gyumri, Armenia, 44 km from the Georgian-Armenian border, where around 5,000 servicemen are deployed. According

<sup>103</sup> <http://qronikaplus.ge/?p=13304> (available only in Georgian)

<sup>104</sup> <https://www.reuters.com/article/us-estonia-kidnapping/estonia-says-officer-abducted-on-border-russia-says-it-detained-spy-idUSKBN0H01WR20140905>

<sup>105</sup> Strategic Defence Review of Georgia. Accessible at: <https://mod.gov.ge/assets/up-modul/uploads/pdf/SDR-ENG.pdf>

<sup>106</sup> 2016 Report of the State Security Service of Georgia. Accessible at: <http://ssg.gov.ge/uploads/%E1%83%90%E1%83%9C%E1%83%92%E1%83%90%E1%83%A0%E1%83%98%E1%83%A8%E1%83%94%E1%83%91%E1%83%98/angarishi2016.pdf>

<sup>107</sup> Caucasian House, Report 2016. <https://www.facebook.com/regional.dialogue/videos/1868652330062909/>

<sup>108</sup> Please see the map below.

to our interview with a representative of the Security Council of Georgia, the Gyumri base can become a loophole for Georgia's security.<sup>109</sup>

The last few years have shown an even more alarming situation. After the occupation of South Ossetia and Abkhazia, Russia has pursued an annexation policy. Shortly after the August war in 2008, Russian President Dmitri Medvedev signed decrees recognizing the independence of Abkhazia and South Ossetia as sovereign states.<sup>110</sup> Medvedev also signed into law federal bills ratifying friendship, cooperation and mutual assistance pacts between his government and those of Abkhazia and South Ossetia.<sup>111</sup> This move marked an important change in Russia's approach as it now openly started to support the separatist regions and use these conflicts as political leverage to influence Georgia's foreign policy.

The Moscow-Sokhumi "treaty" on alliances and strategic partnerships signed on 24 November 2014, as well as other subsequent agreements has been assessed by Tbilisi and the international community as attempts at "creeping annexation of Georgia's occupied territories." Seen in this perspective, the treaty implies full integration of Abkhaz defence, security and customs under Russian jurisdiction. Most importantly, high officials of the Russian Federation linked the treaty to financial aid, which made it impossible for Sokhumi representatives to reject it.<sup>112</sup>

At the same time, 'a pact on alliance and integration' signed on 18 March 2015 formally incorporates South Ossetia's economy and military into those of Russia. According to the treaty, South Ossetia is delegating executive power over its external policy, border control and military to the Russian Federation.<sup>113</sup> In the case of South Ossetia, an imminent annexation threat is also expressed in ongoing talk of a referendum that would allow the local population to "vote" for unification with North Ossetia and thus become a part of the Russian Federation. Although Russia hitherto remains ambivalent about the referendum, it can choose to exploit this opportunity at any time, especially considering the precedent of Crimea, should it actively move to strengthen its influence and increase its presence in the South Caucasus, as well as to undermine aspirations of integration within Western institutions such as NATO and the EU.

<sup>109</sup> "Medvedev Secures Long-Term Foothold in Armenia," *Moscow Times*. Accessible at:

<https://themoscowtimes.com/news/medvedev-secures-long-term-foothold-in-armenia-796>

<sup>110</sup> [https://web.archive.org/web/20080s902001442/http://www.kremlin.ru/eng/speeches/2008/08/26/1543\\_type82912\\_205752.shtml](https://web.archive.org/web/20080s902001442/http://www.kremlin.ru/eng/speeches/2008/08/26/1543_type82912_205752.shtml)

<sup>111</sup> <http://www.rbcnews.com/free/20081124163142.shtml>

<sup>112</sup> <http://www.civil.ge/eng/article.php?id=27845>

<sup>113</sup> <https://www.ceps.eu/blog-posts/deliberately-integrated-south-ossetia-headed-and-russia>

Russia has launched an active campaign to “convince” other states to follow its example. To date, only Nicaragua, Venezuela and Nauru have recognized Abkhazia and South Ossetia as independent states, whilst Tuvalu and Vanuatu have withdrawn their recognition owing to Georgia’s successful non-recognition policy.<sup>114</sup> Although the absolute majority of states, as well as major international organizations recognize Georgia’s territorial integrity, Russia’s continuous efforts to gain the support of other countries remains a foreign policy challenge for Tbilisi.

Georgia’s lack of a comprehensive anti-annexation strategy further adds to the problem. The government has recognized annexation attempts from the Kremlin as a threat<sup>115</sup>, but its strategic documents do not offer concrete mechanisms for how to tackle the problem. This is despite the fact that the Russian threat requires a complex approach, which includes, but is not limited to full use of legal, political, economic and humanitarian means and leverage, on all relevant multilateral and bilateral platforms. In addition, there is a need to distinguish between non-recognition and anti-annexation in order to better address these new realities. Intensive efforts are required not only to maintain and strengthen international support but also to step up engagement of international partners in conflict resolution and prevention.<sup>116</sup> Therefore, the development of a coherent response mechanism against Russia’s annexation policies will be one of the most significant foreign policy challenges for Georgia in the years to come.

Another problem created by Russia for Georgia’s foreign policy comes as a reaction to the Euro-Atlantic integration process and entails undermining its Euro-Atlantic prospects by using Russia’s leverage with Georgia’s partners. The Kremlin sees this process as an attempt on the part of post-Soviet countries to escape Russian influence and hence it puts significant effort into undermining it. As clearly stated in the 2015 Russian National Security Strategy, “a determining factor in relations with NATO is the unacceptability for the Russian Federation of the Alliance’s increased military activity and moving of its military infrastructure closer to Russia’s borders.”<sup>117</sup> It is fairly easy to infer that due to the Russian factor, Germany and France appear to be leading the opposition to Georgia’s getting the Membership Action Plan (MAP) and ultimately joining NATO, while many other Western states are sceptical about enlargement altogether.<sup>118</sup> The Kremlin has been sending explicit messages to the Alliance that any further steps toward integration, such as giving Georgia the MAP,

<sup>114</sup> [http://self.gutenberg.org/articles/eng/International\\_recognition\\_of\\_Abkhazia\\_and\\_South\\_Ossetia](http://self.gutenberg.org/articles/eng/International_recognition_of_Abkhazia_and_South_Ossetia)

<sup>115</sup> <http://www.mfa.gov.ge/MainNav/ForeignPolicy/ForeignPolicyStrategy>

<sup>116</sup> <http://grass.org.ge/wp-content/uploads/2014/11/AbkhaziaPolicyBrief.pdf>

<sup>117</sup> Russian National Security Strategy, December 2015. Retrieved from

<http://www.ieee.es/Galerias/fichero/OtrasPublicaciones/Internacional/2016/Russian-National-Security-Strategy-31Dec2015.pdf>

<sup>118</sup> [https://www.washingtonpost.com/opinions/nato-and-the-eu-desert-georgia/2016/06/16/20f2c7dc-33be-11e6-8758-d58e76e11b12\\_story.html?utm\\_term=.e42ee5709261](https://www.washingtonpost.com/opinions/nato-and-the-eu-desert-georgia/2016/06/16/20f2c7dc-33be-11e6-8758-d58e76e11b12_story.html?utm_term=.e42ee5709261)

will result in intensified destabilization and even direct annexation of Georgian territories (i.e., South Ossetia and Abkhazia). These threats are important deterrents for the West, as it fears further deterioration of relations with Russia and the creation of new areas of instability like in Ukraine.

The same extends to Georgia's European integration aspirations, which are perceived by the Kremlin as incompatible with its economic and political interests. Although Russia appears to be primarily hostile toward NATO enlargement, it has the same policy in relation to the EU. The Kremlin's stance is best illustrated by its actions in Ukraine. In 2004, Putin said, "If Ukraine wants to join the EU and if the EU accepts Ukraine as a member, Russia, I think, would welcome this, because we have a special relationship with Ukraine."<sup>119</sup> However, we have witnessed the opposite: the Euromaidan events of 2014, which unleashed Russia's fierce response to the perspective of Ukraine signing the Association Agreement. The Ukraine scenario is a reminder to Georgia and EU countries alike that the same could happen, should Georgia's approximation to the EU challenge Russia's political and economic interests. Against this background, Tbilisi will need to develop efficient response mechanisms in order to adequately address any current or potential threats of this sort.

It is also noteworthy that Russia has created an alternative to the EU in the form of the Eurasian Union. By all evidence, the Eurasian Union serves to further entrench Russia's economic and political influence in the post-Soviet countries and curb their aspirations toward the West. The Kremlin is actively promoting the idea of the Union in Georgia as well. According to research carried out by the National Democratic Institute in 2017,<sup>120</sup> 23% of the Georgian population supports the Eurasian Union, as opposed to 62% who are in favour of the EU. Surely a comfortable majority still prefers the EU, but the proportion of those considering the Eurasian Union favourably is worrying and intriguing, given that this is happening in a country which was at war with Russia less than 10 years ago. Should the Eurasian Union ever become a viable foreign policy option, it will critically increase the country's vulnerability vis-a-vis the Kremlin.

<sup>119</sup> Press Conference Following Talks with Spanish Prime Minister José Luis Rodríguez Zapatero. Accessible at: <http://en.kremlin.ru/events/president/transcripts/22742>

<sup>120</sup> <http://www.tabula.ge/ge/story/122354-ndi-evrokavshiri-62-evraziuli-kavshiri-23-arc-erti-8>

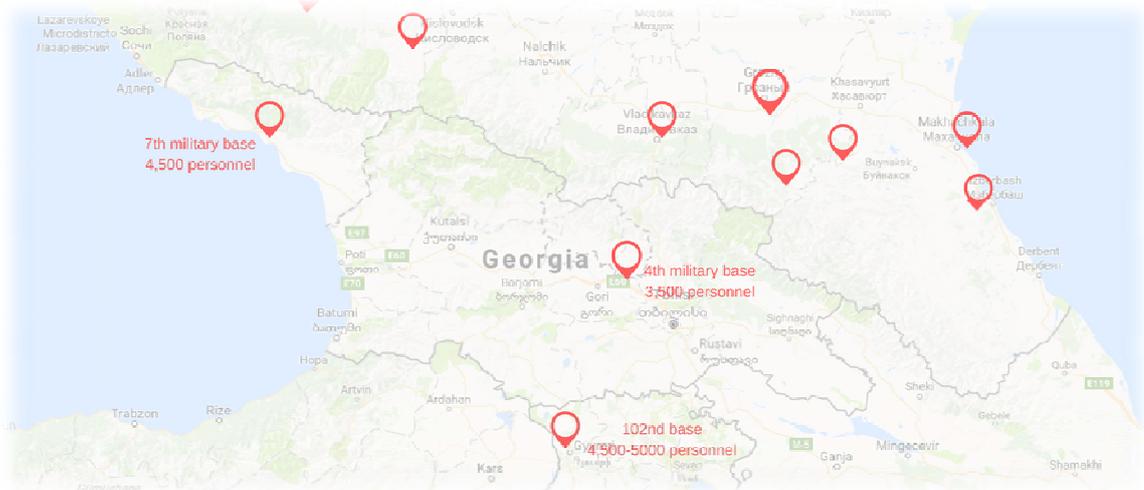


Photo: Russian Military Bases <sup>121</sup>

**Hybrid warfare** is another threat faced by Georgia. The Strategic Defence Review says that “Georgia must now be prepared to respond to the full spectrum of threats, including hybrid conflict scenarios.” Large-scale cyber-attacks launched by Russia against Georgia in August 2008 have clearly demonstrated that Georgia’s national security cannot be achieved without ensuring the security of its cyberspace. In 2008, parallel to the military attacks, Georgian cyber space was exposed to Russian aggression. Attacks against Georgia’s internet infrastructure began as early as 20 July 2008, which overloaded and effectively shut down Georgian servers. During the war, almost all government and commercial websites were blocked or hacked. Russian hackers changed the visuals of many websites to display messages of populism and propaganda.

### One volatile region, so many ways to blow it up!

Besides the imminent and direct threats coming from the Russian Federation, Georgia’s security environment remains fragile when talking about regional conflicts. Twenty-three years after Armenia and Azerbaijan signed a ceasefire deal that ended a bloody war over Nagorno-Karabakh, recent armed escalation makes return to large-scale violent conflict more likely than ever before. One year ago, in 2016, the ‘Four-Day Escalation’ even generated the perception among local communities that another war was inevitable.<sup>122</sup> On 7 July 2017, the Azerbaijani Defence Ministry issued an urgent statement regarding an attack on Armenian positions along the frontline which had taken place not long before: “in order to prevent further diversions and

<sup>121</sup> <https://www.facebook.com/regional.dialogue/videos/1868652330062909/>

<sup>122</sup> “A Frozen Conflict Explodes, Nagorno-Karabakh’s War, *The Economist*. Accessible at: <https://www.economist.com/news/europe/21696563-after-facing-decades-armenia-and-azerbaijan-start-shooting-frozen-conflict-explodes>

avenge the deaths of some members of the civilian population in the village of Alkhanly, on 7 July the Azerbaijani army launched a planned attack and fired at the combat ready forces and the defence positions of the Armenian army battalion.”<sup>123</sup> Violations of the ceasefire resulting in further fatalities on the contact line in the Nagorno-Karabakh conflict zone are a reminder that the status quo is unsustainable.

Given the nature of relations between Russia and Armenia, the possible escalation of the Nagorno-Karabakh conflict into full-scale war could have dramatic implications for Georgian security. In case of war, decision-makers would need to provide answers to the following questions: 1) should Russian troops be permitted to pass through Georgian territory to supply the Gyumri base?, 2) should Russian military aircraft be granted permission to use Georgian airspace?, 3) if the above-mentioned should be allowed, how will the agreement be formalized?, 4) should the Turkish military be allowed to use Georgian territory to aid Azerbaijan?, 5) what will Georgia’s position be during the conflict? and 6) what arrangement will be in place to handle refugees fleeing the conflict and will Georgia accept the refugees in the first place? Given the complexity of the issue, these questions require serious consideration.

### **Lack of strategy or lack of will?**

Finally, another foreign policy challenge derives from the overall approach of the Georgian government toward Russia. As we have witnessed after the change of government in 2012, the new authorities have sought a more balanced policy vis-à-vis the Kremlin in order to reduce bilateral tensions. As the 2012 Election Programme of the „Georgian Dream” stated, “Georgia shouldn’t be a conflicting issue between the West and Russia<sup>124</sup>”. Although foreign policy priorities have not changed, the incumbent government has been less active in pushing hard for Euro-Atlantic integration and has constantly abstained from activities that would irritate the Russian Federation. For instance, Georgia did not join sanctions against Russia for actions in Ukraine<sup>125</sup> and former Prime Minister Irakli Gharibashvili called it a big mistake to liken the situation in Crimea to the situation in Abkhazia and South Ossetia.<sup>126</sup>

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<sup>123</sup> Statement by the Ministry of Defence of Azerbaijan, 7 July 2017. Accessible at: <http://mod.gov.az/en/news/the-units-of-armenian-armed-forces-that-were-brought-into-combat-readiness-and-the-area-of-operation-of-battalion-were-s-19182.html>

<sup>124</sup> Georgian Dream 2012 Election Program. P. -22. Retrieved from: <http://www.ivote.ge/images/doc/pdfs/ocnebis%20saarchevno%20programa.pdf>

<sup>125</sup> <http://beyondthe.eu/georgia-ambivalence-ukrainian-crisis/>

<sup>126</sup> <https://www.youtube.com/watch?v=qSwYtdZbOGw>

In our interview with the Deputy Chairman of the Parliament, Sergi Kapanadze qualified this approach as counter-productive. Particularly, it has demoted the country on the international political agenda and made its own top priorities, such as NATO membership, less relevant to its Western partners. The same opinion is shared by other experts<sup>127</sup>, who argue that when sanctions against Russia are discussed by world leaders, the case of Georgia's occupation is completely left out. To some extent, this exempts Russia from political responsibility for the actions carried out in Georgia. Furthermore, it weakens international support for Tbilisi and creates additional opportunity for Russia to advance its interests in the region.

According to a government official who wished to remain anonymous, the government in Tbilisi hoped that its "new policy" toward Russia would bring some positive results along with the launch of bilateral talks. The limited progress hitherto achieved in certain areas, however, has not produced effects in the security sphere. In fact the situation has deteriorated and Russia has further solidified its unlawful position in Georgia.

Although particular security threats and challenges are addressed in the documents published by Georgian government agencies, Georgia still does not have a holistic and comprehensive National Security Strategy, which should be the framework to form, plan and better implement the country's security policy. In a limited way, the government has acknowledged Russian propaganda as a threat in its strategic documents<sup>128</sup>, including the 2017-2020 Communication Strategy of the Government of Georgia on Georgia's EU and NATO Membership<sup>129</sup>, the 2017-2020 Strategic Defence Review<sup>130</sup> and the 2017-2018 National Strategy on Cybersecurity<sup>131</sup>. However, the most recent document which attempted an overview of the foreign and security policy environment is the National Security Concept of 2011. The concept has not been updated since then and was not accompanied by any action plan or mechanisms for implementing the goals set out in the document. The President of Georgia urged the government to update the National Security Concept and craft the National Security Strategy during his annual report to Parliament in 2017. Their

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<sup>127</sup> <http://gfsis.org/ge/blog/view/692>

<sup>128</sup> As an example, the "2017-2020 Communication Strategy of the Government of Georgia on Georgia's EU and NATO Membership" acknowledges Russian information war as a threat and aims to reduce its effects on the public. In addition, the "2017-2020 Strategic Defence Review" places special emphasis on Russia's soft power, while the 2017-2018 National Strategy on Cybersecurity directly points to Russian anti-Western propaganda against the Euro-Atlantic integration of Georgia. The 2016 Report of the State Security Service of Georgia also dedicates attention to the issues of "Information Diversion" and "Public Diplomacy" components.

<sup>129</sup> Government of Georgia. "2017-2020 Government Strategy on the EU and NATO Membership Communication of Georgia". Available at <https://goo.gl/UWvjAV>

<sup>130</sup> Ministry of Defense of Georgia. "Strategic Defence Review 2017-2020". Available at <https://mod.gov.ge/assets/uploads/uploads/pdf/SDR-ENG.pdf>

<sup>131</sup> Government of Georgia. "2017-2018 National Strategy on Cybersecurity." Available at [http://gov.ge/files/469\\_59439\\_212523\\_14.pdf](http://gov.ge/files/469_59439_212523_14.pdf)

continued absence has a series of negative consequences for the Georgian security architecture, among which primarily:

- without the National Security Strategy, policy- and decision-makers do not have a comprehensive analysis of the security environment in Georgia to rely on, in terms of challenges, capabilities, resources, etc. This is the cause for the absence of clear and realistic security objectives for the short- and long-term perspective.
- the National Security Strategy should be an overarching document, which establishes the rules of the game and the country's security priorities. It also aims to mobilize resources as well as to elaborate guiding principles for state institutions in the field of security. In addition, the National Security Strategy also puts the conceptual and inter-institutional documents in order. Currently, documents created at the level of different ministries and other state institutions in Georgia are sporadic, fragmented and do not have a systematic character. They are not unified under a framework strategy and frequently represent the subjective vision of the minister or head of the institution.

Unfortunately, the National Security Review that would streamline the roles and responsibilities of relevant state agencies and lead to the development of a package of conceptual and strategic documents has not been conducted yet. To many Georgian decision-makers, elaborating the National Security Strategy might seem like a futile and unimportant process. As a result, a weak and inadequate institutional and legal framework, the absence of an established practice of national level security strategy and policy development negatively impact state security. In the process of creating the National Security Strategy, state institutions and expert communities should be capitalized and engaged in broad consultation, which consequently increases performance and coordination among stakeholders. However, the reality in Georgia is that security institutions are unfortunately closing their doors to the expert community and civil society organizations and opting for a highly vertical organizational structure. This leads to passiveness and incompetence and raises the level of already excessive bureaucracy. The absence of the key strategic document and of human capacity simultaneously increases the level of vulnerability and fragility in front of the threats facing Georgia. The lack of an overall strategic vision means that the state apparatus is destined to mostly be bogged down in its routine activities and limited in any long-term development perspectives.

# REPUBLIC OF MOLDOVA

## SOCIETY

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Given its location and its history, it should be no surprise that the Republic of Moldova is ethnically and linguistically heterogeneous. According to the 2014 census, 75.1% of the population identified as Moldovans, 7% as Romanians, 6.6% Ukrainians, 4.6% Găgăuz, 4.1% Russians, 1.9% Bulgarians and 0.3% Roma.<sup>1</sup> Other smaller ethnic groups include Belarusians, Jews, Poles and Armenians. Yet, when it comes to the first spoken language, 54.6% name Moldovan, 24% Romanian, 14.5% Russian, 2.7% Ukrainian, the same as Găgăuz. The fact that there are four times more Russian speakers than there are ethnic Russians is a legacy from the Soviet times. To this day, Russian enjoys official status as a language of interethnic communication - a de facto second official language in the country. In a context in which most ethnic minorities, be they Ukrainian or Găgăuz, speak Russian even to the detriment of their own native languages, they inevitably socialize more into the Russian cultural space than in either the Moldovan or their native ethnic one. This creates additional societal vulnerabilities, because these ethnic minority groups not only fail to integrate into the national political, economic, and social fabric, but also become more susceptible to propaganda that exploits their perceived disenfranchised status.

### **Playing the long game: shaping 'captive' identities**

A foreign actor can exploit these interethnic divisions in society, which can become a powerful tool in the modern arsenal of hybrid warfare. In Moldova's case, the role of Russian media in this respect cannot be underestimated. Historically, the Moldovan media market has been relatively small and underdeveloped, making local media products uncompetitive when compared to the budget of Russian televised entertainment industry. Given the controlled and politicized nature of the Russian media space, Moldovan viewers become victims of propaganda and indoctrination

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<sup>1</sup> <http://www.statistica.md/pageview.php?l=en&idc=479>

even if they watch primarily non-political shows. However, Russian news reports and political talk shows are also popular, first and foremost among the older generation. These reports consistently build a worldview that allows for little to no room for questioning the picture presented, which almost always coincides with the image that best fits the interests of the Kremlin. In Moldova, these interests focus primarily on building and perpetuating a negative image of the European Union, as well as NATO. A second political goal centres on fostering nostalgia for the Soviet Union and an admiration for Russian resurgence. A third and perhaps most damaging goal aims at undermining the public's trust in democratic institutions and the Moldovan state.

Given the popularity and effectiveness of Russian media, they are a powerful tool for shaping not only immediate political preferences, but also long term core beliefs, such as fuelling a harshly conservative stance when it comes to human rights and LGBTQ rights in particular. Therefore, the main objective of Russian propaganda is to shape not only the political preferences of Moldovan citizens, but also to mold their identity in line with Moscow's strategic interest of maintaining its sphere of influence over the region. This is a point of convergence for the media as well as the Russian Orthodox Church. The latter is also known to be in the service of the Russian state.

### **Russian media pouring in through the good offices of Moldovan politicians**

Even though many countries, such as the Baltic states, Ukraine and Georgia have strongly regulated Russian media, to the point of limiting news and political talk shows or even banning the rebroadcast of Russian media altogether, until only recently this was far from being the case in Moldova.<sup>2</sup> The Ukrainian president went as far as to ban Russian social media outlets in the hope of limiting the reach of Russian propaganda and as retaliation for the annexation of Crimea.<sup>3</sup> Meanwhile in Moldova, then presidential candidate Igor Dodon was aligning himself with the Russian position on Crimea, as well as running and winning the presidential race of 2016 on a strongly pro-Russian agenda.

Given Moldova's still somewhat liberal public space, there was growing concern that attempts to ban Russian media could be perceived as non democratic, likely to be ineffective in terms of enforcement, and that such measures could potentially backfire by making the government appear too afraid to allow citizens to decide for themselves.<sup>4</sup> There is always a fine line between freedom and security. However, the result was that Moldova remained perhaps at the other extreme, where Russian

<sup>2</sup> <http://www.reuters.com/article/us-ukraine-crisis-television-idUSKBN0G1QM20140819>

<sup>3</sup> <http://www.telegraph.co.uk/news/2017/05/16/ukraine-bans-russian-social-networks-sweeping-expansion-sanctions/>

<sup>4</sup> <https://cpj.org/2017/05/ukraine-bans-russian-media-outlets-websites.php>

media would get free and direct access to Moldovan consumers, albeit with a minor reshuffle of the original broadcast grid. To add insult to injury, the rebroadcasting rights for the most powerful tools of the Kremlin's propaganda machine – Russian state-owned federal TV stations such as First Channel, Rossiya and NTV – belong to Moldovan politicians or people affiliated to them.<sup>5</sup> This link becomes all too evident when looking at electoral campaign spending.<sup>6</sup> According to security experts, Russian media in Moldova shows no sign of losing any ground; in fact, there is an offensive by Kremlin-subsidized outlets, which undercut their local, but also regional competitors, both private and public.<sup>7</sup> The role of public broadcasters is particularly important in the context of information security. Yet, given their austere budgets, they can hardly compete with the Kremlin's well-funded propaganda machine.

Despite struggling with the Russian backed separatist regime in Transnistria since the early 1990s and the pro-Russian autonomous region of Găgăuzia - which held a highly controversial self-determination referendum in February 2014, a month before the infamous referendum in Crimea, it is only recently that Moldovan ruling elites have passed a law that would limit Russian propaganda. Yet, this proposal is already being viewed with scepticism by the expert community, since it allows plenty of room for broadcasters to adapt to the new regulations and continue to disseminate propaganda, presenting it as local production, rather than foreign and perhaps benefiting from additional funding to allow them to do so.<sup>8</sup>

One of the most obvious effects of Russian media over the Moldovan public is reflected in how Moldovan citizens perceive Vladimir Putin. The Russian president is by far the most popular foreign politician in Moldova. He scores much higher than any of the local politicians, who cannot possibly compete with this godlike stature that Russian media projects.<sup>9</sup> At the same time, the subtle messages that the public is being inoculated with also promote the idea of a strong leader and submissive legislatures, bureaucracies and civil society, with the ultimate goal of undermining individual civic agency. This is an all too close reminder of the Soviet system and the personality cult built by and around the leader.

<sup>5</sup> <http://diez.md/2015/11/14/lista-proprietarilor-tutoror-televiziunilor-din-republica-moldova/>

<sup>6</sup> <https://anticoruptie.md/en/investigations/economic/how-several-presidential-candidates-pocketed-electoral-money>

<sup>7</sup> <http://curaj.tv/invatamant/federatia-rusa-este-in-ofensiva-mediatica-in-romania-si-r-moldova/>

<sup>8</sup> <http://independent.md/studiu-proiectul-pd-de-lupta-cu-propaganda-e-o-bula-de-sapun-va-avea-un-efect-limitat/>

<sup>9</sup> <http://ipp.md/libview.php?l=ro&idc=156&id=820>

## Democracy, the Moldovan brand - a contemplative relation to power

Perhaps the most intrusive and malicious campaign waged by Russian media in recent history had to do with Moldova's negotiation of an Association Agreement with the European Union. Russian media has dedicated a lot of time and effort to undermining the Moldovan public's trust in western institutions, particularly NATO and the European Union. A report by a Moldovan media association pointed out some of the most persistent Russian propaganda messages: "Vladimir Putin is the best president", "the European Union is failing", "more and more countries want to join the Eurasian Union, which has protected its members from crisis", "NATO wants to surround Russia", "Ukraine will fall to ruin as soon as western donors stop financing the country".<sup>10</sup> Apart from this sophisticated propaganda, which is at least in part rooted in bits and pieces of reality, Russian media have been active in spreading fake news, not least during the 2016 presidential election in Moldova in order to benefit the Pro-Russian candidate Igor Dodon<sup>11</sup>.

When speaking of soft power beyond the media, Kremlin-sponsored NGOs also play an increasingly active role in Moldovan society and public space. The Izborsk Club (an association of Russian ultra-conservative foreign and domestic policy experts who promote Putin's agenda) opened a branch in Moldova in 2016. Some of the main ideas promoted by the club members in Moldova are: "the basic trait of the Moldovan collective identity rests in Orthodox religion", "Moldova is part of the contemplative Eastern civilization", "the permanent neutrality of Moldova is a fundamental component of the country's foreign policy and a cornerstone of our Constitution", "Moldova must reject its status as a political and economic colony of the West, in favour of political and economic independence", "Moldova needs a conservative intellectual and spiritual revolution", "Moldova needs to conclude a strategic partnership with Russia without which it will not be able to have an independent domestic and foreign policy".<sup>12</sup> Despite its short history, the Club can already boast a major success with the election of one of its members – Igor Dodon – to become the country's president.<sup>13</sup>

Apart from the Izborsk Club, there are several other prominent Russian-backed NGOs that help stir Moldovan society towards Russia. The Byzantine Club is another platform for conservative intellectuals supporting the idea of Russia as the successor of the great Byzantine civilization. Representatives of this imperial-conservative

<sup>10</sup> <http://agora.md/stiri/32651/15-mesaje-de-propaganda-transmise-de-televizionile-rusesti-in-republica-moldova>

<sup>11</sup> <http://east-center.org/top-10-fake-news-moldovan-media-2016-2017/>

<sup>12</sup> <https://sputnik.md/editorialist/20160404/5720169.html>

<sup>13</sup> <https://mianews.ru/en/2016/11/21/a-member-of-the-izborsk-club-became-the-president-of-moldova-this-was-stated-by-the-first-deputy-chairman-of-the-izborsk-club/>

movement believe that Russia should continue to play its special role, that of a spiritual alternative to the “decadent” European civilization. Apart from these clubs of would-be ideologues, one of the most vocal and militant pro-Russian groups in Moldova has been the League of Russian Youth. The group has been active in protesting against what it perceived as Moldova’s pivot towards the West, embodied by the European Union and NATO. Also, the group has zealously promoted numerous Russian causes, including the symbol of Russian revanchist militarism disguised under a banner of peace, valour and orthodoxy – the St. George ribbon<sup>14</sup>. Ironically, Russian political and military ambitions are increasingly employing not just traditional soft power tools, such as media and NGOs, but the Kremlin has also been instrumental in weaponizing religion, which presents a tremendous vulnerability to the Moldovan state and society.

### **Kremlin’s weaponization of religion**

According to the 2014 census, over 96% of Moldovans identify as Orthodox Christians. Use of religious groups for political ends or weaponization of religion has been an increasingly prominent tactic in the Kremlin’s arsenal. Moldova is particularly vulnerable to undue foreign influence via the church as the country’s religious leader – the Metropolitan of the Moldovan Orthodox Church (MOC) is subordinated to the Patriarch of the Russian Orthodox Church. A much smaller part of the Orthodox Community – the Bessarabian Orthodox Church (BOC) is ecumenically subordinated to the Romanian Orthodox Church. The two different orthodox churches are a result of Moldova’s complicated history. The latter was established when Bessarabia joined the Greater Romania in 1918 and was re-established in the already independent Moldova in 1992. Whereas, the Moldovan Orthodox Church goes back to the medieval times of the Moldovan Principality, but was strengthened and further institutionalized following the 1812 annexation of Bessarabia by the Russian Empire, which employed religion as a tool for centralization and Russification of newly acquired lands.

The ecumenical conflict between the two orthodox communities as well as disputes over church property can always be exploited in order to destabilize the social and political order in the country, even if the intensity of the rivalry between the two camps is continuously fading. Nonetheless, the Moldovan Orthodox Church subordinated to the Russian Patriarch has increasingly been politically active, staging numerous major protests against the anti-discrimination bill (offering protection

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<sup>14</sup> A widely recognized Russian military symbol associated with WWII and the victory against Germany, used by civilians as a token of support to the Russian government, particularly after the Orange Revolution in Ukraine and the 2014 annexation of Crimea. In Ukraine and the Baltic states it is associated with Russian nationalism and separatism.

against employment discrimination to LGBTQ people), which was an important part of Moldova's commitment under the Association Agreement Action Plan with the European Union.<sup>15</sup> Despite the fact that a watered down version of the bill, renamed into the law on Ensuring Equality, was finally adopted in 2013 and Moldova successfully concluded and ratified the Association Agreement with the EU, pro-Russian political forces, first and foremost President Igor Dodon and his fellow Socialists, vowed to repeal the law once in power. In the absence of a legislative majority needed to deliver on that promise, Dodon has been all too eager to repay the clerics for their support by awarding them state distinctions.<sup>16</sup> One of the laureates is a prominent religious hardliner – the Bishop of Bălți and Făleşti, who participated actively in the presidential campaign, promoting Dodon and questioning the fitness for office of his opponent – an unmarried woman.<sup>17</sup>

As outlined above, the largely negative perception within Moldovan society of the LGBTQ community presents a constant societal vulnerability, as it can be further exploited by foreign and domestic forces standing against Moldova's European integration. The negative view of LGBTQ is deeply rooted in the rather conservative mind-set of the Moldovan society. A comprehensive sociological study carried out in 2014<sup>18</sup> proved how widespread discrimination in Moldovan society was, but few expected to see such alarming results, particularly when it came to the LGBTQ community. An astounding 90% of respondents would not accept a homosexual as their neighbour, while 86% would not want an LGBTQ educator in their children's classroom. About 70% still associate homosexuality with illness, perversion and sin. About 57% believe it must be punished.

In order to reduce this vulnerability, local media and civil society need to be more open to LGBTQ issues, thus creating more prerequisite for tolerance at the grassroots level. However, as the (Russian controlled-) media itself presents a vulnerability, most of the burden will continue to fall on the still weak civil society.

<sup>15</sup> <https://www.rferl.org/a/moldova-gay-church-rights-discrimination-laws/25024061.html>

<sup>16</sup> <http://protv.md/stiri/politic/igor-dodon-a-decorat-cu-distinctii-de-stat-16-preoti-printre-acestia---1951281.html>

<sup>17</sup> <https://jamestown.org/program/russia-scores-symbolic-victory-moldovas-presidential-election/>

<sup>18</sup> <https://www.soros.md/files/publications/documents/Raport%20Nediscriminare%20analiza%20comparata.pdf>

## Poor, divided and vulnerable

It is safe to conclude that most of Moldovan society's vulnerabilities are already being targeted by Russian propaganda. Mass media, nongovernmental organizations and the church are the main avenues of Russian influence over the Moldovan society. At the same time, the Russian-speaking community, which represents at least 15% of the population, coupled with a considerably larger Russophile community longing for the Soviet Union and voting for pro-Russian parties, which represents at least 30% of the population, can also be viewed as a vulnerability. In light of their linguistic and cultural affinities, they are much more susceptible to Russian propaganda than the rest of the Moldovan public. The failure of the Moldovan government to implement policies that would better integrate the Russian speaking community creates little incentive for these citizens to reconsider their worldview and makes them easy targets of foreign influence.

Another aspect of societal influence, which is strongly connected with economic vulnerability, pertains to the large number of Moldovan labour migrants working in Russia. Given that about half of Moldova's migrants work in Russia, many of them are inevitably socialized into the highly indoctrinated Russian society. Moreover, their individual economic dependence on Russia, coupled with the even larger dependence on the Russian market faced by Moldovan agricultural producers, gives Moscow strong leverage over a large number of individuals and their families, but also over entire socio-economic categories, such as farmers and low-skilled labour migrants. This wide range of groups that are part of the Russophile community and the fact that they are strongly consolidated under the banner of a pro-Russian political party explains, in part, the very limited reverberations that the annexation of Crimea has had in society. In light of all of the above, it should come as no surprise that many Moldovans, including the current President Igor Dodon, condone the annexation despite Moldova struggling with its own separatist regime in Transnistria.

## ECONOMY

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The obstacles that the economy of the Republic of Moldova is currently facing can be traced back to some extent to its communist legacy, with interdependencies and especially dependence on Russia a given. The country is faced with almost total reliance on Russia for energy imports, growing debt, an ageing and emigrating population and a political system susceptible to being a proxy to oligarchs and their interests, which has generated deep political crises with its many changes of political orientation and failure to implement reforms. With the help of the European Union, IMF and World Bank, Moldova has managed to avoid bankruptcy but the lack of resolve of the government in implementing reforms has determined European partners to hold back and investors in general to act cautiously. The volatile economic climate is further aggravated by corruption, lack of transparency and heavy influence from the underground economy and various rent-seeking networks.

The composition of the GDP is lacking in variety: the main contributor is services (that mostly includes government-supplied public services though, communications, transportation, finance, tourism etc.) with 64%, followed by industry with 21% and agriculture with 14%. Even though the numbers may not reveal it, Moldova's economy is agrarian to a significant extent, as production and processing account for 50% of the export income. Furthermore, even though the agricultural sector has shrunk from 37% in the 1990, it has the largest production growth of all sectors in 2016 – 18.6% as opposed to 0.9% for industry<sup>19</sup>.

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<sup>19</sup> Total agricultural production in 2016 <http://www.statistica.md/newsview.php?l=ro&idc=168&id=5511>

## Structural imbalances threaten long-term development prospects

After a drop in real GDP in 2015 (-0.4%), the economy made a remarkable recovery in 2016, with a peak of 4.1%. Such pace was kept in 2017 (real GDP growth estimated at 3.7- 4.0%), and the trends are optimistic for the following 2 years. However, in 2017 the industrial production remained modest and agricultural output diminished as compared to 2016. It was private consumption and gross fixed capital formation that contributed to a large extent to GDP growth. Consumption remains one of the key drivers of GDP growth expected to average about 3.5 percent annually. But this consumption is supplied by pensions and remittances (+ 1.8%, 2017) which are unsustainable, underlining the need for new labour market policies. Despite the fact that unemployment fell to 3.5%, labour force participation in the local economy declined, because of emigration, as well as low local demand. On the supply side of the labour market, losses in the workforce, population aging, and the informal economy also maintain the fragility of both local economy and the fiscal system (taxation and public expenditure) and weaken the government's capacity to implement sustainable economic policies. At the same time, pensioners often make up a volatile and vulnerable electorate, who can be easily influenced through short-term measures for electoral purposes, with significant impact on the final result of the vote.

Exports grew robustly, by 15%, although imports exceeded exports (17%) partly due to a temporary appreciation of the local currency (leu) in Q1 and Q3 and a low diversification of goods. The negative balance is maintained in 2017 mostly in relationship with Ukraine, China, Russia, Germany, Italy, Turkey and Romania. High dependence on the EU market reduces the risk of influence from non-EU countries using trade levers. An intriguing and radical reorientation of exports from the Transnistrian region (in 2012, 66% oriented to the CIS and in 2016 oriented toward the EU in proportion of 65%<sup>20</sup>) raise however important questions. A Ukrainian MP draws attention to the fact that this might be part of Russia's strategy of bypassing EU sanctions – Transnistria, part of the EU-Moldova Free Trade Agreement, may in fact be re-exporting Russian products rebranded as Transnistrian<sup>21</sup>. The only monitoring body which can investigate the origin of products coming from the breakaway region is the EU-Moldova Association Council, which only meets once a year.

<sup>20</sup> <http://en.interfax.com.ua/news/general/451950.html>

<sup>21</sup> <http://radiochisinau.md/rusia-foloseste-transnistria-pentru-a-exporta-in-ue-in-pofida-sanctiunilor-deputat-ucrainean---62017.html>

In the medium term, GDP growth is expected to be 3.5-3.7% annually, but strong structural changes are still needed in order to improve local investment climate, reduce corruption and unequal treatment of businesses by public institutions. Labour market and competitiveness policies are top priorities, as well as poverty reduction. A moderate level of fiscal deficits can be acceptable in exchange for public investment. If the new public eProcurement system (MTender System) is fully implemented, it can be an important tool to discourage the rent-seeking system. Attention has to be paid to the functionality of the electronic system, monitoring processes for public works in progress and contracting conditions.

After a significant decline in recent years due to the massive fraud in 2013-2014, the banking system will continue to recover, but it is hard to predict if it can sustain local credit, especially in the productive sector. Access to credit is restrictive in the short term, although bank liquidity has increased. The government and the central bank will have to continue structural reforms in the banking sector in order to respond to credit demand, while at the same time improving prudential crediting rules. Also, developing the microfinance system for supporting the SME sector is crucial for strengthening and expanding the private sector.

Economic stability and respect for structural reforms are essential in the run-up to the parliamentary elections in the autumn of 2018. Economic governance is therefore the main risk considering that the process of reforming public services and improving the business environment will likely continue to face disruptions. At the same time structural reforms become unpredictable if they affect the rent-seeking sector. It is very often the case – and Moldova is no exception – that state-owned companies function as the main vehicles for perpetuating cronyism and establishing full political control over the administration and everything it influences.

Attention should be paid to the sustainability of the public financial system, as public debt is on a rising trend. As the workforce is declining, the public pensions system becomes unsustainable over time, which causes significant budgetary pressure. But tight fiscal policies (on both sides: taxation and expenditure) could have limited effect. Therefore, the growth model based on remittances and pensions is one of the main economic risks over the medium term. As such, strengthening economic governance is needed so that by linking competitiveness policies with labour-market policies, it can lead to a structural change in revenues on which private consumption is based.

The stock of FDI is low and its structure is critical, being unbalanced by Russian capital. This is another significant risk. At the same time, due to the fact that its competitive advantage is based exclusively on endowments of labour and natural

resources, Moldova is in a stage of factor-driven economy (based on resources). An increase in the level of economic sophistication is unlikely to be achieved in the short term.

This would require efforts to reduce corruption in the public sector, strengthen public sector performance, keep inflation and public debt at a low level and move away from a model based on cheap labour. Increased attention should also be paid to the development of SMEs, in particular to improve their products and services so that the local economy diversifies to become less vulnerable to external shocks (export demand and lower remittances). Such policies would rebalance the capital stock in favor of EU companies, at the expense of forms of predatory investment. However, judging by the political course of the country in the past years, it is improbable that there will be an energetic move in this direction.

### **Corruption underlying serious macroeconomic risks**

With - 2.5% in 2017 and 0.5 percentage points in 2018, the budget deficit becomes unsustainable if the structure of public spending is not adjusted.

The quasi-fiscal deficit can indicate sources of rent extraction or favouritism to various pressure groups and, ultimately, the level of corruption in the state-owned sector. This poses a very important and permanent risk for the country's resilience to malign influence and subversion: any pro-Russian or anti-European party that comes to power will be able to expand its network throughout all state companies and virtually subordinate or strangle the economy completely. These rent-seekers can extract profits from state-owned companies, conclude non-competitive and non-transparent transactions and block infrastructure projects if state-owned companies operate on public utilities. They will also have full ability to block EU-funded infrastructure development projects or market liberalization and privatization activities. That is why SOE reform (financial discipline, corporate governance and privatization) is vital to discourage Russia's interventions in public utilities, mostly in the energy sector.

State-owned enterprises/ SOEs (total: 362 enterprises and state-owned companies) account for more than 32% of GDP and about 10% of the entire corporate sector. The top ten state enterprises involved in public utilities and infrastructure hold 74% of total SOE assets<sup>22</sup>. State aid in the form of subsidies is approximately 16.15% of the total, and the exemptions, deferrals or rescheduling of the tax payments carry a

<sup>22</sup> <http://www.worldbank.org/en/country/moldova/overview#2>

weight of 78.93% of the state aid. A share of 4.92% is given in other forms<sup>23</sup>. The total debt of the SOEs amounts to 3.144,4 million lei, slightly decreasing compared to 2016 (3.347,7 million lei) but still highly worrying.

Restructuring, privatization and market liberalization for public utilities are key measures to reduce quasi-fiscal deficits. Improving the corporate governance system will not be enough. There is a need for rigorous control over resource allocation and the elimination of the system of deferrals and rescheduling of tax payments. Applying insolvency rules or privatization policies are critical to diminishing and ultimately eliminating quasi-fiscal deficits.

In 2017, public pensions expenditure carried a weight of 13.3% in GDP and 34.06% in the consolidated general budget (state social insurance budget and state budget). This will decline only slightly in 2018 and will remain unsustainable. Labour market reforms, efforts to adjust the income structure in the economy and change the structure of professions so that by raising revenue, the social contributions collected will begin to grow, as well as link these policies with a robust expansion of the productive sector – all of these have not been done and take strong political resolve. For reasons mentioned above, public personnel expenditure remains at 8.6% of GDP and 22.3% of total consolidated general government expenditure. In the absence of these adjustment policies though, the public deficit will become critical. At the same time, imbalanced policies regarding pensions leave open the avenue of incumbent parties offering short-term incentives (at long-term costs) to a vulnerable category of population, in exchange for votes which help them stay in power.

Public debt (excluding the debts of SOEs, central bank and local governments) has a share of GDP of 34.7% (51 209,2 mil. lei, of which the external debt ratio is 56.3% and the internal debt 43.7%. Medium term external debt accounts for 80.7 percent of the portfolio, which confers fragile security. There are peaks in 2019, 2020 and 2021, followed by declines. 73.4% of total foreign state borrowings is used to support the budget and only 26.6% for projects. As 36.0% of domestic debt matures within one year, there is a risk that the loans will be expensive (interest rate risk). As such, public debt will rise from interest with each refinancing.

If public debt carries moderate risk, because it is declining, private debt carries a significant risk, with a 63.3% share of GDP, mainly consisting of trade credits and FDI loans (negative inflow).

<sup>23</sup> International Bank for Reconstruction and Development with UK Good Governance Fund: Support to SOE: Preliminary Diagnostics, and Reform Assessments, Phase 1, March 2017, page ix-x.

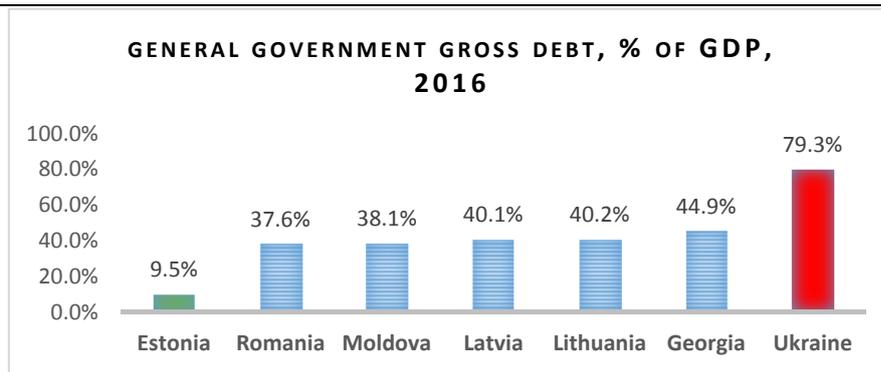


Figure 1. The level of national debt in some regional countries, % of GDP, 2016.<sup>24</sup>

The current account deficit has increased in 2017 to 6.3% of GDP (from 4.6% in 2016) as a result of the increase in imports of non-energy goods over exports. It is estimated that in 2018 the current shortfall will reach - 5,4% and - 5,0% in the medium term. Over the last years, export products have become more diversified and oriented towards the European Union, where the environment is competitive as compared to the CIS.

### **Unattractive investment and business environment**

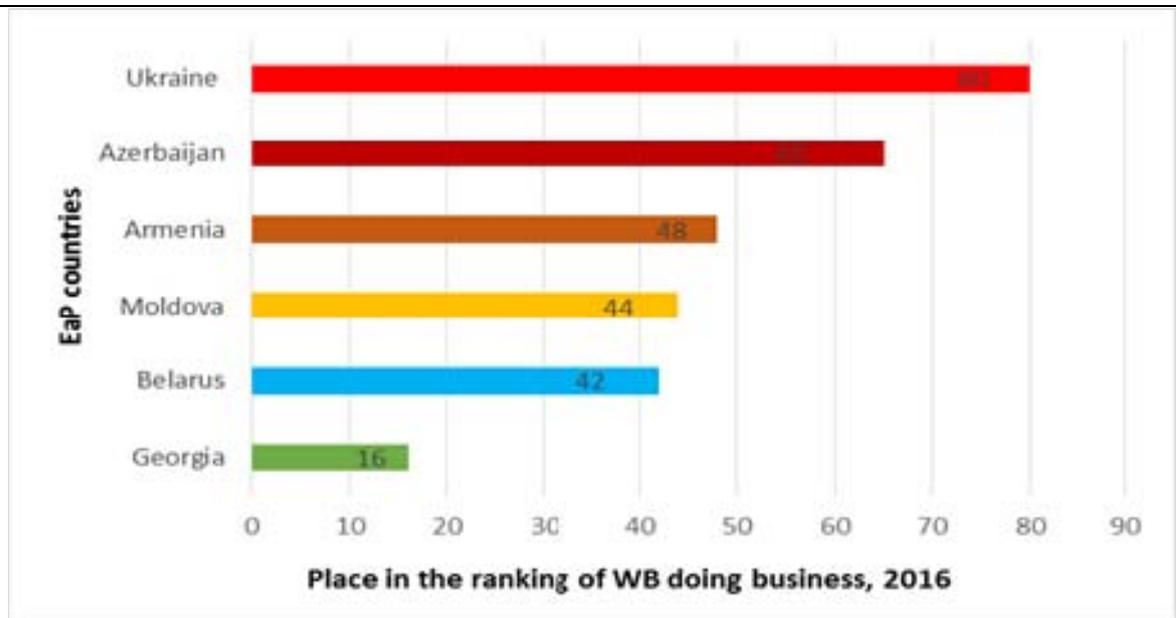
Despite the higher level of liberalization of the Republic of Moldova's economy, as compared to the other Eastern Partnership countries, according to the World Bank Doing Business statistics, the country is behind some member countries of the group in terms of business climate. From a "success story",<sup>25</sup> as it used to be qualified, it has turned into a state in profound crisis. In the autumn of 2014, just as the EU Association Agreement implementation process started, nearly 1 billion dollars was stolen from the Moldovan banking system, a fraud which has caused a major economic crisis, and one year later there was a slowdown in the implementation of the Agreement (several analyses show that implementation is at little more than 16%. Reforms are characterized as running at a "relatively slow pace" and this is due to "political divergences and bureaucratic issues")<sup>26</sup>. There have also been mass protests, political crises and political difficulties in the relationship with the EU. For lack of progress in investigating the bank fraud, the EU has suspended its direct budget support for Chişinău.

<sup>24</sup> Source: EIU Country Data, EBRD, IMF, NBM, 2016.

<sup>25</sup> <https://www.economist.com/blogs/easternapproaches/2012/12/eu-and-moldova>

<sup>26</sup> <http://ipre.md/2017/03/24/5175/>

Figure 2. The ranking of EaP countries in WB Doing Business report, 2016<sup>27</sup>



Although there are many underdeveloped sectors, which offer opportunities, constant political crises in the past seven years cause investors to proceed with caution. The Republic of Moldova was without a president for almost two and a half years because a majority could not be reached in parliament (at the time the president was elected by parliament), followed by a climate of instability as five governments were voted in an interval of less than two years. Reforms were halted and priorities changed, continuity and predictability being far from the norm.

Last but not least, one of the major investment deterrents was the raider-type attacks (illegal expropriation of shares owned) that faced the banking system, as was the case of the Moldova Economy Bank and Moldovan Agroindbank, and two years later Viktoriabank, owned at the time by entities from Slovenia and the Netherlands - Adriatic Fund B.V., Druga d.o.o., Factor Banka d.d., KIG d.d., Milena Logar, Venture Holding B.V.<sup>28</sup>. The identity of the raiders remains unknown, but they were allegedly linked to the oligarch Vlad Plahotniuc and his group. Further down the line, in 2014, the banking system was faced with the “Grand Moldovan Theft” of over 1 billion USD from two banks<sup>29</sup>. It is worth mentioning that in all cases the culprits were not caught and nobody was put on trial.

<sup>27</sup> Source: <http://www.doingbusiness.org/data/exploreeconomies/moldova>

<sup>28</sup> <https://grahamstack.wordpress.com/2013/09/05/unseen-forces-wrest-control-over-top-moldovan-banks/>

<sup>29</sup> <https://www.occrp.org/en/investigations/4203-grand-theft-moldova>

This brings us to the third topic that continues to deter investments: security, whether physical, financial, or legislative. The judiciary is faced with broad illicit control by different oligarchs (Moldovan or Russian) and their cronies. Some of these are better known, like Vlad Plahotniuc and some less known in the country, like Boris Mints or Igor Makarov (decorated by the former president Voronin for contributions to securing Moldova's energy resources), both billionaires and very influential, both born in Moldova, both living and doing business in Russia and both on the Sanctions List released by the US State Treasury in January 2018<sup>30</sup>. Their influence is extensive and can lead to mock investigations, just as they influence the legislative process to adopt or amend legislation to suit their interests.

### **A billion dollar theft and the business – politics – organized crime nexus**

Investors complain about the discriminatory use of political leverage over judicial bodies and the abusive practices of regulatory bodies. There were cases when investors became targets of criminal investigations because of their political affiliation, while local media often report excessive red tape and arbitrary decisions made by government agencies, police, or tax authorities. In some instances, foreign investors had to appeal to EU courts to seek justice.

Moreover, it seems that some foreign investors are actually Moldovans who have set up companies abroad, including in tax havens like Cyprus or the Netherlands.<sup>31</sup> In other cases, businesses which did not enjoy political support were subject to unwarranted inspections and harassment. Investors have indicated they have low confidence in the legal system and, in some cases, feel victimized by irregularities in the judicial process.

Theoretically the legislative process in the Republic of Moldova is transparent, with the government publishing draft legislation for public consultation and openly advertised public tenders. Business and trade associations are invited to participate in the process. In reality though, adopted legislation often ignores input from interested stakeholders, hence bureaucratic procedures are not always transparent, and red tape often makes processing company registrations, ownership, etc. unnecessarily long, costly, and burdensome.

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<sup>30</sup> <http://prod-upp-image-read.ft.com/40911a30-057c-11e8-9650-9c0ad2d7c5b5>

<sup>31</sup> <http://www.report.md/economie/Investitorii-straini-din-Republica-Moldova-sunt-moldoveni-440>

Figure 3. *Transparency International* ranking of the corruption perception index in the world<sup>32</sup>

Rank	Country	Score from 90 points
1	Denmark	90
2	New Zealand	90
3	Finland	89
4	Sweden	88
5	Switzerland	86
6	Norway	85
7	Netherlands	84
8	Canada	82
9	Germany	81
10	Luxemburg	80
...44.	<b>Georgia</b>	<b>57</b>
...57.	<b>Romania</b>	<b>48</b>
...79.	<b>Belarus</b>	<b>40</b>
...123.	<b>Moldova</b>	<b>30</b>
...131.	<b>Russia</b>	<b>29</b>
132.	<b>Ukraine</b>	<b>29</b>



These elements are among the factors that drive the Competitiveness Index down in the case of Moldova. The country is ranked 89 of 137 (up 11 positions from 2016 though)<sup>33</sup>.

The case of the privatization of the International Airport of Chişinău offers a glimpse into what is too often the Moldovan way of doing business. The airport, a strategic objective, was up for lease for a period of 49 years, after authorities failed to modernize the airport with EBRD funds. Although 5 European companies with experience in airport activity were invited to participate in the contest, the competition commission chose an anonymous company, founded by an airport in Russia and a Russian factory of locomotives production (both linked to the Chechen billionaire family Bajajev<sup>34</sup>), which won the tender (as a matter of fact, Moldova has a record of legal disputes over past privatizations involving foreign investors; the government cancelled some of these because of alleged procedural irregularities or

<sup>32</sup> Source: [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016#table](https://www.transparency.org/news/feature/corruption_perceptions_index_2016#table)

<sup>33</sup> <https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018>

<sup>34</sup> [http://adevarul.ro/moldova/economie/aeroportul-international-chisinau-dat-concesiune-companiei-miliardari-ceceni-rusia-1\\_521857dac7b855ff560ab09a/index.html](http://adevarul.ro/moldova/economie/aeroportul-international-chisinau-dat-concesiune-companiei-miliardari-ceceni-rusia-1_521857dac7b855ff560ab09a/index.html)

the alleged failure of investors to meet an investment timetable<sup>35</sup>). The winning company was Avia Invest, founded by Habarovski Aeroport and Kolomenski Zavod on August 2, 2013 - on the Friday just before it submitted documents of participation in the leasing contest, Monday, August 5, which was the deadline. In just 2 years Avia Invest changed its ownership twice. The first time just six months after signing the lease agreement, when one of its founders, Kolomenski Zavod, part of the Russian group Transmasholding, the largest producer of locomotives, wagons and rolling stock in Russia, withdrew from the company. One of the shareholders of the group is Sergey Glinca, a prosperous Moldovan businessman. The factory ceded 50% of shares to a British offshore, TB TEAM Management LLP. Two days later, the off-shore ceded the equity stake to a Russian company founded one month before, Komaksavia, which also takes over the 45% of shares owned by Habarovski Aeroport. Thus, the company from Moscow with a capital of 1,300 euros, became overnight a package holder of 95% of shares of Avia Invest, with a social capital of 85 million lei. The only shareholder of Komaksavia is now the same British offshore TB TEAM Management LLP, founded in September 2012, with a social capital estimated at one hundred pounds<sup>36</sup>. The ownership of and investments in the Chişinău airport are attributed to a number of companies affiliated to billionaire Ilan Shor, who has fled to Moscow, being charged with the embezzlement of 1 billion dollars from Moldovan banks<sup>37</sup>.

The above-mentioned case is just an example of what investors are faced with. While a number of large foreign companies have taken advantage of tax breaks in the country's free economic zones, FDI stock remained at a low level. In 2015, the FDI stock in USD was 41% of GDP (USD 2.634 bn) and 53,1% in 2016 (3.581 bn USD). Russia owns 28.3% of total FDI stock, the Netherlands 12.4%, Spain 8%, Cyprus 8.5% (but with unknown origin), France 7.8%, Romania 8%. European countries together make up the vast majority of FDI stock (61%)<sup>38</sup>.

Light industry, agriculture, food processing, wine have historically attracted foreign investment. But at the same time, these economic sectors are rather vulnerable to external shocks, including such as when Russia introduces various embargos on

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<sup>35</sup> In 2013, the government cancelled the decision to privatize a number of important state assets invoking as a justification the apparent lack of interest for the larger companies: Moldova Air, Moldtelecom, Tutun CTC. In 2014, the minister of Economy, Andrian Candu (now speaker of the Parliament) proposed railways concession to Russia and in 2017 the government proposed to the UAE to buy Moldova Air, the Moldovan Railways and Moldtelecom.

<sup>36</sup> <https://anticoruptie.md/en/investigations/economic/off-shor-airport-via-russia>

<sup>37</sup> Much of the national debt was accumulated abruptly when, at the end of 2014, following an ingenious financial scheme, Ilan Shor (Israeli businessman connected to the Russian oligarchs), embezzled over 1 billion USD from three Moldovan banks and disappeared from the country. The money ended up in off-shore accounts in tax havens and ultimately in some bank accounts in Russia. No one was indicted. Later on the government assumed this debt and transformed it into public debt. The damage that was done at the time represented almost 12% of the GDP and had severe repercussions on the entire administration.

<sup>38</sup> Woldemar Walter, Matthias Luecke, Adrian Lupusor: The economic impact of FDI in Moldova, Policy Study Series [PS/01/2017], German Economic Team Moldova, Berlin/Chişinău, October 2017, page 10.

exports - even though so far they have only had short-term negative impact, in the long run incentivizing rather a diversification of markets in favour of the EU.

Moldovan enterprises controlled by Russian capital dominate practically all sectors of the national economy, from gas and petroleum products, to telecommunications, banks, the media, to the food industry and on-line payment terminals.<sup>39</sup> According to *mold-street.md*, industrial giants holding assets in Moldova include Gazprom, Lukoil, Inter RAO EES Rossii, Metalloinvest etc. Many other markets are effectively controlled by rent-seekers/ political cronies with strong links to Russian groups of interests<sup>40</sup>, such as: meat, fish, children's clothing, oil, fuel, construction materials, medicines, roads construction, urban transport, electronic communications and broadband Internet, sugar, media and several others (Moldova-Gaz, Lukoil-Moldova, Energocom<sup>41</sup>, Rosmediacom<sup>42</sup>, etc.). Some of these networks have been able to exercise broad illicit control over Moldova's judiciary system, which has helped them maintain their market position and squeeze out competitors.

Virtually all Russian media holdings are present in Moldova, holding a dominant position both in TV, print and online. A mix of American billionaires, local businessmen, Russian banks and millionaires from the Transnistrian separatist region divide the market amongst themselves<sup>43</sup>. There is hardly any free competition and transparency or a fair playing ground for Western investors. Citizens take their information in proportion of 60% from television, the most popular being Prime TV (46.7% market share) which re-broadcasts Russian TV Canal 1 and is owned by oligarch Vladimir Plahotniuc, together with Publika TV, and according to speculation also Canal 2 and Canal 3. The hierarchy continues with Jurnal TV (25.85%) and Moldova 1 (25.5%), RTR Moldova (rebroadcast from Russia, 21.3% and ProTV Chişinău, rebroadcast from Romania (21%)<sup>44</sup>. NTV Moldova (9%) rebroadcasts NTV Russia, owned by Gazprom Media. Prime TV and Moldova 1 have national coverage, whereas Jurnal TV and ProTV do not. Following a decision by the Moldovan government to ban Russian news channels, the autonomous region Găgăuzia can continue to re-broadcast Russian programmes, given that it does not abide by the Audiovisual Code.

<sup>39</sup> <https://www.mold-street.com/?go=news&n=3158>

<sup>40</sup> [http://www.expert-grup.org/en/biblioteca/item/download/1348\\_10771108a3d22488655de8186bfb918](http://www.expert-grup.org/en/biblioteca/item/download/1348_10771108a3d22488655de8186bfb918)

<sup>41</sup> A SOE controlled by oligarch Vlad Plahotniuc which intermediates electricity imports together with Energokapital, a Transnistrian vehicle associated with the separatist regime

<sup>42</sup> The association has among its founders the largest Russian bank, Sberbank and Vnesheconombank, as well as the Russian public broadcaster (VGTRK)

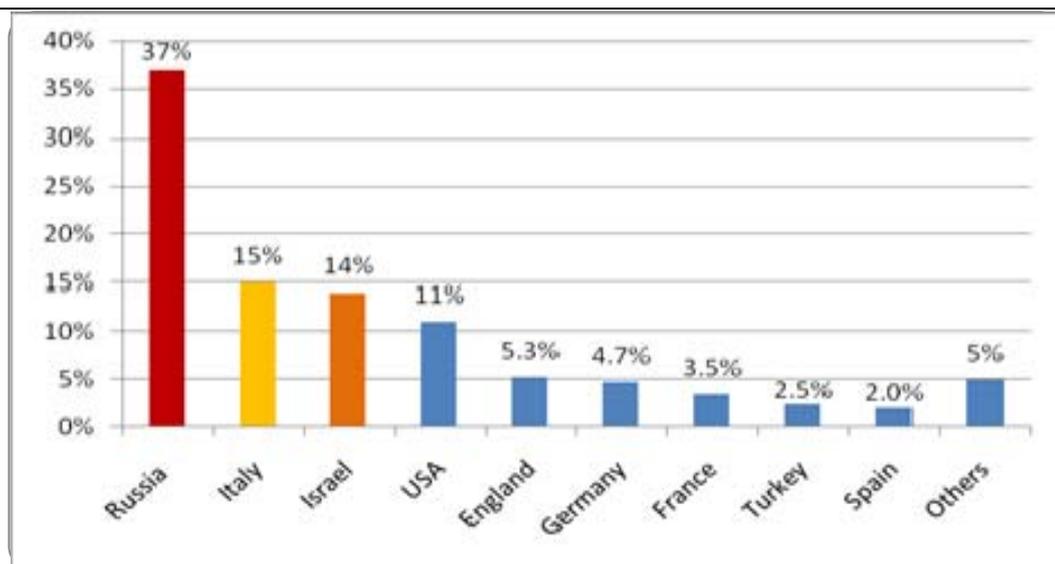
<sup>43</sup> <https://www.mold-street.com/?go=news&n=4266>

<sup>44</sup> <http://media-azi.md/ro/publicatii/rezultatele-sondajului-sociologic-%E2%80%9Eaudien%C8%9Ba-mass-mediei-%C3%AEn-republica-moldova%E2%80%9D>

## Russia remains the main country of destination for migrant workers

Given the state of Moldova's economy, with a high rate of unpredictability and poor wages (the two structural ills being high and ever deepening differentiation in wages and substantially distorted distribution of wealth), many skilled workers have left for better paying jobs in other countries. Consequently, the country is now facing imbalances in the labour market arising from a general lack of workers with vocational training that employers need, on the one hand, and the lack of job opportunities for academically educated people, on the other hand. The unemployment rate is officially 3.4% in 2017, which may be misleading though, given the low labour force participation rate of a bit over 40%, owing to large Moldovan migration, which reduces the number of registered job seekers.<sup>45</sup>

Figure 4. Remittances in the Republic of Moldova by main countries of origin in %, 2016<sup>46</sup>



Analysis of data presented in Figure 4 shows that 77% of the remittances Moldovan workers send home originates in 4 states: Russia, Israel, Italy and the USA. Remittances from the Russian Federation represent about 37% - almost half of the above total - with volumes even higher in the years before the annexation of Crimea and imposition of economic sanctions (until 2014). The drop in the volume of remittances is caused both by the decreasing number of Moldovan workers in Russia and the fact that the actual amounts they send home have halved.

<sup>45</sup> <http://www.statistica.md/category.php?l=ro&idc=107&>

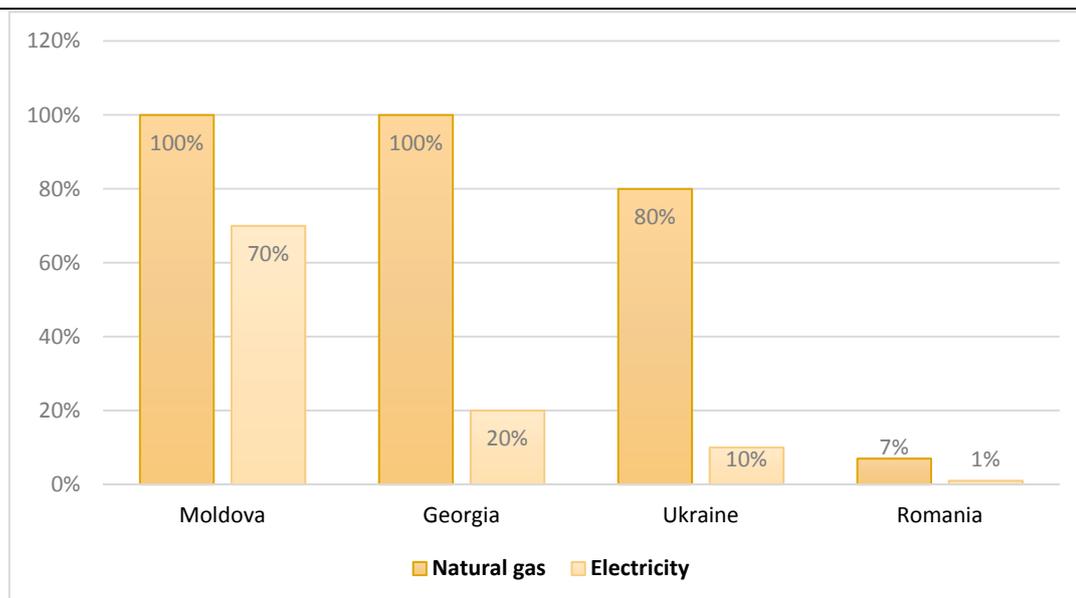
<sup>46</sup> Source: [http://www.bnm.md/Balance\\_of\\_payments](http://www.bnm.md/Balance_of_payments)

Russia remains nevertheless the main country of destination for migrant labourers. This continues to be an important political asset, although in the latest presidential elections 25 polling stations were opened in Italy, as opposed to 8 in Russia<sup>47</sup>. The diaspora accounted for 10% of total votes (160,000), of which 8,000 in Russia and 51,000 in Italy. Of the total, 85.9% were for pro-European, pro-liberal candidate Maia Sandu<sup>48</sup>.

### The pipelines criss-crossing political and economic interests

For a while now, the vital energy sector has become a battlefield where political and economic interests collide. On the one hand, there is a struggle among domestic players in the field, and on the other hand there is constant pressure on the sector applied by Russian companies seeking to extend and consolidate their spheres of economic influence in Moldova via acquisitions of existing assets, investment in production and distribution facilities, but also by influencing energy sector regulations<sup>49</sup>. This specifically refers to Russian Gazprom (gas supply), the world leader in the field, and Inter RAO EES, which owns Transnistrian TEP Kuciurgan (electricity supply), supplying 70% of the electricity consumed in the Republic of Moldova.

Figure 7. Imports of natural gas and electricity in some countries in the region, in % 2017<sup>50</sup>



<sup>47</sup> <http://cec.md/index.php?pag=news&id=1899&l=ro&rid=17870>

<sup>48</sup> <https://www.ziarulnational.md/cum-a-votat-diaspora-in-turul-doi-ale-alegerilor-prezidentiale/>

<sup>49</sup> <https://www.mold-street.com/?go=news&n=3290>

<sup>50</sup> Source: EUROSTAT, [www.forbes.com](http://www.forbes.com), [www.reuters.com](http://www.reuters.com) and calculations by the author

Possibly more important for a better understanding of the leverage which natural gas has over Moldova's economy is the fact that the whole supply comes from Russia. Figure 7 shows both Moldova and Georgia being 100% dependent on imports; the important difference is that the Republic of Moldova sources its gas entirely from Russia, whereas Georgia imports from Azerbaijan and also gets transit fees for the gas which Russia carries across its territory to Armenia. Ukraine relies on 80% imports, but not exclusively from Russia. Overall, the Republic of Moldova's natural gas consumption for heating, domestic consumption and industrial use is 100% Russian natural gas, which makes the country extremely vulnerable when it comes to energy security overall. Moreover, key industries such as the food industry, electricity generation, etc. operate entirely on natural gas from the same source.

Moldova produces 20% of the electricity it needs. The core energy is supplied by the Moldovan thermal power plant (MTPP)<sup>51</sup> located in Transnistria, a subsidiary of Inter RAO Group, a Russian company, and by DTEK, a subsidiary of System Capital Management from Donetsk, Ukraine. The electricity market is not open and the competition is quasi-inexistent. Problems are also of a technical nature, as Moldova is not interconnected to ENTSO-E (the European Network of Transmission System Operators). The electricity transmission system operators (TSOs) of Continental Europe have signed agreements with Ukrenergo and Moldelectrica in June 2017, hence in the next five years a plan of actions including a series of technical requirements must be fulfilled before an interconnection is achieved.

In order to balance the electricity supply, Romania has signed a memorandum with the Republic of Moldova in 2015. The first objective is the asynchronous interconnection of the energy systems of Romania and the Republic of Moldova, i.e. building of the high voltage power line Isaccea-Vulcănești-Chișinău. Construction on the territory of Moldova, however, depends on the public bodies and Moldovan state companies, which are moving slowly.

In the field of natural gas supply, if the existing Iași-Ungheni interconnection with Romania continues all the way to Chișinău, although this will not account for most of Moldovan consumption, there is a high chance that the Republic of Moldova will have a much stronger negotiating position vis-a-vis Russia. At this point, the pipeline cannot deliver gas at the parameters foreseen during construction (1 bn cubic metres), but at only half that capacity. To be efficient, the connection needs to continue to Chișinău, which consumes 50-60% of overall Moldovan demand, whereas

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<sup>51</sup> Finances the Tiraspol regime and Evgheni Shevchuk's company, "Energokapital". 36% of Transnistrian state budget revenues are coming from this power plant.

currently it only reaches a region which is not densely populated. Political instability on both sides of the river Prut risks delaying finalization of the works.

Romanian company SNTGN TRANSGAZ SA aims to ensure bidirectional gas flow through the Iași-Ungheni interconnection pipeline and the technological parameters requested by the Republic of Moldova in the interconnection point Ungheni (the optimal capacity of the corridor will be 1.5 billion cubic meters per year). The Ungheni- Chișinău gas pipeline has yet to be built on the territory of the Republic of Moldova. Romania provides additional financial resources for the technical study for this pipeline and expressed the will to be part of the investment through Eurotransgaz LLC, Transgaz's Moldovan subsidiary, respectively to acquire nominal shares issued by Vestmoldtransgaz. The process is currently under way, though Romanian participation is unclear, after the Ministry of Economy, the majority shareholder in Transgaz voted against it in December 2017. Gazprom and other affiliates could also participate in the tender.

Overall, the energy sector carries the highest risks of subversion and illicit interference of the well-functioning of the Republic of Moldova:

- the electricity networks between Ukraine and Moldova pass through Transnistria;
- no more than 30% of Moldova's electricity needs can be delivered by Ukrainian companies;
- although Europe's electricity carriers signed an agreement with Moldelectrica in June, it will take 5 years to meet the technical requirements to ensure interconnection with the European system. Therefore, Moldova will have a vulnerability in terms of electricity supply if it does not develop its own capabilities. Moldova should not postpone construction of the interconnection with the Romanian energy system.
- any delay in the construction of the Ungheni- Chișinău gas pipeline, as well as in Vestmoldtransgaz's privatization will deepen Moldova's dependence on gas supply from the Russian Federation.
- Gazprom holds 50% of Moldovagaz joint stock company shares and indirectly another 13% of the shares, with the government of the Republic of Moldova holding 35.33%. Moldovagaz controls 70% of the entire gas distribution networks. Major gas supply issues are related to Gazprom's quasi-monopoly and to the price of natural gas that cannot be borne by the population. The price of natural gas is reflected both in direct consumption and in electricity consumed by the power plant at Kuciurgan. Moldovagaz is undergoing a "restructuring process", so the twenty companies that make up this group become three: Moldovagaz, which has to restructure a USD 700 million debt to Gazprom, Moldovatransgaz and Chișinău Gaz. The Republic of Moldova has virtually no control over this company.

## POLITICS

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Ever since it gained independence from the Soviet Union in 1991, the Republic of Moldova has been struggling with transition from a totalitarian one-party system to a functioning pluralist democracy. The country's track record of democratization, understood as the institutionalization of democratic norms, rules and principles, is rather mixed and non-linear. After the chaotic, but pluralist 1990s, exasperated with the present and still nostalgic about the past, in 2001 Moldovans voted for the newly re-established Party of Communists, which dominated the Moldovan political system until the so-called Twitter Revolution of April 2009, which created fertile ground for a coalition of centre-right opposition parties to win the early elections in July 2009. Nonetheless, immediately a constitutional crisis ensued and plagued the country for almost three years, until parliament was able to reach a three-fifths (61 votes) majority to elect the country's president in March 2012. A controversial Constitutional Court ruling re-introduced direct presidential elections in March 2016,<sup>52</sup> which allowed for a pro-Russian president to win the presidential race in November 2016.

Despite generous assistance from the European Union, attempts by subsequent pro-European centre-right coalitions to reform the justice system and fight endemic corruption have largely failed to meaningfully transform and democratize a fundamentally clientelistic political system. In fact, support for European integration has fallen dramatically from about 70% in 2008, to about 40% today,<sup>53</sup> largely due to political infighting and governance failures of the pro-European parties. Russian media has been instrumental in exploiting these divisions and failures, framing them in a context of East-West geopolitical competition. Similarly, Russia has been aptly exploiting the territorial divisions within Moldova, as the Kremlin has a de facto protectorate over the separatist region of Transnistria and increasingly close ties with the autonomous region of Găgăuzia.

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<sup>52</sup> <https://jamestown.org/program/controversial-ruling-by-moldovas-constitutional-court-reintroduces-direct-presidential-elections/>

<sup>53</sup> <http://www.ipn.md/en/integrare-europeana/76403>

In order to address the entire spectrum of vulnerabilities to unwarranted foreign influence faced by the Moldovan political system, the author proposes three levels of analysis. At the systemic level, we shall discuss the constitutional framework and electoral system. At the institutional level, we shall focus primarily on political parties and central government institutions. At the individual level, we shall explore the vulnerabilities faced by individual politicians, as well as voters.

### **An electoral system for the rich to get richer and the strong to get stronger (*systemic vulnerabilities*)**

Despite direct presidential elections, the Republic of Moldova has a parliamentary system of government. The president has largely ceremonial powers and cannot be considered a veto player, since all of his powers are checked by either parliament or government. Nonetheless, relying on wide popular legitimacy provided by direct elections, the president can use his national platform to become a vocal player in the political system. This inevitably generates a dualism of the executive branch, which can lead to competition between the president and the government when they are not from the same party/coalition and, in more extreme cases, can have a destabilizing effect on the entire political system. This constitutional setup presents a major systemic vulnerability in the Moldovan context, when foreign actors may seek to influence the president by offering overt or covert support, conditional upon him or her towing a certain policy line put forth by a foreign actor.

Moldova's electoral system for national legislative elections also presents a significant vulnerability. The country's unicameral legislature of 101 members is currently elected under a proportional system in one national constituency. The system is vulnerable to foreign influence over political parties, either through the media or illicit funding. However, the newly proposed mixed electoral system not only fails to solve these problems, but also introduces additional ones.<sup>54</sup> Despite the idea having circulated for years in local politics, this controversial proposal was finally introduced onto the national political agenda by the leader of the Democratic Party Vlad Plahotniuc in March 2017. The proposal envisaged a fully-fledged first-past-the-post system and was immediately rebuked by all major political forces.<sup>55</sup> Yet, only a month later, Moldovan President Igor Dodon, formerly the head of the Socialist Party, proposed a compromise solution in the form of a mixed system,<sup>56</sup> much to everyone's surprise, including his former fellow party members. The bill was voted

<sup>54</sup> <https://www.chathamhouse.org/expert/comment/moldova-s-proposed-electoral-change-blow-democracy-eu-must-oppose-it>

<sup>55</sup> <https://point.md/ro/noutati/politica/partidele-care-se-opun-si-care-sustin-modificarea-sistemului-electoral-propusa-de-vlad-plahotniuc>

<sup>56</sup> <http://www.presedinte.md/rom/presa/presedintele-igor-dodon-propune-sistemul-mixt-de-vot-pentru-republica-moldova>

into law by 74 members of Parliament (comprising the Plahotniuc-controlled majority, plus the Socialists), out of 101 legislators, despite major concerns about democratic backsliding voiced by opposition parties, local civil society and international partners alike.<sup>57</sup>

The introduction of single-member districts usually leads to political party consolidation and reduction in the number of relevant parties, therefore, to a less pluralist political environment in traditionally multi-party systems. The main beneficiaries of first past the post systems are large and resourceful parties. In Moldova's case, the left wing of the political spectrum is not only traditionally pro-Russian, but also well consolidated, usually around a single party. Hence, the introduction of a mixed electoral system, particularly in the proposed form of a single-round election in the single member districts, creates fertile ground for a disproportionately large representation of left-wing voters, as the right-wing parties are more fragmented. At the same time, this system favours powerful and wealthy incumbents. Plahotniuc's Democratic Party is likely to employ its vast clientelistic network in an attempt to hold on to power by pressuring popular independent candidates running in single member districts, who lack the support network of political parties, to join the ranks of the ruling Democratic Party. Thus, the new system not only fails to address existing vulnerabilities, but also creates new ones, as candidates and legislators from single member districts might become easier prey to influence both from within the country and from outside its borders.

### **The inseparability of powers (*institutional vulnerabilities*)**

Moldova's political parties are notorious for having a short life cycle, usually determined by the time span of popularity of their founders and/or leaders. This high personification of their leadership makes parties easy targets of unsolicited interference. Even more importantly, the fact that they are poorly institutionalized inevitably produces a dysfunctional party system that discredits the democratic principle of political parties as vehicles for articulating public interests and translating them into public policies. Parties also lack a firm ideological foundation, which allows them to shift positions even on strategic issues according to political expediency. This also provides a clear opportunity for influence. Lack of a robust programmatic foundation makes the parties even more dependent on their leadership, with power most often in the hands of the party leader and/or a handful of donors.

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<sup>57</sup> <http://protv.md/stiri/actualitate/sistemul-electoral-a-fost-modificat-74-de-deputati-au-votat-in---1956131.html>

Hardly any party collects membership fees from all of its members. Parties differ enormously in terms of their financial resources and the level of transparency they exhibit.<sup>58</sup> Moreover, unsurprisingly, parties in power and their partners in the opposition tend to be treated with more leniency by the national authority regulating party and electoral campaign financing – the Central Electoral Commission (CEC). President Igor Dodon was accused by investigative journalists of illegally financing his presidential campaign via offshore accounts, with money allegedly originating from Russia.<sup>59</sup> However, despite his opponent filing a complaint with the Central Electoral Commission,<sup>60</sup> in the end Dodon was not held accountable in any way. The CEC also regularly takes the side of the ruling Democratic Party. Thus, lack of proper enforcement of party funding rules, coupled with lack of financial independence of most parties creates room for illicit interests, determining and perpetuating a clientelistic party system with little to no internal democracy and transparency. All this, coupled with the geopolitical nature of political competition, opens backdoors to interference and covert control.

Government institutions, though more regulated, are far from being insulated from foreign influence. The two main weaknesses of central government bodies are their hyper-politicization and pervasive corruption. Despite two decades of discussions on the benefits of depersonalized public service, Moldova is still far from a professional technocratic governing apparatus. Instead, each new government often replaces a large number of high-ranking officials, losing valuable institutional memory and opening more avenues for influence. Apart from the destructive practice of excessive politicization of government structures, political control over the judiciary and other key institutions that should remain beyond the realm of politics, such as the central bank, regulatory agencies and law enforcement, leads to the discrediting of another key democratic principle – that of the separation of power and checks and balances. At an extreme, it can lead to regulatory and even state capture, which, according to some observers, describes well the Moldovan case. All state institutions are then susceptible to being hijacked, at least in part, by certain groups of interests, particularly as their leadership does not go through merit-based competition and a rigorous vetting process, but is rather appointed via corrupt networks of nepotism and clientelism.

<sup>58</sup> <https://moldovanpolitics.com/2016/08/03/party-funding-the-root-of-all-evil/>

<sup>59</sup> <https://www.rise.md/articol/banii-lui-dodon-din-bahamas/>

<sup>60</sup> <https://www.ziarulnational.md/doc-dodon-ar-putea-fi-exclus-din-cursa-electoral-a-finantarea-atat-directa-cat-si-indirecta-din-strainatate-sunt-interzise/>

## **All politics is geopolitics (*individual vulnerabilities*)**

Given the highly polarized nature of Moldovan politics and the deep domestic geopolitical fault lines - which are, in many ways, determining factors in national elections -, most politicians not only fail to oppose foreign influence, they actually invite it and wear it as a badge of honour. After the 2014 parliamentary election, when the Party of Socialists used the image of the Russian President in its campaign posters (featuring Putin meeting then Party leader Igor Dodon and current leader Zinaida Grecianii), Moldovan lawmakers decided to make it illegal for foreign leaders to endorse and/or campaign in favour of a contender in a Moldovan election. However, in the 2016 presidential race, both leading candidates enjoyed the support of foreign leaders. Igor Dodon was able to find a loophole in the new ban, which only included political and not religious leaders, as he received the blessing of Patriarch Kirill, head of the Russian Orthodox Church.<sup>61</sup> Given that the Moldovan Orthodox Church is ecumenically part of the Russian Orthodox Church, the Patriarch is a highly influential figure.

The Church represents a major source of control over the political process, through churchgoers and even non-practising Christians (see the section on Moldovan society). This undermines the core democratic principle of separation of church and state and opens immense opportunities for influence from abroad. Taking into account the fact that the Moldovan population is overwhelmingly Christian and highly conservative, the church is a very powerful institution. In many ways, poverty, absence of a robust welfare system, the loneliness of elderly people, particularly in rural areas, increases the reach of the church at the expense of the state. These factors are augmented by the country's short democratic history and low level of political culture, leading to national electoral campaigns being usually reduced to a simple geopolitical narrative of East-West competition. More often than not, the West is depicted as decadent and morally bankrupt, not just by the church, but also by some journalists.

This simplistic account is further distilled and disseminated by politically affiliated local or foreign media. For the last few years, Moldova has been facing a trend of concentration of local media ownership, while the most popular sources of information remain Russian TV channels. Thus, certain media are undoubtedly a major source of potentially negative influence over individual voters.<sup>62</sup> It is only recently that the Moldovan government has started talking about the securitization of the national media space, despite the fact that a large part of the propagandistic content of Russian TV channels in Moldova has been delivered via rebroadcasting

<sup>61</sup> <https://jamestown.org/program/russia-scores-symbolic-victory-moldovas-presidential-election/>

<sup>62</sup> <http://seenpm.org/monitoring-russian-tvs-moldova-manipulation-propaganda-disinformation/>

stations owned by nominally pro-European politicians, who have been claiming to be fighting Russian influence in Moldova all along. Individual Moldovan citizens, many of whom have a certain affinity with Russia, are easily manipulated by the editorial line of the Russian media, which exploits ethnic and linguistic divisions, as well as other fears and anxieties of the public in order to influence the outcome of the political process and, thus, advance its political aims in Moldova.

### **The killer cocktail: young nation, divided identities, captured state and poverty**

Despite its 26 years of independence, the Republic of Moldova is still in the process of nation building. Apart from the separatism that is crippling the state, the country struggles with a severe case of divided national identity and a dysfunctional state apparatus, verging on state capture. Coupled with abject poverty and endemic corruption, Moldova is a playground for foreign influence. At all levels of analysis, whether systemic, institutional or individual, there is fertile ground for undue foreign influence. Without exhausting all the avenues for its penetration, we have addressed the most critical sources of vulnerability for the country's political system.

In light of its modest capacities, the country and its citizens are, to a large extent, doomed to remain at the mercy of large regional players, but this does not reduce the significance of domestic political agency. To the contrary, it makes national political decisions all the more important. That is why it is crucial to identify vulnerabilities to foreign influence and implement measures to mitigate them. All three categories of vulnerabilities outlined above need to be addressed in concert if any progress is to be achieved when it comes to building a democratic state and a pluralist political system. Moldovan experience shows that top-down reforms inevitably lose their momentum and fail to deliver, unless there is sustained public pressure. Yet, a bottom-up approach is not yet on the cards given the weak organizational capacity of the local civil society. Ironically, the only hope for the country's true democratization appears to lie within the realm of positive foreign influence - from the Moldovan diaspora and, particularly, from the European Union-driven conditionality in the context of the country's European aspirations.

## FOREIGN AND SECURITY POLICY

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After 26 years of independence, the Republic of Moldova's foreign policy is still framed by the East vs. West geopolitical competition. After it managed to conclude negotiation of the Association Agreement, as well as to receive visa-free regime - one of the first among the Eastern Partnership (EaP) countries, Moldova was considered the neighbourhood's frontrunner, with quite reasonable chances of getting EU membership perspective. Nevertheless, the unstable domestic political environment, the deficient democracy resulting in a weak rule of law system and an unstable regional security environment have downgraded the country's European aspirations. According to international indexes on democracy and freedom of the press, Moldova constantly maintains partially free status, with a downward trend at the current moment.

Having oscillated between Russia and the West for over two decades, Moldova's foreign policy remains inherently unstable. The country is still a parliamentary republic, despite having a directly elected president. Thus, given its highly divided society and factionalized political system, every parliamentary election can potentially bring a radical change in the country's foreign and security policy. In fact, the foreign policy orientation of the country has been at the core of every national election in recent years. Even the Chişinău mayoral race was fought along geopolitical lines. This constant East vs. West struggle in Moldova's foreign policy outlook presents a major vulnerability, as the country remains in a perpetual state of instability, which has already undermined its economic development potential. As long as the country stays hostage to this foreign policy dualism, it also remains highly vulnerable to creeping foreign influence. Russian military presence in the separatist region of Transnistria, just as the frozen conflict itself, poses a major security vulnerability for the still young and rather weak Moldovan state. Moldova can hardly afford to make any decisions against Russia's interests as long as the Kremlin maintains a separatist regime and has troops on a part of Moldova's territory.

## Foreign policy nexus: East vs. West

The domestic environment in Moldova reveals a constant confrontation between the European pattern of development and the nostalgia of the past Soviet regime, which considerably slows down the transition to genuine democratic statehood. East – West controversy is generated by both internal and external factors, due to strong historical, economic and political reasons, as well as various stakeholders pursuing geopolitical and geostrategic interests. The foreign policy trends in Moldova are associated mostly with watershed political events, external pressure or major domestic dissatisfaction with the foreign policy trajectory of the country.

As early as 2005, the communist leader Vladimir Voronin, at that time President of the Republic of Moldova, turned to the West, committing Moldova to democratic reforms and partnership with the Euro-Atlantic community. Nevertheless, the European foreign policy vector was reflected more at the level of political statements rather than authentic reform process. This somewhat unexpected decision was taken following Voronin's refusal to sign the so-called solution to the Transnistrian conflict referred to as the "Kozak Memorandum" provided by the Russian Federation in 2003, which implied the federalization of the Republic of Moldova, with asymmetric powers offered to Transnistria, which would have, in effect, given the separatist region veto power over Moldova's major foreign and security policy decisions, such as joining the EU or NATO. Maintaining the Russian military presence in Transnistria was also a contentious issue that contributed to Voronin's refusal to sign the memorandum, despite initially agreeing to do so. Having publicly disregarded Moscow's will, Vladimir Voronin not only fell out of favour with Putin, but also opened the door to the dismantling of the Communist party and the potential for new, emerging parties on the left side of the political spectrum. It took a decade for this to actually materialize and for Igor Dodon to replace Voronin as the leader of Moldova's pro-Russian leftist forces.

Ironically, it was during Voronin's second term that the European Union enjoyed the greatest level of popularity, a time when over 70% of the Moldovan citizens were supporting the pro-EU foreign policy vector in the hope of someday joining the Union. Late 2008 was the time when Moldova came closest to national consensus regarding European integration. The April 2009 parliamentary elections and the mass demonstrations that followed, culminating with the 7 April riots referred to in the international press as the "Moldovan Twitter Revolution", opened the way for the more pro-active phase of Moldova's European foreign policy trajectory.

However, despite high hopes about the prospects of reforms and further normative convergence with the EU, it soon became apparent that the Alliance for European

Integration, composed initially of four pro-western parties, not only failed to deliver on its promises of good governance and fighting corruption, but it also ended up discrediting the whole idea of European integration, so that the phrase 'European values and principles' has become a scorn phrase people use when trying to ridicule Moldova's pro-EU politicians and the country's EU integration ambitions. After almost a decade of nominal European integration efforts and reforms that are mostly carried out in name only, public support for EU integration has plummeted to about half of what it was in 2008. According to the latest polls, only 37% of the public supports EU integration, while 42% are in favour of the Russia-driven Eurasian Union.

It is all the more surprising to see the ruling Democratic Party suggest an amendment to the Moldovan Constitution that would enshrine the EU integration vector as the only legitimate foreign policy course. After having contributed to the discredit of the EU image in Moldova, the ruling party is now attempting to save face by forcing EU integration into the supreme law, despite lack of public support. It is highly ironic as this goes against EU norms and values, which emphasize representative democracy. But the rationale behind this political move is aimed at capitalizing on the main cleavage that defines Moldovan political competition – the dichotomy between the Eastern vector and the Western one.

After winning the presidential race, Igor Dodon, former leader of the Party of Socialists, has stayed true to his campaign promise of building better relations with Russia, denouncing the Association Agreement with the EU and joining the Eurasian Union instead. According to his public discourse, Dodon is determined to change Moldova's foreign policy course, although he realizes that this is a tall order and is likely to be politically very costly. Since the benefits of the Deep and Comprehensive Free Trade Areas between Moldova and the EU are only beginning to bear fruit and many of the adjustment costs have been already incurred, it would not make any economic sense to reverse the policy. Yet, it is the political cost that is most important. Turning away from EU integration is likely to galvanize the pro-western part of the electorate much the way it did in April 2009 or even more recently during the 2014 Maidan in neighbouring Ukraine.

### **Moldova's failure, Russia's success**

Given the political cost, president Dodon is unlikely to attempt to reverse the EU integration course altogether and head towards the Eurasian Union. More realistically, Dodon may stall the EU integration process to a halt without necessarily taking any meaningful action towards joining the Eurasian Union, since it could jeopardize his power. Arguably, the Kremlin is content with such an outcome,

because, from Russia's perspective, it is not crucial that Moldova join the Eurasian Union, a process that is complicated by the fact that Moldova and Russia do not share a border; besides, Moldova carries very little economic weight. Instead, Moscow needs assurances that Moldova does not escape its sphere of influence by joining the EU and particularly NATO.

Thus, if Moldova were to remain a grey zone with little to no chances of integration into Euro-Atlantic structures, Russia's sphere of influence will inevitably extend over the country, as it used to. This is also why the Kremlin has always insisted that Moldova remain a neutral state and has reacted vocally every time Moldova has stepped up its relations with NATO, including most recently by opening a NATO liaison office in Chişinău. President Dodon has also been instrumental in impeding Moldovan military officers from taking part in NATO-led exercises in the region, which negatively affects the national army's defence capabilities and interoperability with fellow countries of the NATO Partnership for Peace Program. Similarly, President Dodon's refusal to approve the national security strategy drafted under his predecessor leaves Moldova without a modern and up-to-date national defence document.<sup>63</sup> Perhaps even more damaging, the on-going struggle between the Democratic Party-controlled government and the pro-Russian President Igor Dodon is another vulnerability, which left Moldova without an appointed defence minister from December 2016 till October 2017. Geopolitical tug of war between key state institutions is a major vulnerability, which undermines the morale and defence capabilities of the national army and the overall policy-making process in the country. All these factors increase Moldova's weakness in a highly unstable regional security climate, particularly as the country remains virtually defenceless, relying on its internationally unrecognized neutrality status.

The issue of Moldova's military neutrality is also part of Moldova's East - West dichotomy. Initially, military neutrality was introduced into the Constitution to delegitimize the presence of Russian troops in Transnistria. However, as Russian military presence is still there despite commitments to withdraw, the scope of Moldova's neutrality is futile. With no international security guarantees on either bilateral or multilateral level, Moldova's neutrality status fails to ensure the country's security in any meaningful way. Surprisingly, the worsening regional security situation following the annexation of Crimea and the conflict in Donbas changed nothing. Moldovan political elites, as well as the public, have not shifted their focus towards rethinking the country's neutrality status and have refused to address alternative security arrangements.<sup>64</sup> Political inertia and lack of political will, coupled

<sup>63</sup> <https://www.mold-street.com/?go=news&n=6507>

<sup>64</sup> <http://timpul.md/en/articol/Moldovas-Security-Options-following-Russian-Aggression-in-Ukraine-69774.html>

with Russian propaganda efforts, keep Moldova in a dysfunctional state of neutrality, leaving the country extremely vulnerable to security risks and threats, not to mention susceptibility to undue influence.

## Love thy neighbour

Moldova's kin state Romania is the second most prominent player in Moldova's strategic imbroglio after Russia, a relationship that presents numerous opportunities as well as significant vulnerabilities. Given Romania's growing economic and military potential and in light of its status as a EU and NATO member, the country provides Moldova with a window to the west. Romania has consistently been Moldova's main advocate in the process of turning toward Europe. However, there has been little practical advancement in areas that actually make a strategic difference when it comes to Moldova's crippling dependence on Russia and failure to ensure its energy and information security.

It is only recently that two major projects aimed at gas and electric power interconnectedness between Moldova and Romania have begun, following decades of empty promises and no action. If everything goes according to plan, Moldova may have full-fledged direct access to the EU's gas market by 2019 and to the EU's electricity market by 2021, which significantly undermines Russia's leverage. However, if past experience is any indication, Moscow can employ its vast network of saboteurs in Moldova. Pro-Russian media and politicians may try to discredit the projects on grounds of unclear long term economic sustainability, since it is a fact that Romanian gas and electricity is likely to be less competitive than those supplied by Russia. However, this line of argument ignores the strategic value of having a second source of energy delivery, even if somewhat more expensive. Moscow may also rely on corruption and bureaucratic inefficiency to undermine the chances of these two projects.

Yet, if successful, these projects will not only reduce Moldova's strategic vulnerability in the energy sector, but will also position Romania as a significantly more powerful player in Moldovan politics. As Moldova becomes more integrated into the European energy market via Romania, these tangible achievements may further increase suspicion about the highly sensitive issue of unification of the two countries – potentially aggravated by the 2018 Centennial anniversary of Romania as an independent national state. Pro-Russian political agents have been instrumental in stoking fear and anxiety among Russian speaking minorities about a potential union, which is another core cleavage of the Moldovan political system, with major implications for the country's foreign and security policy. Increasingly frequent, often

politically-motivated statements from high-ranking Romanian officials (i.e. former president Traian Băsescu) or from Romanian analysts urging and encouraging unification as a mutually beneficial solution, or a “last resort” for Moldova’s European integration in the absence of EU accession perspectives have only helped legitimize the Russian narrative. The issue of unification of the two countries is a major opportunity or a tremendous vulnerability, depending on one’s political stance. One thing is certain; it creates fertile ground for foreign influence along the lines of stoking and exploiting the inter-ethnic cleavages present in Moldovan society.

Moldova’s relations with neighbouring Ukraine are almost just as complex as relations with Romania. Ukraine has been for years a bystander at best, and an enabler at worst, of separatism in the Transnistrian region. It was only after Crimea and Donbas that Ukraine became truly engaged with the issue of separatism and began assisting Moldova in a meaningful way in taking control over the Transnistrian segment of the border. The two countries are working closer than ever to advance their European ambitions, yet weak institutions and corrupt elites, including entire regional networks of corrupt high level political leaders, are not only undermining these efforts, but also opening large avenues for undue foreign influence.

Overall, Moldova’s main foreign and security policy vulnerability is the country’s unstable strategic outlook. Apart from meager capabilities and reliance on ineffective neutrality status, the dualism in foreign and defence policy that is present in the national political system creates fertile ground for interested actors to exploit this major weakness of the country and its elites. The East-West dichotomy is likely to remain a defining political cleavage, just as relations with immediate neighbours are likely to be determined by historical and geopolitical considerations, rather than pragmatic economic calculation or a values-based approach.

# **PROPAGANDA PERMEABILITY INDEX**

## GENERAL OUTLOOK

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1. The Republic of Moldova is extremely permeable to outside influences, standing out in comparison with other countries from the same region, such as Bulgaria, Georgia and Romania. In almost all fields (political, economic, foreign policy and security) the Republic of Moldova's situation is indicative of a major crisis; it is only in social matters that the country's weakness, though significant, is not of an extremely worrying character.
2. Bulgaria is most permeable in the economic sphere; Romania's problems are primarily social; in Georgia social and political vulnerabilities are the most important ones, being tied for first place.
3. Georgia's resilience on issues such as its foreign policy orientation is high, compensating for the fact that the country is not a NATO member and that therefore it does not derive the special security benefits attached to this status; unfortunately, its perceived vulnerability to hybrid warfare, cyber warfare and sabotage is also at a high level. To a considerable extent, the cause of this perceived permeability is the actual conflictual situation with the Russian Federation, which has focused the attention of respondents on the situation on the ground; in the case of Romania and Bulgaria, for instance, the perceived (in)vulnerabilities are of a more hypothetical nature.
4. Romania and Bulgaria share some weaknesses, such as a dysfunctional state apparatus, or unhealthy connections between local magnates and the political sector.
5. In both Romania and Bulgaria a vicious spiral is emerging: socio-economic polarization between the rich and the poor (be they individuals, regions, or social classes) is not only an established reality already, but is also estimated to grow even further. Both its existence and its projected growth are significant vulnerabilities.
6. Romania is particularly permeable to fake news, whereas much of the Bulgarian media is considered by study participants to have illicit interests which supersede profit making.
7. By comparison with Romania, Bulgaria possesses an additional set of vulnerabilities, having to do with the country's lack of self-sufficiency in energy.

## Methodology

How does one measure a country's permeability to outside influences? The answer to this question had to be solidly grounded in sociological practice, while at the same time ground-breaking and original. Applying the same framework to multiple countries was both a necessity and an innovation, allowing for the study to be repeated in the same countries for the purpose of monitoring their evolution over time or to be expanded to others in the future.

The main research team started from the premise that vulnerabilities are of various types, which led to the existence of 4 fields of research: Society, Politics, Economics and the field of Foreign Policy, Security and Defence.

The research teams for each field were asked to provide statements measuring a country's permeability to outside influence in that field. The statements were grouped in sub-domains, as follows:

### Society:

- The divisions within (5 statements)
- The state and the fair society (5 statements)
- The pace of change (4 statements)
- The outside world (6 statements)
- Media and civil society (6 statements)

### Foreign Policy, Security and Defense:

- Foreign policy (5 statements)
- National resilience (4 statements)
- National security (5 statements)
- Political and strategic narratives (3 statements)
- Military (in)dependence (4 statements)

### Politics:

- Constitutional and electoral system (5 statements)
- Political parties (5 statements)
- Representation (5 statements)
- Public administration and the rationality of the state (6 statements)
- Rule of law (4 statements)

### Economy:

- Sustainability of national debt and deficit (4 statements)
- Competitiveness and transparency (5 statements)
- Share of ownership and control over local business (4 statements)
- Locals working abroad (2 statements)
- Energy self-sufficiency (3 statements)
- Trade and tourism (3 statements)
- Media business models (2 statements)

The final list of statements was reached after multiple rounds of reviews, in which researchers from all four countries under study (Bulgaria, Georgia, Republic of Moldova and Romania) participated.

For each of the four fields and in each of the four countries, a two or three experts were picked to test the proposed structure. After receiving their feedback, a new, larger set of experts were asked to provide their reaction to the finalized list of statements, according to a modified Likert scale (not true at all or not applicable in my country / there is some truth to the statement / statement is relatively true / statement is absolutely true). These respondents were individuals whose work, activity or knowledge in the field was significant: politicians, members of the academia, NGO leaders and specialists, state employees of high relevance, journalists or otherwise employed policy experts.

This method has often been used<sup>1</sup> in polls on corruption, measuring the confidence of businesses in a country's immediate future, the quality of electoral processes (Electoral Integrity Project<sup>2</sup>) measuring democratic accountability<sup>3</sup> and V-DEM<sup>4</sup>, democratic states' foreign policy positions toward Iran<sup>5</sup>, the positions of key political actors on the EU constitution<sup>6</sup>, to gauge risk and uncertainty related to civil infrastructure<sup>7</sup>, or create indexes of societal stressors<sup>8</sup> etc. - but not on this topic and not in this region.

1 as quoted in "Expert Surveys as a Measurement Tool: Challenges and New Frontiers" by Cherie Maestas, p.3 in "The Oxford Handbook of Polling and Survey Methods" (ed. Lonna Rae Atkeson and R. Michael Alvarez), undergoing publication

2 "Expert Surveys as a Measurement Tool: Challenges and New Frontiers" by Cherie Maestas, p.1-2 in "The Oxford Handbook of Polling and Survey Methods" (ed. Lonna Rae Atkeson and R. Michael Alvarez).

3 Kitschelt, H., and D. M. Kselman. 2013. "Economic Development, Democratic Experience, and Political Parties Linkage Strategies." *Comparative Political Studies* 46 (11): 1453-1484 .

4 *Idem*, p.3.

5 Wagner, W., and M. Onderco. 2014. "Accommodation or Confrontation? Explaining Differences in Policies Toward Iran." *International Studies Quarterly* 58 (4): 717-728

6 Dorussen, H., H. Lenz, and S. Blavoukos. 2005. "Assessing the Reliability and Validity of Expert Interviews." *European Union Politics* 6 (3): 315-337

7 Cooke, R. M., and L. H. J. Goossens. 2004. "Expert Judgment Elicitation for Risk Assessments of Critical Infrastructures." *Journal of Risk Research* 7 (6): 643-656

The following table lists the number of experts from each country who have responded to at least one statement for each sub-domain, with the number of the experts who have provided a response to *all* survey statements for their particular sub-domain in parenthesis:

<i>Country/field</i>	<i>Economics</i>	<i>Politics</i>	<i>Foreign policy and Security</i>	<i>Society</i>
<i>Bulgaria</i>	34 (33)	31 (30)	34 (32)	33 (33)
<i>Georgia</i>	32 (30)	33 (32)	32 (30)	31 (30)
<i>Republic of Moldova</i>	31 (29)	31 (30)	41 (41)	32 (31)
<i>Romania</i>	41 (40)	41 (38)	34 (33)	34 (34)

It is the belief of the research team that experts are, in the case of this study, more knowledgeable concerning a country's specific vulnerabilities in each specialised domain than nationally representative samples. We aimed to probe informed opinions, knowledge and awareness, not just public perception - this is the reason for having chosen an expert survey rather than a general opinion poll as the study's research method.

We acknowledge the limitations of the procedure, such as the existence of the following factors: the response rate, expert selection biases (although we made every effort to ensure balanced representation, reaching out to people across the political and ideological spectrum, from every possible professional category etc), the ideological bias and subjectivity of respondents. In the context of the last of these factors, we would like to draw attention to two potential biases: nationalism ("let's not make things look so bad for my country") and the desire to attract attention and financing ("let's make things look worse than they actually are"). We have a moderate level of confidence in the fact that these two factors even each other out.

Each answer was given a numerical value, with 0 for "not true at all or not applicable in my country" and 3 for "statement is absolutely true", the other two options receiving the intermediate values of 1 and 2.

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8 McCann, S. J. H. 1998. "The Extended American Social, Economic, and Political Threat Index (1788–1992)." *Journal of Psychology* 132 (4): 435–449

In the case of each of the four countries:

1. for each statement within each sub-domain an index was calculated by averaging the numerical value of all the reactions to the statement.
2. the permeability indexes of each sub-domain were calculated by averaging the numerical values of all the indexes of statements (mentioned in paragraph 1 above).
3. the permeability indexes of each field were calculated by averaging the numerical values of all the permeability indexes of sub-domains (mentioned in paragraph 2 above).
4. the total permeability index of the country was calculated by averaging the numerical values of the permeability indexes of each field (mentioned in paragraph 3 above).

As the questionnaire and the research itself are original, we have chosen not to use any weighting procedures.

Standard deviations are mentioned as follows, as they may be of use in future studies:

## **Romania**

<i>Field</i>	<i>The highest standard deviation value was...</i>	<i>... and it was met in the case of the following statement:</i>	<i>The lowest standard deviation value was...</i>	<i>... and it was met in the case of the following statement:</i>
<b>Society</b>	.958	Significant ethnic minorities are excluded from political, economic or social representation	.479	Many people believe public institutions or service providers are not there to help them or do not do enough for them
<b>Foreign Policy and Security</b>	1.015	There is an articulated narrative in some media or groups portraying my country's internal and/or external actions as fomenting regional instability	.517	My country would suffer significant damage in case of sabotage
<b>Politics</b>	1.083	The distribution of constitutional powers overwhelmingly favors the political actors who resort to populism during electoral campaigns	.586	Generally, political parties in opposition are inactive and unable to properly criticize or take action against contentious government decisions
<b>Economics</b>	.867	A sharp decrease in the level of remittances to the country would create chaos	.540	A significant part of the country's tourism comes from or through non-Western countries

## **Bulgaria**

<i>Field</i>	<i>The highest standard deviation value was...</i>	<i>... and it was met in the case of the following statement:</i>	<i>The lowest standard deviation value was...</i>	<i>... and it was met in the case of the following statement:</i>
<b>Society</b>	1.113	Significant ethnic minorities are excluded from political, economic or social representation	.637	There is a movement or tendency towards regional secession within the country
<b>Foreign Policy and Security</b>	1.114	Foreign policy decision-makers in my country are polarized between Atlanticism and Counter-Atlanticism	.708	My country would suffer significant damage in case of sabotage or a non-military attack on its critical infrastructure (including cyber)
<b>Politics</b>	1.102	There is a significant public discourse accusing institutions of force (judiciary; police; military; etc) of distorting the country's democratic order	.563	Political elites are easily influenced by the views of the national Orthodox Church or other official religious institutions
<b>Economics</b>	1.116	A significant share of the national media market is owned or controlled by non-Western entities	.535	The country has an unsuccessful working relationship with international financial institutions such as the International Monetary Fund or the World Bank

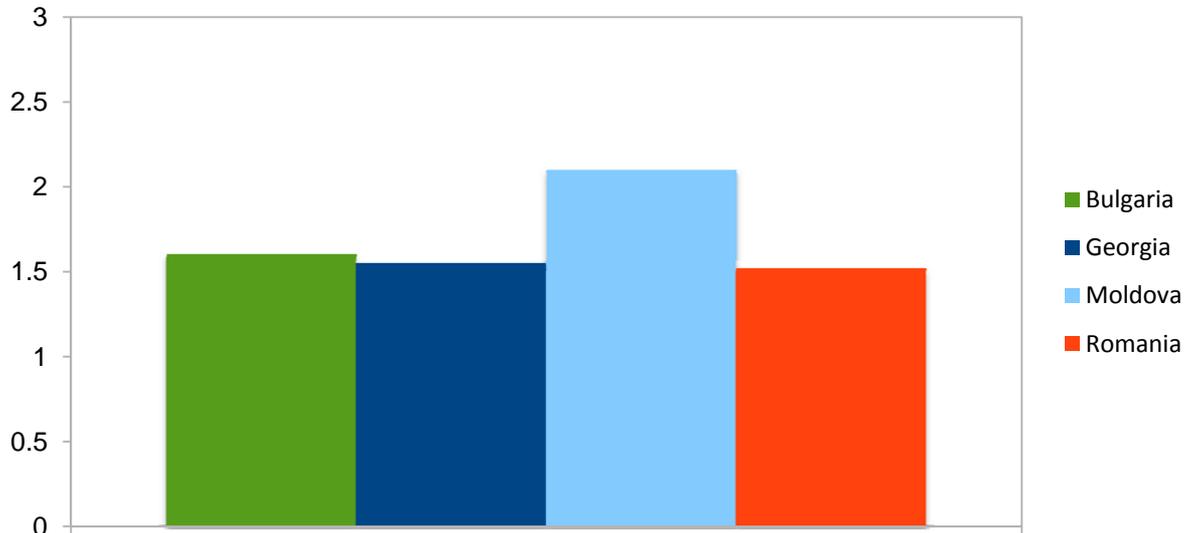
## Georgia

<i>Field</i>	<i>The highest standard deviation value was...</i>	<i>... and it was met in the case of the following statement:</i>	<i>The lowest standard deviation value was...</i>	<i>... and it was met in the case of the following statement:</i>
<b>Society</b>	1.031	The national Orthodox Church is strongly opposing some of the modernizing changes that are happening in society	.691	There are nationalist or anti-Western public figures, artists or groups that are widely popular
<b>Foreign Policy and Security</b>	1.121	There is an articulated regional discourse of international norms and treaties' revisionism that would affect my country	.425	My country is in a region that has a high potential for conflict
<b>Politics</b>	1.147	Political parties have a hard time forming sustainable governing coalitions after elections	.523	A significant part of the political elites criticize policy demands by EU/NATO as detrimental to the country
<b>Economics</b>	1.083	National media in the country is guided by illegitimate political or economic interests rather than profit-making	.448	The country has an unsuccessful working relationship with international financial institutions such as the International Monetary Fund or the World Bank

## **Republic of Moldova**

<i>Field</i>	<i>The highest standard deviation value was...</i>	<i>... and it was met in the case of the following statement:</i>	<i>The lowest standard deviation value was...</i>	<i>... and it was met in the case of the following statement:</i>
<b>Society</b>	.976	There is an ongoing conflict between religious believers and secularists regarding how society should work	.570	There are regions of the country or sections of society which are significantly more likely to be manipulated by fake or misleading media
<b>Foreign Policy and Security</b>	.905	Non Euro-Atlanticist countries in the region have a direct significant influence on the government's foreign policy process	.400	National budgetary allocations for defense investment is too low, inadequate or unpredictable
<b>Politics</b>	1.009	Political elites are easily influenced by the views of the national Orthodox Church or other official religious institutions	.445	Political power within parties is generally concentrated in the hands of one person or a certain cohesive group of interests
<b>Economics</b>	1.117	A significant share of the banking market is owned by non-Western entities	.772	A significant part of the country's tourism comes from or through non-Western countries

**Total Permeability Index**  
(0 = not permeable, 3 = very permeable)



*Raw data:*

Bulgaria: 1.60

Georgia: 1.55

Republic of Moldova: 2.10

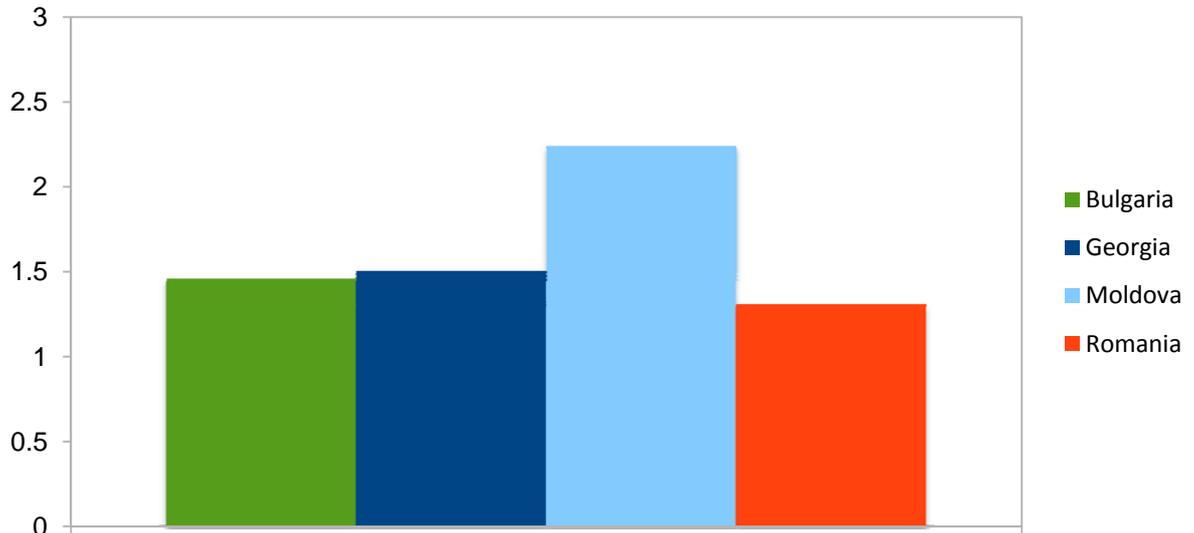
Romania: 1.52

*Explanation and discussion:*

In all countries perceived permeability is above the theoretical average of 1.5. The lowest permeability is encountered in Romania (an index value of 1.52), with Georgia and Bulgaria having similar but slightly higher values (1.55 and 1.60 respectively).

The Republic of Moldova has a significantly higher average than any of the other countries being studied, namely 2.10. As will be seen in the detailed, per-field graphs below, in every single one of the four fields under study the Republic of Moldova has a higher permeability than any of the other three countries. Its vulnerabilities in three fields (foreign policy, security and defense; politics; economy) have been ranked by respondents as having a score above 2, which is to say a very high level of vulnerability.

**Foreign policy, security and defense permeability index  
(0 = not permeable, 3 = very permeable)**



*Raw data:*

Bulgaria: 1.46

Georgia: 1.50

Republic of Moldova: 2.24

Romania: 1.31

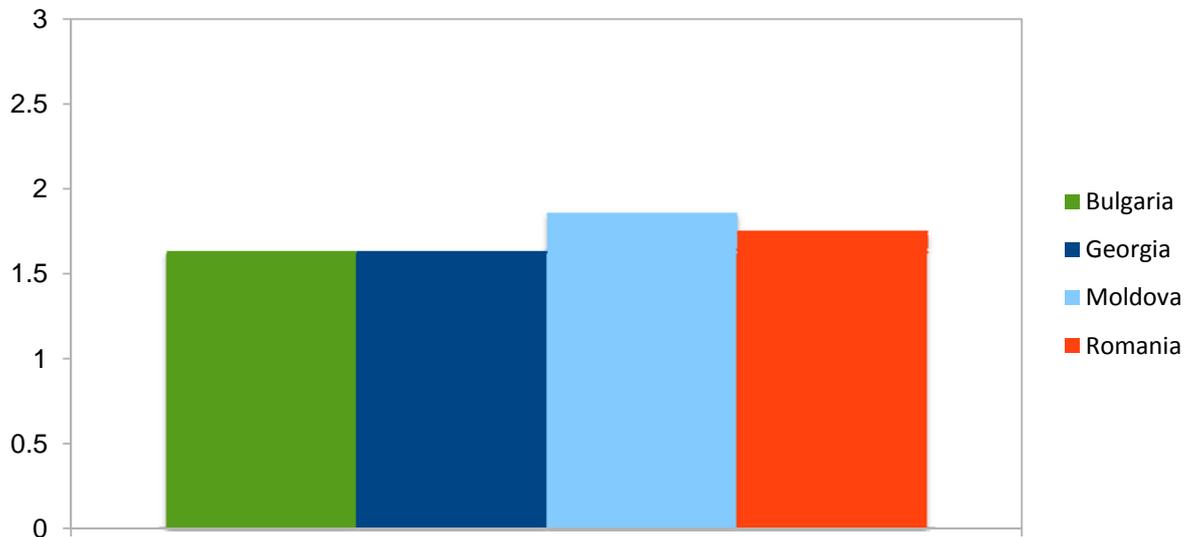
*Explanation and discussion:*

The perceived permeability of Moldova is very high (2.24 on a scale from 0 to 3). NATO members Romania and Bulgaria have similar vulnerabilities (1.31 and 1.46). The reason for Georgia's low level of permeability has to do with the perceptions of Georgian respondents concerning the country's foreign policy orientation. Georgia has scored low - which is to say a very small level of permeability - on items such as:

- polarization of the country's foreign policy decision-makers between Atlanticism and counter-Atlanticism (0.69 on a scale from 0 to 3)
- the country favouring lifting economic sanctions against Russia, even if Russia doesn't implement the Ceasefire Agreement "Minsk II" (0.56 on a scale from 0 to 3)
- country's general solidarity for the Euro-Atlantic foreign policy agenda being in question (0.56 on a scale from 0 to 3).

If one excludes these items from calculations, the average permeability of Georgia in the field of policy, security and defense goes up to the level of 1.68, significantly higher than Romania and Bulgaria (which are in the 1.31-1.46 range).

**Social permeability index**  
(0 = not permeable, 3 = very permeable)



*Raw data:*

Bulgaria: 1.63

Georgia: 1.63

Republic of Moldova: 1.86

Romania: 1.75

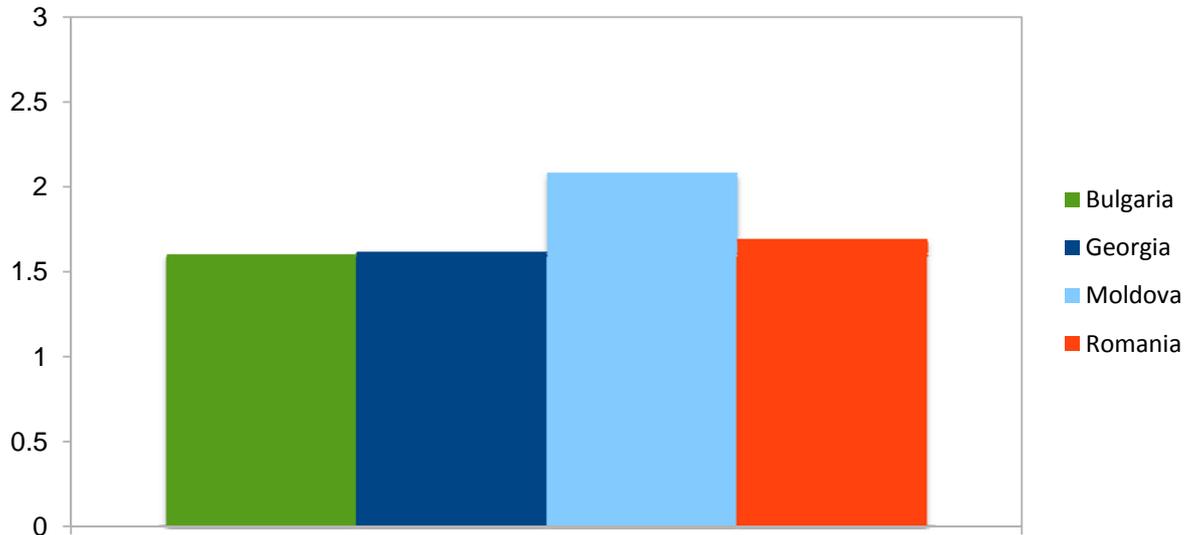
*Explanation and discussion:*

All four countries score somewhat higher than the theoretical average of 1.5: Bulgaria and Georgia at 1.63, Romania at 1.75 and Moldova at 1.86.

At the same time:

- all countries except Georgia reported a high permeability (scores of 2.25 or higher) on the capacity of the state to ensure a fair society;
- all countries reported a permeability of at least 1.87 (and Romania and Bulgaria of over 2) on the issue of media and fake media.

**Political permeability index**  
(0 = not permeable, 3 = very permeable)



*Raw data:*

Bulgaria: 1.60

Georgia: 1.62

Republic of Moldova: 2.08

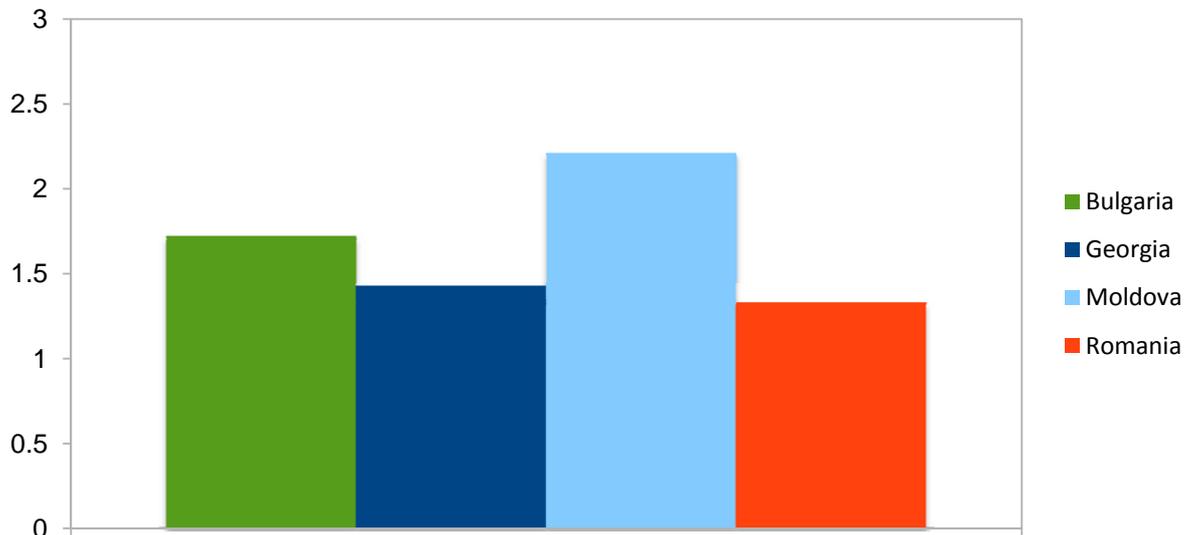
Romania: 1.69

*Explanation and discussion:*

The perceived permeabilities of Bulgaria, Georgia and Romania are packed within a small interval: from 1.60 for Bulgaria to 1.69 for Romania.

On the other hand, Moldova possesses a political permeability of 2.09. This vulnerability is evident in all sub-domains; even the lowest permeability (in the sub-domain of political representation) has a somewhat high index value of 1.87.

**Economic permeability index**  
(0 = not permeable, 3 = very permeable)



*Raw data:*

Bulgaria: 1.72

Georgia: 1.43

Republic of Moldova: 2.21

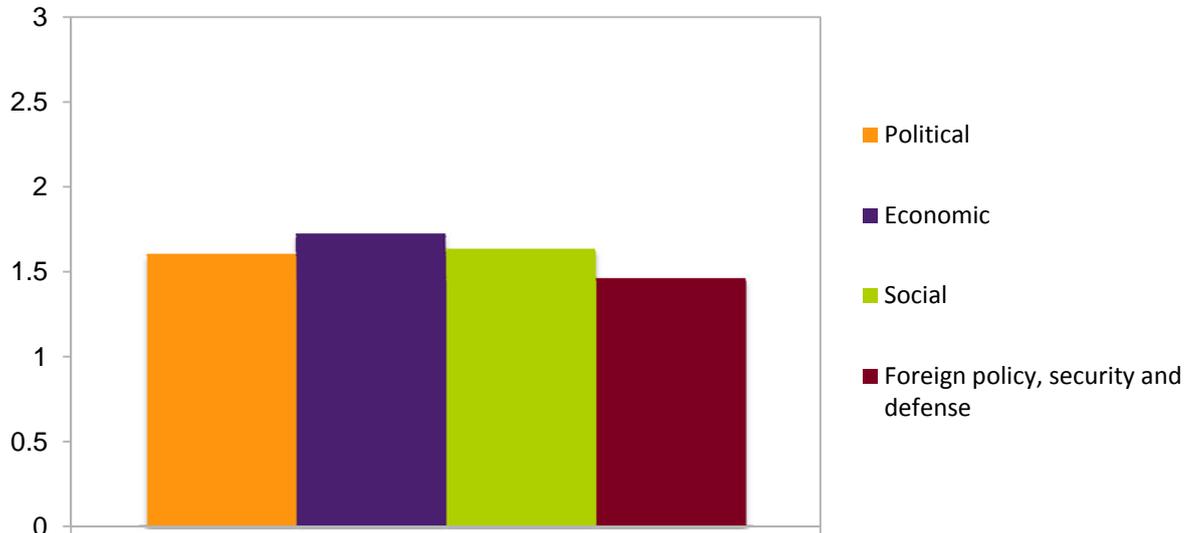
Romania: 1.33

*Explanation and discussion:*

The Republic of Moldova is the only country whose economy is seen as highly permeable (above 2, namely 2.21). Romania and Georgia have almost identical scores (1.33 and 1.43 respectively). Bulgaria's relatively high score of 1.72 is due to a significant perceived permeability on the following items:

- energy self-sufficiency (1.98, in comparison with 0.83 for Romania and 1.04 for Georgia);
- competitiveness and transparency (2.09, in comparison with 2.07 for Romania and 1.34 for Georgia);
- media business models (2.20, in comparison with 1.41 for Romania and 1.47 for Georgia).

### Bulgaria's permeability indexes (0 = not permeable, 3 = very permeable)



#### *Raw data:*

Political permeability: 1.60

Economic permeability: 1.72

Social permeability: 1.63

Foreign policy, security and defense permeability: 1.46

#### *Explanation and discussion:*

In the societal field, high permeability levels were encountered on the capacity of the state to ensure a fair society (2.25) and on the issue of media and fake media (2.04).

Economically, a high vulnerability is encountered in the sub-domain of "competitiveness and transparency" (2.09), the index being particularly high due to responses to the following statements:

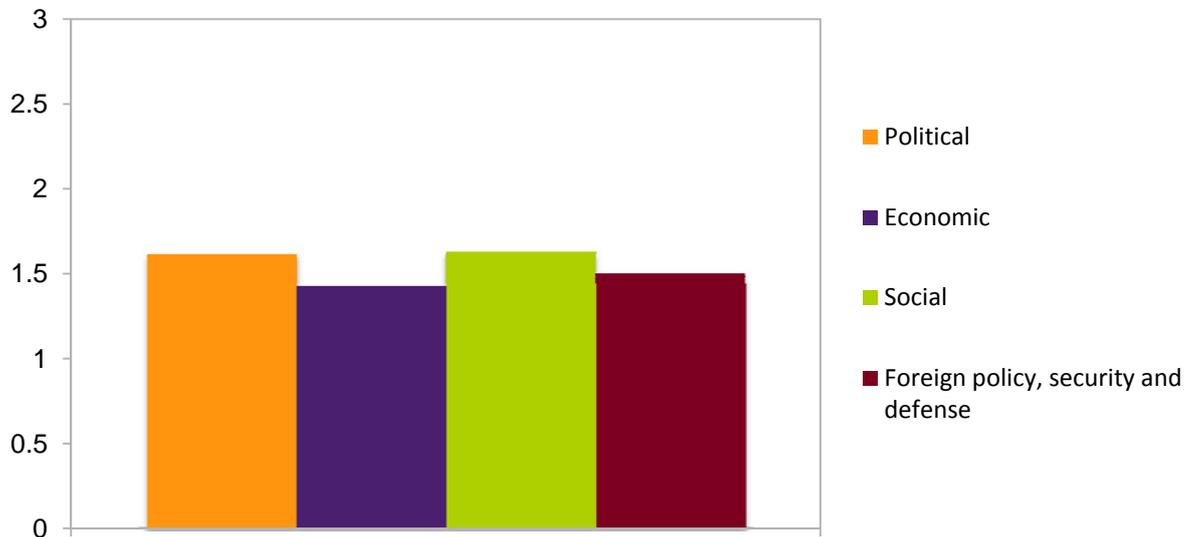
"Most local magnates have made their fortunes through political favoritism" (2.50)

And "The country's growth model and political situation are likely to increase economic inequality for some regions or groups" (2.29).

A high sub-domain permeability level (2.20) has to do with the media business model - of particular importance being the statement that "National media in the country is guided by illegitimate political or economic interests rather than profit-making", to which Bulgarian respondents agreed to a very large extent; the index for that statement was 2.45.

A low permeability of under 1 has been recorded on the following sub-domains: the (social) divisions within the country; sustainability of national debt and deficit; locals working abroad.

### Georgia's permeability indexes (0 = not permeable, 3 = very permeable)



*Raw data:*

Political permeability: 1.62

Economic permeability: 1.43

Social permeability: 1.63

Foreign policy, security and defense permeability: 1.50

*Explanation and discussion:*

Georgia's outstanding security vulnerability is national resilience (2.08), in particular on the following notions:

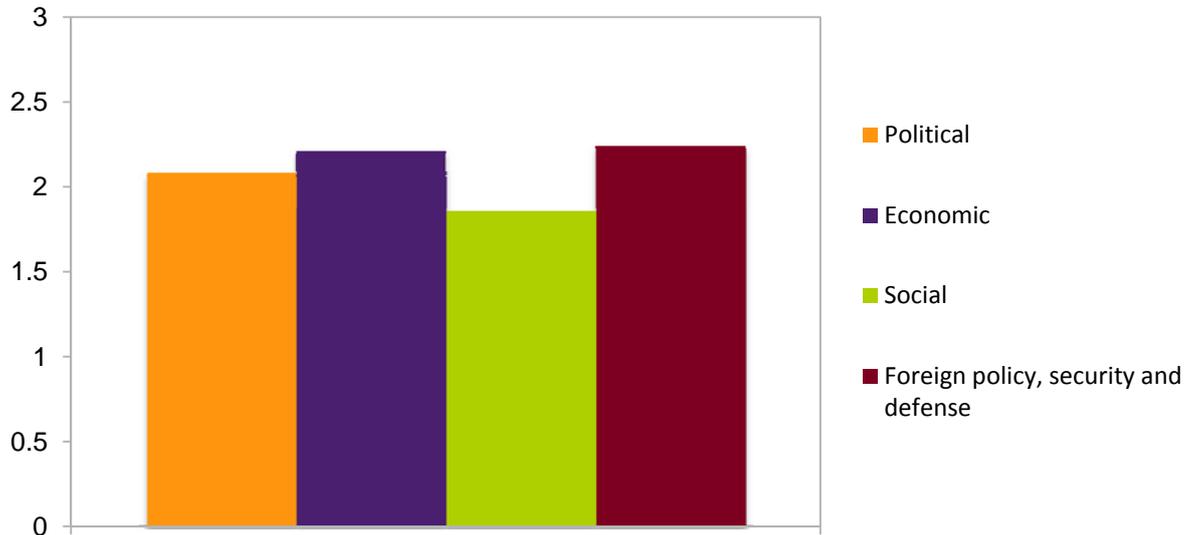
"My country would suffer significant damage in case of sabotage or a non-military attack on its critical infrastructure (including cyber)" (2.35);

"My country's resilience to hybrid warfare is particularly underdeveloped as compared to the threat" (2.29).

A low permeability of under 1 has been recorded in the following sub-domains:

- trade and tourism;
- sustainability of national debt and deficit;
- share of ownership and control over local business.

### Republic of Moldova's permeability indexes (0 = not permeable, 3 = very permeable)



*Raw data:*

Political permeability: 2.08

Economic permeability: 2.21

Social permeability: 1.86

Foreign policy, security and defense permeability: 2.24

*Explanation and discussion:*

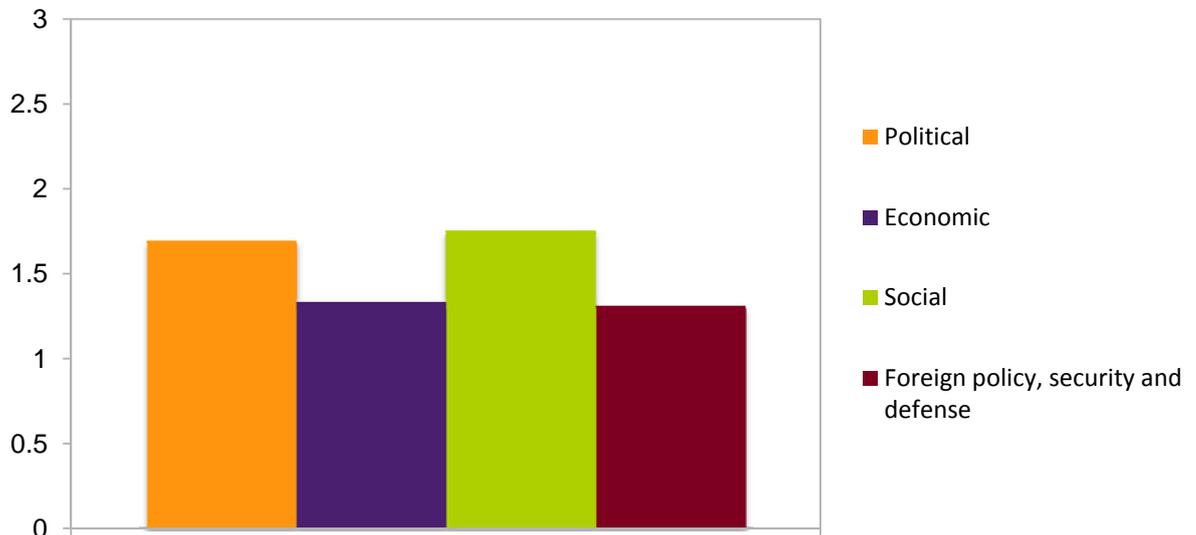
Out of the 22 sub-domains which have been under study, the Republic of Moldova has the highest permeability of all measured countries in 15 cases.

In absolute terms, in 9 out of 22 sub-domains the permeability is very high (above 2), and in 11 others it is significantly higher than the theoretical average (between 1.75 and 2). The only two sub-domains in which the permeability index has smaller values are the following:

- trade and tourism (1.37)
- the divisions within (1.41).

In reaction to 62% of the statements in the study, respondents have indicated on average a permeability of 2 or higher; in reaction to another 23% of the statements, the average response showed a permeability that was below 2 but higher than the theoretical average of 1.5. It is only in case of 15% of the questions of the study that the respondents claimed, on average, that the Republic's permeability was low.

### Romania's permeability indexes (0 = not permeable, 3 = very permeable)



*Raw data:*

Political permeability: 1.69

Economic permeability: 1.33

Social permeability: 1.75

Foreign policy, security and defense permeability: 1.31

*Explanation and discussion:*

Romania's vulnerabilities are the following:

- capacity of the state to ensure a fair society (2.36), in particular reactions to the following statements: "Many people believe public institutions or service providers are not there to help them or do not do enough for them" (2.79) and "There are regions of the country or sections of society which are much poorer than others" (2.88);

- media and fake media (2.09), in particular reactions to the following statements: "Fake or misleading political or news stories often garner more visibility than their rebuttals or clarifications" (2.44) and "There are regions of the country or sections of society which are significantly more likely to be manipulated by fake or misleading media" (also 2.44);

- [lack of] competitiveness and transparency (2.07), in particular reactions to the following statements: "The country's State Owned Enterprise sector is large and rife with corruption and political cronyism" (2.41), "Most local magnates have made their fortunes through political favoritism" (2.24) and "The country's growth model and political situation are likely to increase economic inequality for some regions or groups" (2.20).

A low permeability of under 1 has been recorded on the following topics:

- foreign policy orientation;
- share of ownership and control over local business;
- locals working abroad;
- energy self-sufficiency;
- trade and tourism.

# **RESILIENCE AND RESPONSE IN A POST-TRUTH WORLD**

International expert seminar  
October 4 – 5, 2017, Bucharest, Romania

## Introduction

*30 high-level professionals, presenting the experience of 13 states, plus NATO and the EU in combating propaganda and malign influence, during almost 10 hours of closed-doors discussions, over 2 rewarding work-days. This is the data behind the **first** Romanian Euro-Atlantic expert seminar, organized by GlobalFocus Center with the purpose of putting Romania on the map of relevant thinking when it comes to exposing propaganda mechanisms and particularly vulnerabilities exploited by propagandists (be they state or non-state actors, like Russia and ISIS, respectively; or illiberal and populist politicians, radical, extremist and nationalistic movements).*

**Interference in the stability and well functioning of a state and society is not limited to the so-called information war, but includes a wide spectrum of non-military instruments. Propaganda and malign influence use internal (structural) vulnerabilities and seek to amplify existing fractures to reach a tipping point.**

This was the backbone of the first senior-level expert seminar on propaganda, organized in Romania by GlobalFocus Center to discuss the preliminary findings of the yearlong research project *Comparative study of Russian pressure and propaganda in Eastern Europe. Building resilience and response mechanisms*, conducted on Romania, Bulgaria, Republic of Moldova and Georgia.

The seminar was also the first endeavour to focus on the gaps in our „collective“ defence against information war and malign influence (the social, political, economic and security structural weaknesses which are prone to be used by inside or outside actors), taking a „demand-side“ approach, rather than looking at the „supply“ side, i.e. action taken by hostile forces. Starting from the assumption that propaganda is versatile and adapts to the target, the study authors and organizers consider that this model offers decision-makers an actual practical framework, which allows for preventive action and preparedness, going beyond the inherent limitations contained in the study of already materialized propaganda actions only.

The model proposed also has the ambition of being universally applicable and easily replicated in all countries which have been or may be subject to disinformation and manipulation efforts by external or internal efforts. To achieve full methodological confidence and subject matter relevance, the proponents of this research have chosen to share and test their approach within the Trans-Atlantic and EU neighbourhood expert community ahead of results publication. The seminar has also provided an opportunity for networking and exchange of views on vulnerabilities to

propaganda across a wider region than that which makes the object of the GlobalFocus Center study, as well as on existing challenges and the current state of institutional response – a first step toward increased and more effective cooperation in dealing with a problem which is transnational in nature and requires joint, multidisciplinary, cross-sector coordinated approach.

The seminar was organized under Chatham House rules and attendance was by invitation only. Alongside team members from the four countries participating in the research project, the participants were senior level experts from the *security sector* (NATO HUMINT CoE), from renowned *global think-tanks* - Atlantic Council (US), Chatham House (UK), *academia and research* - George Mason University (US), Center for Naval Analysis (US), European Institute University in Florence (Italy), European Union Institute for Security Studies (France), from *European institutions* - EEAS East StratCom Task Force, European Commission Task Force Security Union – DG Migration and Home Affairs, Council of Europe, from prominent *regional think-tanks* - European Values Think Tank (Czech Republic), Political Capital Institute (Hungary), Center for Polish-Russian Dialogue and Understanding (Poland), Center for Liberal Strategies (Bulgaria), *journalists* - The Economist (UK), Econ Verlag (Germany), *current and former high ranking government advisors and political representatives* responsible for developing solutions against hybrid threats and related topics (OSCE, Ukraine, Finland, Romania).

The solid insight and track-record, as well as different experience of those present, with propaganda, disinformation and other forms of illicit influence allowed for extensive exploration of similarities and differences in *modus operandi*, in the vulnerabilities and local circumstances that are exploited and the resilience mechanisms that have been put in place to help mitigate the threat across diverse geographic, historic, political and social contexts.

Can we talk of universal solutions to cope with the phenomenon? Who should implement those solutions? Is it a matter for governments to deal with, for international organizations, or for the larger society? Is the experience of those who have been subject to the most aggressive and sustained campaigns, or who have advanced farthest in their preparations useful for others to learn from and develop their own resilience and response capacities? These are just some of the questions to which participants have tried to find answers.

## Structure and topics

Paralleling the framework of analysis proposed in the Comparative study, the seminar was organized with the aim of promoting an exchange of views and perspectives on the Social, Economic, Political and Foreign Policy and Security vulnerabilities of states and societies to propaganda and disinformation. Each section built on the results of the comprehensive qualitative, as well as quantitative analysis by subject matter experts in Romania, Bulgaria, Georgia and the Republic of Moldova. The debate was kick-started with the presentation of a broad picture of what makes all four countries surveyed vulnerable to propaganda, what the common vulnerabilities are and to what extent they transcend national borders, and what context-dependent differences reveal about the way propaganda has adjusted to make use of their specific vulnerabilities. Individual sessions were dedicated to each of the four sectors outlined above, followed by discussions around the *resilience-building measures needed* to address them.

### 1. Weaponizable weaknesses and tailored narratives

*Who is our enemy within? What structural vulnerabilities do we have as states and societies, which provide fertile ground for propagandists, manipulators, for state and non-state actors' illicit interference in the well functioning of a society? We examine political, social, economic and foreign policy/security weaknesses, which can be exploited by internal and external forces and aim to identify how narratives change and adapt to their audiences.*

The conceptual framework and the definition of 'vulnerability' was elaborated on in the first session. Radicals, nationalists, populist and illiberal leaders, extremists of all sorts, Kremlin agents, ISIS fighters, "alt-left" and alt-right, they all work with customer/client-supplied material. They spot our weaknesses, identify vulnerable audiences and design targeted messages, pick the right channels and vectors of influence for each of them. In Peter Pomerantsev's words, this is not "about arguing against the West with a counter-model as in the Cold War; more about slipping inside its language to play and taunt it from inside"<sup>1</sup>.

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<sup>1</sup> Peter Pomerantsev, *Nothing Is True and Everything Is Possible: The Surreal Heart of the New Russia*, ISBN 1610394550

## 2. Division and discontent: cooperation and confidence gaps among social groups

*Who are the social groups that easily lend themselves to exploitation by propagandists and demagogues? And how large is the mass of dissatisfied people anyway? What is the tipping point where group affinities become exploitable vulnerabilities? How are (ethnic/religious etc.) minorities used against majorities? How do foreign actors exploit citizens' grievances? How does it differ across contexts?*

Social challenges were at the core of the second debate. Participants pointed to divisions within the EU; governments failing to meet citizens' expectations and to cater to their needs; cultural and social affinities with models outside the transatlantic space; broken social contract; development gaps; rapid social and technological change pitching traditionalists vs. modernists, winners vs. losers of modernisation; majorities vs. minorities; exceptionalism and other 'monsters'.

## 3. Using democracy to undermine democracy. How states lose their citizens; and who's winning them over?

*How can the core of the democratic process, i.e. political elections, be hijacked and turned against democracy itself? What are the differences of context: democratic backsliding in Central and Eastern Europe vs. migration, economic nationalism in Western Europe? How does the crisis of traditional politics and political leadership, as well as of traditional institutions affect our permeability to propaganda? What are the methods, instruments, channels used to turn demagoguery into a political weapon? Mainstream media, social media, trolls, bots, funding of political parties etc. With what effects? What relationship with propaganda do new para-political structures have (political movements like Macron's, Occupy movement, Anonymous, spontaneous non-institutionalised associative movements, unconventional parties like the Pirates Party)?*

The vulnerabilities potentially presented by political systems were analyzed in a session which saw the discussion go from social divisions to political ideology, from political ideology to political themes, from political themes to campaign platforms and from campaign platforms to elections success.

#### **4. Trojan horses: dirty money, poisonous gifts, corruption and state capture**

*Who controls our economies? What is the impact of Russian capital in key European companies, in oil and gas, in banking and financial sectors? How much are national governments conditioned by economic dependencies? Public-private partnership in crime: the nexus of illicit private interests, corrupt governments and institutions. What is the connection between national economic models and illiberal political models?*

Economic ills, which lend themselves to exploitation by foes, through illicit means of influence other than propaganda and disinformation alone, were the subject of roundtable conversation in a separate session. We increasingly acknowledge that we are under attack with the 'soft' weapons of information war, but fail (or avoid?) to assess the impact of the 'hard' weapons of economic ownership, control and influence, energy and capital dependency, lack of transparency, uneven regulation, big business pressure. Their leverage is often more direct and yet goes largely unnoticed and unchallenged, though it is often intertwined with organised crime and high-level state corruption.

#### **5. Undermining the EU and NATO. A Catch 22 situation?**

*Fighting horizontal threats with vertical, hierarchical institutions - a losing battle? How is propaganda impacting security policy and is our approach adapting fast enough?*

*We have won the war and lost the peace in Iraq and Afghanistan. Have we learnt anything or are we now losing the human terrain at home too?*

*Euro-Atlantic institutions are losing the hearts and minds of their own rank and file. "The enemy within" is using the insurgency toolbox; how to fight our own citizens?*

*What are Russia's objectives? Is information war a substitute or a prelude for conventional war?*

*Can EU response capacity improve in the absence of a common foreign and security policy? Have we lost the most successful EU foreign policy pursuit - enlargement to its neighbourhood?*

*In the case of NATO, cyber is now operational domain; will hybrid follow suit?*

The questions above framed the assessment of inadequacies in the foreign policy and security of different states, which allow for malign influence. The Kremlin may not be waging a war it aims to win, but rather to prevent the opponent from winning, as well as causing it as many losses as possible. The case in point: limiting the ability of the EU and NATO to project their influence as global players, while raising its own profile at home and abroad.

## 6. Resilience and response. What to do?

The final session was dedicated to conclusions and charting the way forward. Propaganda, information war and illicit pressure use judo tactics and exploit structural weaknesses; which is why Putin masters them – and why it's always harder to fight back. What can we do? What kind of approaches have been tested and are they suited to the threat? Do the side effects do more harm than good? Internet regulations and restrictions; legal measures; government STRATCOM units; cognitive resilience; the limits of private sector responsibility, including social media giants like Facebook, Twitter, YouTube, Google; privacy etc.

### Main ideas and takeaways

1. *Asymmetric threats cannot be fought with symmetric measures*
2. *Horizontal, often “crowd-sourced”, evolving and versatile threats, which permanently adapt to the target cannot be fought with hierarchical, inflexible, top-down measures and/or institutions*
3. *The threat is transversal, hence the response needs to be transversal too: across multiple government structures, civil society, international organizations, in a whole-of-society approach governed by strategic thinking*
4. *The right mix is one of immediate measures centred on the aggressor(s) and long-term measures aiming to build resilience among the larger public*
5. *There is no unique, one-size-fits-all solution: one country's ‘textbook’ of response and resilience cannot simply be lent to another*
6. *...nevertheless, there are crucial similarities and lessons learnt, knowledge that ought to be shared among partners, compared and internalized in their respective strategies. Propaganda is context-adaptive and one state's experience of yesterday may be another state's lesson learnt for tomorrow's challenges.*

The discussions purposefully avoided focusing primarily or exclusively on propaganda perpetrated by Russia or other specific actors, but rather aimed to proactively study the *vulnerabilities* that more or less *all* propagandists may exploit. This allowed for envisaging possible futures/scenarios and being prepared not only for the current challenges of propaganda, but also for future disinformation attempts.

The unique approach of studying propaganda not by assessing the “damage done” or tactics employed, but by identifying the gaps that can be used to create a “manufactured reality” was widely welcomed as an efficient alternative to the

classical approach, as a pro-active pursuit that should be only be complemented, not replaced, by the reactive one (i.e. response to an attack that has already taken place). As described above, the seminar - much like the support study - chose to look at the *demand* side of propaganda and disinformation (the facilitating conditions in place and gaps which 'invite' aggression), rather than the *supply* side ('active measures' of disinformation and manipulation perpetrated), assuming that propaganda is not set in stone, but rather *versatile*. Proactive systemic consolidation and defence planning (quite like in the field of regular, hard security) implies a realistic assessment of what the future targets might be, of the state of preparedness and a corresponding effort of adaptation. Once these vulnerabilities are discovered, this allows for defence not only against current threats, but also potential ones in the future, coming perhaps from different actors.

A general conclusion emerged, which framed the whole discussion: that *propaganda is customized to take advantage of the target's weaknesses and that tailor-made propaganda should be confronted with tailor-made measures*. Thus, the specificities of each country, and most importantly the nature of its vulnerabilities is what underlies the 'attacks' and should theretofore also trigger the specific counter-measures. This is what makes careful examination of these 'security gaps' an absolute imperative if we are to put up effective resistance to those who seek to distort the truth and impose their own.

Basing the design of resilience measures on a solid risk assessment analysis requires approaching the problem of exposure to disinformation with a *strategic, whole-of-society approach*. This entails acknowledging that while there targeted, operational solutions are available, these alone will not be able to provide greater systemic, social resilience, but rather short-term response. Hence the imperative of designing and making available *educational programs for the population*, both young and adult, as well as a *clear regulatory framework* to allow media to provide real, quality content without fearing pressure from inside or outside. These have widely been considered *mandatory landmarks* in all country strategies.

One of the most debated issues was whether it was for *governments or international organizations* like the EU and NATO to take the leading role in formulating counter-propaganda policies (at a time when public confidence in institutions and political leaders is at a historical low all over the world), or if it pertains to institutions of the *larger society* to be equally or even more engaged, especially in raising awareness and creating resilience mechanisms (which also promises to be difficult, as NGOs are facing fund-raising difficulties).

There was also broad consensus around the idea that often vulnerabilities can be less conspicuous than instances of action more directly attributable to hostile actors – and this can delay or make difficult the quest for appropriate resilience-building measures. Absent the perception of an imminent threat, or the ‘hard proof’ that an information attack has already taken place, institutions and bureaucrats are less likely to launch prevention efforts and prefer to deal with crises at hand instead. In this respect *Romania’s case is illustrative*: should one take into consideration only the record of disinformation/ manipulation activity so far, Romania seems like a fortunate case by comparison with much of its region and beyond<sup>2</sup>. It has been less the direct target of sustained Russian propaganda campaigns and if we solely focus on ‘the enemy at hand’, Russia, we risk drawing the easy conclusion that it is hardly permeable to any such efforts. However, one of the primary conclusions of the seminar was that the objectives of any given ‘propagandist’ need not be to attract the sympathy of its targets, but it might suffice to thwart their values-based alliance-building and autonomous economic development, or their good neighbourly relations, or internal stability, social consensus, independent information and news reporting, or even statehood itself. In this light, systemic weaknesses that might otherwise go under the radar, if we look in the wrong direction, now appear prominently, as also revealed by the quantitative research undertaken.

Romania is not a unique case. If we examine these apparent objectives of propaganda, in Poland, Russia seeks to dismantle and discredit the process of EU integration and convergence. Throughout CEE, it seeks to divide the region into two artificially designated ‘camps’ - „Russophobes” and „pragmatics” (those seeking accommodation with Russia), thus also undermining the idea of principled and values-based relations among states, which the EU represents, and proposing instead a transactional approach. Russia and others (illiberals, religious radicals etc.) seek to use the tools that democracy provides (i.e. respect for freedom of speech) to promote narratives that ultimately undermine democracy itself (i.e. „*we need to respect all narratives equally, thus RT and Sputnik should be treated with the same respect and considered equally credible as CNN or BBC*”). Moscow also promotes or encourages cultural, political, economic convergence with Russia and instrumentalizes high culture as a vehicle of self-promotion, as well as the Church, corrupt and illiberal groups and practices, cronyism); it „helps” new EU member states look bad to Western partners, to undermine their standing and mutual confidence in and within the bloc; it uses historic narratives to pitch one state against the other (preferably a neighbour or one with which it has a history of disputes).

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<sup>2</sup> see detailed arguments in the respective qualitative and quantitative analysis sections

It must never be assumed that Russia will need to do all of the above directly or seek for Russian agency behind every propaganda, disinformation and manipulative action. While this can certainly happen, interests are as well promoted indirectly, via subversive messages that question or undermine democratic values and norms. Furthermore, populist forces often do not even need coordination or funding from Russia, but rather use and reproduce readily available content and ideological lines – provided by Russia – to their own ends.

The Kremlin – as all state and non-state propagandists do - does not create conflicts in the countries it targets with propaganda actions, but rather identifies vulnerability gaps and tries to amplify them. They use pre-existing conditions (divisions within society that can be augmented, by sowing mistrust, creating a false conflict of values, etc.) and activates them to generate actual conflict.

The hard-fought struggle to bring countries out of their communist past and into the European fold has allowed multiple such opportunities. Fractures within Europe go several ways. They can be internal to the nation (conservative movements vs. modernizers) or pan-European (so-called “pragmatics” vs. “Russophobes” as described above). All (or many) of these fractures fall under the larger competition of liberalism vs. populism. Russia may use such fractures to support one of the various factions (religious conservatives, illiberals, Euro-sceptics, political neoconservatives, populists). If the supported faction is not winning, at least Russia can contribute to weakening the legitimacy of the opposition (modernisers, liberals), and diminish their ability to pursue, attain and/or extend their own goals, painting them as Russophobes<sup>3</sup>.

A partial victory is still a victory, because the Russian state possesses a strategic advantage, some participants noticed, in the way it acts and reacts differently from the EU. It does not have a constructive agenda to pursue, which proposes a joint vision and strategy and clear gains, but in exchange for some clear pains, or some that can easily be painted as such. Russia plays the long game, for now with a destructive agenda, aimed at undermining the strength of its adversary, which, once achieved, it can perhaps later use to its advantage in more elaborate ways. The EU and its influential electorates are hard to persuade to support policies that don't pay off in the short run, and even more so outside EU borders, i.e. registering only limited success in the EU neighbourhood, for instance, whereby the Union retreats or

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<sup>3</sup> In relation to this issue, participants discussed if and when *Russophobia* can be a useful term. There is indeed widespread hostility in Central and Eastern Europe against the Russian regime and its actions. But this hostility is not necessarily directed against the Russian people, who are often seen as victims of the Kremlin regime. A situation not left unexploited by the Kremlin, which has made ample use of resources to promote and gain appreciation for Russia - and its culture, history, symbolism etc -, if not for the Russian state.

reduces its involvement – and its associated traction. The Kremlin, by comparison, needs not worry about the voice of the people, it never tires, it stays the course and when results are disappointing, it “doubles down rather than give up”.

Finally, we must always remember that Russian propaganda is not just external. Its goals are also very much for domestic use: creating the external enemy, making it impossible for people at home to differentiate between truth and falsehood in the news, projecting success and potency etc. Internally, the regime started by buying off the populace (oil and gas money pumped into society) and, when money ran out (economic downturn), they increasingly resorted to propaganda to create the image of a revisionist power whose questionable actions, policies and shortcomings at home are justified by the quest to regain its great power status and fight its opponent, the all-evil West. *En passant*, let us mention that this goal is well served by those who attribute all the problems of the Western world and liberal order to Russia’s/ Putin’s agency – instead of focusing, as the current study and associated seminar plead, on internal weaknesses conducive to failure in front of such ‘soft power’ instruments and which open wide the doors to outside interference.

### **What Is To Be Done?**

The unanimous conclusion was that Euro-Atlantic partners need to start an in-depth strategic thinking process and approach fighting propaganda comprehensively. This involves:

- *response measures* (create new structures if needed, delegate power and allocate resources; initiate legislative measures against disseminating false/ propagandistic messages; draft specific strategies etc.),

but also

- *resilience-building measures*
  - education
  - promoting media literacy and critical thinking
  - streamlining the exchange of information among states
  - a sustained prevention effort (identify and deal with vulnerabilities before they are exploited, consolidate preparedness)

Solely debunking and exposing propaganda or counter-trolling or keeping busy countering and deconstructing Russian/ISIS/illiberal narratives will not be enough. Structural crises cannot be solved with communication campaigns alone.

The other side of counter-propaganda remains centred on the *aggressor*: one needs to analyze actions within the framework of a more general strategy, i.e. to view Russian propaganda as part of its *military strategy*, which clearly spells out that this is one of its regular “weapons of war”. Also, non-state actors can use propaganda as a tool to achieve targeted aims: ISIS, to recruit fighters; illiberals, to consolidate their reach and electoral base. Thus, propaganda needs to be analyzed within the broader strategy, similar to territorial defence: external factors (enemy goals, means, preparedness etc.) to be assessed vis-à-vis internal ones (are we prepared? do we have the vision, the will and tools to implement it? etc.), not as a set of soft power instruments only used occasionally, when the opportunity presents itself, but systematically, fully integrated into the overall offensive doctrine.

In more operational terms, one of the main conclusions of the expert seminar was that one of the main challenges, but also most imperative steps to take when dealing with propaganda and disinformation is to reshape the EU and state bureaucracies to become free of rigid, hierarchical approaches (including in the case of NATO) and adapt to what is a hybrid threat, which needs a flexible, inclusive, agile, horizontal response, from society at large. Participants expressed concern with the typical Brussels bureaucratic approach (as opposed to a more political one, which would also acknowledge the seriousness of the threat and adjust its response tools). Or they spoke about the same lack of awareness among much of the European public of the actual magnitude and presence of the threat, which translates into reduced support for executive measures and lack of pressure on decision-makers. On the one hand, the EEAS Disinformation Task Force has been chronically under-funded and under-staffed; on the other hand, simply exposing Kremlin lies has quite as much effect as Western media preaching to the choir about fake news circulated by Sputnik or Russia Today; or in more classical press terms, as much effect as a formal rebuttal to a media story, published in a corner of a newspaper after the main piece went viral the previous day, featuring prominently on the cover.

The point was raised that we also need to explore why we have lost our immunity, after decades of experience with anti-hate speech, anti-fascism in Germany, fighting Cold War propaganda in CEE. As early as 2008 and the Russian war against Georgia, it became clear that Europe had lost its ability to identify and counter propaganda. In the case of Georgia itself, despite its long history of hostility with Russia, the state has just served the interests of the Kremlin indirectly, by recently embedding in the Constitution a ban on gay marriage - which is now up for referendum in Romania too, another country with very little inclination toward sympathy for Russia). We need to determine how the antibodies developed during the Cold War have lost their function and the role played in this respect by the repeated European attempts to

engage with Russia as a partner, while, starting with 2007-2008, it has continuously acted like the West's opponent. At the same time, a certain culture of lipservice to authority and Russia's or, for instance, Turkey's status as important stakeholders (i.e. top payers to the Council of Europe) has reduced the likelihood that they will be held accountable for their actions.

As regards available resources, those institutions that were at the forefront of promoting Western values and inspiring the hope for a better world nowadays seem powerless or uninterested. Many Euro-Atlantic organizations, foundations and government programmes have shifted focus away from the active affirmation of liberal values, which were taken for granted once EU and Trans-Atlantic integration deepened. As a result, funding has shrunk and attention has been lacking. Reality shows though that these basic principles need to be defended and taught permanently, especially at a time of great social, political or economic stress.

In raising awareness of the magnitude of the challenge, we need to be aware that while national specificities often dictate the methods used and the direction of attack in each individual country, the phenomenon itself (i.e. the toolkit, the recipes etc.) does not evince marked differences from one state/society to another. The quantitative analysis in Romania, Bulgaria, Georgia and Moldova here presented clearly demonstrates that similar divisions shatter societies that find themselves in very different socio-political and economic contexts; that perceptions are formed as a function of expectations and not necessarily objective reality. Therefore, we all have similarly exploitable vulnerabilities, which need to be identified and analyzed as a common "inventory. Recent evidence points to the fact that America and Western European societies are as much a target and as likely to suffer from disinformation, fake news and propaganda as Eastern European or former Soviet countries – and the set of weaknesses targeted by foes is largely the same, though individual situations may differ. Consequently, many vulnerabilities and major propaganda dossiers, such as the Russian-inspired religious conservative movement are a transnational issue and thus should be dealt with in a transnational, concerted, coordinated manner.

### **Are we doing what is needed?**

Confronted with relentless disinformation attacks, most participants agreed that resources were generally not sufficient. In this context resources would mean manpower involved, public attention, national and international support. Thus, more resources should be allocated and more political needs to be mobilized.

But how exactly the increased allocation of resources can be achieved remains for now mostly a matter of controversy and academic/ expert debate. A few key questions need to be answered first: How willing and able are we to defend ourselves?, Is the EU determined to tackle this together?, Can we realistically fight this together?, Or is this a “war” to be fought individually?, Is it a kind of threat which can be fought inside own borders?, Or does it require joint action?, Will the EU allocate the necessary resources?, Will it raise it to the appropriate political level?

*No joint EU approach is defined.* What is more, we lack even a working definition of the threat. Different countries still assess the Russian or other threats very differently. This hampers consensus and that in turn hampers action. As mentioned above, it has been suggested that the EU should raise this issue to a more political and less bureaucratic level. But the prerequisite is political consensus on how to frame the issues at hand. This is what the EU needs to work on resolutely, and immediately afterwards, on strategy. Studies like the one carried out by the GlobalFocus Center, scaled at EU level, as well as throughout the neighbourhood, can be of help in this respect – was one of the ideas advanced by participants.

*NATO does not have a clear and specific mandate regarding information war.* NATO's military doctrine does not have information warfare as an operational field. The question was asked if the same model should be followed as in the case of cyber security, i.e. designate this field as operational domain, in order to provide the framework and tools for response development. The point was made that in Russian military doctrine, this is a regular weapon of war, whereas for NATO it is simply one transversal issue among others. Indeed this issue sparked a wider debate on whether we should consider ourselves “at war” or not, and what kind of definition should be given to the set of phenomena that we are currently experiencing, in order to both avoid overreaction and yet allow for proper response. At the same time, it has been shown that NATO is in fact working on this topic, indeed transversally, it has significant capabilities and understands the importance of countering propaganda, it has relevant knowledge and resources, it has a doctrine for civil-military cooperation and it could step up its role, even without such steps as making it into operational domain – which could be difficult and even unnecessary. However, given the existence of some common elements (i.e. the digital and online support), lessons can be learnt from cyber. Until then, NATO bodies such as SHAPE, CoE STRATCOM and the Helsinki CoE Center for hybrid threats can and do play a role.

It has also been signalled that the *OSCE* itself should normally engage with the challenge of disinformation and that the Helsinki Final Act includes a commitment to refrain from propaganda: “To promote, by all means which each of them considers appropriate, a climate of confidence and respect among peoples consonant with

their duty to refrain from propaganda for wars of aggression or for any threat or use of force inconsistent with the purposes of the United Nations and with the Declaration on Principles Guiding Relations between Participating States against another participating State”.

*Both the EU and NATO can be slow to decide. What to do meanwhile?* As instrumental as joint or high-level action can be, we cannot wait for the entire construction to be completed before we begin our engagement. We need to make the best use of institutions as they are at this point, trying to improve coordination and effectiveness rather than wait for comprehensive reform. There was wide agreement that after all, we will never achieve blissful invulnerability, we will always have stronger and weaker points, and there will always be access paths into our civil and state systems - after all, this is the essence of free, open societies - but we need to be aware and reduce the risk as much as possible; we cannot wait until we feel we are ideally equipped.

Beyond defence though, we also need to move into a more proactive phase and promote EU values. In our communication with the public, we need to abandon the moralizing, prescriptive tone and restore story-telling and entertainment to their place in reconnecting the political level with the citizens, in motivating and mobilizing and keeping the audiences engaged with subjects that would otherwise be technical and dull. Otherwise the very effective Russian infotainment, as opposed to the EU cut and dry and notoriously ineffective ‘Brusselspeak’ will continue to be more persuasive to our own and other constituencies. At the same time, if we speak of the tools that allow us to do this, while values are important, they do not speak for themselves – therefore we need to invest in quality journalism and explore new ways and innovative solutions by which substantive fact-based media can provide quality news-making and function as a counterweight to fake news. The success of propaganda is also facilitated by the absence of a convincing counter-narrative.

Within the *larger society* only a small percentage of the population understands the nature of the threat, the risks for themselves etc. Rather larger segments in liberal societies tend to focus on identity politics. Identity becomes relevant in times of trauma and change. We are now going through accelerated and disruptive change (post-industrial, tech revolution). Trauma comes from perceived (not necessarily real) losses like self-worth, status, projections for future. Crises are creating this fear of loss.

Following from the assertion that propaganda is customized for different audiences, the narrative proposed when countering propaganda should be highly specific and locally owned. It should be based on good understanding of the target audience(s), it should involve local actors and the private sector, it should speak to local people

about what is important to them. Important social actors' engagement is key: intellectuals, potential multipliers of the message, endorsers. It may be worth engaging in an effort of (re-)creating an "intelligentsia" supportive of democracy and civil liberties.

At the same time we must be careful not to play into the hands of propagandists just as we genuinely try to fight propaganda! For instance pro-Western propaganda as opposed to pro-Russian exposes us to being accused of the same practices we blame disinformation agents for and it undermines the very basis of our democratic societies. Excessive regulation of the media space, especially by governments, not independent watchdogs, risks amounting to censorship. Radicalizing and co-opting/cooperating with anti-Russian/Christian/nationalist radicals in fighting propaganda (i.e. extreme right-wing groups in CEE etc.) only amounts to becoming "useful idiots", which in the end serve the Kremlin's/these radicals' interests (this confirms the fabricated narrative that we are all the same, it's just one group against another; just like the model which the Kremlin has pioneered – to create fake "opposition civil society", which in the end serves its interests). In other words: don't fight propaganda with propaganda!

*The most active forces that are already engaged, whereas government institutions and society at large are not yet ready to admit and fight the propaganda war, are civil society organizations. NGOs and CSOs, independent investigative journalism and research are probably the primary actors our best hopes can lie with to expose Russian propaganda, propose policies, mobilize public support, promote media literacy and professional standards in journalism, perhaps provide (free) interesting content to the media, inform and motivate a constituency of stakeholders within government. One potential problem, though, is that several NGOs, small and large, have found their niche(s) and tend to "follow the money", i.e. the sponsors'/ funding partners' priorities, or else risk losing their influence (with stakeholders and/ or government) if they take too militant a stance in a direction which is not yet widely acknowledged as a major focus.*

### **The free press dilemma**

No issue was more controversial and more widely debated during the seminar as the role of the state and government in combating propaganda and fake news, and more specifically regulating the press and allowing/banning communication channels that are very likely not independent, but represent the interests and carry the messages of a foreign power.

## Pro-ban opinions

The main argument put forth by those who recommend banning Russian channels is that there is a fundamental difference between actual free press (fact-based, documented, abiding by the ethical rules and standards of journalism) and propaganda mouthpieces which directly receive orders from the Kremlin or other groups/ entities, exclusively represents the interests of their “bosses”, in spite of the sometimes blatant opposition of their stories to factual reality, and whose messages are constantly aimed at undermining the societies which host them and give them free access to airspace etc. The proponents of an intransigent line when it comes to these media outlets argue that this sort of Russian "press" should be seen as a hostile force, part of the war effort, in line with Russia’s own explicit doctrine, and treated as such. The rationale behind this view is that we are in a full-fledged information war with Russia and we cannot win this war if we are concerned to secure a *maximum of rights* for the enemy.

Guaranteeing freedom of expression for foreign channels should be done on the basis of an expectation of reciprocity (i.e. the US hosts Deutsche Welle, for example, and "in exchange" Germany provides broadcasting conditions for Voice of America). Russia, however, does not engage in such exchanges based on reciprocity. It wants freedom of access for Sputnik and RT, but it does not allow VoA to broadcast in Russia. Within this logic, the European Union also has no obligations towards Russian outlets.

## Anti-ban opinions

The anti-ban opinions have been somewhat diverse. Many have felt that it is impossible to think of prohibitive measures without touching on democratic values. If we copy Russia's way of doing things, then how are we better? And how can we preserve the democratic substance of our society? What is the purpose of winning the information war if we lose the internal structure of values? The dilemma parallels that involved in fighting terrorism and in the debate of civil liberties vs. tighter security. In addition, there may be unforeseen consequences. When governments decide who can and who cannot express themselves in public, they gain a censorship force they can later abuse.

Questions have also been raised about the effectiveness of such measures. If we ban a television network, it can continue to broadcast on the Internet or through proxies (locally registered). And it will do it perhaps for fewer people, but with greater credibility, because it can rightly claim to be the object of persecution.

The pro-ban/ anti-ban positions seemed to have a geographic distribution. The closer a country was to Russia physically (and also the more ambitious Russian objectives were in that country – i.e. extending its sphere of influence, undermining statehood, de facto controlling the state, and the more diversified the Kremlin’s instruments to achieve them – i.e. Russian minorities, troops on the ground, Moscow-controlled separatist regions), the more likely participants from the respective country were to uphold the ban on Russian outlets (i.e. Ukraine, Moldova).

### **Mixed opinions**

Another proposed way of approaching the problem of propagandist and disinformation channels was the logic of *“extreme conditions demand extreme responses”*. According to this logic, in the end it matters less whether you ban a channel or not, it matters more how you do it (fair process). Protecting domestic democratic process is a national security matter, it has been said; at the same time though, in the name of the same idea, the final decision regarding possible restrictions on the media needs to emerge from a transparent, rules-based system.

Banning foreign media, it was said, cannot be a silver bullet in countries where public media (especially public broadcasting services – radio and television) is in dire need of reform. Governments should stay out of regulating the media, but rather support/ offer powerful alternatives (like Radio Free Europe/Radio Liberty) that call out the truth, provide high quality, informative journalism and serve as a counterweight to fake news, in a free and democratic media space for all. A free, strong and high-quality media is a better answer than state intervention. Support for quality media offers the prospect of re-establishing professional standards, after social media and the Internet have cancelled traditional journalistic standards to a large extent, in favour of clickbait.

# **COUNTERING PROPAGANDA AND SUBVERSION**

## Mapping the state of research and analysis

The topic of propaganda and disinformation has become mainstream after the annexation of Crimea and the Russian interference in US elections. While propaganda and an emphasis on psychological warfare are no new concept, and the Soviet Union excelled at it and perfected the methods and channels over the last century, strategic disinformation has achieved augmented impact and relevance in the era of information and digitalization. If before this new technological revolution, the channels of choice for propagating misleading and manipulative content were newspapers and the radio – with limited outreach beyond a country's borders – nowadays wide-ranging access to the internet and the force and reach of 24-hour television facilitate the pandemic propagation of strategic narratives and fake news with the potential of changing perceptions en masse.

In terms of 21<sup>st</sup> century novelty, we can safely say that the impact and weaponization potential of disinformation and propaganda are far greater than during the Cold War. Though the Soviet Union was a master of disinformation since Lenin and perfected and refined information warfare as an inexpensive but efficient way to remain competitive against the resource- and technology-rich West, the Euro-Atlantic community seems to have forgotten how to counter it or at least diminish its impact. With the end of the Cold War and the changes in the nature of the phenomenon, the West has lost its ability to fight disinformation; it has stopped training Russia experts and it has not yet developed the necessary modern tools to identify and track the sources and vectors of propaganda.

What differs today from the Cold War period is the outreach of (social) media. Narratives and strategic deception can be propagated easily and reach individuals in a cost-efficient way, while easily circumventing professional media and its fact-checking tools and reaching consumers in a non-mediated fashion. Bombarding people with contradictory (dis)information deactivates their capacity to logically discern correct information from false and creates confusion and doubt. Today every internet user with social media accounts or even only email is a target. Moreover, launching disinformation in social media can directly impact traditional media, via the likes of bots and trolls, as many journalists are unprepared or unconcerned with identifying disinformation and are faced with endless information streams, ever tighter deadlines, personnel shortages and pay gaps.

The acceptance by the audience of such narratives works through the exploitation of emotionality: strong negative emotions are capitalized in order to alter perceptions and turn facts upside down. The consequences are severe: security is turned into

insecurity and support for democratic institutions and shared values and norms are eroded. Audiences are confused, leading to the questioning of the very fundamentals of their society.

The upsurge in disinformation has been met with intensified analysis and response efforts, materialized in a range of studies by think-tanks and international organizations that address the methods, themes, channels, causes (vulnerabilities), consequences (impact) of propaganda in Western countries and lessons learnt (recommendations).

A substantial number of experts, think-tanks, as well as governments and intergovernmental organizations within the Euro-Atlantic community have applied themselves to identifying, analyzing, evaluating and tackling Russian and more generally illiberal propaganda. In the following chapter we aim to review some of the relevant studies and projects that have been launched and published over the last three years and conclude on the state of research<sup>1</sup>.

Most of these studies and projects have started with a set of questions: How do we define propaganda and disinformation? What is its power on elites and public opinion? And what are its specificities in the 21<sup>st</sup> century? Before looking at the most salient results, the following sub-chapter briefly frames and conceptualizes the subject matter.

## **Contextualization and conceptualization of Russian propaganda**

When it comes to Russian disinformation, the key to understanding – and then disrupting it – is to discern the *narratives* it is based on. While studies over the last three years have shown that narratives are targeted to specific audiences and constructed according to specific domains, a metanarrative that spreads across all sectors and throughout Western media is identifiable. Its fundament consists of opposing a collective understanding of society based on traditional, conservative values to liberal, tolerant and individualistic norms and values. Exploiting the vulnerabilities of Western citizens who feel they cannot identify with and cope with the speed of globalization and liberalization in their society, the Russian metanarrative polarizes liberal and conservative world views.

The inherent methodology used to identify and deconstruct narratives is discourse analysis, but how is a narrative different from discourse? Miskimmon, O’Laughlin and

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<sup>1</sup> As of October 2017, the time of writing of the present study

Roselle<sup>2</sup> have defined narratives as entailing a temporal and spatial dimension – unlike discourses. Narratives can orient audiences to a future as leaders craft them out of historically available discourses. In their definition, narratives entail “an initial situation or order, a problem that disrupts that order, and a resolution that reestablishes order, though that order may be slightly altered from the initial situation”<sup>3</sup>. They further differentiate between narratives generally and *strategic* narratives, which are those narratives that are used strategically in order to gain power and legitimacy and to aid in projecting a desired future and coerce other actors into specific roles. Strategic narratives are means for political actors to construct a shared meaning of the past, present and future of international politics, to shape the behaviour of domestic and international actors. In the long run, influencing domestic and foreign audiences to buy into your strategic narrative can shape their interests, their identities and their understanding of how the world works.

At the forefront of the current information war are disinformation and propaganda techniques that are used in order to achieve an effect of strategic deception. In other words these are “*measures undertaken to hide military objects or strategic information using different camouflage techniques, including disinformation... distributed via media... and through diplomatic and other channels*”, for the purpose of replacing perceptions of reality “*with simulacra that look real but are artificially created and controlled*”<sup>4</sup> The information war remains essentially a competition of “*ideas, messages and images conducted inter-state and intra-state between state and state challengers*”<sup>5</sup>.

## EU/NATO STRUCTURES

### East StratCom Task Force

Following the annexation of Crimea and the start of the Donbas war in 2014, the European Union and its member states have become more keenly aware of the importance which Russia gives to propaganda and disinformation. Since then, Moscow has taken on the EU, as the flag bearer of individual rights and equality, which – according to the Kremlin – will lead to the destruction of the traditional, conservative society that Europe (and particularly Eastern Europe) is based on.

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<sup>2</sup> Miskimmon, Alister, Ben O’Laughlin and Laura Roselle, 2013, *Strategic Narratives: Communication Power and the New World Order*, New York, Routledge

<sup>3</sup> *Idem*, p. 5.

<sup>4</sup> Katri Pynnöniemi & András Rác (editors), *Fog of Falsehood. Russian Strategy of Deception and the Conflict in Ukraine*, Finnish Institute of International Affairs, 2016, p. 15-16

<sup>5</sup> Neville Bolt, *The Violent Image: Insurgent Propaganda and the New Revolutionaries*, Hurst, 2012

In response, the EU set up in 2015 a task force (East StratCom Task Force) that is monitoring and exposing Russia's ongoing disinformation campaigns, with the aim of demystifying the truth, presenting the factual reality and explaining disinformation narratives, strategies and mechanisms. Also, as a second objective that targets audiences outside the EU and in the Eastern Partnership countries, the EU StratCom Task Force intends to develop strategic communication campaigns and create a "positive EU narrative".

Within the EU, however, their most visible activity remains limited to a weekly online publication, called the "Disinformation Review", which tackles current myths and disinformation narratives invented by Moscow and reveals them as false by confronting them with the facts. However, the Review, as well as the myth-busting network of 400 volunteer experts, journalists, officials, NGOs and think tanks which report disinformation articles to the Task Force, has limited outreach to EU citizens. Its impact is arguably insubstantial when it comes to deconstructing the narrative of the failure of the EU as a project, which continues to be a constant theme in Western media and has many of the Union's citizens convinced.

Outside of the EU, the task force's objective is to support free media and actively contribute to the EU's public communication in Eastern Partnership countries. The impact of the East StratCom Task Force here is unclear and will probably have to be assessed after several years of activity.

Despite these ambitious aims, particularly in the Eastern Partnership countries, the EU and its member states allocate extremely limited resources to the initiative. The Task Force (TF) is composed of only fourteen team members with short-term contracts and does not have at its disposal an independent budget, but relies on existing resources. It is also dependent upon member states to voluntarily second experts to the TF and pay their salaries, and on NGOs and individual activists and journalists to report disinformation. An independent budget of 1.1 m EUR/ year was only recently allocated to the TF for the 2018-2020 time bracket. With these facts in mind it should not come as a surprise that its impact – both within the EU and to its East – remains very limited. It is, however, surprising that EU member states have repeatedly stressed at the rhetorical level the importance of countering disinformation and propaganda (most recently after allegations of Russian meddling in the Catalan referendum), but allocate disproportionately small resources to this endeavour.

Apart from the question of resources, the present study outlines and decades-long evidence from media and state propaganda demonstrates that there is also the question of conceptual adequacy of response to the nature of the challenge. Fake

news quickly becomes viral, because it is by nature sensationalist, conspiracy-rich. It claims to shine light on hidden truths and uncover high-level plots and is spread by multiple mainstream and social media sources; by contrast, articles or statements debunking fake news, denying the allegations and explaining (sometimes in rather complex, perhaps technical terms) the actual reality are far less widely distributed on social and traditional media, less appealing. Eventually collective memory retains the 'more interesting' false story and not the 'boring' real one. Monitoring propaganda and making sure the true version of facts is delivered as well and is universally accessible somewhere on the world wide web will not by itself significantly contribute to fighting disinformation. From this point of view, there is a danger that the EU not only focuses too few resources, but also focuses them in the wrong direction.

Two other initiatives deserve some attention in this context: first of all, the effort to ensure strategic, political and policy coherence between EU actions on internal and external security within the Task Force Security Union under commissioner Julian King, including on counter-terrorism, cyber security and hybrid threats. Secondly, the recent setting up of a High Level Expert Group on Fake News, which aims to produce recommendations to the European Commission within a few months. While the first shows better prospects of addressing the kind of vulnerabilities which the present study elaborates on and considers to be key to effective resilience and response measures (i.e. internal weaknesses which lend themselves to being exploited by hostile forces), the second focuses almost exclusively on news-making and how this field can evolve to face up to the new challenges revealed by post-truth mass communication – indeed a most necessary debate, but not one which is likely to solve the problem of disinformation either.

## **NATO StratCom CoE**

A key Euro-Atlantic institutional asset in understanding the Russian active measures campaign against the West is the [\*NATO Strategic Communications Centre of Excellence\*](#) based in Riga. Founded by Latvia in 2013, the Centre was initially sponsored by several other nations, among which Estonia, Italy, Poland, United Kingdom, Germany, Lithuania and the Netherlands. The core activity is focused on deconstructing the Kremlin's broader informational assault and its projected narratives not just in the West, but also in Russia's near abroad (particularly in Ukraine and Moldova). Within the new Russia vs. NATO conflictual paradigm, Moscow is leveraging the endless opportunities provided by the information age ecosystem, especially the 21<sup>st</sup> century media environment, Moscow's purpose is to target the beliefs of strategic constituents through highly specific messages built on the most sensitive and emotional issues in the audience's proximity – economic and identity fault-lines,

migration, corruption. The purpose as it was observed in the most recent electoral interferences (in the United States, France, Germany etc.) was that of undermining and disrupting *“normal political processes and to establish an information fog that undermines the ability of societies to establish a factual reality.”*<sup>6</sup> For the NATO StratCom CoE, the imperative becomes that of boosting the situational awareness of each country’s peculiar informational battle space: *“What kind of information bubbles (eco chambers) society consists of? Do we see foreign influence in these bubbles? What kind of narratives, hashtags, in support of which foreign actors are the robotic networks pushing? To what end? Is our citizens’ data being sucked out by outside actors?”*<sup>7</sup>.

The NATO StratCom CoE is still largely a documentation and analysis hub, which provides the results of its work to an alliance that is as yet not directly tasked with dealing with the threat at hand. Much more remains to be done in this field. One reason for this highly incremental pace is that national and multinational bureaucracies are still entrenched in fighting terminology/conceptual wars (what is hybrid war, who should fight it and how). Thus, despite rhetoric, the priority of countering this essential non-kinetic political warfare remains low.

## NATO Hybrid CoE

The new Helsinki-based [European Centre of Excellence for Countering Hybrid Threats](#) (Hybrid CoE) was just operationalized in the autumn of 2017. There are 12 participating countries: Estonia, Finland, France, Germany, Latvia, Lithuania, Norway, Poland, Spain, Sweden, UK and USA. Its purpose is to advance ways to counter hybrid threats, but also to develop a common doctrine and to conduct training and exercises aimed at enhancing the participants’ individual capabilities for countering such threats. Matti Saarelainen, the director of the Centre, sees hybrid threats as ways to exploit specific vulnerabilities *“created by historical memory, legislation, old practices, geostrategic factors (logistics, natural resources, infrastructure), strong polarization of society, technological disadvantages, ideological differences.”*

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<sup>6</sup> Prepared statement of Janis Sarts, Director of NATO Strategic Communications Centre of Excellence on Russian Interference in European Elections, United States Senate Select Committee on Intelligence, June 28, 2017

<sup>7</sup> idem

## CIVIL SOCIETY INITIATIVES

### Projects, platforms and studies

#### [Alliance for Securing Democracy](#) (the German Marshall Fund of the United States)

[The Hamilton 68 Dashboard](#) is a tool of the [Alliance for Securing Democracy](#), the bipartisan, transatlantic initiative hosted by the German Marshall Fund, whose aim is that of presenting “*comprehensive strategies to defend against, deter, and raise the costs of the Russian efforts to undermine democracy*”. The dashboard has the role of exposing Russian online disinformation efforts and building resilient consumer communities. It is mainly focused on highlighting the prevalent themes projected by the Russian propaganda outlets. A secondary purpose of the dashboard is that of mapping out the multitude of disinformation networks (bots, trolls, twitter accounts) that are able to synchronize in campaigns for spreading and amplifying fake news.

#### [Vulnerability Index for V4 countries](#) (CEE consortium of think-tanks)

Think tanks in Central Europe - GLOBSEC Policy Institute (Slovakia), Political Capital (Hungary) and European Values Think Tank (Czech Republic) came together to provide a granular societal snapshot of the potential and already exploited vulnerabilities by Russia in the V4 region. The outcome is a Vulnerability Index that ranks the most exposed countries to subversive outside influence. Three main complementary fronts were identified: public perception, political landscape and media space.

From the public perception point of view, Slovakia is ranked as the most vulnerable in the region. This is the country where 12% of the population (especially middle aged and elderly people) has a clear pro-Russian orientation and the pan-Slavic heritage is still popular among the Slovaks.

Politically, Hungary is the most vulnerable country, especially because of the explicit pro-Russian stance adopted by Viktor Orbán’s government. Moreover, in many of his latest conflicts with Brussels, Orbán has projected a type of narrative that overlaps with many of the symbols that the Kremlin is circulating, essentially a highly illiberal, traditionalist, nativist, Christian and nationalist discourse. In addition, even in the political opposition there are parties (like Jobbik) that have strong Russian sympathies. Moscow is also leveraging Hungary’s strong dependence on Russian energy. In general, Hungary’s exposure and vulnerability is amplified by the lack of any government policy to counteract Russian influence.

From a media perspective, Hungary is also the most vulnerable to outside influence because most of its mainstream press is controlled by the government. This reality is enabled by the fact that media owners are oligarchs close to the government that tend to closely support whatever Orbán's agenda is.

The country that fares best in all three categories and is ranked as the least vulnerable to outside influence remains Poland. It is the most pro-US and pro-NATO country of the regional group, a strategic hub of US presence on the Eastern Flank, highly hostile to Russia (71% of Poles see Russia as a threat), with no mainstream parties that have an explicit pro-Russia platform.

After Crimea, the Czech Government asked for a comprehensive "National Security Audit", aiming to assess its specific vulnerabilities and the status of its overall defensive architecture. The result of the diagnosis triggered the creation of a [Centre for Countering Terrorism and Hybrid Threats](#), based in the Ministry of Interior and reuniting 20 experts whose main mission is early warning and monitoring of potential disinformation campaigns. The new unit is operational starting January 1, 2017.

The authors of the Index also run the regular Kremlin Watch programme, which monitors and analyzes Russian propaganda.

## Studies

[The Kremlin's Trojan Horses](#) (the Dinu Patriciu Eurasia Center, Atlantic Council).

The study focuses on the three big powers in Europe – Germany, France and the UK – and evaluates the Kremlin's direct and indirect influence in the political sphere. The study's merit is that it analyzes in detail the political parties in the three countries and identifies key players with direct Russian contacts and financial connections. Based on the Soviet "active measures" tool of political warfare, the "Kremlin's Trojan Horses" identifies how, starting with 2012 (Putin's return to power), the Kremlin's exploitation of vulnerabilities has spread from Central and Eastern Europe to "Europe's core", where independent political figures call for closer relations with Moscow, the removal of sanctions and/or criticizing the EU and NATO, thus leading to the legitimization of the Kremlin's worldview in Western Europe<sup>8</sup>. The results for the three countries are differentiated, but equally worrying. In the case of France, extreme parties, as well as centrist ones have proven direct (financial) ties with Russia, and while voters remain focused on domestic and socio-economic affairs, openly pro-

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<sup>8</sup> Alina Polyakova, Marlene Laruelle, Stefan Meister, Neil Barnett, *The Kremlin's Trojan Horses*, 2016

Kremlin political figures such as Marine Le Pen are gaining leverage. In Germany, public as well as elite support for pro-Russian measures such as lifting sanctions or building Nord Stream 2, based on historical guilt (successfully exploited by Moscow) are putting additional pressure on Chancellor Merkel's surprisingly staunch upholding of sanctions against Russia after the Crimean invasion. The UK remains the least vulnerable of the three, but Brexit and initial investigations into financial ties between British political parties and Russia have shown that Moscow's influence is deeper than imagined and has got significantly stronger over the last few years. Lastly, the study formulates a series of recommendations for governments and society that remain vague – such as investigating existing Western-Russian connections, limiting Russia's influence through government actions and reinvesting in European values. Nevertheless, the "Kremlin's Trojan Horses" shines light on the increasing legitimization of Moscow's military interventionism and its growing influence in Europe's Western powers, leading to the weakening of the transatlantic institutions and the undermining of liberal democratic values.

The Atlantic Council also runs an initiative named [Digital Forensic Research Lab](#) – which aims to look at the intersection between Artificial Intelligence (AI) and the communication – disinformation nexus, and build digital resilience. Several events have brought together stakeholders from different expert communities to shed light on the digital tools behind ever perfecting propaganda mechanisms and those which can help response efforts.

#### [Fog of Falsehood](#) (Finnish Institute of International Affairs)

Among studies over the last three years on disinformation and propaganda, at the level of narrative analysis the study "Fog of Falsehood" by the Finnish Institute of International Affairs (FIIA) is groundbreaking. The study takes an in-depth look at narratives tailored to seven Central and Eastern European countries and traces the emergence and evolution of strategic deception. FIIA attempts, based on these findings, to ascertain Russia's main policy objectives in terms of strategic deception. Most importantly, however, it conceptualizes narratives and meta-narratives, identifies the characteristics of contemporary strategic deception and compares them to Soviet propaganda and disinformation to build a comprehensive methodology framework. The identification and tracing of meta-narratives and specific country-tailored narratives around the Crimean annexation in the seven case studies is in-depth and reveals through detailed analysis the construction through media, and reflection in the public opinion of Kremlin tales that aim to misinform and manipulate European decision-makers and public opinion.

### [Eyes Wide Shut](#) (Center For Euro-Atlantic Studies/CEAS, Belgrade)

The report aims to understand the goals, instruments and effects of Russian influence in Serbia. Findings suggest that there is a significant organizational ecosystem that receives extensive media exposure and advances the message of geopolitical alignment with Moscow at the expense of European integration. The cultural heritage of Slavism and Orthodoxy is widely instrumentalized. There are additional traits that these “openly pro-Kremlin structures” have in common: eurosceptic, conservative, nationalistic, while at the same time highly critical of modernity and globalization. They are purposefully targeting the perception of the younger generations aiming to socialize and infuse them with an anti-Western narrative and a profoundly “*anti-democratic acquis*”. The Serbian issue is compounded by other structural vulnerabilities that are at the core of the Western Balkans. The latest CEAS report - [Basic Instinct. The Case For More NATO In The Western Balkans](#) - highlights some very worrying regional trends ripe for weaponization: “*incomplete transitional justice processes; incomplete security sector reforms; constitutionally embedded solutions that propel an illiberal politicization of ethnicities; internationally-led processes that may serve short-term goals, but are implemented in a way that undermines the separation of powers and the strengthening of independent institutions.*”

### [The Kremlin Playbook. Understanding Russian Influence in Central and Eastern Europe](#) (Center for Strategic and International Studies/CSIS, US and Center for the Study of Democracy/CSD, Sofia)

What are the observable traits of the Russian Playbook? It is the question which CSIS and the Center for the Study of Democracy (CSD) in Sofia tried to answer in this report. Their survey of Russian behaviour in the countries of Central and Eastern Europe suggests a pattern built not only around a tailor-made strategy, but one that also reflects the predisposition for finding ways to control the strategic sectors of the local economy, while at the same time projecting efforts to corrode the local democratic fabric from inside. It is in this context that CSIS concluded that countries like Bulgaria, where “*Russia’s economic footprint was on average more than 12 percent of its GDP are generally more vulnerable to Russian economic influence and capture*”. At the forefront of this strategy of influence remains “*an opaque network of patronage*” that Russia has nurtured and spread across the region.

[“Controlling Chaos: How Russia Manages Its Political War in Europe”](#), (European Council on Foreign Relations/ECFR)

In his most recent report, Mark Galeotti describes the broad archipelago of tools that Moscow is using to wage its political warfare inside the West. What the British expert describes as the main Russian pattern of behaviour is what he calls the *mobilization state*: ready to use any means at its disposal, multiple vectors (Russian Church, friendly voices in the West, media outlets, intellectual and commercial lobbies, troll farms, proxy actors) to co-opt any individual or organization, in order to advance its agenda. He fundamentally questions the idea of permanent coordination and the existence of a coordinator-in-chief. The overarching argument is that the Kremlin has developed an agenda that incentivizes a broad network of actors to use their imagination in achieving Russian interests: *“the majority of ventures come from the initiative of individuals within and without the government apparatus, guided by their sense of the Kremlin’s desires rather than any detailed master plan.”*

He develops a country typology that suggests different degrees of vulnerability:

- There is the cluster of countries on the verge of *social capture* where Russia is competing for the influence of key societal segments. The ideal candidate in this case is Slovakia, a country that has strong cultural affinities with Russia, where Moscow is actively cultivating not only its eurosceptical prime-minister Robert Fico, but also the far-right elements in the Slovak political spectrum. The topics that are widely exploited are the fear of refugees, as well as anti-Western attitudes.
- A second group is that of the countries where Russia might try to aim for *state capture* by building *“powerful networks of allies and clients inside the country”*, transforming the target state in the perfect Trojan horse inside various Western clubs ready to be used and leveraged when needed. Bulgaria is the natural exponent of this typology. The key criterion to have in mind is how often the political, cultural, and economic agendas are aligned between the target state and Russia.
- There are also countries where Russia can exert influence through certain individuals and political actors, like in the Czech Republic, where President Miloš Zeman can be perceived as such a proxy actor, as he usually becomes a megaphone of the Russian propaganda inside the European Union.
- There are also countries where Russia will exploit the *crisis of the state* - the dismantling of domestic checks and balances, the *“weak institutional safeguards”*. The ideal case is Hungary, where *“Russian active measures push an anti-American and, especially, anti-EU narrative that works with the grain of the government’s own propaganda, as well as a social conservatism that chimes with Orbán’s positions.”*

## Recommendations

There are a few overlapping recommendations that most of these recent studies have in common:

- an imperative for each state to understand its own vulnerabilities and respond to the perceived broader legitimacy and institutional gaps that provide the necessary societal fuel for Russian active measures campaigns. As Mark Galeotti emphasizes, *"the Russians can very rarely create problems in the West; instead what they can do is exacerbate, worsen problems that are widespread across the West: legitimacy crisis, the rise of populism"*.
- when it comes to national government approaches, many EU and NATO member states have initiated counter-measures or build institutions and expertise over the last years to analyze the phenomenon. Nevertheless, most national initiatives, while commendable (precisely because they still tend to be the exception, rather than the rule) remain, at the end of 2017, at an incremental level.
- in the age of fake-news complexes and alternative realities, there is a growing need for investing in enhancing civic education, critical thinking and media literacy skills, especially for the networked generations.
- in this battle for ideas, the spread of illiberal propaganda should be counterbalanced through consolidated partnerships between media outlets and civil society, aimed at debunking disinformation and at promoting pro-democratic counter-narratives.
- while traditional defence still occupies centre place, much more should be done in investing in the area of non-kinetic security. In the 21<sup>st</sup> century wars for influencing hearts and minds or subverting societies, some of the best weapons don't shoot. Our understanding of security and defence should be redefined and broadened. As Mark Galeotti emphasized in his most recent report (see above), *"issues such as corruption, the presence of Russian-based organized crime, media regulation, and bank secrecy all need to be considered in the context of national defence"*.
- opinions are divided when it comes to the order of priorities. While some experts emphasize the need to prioritize strategy (definition of terms and narrowing down the concepts) over implementation of measures, others support an approach that implements countermeasures first and builds strategy in parallel, building on lessons learnt. Based on these views, there are diverging calls for the EU to take a more comprehensive and active approach with regard to countering disinformation, while others voice the need for NATO to define infowar as a security threat.

## PROJECT PARTNERS AND AUTHORS

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### ROMANIA



GlobalFocus Center is an independent international studies think tank which produces in-depth research and high quality analysis on foreign policy, security, European affairs, good governance and development. It functions as a platform for cooperation and dialogue among individual experts, NGOs, think-tanks and public institutions from Romania and foreign partners.

The Asymmetric Threats programme focuses on strategic communications, terrorism and radicalization, cyber security and hybrid war.

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## GEORGIA



Georgia's Reforms Associates (GRASS) is a multi-profile think tank, established to contribute to the policymaking process by providing research-based recommendations and raising public interest and awareness on a wide range of public policy issues. The organization's main programmes and projects are focused within the following fields: foreign policy, European and Euro-Atlantic integration, conflict resolution and security, national minorities and vulnerable groups.

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The Economic Policy Institute (EPI), a policy-oriented NGO, brought a substantive contribution to the quantitative analysis on Bulgaria. Based on economic research and interdisciplinary analyses EPI elaborates on and advocates for

alternative approaches in the field of economic policy and specific economic sectors; encourages public discussions on economic and socioeconomic issues and raises awareness among decision-makers, civil society and other stakeholders.

## REPUBLIC OF MOLDOVA



**The Foreign Policy Association of Moldova (APE)** is Moldova's leading foreign policy think-tank, committed to supporting Moldova's Europeanization, integration into the EU and a viable settlement of the Transnistrian conflict. It was established in the autumn of 2003 by a group of well-known experts, public personalities and former senior officials and diplomats reunited by their commitment to contribute their expertise and experience to a comprehensive analysis of Moldova's foreign policy options and formulation of an efficient foreign policy.

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