

## Chapter 10

# Forsaken Territories? The Emergence of Europe's Grey Zone and Western Policy

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Over the past two years, the security situation in Europe has deteriorated sharply. The Kremlin's seizure and "annexation" of Crimea, followed by its not-so-covert hybrid war in the Donbas, has prompted the United States and the EU to level economic sanctions on Russia and to provide some military assistance to Ukraine. It has also prompted NATO to deploy fighters and armor to the Baltic states and other eastern members of the alliance and to deploy to the Baltic a battalion on a rotating basis. These last steps were designed to bolster deterrence against any Russian aggression or further provocations in the eastern states of NATO.

The sanctions and the strengthening of NATO in the east have not been lacking in controversy. A number of member states opposed sanctions by the EU and cautioned NATO against "overreacting" to Putin's aggression in Ukraine. Some Western observers accept the Kremlin argument that the West "provoked" Russia by expanding NATO to include former Warsaw Pact members and even parts of the Soviet Union (the Baltic states), and by considering NATO membership for Ukraine and Georgia (at the NATO summit of 2008). In that same spirit, some have criticized the EU for its Eastern Partnership Program and particularly for the trade deal with Ukraine (and Georgia and Moldova) that first sparked the crisis in Ukraine in November 2013.<sup>1</sup>

Two years into this crisis, it is apparent that NATO is taking steps to protect its eastern members from—and to deter—Kremlin aggression. It is also clear that NATO nations are not going to send their troops to protect countries outside of NATO facing Kremlin aggression.

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<sup>1</sup> For instance, see Richard Sakwa, "The Death of Europe? Continental Fates after Ukraine" in *Chatham House*, May 2015, Volume 91, Number 3, <https://www.chathamhouse.org/publication/ia/death-europe-continental-fates-after-ukraine>; Peter Van Ham, "The EU, Russia and the Quest for a New European Security Bargain," *Clingendael Institute Report*, November 2015: [http://www.clingendael.nl/pub/2015/eu\\_russia\\_rapport](http://www.clingendael.nl/pub/2015/eu_russia_rapport).

But neither is the West giving Moscow a free pass in Ukraine. Moscow was expelled from the Group of 8; sanctions were levied multiple times and renewed; Ukraine has been offered limited military assistance, and substantial but not sufficient economic aid. Still, the policy toward Ukraine has been developed ad hoc; and no effort has been made to develop a consistent policy for Ukraine and certainly not for all six nations of the “grey zone” between NATO and the EU on the western side and Russia on the eastern side; or even for the three states in the grey zone that would like to establish open societies and integrate into the Western world—Georgia, Moldova and Ukraine. Armenia, Azerbaijan and Belarus are the other three countries.

This chapter takes a look at the post-Cold War emergence of the grey zone, the clash between Russia and the West in this area, Moscow's policy instruments to dominate the region, and how the West should respond.

### **The Emergence of the Grey Zone and the Western Vision**

There was no grey zone in Europe during the Cold War. NATO and the Warsaw Pact bordered each other: Norway and the Soviet Union in the north; West and East Germany in the center of Europe; and Bulgaria/Greece and Turkey/the Soviet Union in the south. In between there was neutral Austria—neutralized by the 1955 agreement between the Soviet Union and the West—and also Yugoslavia, which escaped Kremlin influence under Marshal Tito also in the 1950s. In the north, democratic Finland bordered the Soviet Union; while not formally neutral, Finland never sought NATO membership and pursued a cautious security policy designed not to provoke the Kremlin, while also focusing its self-reliance defense efforts on vigilance and “total defense.”

The grey zone emerged at the end of the Cold War when fifteen countries appeared following the implosion of the Soviet Union. Nine of them lay between NATO and Russia: the three Baltic states of Estonia, Latvia and Lithuania; the three Caucasus states of Armenia, Azerbaijan and Georgia; and then Belarus, Moldova and Ukraine. The three Baltic states carried out rapid and successful internal transformations and joined the EU and NATO. Not so with the other six. They became and remain to this day an area in which the West and Russia vie for influence, an area in which there are no clear rules or

understandings, a grey area ripe for tension, confrontation and even conflict.<sup>2</sup>

This was not understood 25 years ago when the Cold War ended, not in Washington, West European capitals and perhaps not even at the highest levels in Moscow.

At that time, it was not just the 15 states of the former Soviet Union that were newly independent; the nations of the Warsaw Pact, tightly under Soviet control, likewise found themselves truly independent. Europe entered an unprecedented era of peace and prosperity and the West naively played with the notion that “history had ended” and liberal democracy had triumphed.

Western statesmen looked forward to integrating the new nations that arose from the Soviet Empire, Russia among them, into the liberal institutions that they had established—the UN, the International Monetary Fund, the World Bank, the World Trade Organization and, for some, the EU and NATO. It was an inspiring vision; and one that has been partly achieved. Every country that emerged from the Soviet yoke or Warsaw Pact are members of the UN, most have joined the three international economic organizations, and most of the Warsaw Pact states and the three Baltic states have joined NATO and the EU.

It is not too early to conclude that every nation that made it into the EU and NATO over the past 25 years has benefitted greatly. All have established a working democracy and made substantial economic progress. To take a few examples, Poland and Latvia's GDP per capita in 1991 were \$6,513 and \$5,965, respectively. In 2014 they were \$25,247 and \$23,793. On the low end, Bulgaria's numbers are \$8,397 and \$17,925.

This achievement is substantial even as the Greek economic crisis tests the limits of the single currency and the massive immigration from the Mediterranean tests the tolerance and absorption capacities of individual EU states. All this was a realization of the Western concept of a “Europe whole and free” from the Bay of Biscay eastwards to Russia; or, in the more ambitious variant, from Vancouver east to Vladivostok.

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<sup>2</sup> This is not an historic anomaly, at least for the territory of Belarus, Moldova, and Ukraine which have traditionally been in the borderlands between major powers in Central Europe and Russia. See: Timothy Snyder, *Bloodlands: Europe Between Hitler and Stalin* (New York: Basic Books, 2010).

The Western vision was to spread the benefits of democracy, a tolerant and open society, and a market economy across the whole post-Soviet space. Substantial assistance was part of this. Most of this aid came in the form of technical assistance for creating the institutions of a free society. This included advisers for transforming a socialist economy to a market one; for building an honest judiciary free of political pressure; for creating an independent and free media; to facilitate the emergence of civil society; to develop honest law enforcement. The United States spent \$12,038,178,734 in assistance on the countries of the grey zone from 1991 to 2013.<sup>3</sup> Through TACIS the EU spent 7.3 billion euro between 2000 and 2006.<sup>4</sup>

In 2014 that assistance was \$458,944,520 and €587,250,000 respectively. (The United States and the EU also spent \$18,136,627,196 and €2,475,190,000 on similar aid to Russia in the period 1991-2013.)<sup>5</sup>

The West also offered interim arrangements to develop institutional ties for the post-Soviet states, including Russia, with NATO and the EU. NATO in 1997 established the NATO-Russia Council and the NATO-Ukraine Commission.<sup>6</sup> More broadly NATO developed the Partnership for Peace as a program for former Warsaw Pact states and the Newly Independent States to enhance cooperation, and as it turned out, to Moscow's great dissatisfaction, as a way station on the road to NATO membership. The EU developed its Eastern Partnership program.

## Moscow's Alternate Vision

This, however, was not the only vision to emerge in the years following the Cold War. While Russian President Yeltsin was the man who proposed the Belovezhiya Agreement that dissolved the Soviet Union,

<sup>3</sup> U.S. Agency for International Development, "Data Query," <https://explorer.usaid.gov/query>.

<sup>4</sup> Welcomeurope, "Eurofunding tools", [http://www.welcomeurope.com/european-funds/tacis-270+170.html#tab=onglet\\_details](http://www.welcomeurope.com/european-funds/tacis-270+170.html#tab=onglet_details).

<sup>5</sup> Anders Aslund, *Building Capitalism* (Cambridge, Cambridge University Press: 2001); European Commission, International Cooperation And Development, "Annual Reports 2001-2015 on the European Union's Development and External Assistance Policies and their Implementation:" [https://ec.europa.eu/europeaid/search/site/annual%20report%20external%20assistance\\_en?solrsort=ds\\_created%20asc&f\[0\]=sm\\_field\\_type\\_comm%3Ataxonomy\\_term%3A5827](https://ec.europa.eu/europeaid/search/site/annual%20report%20external%20assistance_en?solrsort=ds_created%20asc&f[0]=sm_field_type_comm%3Ataxonomy_term%3A5827).

<sup>6</sup> For more on the NATO-Russia Council see: [http://www.nato.int/nrc-website/media/59451/1997\\_nato\\_russia\\_founding\\_act.pdf](http://www.nato.int/nrc-website/media/59451/1997_nato_russia_founding_act.pdf). For more on the NATO-Ukraine Commission see: [http://www.nato.int/nrc-website/media/59451/1997\\_nato\\_russia\\_founding\\_act.pdf](http://www.nato.int/nrc-website/media/59451/1997_nato_russia_founding_act.pdf).

Moscow never abandoned the idea that it should sit at the center of a Eurasian political and economic bloc. Instead of Russia and the states of the former Soviet Union becoming part of a “Europe whole and free,” Moscow wanted to somehow and in some way restore its influence over the territory of the former Soviet Union and beyond into eastern Europe.

This was apparent in the Kremlin's efforts to establish the Commonwealth of Independent States (CIS) as a major international organization on par with the EU, and to provide it with a major military function through an agreement to coordinate and cooperate on responses to threats towards any member's security or sovereignty. The CIS also featured an economic component, with member states agreeing to coordinate trade policies, open up borders, and coordinate development projects. This first effort to establish a Eurasian counterweight to NATO and the EU failed as only some of the states of the former Soviet Union joined the economic arm and fewer the military arm of the CIS, and the EU and NATO and major Western states essentially ignored the CIS.

As the CIS floundered, Moscow presented other concepts to bind the states of the former Soviet Union: the Single Economic Space, the Customs Union and finally the Eurasian Economic Union (EEU). The Customs Union became a reality in 2010 as Russia, Kazakhstan, Belarus, Armenia, Kyrgyzstan and Tajikistan agreed to a single unified customs and tariff code.

The Eurasian Economic Union appeared after the Customs Union (CU) and subsumes it. The EEU has the goal to create a free space of goods, capital, services and people. The economic justification for creating the Eurasian Union is dubious. The two strongest economies in it—Russia and Kazakhstan—are based on hydrocarbons. The other actual and would-be members in Central Asia and the Caucasus are among the world's poorest countries. Membership in the Eurasian Union would make it harder for each national economy to integrate into the global economy—the proven path to prosperity. The Eurasian Economic Union is in reality a political project.

Moscow's war on Ukraine is an offshoot of this political project. The “Ukraine crisis” began when the Kremlin decided it was unacceptable for Ukraine to sign a trade agreement with the EU that would complicate the effort to pull it into the Eurasian Economic Union.

The war was also the culmination of a policy that Moscow adopted early in the post-Soviet era. The FSB (the successor organization to the KGB that focuses on internal security) and the GRU (military intelligence) began operations to exploit ethnic conflicts in the Near Abroad to give Moscow leverage over the policies of the Newly Independent States. In this effort, Moscow supported the grievances of ethnic Armenians in the Azeri province of Nagorno-Karabakh; Ossetians, Abkhaz and Armenians in South Ossetia, Abkhazia and Ajaria in Georgia; and Slavs in Transnistria, Moldova. This was the policy of frozen conflicts. While the West, particularly through the OSCE, has spent much time trying to resolve these conflicts, it has never challenged the pre-eminent Russian role in them; indeed it has often allowed Moscow serve as mediator and in some cases “peacekeepers;” subsequently, no progress has been made towards resolving any of these disputes.

The origins of this policy are not clear. It may be that the FSB and the Ministry of Defense (two of Moscow’s power ministries) pursued these operations and President Yeltsin chose not to reign them in. The alternate possibility is that this policy came from the top.

Throughout Yeltsin’s Presidency and in the first years of Putin’s Presidency, the Kremlin’s main concerns were to restore domestic political stability and to stabilize and grow the economy. Russia was weak and Western assistance and investment were critical. Moscow could not afford a foreign policy that challenged the West directly. So it pursued its frozen conflict policy far from prying Western eyes; it complained, but took no serious counter measures as NATO and the EU took in former Warsaw Pact members; and it did the same as the West intervened militarily in the Balkans against Serbia in the Bosnian and Kosovo crises.

## **The Clash of Visions**

### *The Role of Russian Domestic Policy*

These two visions for the same real estate were bound to clash. But it was not just Russian weakness that delayed the confrontation. There was also the matter of Russia’s domestic political development.

Throughout the Yeltsin years at least, Moscow was on a democratic trajectory. Under President Yeltsin, Russia conducted largely honest elections; opposition parties were organized; the media were free from government control. There were, naturally, major problems. Corruption

and crime were rife; oligarchs owned the major media. In the Presidential elections of 1996, Yeltsin did use administrative resources of the state to enhance his prospects. The economic crisis of 1998 sent the Russian economy into a tailspin just as it was recovering from economic impact of the fall of the Soviet Union.

With Russia striving to build democracy, its leaders did not see Western democracy promotion as a threat. In 2002, Moscow analyst (and former intelligence agent) Dmitri Trenin wrote ‘The End of Eurasia,’ which predicted that Russia would put aside its imperial history and seek to integrate into the global, liberal order.<sup>7</sup>

Trenin did not reckon with the instincts of President Putin, a former KGB officer who said, significantly, that one never leaves the KGB. At the point that Trenin’s book was released, Putin was still in the early phase of his Presidency; he was focusing on establishing order—economic and political—in the wake of the messy Yeltsin years. In this period he, like Yeltsin, was interested in good relations with the West.

But Putin was never interested in democracy. During his first year in office, he began to take control of the major television station owned by the oligarchs; and he next moved against the major print media. With the takeover of the oil company Yukos in 2003 and then the arrest of its owner, the politically active Mikhail Khodorkovsky, Putin sent a clear message to the oligarchs that their independent participation in politics would not be tolerated. Putin’s distrust of an open society at home was matched by his distrust of it in his neighborhood.

The point is that the domestic and national security reasons for a clash between Russia and the West were growing in the early 2000s. Russia’s period of strong economic growth—2000 to 2008—turned the economy into the world’s sixth largest and gave Putin the confidence to challenge the West.

Even early in his tenure, Putin spoke like the KGB veteran that he was of Moscow’s right and duty to protect ethnic Russians and Russian speakers in neighboring countries. This “doctrine” was used to justify Moscow’s frozen conflict policy in the Transnistria area of Moldova; it would loom large in Russia’s aggression in Ukraine.<sup>8</sup>

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<sup>7</sup> Dmitri Trenin, *The End of Eurasia: Russia on the Border Between Geopolitics and Globalization*, (Washington: Carnegie Endowment for International Peace, 2002).

<sup>8</sup> For an outline of this doctrine see: Vladimir Putin, “Russia: The National Question,” *Nezavisimaya Gazeta*, January 23, 2012.

### *The Crisis Emerges*

Contrasting policies pursued by the West and Moscow since the first days of the Post-Cold War period set the scene for the East-West clash in Ukraine. But the actual clash required a third factor. That factor was the determination of the people in several states of the post-Soviet space to rid themselves of corrupt and authoritarian leaders and to establish democratic political institutions. The first example occurred in Serbia (in the former Yugoslavia). The second, the Rose Revolution in Georgia, occurred in the late fall of 2003. The next was Ukraine's Orange Revolution in November/December 2004.

Putin played a large, but limited (in retrospect) role in the effort by then Prime Minister Yanukovich to steal the 2004 Presidential election in Ukraine. That role included extensive Russian media support for Yanukovich; political advisers; billions of dollars of campaign funding.<sup>9</sup> Putin also reportedly urged then-President Kuchma to crack down on the massive demonstrations against the falsified second round of Presidential elections.<sup>10</sup> Furthermore, the Kremlin was a suspect in the September 2004 poisoning of opposition candidate Yushchenko.

In the wake of Yushchenko's victory in the extraordinary third round of Ukraine's 2004 presidential elections, Moscow identified a new threat to its security: "colored revolutions." It had come to the conclusion that the tossing out of authoritarian leaders in Serbia, Georgia and Ukraine was the result not of popular revulsion, but of ingenious efforts by Western intelligence services in cahoots with Western and local NGOs to mobilize mobs to overthrow legitimate authority. These were "coup d'états" designed by the West to spread its influence at the expense of Moscow.<sup>11</sup>

Moscow's approach toward the West hardened in the aftermath of the Orange Revolution, as did its determination to act against the beneficiaries of the "colored revolutions" in Kyiv and Tbilisi. In the winter of 2005-06, the Kremlin shut off the gas supply to Ukraine to compel the

<sup>9</sup> For more on Putin's electoral support for Yanukovich see: Nathaniel Copsey, "Ukraine," in Donnacha O. Beachain and Abel Polese, eds., *The Color Revolutions in the Former Soviet Republics*, (Routledge: Abingdon, 2010), pp. 30-44.

<sup>10</sup> Interviews with senior officials from the Kuchma Administration, Kyiv, September 2014.

<sup>11</sup> For a full account of the Kremlin's interpretation of the color revolutions as coups d'état see: Yulia Nikitina, "The 'Color Revolutions' and 'Arab Spring' in Official Russian Discourse," *Quarterly Journal*, (Winter 2014).



Yushchenko government to pay a higher price for gas. At the Munich Security Conference in February of 2007, President Putin delivered a sharp indictment of Western and especially U.S. policy and its alleged transgressions against Russia.<sup>12</sup> And in August of 2008, despite a clear decision at the Bucharest NATO summit earlier that year to put off indefinitely a Membership Action Plan for Georgia, Moscow launched a war against Tbilisi that led to South Ossetia and Abkhazia declaring “independence” from Georgia.

The West’s response to Russian aggression in Georgia was loud, but weak. Western leaders condemned the aggression; then-President Sarkozy rushed to Moscow to negotiate a ceasefire that left Russian troops in South Ossetia and Abkhazia, but removed the threat of Russian troops marching on Tbilisi; and quickly returned to business as usual with Moscow. President Sarkozy even agreed, after the dust had settled, to sell Mistral warships to Russia; and when Barak Obama became President in 2009, he launched his ineffectual re-set in relations with Russia. The point the Kremlin drew was clear: the West did not want Moscow’s “indiscretion” in Georgia to alter its relations with Russia.

At the same time, there was no lessening of the numerous EU and U.S. programs designed to promote good governance, rule of law and a free press and to empower civil society. And U.S. and EU diplomacy in the post-Soviet space continued to promote democratic values and growing cooperation with the EU, as evidenced by the Eastern Partnership program and the trade agreement with Kyiv (and other Eastern Partnership members) that provided the initial spark to the crisis in Ukraine. This too was noticed by the Kremlin.

The Western response to the first phase of Moscow’s aggression against Ukraine—the seizure by force and “annexation” of Crimea—was similar to its reaction in Georgia. There were loud condemnations and even some weak sanctions; but nothing to suggest that the West saw a need to deter Moscow from further aggression.

When Moscow struck next with its hybrid war in Ukraine’s east, it seemed like the West would repeat the same pattern. Initially the West limited itself to sanctions against individual Russians. But as Ukraine

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<sup>12</sup>Vladimir Putin, “Prepared Remarks at 43rd Munich Conference on Security Policy,” speech delivered at Munich Conference on Security Policy, February 12, 2007, <http://www.washingtonpost.com/wp-dyn/content/article/2007/02/12/AR2007021200555.html>.

launched a successful counteroffensive in June of 2014, the Kremlin was compelled to send in “volunteers” (the Vostok battalion of Chechens) and more and more advanced military equipment (tanks and missiles). One of those missiles, the Buk system, shot down Malaysian Airliner 17 with two hundred passengers aboard in July. The next month, Moscow had to send in regular army troops to stop the Ukrainian counteroffensive.

These two measures finally prompted the EU to follow the U.S. lead and impose serious sanctions—especially sanctions on the financial sector—in July and September of 2014.<sup>13</sup> Those sanctions were renewed in June of 2015 despite the two Minsk ceasefires (September 2014 and February 2015) that were regularly breached, especially by Moscow’s proxies. A July 2015 report by the International Monetary Fund suggests that “sanctions and counter-sanctions could initially reduce real GDP by 1 to 1.5 percent.”<sup>14</sup> What is more, the United States and other Western nations have begun to provide Ukraine limited military support.

### **The Kremlin Challenge in the Grey Zone**

Since early September 2015, the Kremlin has reduced the violence in the Donbas as it has begun a new intervention in Syria. But its intentions in Ukraine and the broader neighborhood remain problematic and Moscow has made them clear in numerous statements. Putin and other senior Russian officials claim the right and duty to intervene on behalf of ethnic Russians and Russian speakers wherever their interests are threatened.<sup>15</sup> This gives Moscow a pretext for intervention that they have used in Moldova and Ukraine.

Moscow has declared a sphere of influence on the territory of the former Soviet Union, which certainly includes the six states situated between NATO and Russia—Armenian, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The Kremlin has also declared its intention to establish new rules for the international order—or there will be no

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<sup>13</sup>This is based on conversations with numerous European officials in Berlin, Brussels and London July and October 2014.

<sup>14</sup>“Russian Federation: Staff Report for the 2015 Article IV Consultation,” International Monetary Fund, July, 2015. <http://www.imf.org/external/pubs/ft/scr/2015/cr15211.pdf>.

<sup>15</sup>“Vladimir Putin Promises to Stand Up for the Rights of Ethnic Russian Abroad,” RT, July 1, 2014. <https://russian.rt.com/inotv/2014-07-01/Vladimir-Putin-poobeshhal-otstoyat-prava>.

rules.<sup>16</sup> Its explicit objective is to overturn the post-Cold War order established in Europe. No Europe, whole democratic and free for Putin.

## **The Kremlin's Instruments**

The Kremlin has a variety of tools to establish and maintain control in its “sphere of influence.” They include Russia’s information apparatus, cultural and religious institutions, intelligence services, criminal networks, business community and military.

The heavily subsidized Russian media have been conducting a virulent anti-Western and particularly anti-American campaign for years. At home, this campaign has been part of Putin’s effort 1) to reduce the chance that the Russian people are attracted to democratic and other “subversive” ideas, and 2) to mobilize the Russian people for his adventurism in neighboring countries. Abroad, Russian Television and other media operate to promote specific Russian objectives. In the grey zone, it is used to demonize the West and to undercut politicians, NGOs and other actors that support moving their countries toward an open society and a Western orientation.

Culture features in Moscow’s efforts to expand its influence especially to ethnic Russians and Russian speakers. The Moscow Patriarchy of the Orthodox Church has worked closely in support of Moscow’s goals in Belarus, Moldova and Ukraine, where its hierarchs openly sided with Victor Yanukovych during the Orange Revolution in 2004 and its clerics were conspicuous by their absence among the many Orthodox and other clergy trying to prevent violence on the streets during the Euro-Maidan in the winter of 2013–14. The Moscow Patriarchy is of limited use in Muslim Azerbaijan, Coptic Armenia or even, albeit to a lesser extent, Orthodox Georgia, which enjoys its own Patriarch.

Over the past several years the Kremlin has developed the concept of the “Russkiy Mir” or “Russian World.” This concept suggests that the “Russian World” is apart from the West, a distinct civilization with different values: traditional, communalistic and religious as opposed to ever-changing (if not unstable), individualist (if not egotistical) and secular.

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<sup>16</sup>Nikolai Litovkin and Nikolay Surkov, “Time to Establish a New World Order, Says Putin,” *Russia Behind the Headlines*. October 29, 2014. See: [http://rbth.com/international/2014/10/29/time\\_to\\_establish\\_a\\_new\\_world\\_order\\_says\\_putin\\_40973.html](http://rbth.com/international/2014/10/29/time_to_establish_a_new_world_order_says_putin_40973.html).

Given its use of ethnic Russians and Russian speakers—Russian compatriots—as a pretext for intervention in the grey zone, Moscow has devoted a great deal of attention and ingenuity to magnifying their attachment, real or alleged, to Russia. Kremlin efforts start with the soft power exerted by the Russian media and Russian culture, and then humanitarian policies that lobby for improving the lot of Russian compatriots in target countries. It expands to information warfare, sharply criticizing the treatment of Russian compatriots in these countries and proceeds to the distribution of Russian passports. The idea is to create a situation where “Russian citizens” call for Moscow’s protection. This becomes the justification for Moscow’s military intervention. Moscow handed out these passports in South Ossetia and Abkhazia for years before its 2008 war with Georgia; it did the same in Crimea before its seizure of the peninsula and “annexation.” Moscow’s passport operation is currently underway in Latvia and Estonia, two NATO allies.<sup>17</sup>

Russian intelligence services and connected criminal networks play an important part in Putin’s efforts to undermine the post-Cold War order. The very organization of Moscow’s intelligence agencies provide a clue about its intentions. The Soviet Union’s intelligence service (the KGB) was split in half. The Federal Security Service (FSB) was given responsibility for domestic security. The External Intelligence Service (SVR) was given responsibility for foreign intelligence. The fact that the independent states of the former Soviet Union have been the responsibility of the FSB indicates what Moscow thinks of their independence.

A main purpose of the FSB—and the GRU, Russian military intelligence—is to penetrate the security organs of the neighboring states to ensure that they will promote Russian interests as defined by the Kremlin. That includes, as we have seen in Ukraine, making sure that Ukraine’s military, police and intelligence will not mobilize against a Russian-led insurrection or even an invasion.

A major feature of Putin’s Russia is corruption, an important tool for the Kremlin in promoting its influence in the Near Abroad. The Kremlin understands that corrupt foreign officials are more pliant. Cooperation between Russian intelligence services and criminal organizations figure here. For instance, a huge scandal in Russia and Ukraine has been the siphoning off of huge resources from the gas sector into private

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<sup>17</sup> Agnia Grigas, *The Rebuilding of the Russian Empire* (Yale University Press, New Haven, CT, 2016).

hands. Shadowy companies were created to manage this —EuroTrans-Gas, RosUkrenergo — and the man who first put this together was major Russian crime boss Semion Mogilevich.

While consolidating his power in Moscow, Putin made clear that Russian companies were subject to Kremlin control to promote objectives abroad. The heart of the Russian economy is its gas and oil production. Putin has used these assets to promote his foreign policy in a number of ways. He has built gas pipelines to western Europe around Ukraine and even ally Belarus so that he can use gas as a weapon against these countries while maintaining access to his wealthy western European customers. The North Stream pipeline from Russia to Germany in the Baltic Sea is already in operation. Germany and Russia are now looking at a second North Stream pipeline despite the fact that the current pipeline with a capacity of 55 billion cubic meters per year is only carrying half that amount because of the unbundling policy of the EU with regard to OPAL pipeline (3rd energy package) not because of the lack of demand.<sup>18</sup> Moscow spent years trying to develop a South Stream pipeline across the Black Sea and when that failed in 2014, it began negotiations with Ankara on a Turkish Stream to perform the same service, which is now less likely with the Russian-Turkish crisis.

Moscow has also been quick to boycott exports from grey zones states that displease it. Shortly after reformer Mikheil Saakashvili became president of Georgia in late 2003, Moscow banned Georgian wine and other products. Moscow likewise signaled its unhappiness with Ukraine's intention under President Yanukovich to sign the trade agreement with the EU by threatening a boycott of Ukrainian products in the summer of 2013. As a last resort, of course, former Minister of defense Serdukov has modernized and rebuilt the Russian military; and he has not hesitated to use it in pursuit of his revisionist objectives in Georgia and Ukraine.

## **The Vulnerability of Georgia, Moldova and Ukraine**

Putin's muscular assertion of a sphere of influence and the clear limits of Western support place Georgia, Moldova and Ukraine in a vulnerable

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<sup>18</sup>Dennis Pinchuk, "Gazprom Mothballs Extension of Nord Stream Pipeline," *Reuters*, January 28, 2015. <http://www.reuters.com/article/russia-gazprom-nordstream-idUSL6N0V71HO20150128>.

position. Russian troops are in all three countries. All three face economic sanctions from Moscow and all are subject to an omnipresent Russian media that promotes a picture of events supporting Moscow's policy goals. In Georgia, with a small Slavic population, the Russian media have limited impact; in Ukraine the Russian media's impact was formidable up until the war in the East; even now in the East and South it is influential. In Moldova, the nearly 50 percent of the population that is Slavic receives most of its news from the Russian media.

Chisinau, Kyiv and Tbilisi recognize that they can expect only limited Western support, as described above, as they face assertive Kremlin policies. Despite this, all three countries are pursuing policies that the Kremlin finds objectionable.

The Georgian government has pursued better relations with Moscow since Saakashvili stepped down as President in 2013, but Tbilisi has continued to seek closer association with NATO with membership as its avowed goal. Numerous NATO officials have told Tbilisi that there is no prospect for a MAP at the NATO summit set for Warsaw in the summer of 2016.<sup>19</sup> Georgia has likewise been passing the legislation needed to put the DCFTA with the EU into practice.

While its military is fighting in Syria and leading its proxies in the Donbas, the Kremlin is still committing provocations in Georgia. It has moved the internal demarcation line in Georgia (between South Ossetia and the rest of Georgia) a few hundred meters further into Georgia.<sup>20</sup>

In Chisinau the "reform government" was in crisis for most of 2015 because of a major scandal in which over \$1 billion disappeared from Moldovan banks. The country had four Prime Ministers in 2015 and the last two were interim appointments. While weakened, the government remains on a pro-Western course and enjoys a visa free regime under the DCFTA with the EU. Moscow is meanwhile maintaining an embargo against many Moldovan products, with the exception of course of products from Transnistria and Gagauzia. Moldovan authorities fear that the Kremlin might create a frozen conflict in Gagauzia to match the one in Transnistria.<sup>21</sup>

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<sup>19</sup> Conversations with numerous Georgian senior officials in Tbilisi May 13-14 and November 12, 2015.

<sup>20</sup> According to Western diplomats in Georgia, November 12, 2015, the Russians have claimed the area now covered by the "new demarcation line" according to old Soviet maps.

<sup>21</sup> Conversations with senior Moldovan officials in Chisinau, May 10-12, 2015.

Ukraine of course is where the Kremlin threat currently looms largest. Beginning in September 2015, fighting in the East dropped to its lowest tempo since the war began in April 2014. Still, there were an average of over 35 shooting incidents a day, and starting in late November the number of incidents increased. Large numbers of Russian troops remain in the occupied areas of Ukraine and there has been only partial withdrawal of Russian tanks, artillery and missiles.<sup>22</sup> Russia also has stationed tens of thousands of troops on its border near the Donbas. In short, Moscow can conduct a new offensive at any time.

At the same time, Kremlin efforts to subvert Ukraine continue. The Security Services of Ukraine cracked down on a major Kremlin plan of sabotage and assassinations to be followed by demonstrations calling for a People's Republic in both Odessa and Ukrainian Bessarabia in spring 2015. The Security Services brought in forces from outside the area—due to Kremlin penetration of the local service—and arrested scores of people.<sup>23</sup>

### **Relative Quiet in the Grey Zone: Armenia, Azerbaijan and Belarus**

In Belarus illiberal President Lukashenko anticipated Moscow's turn away from democracy well before Vladimir Putin came to power. To date this has made him a pariah in Europe, which limited his ability to seek Western help in 2011 when Moscow made a successful bid to take ownership of the country's gas pipelines, and again now when Moscow seems set on establishing a military base in Belarus close to its northern border with Ukraine.<sup>24</sup>

Armenia's reluctance to negotiate with Azerbaijan a serious compromise on the status of Nagorno-Karabakh has rendered it dependent on Moscow for security and political support. So when Moscow objected in fall 2014 to Yerevan's plan to sign the Deep and Comprehensive Tree

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<sup>22</sup>The information on firing incidents comes from conversations with senior Ukrainian officials October 22–24, 2015. They also put the number of Russian troops in the Donbas at approximately 10,000. The information on Russian hardware comes from both Ukrainian and OSCE officials.

<sup>23</sup>Conversations with Ukrainian and Western officials in Kyiv and Washington in May, October and November of 2015.

<sup>24</sup>Alan Cullison, "Russia Tightens Its Grip in Belarus," *The Wall Street Journal*, November 26, 2011. <http://www.wsj.com/articles/SB10001424052970203764804577060312640356138>.

Trade Area agreement with the EU, the Armenian government decided not to proceed.

Azerbaijan is the exception in this group. While as illiberal as Belarus, Azerbaijan has been a good partner of the West and particularly the United States on both energy and security issues. In the late 1990s it joined with Georgia, Moldova and Ukraine to create GUAM—for a time this group included Uzbekistan, making it GUUAM—a grouping of Newly Independent States that did not want close integration with Russia in any of the Commonwealth of Independent States structures. Azerbaijan has also been zealous in protecting from Moscow its control over the production and transit of its hydrocarbons. These interests make Baku's relations with Moscow more difficult than those of either Yerevan or Minsk.

The Azerbaijani government's authoritarian characteristics, however, have complicated its relations with the United States and even more with the EU. Since countries must pass liberalizing reforms as part of the process to establish a DCFTA, Baku decided against negotiating such an agreement with the EU. These obstacles to a truly close relationship with NATO or the EU have thus far spared Baku the heavy hand that Moscow has extended to Kyiv and Tbilisi. Still, pressure is mounting on Baku to join the Eurasian Economic Union.

### **Current Western Policy Towards the Grey Zone**

There have been at least two dimensions to Western policy in the grey zone. The first has been constant since the fall of the Soviet Union. It is driven by our values, supports our national interests and is carried out under the headlines by the foreign policy bureaucracies of the United States, the European Commission and the European External Action Service. It is the daily interactions, diplomatic exchanges and billions of dollars and euros of assistance in numerous small projects promoting an open society. This is a basic activity of our national security apparatus in the grey zone. It occurs largely without reflection at the political level.

The second dimension concerns the highly political responses to crises that have broken out partly as a result of the success of our first dimension policy. It is when grey zone countries decide that they want an open society and closer association with the West—and when they start to undertake the necessary reforms to achieve those goals—that Moscow



plays rough. Western policy towards the grey zone becomes a headline issue and the subject of debate when the states make a determined effort to get closer to the West or when Moscow resorts to coercion.

The debate comes because there are interests, both economic and political, that see value in cooperation with Russia, and they would like to avoid the emergence of issues threatening such cooperation. By 2012, the Russian economy was the world's ninth largest economy in dollar terms and its trade with the EU in 2014 totaled €284.6 billion.<sup>25</sup> Business communities in countries like Germany, the Netherlands, France, Italy and Spain had developed lucrative ties with Russian counterparts that they do not want to see disrupted. This is particularly true in the energy sphere. These interests have either opposed or reluctantly accepted sanctions on Russia for Moscow's aggression. (Today, thanks largely to the drop in hydrocarbon prices, but also to sanctions, Russia's economy is the world's tenth largest and its trade with the EU in the first half of 2015 was \$274 billion.)<sup>26</sup>

There are also political interests at stake in the current strained relationship with Moscow. Contrary to President Obama's assertions about Russia being a declining power, Russia is a global power with a veto in the UN Security Council, a large, if under stress, economy, one of the world's two great nuclear arsenals and a strong military capable of operating far from the homeland. Recognizing all of this, there are some Western politicians and scholars (the realist school) that claim the West would be better served by accommodating Moscow in its neighborhood—not contesting its self-proclaimed “sphere of influence”—in order to secure its cooperation on “greater” issues such as Iranian denuclearization talks and defeating the Islamic State of Iraq and the Levant (ISIL). These thinkers are amenable to the Kremlin argument that the West has “provoked” this crisis by expanding NATO, and now the EU, into its neighborhood.

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<sup>25</sup> For GNP data see: Knoema, “World GDP Ranking 2015 | Data and Charts”, <http://knoema.com/nwnfkne/world-gdp-ranking-2015-data-and-charts>; <http://knoema.com/atlas/ranks/GDP>. For Trade data see: European Commission, “European Union, Trade in goods with Russia,” [http://trade.ec.europa.eu/doclib/docs/2006/ september/tradoc\\_113440.pdf](http://trade.ec.europa.eu/doclib/docs/2006/ september/tradoc_113440.pdf).

<sup>26</sup> Central Bank of Russia, “Merchandise Trade of the Russian Federation (per Balance of Payments Methodology),” <http://www.cbr.ru/Eng/statistics/?PrId=svs>.

## Main Western Schools of Thought on Russia and the Grey Zone

There is a distinguished group of American foreign policy thinkers and practitioners who espouse this “realist” view that Russia is a great power that has historically had a sphere of influence in Eastern Europe that we should acknowledge. It includes Henry Kissinger,<sup>27</sup> Harvard Professor Graham Allison,<sup>28</sup> former Council on Foreign Relations President Les Gelb,<sup>29</sup> Ambassador Jack Matlock,<sup>30</sup> former Senator Bill Bradley, University of Chicago Professor John Mearsheimer,<sup>31</sup> and journalist Marvin Kalb.<sup>32</sup> Some of these thinkers number the late George Kennan in their ranks because in the late 1990s he warned that NATO expansion to the East would spark a new period of tension with Moscow.

In Europe, particularly on the Continent, there are influential diplomats and thinkers likewise uneasy with the current state of East-West tensions. They stress the importance of stable political and close economic relations with Moscow. They believe that growing interaction with Moscow will move Russian policies closer to the European norm. A number of prominent former statesmen belong to this group—ex-French President Sarkozy,<sup>33</sup> ex-Italian President Berlusconi, and former German Chancellors Schroeder and the late Helmut Schmidt.

<sup>27</sup>Jacob Heilbrunn, “Henry Kissinger: The Interview,” *The National Interest*, August 19, 2015, <http://nationalinterest.org/feature/the-interview-henry-kissinger-13615>.

<sup>28</sup>Allison Graham and Dimitri K. Simes, “Russia and America: Stumbling to War,” *The National Interest*, April 20, 2015, <http://nationalinterest.org/feature/russia-america-stumbling-war-12662>.

<sup>29</sup>Leslie H. Gelb, “Russia and America: Toward a New Détente,” *The National Interest*, June 9, 2015, <http://nationalinterest.org/feature/russia-america-toward-new-detente-13077>.

<sup>30</sup>Barbara Hollingsworth, “Former Ambassador: U.S. Should Not Risk ‘Spiraling Confrontation’ With Russia Over Ukraine,” *CNSNews.com*, February 13, 2015, <http://www.cnsnews.com/news/article/barbara-hollingsworth/former-ambassador-us-should-not-risk-spiraling-confrontation>.

<sup>31</sup>John J. Mearsheimer, “Why the Ukraine Crisis Is the West’s Fault. The Liberal Delusions That Provoked Putin,” in *The New Global Context, Foreign Affairs Anthropology Series*, September/October 2014 Issue, <https://www.foreignaffairs.com/articles/russia-fsu/2014-08-18/why-ukraine-crisis-west-s-fault>.

<sup>32</sup>Martin Kalb, *Putin, Ukraine and the New Cold War* (Brookings Institution Press, 2015), 230 p; Kalb, Martin, “Putin won his war in Ukraine,” *The Washington Post*, September 7, 2015, [https://www.washingtonpost.com/opinions/putin-won-in-ukraine/2015/09/07/02a0283c-5341-11e5-933e-7d06c647a395\\_story.html](https://www.washingtonpost.com/opinions/putin-won-in-ukraine/2015/09/07/02a0283c-5341-11e5-933e-7d06c647a395_story.html).

<sup>33</sup>Ukraine Today, “Former French President Sarkozy visits Moscow, tells Putin ‘Europe needs Russia,’” <http://uatoday.tv/politics/former-french-president-sarkozy-visits-moscow-tells-putin-europe-needs-russia-524345.html>; also see footnote 1 in this chapter). Much of the European Left has also laid the blame for East-West tensions at the door of the West and especially Washington.

In the United States, there has been widespread sympathy for Ukraine in the face of Moscow's aggression. It is manifest on Capitol Hill, where both parties favor substantial support for Ukraine and strong measures against the Kremlin. Not surprisingly, both neoconservatives (such as Senator Marco Rubio, the editorial page of the *Wall Street Journal*), and liberal interventionists (Hillary Clinton, Madeleine Albright, Ambassador Samantha Power, the *Washington Post* editorial page) have favored such policies. This groups argues that:

- Russia is a great power with revisionist objectives in Europe and has twice changed borders by wars of aggression.
- This is a great national security danger requiring an American-led response.
- The best way to stop a revisionist Russia is to stop it where it is currently committing aggression: Ukraine.
- Sanctions did not stop Moscow from helping in achieving the Iran nuclear deal and Russia's intervention in Syria has not been helpful in moving toward a resolution of the civil war.
- At the time of Russia's war with Georgia and with Ukraine, there was no prospect of NATO or EU membership for either one.
- The NATO and EU expansion that has occurred is the result not of conquest or coercion, but of attraction.
- The peoples of the grey zone should not be sacrificed to the imperial fantasies of the Russian power ministries.

President Obama has tried with limited success to prevent Kremlin aggression from becoming a distraction to the major focus of his foreign policy, which he sees as reducing U.S. military interventions in the Middle East and pivoting U.S. focus to East Asia. He famously and naively stated that Russia is a "regional power" and the Ukraine crisis a "European crisis." While advocating a strong sanctions policy on Russia, he has handed Western leadership in the crisis to Chancellor Merkel and has been reluctant to provide military assistance to Ukraine.

But the political debate has not been kind to President Obama, the American "realists" or the European left. Thanks largely to the Putin's actions—the invasion of and "annexation" of Crimea, the war in the Donbas, the shooting down of MH-17, the introduction of regular Russian troops into the Donbas, the seizure of an Estonian intelligence officer from Estonia, numerous violations of NATO airspace—Washington and Brussels have adopted stronger policies designed to deter and punish the Kremlin for its aggression: sanctions against Russian leaders and sec-

tors of the Russian economy, a larger military presence in NATO's east, increased assistance to Ukraine including military supplies.<sup>34</sup>

To sum up, Western support for grey zone countries facing Kremlin aggression is substantial, but cautious. In response to the war in Ukraine the West has demonstrated a willingness to impose costs on Russia through sanctions. It has also provided limited military assistance, although at the moment lethal equipment is off the table. The much weaker measures taken against Moscow for the Georgian war may have been due to the fact that the Georgian war came first; and it was the pattern of Kremlin aggression that led to the sharper reaction in Ukraine. The sharper reaction may also be explained by the fact that Ukraine is a much larger country and borders the EU.

The West has also provided substantial economic support to reforming countries facing Russian aggression. On a per capita basis, Georgia has received substantially more aid than Ukraine. This may be explained by the fact that the Georgia war occurred just before the Great Recession and the EU's very expensive bailout of Greece. Western assistance is also prudently dependent on the commitment of the respective government to reform (Georgia has pursued reform more thoroughly than Ukraine and Moldova).<sup>35</sup>

Over the past decade the West has established a mixed record of meeting its commitments to the countries of the grey zone in a confrontation with Moscow. On the plus side, while dawdling on the implementation of the DCFTA with Ukraine, the EU has decided to implement it in January 2016. It is ready to do the same with Georgia and it

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<sup>34</sup>In the spring and summer of 2014, the Obama Administration was refusing to send even body armor to Ukraine. By February 2015, the Administration reacted to the debate on arming Ukraine by announcing that it would not provide Ukraine with even defensive lethal weapons. See: The Chicago Council on Global Affairs, "Preserving Ukraine's Independence, resisting Russian Aggression. What the United Nations and NATO Must Do," [http://www.thechicagocouncil.org/sites/default/files/UkraineReport\\_February2015\\_FINAL.pdf](http://www.thechicagocouncil.org/sites/default/files/UkraineReport_February2015_FINAL.pdf). Yet a few weeks later it provided Humvees to Ukraine. In September of 2015, the same week President Obama met with President Putin, the U.S. announced that it would send counter battery radar for missiles to Ukraine.

<sup>35</sup>From 1991 until 2013, the U.S. provided \$3.6 billion in aid to Georgia. See: Jim Nichols, "Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests," *Congressional Research Service*, April 2, 2014, <http://www.fas.org/sgp/crs/row/RL33453.pdf>. In that same period U.S. assistance to Ukraine totaled over \$10 billion. See: Katie Sanders, "The United States Spent \$5 Billion on Ukraine Anti-Government Riots", *Politifact*, March 19th, 2014, <http://www.politifact.com/punditfact/statements/2014/mar/19/facebook-posts/united-states-spent-5-billion-ukraine-anti-governm/>.

has done so with Moldova. Moreover, it has provided Moldova (including the separatist area of Transnistria) visa-free travel, and is offering the same for Georgia and Ukraine.

On the negative side of the ledger was the failure of the United States, the UK and France, in spite of the assurances of the Budapest Memorandum and related statements, to aid Ukraine quickly and strongly in the face of Moscow's aggression. In addition, the West is not ready at this moment to consider the possibility of Georgia or Ukraine joining NATO. As described above, it is not even willing to consider offering either country a Membership Action Plan (MAP), an interim step to NATO membership.

It is likewise true that the EU at the present time is not willing to broach the subject of EU membership for Georgia, Moldova or Ukraine. In the wake of Moscow's invasion of Ukraine, the original decision to offer the DCFTA to grey zone countries has been criticized as naïve in certain EU circles. Still, the EU has reaffirmed its commitments under the DCFTA while making clear that EU membership is not a fit subject to discuss.

### **Crafting a Realistic Western Policy for the Grey Zone**

It is safe to say that Western policy toward the grey zone should be consistent and flow from an agreed set of objectives. The original objectives were set in the early 1990s. The United States and the EU sought to help all the countries of the former Soviet Union and Warsaw Pact transform from totalitarian or authoritarian states into democratic societies with market economies. While those goals may not have initially included membership in NATO and the EU, they came to include that, at least for most of the Warsaw Pact states, and the Baltic states.

These social transformation objectives have driven nearly all Western aid projects and most Western daily diplomacy ever since. Even when, out of deference to an increasingly authoritarian and belligerent Russia, Western leaders consciously decide that NATO or EU membership is a bridge too far for "grey zone" countries, they do not review or revise the open society policies of our assistance programs, or our overall diplomacy. This suggests that democratic, tolerant societies remain our objectives in Europe and perhaps even in Eurasia. The pause regarding NATO and EU membership is not a matter of principle. It is largely a

reaction to the Kremlin's strong objections. It is true that some governments say privately that they would never support membership for Georgia and Ukraine in NATO or membership in the EU for those two countries and Moldova, but that is not in any sense an agreed position (It is also true that, particularly in the wake of the Greek crisis, some in the EU are concerned about the economic costs of further expansion).

This, however raises some difficult questions for the current period. Kremlin leadership is on an imperial march. President Putin has developed principles that seek to justify a Kremlin zone of influence in the post-Soviet space; has at hand a full array of instruments to exert that influence on weaker neighboring countries; and has shown a willingness to use all of those instruments, including his military, even in violation of Russian commitments and international law. At this dangerous moment, how does the West protect the grey zone countries that want to establish open societies and much closer relations with the West?

The first order of business is to help Georgia, Moldova and Ukraine address their internal weaknesses that Moscow exploits to keep them under its influence. These weaknesses include prominently corruption, a weak banking system, compromised and incompetent security organs and ethnic tensions.

### *Corruption and the Banking System*

Widespread, systematic corruption is arguably the greatest obstacle to development in all the post-Soviet states. The countries that have made the greatest progress over the past 25 years, the Czech Republic, Poland and the Baltic states, took comprehensive steps against corruption—starting with lustration and transforming the police, procurator general's office and judiciary—early into their independence. Georgia also took this on during the Rose Revolution; but Ukraine and Moldova have yet to address this problem in a serious way (Ukraine, however, has taken major steps to address corruption in the gas sector and is in the process of creating honest traffic police in major cities).

Both the EU and the United States spend significant political capital and run technical aid programs to address this in Ukraine. They should continue to make clear that the large assistance Ukraine needs from the international community to meet its international financial commitments is at least in part dependent on progress in this area. The large assistance package that Ukraine receives is an important tool for the West.

Unfortunately, there is no such tool in Moldova. The current government in Chisinau, however, is anxious for closer and more frequent engagement with Washington and Brussels. Establishing a high level anti-corruption task force—led at the Minister level—would be attractive to the Western-leaning leaders in Moldova for its promise of regular high level contact with the West. Badly tarnished by the 2014 banking scandal, they might find this proposal worth pursuing to reduce the stain of the scandal and to enhance their political prospects.

A poorly regulated banking system is a perfect vehicle for both corruption and laundering criminal money. Georgia fixed this problem over a decade ago. Since the Euro-Maidan, Ukraine too has made great strides towards a clean banking system by closing a third of its banks. Moldova is once again the outlier.

The United States and the EU should include the banking sector in the high level corruption task force. At the same time, the West could make an immediate impact by establishing a bank in country subject to international standards. In the wake of the banking scandal, the appearance of a “Western bank” would be very popular. It would attract enormous business and by that fact alone spur the major banks in the country to develop the same clean standards in order to ensure their profitability and even survivability.

### *Loyal Security Organs*

Perhaps the most immediate danger to reform-interested governments in the grey zone are their own security organs: the Ministry of Defense, the Ministry of Interior, the secret police, the border guards and, in some countries, the Ministry of Emergency Situation. Throughout the zone, with the exception of Georgia, much of the senior leadership in these ministries were trained in the Soviet Union. The FSB and the GRU have paid great attention to placing agents, retaining contacts and exerting influence in these organs.

At the start of Moscow's hybrid war in Ukraine's east, Ukrainian officials assessed that among the hundreds of thousands of soldiers, policemen, secret policemen and border guards, they had just 6,000 who were politically reliable, trained and equipped to participate in a counter-offensive.<sup>36</sup> In the Donbas, a good number of the police and secret

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<sup>36</sup>Conversation with senior security officials in Kyiv, June 30–July 2, 2014.

police joined the Russian-organized military operation. One and a half years of war and training from the United States (first of Ministry of Interior Units, then of the military) has greatly improved the reliability and competence of Ukraine's security forces, but more help vetting out Kremlin agents would still be useful.

Georgia, too, has done good work in these areas. From the start of the Rose Revolution, it began to root out Russian agents in its power ministries. Its enthusiastic participation in coalition operations in Afghanistan and Iraq honed the Georgian military, as has its participation in numerous training programs with the United States.

Moldova is once again the country that most needs Western assistance to ensure the reliability of its security organs. Washington should offer a program to vet its officials in the Ministries of Defense and Interior and in its secret police. Needless to say, such a program cannot be effective unless it occurs alongside or following a program to go after corruption.

### *The Ethnic Factor*

Ethnic differences and ethnic tensions have been the essential element in Moscow's frozen conflict policies. Moscow takes the side of the minority as a means to exert pressure on the governments of Georgia, Moldova, Ukraine and also Azerbaijan. Western policy on this matter is to do what comes naturally—to urge the governments in question to practice tolerance and fair treatment for all; but also to provide practical advice as issues arise in this area; and to offer incentives for all parties in grey zone countries to get along.

In Georgia, the EU and the United States should consider assistance programs that promote reconciliation with Abkhazia. Tbilisi, for example, has built a hospital not far from the internal demarcation line with Abkhazia; this has drawn patients from Abkhazia and in the process promoted goodwill. The EU and the United States should consult with Tbilisi about building other projects that could serve the process of reconciliation.

Ethnic relations in Moldova can also profit from greater interaction with the West. Perhaps the biggest boost to improved relations between Chisinau and the people of Transnistria was their inclusion in the visa free travel under the DCFTA. This highly valued right is perhaps the strongest argument within Transnistria against independence from



Moldova. Regular visits by senior officials from the West would also be useful to keep an independent eye on what is happening in Transnistria and to encourage nationalist forces in the country to be mindful of the needs and sensitivities of the Slavic population.

Despite massive Russian propaganda to the contrary, authorities in Ukraine have been rather sensitive to the needs of ethnic Russians and speakers. The one clear error made in this area—the passage of legislation shortly after President Yanukovich fled Ukraine mandating that only Ukrainian would be a state language—was quickly reversed. But Ukraine has two large problems in this area resulting from the war: 1) 1.5 million internally displaced people; and 2) massive destruction in the areas currently and previously controlled by Moscow's proxies.

The UN has not provided enough assistance to the IDPs. Ukraine's GNP is likely to have fallen in 2015 by approximately 10 percent. The EU and the West should provide immediately \$250 million to meet IDP needs. They should also send a mission to analyze the needs of the IDPs and to study whether some portion of them should be settled permanently outside the conflict zone. Left unaddressed, the humanitarian crisis could undermine the stability of the reform government. The U.S. and the EU should also join with the government in Kyiv to begin the process of assessing damage in the conflict zone. This would provide hope that the people of that area have not been forgotten and that once Ukraine reestablishes control in the Donbas reconstruction will begin.

### *Economic Opportunity and Energy*

While complaining that the West's sanctions against Russia have no place in modern international life, Moscow has been quick to halt imports from Georgia, Moldova and Ukraine to pressure them to back away from the DCFTA (and for other purposes). The DCFTA has of course helped Moldova diversify its trade away from Russia and will help Georgia and Ukraine do the same. Despite Kremlin protests, the EU must proceed with the implementation of DCFTA with Georgia and Ukraine.

The United States could make its own contribution by signing a Free Trade agreement (FTA) with each of the three. This idea, unfortunately, is not likely to happen soon. There is no political impetus for it. Passing new FTAs can be politically difficult; and the U.S. Trade Representative Office has limited personnel to devote to new FTAs. If this is not possi-

ble, the United States and the EU should agree to include the three countries in the Transatlantic Trade and Investment Partnership. This would give the three much better access to the U.S. market.

Energy is another area where the West can strengthen the grey zone. Gazprom has been playing politics with gas supplies for years, punishing some countries (especially Ukraine, but even Belarus at one point) and favoring others pursuant to Kremlin policy directives. There is a relatively easy way to fix this. The EU needs to complete its energy market integration, reinforce its energy *acquis* and build a robust energy union that extends beyond the borders of the EU. We have seen significant progress in this area over the past year. For example, Ukraine was able to purchase some gas via “reverse flow” of Russian gas sold to other European consumers; and suit has been brought against Gazprom for violating EU laws and statutes. Full implementation of EU energy policies with financial support for energy sector modernization would be a big boon for Ukraine and Moldova.

At the same time, the EU should disapprove plans for building a North Stream II pipeline for Russian gas to flow directly to Germany. The North Stream I pipeline’s capacity has not been fully used (because of the 3rd energy package and the 50 percent rule for the OPAL pipeline, not because of the lack of demand); Ukraine is cleaning up its gas sector; and the real purpose of additional undersea pipelines is to give Moscow the option of punishing Ukraine, Belarus and Poland by not shipping gas through their pipelines.

### *Security Assistance, Power Projection and Political Engagement*

Ukraine is currently fighting a defensive war against Russia, and Georgia fought in 2008. Both countries are in clear need of U.S. training and Western military equipment. Georgia has been the beneficiary of many training programs over the past 12 years and the United States has provided training to Ministry of Interior units and now military units in Ukraine. This should continue.

But the United States and its European allies have been slow to give Georgia and especially Ukraine the equipment they need to fight a much larger aggressor. This must change. There was a time when the West understood that it was both right and strategically sound to provide weapons to nations invaded by larger neighbors; and when it understood that it was the invasion, and not the provision of weapons,

that was a “provocation.” The single best thing that the United States could do right now to support freedom in the grey zone would be to give Ukraine the weapons it needs to deter a Russian offensive deeper into Ukraine.

The West should provide Ukraine \$1 billion a year for five years for military equipment. It should include anti-tank missiles, secure command and control communications, sophisticated drones, anti-aircraft radar for missiles that could also detect incoming fire from Russia, and some anti-aircraft equipment to dissuade Moscow from using air power against Ukraine. It is true that Moscow has “escalation dominance” (a fancy way of saying that the Russian military is stronger than that of Ukraine) but providing this equipment means that either Moscow is deterred, or it pays a much higher price for its additional aggression, which is politically risky.

Under the same logic, the United States should consult with Georgia on its military needs. At the same time, the United States, with its NATO allies, should consider increasing its training programs in Ukraine and Georgia, and plot out a regular stream of port visits in the Black Sea, including to Batumi and Odessa.

It is critical that NATO come up with some formula and plan regarding its relationship with Georgia and Ukraine that keeps open the path to membership. It must avoid summit statements and outcomes that highlight the vulnerability of grey zone countries to Kremlin aggression. This can be done, for instance, by scheduling NATO exercises for the months immediately after the summit, and arranging visits by the Secretary General or the Deputy Secretary General for the months following the conclave.

Increased political engagement with individual NATO countries, especially the United States, is also an important instrument. Kyiv sees plenty of high-level Americans and Europeans. Tbilisi and Chisinau do not. Regular visits at the Deputy Minister level and up would remind these countries that the West is not leaving them alone with Putin and help persuade them to make the difficult changes on various domestic issues outlined above. Also, the West should be prepared to respond with sanctions if and when Moscow decides to move the demarcation line separating South Ossetia and the rest of Georgia deeper into Georgia.

*Armenia, Azerbaijan and Belarus*

The West's grey zone strategy must not forget these three states. Ongoing cooperation with Baku on energy and security matters is very much in the interests of the West. It is essential that the United States step up its political engagement with Baku to offset the pressure from Moscow to join the Eurasian Economic Union.

The West cannot ignore human rights problems in Azerbaijan, but they should be one item on the agenda. We should not forget that if Baku moves closer to Moscow, the prospects for human rights in Azerbaijan drop sharply. The recent tensions between Ankara and Moscow over Syria meant that Turkey might be more willing to bolster Azerbaijani and Georgian security. There is already a practice of these countries meeting in a trilateral forum. The United States and NATO should encourage this and explore with Ankara what additional measures it might be willing to take in this area. Such cooperation could remind Moscow that there might be additional costs to further aggression in the Transcaucasus.

Those regular visits to Baku should include stops in Yerevan. The message there is that the West is interested in better relations and would be delighted if the Armenians decided to proceed with the DCFTA. Also, if Armenia was able to show more flexibility on Nagorno-Karabakh, that would open up relations with Turkey and reduce its dependence on Moscow.

Belarus is the most problematic case in the grey zone. Before President Putin's clear turn to authoritarianism, President Lukashenko was aptly labeled the last dictator in Europe. The West's policy of minimal contact with the government of Belarus has yielded little fruit. There is little downside and plenty of possible upside of initiating a dialogue with the Belarusian authorities on relations with the West and the situation in the region. Lukashenko would welcome that as at least a small card to play as he tries to fend off Kremlin plans to establish a military base in his country.

## **Final Thoughts**

The West cannot be true to its values or its interests by letting an authoritarian Kremlin mark off a sphere of influence in Europe's backyard. If the West accepts the limitations Moscow proposes for its activities, the progress toward an open society in Georgia, Moldova and Ukraine will be reversed. Moscow's revisionist agenda, which challenges the current European order, will be enhanced.

Principled support for democracy and a market economy, economic and technical assistance, security support and active political engagement would greatly increase the odds that these fragile democracies will survive the reactionary wind blowing from the north. None of these require military confrontation with the Kremlin. But it does require the confidence to stand up for one's principles and the empathy to embrace those who, under duress, would still like to live by them.