

THE IMPACT OF THE WAR IN UKRAINE

Tatiana Kastouéva-Jean, Research Fellow and Director of the Russia/NIS Center of Ifri

Of course I cannot fail to ask the question about the direct immediate impact and consequences of the war in Ukraine on your countries – migrants, sanctions, energy, transit of gas and oil – and at the same time I would like to ask you what conclusion to draw from this impact, these consequences, for the medium and long term in the search for other means to guarantee security, stability, sovereignty and territorial integrity in your countries. In terms of China's guarantees for Kazakhstan, European Union membership for Moldova and Georgia or neutrality, nonalignment status, what conclusions do you make in terms of diversification of economic and energy partnerships and new transit roles? I will start again with Mr. Vassilenko.

Roman Vassilenko, Vice Minister of Foreign Affairs of Kazakhstan

Yes, thank you. Yes, the impact of this war, this very tragic war, has been quite strong on Kazakhstan as well. You mentioned several areas where our economy and our society have been impacted, and this includes the disruption of the traditional technological and transport and logistics chains, the enormously higher inflation of almost 20% already this year or the influx of about 100,000 Russian citizens into Kazakhstan, which also had an impact on our labor market. However, the way we want to approach this and the way we do approach this situation is by focusing on three points. One is building up stronger political institutions. We had our own share of upheaval in the beginning of this year, which prompted our president to go into overdrive in terms of introducing political reforms. One area, therefore, is strengthening our political institutions and the mandate for the president and generally building up a more competitive political system, which we think will strengthen the country going forward.

The second area of focus is a stronger economy which is more diversified, away from the dependence on hydrocarbons, which are still, unfortunately, 30 years after the beginning of independent development, the major driving force of our economy; and building a more diversified and robust system of international transportation routes that do not rely solely on one route, however beneficial, direct and quick it used to be, namely the northern route via Russia, which has seen its own share of disruptions and a 40% reduction in goods transported along this route this year alone. That is why, along with the EU, we are developing the middle corridor. That will be the project of the next decade as we build connections to Europe across the Caspian Sea and across the South Caucasus, including Azerbaijan and Georgia and then Turkey.

The third answer I think is to build stronger international institutions. We are just as committed as we used to be to the multilateralism and the institutions that we have been building in our region and globally.

**Tatiana Kastouéva-Jean**

Thank you very much. Just a question: during the last visit of President Tokayev, just after the election, in Moscow, a kind of energy union was announced with Kazakhstan, Russia and Uzbekistan and just a few days later it seemed that the project ended without starting. Can you explain a little bit what the idea was in the beginning and why it failed?

Roman Vassilenko

There still is an idea of a gas alliance of some sort because all of our three countries are gas producers, but our idea is to look at it carefully. Since the beginning of the war we have made it clear that any initiatives that will be seen as helping circumvent the sanctions levied on Russia will not be welcomed by Kazakhstan and we do not support circumventing the sanctions. We do not, however, support sanctions as a matter of principle, but that is beside the point at the moment. Our idea is to continue to open up our economy through privatization, through attraction of European investments, western investments, Chinese investments, if you will. In fact, after Moscow, President Tokayev visited Paris, where a total of 35 commercial agreements were signed during his visit and following his meeting with President Macron. That is, therefore, the answer to your first question about how we want to diversify and strengthen our economy given what is going on.

Tatiana Kastouéva-Jean

Thank you very much. Olga, the same: my second question for you about the immediate consequences and the conclusions that you can draw for the mid and long term.

Olga Rosca, Chief of staff of the Deputy Prime-Minister and Minister of Foreign Affairs and European Integration of Moldova

Russia's war against Ukraine affects Moldova dramatically. Nothing compares to the suffering that Ukraine is going through, but in Moldova the war on our doorstep affects every single person. On two occasions already fragments of missiles landed on our territory. Russian missiles violated our airspace. When Russia is bombing Ukraine's vital infrastructure, we experience blackouts. On one occasion the entire country was launched into darkness. Energy is being weaponized as part of a hybrid war. Russia's Gazprom has halved natural gas supplies to Moldova. That has also jeopardized our access to traditional sources of electricity supplies. That forced us to go into the EU market and source both electricity and gas at European prices, something that is completely prohibitive for our state budget and for our population. In the past 12 months, the gas price has increased seven times and electricity four times. We are obviously looking for some social schemes to cushion the impact of rising prices on the population, but in addition to that prices on absolutely everything have skyrocketed, including because of the blockade of Odessa, which has disrupted all of our supply chains. Our farmers have also lost access to markets.

What we are doing is we are building resilience across the three sets of challenges. On security, we are modernizing our defenses, working with partners. On energy, we are investing in our energy security. We are building electricity connections with the European Union. We are sourcing gas from elsewhere. Now reverse flow is accessible. The pipeline with Romania has



been operational and in use for a while. Then of course on the economic side we are looking at staged access to the EU's single market, further liberalization, so that we can demonstrate to citizens that European integration works, and it works now, and they can start benefitting from it already now, before the full accession.

Tatiana Kastouéva-Jean

Thank you, Olga. Deputy Minister Darsalia, the same question.

Lasha Darsalia, First Deputy Minister for Foreign Affairs of Georgia

Thank you. Yes, thank you very much. Russia's unprovoked and unjustified invasion of Ukraine had a direct impact on Georgia's security environment, first of all. Georgia was and is a target of Russia's hybrid war and not only that. In the 1990s and in 2008 we fought wars with Russia, which ended up with the occupation of 20% of Georgia's territory where Russia had a significant military presence. However, after the war they had to reduce some military presence on the ground and send some of their military towards Ukraine, but they tried to compensate this with the increased pressure of the special services on the ground. Unfortunately, the situation on the ground is not even static but is fast deteriorating regarding the humanitarian and human rights situation. People who are living on the ground literally are used as hostages to put pressure on the government of Georgia. The situation on the ground is, therefore, deteriorating fast, and this is not only about the occupied territories. We see increased pressure on Georgia, and all of these hybrid tools, which were previously implied, have been brought to bear on the rest of Georgia as well. Generally speaking, the security situation has significantly deteriorated. Here I also want to refer to what the colleagues from our partner countries also mentioned, but at the same time Georgia's strategic geographic location makes us a natural bridge between west and east at the same time, serving as a gateway actually for eight landlocked countries of the South Caucasus and Central Asia, as crucial on the US global connectivity map and a game changer when it comes to diversification of transport routes and energy supplies to Europe.

Tatiana Kastouéva-Jean

Thank you very much.