

Thomas Barrett

With Neighbours Like These

Navigating Dependency between the EU
and Russia 2000–2022

Studies on the Social and Political Constitution of the Economy

Thomas Barrett
With Neighbours Like These: Navigating Dependency
between the EU and Russia 2000–2022

© Thomas Barrett 2026

Published by IMPRS-SPCE
International Max Planck Research School on the Social
and Political Constitution of the Economy, Cologne

ISBN 9783946416418
<https://doi.org/10.17617/2.3725252>

Studies on the Social and Political Constitution of the Economy
are published online on imprs.mpifg.de and on www.mpifg.de.

Studies on the Social and Political Constitution of the Economy

Abstract

How do countries which are the focus of the European Union's and Russian Federation's competing integration projects manage their dependency on these two neighbours? In the 1990s and 2000s, Armenia, Georgia, Moldova and Ukraine adopted a strategy which I label strategic hedging: maintaining cooperation with both the EU and Russia, even if the incumbent publicly proclaimed a preference for closer integration with one or the other. Yet from the mid-2000s a competing strategy emerged, which I term a single-vector policy: declaring the goal of close integration with one neighbour while repudiating ties with the other. Georgia, Moldova and Ukraine signed Association Agreements with the EU and subsequently enshrined the goal of EU membership in their constitutions. Armenia, meanwhile, broke off negotiations for an Association Agreement with the EU and joined the Russia-led Eurasian Economic Union. This dissertation explores why three of these four countries abandoned strategic hedging and why they opted for a pro-EU alignment. We apply a political economy lens focusing on domestic transformation in the four countries and use the framework of social blocs: heterogeneous constellations of sectors, oligarchs, political parties, workers and voters who share certain economic and foreign policy preferences. Sectoral growth decomposition reveals that the structural transformation of the economy since 2000 has empowered new social blocs rooted in emerging sectors of the economy, such as services and agriculture. These emerging social blocs have been essential to the abandonment or preservation of strategic hedging.

About the author

Thomas Barrett was a doctoral researcher at the IMPRS-SPCE from 2021 to 2025. He completed the program in conjunction with his PhD studies at the University of Cologne, Faculty of Management, Economics, and Social Sciences.

WITH NEIGHBOURS LIKE THESE:
Navigating Dependency between the EU and Russia 2000-2022

Inauguraldissertation
zur
Erlangung des Doktorgrades
der
Wirtschafts- und Sozialwissenschaftlichen Fakultät
der
Universität zu Köln
2025

vorgelegt von
M.A. Thomas Barrett

aus
Solihull (Vereinigtes Königreich)

Referent: André Kaiser

Korreferent 1: Christine Trampusch

Korreferent 2:

Tag der Promotion:

Table of Contents

List of tables.....	ii
List of figures.....	iii
Acronyms and abbreviations.....	iv
Acknowledgements.....	v
INTRODUCTION.....	1
I. Background.....	2
A. Empirical puzzle	2
B. State of the art.....	6
C. Theoretical foundations.....	9
II. Research Questions and Contributions.....	13
III. Methodology.....	17
A. Research design.....	17
B. Research methods and Operationalisation.....	19
C. Case selection.....	24
IV. Outline.....	41
CHAPTER 1.....	
OLIGARCHS, COALITIONS AND GEOPOLITICS.....	45
I. From the global to the local and back again.....	47
II. Hybrid regimes, regime cycles and coalitions.....	48
A. Hybrid Regime Theory and the Informal Logic of Power.....	48
B. Pyramids, Revolutions, and Regime Oscillations.....	49
C. Foreign Policy Coalitions in Hybrid Regimes.....	49
D. Social blocs.....	51
E. Alternative Approaches: Political Capitalists and Open Access Orders.....	54
III. Calculating Structural Transformation: Growth Decomposition.....	56
A. Production-Side GDP Growth Decomposition.....	57
B. Export Growth Decomposition.....	61
C. Limitations.....	64
IV. The Changing Face of the Post-Soviet Oligarchy.....	65
A. The Red Directors.....	69
B. Gas Oligarchs.....	70
C. The Industrial Oligarchs.....	72

D. Financial Oligarchs.....	76
E. Hegemonic Oligarchs.....	78
F. The Service Sector.....	78
V. Conclusions.....	80
CHAPTER 2.....	81
BETWEEN A ROCK AND A HARD PLACE: THE EU AND RUSSIA.....	81
I. Russian Leverage.....	82
A. Gazprom.....	82
B. Trade Restrictions.....	86
C. Diplomatic Pressure.....	88
D. Hybrid Warfare.....	89
II. Russian Linkage.....	90
A. Trade.....	90
B. Cooperation Formats.....	91
C. Trade.....	92
D. The Eurasian Economic Union.....	93
E. Labour Migration.....	96
III. EU Leverage.....	99
A. Macro-Financial Assistance (MFA).....	99
B. Diplomatic Pressure.....	101
IV. EU Linkage.....	103
A. International Agreements.....	105
B. Cooperation Formats.....	109
C. Trade.....	111
D. Accession.....	119
V. Conceptualising Russian vs EU linkage and leverage.....	121
CHAPTER 3.....	125
UKRAINE.....	125
I. Dependencies.....	127
A. Energy.....	127
B. Trade.....	132
C. Finance.....	133
II. Re-alignment: Critical Moments.....	136
A. The Orange Revolution.....	137

B. The Maidan Revolution.....	139
C. Post-Maidan.....	142
D. Invasion.....	146
III. Sectoral Growth Decomposition.....	148
A. Production Side (Value-Added).....	148
B. Exports.....	149
IV. Structural Transformation and <i>Social Blocs</i>.....	156
V. Conclusions.....	161
CHAPTER 4.....	
MOLDOVA.....	165
I. Moldova: Weak State and Contested Identity.....	167
II. Dependency and Restructuring.....	169
A. Trade.....	170
B. Energy.....	174
C. Finance.....	177
III. <i>Strategic Hedging</i> and Geopolitical Realignment 1991-2023	181
A. Early independence.....	181
B. Communists for EU Integration! Voronin and the PCRM 2001-2009.....	182
C. Oligarchs Carrying EU Flags: The “Alliance for European Integration” 2009-2019.....	186
D. A Weak Single Vector Coalition: Maia Sandu and the PAS prior to 2022....	190
IV. Sectoral GDP and Export Growth Decompositions.....	198
A. Production Side GDP Growth Decomposition.....	199
B. Export Growth Decomposition.....	201
V. Oligarchs, <i>Social Blocs</i> and Structural Transformation in Moldova: What can we learn?.....	207
VI. Conclusions.....	212
CHAPTER 5.....	
GEORGIA.....	214
I. Dependency and Restructuring.....	216
A. Energy.....	217
B. Trade.....	219
C. Finance.....	222
II. Realignment: Critical Moments.....	228

A. Prelude: The Georgian 90s.....	228
B. The Rose Revolution 2003.....	230
C. The Russo-Georgian War and the Global Financial Crisis.....	235
D. The “Georgian Dream”: Critical Juncture or Continuity?.....	239
III. Sectoral Growth Decomposition.....	252
A. Sectoral Value-Added (VA).....	252
B. Export Growth Decomposition.....	255
IV. Sectors, Structural Transformation and <i>Social Blocs</i>.....	262
V. Conclusions.....	267
CHAPTER 6.....	269
ARMENIA.....	269
I. Destined for Dependency?.....	272
A. Energy.....	272
B. Trade	274
C. Finance.....	276
D. Security.....	281
II. Thwarted Transformations.....	281
A. Choosing the Path: The EU or the Eurasian Economic Union 2013-2015...282	
B. Democratisation under Russian Suzerainty? The Velvet Revolution 2018...283	
C. Defeat and Betrayal 2020-2023.....	284
III. Sectoral Growth Decomposition.....	292
A. Production Side GDP Growth Decomposition.....	292
B. Export Growth Decomposition.....	295
IV. Elite Interests, Social Blocs and Geopolitics.....	298
A. The Armenian Oligarchy.....	299
B. Mining - The Key Battleground?.....	302
V. Conclusions.....	304
CONCLUSION.....	307
I. The Past.....	307
A. Sectors.....	308
B. Social Blocs.....	309
C. Policy Regimes.....	311
D. Geopolitical Realignment.....	313
II. The Future	314

III. Limitations and Avenues for Future

Research.....	320
EPILOGUE.....	322
BIBLIOGRAPHY.....	327
ANNEX 1: Methodological Note - Growth Decomposition	369
ANNEX 2: Export Sectoral Growth Decomposition.....	375
ANNEX 3: State External Debt and State Debt Guarantees by Creditor.....	392

List of tables

Table 1. Simple Comparative Case Study Table.....	18
Table 2. Data Sources.....	20
Table 3. Case Selection Options.....	26
Table 4. Percentage of Soviet Socialist Republic (SSR) Populations in Urban Areas (1979–89).....	31
Table 5. Commodity dependence in the Post-Soviet States and South America (2019-2021).....	36
Table 6. Social blocs in Ukraine (2000-2021).....	52
Table 7. Nominal versus Real Export Growth	63
Table 8. Ideal Type Post-Soviet Policy Regimes.....	66
Table 9. Sectors and Policy Preferences.....	67
Table 10. Leading Russian Energy Companies in 2008 and 2009.....	83
Table 11. Trade Restrictions Imposed by the Russian Federation.....	87
Table 12. Russia-led Regional Intergovernmental Organisations.....	91
Table 13. Russia’s FTAs and Economic Integration Agreements (1993-2020).....	94
Table 14. EU Monitoring Instruments and Reports in the Eastern Neighbourhood.....	103
Table 15. Titles and Subsections of the 2014 Association Agreements.....	108
Table 16. EU Commitments under the Multiannual Financial Framework (€) (2014-2024).....	110
Table 17. Trade Instruments under the DCFTAs	112
Table 18. Fossil Fuel Consumption in Ukraine (1990-2023) (Exajoules).....	129
Table 19. Ukraine: Electricity Generation (2000-2023) (Terawatt Hours).....	131
Table 20. Political Affiliation of Oligarchs in the Ukrainian Parliament (2004-2015).....	139
Table 21. Moldova: Electricity Generation Capacity and Price 2022.....	196
Table 22. The Political Ties of the Wealthiest Moldovans.....	210
Table 23. Georgia: Domestic Energy Generation (1990-2021) (Terawatt Hours).....	220
Table 24. Georgia: Average FDI by sector (2016-2024) (1000 USD).....	229
Table 25. Contested Regions of Georgia prior to 2003.....	233
Table 26. Oligarchs and Clans in Georgia (2003-2008).....	237
Table 27. Formal and Informal Policy Regimes in Georgia (1991-2012).....	242
Table 28. Georgia Services Output (2010-2024 average).....	260
Table 29. Armenia: Electricity Generation and Ownership Structure (2017-2023).....	276
Table 30. Armenia: Services Output Shares (2008-2023).....	297
Table 31: Sectoral Concentration of Armenian Oligarchs.....	303

Table 32. Ownership in the Armenian Mining Sector (2021-2022).....	306
Table 33. Export Growth Decomposition Data Sources.....	372
Table 34. Ukraine Nominal Goods & Services Exports to the World (1000 USD & % share) (2001-2024).....	375
Table 35. Ukraine export sector contributions (pp) to export growth (2002-2024).....	376
Table 36. Ukraine Nominal Goods & Services Exports to the CIS (1000 USD & % share) (2005-2024).....	377
Table 37. Ukraine Nominal Export Growth Decomposition to CIS (2006-2024).....	378
Table 38. Ukraine Nominal Export Growth Decomposition to EU(2005-2024).....	379
Table 39. Ukraine Nominal Export Growth Decomposition to EU (2006-2023).....	380
Table 40. Moldova Goods & Services Exports to the World (Nominal & Real 1000 USD & % share) (2001-2023).....	381
Table 41. Moldova Real Export Growth Decomposition (2000-2023).....	382
Table 42. Moldova Nominal Export Sector Growth Decomposition (2000-2023).....	383
Table 43. Moldova Exports to CIS (real 1000 USD & % of goods exports to world) (2001-2023).....	383
Table 44. Moldova Real Export Growth Decomposition to CIS (2005-2023).....	385
Table 45. Armenia Export Growth Decomposition (2006-2023).....	386
Table 46. Armenia Nominal Export Contribution Growth to CIS (2005-2024).....	387
Table 47. Armenia Nominal Export Growth Decomposition to CIS (2005-2023).....	388
Table 48. Armenia Exports to EU (nominal 1000 USD & % of total goods exports) (2005-2024).....	389
Table 49. Georgia Exports to EU (nominal 1000 USD & % of total goods exports) (2005-2024).....	390
Table 50. Georgia Nominal Export Growth Contribution Decomposition to CIS (2005-2024).....	391
Table 51. Ukraine: State External Debt to IFIs, Bilaterals (billion US\$) (2014-2024).....	392
Table 52. Ukraine: State External Debt Guarantees (billion US\$) (2014-2024).....	393
Table 53. Ukraine Outstanding Eurobond Debt (billion US\$) (2014-2024).....	394
Table 54. Moldova external public debt (million USD & % of total) (2003-2024).....	395
Table 55. Georgia external public debt (1000 US\$) (2003-2024).....	396
Table 56. Georgia external public debt (% of total) (2003-2024).....	397
Table 57. Armenia external public debt (million USD) (2003-2024).....	398
Table 58. Armenia external public debt (& of GDP) (2003-2024).....	399

List of Figures

Figure 1. Cumulative Trade Restrictions Imposed by the Russian Federation (2001-2021).....	5
Figure 2. Domestic and External Influence on Policy Formation	
Figure 2.1 Population of Armenia, Georgia, Moldova and Ukraine(1992-2023).....	29
Figure 3. Urban Populations of Armenia, Georgia, Moldova and Ukraine (%) (1992-2023).....	32
Figure 4. GDP per Capita (current USD) for Georgia, Ukraine, Armenia and Moldova (1991-2023).....	33
Figure 5. GDP per Capita (current USD) for Selected Country Groups (1991-2023).....	33
Figure 6. Economic Complexity Index (ECI - Trade) for Selected Countries.....	35
Figure 7. Commodity Exports as a % of Merchandise Exports for Selected Countries (2001-2023).....	38
Figure 8. Current Account Balance (% of GDP) for Selected Countries (1993-2023).....	40
Figure 9. Exports to the EU vs the CIS for Selected Countries (1995-2023).....	41
Figure 10. Simplified Visualisation of a Social Bloc.....	53
Figure 11. Selectorate Theory in Consolidated Democracies vs Consolidated Autocracies.....	54
Figure 12. Armenia Average Sectoral Value-Added (VA) Share (%).....	59
Figure 13. Armenia Average Sectoral Value-Added (VA) Contribution to Growth (pp).....	60
Figure 14. Moldova Export Sector & Sub-Sector Shares (%) of Total Goods & Services Exports (Real).....	62
Figure 15. Moldova Export Sector Contributions (pp) to Average Export Growth (Real).....	64
Figure 16. Cumulative Trade Restrictions Imposed by the Russian Federation (2001-2021).....	86
Figure 17. Remittances as a Percentage of GDP for Selected Countries.....	97
Figure 18. Armenia: Share of Non-Commercial Money Transfers (inflows, 1000 USD, 2013-2024) from Selected Countries.....	98
Figure 19. Cooperation Formats and International Agreements between the EU and Armenia, Georgia, Moldova, Ukraine (1998-2021).....	106
Figure 20. Applied Import Tariff Rates (%) for Selected Countries.....	113
Figure 21. Georgia Export Sophistication (EXPY) (WITS 2022).....	118
Figure 22. Export Sophistication (EXPY) (WITS 2022) for Selected Countries.....	118
Figure 23. Conceptualisation and Mechanisms of RF/EU Influence on Third Countries.....	122
Figure 24. Ukraine: Energy Sources and Final Consumption (%) (2023).....	130

Figure 25. Ukraine: IFIs, Bilateral Lenders & Eurobonds in External Debt (nominal, million USD) (2014-2024).....	134
Figure 26. Ukraine: IFIs, Bilateral Lenders & Eurobonds in External Debt (% of GDP) (2014-2024).....	135
Figure 27. Survey: How would you like to see Ukraine's relations with Russia?.....	138
Figure 28. Wealth of the Ukrainian Oligarchs (2007-2025).....	143
Figure 29. Survey: If Ukraine could enter only one international economic union, which one should it be?.....	146
Figure 30. Ukraine Average Sectoral Value-Added (VA) Share (%).....	148
Figure 31. Ukraine Average Sectoral Value-Added (VA) Contribution to Growth (pp).....	149
Figure 32. Ukraine: Exports by Sector & Sub-Sector (Nominal, billion USD) (2001-2024).....	150
Figure 33. Ukraine Export Sector Shares (%) of Total Exports (Nominal).....	151
Figure 34. Ukraine Export Sector & Sub-Sector Shares (%) of Total Exports (Nominal).....	152
Figure 35. Ukraine Export Sector Contribution (pp) to Average Export Growth (Nominal).....	153
Figure 36. Ukraine Export Sub-Sector Contributions (pp) to Average Export Growth (Nominal).....	154
Figure 37. Ukraine Exports to the EU by Sector (% of Total Nominal Exports).....	155
Figure 38. Ukraine Exports to the EU Contribution (pp) to Average Export Growth (%) (Nominal) (2006-2024).....	155
Figure 39. Ukraine Exports to the CIS by Sector (% of Total Nominal Exports).....	156
Figure 40. Ukraine Exports to CIS Contribution (pp) to Average Export Growth (%) (Nominal) (2006-2024).....	156
Figure 41. Moldova: Exports to Selected Countries (million USD) (1997-2023).....	172
Figure 42. Moldova: Exports to Romania & the EU (million USD) (1997-2023).....	172
Figure 43. Moldova: Agricultural Exports to the EU and CIS (% of total agricultural exports) (2001-2024).....	173
Figure 44. Moldova: Wine Exports to the EU and CIS (million USD) (2001-2024).....	174
Figure 45. Moldova: Fruit Exports to the EU and CIS (% of total fruit exports) (2001-2024).....	174
Figure 46. Moldova: Energy Sources and Final Consumption (%) (2023).....	176

Figure 47. Moldova: External Debt to IFIs and Bilateral Creditors (% of GDP) (2005-2024).....	179
Figure 48. Moldova: External Debt to IFIs and Bilateral Creditors (% of GDP) (2005-2024).....	180
Figure 49. Survey: If Moldova could only join one international economic union, which one should it be? (2014-2019).....	188
Figure 50. Moldova Average Sectoral Value-Added (VA) Shares (%) of GDP.....	199
Figure 51. Moldova Average Sectoral Value-Added (VA) Contribution to Growth (pp).....	200
Figure 52. Moldova Export Sector Shares (%) of Total Exports (Nominal) (1997-2024).....	201
Figure 53. Moldova Export Sector & Sub-Sector Shares (%) of Total Goods & Services Exports (Real)	202
Figure 54. Moldova Export Sector Contribution (pp) to Average Export Growth (Nominal).....	203
Figure 55. Moldova Export Sector & Sub-Sector Contribution (pp) to Average Export Growth (Nominal).....	204
Figure 56. Moldova Export Sector Contribution (pp) to Average Export Growth (Real).....	204
Figure 57. Moldova Export Sector & Sub-Sector Contribution (pp) to Average Export Growth (Real).....	205
Figure 58. Moldova: Exports to the CIS (% of total goods exports) (2001-2024).....	205
Figure 59. Moldova: Exports to the EU (% of total goods exports) (2001-2024).....	206
Figure 60. Moldova: Share of Individual Sector versus Enterprises in the Agricultural Sector (%) (1990-2023).....	209
Figure 61. Georgia: Energy Sources and Final Consumption (%) (2023).....	219
Figure 62. Georgia's Exports to the EU and CIS (% of total exports).....	220
Figure 63. Georgia's Exports to the EU and Russia (% of total exports).....	221
Figure 64. Georgia: Outstanding External Debt to IFIs & Bilateral Lenders (1000 USD).....	223
Figure 65. Georgia: Outstanding External Debt to IFIs & Bilateral Lenders (% of GDP).....	224
Figure 66. Georgia: FDI Inflows by Country and Country Group (1997-2024) (million USD).....	227
Figure 67. Georgia: FDI Inflows (% of GDP) (1997-2024)	227
Figure 68. Survey: Support of Georgia's membership in NATO.....	237
Figure 69. Survey: Do you support or oppose Georgia joining the EU? (2013-2023).....	242
Figure 70. Beverages and Spirits as a % of goods exports to Russia and the World (2005-2024).....	244
Figure 71. Georgia Average Sectoral Value-Added (VA) Share (%).....	252
Figure 72. Georgia Average Sectoral Value-Added (VA) Contribution to Growth (pp).....	253
Figure 73. Georgia Total Sectoral Value-Added (VA) Contribution to Growth (pp).....	254

Figure 74. Georgia Export Sector Shares (%) of Total Goods and Services Exports (Nominal) (2001-2024)	255
Figure 75. Georgia Export Sector & Sub-Sector Contribution (pp) to Total Export Growth (Nominal)	265
Figure 76. Georgia Export Categories to the CIS (% of total goods exports) (2006-2024).....	259
Figure 77. Georgia Share of Export Categories to the CIS (% of total goods & services exports) (2020-2023).....	260
Figure 78. Georgia Export Categories to the EU (% of total goods exports) (2005-2024).....	261
Figure 79. Georgia Share of Export Categories to the EU (% of total goods & services exports) (2020-2023).....	261
Figure 80. Survey: Are you willing to sacrifice economic growth in the short term in order for Georgia to meet the requirements of the EU?	264
Figure 81. Survey: Do you support Russian citizens to do any of the following?.....	265
Figure 82. Survey: Which of the following statements, if any, best characterizes your opinion on Russians who arrived in Georgia since the start of the war in Ukraine? (2022-2023).....	265
Figure 83. Russian Gas Exports to Europe and Armenia (USD/1000m3) (2008-2024).....	275
Figure 84. Armenian Goods Exports to the EU and CIS (billion USD) (2009-2024).....	276
Figure 85. Armenian Goods Exports to the EU and CIS (% of total goods exports) (2009-2024).....	276
Figure 86. Armenia: Outstanding External Debt to IFIs & Bilateral Lenders (million USD) (2017-2024).....	279
Figure 87. Armenia: Outstanding External Debt to IFIs & Bilateral Lenders (% of GDP) (2017-2024).....	280
Figure 88. Armenia: FDI Inflows (mln USD & % GDP) (2015-2024).....	281
Figure 89. Survey: Support for Armenia's membership of the Eurasian Economic Union (2013-2024).....	288
Figure 90. Survey: Support for Armenia's membership of the European Union (2013-2024).....	288
Figure 91. Survey: How would you evaluate the current state of the relationship between Armenia and Russia? (2018-2023).....	289
Figure 92. Which of these countries do you consider the most important security partners for Armenia? (2024).....	290
Figure 93. Which of these countries do you consider the most important political partners for Armenia? (2024).....	290

Figure 94. Which of these countries do you consider the greatest political threat to Armenia? (2024).....	291
Figure 95. Which of these countries do you consider the greatest economic threat to Armenia? (2024).....	291
Figure 96. Armenia Average Sectoral Value-Added (VA) Shares (%) of GDP.....	293
Figure 97. Armenia Average Sectoral Value-Added (VA) Contribution to Growth (pp).....	294
Figure 98. Armenia Export Sector Shares (%) of Total Exports (Nominal).....	296
Figure 99. Armenia Export Sector Contribution (pp) to Total Goods and Services Export Growth (Nominal) (2002-2024).....	297
Figure 100. Armenia: Goods Exports to the CIS (% of goods exports to world) (2005-2024).....	298
Figure 101. Armenia: Goods Exports to the EU (% of goods exports to world) (2005-2024).....	298

Acronyms and Abbreviations

AA - Association Agreement

ACUM - NOW Electoral Alliance, 2019 Moldovan parliamentary elections

ADB - Asian Development Bank

ADF - French Development Agency

AEI - Alliance for European Integration, governing coalition in Moldova

AFU - Armed Forces of Ukraine

AIIB - Asian Infrastructure Investment Bank

All-Ukrainian Union "Fatherland" (*Vseukrains'ke obiednannia "Bat'kivshchyna"*) - political party in Ukraine, prior to 2011 part of the Yuliia Tymoshenko Bloc

Armstat - Statistical Committee of the Republic of Armenia

ASEAN - Association of Southeast Asian Nations

ATO - Antiterrorist Operation, Ukrainian term for the war against separatists and Russian forces in Donetsk and Luhansk regions 2014-2022

BNM - National Bank of Moldova

BRICS - intergovernmental organization comprising Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran and the United Arab Emirates

CBAM - Carbon Border Adjustment Mechanism

CBA - Central Bank of Armenia

CEPA - Comprehensive and Enhanced Partnership Agreement

CIS - Commonwealth of Independent States

Civil Contract (*K'aghak'atsiakan Paymanagir*) - governing party of Armenia since 2018

CSO - Civil Society Organisation

CSTO - Collective Security Treaty Organisation

DCFTA - Deep and Comprehensive Free Trade Area

Derzhstat - State Statistical Service of Ukraine

EEAS - European External Action Service

EaEU - Eurasian Economic Union

EBRD - European Bank for Reconstruction and Development

ECU - Eurasian Customs Union

EDB - Eurasian Development Bank

EIB - European Investment Bank

EU - European Union

EurAsEC - Eurasian Economic Community

European Solidarity (*Yevropeiska solidarnist*) - largest party in the Verkhovna Rada after the 2014 Ukrainian parliamentary elections, previously named the Petro Poroshenko Bloc

FTA - Free Trade Agreement or Free Trade Area

FX - Exchange Rate

Gazprom - Russian majority state-owned multinational energy corporation

Gosbank - State Bank of the USSR

Geostat - National Statistics Office of Georgia

GVCs - Global Value Chains

HACC - Higher Anti-Corruption Court of Ukraine

HS - Harmonized System, standardized numerical method of classifying traded products

IMF - International Monetary Fund

JICA - Japan International Cooperation Agency

KfW Bankengruppe - German state-owned investment and development bank

KPU - Communist Party of Ukraine, largest party in the Ukrainian parliament 1994-2002

MNC - Multinational Corporation

MFN - Most-Favoured Nation, core principle of the WTO (Article I GATT 1994)

MGRES - Moldovan State Regional Electropower Station *aka.* Cuciurgan power station

Minpromtorg - Ministry of Industry and Trade of the Russian Federation

MFF - Multiannual Financial Framework, seven-year framework regulating the EU budget

MMZ - Moldovan Metallurgical Works, steel-producing company in Rîbnița, Transnistria

Moldovagaz - Stock Company “Moldovagaz”, Russian-Moldovan gas transport company

My Step Alliance (*Im k’ayly dashink’*) - electoral alliance which won the 2018 Armenian parliamentary elections

NABU - National Anti-Corruption Bureau of Ukraine

NAFTA - North American Free Trade Agreement

Naftogaz - National Stock Company “Naftogaz of Ukraine”, state-owned oil and gas company in Ukraine

NATO - North Atlantic Treaty Organisation

NBSRM - National Bureau of Statistics of the Republic of Moldova

NBU - National Bank of Ukraine

NGO - Non-Governmental Organisation

NMT - Non-Tariff Measure

NSS - National Security Service of Armenia

OPZZH - Opposition Platform - For Life (*Opozytsiina Platforma - Za Zhyttia*), political party in Ukraine 1999-2022

Party of Regions (*Partiia rehioniv*) - largest political party in Ukraine parliament 2006-2014

PAS - Party of Action and Solidarity, governing party of Moldova 2021-

PCA - Partnership and Cooperation Agreement

PCRM - Party of Communists of the Republic of Moldova, governing party of Moldova from March 1998 to August 2009, largest party until November 2014

PNM - Pridnestrovian Moldavian Republic *aka.* Transnistria

PSRM - Party of Socialists of the Republic of Moldova, largest party in the Moldovan parliament from February 2019 to July 2021

RCEP - Regional Comprehensive Economic Partnership , world's largest trade bloc composed of 15 Asia-Pacific countries

Republican Party of Armenia (*Hayastani Hanrapetakan Kusaktsutyun, HHK*) - governing party of Armenia 1999-2018

Rospotrebnadzor - Federal Service for Surveillance of Consumer Rights Protection of the Russian Federation

Rosselkhoznadzor - Federal Service for Veterinary and Phytosanitary Supervision of the Russian Federation

RNBO - National Security and Defense Council of Ukraine

SAA - Stabilisation and Association Agreement

SBU - Security Service of Ukraine

SCO - Shanghai Cooperation Organisation

SIS - Security and Intelligence Service of Moldova

Servant of the People (*Sluha narodu*) - governing party of Ukraine since July 2019

SMK - Union of Citizens of Georgia, largest party in the Georgian parliament 1995-2004

SPS - Sanitary and Phytosanitary

SSR - Soviet Socialist Republic

SSSG - State Security Service of Georgia

Ukrenergo - Private Joint Stock National Energy Company “Ukrenergo”, state-owned electricity transmission system operator in Ukraine

UNM - United National Movement, governing party of Georgia 2003-2012

UVI - Unit Value Indicator

VA - Value-Added

Verkhovna Rada - parliament of Ukraine

WDIs - World Bank World Development Indicators

WTO

ZCMC - Zangezur Copper-Molybdenum Combine, mine in Armenia

ACKNOWLEDGEMENTS

First I want to thank Peter Schwarz, for picking up a lost 19 year-old stranger on the Borispol Highway at 5am on a cold December day in 2016. For seeing something in me, and inviting me to spend my summer holiday volunteering with his NGO in Severodonetsk. Peter and the wonderful people I spent three summers with in Severodonetsk, before the city was annihilated by Russian forces in early 2022, imbued me with a passion to discover Ukraine and the wider region. A young musician from Lviv, whose name I've sadly forgotten, convinced me that I needed to learn Ukrainian, rather than relying on Russian. This piece of advice unlocked so much for me, both in my personal life and my approach to research, and I will be forever grateful. Most importantly, Peter changed my approach to life. The undergraduate environment at Oxford has a way of convincing you that the pinnacle of achievement is to work for a consulting firm or the UN; that powerful organisations are what provide impact. Yet in Severodonetsk I encountered something else: a small project, in a forgotten corner of Europe, which generated incredible energy and love. I hope to carry on this spirit after the PhD, in memory of this strange and magical city.

I want to thank my supervisor, André Kaiser, for his enthusiastic support for my project, and for bringing together a superbly eclectic group of scholars around his chair. I will always be grateful to André for enabling me to take a break from the doctoral program during the first year of the Russian invasion of Ukraine. Danielle Pullan, Ece Özbey and Moritz Raykowski were inexhaustible sources of sound advice and good cheer, and I'm glad to share a *Doktorvater* with them. My second supervisor, Christine Trampusch, for revealing the breadth of comparative case methods. At the MPIfG, Luccio Baccaro first unlocked the fascinating world of political economy for me, and pushed me to be more ambitious in the scope of my research. Even though I couldn't grasp a thing in our first class on the *régulation* school, this course ultimately transformed my scholarly worldview. At the IMPRS SPCE, Anna Hehenberger, Camilla Locatelli, Clara Baumann, Stephan Gruber and Osama Iqbal taught me that a PhD can and should be fun. It saddens me that finishing the PhD means also ending this part of our journey together.

At the Kyiv School of Economics, I am grateful to Georgiy Shevchenko for taking me on board as a guest lecturer at what ultimately became my second academic home, and for being my lunch buddy.

To Tymofii Brik and Halyna Makhova for trusting me to be part of their crazy experiment in revolutionising Higher Education in Ukraine. To my students, whose boundless energy and enthusiasm during wartime never fails to amaze me. To Khrystyna Petrynka, Yaroslava Ihnatenko, Mykyta Yarhutov and Bohdana Bakai for assisting me with my empirical work.

In Armenia, I want to thank Anna Khvorostiankina for keeping me connected to the country through her projects. The summer schools which we co-organised for three years were hugely important for my professional growth, but most importantly a lot of fun. Sona Baldrian, for her invaluable advice and assistance in the daunting task of studying the Armenian oligarchy, and the even more daunting task of using the website of the Armenian Customs and Revenue Service. In Moldova, Kateřina Fuksová, for teaching me that walking can be a methodology, and for convincing me not to quit the PhD at the beginning of the Russian invasion.

To my amazing language teachers, Svitlana Nemirovska, Ketevan Pruidze, Gayane Gevorgyan and Mary Antukh. To Kateryna Zarembo, who advised me to do my Erasmus exchange at the Kyiv-Mohyla Academy. To my friends in the Mohyla dorm, especially Sasha and Maryna Radziievska, with whom I practiced Ukrainian over cards, cooking varenyky and crushing cockroaches. To Michael Feit, who trusted me to work as a humanitarian field officer in Ukraine after the invasion with zero prior experience. To Liza Vorobiova, for constantly supporting me despite my insufferable self-pity in the final months of the PhD, and reminding me to enjoy life, travel and eat good food.

There are several scholars who I have not had the opportunity to meet in person, but wish to thank them for their excellent contributions which were essential to my research. Ia Eradze, Salome Topuria and Tato Khundadze for their path-breaking work on Georgia's political economy. Oleksandr Kravchuk, a brilliant Ukrainian heterodox economist, who tragically passed away in 2023.

Finally, I want to thank my unwaveringly supportive and loving parents, Mandy and Kevin. On the first day of my Bachelor's degree, you told me that if I couldn't do it and needed to come home, you would always be there for me. Few children receive such a feeling of unconditional love, and I am eternally grateful.

INTRODUCTION

“We cannot sign the free trade agreement [with the EU] and increase the gas and electricity prices three-fold. If it turns out that cognac does not meet the European standards, we would not grow grapes, and so on. Is this what you want?... Russia sells 30 percent cheaper oil products to the Customs Union member states. What should we do now? Say no, we will pay more and join the association program? The Czech Republic pays twice as much to Gazprom for 1,000 cubic meters. We export aluminum, copper and molybdenum concentrate to Europe. No matter what other agreement we sign, they will gladly accept that concentrate. I do not think that we would be able to sell even 150 bottles of cognac per annum in Europe in the future, whereas we sell 150 million bottles of cognac in Russia. We are organically tied to the economy of the CIS countries; this is the reason for going to the Eurasian Union. We clearly understand that the economic relations in Europe are 20–30 years ahead, but what should we do, sign the FTA and increase poverty in the country?”

President of Armenia Serzh Sargsyan, 2014 ([Ter-Matevosyan et al. 2017](#))

This leaked quotation from Armenia’s former president is not a usual catchy opening for a doctoral dissertation. It is repetitive, meandering, perhaps even rambling. Yet both the tone and content capture the anxiety of heads of states caught between the EU and Russia. Sargsyan was talking to representatives of the Armenian diaspora, trying to explain his decision to suddenly abandon signing an Association Agreement with the EU, and committing to join the Russia-led Eurasian Economic Union. In justifying the decision, he expressed four interconnected anxieties:

1. The EU’s long term economic prospects are better than Russia and its allies, but...
2. The EU is only interested in Armenia's raw materials, while Russia buys high value-added goods
3. Closer ties to the EU will lead to retaliation by Russia (energy price hikes)
4. The short-medium term benefits of increased cooperation with the EU will not outweigh the hardship caused by Russian retaliation

Underlying all four is the same concern: since 2009, developing economic and political ties with both the EU and Russia simultaneously was becoming increasingly untenable. Since independence, the defining geopolitical strategy of Armenian, Georgian, Moldovan and Ukrainian leaders can be termed *strategic hedging*: maintaining cooperation with both the EU and Russia, *even if* the incumbent publicly proclaimed a preference for closer integration with one or the other. Such strategies reflect recent scholarship on how Global South countries use multipolarity to their advantage. Latin American countries have used the rise of China as an economic power to win selective benefits from both China and the US ([Baumann 2024](#)). ASEAN countries have also engaged in *strategic hedging*, balancing security alliances with the US and economic ties (most importantly infrastructure investments) with China, while seeking to preserve their autonomy ([Jiang 2025](#)).

However, for those countries situated between the EU and Russia, we see the opposite tendency: countries declaring a single-vector of integration and cooperation with one power, and confrontation with the rival power. Georgia in 2008, Ukraine in 2014 and Moldova in 2020 exited Russia-led cooperation formats, repudiated political ties with Russia and eventually enshrined the goal of EU memberships in their constitutions ([Rainsford 2024](#)). Only Armenia has maintained *strategic hedging*, but at a heavy price. The empirical puzzle of this dissertation is thus two-fold: why did Georgia, Moldova and Ukraine abandon *strategic hedging*, while Armenia did not? And why did they decide to throw in their lot with the EU?

I. Background

a) Empirical Puzzle

In 1991, the Russian Federation was overwhelmingly the main export market, energy supplier, cultural hegemon and destination for labour migrants for all four countries, not to mention their former coloniser. Amid the economic and political devastation of the early 1990s, if leaders of newly independent states can be described as having an economic strategy, it could be summed up as follows: behave like a gas-rich nation despite being gas-poor ([Wolczuk 2016](#)). Below market-price Russian gas allowed Armenian, Georgian, Moldovan and Ukrainian citizens to heat their homes, and sustained those Soviet industries which had survived the initial economic collapse. With this economic lifeline, politicians and

oligarchs could focus on carving up the wreckage of the Soviet economy and carving out a future for their patronage networks ([Bojcun 2020](#)).

This strategy relied on Moscow's willingness to play the game. As a result, all four countries maintained close ties. However, a process of opening to the West was slowly underway. Western capital began to enter the newly independent states, and emerging businesses looked West for their export markets. The first "experts" arrived to advise governments on how to build democracy and a market economy. Labour migrants began to choose Munich and Milan over Moscow ([Chkhikvadze 2025](#)).

Unlike the post-communist countries which joined the EU in 2004 (Czechia, Estonia, Hungary, Latvia, Lithuania, Slovenia, Slovakia) and 2008 (Bulgaria and Romania), our cases did not immediately declare their desire to join the EU and engage wholeheartedly in the integration process. There is already much scholarship exploring why, with explanations ranging from historical legacies, ambivalence towards Soviet colonisation, proximity to the EU and the willingness of the EU to offer a membership perspective ([Wolczuk 2004](#); [Kubicek 2005](#)).

Instead, as political power began to consolidate, leaders opted for *strategic hedging*. There were several scope conditions in this period which made this the most viable option:

1. The EU did not express interest in integrating Armenia, Georgia, Moldova or Ukraine, but was willing to offer loose cooperation formats
2. Russia under Yeltsin was not hostile to these countries' developing ties with the EU
3. Dependence on Russia energy imports and access to the Russian market

Crucially (and often neglected in the literature), *strategic hedging* was not incompatible with the emergence of political forces which positioned themselves explicitly as advocating closer ties to either Russia or the EU. Much emphasis has been put on this polarization in the literature, especially in Moldova and Ukraine, where geopolitical cleavages are often mapped onto ethno-linguistic divides ([Zimmerman 1998](#); [D'Anieri 2015](#); [Arel 2017](#); [Knott 2025](#)). While these cleavages are important, and will be discussed in detail in the empirical chapters, what matters for our analysis is that for most of the 90s and 2000s, parties which declared a geopolitical vector nevertheless adopted *strategic hedging*. Thus after the 2004 Orange Revolution in Ukraine and the 2009 Revolution in Moldova, incumbents who publicly asserted their pro-EU integration stances nevertheless worked to maintain cooperation with

Russia, such as Ukrainian PM Tymoshenko's resolution of the 2009 gas crisis through negotiating a deal very favourable to Moscow ([Auyezov 2011](#)). Similarly, Ukraine's Viktor Yanukovich and Armenia's Serzh Sargsyan negotiated agreements with the EU including far-reaching economic integration and political conditionality, despite positioning themselves as closer to Russia ([Khvorostiankina 2018](#)).

Yet by the late 2000s, *strategic hedging* was increasingly on the wane. As early as 2004, Georgian President Saakashvili declared the goal of EU membership, and relations with Russia became increasingly strained. With the 2008 Russo-Georgian War, Georgia became the first to repudiate political ties with Russia formally withdrawing from the Commonwealth of Independent States in 2009, and facing severe trade restrictions.¹ Ukraine has exponentially cut ties with Russia since the annexation of Crimea and military intervention in the Donbass in 2014, culminating in Russia's full-scale invasion in February 2022. Moldova, having long oscillated between pro-EU and Russian-friendly ruling parties but generally maintaining *strategic hedging*, took a hard anti-Russian turn since the election of Maia Sandu in 2020 and even more so since the Russian invasion of Ukraine. As of 2025, Armenia is the only post-Soviet country maintaining deep economic and political ties with both the EU and Russia. Armenia has been a member of the Eurasian Economic Union since 2015, while simultaneously implementing a Comprehensive and Enhanced Partnership Agreement with the European Union, involving substantial adoption of the EU acquis. However, they have paid a heavy price, as Russia revoked its security guarantees, resulting in a devastating defeat in the 2020 Nagorno-Karabakh War with Azerbaijan and leaving Armenia extremely vulnerable in a volatile region.

¹ While the incumbent "Georgian Dream" government has attempted to normalise relations with Russia, formal political cooperation remains limited.

Figure 1. Cumulative Trade Restrictions Imposed by the Russian Federation (2001-2021)



Thus the empirical puzzle underlying this dissertation is the following: why did three countries (Georgia, Moldova and Ukraine) abandon *strategic hedging* and adopt a *single-vector* policy within a similar timeframe, while Armenia did not?

This thesis contends that adopting a *single-vector* policy required the emergence of specific economic and political actors with a preference for EU integration, and the ability to convince a sufficient section of the electorate that the hardship caused by reducing dependency on Russia and retaliation from the Kremlin was worth enduring. We use the concept of *social blocs* ([Amable and Palombarini 2008](#)) to capture the relation between the macroeconomy, coalitions of economic and political actors and their preferences, and foreign policy, and trace the emergence of new *dominant social blocs* capable of changing the foreign policy paradigm. Structural transformation of the macroeconomy is thus our main endogenous variable.

This analysis does not exclude international relations explanations entirely. The regional integration efforts of the EU and Russia since 2009 did indeed unleash self-reinforcing

dynamics which made *strategic hedging* increasingly untenable. Russian invasions in 2008, 2014 and 2022 undoubtedly accelerated the pace of realignment. However, we argue that excessive focus on decisions taken in Brussels and Moscow cannot explain the dramatic transformations taking place at the domestic level which made an outcome which seemed beyond the realm of imagination in 1991 a reality by 2020. Russian interventions were designed to threaten and destabilise neighbouring countries precisely so that they would *not* pivot towards the EU. The fact that they had the opposite effect to what the Kremlin intended certainly cannot be attributed to unwavering EU support for these countries, which was clearly lacking before 2022. The explanation must thus be sought at the level of internal dynamics. We also argue that since *hybrid regimes* are characterised by high levels of state capture, IR theories which attribute states with distinct interests and see foreign policy as the pursuit of these interests tend to be insufficient. The interests and goals of *hybrid regimes* on the international stage are subject to negotiation and constant renegotiation at the domestic level. This dissertation thus focuses on events in Chisinau, Kyiv, Tbilisi and Yerevan, and at the sub-national level, where actors in Dnipro, Mariupol, Comrat, Tiraspol, Rustavi and Gyumri often unknowingly set events in motion that would change their nations forever, and in some cases tear them apart.

b) State of the Art

Given that this dissertation examines how shifting domestic considerations drive foreign policy outcomes, it necessarily intertwines literature on geopolitics and literature on *hybrid regimes* - the type of political regime which characterises our cases.

The closest attempts to conceptualise the relationship between domestic structural factors and geopolitical alignment in recent years come from Dubrovskiy et al. ([Dubrovskiy et al. 2024](#)) and Ishchenko ([Ishchenko 2024](#)) who both focus on Ukraine.

Dubrovskiy et al. deploy the related concept of *Limited Access Orders (LAOs)* and *Open Access Orders (OAOs)*, first proposed by ([North et al. 2007](#)). In this framework, upper-income, advanced industrial countries with competitive markets and democratic political systems have a particular equilibrium, which can be termed an OAO. However, middle and lower income countries tend to have a completely different equilibrium. In LAOs, the state lacks a secure monopoly on violence, and society organizes itself to control violence

among the elite factions. Economic rents are divided up by political elites, which disincentivises violence (most of the time) as the disruption would reduce rents. Maintaining these rents requires *limiting* competition, thus giving the social order a different logic of action to OAOs ([North et al. 2007](#)). Dubrovskiy et al. ([Dubrovskiy et al. 2024](#)) frame the history of independent Ukraine as a struggle between the beneficiaries of the Limited Access Order and those who would prefer an Open Access Order. The former group consists of patronage networks comprising oligarchs, corrupt state officials and politicians. The latter group is weakly defined², consisting of Small and Medium Enterprises excluded by the LAO, businesses which rely on innovation rather than rents such as in the IT sector, the urban middle class and Western funded NGOs. In terms of geopolitics, supporters of the OAO favour EU integration, as the concomitant reforms will reduce rent seeking and improve the Rule of Law and business environment, including access to FDI. Supporters of the LAO fear that EU integration threatens their access to rents. Russia is an attractive partner for these actors in the sense that Rule of Law conditionality is absent and opportunities for transnational rent seeking abound.

Ishchenko ([Ishchenko 2024](#)) offers a not too dissimilar theory but with a dramatically different emphasis. In this version Ukrainian and post-Soviet politics is characterised by a conflict between *political capitalists* - oligarchs who exploit political office profit-seeking, and therefore favour protectionism and the preservation of the post-Soviet industrial model, and an increasingly powerful *comprador*³ alliance representing transnational capital and hence favouring trade openness ([Ishchenko 2024, 99](#)). In a similar vein, Drahekoupil ([2008](#)) characterised the winners of post-communist transition in CEE as a “*comprador* service sector”⁴.

Whereas Drahekoupil argues that in CEE, the “comprador service sector” was able to build a hegemonic project which he calls the “competition state” ([Drahekoupil 2008, 364](#)),

² The authors are open that their book is intended to open avenues for future research rather than to provide an empirically driven analysis of the processes they outline.

³ Especially in Marxist and dependency theory traditions, a *comprador* refers to a member of a local elite in a developing country who collaborates with foreign capital and serves the interests of external powers rather than fostering autonomous national development.

⁴ According to Drahekoupil ([2008, 366](#)), “the comprador service sector comprises various groups providing service for foreign investors. It includes local branches of global consulting and legal advisory firms and their local competitors, companies providing other services to foreign investors, and officials from FDI-related state bodies. This group is comprador as it is structurally dependent on transnational capital, whose interests it represents.” He identified American, European and British Chambers of Commerce in Hungary, Poland, and Czechia as the “core of the comprador service sector”.

Ishchenko characterises post-Soviet states as lacking hegemony in the Gramscian sense. Thus, while revolutions may have overthrown corrupt post-Soviet regimes (such as in Georgia in 2003 and Ukraine in 2014), these are “deficient revolutions”. The eclectic alliance of “the oligarchic opposition, the NGOs, the far right and Washington-Brussels” ([Ishchenko 2024, 123](#)) struggle to truly change property and power relations beyond redistribution between elite groups and fail to build broad support, and thus also fail to achieve hegemony.

Thus Dubrovsky *et. al* and Ishchenko approach a similar question to this dissertation from two different ideological perspectives. The former are rather unapologetic supporters of the aims of the Maidan Revolution, and their book attempts to show that despite many setbacks, the revolution nevertheless *may* have put Ukraine on the path to an Open Access Order. Ishchenko meanwhile is deeply critical of the Maidan Revolution and the post-2014 nation-building project. He lays a heavy portion of blame for the Russian invasion on Ukrainian elites (for escalating hostility towards Russia and refusing to implement the Minsk Agreements) and the West (for enabling or tolerating this confrontational approach).

This dissertation offers three important contributions to this debate. Firstly, it offers an empirically driven comparative analysis of the relationship between domestic transformation and geopolitics across four country cases (while Dubrovskiy *et al*, and Ishchenko focus on Ukraine, and generally do not analyse macroeconomic data). Secondly, it offers a theoretical framework combining hybrid regime theory and *social blocs* which is better calibrated to explore the research question. Thirdly, our approach eschews normative frames, embracing neither a “Euro-positivist” teleology (wherein European integration is an inevitable and necessarily modernising process for our cases) nor a Marxist approach (wherein European integration is a process of primitive accumulation by the transnational capitalist class, and its supporters in Armenia, Georgia, Moldova and Ukraine are a *comprador* class).

As a result, we position ourselves closer to scholars such as Julia Langbein, who stressed the ambiguous impact of what she calls the EU’s “transnational integration regime” based on the constellation of domestic actors ([Langbein 2016; 2020; Langbein et al. 2021; 2022; 2024; Bruszt and Langbein 2020](#)). The works of Laure Delcour, Rilke Dragneva and Kataryna Wolczuk strongly influenced our conceptualisation of EU and Russian linkage and leverage outlined in chapter 2 ([Dragneva and Wolczuk 2015a; 2016; Delcour and Wolczuk 2015b; Dragneva et al. 2018; Delcour 2014; 2018a; 2018b; Delcour and Ghazaryan 2021](#)). The 2016 special issue of *Eurasian Geography and Economics* entitled “Beyond Geopolitics: The

Impact of the EU and Russia in the “Contested Neighborhood” ([Ademmer et al. 2016](#)) also shaped our research agenda. The main difference of approach is that we do not position ourselves as studying the impact or influence of the EU or Russia, but rather domestic transformation and *social blocs*.

c) Theoretical Foundations

Hall (1997) has emphasised that explanations in political economy can be divided into those based on interests, institutions and ideas. Ideas-based explanations feature the least in this dissertation, due to the observable ideological thinness of politics in the countries under study. Andrew Wilson has used the term “virtual politics” to describe how political parties are conjured from nothing by oligarchs to capture votes, and the army of “political technologists” and politicians for hire who facilitate this ([Wilson 2005](#)). Oksana Huss ([Huss 2016](#)) describes the “perpetual cycle of political corruption” through which votes secure political power through control of public office which is then converted back into financial power through preferential treatment of business, only to be “reinvested” in the next election cycle.

While geopolitical cleavages have intensified over the period under study, these only loosely translate into ideas. Parties carrying the banner of European integration range from left-populist to neoliberal, conservative and far-right⁵, but in many cases they are personality or issue-driven and thus hard to categorise. Russia-aligned parties have tended to present themselves as mixing social democracy and social conservatism and opposing IMF-driven austerity, but frequently adopt neoliberal policies and cooperate with IFIs when in power. “Social democratic” in this context means little more than promising to raise pensions and freeze household energy prices. Many of the key figures in this dissertation have switched their geopolitical and ideological positions strategically at one or several moments⁶.

⁵ Yuliia Tymoshenko’s various parties (“Tymoshenko Bloc and Fatherland”) can be described as mixing left-populism with social conservatism. Svoboda in Ukraine is a far-right party supporting European Integration. The Petro Poroshenko Bloc possibly qualifies as centre right. Many important parties which appear in this dissertation are hard to characterise. David Smith has described the Party of Action and Solidarity as a “coalition of the fed up” containing social-democratic, neoliberal and other elements united by the goal of European integration and hatred of existing elites. He claims that the party almost split in late 2021 amid these internal differences ([Smith 2025](#)). Nikol Pashinyan’s “Civil Contract” party is also hard to define ideologically. The Georgian Dream has at times been described as social-democratic, yet this only holds up in comparison to the market-radicalism of their predecessors, the UNM.

⁶ Notable examples are Moldova’s third president Vladimir Voronin, who switched from a staunchly pro-Russian alignment to a promoting European integration and then back again, and Ukraine’s third president Petro Poroshenko, who positioned himself as a champion of Ukrainian nationalism using the campaign slogan “Army, Faith, Language” in the 2019 elections, despite having been a Russian speaker and Minister under President Yanukovich.

As a result, our theoretical framework focuses on the interplay between institutions and interests as the carriers of ideas. However, we deviate from the literature on historical institutionalism in advanced capitalist democracies. Bohle and Greskovits have noted that institution-based explanations are of questionable value in Central and Eastern Europe where institutions were heavily shaped by transnational actors, as their economies became exposed to global and European influences before new domestic institutions formed ([Bohle and Greskovits 2009](#)). We would go a step further for our cases, following Hale's ([2014](#)) argument that institutions have a very different logic in hybrid regimes.

While in advanced capitalist countries institutions define the distribution of resources, and reflect compromises between groups with diverse interests over time which create path dependencies ([Thelen 2012](#)), in hybrid regimes institutions do not define but merely signal the distribution of resources. The ability of a patron to win elections or control courts signals to the rest of the elite that the distribution of resources is in that patron's favour. This often creates a self-fulfilling prophecy, as the perception that a given patron is the most powerful causes elites to seek accommodation, since their ability to punish and reward is deemed credible ([Hale 2014](#)). At the same time, the perception of weakness (especially around election time) can cause defections and undermine the patron's ability to reward and punish. Thus institutions reflect rather than contain or channel interests to a greater extent than in advanced capitalist societies.

While key decisions (such as constitutional design or the nature of land privatisation) may create institutional barriers requiring substantial collective action to overcome, the frequency with which all four of our cases have amended their constitutions since 1991 indicates that these rarely constitute lockins ([Fruhstorfer 2017](#)). Both turning points (elections, revolutions, economic and political crises) and the structural transformation of the economy may alter the balance of power and thus allow rapid institutional change.

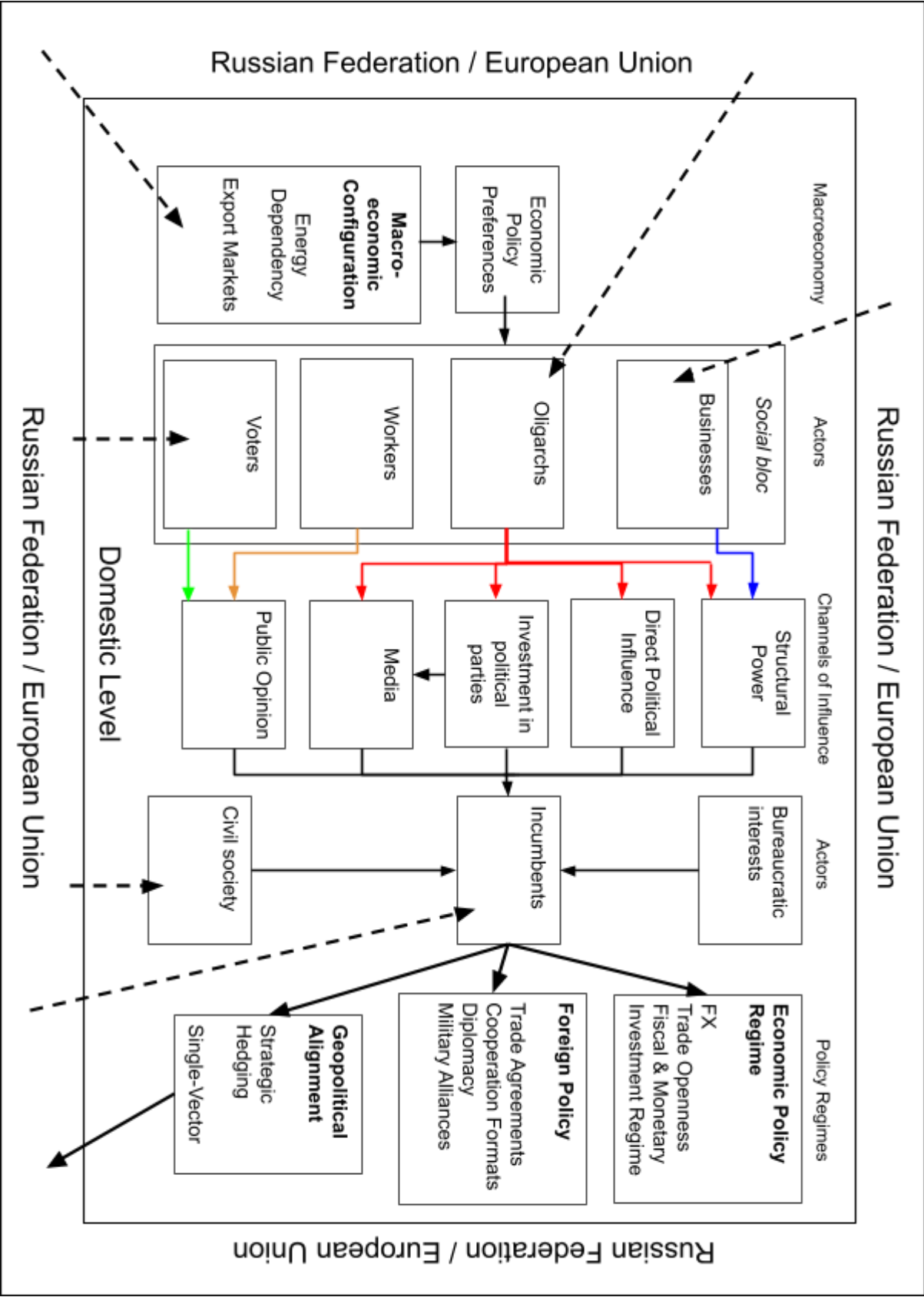
This dissertation is thus more of a study of ruptures than continuity. If Georgia, Moldova and Ukraine do remain on their single vector course, this is unlikely to be the result of building institutions which reinforce this course. As in Aldo Madariaga's ([Madariaga 2020](#)) work on the resilience of neoliberalism in Latin America and East-Central Europe, resilience of a single vector in our cases is more likely to be the result of specific actors struggling to maintain this as "the institutionalised framework of state policies" ([Connell and Dados 2014](#)).

The recent experience of Georgia⁷ suggests that when key actors no longer struggle to maintain a pro-EU vector, the institutions built to maintain it suddenly prove threadbare.

As a result, interest-based explanations play a core role in our theoretical framework. This does not mean that interests clearly translate into policy preferences which are then transformed into actual policy. Such types of explanations have been criticised by Geddes ([Geddes 1994](#)) and Mahoney ([Mahoney 2005](#)) among others. What it means is that the balance of political and economic power of different groups is our primary explanatory variable. While works on the role of domestic coalitions in the formation of foreign policy such as by Gourevitch ([Gourevitch 1989](#)) inform our work, we adapt our theoretical framework to the peculiar role of interests in hybrid regimes. Since hybrid regimes are defined by the predominance of patronage networks based on chains of actual acquaintance, rather than impersonal interest groups like unions, sectoral alliances or religious organisations, invoking concepts such as “business” or “labour” is rarely suitable. Instead, we use the concept of *social blocs* ([Amable and Palombarini 2008](#)) to describe the heterogeneous, hierarchical groupings of sections of the oligarchy, political forces and parts of the electorate through which diverse interests lead to (often unintended) policy change.

⁷ And perhaps Serbia, although this is a question for a subject matter expert on the Western Balkans.

Figure 2. Domestic and External Influence on Policy Formation



(Author's Elaboration)

Figure 2 outlines the core theoretical proposition of the dissertation. We contend that in each of our cases, the macroeconomic configuration endows different sectors with different preferences. For instance, oligarchs in the gas and industrial sectors have a stronger preference for cheap energy inputs and an overvalued exchange rate than agriculture or services (see Chapter 1). *Social blocs* - heterogenous and hierarchical groupings of oligarchs, parties, businesses, workers and voters - are formed based on these broadly shared preferences. Each group within the *social bloc* can exert pressure on incumbents through various channels. Businesses and oligarchs have structural and instrumental power ([Fairfield 2015](#)). Structural power reflects the systemic dependence of the state on key economic actors, causing politicians to self-discipline. Instrumental power involves mobilisation of resources for political purposes, such as lobbying, funding political parties and media outlets and illegal activities such as bribery, intimidation and paid protests. Workers can engage in protest and strike actions, while voters' role is most crucial in election times. Incumbents (who also face civil society as an organised interest) balance this pressure with their own interests (staying in office, accessing patronage) and bureaucratic interests. Finally, external powers exert influence on several elements of this process. As major trade partners and energy suppliers, Russia and the EU play a role in constituting macroeconomic preferences. They also exert direct influence on incumbents through diplomacy and various instruments of leverage (see Chapter 2). The EU in particular heavily finances Civil Society Organisations, while Russia supports friendly oligarchs with financing and its state-controlled media and disinformation campaigns. The end result is both a domestic and foreign policy framework which in part represents the interests of the most powerful *social bloc*. In Chapter 1 we identify two ideal-type policy regimes (the “cheap inputs” regime and the “cheap exports regime”) which are favoured by opposing *social blocs* within our cases. These domestic policy regimes are intertwined with the foreign policy regime: *strategic hedging* versus *single-vector*.

II Research Questions and Contributions

This dissertation explores two related research goals:

1. Why do post-Soviet countries abandon strategic hedging, while others do not?
2. Why do they opt for a pro-EU alignment?

Within these two goals are a series of research questions. *What exogenous factors made strategic hedging less viable from the late 2000s? What constellation of domestic economic and political actors emerged for this shift to occur? What explains the relative endurance of the single-vector foreign policy paradigm in some cases, but not in others?*

This approach attempts to bridge several gaps in existing scholarship. Firstly, it focuses on the domestic structural transformation as the agent of transformation, rather than granting agency mostly to the EU and Russia. While there is a body of scholarship on domestic transformation and foreign policy shifts regarding Ukraine, this topic is underexplored for Armenia, Georgia and Moldova, at least as far as empirically driven studies are concerned⁸. We aim to shed light on these cases not for the sake of filling gaps in existing knowledge, but to offer a comparative perspective which should be more generalisable than single case studies.

The relative dearth of scholarship on domestic structural transformation in Armenia, Georgia, Moldova and Ukraine is partly due to the challenge of data collection: reliable sectoral data is much less available than for advanced economies. Yet it is also a matter of epistemic communities. Until recently, it was relatively rare for regional studies scholars from the West to learn any local language besides Russian⁹. This led to a tendency towards reading sources in English and Russian, which necessarily pushed the analytical focus onto the actions of the EU and Russia, at the expense of local dynamics. Secondly, researchers who went out into the field tended to quickly encounter particular *epistemic communities* ([Mendelski 2016](#)), such as people employed in the professionalised NGO sector funded by Western grants. Such epistemic communities have a tendency to stress the centrality of external actors, both out of personal conviction but also Western expediency. For instance, once EU integration is embraced as a policy goal, NGOs frequently frame criticism of government policy as a failure to meet commitments under agreements with the EU or IMF. Thus, when speaking to a Western researcher, they frequently stress the power of the EU in their domestic politics, as they perceive that the censure of EU actors empowers their attempts to change government policy. Equally, during interviews, politicians and civil servants in these countries tend to

⁸ Important exceptions are [Topuria and Khundadze \(2022\)](#), [Eradze \(2024\)](#) (for Georgia), [Langbein et al. \(2022\)](#) (for Georgia and Moldova).

⁹ The situation is changing at least as far as the Ukrainian language is concerned. As of 2025, Germany has the most universities offering classes in Ukrainian as a foreign language (Humboldt University of Berlin, University of Leipzig, Ukrainian Free University, University of Giessen, Europa-Universität Viadrina in Frankfurt, Ludwig Maximilian University of Munich, University of Tübingen and University of Greifswald) ([Inalco 2025](#)).

stress the importance of commitments to the EU and their responsiveness to signals from Brussels; yet in many cases this may not portray their real concerns.

In addition, there is a preference for ideational analysis and identity studies in Eastern European, Caucasian and Central Asian regional studies. This is most noticeable in Ukrainian studies, where the most popular North American conference for Ukrainian studies scholars is the “Association for the Study of Nationalities”. This reflects the role of the Ukrainian diaspora in the formation of Ukrainian studies in the West, who tended to be deeply anti-Soviet and focused on identity over materialism¹⁰. There is also a dearth of political economy scholarship within the region, as political economy is frequently associated with Soviet Marxist scholarship¹¹ and thus viewed as outdated. Compared to Latin American studies for instance, which has a long and enduring tradition of political economy, dependency theory, material and class analysis, this sub-field is underdeveloped in post-Soviet studies. As a result, studies that focus on domestic factors lean towards identity based explanations, leading to a large body of research on the polarization of Moldovan, Ukrainian and Georgian societies into “pro-Russian” versus “pro-EU” voters and parties. This research is valuable, but needs to be connected to broader structural transformation and political economy explanations to explain the abandonment of *strategic hedging*.

Secondly, we challenge the existing scholarship on post-Soviet oligarchs, which tends to portray them as responding to political events with wealth defense strategies rather than playing a leading role in events ([Pleines 2009](#), [Dalton 2023](#)). We argue that oligarchs are central pillars of dominant social blocs, whether or not these favour strategic hedging or a single vector policy. While there is rarely a clear translation of interests into policy on the part of oligarchs, their actions nonetheless play a key (if often inadvertent) role in geopolitical realignment. While the crucial role of defecting oligarchs in most post-Soviet Colour Revolutions is well studied ([Pleines 2020](#)) and certainly an important phenomenon, this dissertation is more focused on the role of oligarchs in the formation of *dominant social blocs*. Empirically, this involves using novel approaches to studying structural transformation, by triangulating macroeconomic and trade data with proxies for oligarch ownership shares, such as taxpayer and beneficial owner registries.

¹⁰ At the ASN conference 2025, only 2 out of 125 panels were concerned with political economy or class issues. At the RUTA Conference 2025 (the largest international academic conference held in Ukraine during the full-scale invasion), only 3 out of over 40 panels touched on political economy.

¹¹ At a reception in Bishkek, the author of this dissertation told a Professor of History at the Kyrgyz National University that they are a PhD candidate in Political Economy. The professor smiled and said: “Wow, *politekonomika*, I haven’t heard of it since the Soviet Union!”.

This dissertation provides specific contributions to the literature on multipolarity and geoeconomics in three ways: a focus on the political economy determinants of geopolitical alignment; broadening the scope to non-advanced economies and specifically hybrid regimes; and exploring heterogeneous approaches to managing multipolarity between and within regions.

Firstly, the literature on multipolarity, geopolitical and geoeconomic rivalry primarily focuses on the most powerful states (the US, EU, Russia and China). Those contributions which do focus on smaller states tend to put international relations theories front and centre. Global International Relations (GIR) scholarship has attempted to move beyond Classical Realism's prioritization of national interests defined largely in terms of survival and relative power, by including historical context and unit-level variables ([Cerioli 2025](#)). Nevertheless, these approaches focus on the decisions or responses of classic foreign policy actors to the international system, neglecting the constant evolution of foreign policy preferences in new and highly volatile post-Soviet states. International Political Economy (IPE) has in recent years expanded to incorporate peripheral and semi-peripheral economies ([Stockhammer 2023](#)), and there has been a revival in scholarship on dependency theory. Recent scholarship on Latin America mirrors this dissertation in its efforts to examine competition between *social blocs* on countries' development strategies ([Madariaga 2020](#); [Sierra 2022](#)). However, there is much more to be done to explore the link between these competing *social blocs* and these countries' geopolitical alignment.

Regarding the second contribution (broadening the scope to non-advanced economies and specifically hybrid regimes), this is consequential because in the 21st century around 25-35% of all countries may be classified as hybrid regimes in any given year.¹² While there has been

¹² Hale ([2014](#)) estimated that in 2008, 32% of countries were hybrid regimes. According to Freedom House's methodology, in 2025 out of 208 countries and territories assessed, 67 countries were considered "Not Free", 55 as "Partially Free" (26.5%) and 86 as "Free". The "Partly Free" category may be taken as a rough proxy for the number of hybrid regimes. However, given the tendency of hybrid regimes to oscillate between "dominant power politics" and "feckless pluralism" ([Carothers 2002](#)), some countries may be classified as "Free" or "Not Free" in a given year, while retaining the key attributes of hybrid regimes.

According to V-Dem democracy indices, in 2008 out of a total of 177 countries 36 (20%) were classified as "liberal democracy", 55 (31%) as "electoral democracy", 19 (11%) as "democratic grey zone", 10 (6%) as "autocratic grey zone", 38 (21%) as "electoral autocracy" and 19 (11%) as "closed autocracy". In 2023, out of 179 countries, 32 (18%) were classed as "liberal democracy", 46 (26%) as

increasing interest in recent years, hybrid regimes are much less studied than consolidated democratic and authoritarian regimes, especially in the realm of foreign policy formation. This is a problem, because as this dissertation argues, foreign policy formation in hybrid regimes works very differently to both democratic and authoritarian regimes. Democratic regimes possess relatively stable institutions which allow the preferences of the *dominant social bloc* to be expressed ([Baccaro and Pontusson 2019](#)), while in autocracies foreign policy preferences are shaped by the interests of the ruling regime or autocrat and the necessity to preserve the regime. Hybrid regimes tend to lack either stable institutions or sufficiently powerful incumbents to express foreign policy preferences ([Hale 2014](#)). As a result, foreign policy preferences and geopolitical alignment are subject to constant renegotiation based on the relative power of competing social blocs.

Finally, the third contribution (exploring heterogeneous responses to multipolarity) matters because existing scholarship on the emergence of a more multipolar world order tends to stress *strategic hedging* as the most common response. Scholarship on Latin America and the ASEAN countries suggests countries at the forefront of US-China rivalry tend to adopt *strategic hedging* ([Baumann 2024](#); [Jiang 2025](#)). This dissertation shows that for countries faced with EU-Russia rivalry, the opposite tendency is visible. Furthermore we show how such a countervailing tendency is rooted in both the specific nature of EU-Russia rivalry, and in deep structural transformations occurring in these countries. We thereby substantially expand scholarship on multipolarity, and showcase its heterogeneity.

III Methodology

a) Research design

This dissertation approaches the research question through a small-N study drawing on the tradition of historical comparative analysis ([Skocpol and Somers 1980](#)). It combines comparative and within-case methods to sharpen the determination of causality ([Mahoney and Rueschemeyer 2003](#)). While not adhering strictly to Mill's method of difference, choosing relatively similar cases allows us to reduce the number of rival hypotheses, and

"electoral democracy", 13 (7%) as "democratic grey zone", 5 (3%) as "autocratic grey zone", 50 (28%) as "electoral autocracy" and 33 (18%) as "closed autocracy."

isolate necessary and sufficient conditions. Meanwhile, using within-case methods enables us to uncover the causal mechanisms which affect our dependent variable (the abandonment of *strategic hedging*). However, we do not engage in formal process tracing.

Table 1 highlights the four main scope conditions which we are able to partially control for using our comparative analysis (with more detail in the case study section). Broadly put, all four cases are hybrid regimes, where polls show polarisation in support for integration with the EU versus Russia, choosing between two mutually exclusive cooperation formats (EU Association and the Eurasian Economic Union) and with multiple overlapping energy, economic and security dependencies on Russia and the EU. Thus the two main explanatory variables in the dissertation are external pressure and the international system (as favoured in the IR literature) and domestic *social blocs* (the focus of the dissertation).

Table 1. Simple Comparative Case Study Table

	Armenia	Georgia	Moldova	Ukraine
SC ₁ : Hybrid Regimes	✓	✓	✓	✓
SC ₂ : Pro-EU/Russia sentiments	✓	✓	✓	✓
SC ₃ : Mutually Exclusive Cooperation Formats	✓	✓	✓	✓
SC ₄ : Econ, Energy, Security Dependencies	✓	✓	✓	✓
IV ₁ : External Pressure	✓	✓	✓	✓
IV ₂ : Single-Vector Domestic <i>Social Blocs</i>	✗	✓	✓	✓
DV: Abandon Strategic Hedging	✗	✓	✓	✓

Comparative studies of post-Soviet states are frequently justified by their shared history of Soviet colonisation and the simultaneous collapse of the command economy and exposure to the global economy and market forces. However, we are sceptical of such a framing. Firstly, Soviet colonisation did not eliminate the pre-existing differences between Soviet republics ([Brubaker 1994](#)). Secondly the experience of both Soviet colonisation and subsequent market exposure were divergent across countries. According to Kataryna Wolczuk ([Adamski 2022](#)), if there is such a thing as “post-Sovietness” today, it is limited to the shared experience of being considered by the Russian Federation as part of its “near abroad”, and (excluding the

three Baltic states) and high levels of informality. Thus our comparative study is rooted in more concrete features of our cases than “post-Sovietness”. We outline below (case selection) the specific structural features which our cases share.

b) Research methods and Operationalisation

This dissertation integrates three distinct but interlinked sources of evidence: the historical analytical narrative, data on oligarchic ownership and sectoral concentration, and macroeconomic indicators (export structure and distribution) and GDP growth decomposition. Triangulating these sources allows for both a granular, actor-centred account of elite strategies alongside a comparative assessment of structural transformation. The approach is grounded in the regulationist and neo-Gramscian conception of *social blocs* as historically specific alliances of class fractions, economic sectors, and political forces whose relative strength is rooted in the material structure of accumulation. The analytical narrative reconstructs the evolution of these blocs across the four cases, identifying critical junctures at which their internal cohesion and external alignments shifted. These turning points are then contextualised with evidence on the sectoral bases of oligarchic wealth, derived from state registers, media and NGO investigations, and specialist datasets, enabling the identification of the productive, rentier, and speculative sectors underpinning bloc formation. Finally, national accounts and trade data are used to measure the changing contribution of key macro-sectors to GDP growth, and to map the geographical orientation of exports, providing a macro-level indicator of structural change that can be compared across time and cases.

The analytical narrative is developed through analysis of critical junctures from independence to the present, focusing on how bloc leaderships and rival elites navigated moments of acute uncertainty - constitutional crises, electoral ruptures, wars, and external shocks. We do not aim to give the reader a potted history of each case since independence - the narrative focuses on key moments of transformation and therefore may neglect certain events of high significance to the general history of that case. Special attention is paid to *strategic hedging* and its relationship with rent maximisation, balancing external pressures, and preserving domestic political flexibility. In line with regulationist concerns with the articulation between accumulation regimes and modes of regulation, the narrative examines how incumbents and challengers recalibrated foreign policy orientation, economic dependencies, and elite alliances in response to shifting constraints and opportunities, and how these moves reshaped

the configuration of social blocs. In each case, the analysis foregrounds the agency of specific leaders, oligarchs, and patronal networks, while situating their decisions within structural conditions such as energy dependencies, trade asymmetries, and institutional capacity. This combination of detailed historical reconstruction and sectoral-economic mapping provides the empirical foundation for assessing how structural transformation shapes and is shaped by the struggle for hegemony between competing *social blocs*. To strengthen the robustness of our analytical narrative and identify key events, we used the Beautiful Soup web-scraping package to scrape articles from local news media in each of our cases. Media was selected based on longevity (existing for all or most of the period of study) and being a widely read news source. However, this was not always possible due to metadata limitations and language¹³, and in many cases availability was prioritised. We also included the government press/news agency. The resulting data enabled us to identify key incidents, especially from earlier in the period which had not been well recorded in subsequent accounts.

¹³ For instance, the Russian language pages of Armenian news sites were scraped.

Table 2. Data Sources

Indicator	Country	Source(s)	Notes
Trade Restrictions	Am, Ge, Md, Ua	World Bank ITIP ¹⁴ , UNCTAD TRAINS ¹⁵	Supplemented with media reports
Export Growth Decomposition	Armenia	Armstat ¹⁶ , Customs and Revenue Service, Trade Map, World Bank	Goods exports data and UVIs were taken from national statistical services and TradeMap. Services export data and UVIs were taken from the World Bank and in some cases national statistical agencies.
	Georgia	Geostat ¹⁷ , Trade Map, World Bank	
	Moldova	BNSRM ¹⁸ , Trade Map, World Bank	
	Ukraine	<i>Derzhstat</i> ¹⁹ , Trade Map, World Bank	
Value-Added Growth Decomposition	Am, Md, Ge, Ua	World Bank	
Services	Am, Md, Ge, Ua	World Bank, National Statistical Agencies	Combines IMF, UNSD, Eurostat, UNCTAD, WTO and UN COMTRADE data
Basic Macro Data	Am, Md, Ge, Ua	IMF, World Bank	GDP, population, Balance of Payments
Opinion Polls	Armenia	CB ²⁰ , IRI ²¹	Limited coverage
	Georgia	CB, IRI	
	Moldova	IPP ²² , IRI	
	Ukraine	ISNANU ²³ , KIIS ²⁴ , IKDI ²⁵	
Web Scraping	Armenia	CivilNet, Azatutyun, Hetq, Armenpress	
	Georgia	Agenda.ge , Georgia Today, InterpressNews, Ekho Kavkaza, OC Media	

¹⁴ World Bank Integrated Trade Intelligence Portal (ITIP)

¹⁵ United Nations Conference on Trade and Development Trade Analysis and Information System (UNCTAD TRAINS)

¹⁶ State Statistical Service of the Republic of Armenia (Armstat)

¹⁷ National Statistics Office of Georgia (Geostat)

¹⁸ National Statistical Bureau of the Republic of Moldova (BNSRM)

¹⁹ State Statistical Service of Ukraine (*Derzhstat*)

²⁰ Caucasus Barometer (CB)

²¹ International Republican Institute (IRI)

²² Institute for Public Policy (IPP)

²³ Institute of Sociology of the National Academy of Sciences of Ukraine (ISNANU)

²⁴ Kyiv International Institute of Sociology (KIIS)

²⁵ Ilya Kucheriv Democratic Initiatives Foundation (IKDI)

	Moldova	Moldpres, Newsmaker.md , Agora.md , Radio Europa Libera Moldova	
	Ukraine	Ekonomichna Pravda, NV, Ukrinform, Suspilne Novini, 5th channel, 24th channel, TSN, Hromadske	Ukrainska Pravda and Strana.ua were initially selected, but proved unsuitable for scraping
Beneficial Ownership	Armenia	State Register of Legal Entities under the Ministry of Justice, RA Voter Register	Legal entities register since 2021, does not cover Joint Stock Companies (JSCs)

To estimate the strength of different actors within competing *social blocs*, we attempt to reconstruct the sectoral concentration of oligarchs based on available data. Our approach differs across cases due to varying data availability and are outlined in greater detail in the empirical chapters. The Post-Soviet Oligarch (PSO) database was used for initial identification, and provides more detailed information such as ownership for certain individuals ([Marandici 2024](#)). Chapter 6 on Armenia contains the most comprehensive assessment based on independent research due to the lack of existing assessments of the Armenian oligarchy and paucity of data. We triangulate three sources: the State Register of Legal Entities under the Ministry of Justice, the RA Voter Register and the State Fiscal Service list of highest taxpaying legal entities. The most comprehensive data is available for Ukraine, where several rankings of the wealthiest individuals were published with a degree of consistency prior to 2022 (Forbes Ukraine, *Fokus*, *Korrespondent*) and several authors have attempted systematic analyses ([Chernenko 2019](#); [Lough 2021](#); [Dalton 2023](#)). In Chapter 2 we supplemented existing sources with data from Opendatabot, a service which combines data from several state registries, to establish ownership and revenues of key companies. For Moldova and Georgia, state registers are of limited use in ascertaining beneficial ownership. For Chapter 4 on Moldova, media ownership is used as a proxy for the relative strength of oligarchs following a 2015 law requiring media owners to declare beneficial ownership, and we draw on recent work on Moldovan wealth elites by Marandici ([2024](#)). In Chapter 5 on Georgia, we rely on data from Transparency International Georgia among other sources, but argue that few domestic oligarchs emerged in the period of study - instead, Georgia's three main oligarchs acquired their fortunes in Russia. In all four cases, reports of investigative journalists, watchdogs and scholars are used to supplement the collected data.

Nevertheless, there are many issues with directly measuring oligarch's wealth. Firstly, since it is acknowledged in the literature that oligarchs go to great lengths to hide their wealth through complex ownership structures and offshoring, data which shows a decrease in an oligarch's wealth may in fact reflect improvements in their ability to obscure (Pleines 2016). Secondly, since our research question focuses on structural transformation and *social blocs*, sectoral concentration is more important than oligarch wealth. While the wealth of key oligarchs within a *social bloc* is a significant variable, we argue that the relative strength of *social blocs* is rooted in the (often spatially concentrated) sectors which sustain oligarchs, patronage networks and voter groups. Thus we focus on triangulating data on sectoral concentration with macro-data on the relative importance of different sectors and the geographical distribution of exports.

We measure structural transformation through two methods. Firstly, we perform a GDP growth decomposition to examine the changing contribution of value-added sectors to aggregate GDP growth from 2000-2023. To do so, the economy is disaggregated into four broad VA sectors - agriculture, manufacturing, industry²⁶ and services, which together capture the dominant patterns of value creation in the national economy. We calculate the contribution in percentage points (pp) of each VA sector to real GDP growth in each year. Second, we perform an export growth decomposition to show the contribution of export sectors to export growth. Once again we use broad export sectors (agriculture, manufacturing, extractives and services exports), but also “zoom in” on specific sectors of interest (ICT for all four cases, beverages for Armenia, Georgia and Moldova since they are wine/cognac exporters, and cereals, vegetable oils, iron and steel for Ukraine). We calculate contributions to nominal export growth (to show the relative size of export sectors) and real export growth (to show change in export volume rather than simply in the price of exported goods) using export Unit Value Indices. We do this for total exports, and then for exports to the EU and Russia²⁷. The purpose and methodology of our growth decomposition is outlined in Chapter 1. A more detailed methodological note can be found in Annex 1.

²⁶ We used World Bank data on industrial (including construction) value-added (constant 2015 USD) which includes manufacturing. We then removed the manufacturing VA from this figure for each year. Thus our industry indicator includes extraction, energy, utilities and construction without manufacturing.

²⁷ For agriculture, manufacturing and industry exports only (without service exports) in the case of Armenia, Georgia and Moldova due to a lack of data on the geographical distribution of service exports. For Ukraine, data on service exports to the EU and CIS are available.

Our growth decomposition allows for a comparative assessment of which VA sectors and export sectors are gaining or losing economic weight in driving national growth. This provides a quantitative, albeit lacking in detail, complement to the analytical narrative, helping to situate shifts in political power within changes in the material structure of the economy.

To incorporate our three types of data, the empirical chapters 3-6 follow the same pattern for each case. First we elaborate on the key dependencies of our cases vis-à-vis Russia and the EU. Secondly, we provide the aforementioned analytical narrative focusing on critical junctures. Thirdly, we focus on individual oligarchs, their sectoral concentration and their rent extraction strategies over time. Finally, we set out our quantitative data on export shares/distribution and our GDP growth decomposition.

A key limitation of this approach is the challenge of empirically bridging the gap between the analytical narrative of social bloc formation, our qualitative mapping of oligarchic sectoral concentration, and the quantitative evidence derived from export structure and GDP growth decomposition. While the sectoral decomposition offers a robust macro-level indicator of structural change, its categories are necessarily broad and may not align neatly with the specific industries or asset holdings that underpin particular oligarchic coalitions. Conversely, the ownership data we compile captures the strategic interests of dominant actors but does not always translate into clearly measurable macroeconomic contributions. As a result, the causal link between shifts in the relative weight of macro-sectors in GDP growth and changes in the balance of power among competing social blocs can only be inferred indirectly. The risk, therefore, is that the decomposition results may reflect sectoral trends driven by actors outside the core blocs under study, or by exogenous factors such as commodity price cycles or foreign investment flows, rather than the strategic agency of the blocs themselves. Addressing this disconnect requires careful triangulation with case-specific political economy analysis to avoid overstating the correspondence between macroeconomic patterns and elite power structures.

In future research, we aim to supplement this data with a more fine grained analysis of the contribution of sectors to growth using specific sectors rather than macro-sectors. However, issues of data availability make it extremely challenging to meaningfully compare sectoral data across our cases over time. Following the approach of Baccaro and Pontusson ([2016](#)), a

further avenue would be to analyse the growth models for our cases to understand if they are domestic demand/debt-led, export-led or FDI-led. If it turns out (as we suspect) that some or all four of our cases are characterised by debt/FDI led growth, then our focus on domestic value-added and exports may not be exploring the most important dynamic of structural change, namely the financial sector and government debt. Finally, in future our analysis could be augmented by calculating Revealed Comparative Advantage (RCA) of exports as Madariaga has conducted for several Latin American and East-Central European countries ([Madariaga 2015, 358](#)), rather than simply calculating sectors' shares of net exports over time.

c) Case Selection

The case universe is composed of post-Soviet middle income countries which are classed as hybrid regimes and have been the subject of integration projects by both Russia and the EU: Armenia, Georgia, Moldova and Ukraine. This excludes consolidated authoritarian regimes, and those which have been subject to the integration projects of only one regional power or neither. As mentioned above, Georgia, Moldova and Ukraine all abandoned *strategic hedging* at some point between 2003-2022²⁸, displaying the outcome on the independent variable under study.

Armenia serves as our contrasting case, since it has not abandoned *strategic hedging*. Mahoney and Goertz ([Mahoney and Goertz 2004](#)) argue that contrasting cases (which they refer to as “negative cases”) - those in which an outcome of interest does not occur - are essential for robust causal inference in comparative research. We argue that Armenia meets Mahoney and Goertz's threefold criteria for a contrasting case:

1. the outcome under study could have possibly occurred (*Possibility Principle*)
2. the value on at least one independent variable is positively related to the outcome of interest (*Rule of Inclusion*)
3. Armenia does not possess a value on a variable that is known from previous research to make the outcome of interest impossible (*Rule of Exclusion*)

²⁸ In Chapter 5 we discuss the extent to which Georgia may have returned to strategic hedging since 2020.

Mahoney and Goertz's approach explains why Azerbaijan or Belarus were not chosen as negative cases.²⁹ Azerbaijan has been a consolidated authoritarian regime and a petro-state since the 1993 *coup d'état*. It has rebuffed both Russian and EU integration projects and focused on lobbying its hydrocarbon exports³⁰. Although some literature suggests that Belarusian dictator Aleksandr Lukashenko has occasionally cultivated ties with the EU as a strategy to mitigate dependence on Russia, Belarus' foreign policy can nonetheless be described as *single-vector* (towards Russia). Belarus entered a customs union with Russia early on, and has rebuffed all EU integration initiatives beyond weak engagement with the Eastern Partnership before 2021. Kyrgyzstan's foreign policy can arguably be described as strategic hedging, but more so between Russia and China, with the EU playing a minor role, and is thus more suited for a separate study.

Table 3. Case Selection Options

	Strategic Hedging	EU & Russia integration offers	Pro-EU domestic coalitions	Hybrid Regime
Armenia	✓	✓	X	✓
Azerbaijan	(✓)	X	X	X
Belarus	X	✓	X	X
Estonia	X	✓	✓	X
Georgia	✓	✓	✓	✓
Kazakhstan	(✓)	X	X	X
Kyrgyzstan	✓	X	X	✓
Latvia	X	✓	✓	X
Lithuania	X	✓	✓	X

²⁹ Or for that matter any other post-Soviet countries, such as the Baltic states or Central Asian countries, although it is arguably more obvious why these do not fit our case selection. The Baltic states were early EU joiners who never adopted *strategic hedging* and have displayed open hostility to Russia through most of their independent histories. Meanwhile, the Central Asian states are geographically far removed from the EU; two are petrostates (Kazakhstan and Turkmenistan) and all except Kyrgyzstan are consolidated authoritarian regimes.

³⁰ Arguably a form of *strategic hedging*, but a different type to our cases.

Moldova	✓	✓	✓	✓
Tajikistan	X	X	X	X
Turkmenistan	X	X	X	X
Ukraine	✓	✓	✓	✓
Uzbekistan	X	X	X	X

Comparative Macro-Data

The following section provides an overview of relevant macro-data for our four cases: Armenia, Georgia, Moldova and Ukraine. This is intended to show why we believe that a comparative case study design loosely deploying Mill's *method of difference* is appropriate for our cases. We also highlight certain key differences which expose the limits of our comparative approach. We highlight four main areas in which our cases display a high degree of similarity:

- **Historical legacies**
 - 19th century Russian colonisation
 - Soviet nation building
 - Post-Soviet shock deindustrialisation
- **Demographics and Economic Development**
 - Population size (except Ukraine)
 - GDP per capita
 - Urban Population (except Moldova)
 - Economic Complexity
- **External Balance**
 - Commodity Dependence
 - Balance of Payments
 - Dollarisation
 - Trade Orientation
 - Energy Dependence

Historical Legacies

All of our cases became part of the Russian Empire in the 19th century, and only experienced brief periods of independent statehood between the collapse of the Russian Empire and their reconquest by the USSR.³¹ While they experienced substantial economic modernisation and industrialisation as Republics of the USSR, republican institutions were weak since power was concentrated in Moscow, and certain key institutions only existed at the All-Union level. The Soviet Union had a single, central monetary authority (the State Bank of the USSR, *Gosbank*)³². Thus, they had to set up central banks, and other structures such as a military command structure, virtually from scratch. They all experienced shock deindustrialisation after independence due to the cutting of Soviet supply chains, the sudden loss of access to a large single market and competition from global market forces. Closures particularly affected the manufacturing sector, while commodity producers were better able to find markets for their products ([Bojcun 2020](#)).

Demographics

There is one elephant in the room in our case selection which should be addressed from the outset. Three of the four cases are small countries (less than 4 million inhabitants), where a large proportion of inhabitants reside in the capital (40% in Armenia, 33% in Georgia and 22% in Moldova)³³. The second cities of each (Gyumri, Batumi and Balti) have

³¹ Most of present day Armenia was annexed by the Russian Empire from Persia after the Russo-Persian War of 1828. Eastern Georgia (Kingdom of Kartli-Kakheti) was annexed by Russia in 1801; Mingrelia, Guria, Svaneti and were absorbed in the 1860s. Most of present day Moldova was annexed by Russia in 1812 after the Russo-Turkish War. The incorporation of modern Ukraine into the Russian Empire began gradually, most notably with the Treaty of Pereyaslav in 1654. With the Third Partition of Poland (1795) the Russian Tsars came to control most of Ukraine, although the regions of Volhynia, Galicia, Northern Bukovina, and Transcarpathia were only incorporated into the Ukrainian Soviet Socialist Republic (UkrSSR) in 1945.

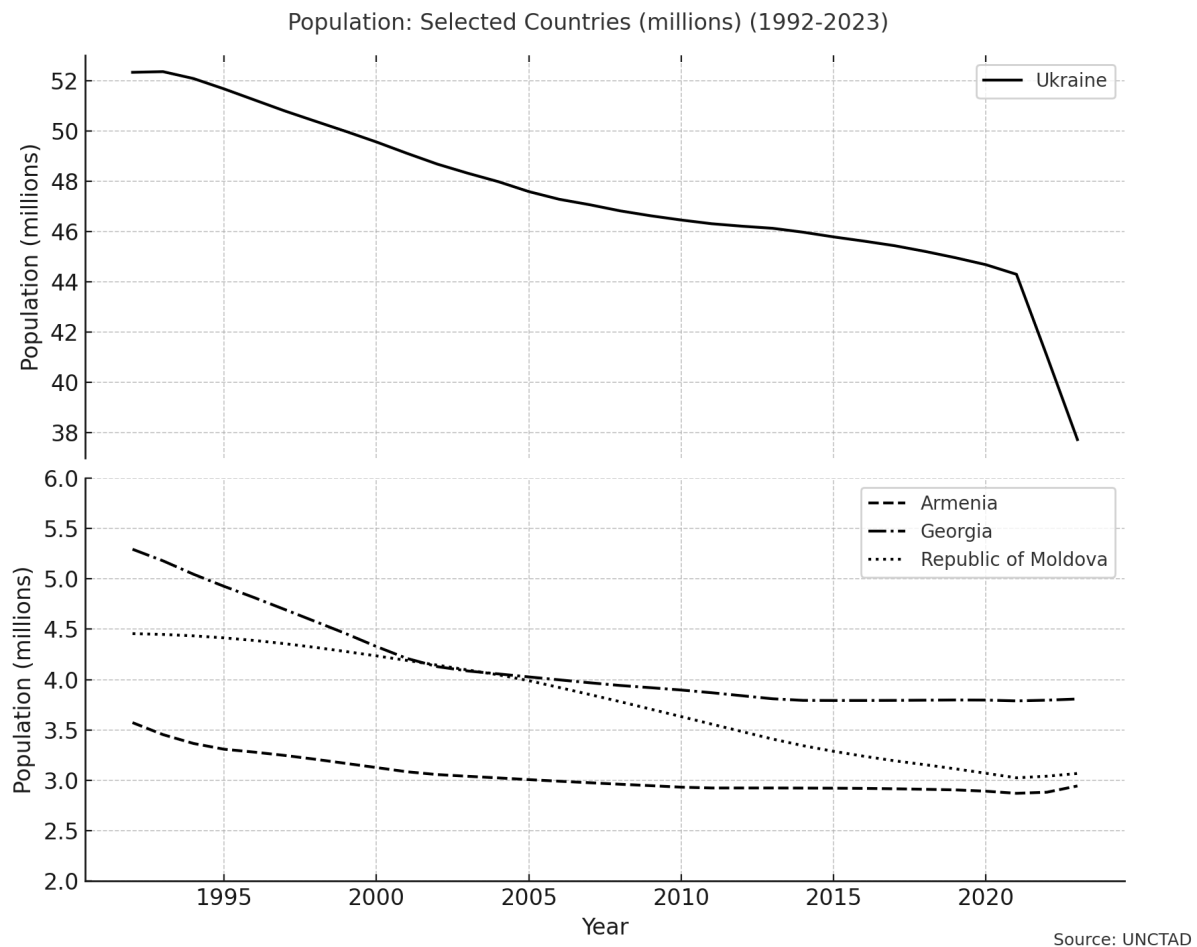
The First Republic Armenia existed from May 1918 to December 1920. The Democratic Republic of Georgia existed from May 1918 to February 1921. The Ukrainian People's Republic lasted from January 1918 to around February 1921. Remnants of these polities persisted in the form of guerilla movements through the 1920s. A Moldavian Democratic Republic was established in February 1918, but was quickly pressured into a union with Romania, ultimately losing its autonomy and becoming part of Romania until 1940.

³² Not only did the Russian Federation inherit *Gosbank*, but also the USSR's gold and foreign currency reserves (and foreign debt obligations), despite the objections of the other newly independent states.

³³ These figures are likely underestimated, since many rural to urban migrants do not re-register their place of living in the capital.

100,000-150,000 inhabitants according to the latest census data ([Armstat 2022](#), [Geostat 2023](#), [Moldstat 2014](#)). They therefore lack alternative centres of economic power which could host semi-autonomous elites. Meanwhile, Ukraine had an estimated population of around 41 million in January 2023 ([Derzhstat 2023](#)). Eight Ukrainian cities have more than half a million inhabitants, of which three have over one million (Kharkiv, Kyiv and Odesa), while the capital has three million inhabitants.

Figure 2.1 Population of Armenia, Georgia, Moldova and Ukraine(1992-2023)



This matters, because Ukraine has historically contained several centres of semi-autonomous political power. Soviet leader Leonid Brezhnev and many of his inner circle began their careers in the closed city of Dnipropetrovsk (modern day Dnipro), home to the critical “Yuzhmash” rocket building plant, which also produced Ukraine’s second President Leonid Kuchma and Prime Minister Yulia Tymoshenko. While Kyiv hosted the apparatus of the Ukrainian Soviet Socialist Republic, Dnipropetrovsk was arguably more significant from an “All-Union” perspective ([Portnov 2022](#)). After 1991, Donetsk was a major mining and industrial centre before the War in Donbass. The two most prominent oligarch “clans” of the 2014-era were centred around Donetsk and Dnipropetrovsk respectively. Since independence, Kharkiv, Lviv and Odesa have maintained city governments that operate with a degree of independence from the ruling factions in Kyiv ([Shapovalova and Jarábik 2019](#)).

Moreover, three out of four cases have primarily urban populations since the late Soviet period, while in Moldova rural residents remain the majority. The Ukrainian SSR was the second most industrialised after the Russian Federal SSR (RFSSR). Armenia possessed a

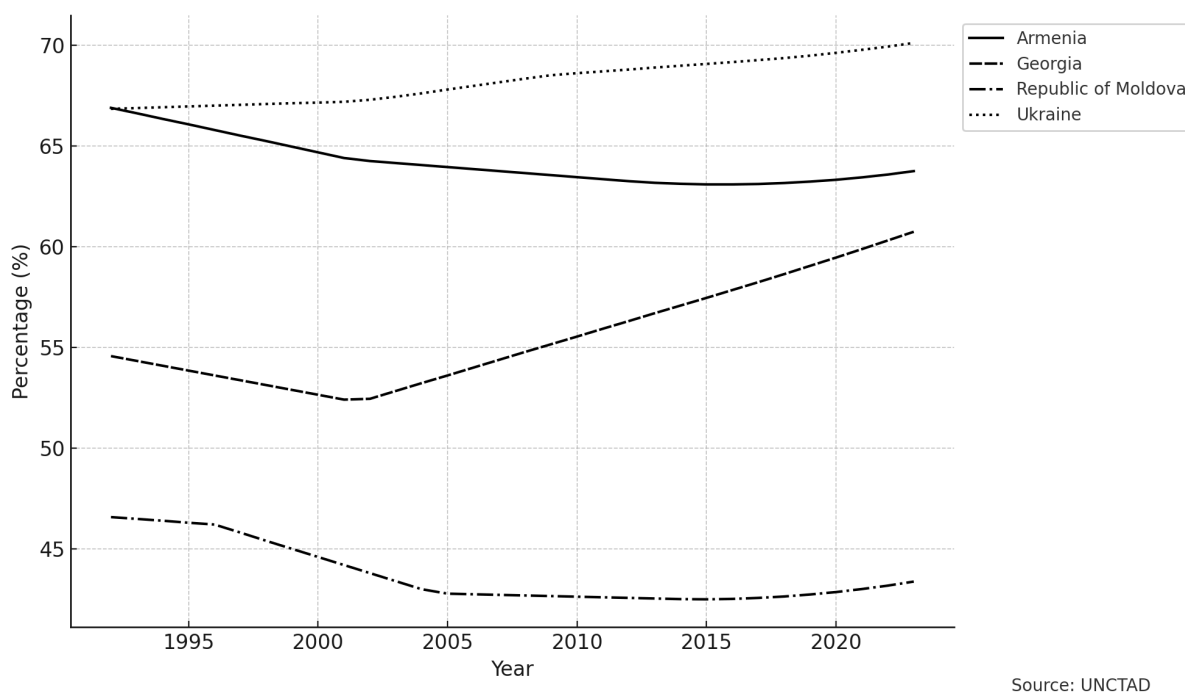
large mining and metallurgy sector, while at its peak in the early 90s the Armenian electronics sector supplied almost 30% of computer-related equipment for the Soviet defense and space industries ([Armenian Development Agency 2004](#)). Georgian industry was dominated by mining and metallurgy, but also included significant chemicals, machine building and locomotive production ([Gotsiridze 1961](#)). Moldova was and remains largely agrarian; the Moldovan SSR possessed light industry and food processing sectors, but relatively little industry. This matters, because changes in the level of deindustrialisation since independence are likely to cause more significant structural transformations for those countries which were highly industrialised at the outset.

Table 4. Percentage of Soviet Socialist Republic (SSR) Populations Living in Urban Areas, (1979–89)

Republic	% Urban Population (1979 census)	% Urban Population (1989 census)
Highly Urbanised (>60%)		
USSR	62	66
RSFSR	69	74
Estonian SSR	70	72
Latvian SSR	68	71
Lithuanian SSR	61	68
Ukrainian SSR	61	67
Belorussian SSR	55	65
Armenian SSR	66	68
Moderately Urbanised (>50%)		
Kazakh SSR	54	57
Georgian SSR	52	56
Azerbaijan SSR	53	54
Rural (<50 %)		
Moldovan SSR	39	47
Turkmen SSR	48	45
Uzbek SSR	41	41
Kyrgyz SSR	39	38
Tajik SSR	35	33

Source: CIA ([1990](#))

Figure 3. Urban Populations of Armenia, Georgia, Moldova and Ukraine (%) (1992-2023)



Nevertheless, there are salient similarities between our cases on other indicators. All four have relatively similar GDP per capita and growth rates before 2022 (figure 4). Figure 5 compares GDP of our cases with the three post-Soviet EU member states (Estonia, Latvia and Lithuania) and the four post-Soviet hydrocarbon exporting dictatorships (Azerbaijan, Kazakhstan, Russia, Turkmenistan). Our cases consistently underperform both groups in terms of per capita GDP growth. The following sections will begin to examine the reasons for this poor performance.

Figure 4. GDP per Capita (current USD) for Georgia, Ukraine, Armenia and Moldova (1991-2023)

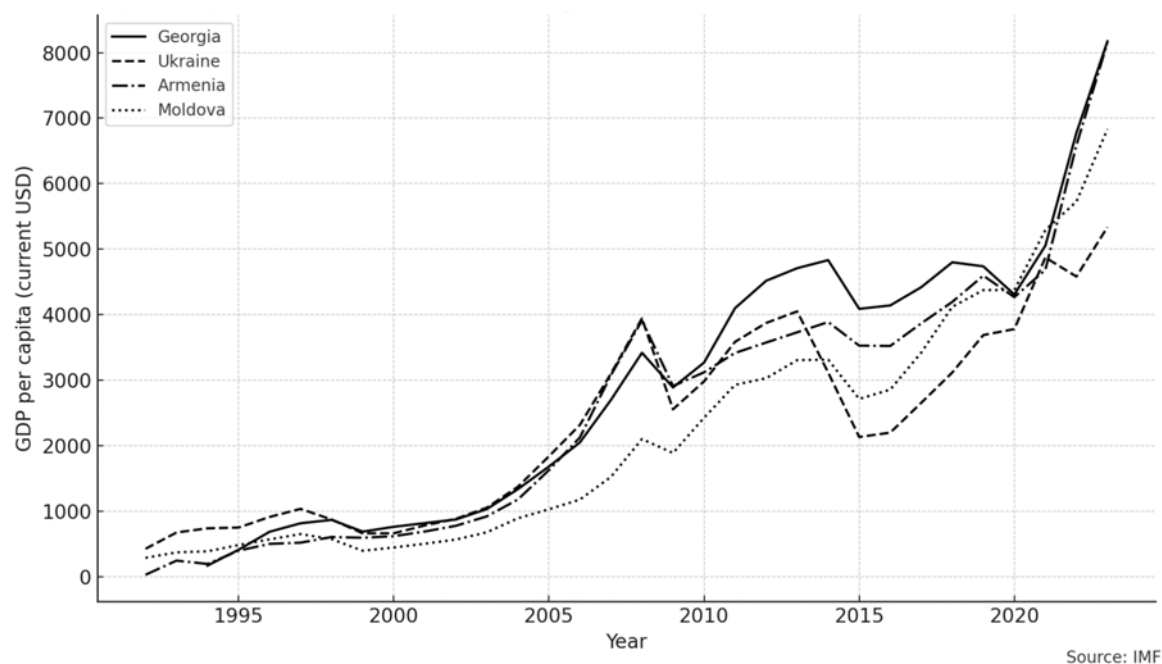
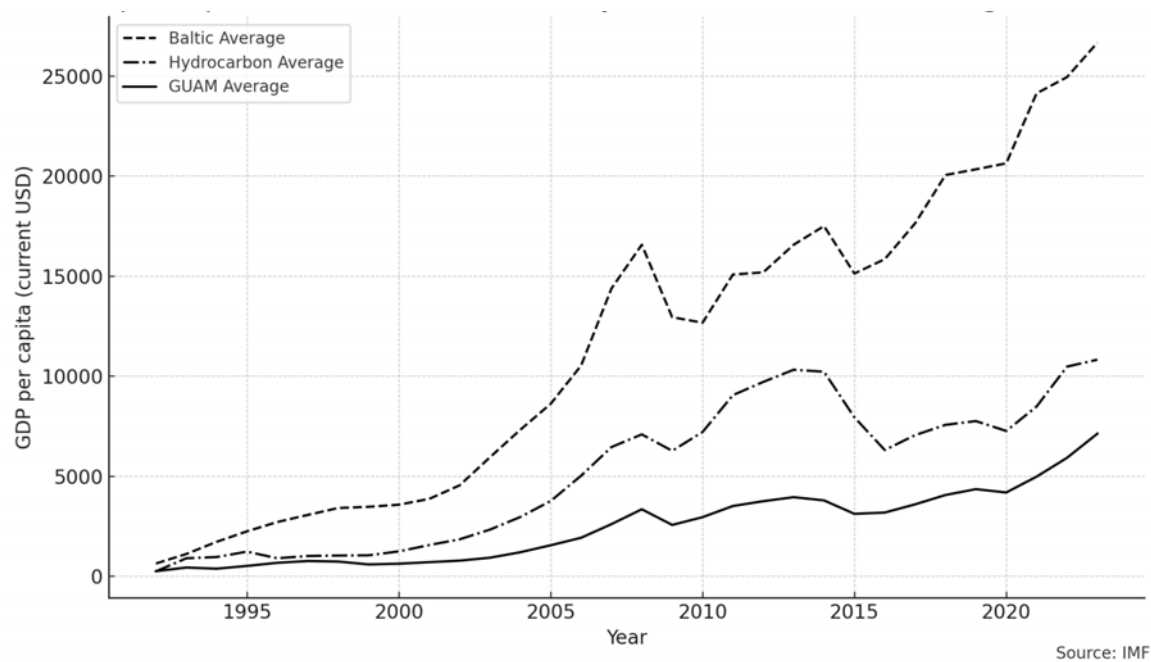


Figure 5. GDP per Capita (current USD) for Selected Country Groups (1991-2023)



* Baltic Average = Estonia, Latvia, Lithuania; Hydrocarbon Average = Azerbaijan, Kazakhstan, Russia, Turkmenistan; GUAM = Georgia, Ukraine, Armenia, Moldova

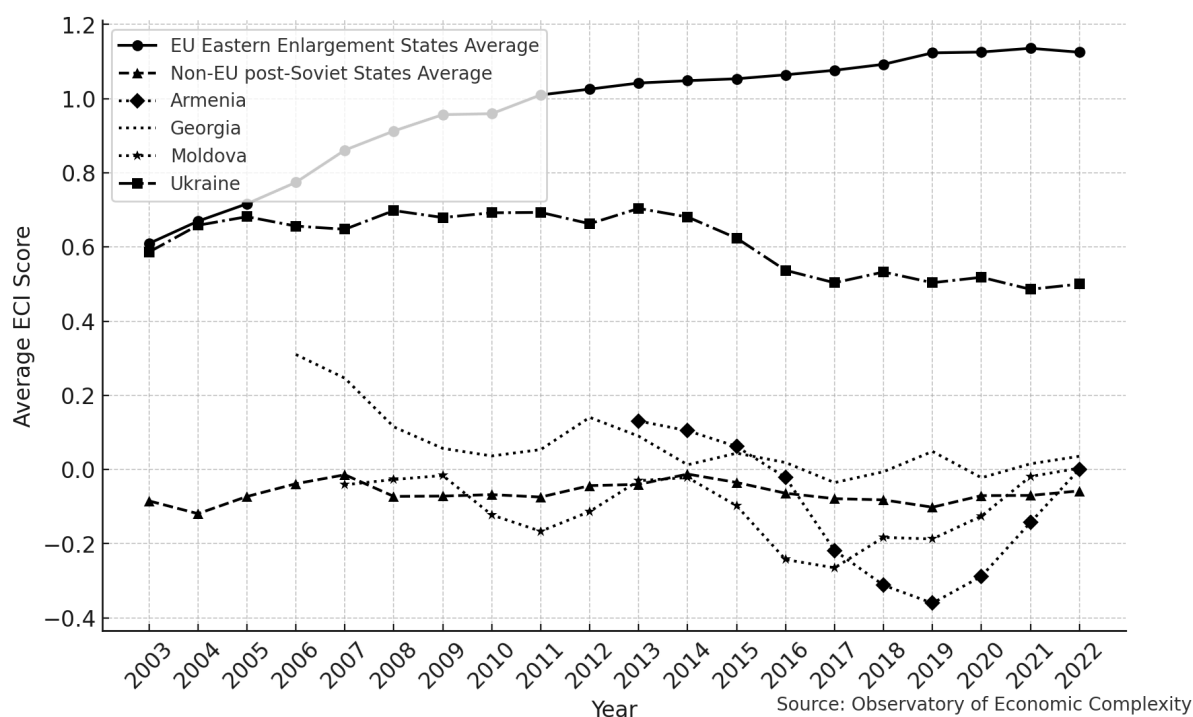
Economic Complexity and Commodity Dependence

After economic collapse in the 1990s, by the early 2000s the situation had begun to stabilise. Chronic power outages ceased to plague Georgia and Armenia, and a global commodity boom generated demand for exports. GDP per capita grew consistently in all four countries until the 2008 Global Financial Crisis (GFC). For some observers, this was the beginning of the promised recovery following the painful transition from a command to a market economy. In particular in Georgia, the privatisation, anti-corruption and deregulatory policies of President Mikhail Saakashvili and his Minister of Finance Kakha Bendukidze were praised by the World Bank and other commentators for facilitating FDI-driven growth. For a while, this strategy was successful: GDP grew between 2005 and 2007 by almost 10% annually and FDI constantly increased up to US\$ 2 billion in 2007, equivalent to approximately 20% of GDP ([Timm 2013, 9](#)). However, the Global Financial Crisis exposed the vulnerability of these models as FDI dried up.

While the Central and Eastern European countries which joined the EU since 2004³⁴ have seen consistent improvement in export complexity since the early 2000s (see figure 6), our cases have struggled with what Wolczuk calls “de-development” ([Adamski 2022](#)). Ukraine’s export complexity, while significantly above the post-Soviet average, has stagnated with a marked decline after 2014. Georgia saw declining complexity since 2006 while remaining slightly above the post-Soviet average. Armenia and Moldova’s already low export complexity has stagnated.

³⁴ Estonia, Czechia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia (2004), Bulgaria, Romania (2008), Croatia (2013)

Figure 6. Economic Complexity Index (ECI - Trade) for Selected Countries



A similar pattern is evident in terms of commodity dependence. The three Baltic countries which joined the EU in 2004 are the least commodity dependent post-Soviet states. The UNCTAD Commodities and Development Report 2023 defines commodity dependence as when 60% or more of a country's merchandise export revenue comes from raw materials. Three of our cases (Georgia, Moldova and Ukraine) are below this threshold, and only Armenia is commodity dependent. However, what we see is a tendency towards increased commodity dependence since the 2000s. Accurate data for the 90s are hard to find, but this period clearly saw a dramatic industrial decline, as mentioned earlier. However, while economic stabilisation for the Central and Eastern European EU joiners meant reindustrialisation (through insertion into EU manufacturing supply chains), for our cases we see an intensification of commodity dependence.

Table 5. Commodity dependence in the Post-Soviet States and South America (2019-2021)

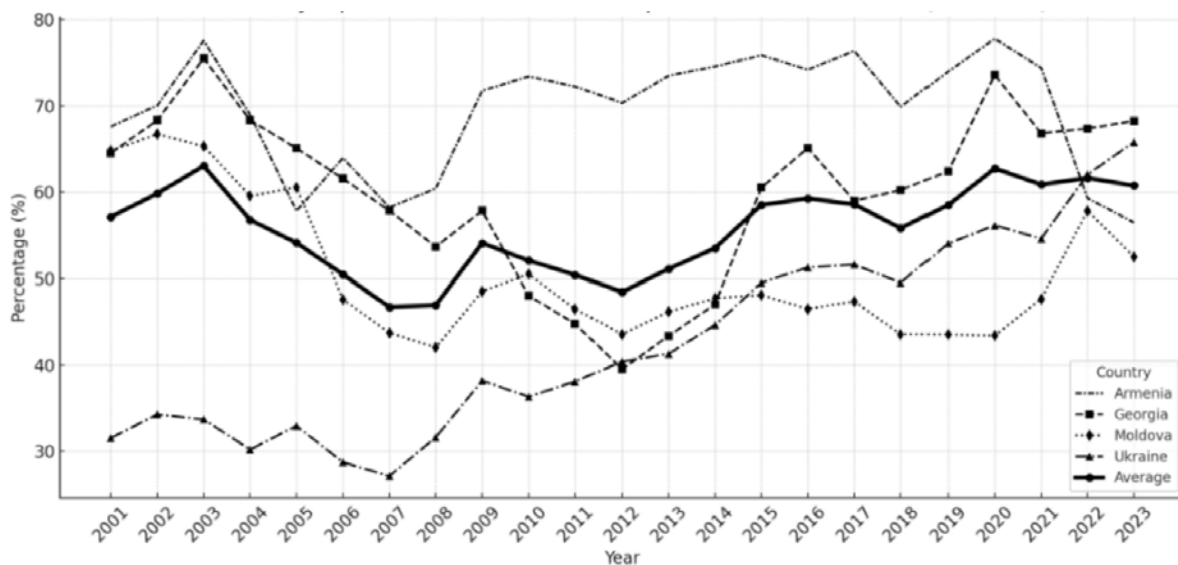
Commodity Export Dependence in the Post-Soviet States (2019-2021)				
Country	All commodities	Agriculture	Energy	Mining
Armenia	76.2	25.8	1.6	48.7
Azerbaijan	95.8	5.5	88.0	2.3
Belarus	40.1	24.8	13.9	1.5
Estonia	33.5	16.5	13.9	3.0
Georgia	52.7	26.6	0.7	25.4
Latvia	39.5	32.4	4.9	2.2
Lithuania	33.8	21.1	10.3	2.4
Moldova	46.0	43.6	0.5	1.9
Kazakhstan	85.8	6.5	63.1	16.3
Kyrgyz Republic	81.7	15.0	4.6	62.1
Russian Federation	77.5	10.2	54.7	12.7
Tajikistan	88.8	20.0	4.3	56.6
Turkmenistan	92.5	2.1	89.6	0.8
Ukraine	57.6	44.6	1.3	11.7
Uzbekistan	74.0	14.5	19.0	40.4
Average	65.0	20.6	24.7	19.2

Source: UNCTAD (author's calculation)

Commodity Export Dependence in South America (2019-2021)				
Country	All commodities	Agriculture	Energy	Mining
Argentina	82.1	75.5	3.9	2.7
Bolivia	94.6	18.9	27.1	48.6
Brazil	73.4	41.3	13.2	19.0
Chile	88.3	28.8	0.7	58.7
Colombia	78.6	22.0	48.0	8.6
Ecuador	94.1	55.5	32.7	5.9
Guyana	95.4	31.7	0.1	63.7
Paraguay	87.3	68.2	17.8	1.3
Peru	90.9	23.9	6.4	60.6
Suriname	97.3	12.2	2.3	82.8
Uruguay	81.9	79.3	1.9	0.7
Venezuela	73.5	3.8	68.1	1.7
Average	86.5	38.4	18.5	29.5

Source: UNCTAD (author's calculation)

Figure 7. Commodity Exports as a % of Merchandise Exports for Selected Countries (2001-2023)



Source: TradeMap (author's calculations)

Commodities as % of merchandise exports (2001-2021)			
Country	Overall Growth (%)	CAGR (%)	Average Annual Growth (%)
Armenia	10.06	0.48	0.8
Georgia	3.55	0.17	0.76
Moldova	-26.42	-1.52	-1.21
Ukraine	73.08	2.78	3.12
Average	15.07	0.48	0.87

*CAGR = Compound Aggregate Growth Rate

The most commodified post-Soviet states are the hydrocarbon dictatorships (Azerbaijan, Kazakhstan and Turkmenistan) and the other Central Asian states (Kyrgyzstan, Uzbekistan and Tajikistan). Despite their higher commodity dependence, the hydrocarbon dictatorships display higher average growth rates and export surpluses. This aligns with research on export composition and growth rates which shows that fuel, metal and textile exports have statistically significant growth effects in large-N studies, while food and other primary product exports do not ([Greenaway et al. 1999](#))

Our cases, meanwhile, display a high reliance on non-hydrocarbon commodities tend to have negative growth effects. In a large-N study, Collier and Goderis ([2012](#)) found an increase in commodity prices tended to have a short-run positive effect on growth, but the long-run effect was often negative, particularly for non-agricultural commodities and when the country was subject to bad governance.

UNCTAD's commodity dependence definition is open to criticism that it does not account for countries where high value added services are the main growth driver. This is particularly relevant in light of debates on whether developing nations can “leapfrog” industrialisation and target service exports. Indeed, the size of the service sector and service exports have climbed in all four cases, and the contribution of IT to exports has become sizable in all four cases since the 2010s. We will return to the IT sector in our discussion of the emerging pro-EU social blocs in chapter 2.

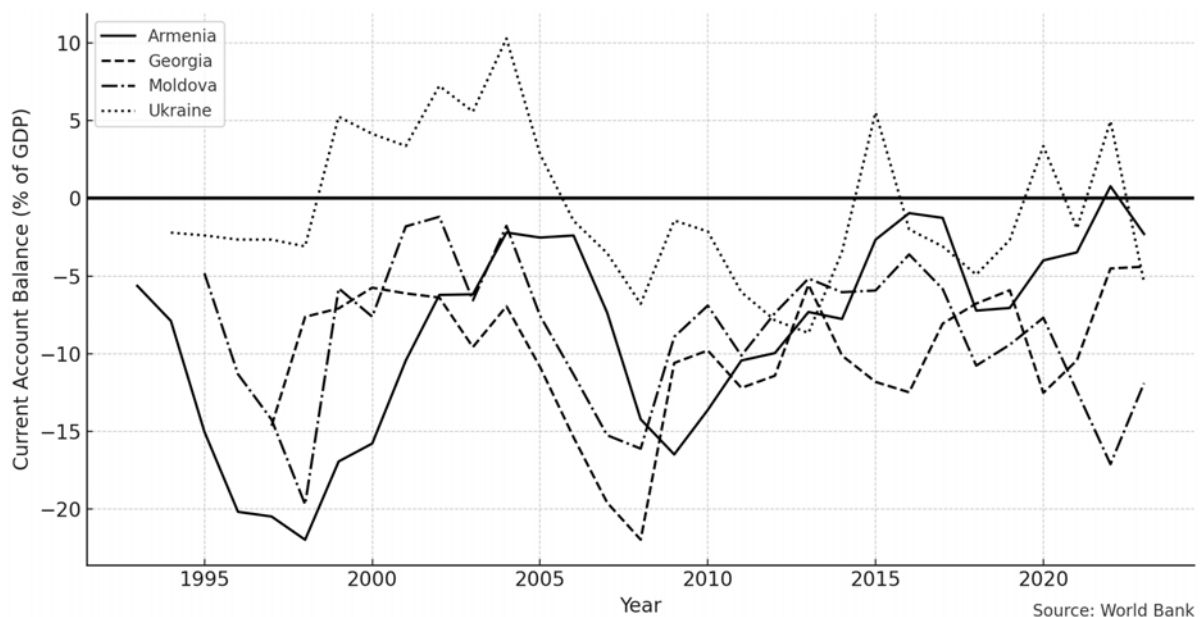
Current and capital accounts

Figure 8 is not easy on the eyes, but aims to show that since 1993 all four of our cases have experienced chronic current account deficits. Only Ukraine was able to run occasional surpluses, although only one period of surplus lasted more than a year (1999-2004). Current account deficits are not always a sign of poor economic health, contrary to Angela Merkel's famous metaphor of the “Swabian Housewife”. The US is able to run consistent deficits as issuer of the “quasi-global currency” and the world's pool of financial assets ([Schwartz 2024](#)). The UK, Australia, Canada and France have been mostly in deficit for the last 50 years. However, these countries have developed financial markets and high demand for their currencies, forming a second tier below the US of issuers of assets purchased primarily by the major export economies (China, Germany, Japan). A deficit could also imply a scenario where FDI into the country is high, such that imports of foreign machinery and repatriation of profits cause a deficit, but the country experiences strong growth and a surplus in the capital account (arguably the case for Czechia, Poland and Slovenia in the 1990s and 2000s).

Our cases are not part of this charmed circle. Their deficits represent poor terms of trade, where low value-added exports cannot compensate for imports. Underdeveloped financial markets cannot create trusted and attractive assets, dollarisation is high and domestic currencies are weak and vulnerable to currency runs ([Eradze 2023](#)). Thus these countries

accumulate larger and larger deficits until they risk default, at which point they are forced to significantly devalue the domestic currency, or seek bailouts from external partners. Devaluation is painful and politically unpopular among consumers and those who borrow in foreign currencies³⁵.

Figure 8. Current Account Balance (% of GDP) for Selected Countries (1993-2023)

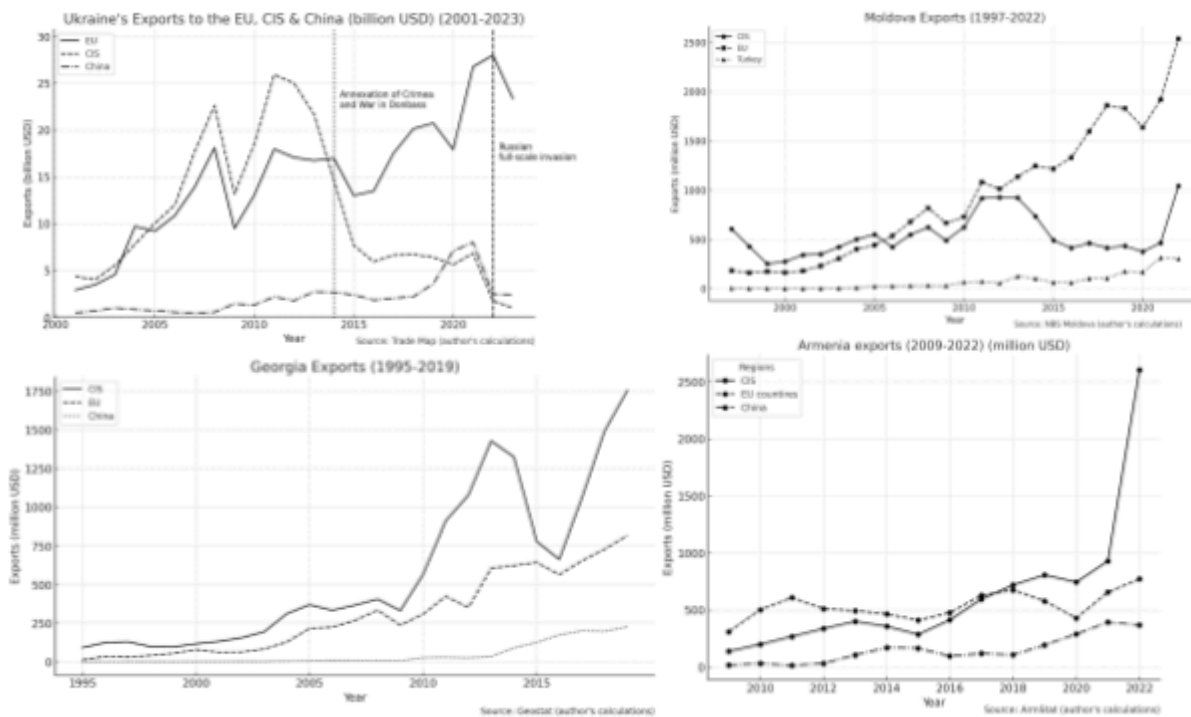


Export Profile

Finally, all four cases share a bifurcation of their main export destinations between Russia and the EU, with China as a far-away third partner. Moldova was the first of our cases for exports to the EU to overtake the CIS in 2006. In Ukraine, exports to the EU only overtook the CIS in 2014 after the Maidan Revolution, annexation of Crimea and invasion of the Donbass worsened trade with Russia, plus the establishing of a Deep and Comprehensive Free Trade Area (DCFTA) (although exports to the CIS were already in decline amid trade restrictions from Russia). Georgia and Armenia's exports to the EU have never overtaken the CIS, even after Georgia established a DCFTA with the EU in 2014. We will return to the topic of export composition in more detail in each empirical chapter.

³⁵ A common refrain among those nostalgic for Yanukovich's presidency in Ukraine is that the hryvnia traded at 3 to the dollar in 2010, versus 41 to the dollar in 2024.

Figure 9. Exports to the EU vs the CIS for Selected Countries (1995-2023)



d) Outline

This dissertation is structured as follows. Chapter 1 focuses on the links between domestic politics and international relations in the case of hybrid regimes. We elaborate our adaptation of the *social blocs* concept to hybrid regimes. The hybrid regime literature offers a welcome corrective to overly teleological notion of states in “transition”, by showing that the post-Soviet Colour Revolutions were shifts between different types of patronal regimes rather than genuine democratic breakthroughs ([Carothers 2002](#); [Hale 2014](#); [Berglund 2014](#)). However, by reducing these revolutions to regime cycles, they miss underlying transformation which meant that patronal revolutions initiated processes leading to abandonment of *strategic hedging*. The *social blocs* concept allows for analysing the divergent interests of sections of the elite within hybrid regimes as these countries go through rapid structural transformation. We further argue that since hybrid regimes are more unstable than in both consolidated democracies and autocracies, geopolitical alignment is more open to renegotiation as different *social blocs* rise and wane than in consolidated democracies (for which the *social blocs* concept was developed) where *social blocs* are more durable.

Chapter 2 turns to the channels through which Russia and the EU are able to exercise linkage and leverage ([Levitsky and Way 2006](#)). Although the focus of the dissertation is explicitly on domestic politics, it is important to conceptualise the types of external pressure which actors in Armenia, Georgia, Moldova and Ukraine respond to, while leaving room for domestic agency in how that response manifests. We give an overview of the five main types of Russian leverage (Gazprom, trade restrictions, diplomatic pressure, hybrid warfare and military force) and the four main types of linkage (trade, loans, language and culture). For the EU we identify three main types of leverage (macro-financial assistance, withholding funds and diplomatic pressure) and four main types of linkage (international agreements, cooperation formats, trade and civil society). We then turn to the three overarching responses which incumbents and elites in our cases have to external linkage and leverage: *strategic hedging*, a pro-EU *single vector* and a pro-Russian *single vector*. We outline why incumbents and different sections of the elite may have different preferences among these strategies.

Chapter 3 focuses on Ukraine, arguably the most complex of our four cases due to being much larger, more industrialised and more divided based on regional powerbrokers, as well as being the focus of Russia's *revanchist* foreign policy for the period under study. We explore how unlike after Orange Revolution, where the unstable coalition dominated by Dnipro oligarchs did not abandon *strategic hedging* despite its pro-EU rhetoric, after the Maidan Revolution a *dominant social bloc* formed which sidelined the the previous bloc based on the Party of Regions, oligarchs such as Oleksandr Yanukovych and Rinat Akhmetov and with a spatial concentration in the industrialised South and East of Ukraine. The new *dominant social bloc*, an eclectic coalition of liberal and right-wing parties, oligarchs mostly in the agro sector, and the urban middle class, was able to endure and maintain a single vector foreign policy despite the devastating economic consequences of the war in Eastern Ukraine and the cutting of economic ties in Russia. Even the election of Volodymyr Zelenskiy on a platform of making peace with Russia did not undermine the new *dominant social bloc*, and Zelenskiy was eventually co-opted after his abortive meeting with Putin in December 2019. Russia's full-scale invasion threatens Ukraine's survival, but at the same time has destroyed and occupied those regions which had sustained the previous social bloc.

Chapter 4 turns to Moldova - the latest country to abandon strategic hedging in 2020, despite not sharing a border with Russia and becoming the first of our cases to export more to the EU than the CIS in 2006. We show how Russian energy imports and the schemes involving the

breakaway region of Transnistria offered attractive rent-extraction opportunities for politically connected oligarchs. The desire to maintain Transnistria's ambiguous and lucrative status prevented Russia from pushing federalization upon an ostensibly pro-Russian president in 2003. However, it also encouraged the maintenance of strategic hedging by a government rhetorically committed to EU integration after 2009. *Strategic hedging* was only abandoned after the fall of Moldova's hegemonic oligarch in a crisis in 2019, which created a power vacuum for a new pro-EU party to win Moldova's first secure parliamentary majority. Under President Maia Sandu, Moldova began its pivot towards the EU, repudiated political ties with Russia and dramatically reduced energy dependence after the invasion of Ukraine. However, the 2024 presidential elections exposed the fragility of the ruling party and its inability to create a *dominant social bloc* and its struggle against resurgent oligarchs.

Chapter 5 concerns Georgia - the first of our cases to dramatically reduce ties with Russia after the 2008 Russo-Georgian war. Firebrand President Saakashvili subjected Georgia to thoroughgoing economic liberalisation alongside a strong centralisation of power. Georgia became heavily dependent on FDI, tourism and large-scale infrastructure financing from International Financial Institutions such as the European Bank for Reconstruction and Development. While this model ostensibly went hand in hand with Georgia's EU integration, it created a fragile economy with a narrow *social bloc* which engaged in *pathological Europeanisation* - undertaking the bare minimum of reforms to win EU support and popular legitimacy, while blocking reforms which undermined their power. The desire of the Georgian Dream party and hegemonic oligarch Bidzine Ivanishvili to repress the opposition and reduce the political influence of NGOs led to a confrontation with the EU in 2024 and the government's decision to pause EU membership negotiations. It is too early to tell whether this represents a return to *strategic hedging*.

Chapter 6 focuses on Armenia - the only one of our cases which has not abandoned *strategic hedging*, despite several critical junctures where realignment became possible. We show that although in 2025 Armenia is the most dependent of our cases on Russia economically and for security, observers should beware of structural determinism. In fact, Armenia's deep dependence on Russia is an outcome of Armenian elites choosing not to reduce dependency on Russia while incumbents in Georgia, Moldova and Ukraine were doing so. Based on a novel analysis of a new database of beneficial owners launched in 2020, alongside taxation and customs data, we show that the Armenian oligarch is still heavily entwined with Russian

capital and dependent on Russian imports and the Russian market. Armenia's largest sector - mining - has a strong EU export orientation and the potential to become the backbone of a competing *social bloc*. However, unlike in our other cases the Armenian government after 2018 attempted to weaken opposition oligarchs by transferring control of the mining sector to Russian oligarchs. Thus, at a moment when in geopolitical terms Armenia-Russia relations were at their nadir and realignment seemed possible, in economic terms the government strengthened the role of Russian capital, preventing the emergence of new *social blocs*.

CHAPTER 1

OLIGARCHS, SOCIAL BLOCS AND GEOPOLITICS

While the subsequent empirical chapters will focus on the domestic structural transformations which led to the abandonment (or maintenance) of strategic hedging, this chapter offers the theoretical and analytic background. We will move from broad considerations about the relationship between domestic coalitions and foreign policy in hybrid regimes to an analysis of change. We highlight two channels of change: structural transformation and critical junctures. Structural change consists of the underlying economic transformation of our four cases since the late 90s.³⁶ Taking inspiration from the literature on the political economy of development, we posit that sectoral composition plays an important role in the distribution of political power. There is a wealth of literature on the early post-Soviet shock transformation in terms of deindustrialisation, privatisation, the rise of oligarchs and their political and wealth defense strategies ([Bojcun 2020](#); [Ghodsee and Orenstein 2021](#); [Hellman 1998](#); [Pleines 2004](#)). However, there is much less empirically driven scholarship on the further transformation of the economy since 2000. While scholars have theorised that emerging competitive business sectors may challenge the dominance of rent seekers ([Wynnyckyj 2003](#); [Langbein et al. 2022](#); [Dubrovskiy et al. 2024](#)), most analysis in the academic literature focuses on case studies.³⁷ Quantitative literature on structural transformation is located mostly in technical reports of IOs, such as the IMF Article IV reports and EU initiatives such as the Statistics Through Eastern Partnership (STEP) project ([Pedersen et al. 2022](#)). To address this gap in the literature, this chapter offers a novel use of data to elucidate the channels of influence ([Hellman et al. 2003](#)) between the macroeconomy and policymaking.

The first section of this chapter highlights how the concept of *social blocs*, although developed to describe dynamics in advanced capitalist economies and consolidated democracies, can be effectively adapted to the context of hybrid regimes. While existing literature has focused on the high degree of informality ([Hale 2014](#)) and the crucial role of oligarchs ([Pleines 2009](#)), we believe that the *social bloc* concept allows us to show the links

³⁶ There are significant problems with data availability and reliability from the 90s which make incorporating these years meaningfully into a longer term quantitative analysis challenging. In terms of the short term (social and economic) consequences of the 90s collapse, [Ghodsee and Orenstein \(2021\)](#) offer a comprehensive analysis of available data.

³⁷ An important exception is [Topuria and Khundadze \(2022\)](#) for Georgia.

between heterogenous groups (oligarchs, parties, sectors, voters) in actualising distinct policy preferences (such as abandoning strategic hedging).

The second section presents the methodology and goals of our GDP and export growth decomposition, and presents some headline figures. For each case we decompose GDP growth into the contribution of value-added (VA) sectors, and decompose export growth into export sectors. Due to data limitations, we analyse four “bucket” VA sectors for our GDP growth decomposition (agriculture, manufacturing, industry³⁸ and services). For export growth decomposition, we use similar “bucket” sectors (agriculture, manufacturing, extractives and services), but also zoom in on certain key sectors (ICT service exports for all four cases; beverages for Armenia, Georgia and Moldova since all three are wine/cognac exporters; cereals, iron and steel for Ukraine). We first analyse total exports, and then look at exports to the EU versus Russia/CIS. For Ukraine, data is available on the geographical distribution of both goods and services exports. For Armenia, Georgia and Moldova, only the geographical distribution of goods exports are reported. The results then enable us to analyse the underlying transformation of the macroeconomy in each case since the late 90s/early 2000s. A more detailed note on the methodology is located in Annex 1.

The third section focuses on the changing business structures and preferences of oligarchs. We identify four broad typologies of oligarchs: *gas oligarchs*, *industrial oligarchs*, *hegemonic oligarchs* and *export-oriented oligarchs*. We then identify two policy domains inspired by [Madariaga’s \(2020\)](#) work on Latin America and CEE: exchange rate (FX) regimes and trade openness. We argue that oligarchs’ preferences on these two policy dimensions serve to translate sectoral concentration into geopolitical preference.

The other key component of change which receives less attention in this chapter is critical junctures. It is clear from the literature that power in hybrid regimes does not neatly correspond to the relative strength of actors in purely economic terms for three reasons. First, political power in hybrid regimes does not map onto pure economic power, but on the ability to extract rents which largely depend on proximity to the political groups controlling the state, meaning certain actors may have an outsized influence relative to their economic power. Secondly, political elites need the resources of economic elites for the struggle to

³⁸ Non-manufacturing industrial sectors such as extractives, construction, energy, water

maintain power, meaning they are most interested in courting sectors where opportunities for rent extraction are high (such as the energy sector), giving certain sectors outsized importance. Thirdly, political elites and rival economic elites may opt to destroy an oligarch rather than coopt or cooperate with them. The most obvious example is Moldova in 2019, where a coalition of parties on opposite sides of the political spectrum (the pro-Russian PSRM and pro-EU PAS) united to overthrow the hegemonic oligarch Vladimir Plahotniuc. As a result, our empirical chapters combine a quantitative analysis of structural transformation with an analytical narrative focused on critical junctures which reshaped political-economic power and influenced geopolitical realignment. We do not claim a direct relationship between the power of sectors and the power of different economic elites, but instead triangulate data on critical junctures with macroeconomic data.

I. From the Global to the Local and Back Again

Seminal articles in IR scholarship, such as Kenneth Waltz's "Man, the State, and War" ([Waltz 1959](#)) and Gourevitch's reply "The Second Image Reversed: The International Sources of Domestic Politics" ([Gourevitch 1978](#)) have examined the relationship between the international order and domestic politics, and debated which should be given analytical primacy. IR scholars frequently invoke domestic configurations as independent variables when they are unsatisfied with explanations located solely at the international level. Meanwhile, comparativists often invoke the international order as independent variables to account for differences among national economies ([Gourevitch 1978](#)). Post-Soviet countries were rapidly inserted into global markets from 1991 after 30-70 years of Soviet-imposed semi-isolation, and have subsequently been buffeted by global market forces, financial crises, and the attention of global powers, International Organisations (IOs) and International Financial Institutions (IFIs).

Robert Putnam's ([Putnam 1988](#)) concept of the two-level game is often invoked to conceptualize the interaction between international pressures and domestic political dynamics. In this framework, political leaders must simultaneously negotiate at two levels: the international level, where they bargain with foreign counterparts, and the domestic level, where they must secure the support of key constituencies to ratify any international agreement. A successful outcome requires strategies that are acceptable on both fronts. While

originally developed to explain trade negotiations in democratic states, the model has been fruitfully adapted to hybrid regimes by Leukavets ([Leukavets 2024](#)), where the domestic "win set" - the range of internationally acceptable agreements that domestic actors will support - is often shaped not by institutionalized veto players but by informal elite networks and regime survival calculations. This dual-level dynamic is particularly relevant in the post-Soviet space, where geopolitical choices are simultaneously shaped by external offers from the EU or Russia and internal struggles between elite coalitions and patronal networks. This dissertation focuses primarily on the latter.

II. Hybrid regimes, regime cycles and coalitions

Understanding the domestic causes of foreign policy realignment in post-Soviet hybrid regimes requires a synthesis of three interrelated theoretical frameworks: hybrid regime theory, regime cycles, and coalition-based approaches to international political economy. These strands offer complementary insights into how informal networks, elite calculations, and institutional signals shape strategic behavior in states that fall between democracy and autocracy.

A. Hybrid Regime Theory and the Informal Logic of Power

As Hale ([Hale 2014](#)) argues, the defining feature of hybrid regimes is patronalism - a system in which individuals organize politically and economically around personalistic networks rather than impersonal rules or formal institutions. In such systems, formal institutions such as elections, courts or parliaments are often hollowed out. They do not structure competition in the conventional sense but instead act as signals of elite power and network strength. For instance, an electoral victory in a hybrid regime is not necessarily the result of voter persuasion but may reflect which patronal pyramid is currently hegemonic: capable of dominating the state apparatus and the media, and having the deepest pockets.

This perspective aligns with North et al.'s ([North et al. 2007](#)) conceptualization of hybrid regimes as Limited Access Orders (LAOs). In LAOs, the political system functions by limiting access to economic and political opportunities in order to maintain rent-sharing among elite groups. This creates a system that is stable precisely because it is exclusionary.

Crucially, however, LAOs are not static. They face periodic internal tensions between elites who seek to consolidate rents and others who resist the domination by a single faction. This contestation often unfolds not through open political competition but via informal realignments, breakdowns in elite pacts, or tactical reforms driven by threats to regime cohesion.

B. Pyramids, Revolutions, and Regime Oscillations

Within this theoretical landscape, Hale ([Hale 2005](#)) introduces the concept of patrimonial pyramids, wherein political authority and resources are concentrated at the apex of personalized hierarchies. When the apex weakens - through illness, term limits, or elite defections - the system risks fragmentation. This “lame-duck” dynamic often triggers what appear to be regime transitions but are better understood as cyclical oscillations between different configurations of hybrid rule, rather than genuine democratization. Carothers ([Carothers 2002](#)) similarly rejects teleological assumptions of democratic transition, describing many post-Soviet regimes as trapped in cycles of “dominant power politics” - where incumbents exercise overwhelming control - and “feckless pluralism”, where political competition exists but is superficial and disconnected from policy outcomes.

Berglund’s ([Berglund 2014](#)) analysis of Georgia illustrates this dynamic. Under Saakashvili, Georgia shifted from the fragmented pluralism of the Shevardnadze era to a form of dominant-power politics, characterized by the centralization of power in the presidency, the subordination of courts and media, and the extensive use of informal coercion. However, the electoral defeat of the United National Movement in 2012 did not usher in sustained democratization. Instead, the political system veered toward feckless pluralism, where institutional turnover occurred but failed to alter the underlying clientelist structures. In Hale’s terms, this was not a breakthrough, but a re-equilibration of the patrimonial order under new leadership.

C. Foreign Policy Coalitions in Hybrid Regimes

While hybrid regime theory explains the persistence of informality and elite-driven dynamics, its rather limited theory of change is insufficient to answer our research question. Perhaps because hybrid regime theory emerged as an antidote to “transitology” or “transition theory” (the idea that post-Soviet countries are in a process of inexorable transition from a command

economy towards liberal democracy) ([Carothers 2002](#)), it adopts a narrow theory of change, which focuses on elite power games rather than broader transformation.

Thus, to explain the transformation at the heart of our research question, it must be supplemented with insights from the second-image tradition in international political economy, particularly Gourevitch's ([Gourevitch 1978; 1989](#)) work on domestic coalitions and foreign policy. Gourevitch argues that the structure of the international system creates pressures that are refracted through domestic coalitions of economic and political actors. In liberal democracies, these coalitions often align around sectoral interests - e.g., industrial capital vs. finance, agriculture vs. manufacturing - and negotiate their preferences through institutionalized channels.

However, this coalition model faces limitations in hybrid regimes and requires some conceptual tweaking. The ephemeral and clientelist nature of coalitions in LAOs means that they are less durable and programmatic than in consolidated democracies. Coalitions are often assembled around patronal figures rather than policy agendas, and they rely on personalistic exchanges rather than institutional commitments. This makes them prone to fragmentation, particularly during periods of geopolitical stress or when the central patron's position is contested. Thus, while Gourevitch's account of the repeal of the Corn Laws in the UK in 1846 invokes concepts such as "business", "labour" and "farming" as groups with distinct preferences, mediated through the British parliamentary system, in hybrid regimes coalitions are much less clearly defined, and more related to the intransparent preferences of oligarchs.

Nevertheless, these coalitions - even if fragile - are crucial to understanding foreign policy realignment. In the cases of Ukraine, Georgia and Moldova, strategic hedging gave way to a more definitive EU-aligned vector not only because of external shocks (e.g. Russian military intervention), but because domestic coalitions emerged that were capable of framing the cost of disengaging from Russia as tolerable, and the benefits of EU integration as sufficiently attractive to key elite and societal groups. These coalitions often included oligarchs with more EU-aligned business interests, reformist technocrats, particular sectors, civil society and sections of the electorate - even if their unity was temporary and conditional.

While Gourevitch's framework offers a valuable starting point, it is ultimately insufficient to capture the hierarchical and heterogeneous nature of political alliances in hybrid regimes. The coalitions driving realignment in Ukraine, Moldova and Georgia were not simply interest groups coalescing around shared economic preferences. They were formations in which disparate actors aligned behind a shared geopolitical and institutional project. Unlike standard coalitions, these were not defined solely by economic interests or sectoral cleavages, but by their position within a broader political strategy. This requires a shift from the notion of equilibrium-based coalition politics to a more dynamic theory - the *social blocs* approach.

D. Social Blocs

“We call a social bloc a set of socio-political groups unified by a political strategy and supporting this strategy with the aim of gaining and maintaining power. A political strategy proposes a programme for implementing public policies involving, among other things, economic policy decisions (budget, etc.), and aims to achieve a certain configuration of economic or political institutions, leading to institutional stability or structural reforms. A socio-political group brings together agents who express the same type of expectations of public action, and its support for the political strategy in question depends on the extent to which its expectations are met.”

According to [Amable and Palombarini \(2024\)](#) *social blocs* are heterogeneous (several groups consider that their expectations are sufficiently taken into account by a certain political strategy) and hierarchical (support of certain groups, in whatever form, is generally more important to the success of the political strategy than that of other groups). For it to be considered *dominant*, a *social bloc* should be able to ensure the political victory of that strategy. Although the concept was developed for advanced economies, these criteria remain appropriate when analysing hybrid regimes. For instance, the social blocs discussed in the empirical chapters usually include: one or more oligarchs, political parties, social movements, workers in particular sectors and voters. In terms of our research question, a *social bloc* is considered dominant if it is able to secure the political victory of its geopolitical preference (*strategic hedging* or *single vector*). Table 6 shows a simplified visualisation of the two main social blocs in Ukraine since the early 2000s. “Blue” and “Orange” refer to the two main camps in the 2003 Orange Revolution. In section III of this chapter, we operationalise the policy preferences of these two *social blocs* in more detail.

Table 6. *Social blocs* in Ukraine (2000-2021)

	“Blue” <i>Social Bloc</i>	“Orange” <i>Social Bloc</i>
Groups inside the <i>bloc</i>	- Industrial oligarchs - Gas oligarchs - Party of Regions - Industrial workers - Voters (East & South)	- Agro oligarchs - CSO sector - Various pro-EU parties - Voters (West & North)
Desired outcomes (domestic)	- Energy subsidies - Soft budget constraints - Overvalued currency	- Hard budget constraints - Floating currency - Deregulation
Desired outcomes (foreign policy)	- Strategic hedging - Cheap energy inputs - Access to Russian & EU markets - Protectionism	- EU integration - Trade Openness
Period of dominance	1995-2014	2014-2023

As the table shows, each *social bloc* contains several groups (oligarchs, political parties, economic groups and voters). These groups are also hierarchical. Voters play a critical role around election times, whereas economic groups (e.g. industrial workers) can mobilise (or be mobilised) at specific moments through strikes, demonstrations etc. Political parties engage in negotiations in and around the legislative and executive branches, and transform the *bloc*’s preferences into legal acts. Finally, oligarchs provide financing for political parties, “buying-out” existing office holders, mobilising economic groups (often through their own enterprises) and generating voter turnout through their media empires and local patronage networks ([Huss 2016](#)). We place oligarchs at the top of the hierarchy due to their role as a glue which binds the social bloc. However, during the aforementioned period of *dominant power politics* ([Carothers 2002](#)) an incumbent may sufficiently consolidate power to attempt subordination of the oligarchs within the *social bloc*. This was arguably the case in Ukraine under Viktor Yanukovych (2010-2014) and in Georgia under Mikheil Saakashvili (2003-2012).

Figure 10. Simplified Visualisation of a *Social Bloc*

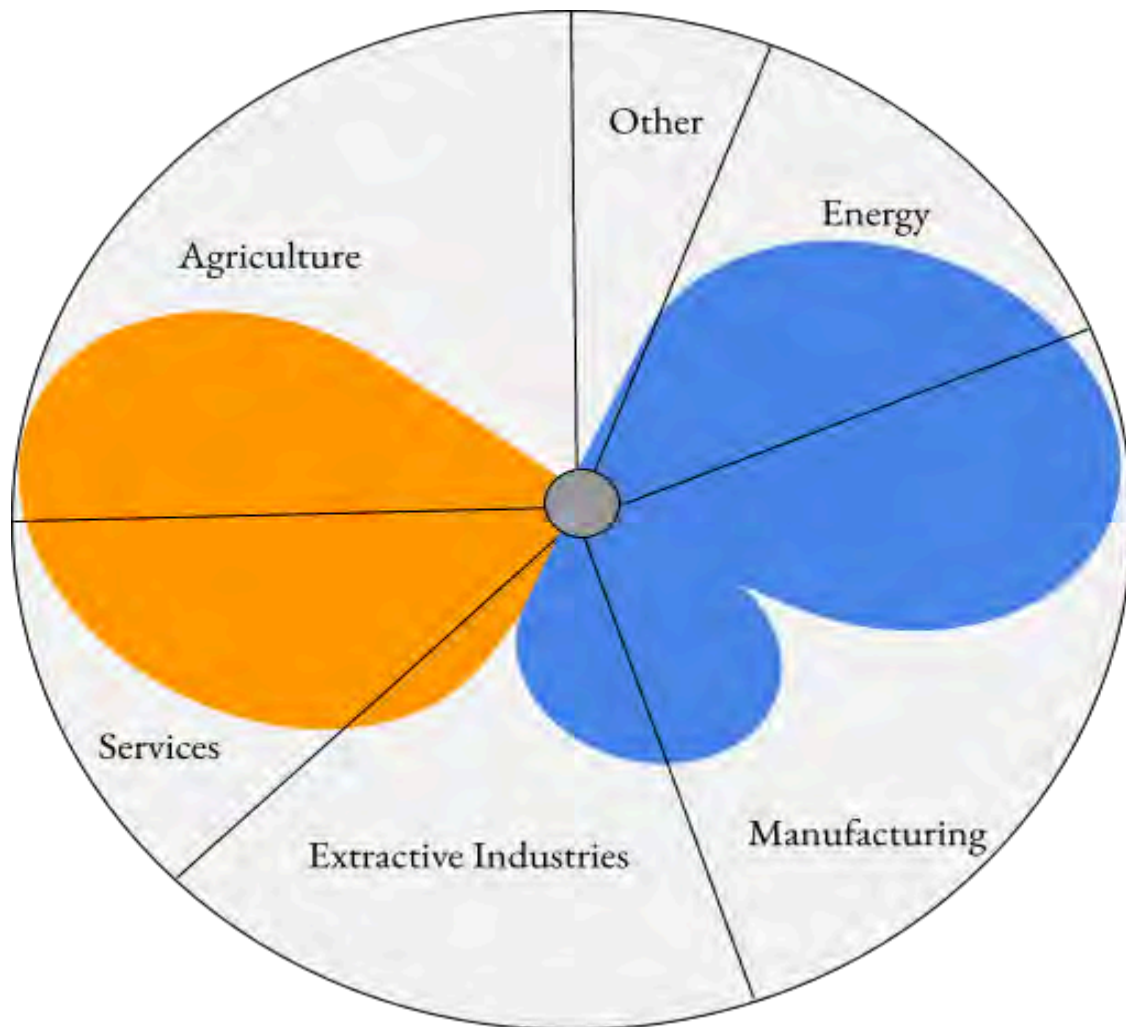
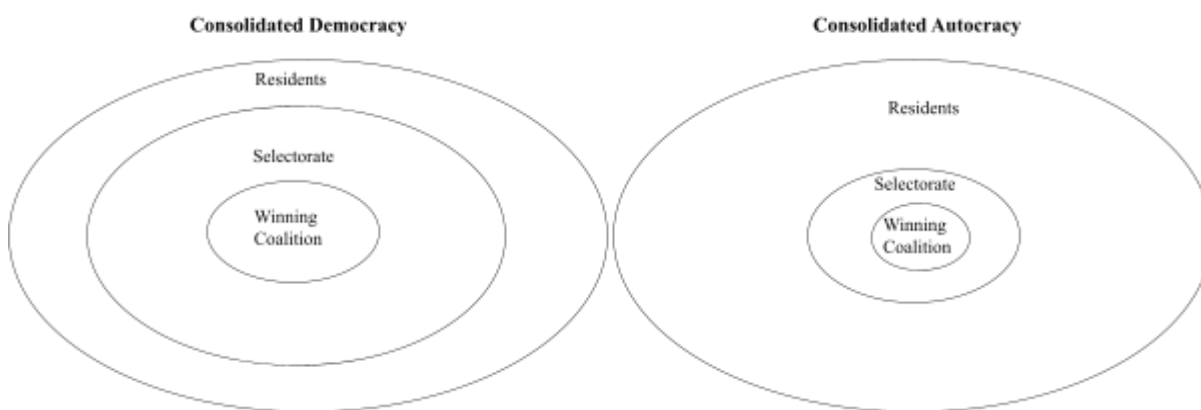


Figure 10 illustrates how our application of the social blocs concept differs from Selectorate Theory. Selectorate theory is outlined at length in “The Logic of Political Survival” ([De Mesquita et al. 2005](#)). Society is divided into disenfranchised residents, the selectorate and the winning coalition. The winning coalition are the prime beneficiaries of the political-economic order, while the selectorate are those who have a *real* influence on who rules. In a democracy, the selectorate would include those voters who have a strong impact on the outcome of elections (e.g. swing voters in swing states) and other powerful interest groups. In an autocracy, the selectorate would include the security forces and other groups

essential to regime survival. The authors posit that the poorest autocracies and the richest democracies are the most stable forms of rule. In poor autocracies, the winning coalition and selectorate are extremely narrow, the chances of being inside are very small, and the cost of exclusion very high. This encourages loyalty to even incompetent leaders, hence keeping the country poor. Meanwhile in rich democracies, the winning coalition and selectorate are much larger. There are likely to be members of the winning coalition which support challengers (the political opposition), which discourages loyalty to incompetent leaders, and thus allows for regular but peaceful handovers of power. While selectorate theory is similar to *social blocs* in showing how power rests on a hierarchy of coopted groups, it does not contain a theory of structural change, whereas *social blocs* are rooted in the makeup of the economy, as discussed in more detail in section II of this chapter.

Figure 11. Selectorate Theory in Consolidated Democracies vs Consolidated Autocracies



Source: De Mesquita *et al.* (2005) (author's interpretation)

E. Alternative Approaches: Political Capitalists and Open Access Orders

Two recent contributions focused on Ukraine use alternative frameworks to our *social blocs* approach to conceptualise somewhat similar processes, and are therefore deserving of our attention.

Dubrovskiy *et al.* (Dubrovskiy *et al.* 2024) adopt the analytical framework developed by North *et al.* (North *et al.* 2007) to conceptualise post-Maidan Ukraine as a site of contested

transition from a Limited Access Order (LAO) to an Open Access Order (OAO). Whereas LAOs are defined by elite control over rents, informal rules, and extractive institutions, OAOs are marked by impersonal rule of law, open competition, and institutionalised rights. The authors position Ukraine as having been historically locked into a resilient LAO equilibrium - sustained through mutually reinforcing “vicious circles” of patronal rent-seeking and political capture- but argue that recent decentralisation reforms, institutional shocks, and external incentives have begun to erode these dynamics. Their work reflects an effort to theorise the persistence and potential breakdown of patronal systems following the 2014 Maidan revolution.

In contrast to this approach, our *social blocs* framework is agnostic about such normative teleologies. While Dubrovskiy et al. implicitly associate pro-Western alignment with liberal institutional preferences (i.e. the OAO model), our analysis does not suggest that actors who support EU integration are necessarily supportive of an OAO. Instead, they may engage in what Mendelski ([Mendelski 2016](#)) calls *pathological Europeanisation* - supporting surface-level reforms connected to EU integration to access funds and legitimacy, while simultaneously preserving mechanisms of elite rent extraction and informal dominance. In other words, support for EU accession does not automatically equate to support for open access institutions. While Dubrovskiy’s account retains a relatively clean binary between LAO and OAO, our *social bloc* framework highlights shifting alliances based on actors’ positions in the domestic and global economy. Rather than asking whether Ukraine is in a “transition” toward an OAO, our approach asks which groups benefit from the existing configuration and under what conditions they shift their preferences. This enables a more granular and less teleological account of domestic political economy - one that does not assume the desirability or inevitability of “open access” as such.

Volodymyr Ishchenko ([Ishchenko 2024](#)) offers an almost opposite perspective to Dubrovskiy et al.. Rejecting both nationalist and liberal triumphalist narratives, he frames Ukraine's turbulence since 1991 as a failure to stabilise a legitimate class-based political order. In contrast to binary conceptions of “pro-European” versus “pro-Russian” camps, Ishchenko proposes that the key cleavage is between two asymmetrical class coalitions: on one side, *political capitalists* tied to post-Soviet industrial rents and the state; on the other, the professional middle classes allied with Western donors, NGOs, and transnational capital and its *comprador* elites, as well as far-right groups.

Ishchenko defines political capitalists - in his view mislabelled as “oligarchs” - as those whose economic advantage depends primarily on selective state benefits, not innovation or labour exploitation. This class emerged from the “theft of the state” during primitive accumulation and reproduces itself through informal control of rents, protection rackets, and political capture. However, unlike traditional Marxist or Gramscian notions of a hegemonic capitalist class, both the *political capitalists* and the *compradors*³⁹ are fragmented and lack the ideological coherence to secure legitimacy. Hence, Ishchenko introduces the concept of a “crisis of hegemony” - a prolonged inability of any dominant class alliance to articulate a unifying national project, resulting in repeated revolutionary surges (e.g., 2004, 2014) that ultimately reproduce the same crisis structure. In his most recent book, he attributes significant blame to the post-Maidan coalition for escalating tensions with Russia culminating in the 2022 invasion.

Ishchenko’s work is an important corrective to more teleological accounts such as Dubrovskiy et al, by contributing to the literature on how post-Soviet revolutions have failed to solve many of the deep structural crises facing these countries. However, he is less successful at clearly conceptualising or operationalising the post-Maidan coalition of the far-right, NGOs, *comprador* elites etc which he identifies. Moreover, the role of transnational capital is often mentioned, but less often defined. For instance, he claims that an array of institutions set up since 2014 are instruments of foreign capital penetration (such as investment treaties, anti-corruption institutions), rather than institutions set up by a new *social bloc* to promote a particular type of pro-Western economic modernisation. Thus our approach outlined in the next section acts as a corrective to Ishchenko and Dubrovskiy *et al.*’s accounts by attempting to operationalise our *social blocs* and analyse them empirically.

III. Calculating Structural Transformation: Growth Decomposition

The initial structural transformation of post-Soviet economies is well studied. There are numerous articles on the impact of the collapse of Soviet supply chains, and early privatisation. Similarly, there is substantial scholarship on the early structural adjustment programs of the IMF and the often controversial role of Western expertise and technical

³⁹ Author’s formulation. Ishchenko does not clearly label this eclectic group.

assistance in further privatisation and the development of new institutions such as central banks ([Johnson 2000; 2006; 2019; Jones 2013](#)). The emergence of oligarchs within these conditions and their diverging trajectories has been an object of significant study. Finally, energy markets have been studied extensively as a crucial sector given Russia's use of oil and gas as a geopolitical tool (see Chapter 2) ([Banaji 2024; Stern et al. 2009; Pirani 2015; Pirani 2018; Dolan-Evans 2023](#)).

Yet what is lacking is an analysis of changing macroeconomic conditions since 2000 as a backdrop to the admirable qualitative analysis of the changing fortunes of economic and political elites available.⁴⁰ This dissertation addresses this gap by analysing two aspects of macroeconomic transformation across our four cases: the contribution of value-added (VA) sectors to GDP growth, and the contribution of export sectors to export growth. This section presents the purpose of our analysis and outlines the methodology. A more detailed methodological note can be found in Annex 1.

A) Production-Side GDP Growth Decomposition

GDP has a production side, an expenditure side and an income side:

1. (Production side) $GDP = \text{Agriculture VA} + \text{Manufacturing VA} + \text{Industry VA} + \text{Services VA} + \text{Taxes on Products} - \text{Subsidies on Products}$
2. (Expenditure Side) $GDP = \text{Household Consumption (C)} + \text{Government Consumption (G)} + \text{Investments (I)} + \text{Net Exports (X-M)}$
3. (Income Side) $GDP = \text{Wages} + \text{Profits} + \text{Taxes} - \text{Subsidies}$

Here we look at the production side, and calculate the contribution in percentage points (pp) of different VA sectors to GDP growth. This allows us to see not only what share of GDP a particular VA sector constituted in a given year or across years (although we also present this data), but to see which sectors drove growth (or partially offset negative GDP growth in some cases). Since data on VA at the section, category or product level is not available across our

⁴⁰ For instance ([Dalton 2023; Pleines 2020; Matsuzato 2024; Visser and Kalb 2010; Melnykovska 2014](#)).

cases over the period under study, we use broad “bucket” VA sectors for which data is available:

1. Agricultural VA
2. Manufacturing VA
3. Industrial VA (extractives, construction, energy, water without manufacturing)
4. Services VA (commercial and government services)

One obvious limitation is that we do not separate Services VA into commercial and government services VA. Thus we do not independently measure the share/growth contribution of private commercial services (e.g. IT services, tourism) and government services (public education, healthcare etc). However, by comparing our results to real government final consumption expenditure (real GFCE) and exports from the expenditure side of GDP, we can infer which is the main driver.⁴¹

This is not a stochastic exercise (i.e. we do not use a regression and thus cannot make claims along the lines of “an $x\%$ growth in agricultural VA results in a y percentage point increase in GDP growth”). It is rather descriptive growth accounting, showing how different VA sectors contributed to historical growth.

The analysis uses constant 2015 USD series for both GDP and sectoral value added, thus avoiding inflation distortions and enabling intertemporal comparison. The method follows a standard growth decomposition framework. Let $VA_{i,t}$ denote the real value added of sector i in year t , and GDP_t denote total real GDP in year t . The real growth rate of sector i between years $t-1$ and t is:

$$g_{i,t} = \frac{VA_{i,t} - VA_{i,t-1}}{VA_{i,t-1}} \times 100$$

The GDP share of sector i in the previous year is:

⁴¹ Government services VA and real GFCE are not the same. But if real GFCE increases much more than service exports (and other expenditure side GDP components) we can infer that government services VA is the driver.

$$s_{i,t-1} = \frac{VA_{i,t-1}}{GDP_{t-1}}$$

The contribution of sector i to aggregate GDP growth in year t (in percentage points) is then:

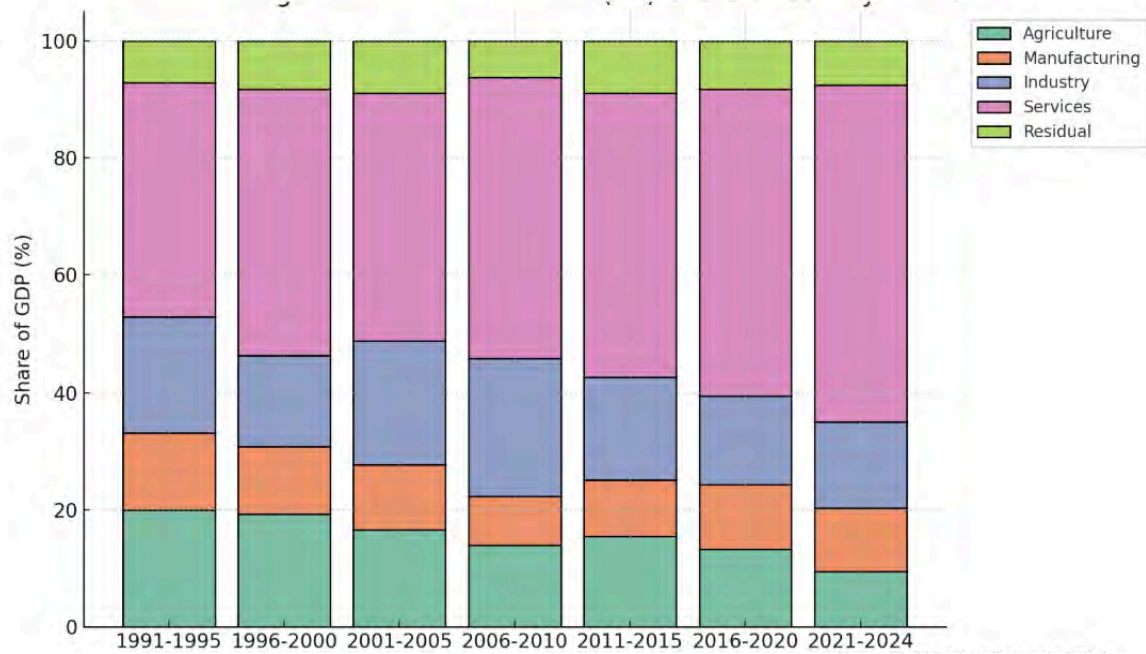
$$C_{i,t} = s_{i,t-1} \times g_{i,t}$$

Detailed results of our decomposition for our cases can be found in Annex 2. In the empirical chapters we present headline data for each case, showing average and total sectoral VA contributions across 5 year periods. Figures 12, 13 and 14 repeat the results from the Armenia empirical chapter for illustration.

Figure 12. Armenia Average Sectoral Value-Added (VA) Share (%)

	Agriculture Share (%)	Manufacturing Share (%)	Industry Share (%)	Services Share (%)	Residual Share (%)
1991-1995	19.99	13.16	19.61	40.05	7.19
1996-2000	19.25	11.60	15.51	45.33	8.31
2001-2005	16.56	11.19	20.97	42.34	8.94
2006-2010	13.97	8.31	23.59	47.90	6.24
2011-2015	15.48	9.64	17.50	48.46	8.92
2016-2020	13.25	11.06	15.13	52.25	8.31
2021-2024	9.42	10.89	14.70	57.45	7.54

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)

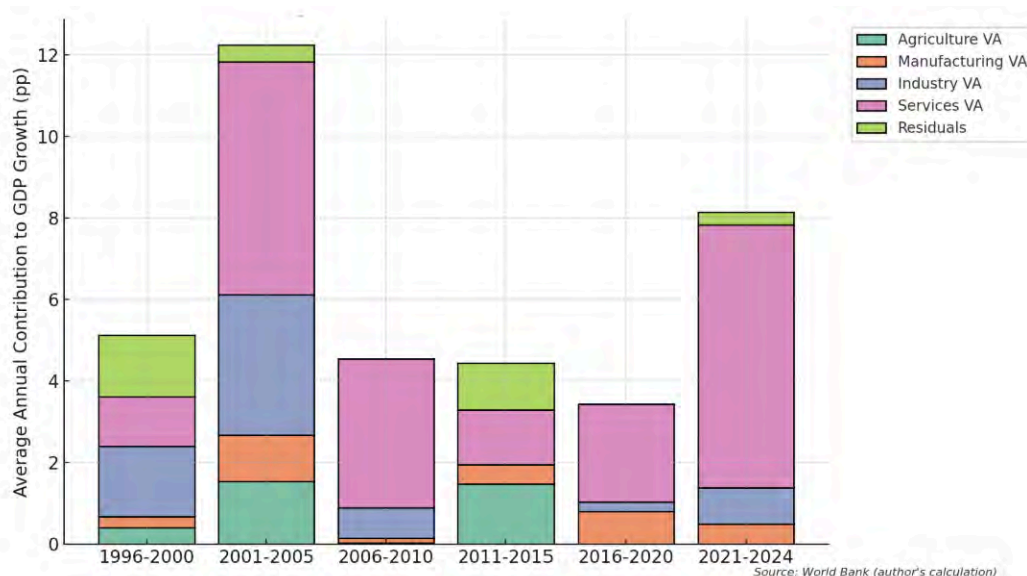


Source: World Bank (author's calculations)

Figure 13. Armenia Average Sectoral Value-Added (VA) Contribution to Growth (pp)

	Growth Rate	Agriculture VA Contribution (pp)	Manufacturing VA Contribution (pp)	Industry* VA Contribution (pp)	Services AV Contribution (pp)	Residual Contribution (pp)
1991-1995	-10.00	-0.23	-1.47	-7.74	1.84	-2.40
1996-2000	5.14	0.40	0.27	1.74	1.21	1.51
2001-2005	12.24	1.54	1.14	3.44	5.72	0.41
2006-2010	4.38	0.03	0.12	0.74	3.66	-0.17
2011-2015	4.40	1.47	0.48	-0.04	1.35	1.14
2016-2020	2.66	-0.77	0.80	0.24	2.40	-0.01
2021-2024	8.15	-0.01	0.50	0.89	6.44	0.32

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)



* Sectors with a negative contribution to growth omitted - bar heights may exceed average GDP growth

What does this example show? Firstly, the shares tell us that in Armenia across our period, services VA formed the largest component of production side GDP followed by industry, agriculture and then manufacturing. In terms of GDP growth, service VA was the main contributor in 5 out of 7 of our 5-year periods.⁴² Industry was a major growth contributor in 1996-2000 and 2001-2005, but not subsequently, even becoming slightly negative in 2011-2015. Manufacturing VA contributed a small proportion of growth in all four periods, while agriculture VA was a major contributor only from 2011-2015, and was negative in 2016-2020 and 2021-2024.

We will now present the second part of our growth decomposition methodology, and interpret the Armenia data further in light of both methods.

B) Export Growth Decomposition

Since our cases are all small,⁴³ open economies, measuring the relative contribution and export sectors and the geographical distribution of export destinations is important to understand change. Thus we decompose export growth in terms of export sectors. Similar to

⁴² Services was the only VA sector which did not decline in 1991-1995. We do not include this period in the bar charts, due to both data reliability and the readability of the chart.

⁴³ In Ukraine's case only in GDP terms, not size.

our GDP growth decomposition, we use four “bucket” export sectors⁴⁴ (agriculture, manufacturing, extractives and services), but also “zoom in” on other particularly salient export categories (ICT services exports for all four cases and beverages exports for Armenia, Georgia and Moldova since all three are wine/cognac exporters).

The growth rate of export category i between years $t-1$ and t is:

$$g_{i,t} = \frac{X_{i,t} - X_{i,t-1}}{X_{i,t-1}} \times 100$$

The export share of export category i in the previous year is:

$$s_{i,t-1} = \frac{X_{i,t-1}}{X_{t-1}}$$

The contribution of export category i to aggregate export growth in year t in percentage points (pp) is then:

$$C_{i,t} = s_{i,t-1} \times g_{i,t}$$

The aggregate export growth in year t (in pp) is:

$$g_{X,t} = \sum_i C_{i,t}$$

We calculate both *nominal* sectoral contributions to *nominal* export growth and *real* sectoral contributions to *real* export growth (but only for Moldova due to data limitations - see below). Calculating nominal shares and contributions allows us to understand the relative

⁴⁴ While for our GDP growth decomposition we used Industry VA which includes extractives, construction, energy and utilities, for our export growth decomposition we use only extractives (CNG sections V., XIII, XIV., XV.).

importance of export sectors, but is a poor indicator of structural change. This is because nominal exports are heavily influenced by the price of export products. For instance, if extractive exports contribute heavily to total export growth in a given year, this does not necessarily mean that extractive export quantity increased (due to increased investment, productivity etc), but could simply reflect higher global demand and hence a higher price for the same quantity of exports as the previous year. Meanwhile real shares and contributions show that a given sector is actually expanding the quantity of exports. Thus we can observe situations where a sector is increasing the quantity of exports in a given period, while another sector is stagnating in export quantity (but growing in nominal terms due to price increases. This is particularly relevant for our cases as countries with a high share of commodities exports (see Introduction). However, there are several data limitations in calculating real exports (see below).

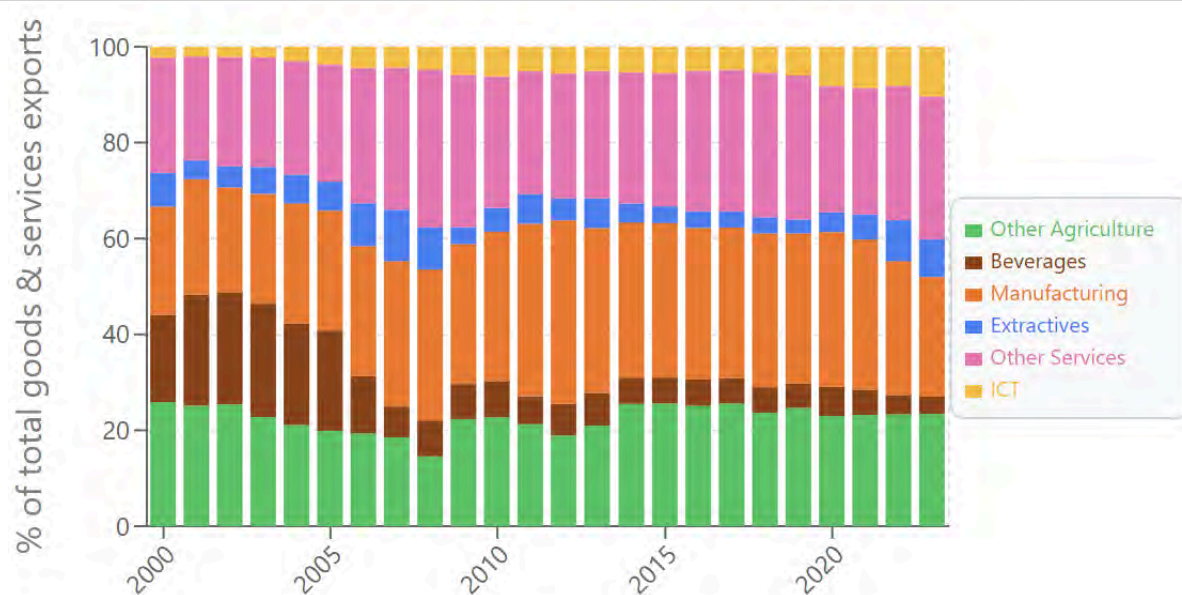
We perform this decomposition for each country's goods and services exports to the world, and then for exports to the EU and the CIS. Since detailed data on the destination of services exports is only available for Ukraine, in Chapter 3 analyse exports of goods and services to the CIS and EU, whereas for the other cases we analyse goods (without services) exports to the two trade blocs. Figure 14 gives an example of our growth decomposition from Chapter 4.

Table 7. Nominal versus Real Export Growth

	Nominal Export Growth	Real Export Growth
Relative Weight of Sectors	Clear	Unclear
Increased Sectoral Output	Unclear	Clear

Figure 14. Moldova Export Sector & Sub-Sector Shares (%) of Total Goods & Services Exports (Real)

	Agriculture Share (%)	Manufacturing Share (%)	Extractives Share (%)	Services Share (%)	ICT Services ⁴⁵ Share (%)	Beverages, Spirits & Vinegar ⁴⁶ Share (%)
2001-2005	45.30	23.81	5.19	25.70	2.60	22.44
2006-2010	27.64	29.87	7.36	35.13	5.10	8.14
2011-2015	28.47	34.66	4.87	31.99	5.31	6.02
2016-2020	29.86	31.74	3.43	34.97	5.89	15.33
2021-2023	27.62	28.08	7.18	37.13	9.03	4.30



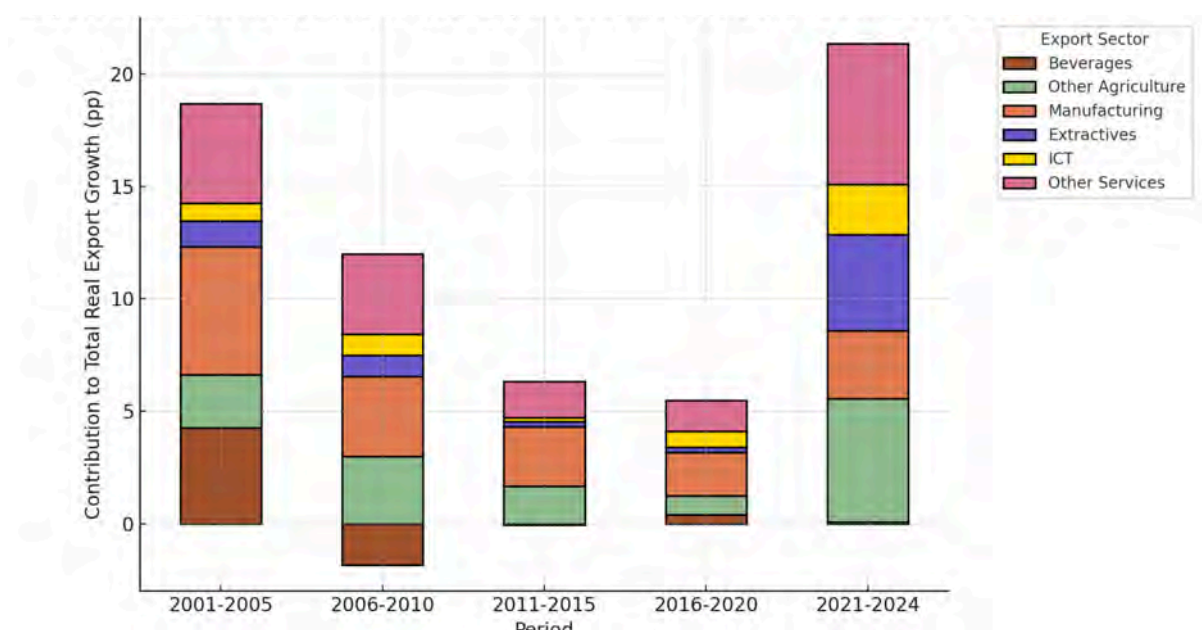
Source: NSBRM, World Bank (author's calculations)

Figure 15. Moldova Export Sector Contributions (pp) to Average Export Growth (Real)

	Growth Rate	Agriculture Contribution (pp)	Manufacturing Contribution (pp)	Extractives Contribution (pp)	Services Contribution (pp)	ICT Contribution (pp)	Beverages, Spirits & Vinegars Contribution (pp)
2001-2005	16.42	6.85	4.37	0.64	4.55	0.69	4.26
2006-2010	5.77	-0.71	3.04	0.36	3.07	0.76	-2.28
2011-2015	10.27	2.98	3.84	0.31	3.14	0.39	0.20
2016-2020	3.38	0.67	1.06	0.20	1.45	0.60	0.28
2021-2023	16.11	3.77	2.13	2.43	7.78	2.13	-0.12

⁴⁵ ICT Services are a component of the Services "bucket"

⁴⁶ Beverages, Spirits & Vinegar are a component of the Agriculture "bucket". They are located in CNG Section IV. - Prepared Foodstuffs - which could be classed either as agriculture or manufacturing.



Source: NSBRM (author's calculation)

C) Limitations

The most important limitation of our export growth decomposition is connected to calculating *real* exports. Only the National Statistical Office of the Republic of Moldova publishes CNG section-level unit value indices (UVIs) for goods exports. Thus we were able to calculate reasonably accurate real exports in constant 2015US\$. However, there are no published UVIs for service exports, meaning we use the aggregate national export UVI to calculate real service exports. As a result, our “real” service exports figures are deflated based on average export price change, meaning they are deflated but do not accurately reflect changes in export prices. Meanwhile the Georgian Statistical Service (Geostat) publishes section-level goods export UVIs from 2015-2024. Armenia and Ukraine⁴⁷ do not publish consistent CNG section-level goods UVIs, meaning it is not possible to meaningfully calculate real exports. As a result, in Chapter 3 and Chapters 5 to 6, only a nominal export growth decomposition is conducted.

Secondly, only the Ukrainian Statistical Service (*Derzhstat*) publishes a breakdown of service exports based on export destination⁴⁸. They offer only broad country groups, including the

⁴⁷ The Ukrainian Statistical Service (*Derzhstat*) published export UVIs for 2008-2018, but according to their own goods classification (UCGFEA, Ukrainian Classification of Commodities in Foreign Economic Activity).

⁴⁸ The Georgian Statistical Service (Geostat) offers such a breakdown only since 2020.

EU (1996-2023) and the CIS (1996-2018). As a result, only for Ukraine do we perform a growth decomposition of goods *and* services exports to the EU and the CIS. For Armenia, Georgia and Moldova, we offer only a decomposition of goods exports to the EU and Russia (not CIS).

Finally, our methodology does not fully incorporate a key sector - energy. While energy features in our GDP growth decomposition as part of the Industry VA “bucket” and partially in our export growth decomposition in the Extractives “bucket”, these only include the domestic energy generation (and supporting industries) and exports. This excludes energy imports from our growth decomposition. In each empirical chapter we present the IEA “Energy End-uses and Efficiency Indicators” for 2023 to give an idea of the energy needs and sources of our sectoral buckets. However, future research should incorporate longitudinal data on energy-end use and energy prices.

IV. The Changing Face of the Post-Soviet Oligarchy

The above sectoral growth composition aims to look at the political economy of our cases from a different angle to existing literature: rather than focusing on oligarchs *per se*, we situate them within broader *social blocs*, for which our sectoral “buckets” and sub-sectors act as a proxy. But why does location within a sector matter for abandoning strategic hedging? In this section, we attempt to construct the policy preferences of oligarchs based on their advantages for different sectors.

Thus this section presents a typology of oligarchs based on sectoral concentration. The five types of oligarchs examined here - Red Directors, Gas Oligarchs, Industrial Oligarchs, Agricultural Oligarchs, Financialised Oligarchs and Hegemonic Oligarchs - reflect distinct economic strategies and sources of influence that, in turn, shape both national political landscapes and broader international relations. As each category of oligarch adapts to shifting market conditions, their influence undergoes transformation, altering the power structure within these countries and their interactions on the global stage.

Following Madariaga ([Madariaga 2015](#)) and Sierra ([Sierra 2022](#)), we consider the exchange rate regime and trade openness as key policy dimensions with sectoral cleavages. We then

turn to gas dependence, since this variable is particularly acute given Russia’s use of gas as a geoeconomic tool (see Chapter 2). We also pay some attention to fiscal and monetary policy preferences. We identify two ideal-type “policy regimes” and then compare which sectors’ preferences correspond most closely (see table 8).

Table 8. Ideal Type Post-Soviet Policy Regimes

	“Cheap Inputs” Regime	“Cheap Exports” Regime
Trade Openness	Protectionist (except CIS)	Liberalised
Energy	Cheap inputs, fixed tariffs	Low energy price sensitivity
FX	Fixed, overvalued	Floating, undervalued
Monetary Policy	FX targeting	Inflation targeting
Fiscal Policy	pseudo-Industrial Policy	Export Promotion
Financing	Domestic credit creation	External investment (IFIs)

In earlier stages of the dissertation, we considered labelling these as “pseudo-Keynesian” versus “neoliberal” policy regimes. However, this risked shoehorning the preferences of a very specific group of elites (post-Soviet oligarchs in hybrid regimes) into categories created for advanced capitalist countries. Also as Stratenwerth (2025) has demonstrated, economic elites in advanced capitalist countries do not always fully articulate their interests within a particular growth model in a broad sense, and may only advocate their interests in narrower domains⁴⁹. Thus we named the regimes after what we believe to lie at their core: the need to secure cheap and stable inputs versus the need to realise value on global markets through competitive exports. These regimes also help to bridge the gap between the interests of oligarchs and other groups within the *social blocs*, since they do not only represent strategies for elite rent extraction but also electoral strategies. Political parties aligned with oligarchs who favour the “cheap inputs” regime promise cheap household energy, an overvalued currency (hence cheap imported consumer goods), loose domestic credit markets and anti-austerity. Such a regime in turn necessitates good relations with Russia as a cheap input supplier, and resistance to EU and IMF structural reforms. Parties and oligarchs within the “cheap exports” regime favour trade openness, external investment promotion, tighter fiscal

⁴⁹ For instance, German firms which lose out from the broader strategy of competitive disinflation and domestic demand repression may nevertheless not oppose this growth model in general, but only specific features which they perceive as onerous.

and monetary policy, presenting this as part of a pro-Western economic modernisation project connected to EU membership. We then categorise our sectors based on their relationship to these two ideal-type regimes (see table 9), which we outline in more detail below.

Table 9. Sectors and Policy Preferences

	Gas Sector	Industry & Manufacturing	Agriculture	Service Sector	Finance
Trade Openness	Protectionist (except CIS)	Protectionist (except CIS)	Liberalised	Liberalised	See below
Energy	Cheap inputs, fixed tariffs	Cheap inputs, fixed tariffs	Low energy price sensitivity	Low energy price sensitivity	
FX	Fixed, overvalued	Compensated overvaluation	Undervalued but stable	Floating, undervalued	
Monetary Policy	FX targeting, low interest rates	FX targeting, low interest rates	Ambivalent	Inflation targeting	
Fiscal Policy	Pseudo-industrial policy	pseudo-Industrial Policy	Export Promotion	Low tax regimes	
Financing	Domestic credit creation	Domestic credit creation	External investment (IFIs)	Ambivalent	

* Red = conforms strongly to the “cheap inputs” regime. Green = conforms strongly to the “cheap exports” regime. Orange = does not conform strongly to either regime.

It is important to note several limitations of our approach. First, it is unlikely that oligarchs will conform tightly to any *a priori* sectoral preference list. Most have diversified asset portfolios across multiple sectors. The purpose of this typology is thus not to be able to neatly categorise oligarchs, but to show how the nature of rent-extraction affects oligarchs’ policy preferences, and how these preferences might change. Thus, an oligarch who earned their initial fortune through gas arbitrage but later became primarily an industrial oligarch may change their policy preferences as a result. In this light, our sectoral growth decomposition becomes relevant, as it shows which sectors are most important at a given time. Secondly, due to the opacity of oligarch ownership structures, it is not always possible to accurately assess sectoral concentration.

However, we believe our approach has several advantages. Firstly, it avoids heuristics mentioned earlier in this chapter such as dividing business actors into supporters of a Closed Access Order (CAO) versus an Open Access Order (OAO), or into “national versus transnational capital”. We also circumvent the debate on whether oligarchs want the establishment of property rights and the rule of law (but are unable due to collective action problems) or prefer to remain as “stationary bandits” ([Schwartz 2018](#)). Industrial versus agricultural oligarchs, for instance, as assessed in terms of the needs of their respective sectors in terms of market access, exchange rates, financing and fiscal rules.

Our approach also attempts to redress the analytical problem associated with inferring oligarch preferences from their public statements and past actions. Firstly, oligarchs in our cases differ dramatically in terms of their public profile. While figures such as Ihor Kolomoisky, Khachatur Sukiasian and Ilan Shor have been quite vocal at times in discussing their business and political ventures and preferences, others such as Viktor Pinchuk and Vladimir Plahotniuc have remained mostly reclusive. Moreover, inferring present behaviour from past behaviour is unreliable given potentially dramatic changes in oligarchs’ business models and *modus operandi*. For instance, Ukraine’s richest man Rinat Akhmetov’s business empire historically centred on iron and steel production, but due to events in Ukraine since 2014 the jewel in his crown has arguably shifted to the energy giant DTEK. Eliciting preferences based on sectoral concentration helps us to overcome the limited and potentially unreliable information available in the media and public statements.

A) Red Directors: The Legacy of State Enterprise Control

Red Directors refers to a legacy category which frequently appears in the literature - the majority either lost their positions or transitioned into one of the other typologies below - yet remain worthy of mention. They were state-appointed managers of large state enterprises, who wielded significant power during the Soviet period as directors of key industrial sectors, such as manufacturing, heavy industry, and natural resources. They retained control over their enterprises even as the formal political system and state structure collapsed, positioning themselves as the *de facto* managers of what remained of state-owned enterprises.

In some cases, the enterprises were privatised, and the “Red Director” retained control through both acquiring shares during “insider privatisation” and through serving as director. A notable example is Viacheslav Bohuslaiev, director of *Motor Sich*, a major Ukrainian aerospace manufacturer. Bohuslaiev used control of the enterprise for self-enrichment and to augment his political power, serving as an MP from 2006 to 2019. His ability to mobilise workers made him a valuable ally to successive governments ([Ben 2022](#)).

Other Red Directors relied on *de facto* control of enterprises which remained in state hands, such as the Mykolaiv shipbuilding yard and *Zorya-Mashproekt* gas turbine factory, both important facilities with both military and commercial applications on Ukraine’s Black Sea coast. *Zorya-Mashproekt de facto* remained in state hands, supplying the Ukrainian defense sector and selling gas turbines, including for Russian and Indian frigates and the gas extraction sector worldwide. The enterprise rarely turned a profit for the state, but was rather a site of rent extraction for successive directors ([NABU 2023](#)). This category of Red Directors were more dependent on loyalty to incumbents, since they held no ownership rights and could technically be removed from their posts.

The Red Directors were the most important category in the 1990s and early 2000s, but gradually lost significance compared to other categories of oligarchs discussed here for a variety of reasons. Firstly, some Red Directors used their initial acquisition of state-owned enterprises to become industrial oligarchs, or even to enter national politics, as was the case for Ukraine’s second president Leonid Kuchma - previously the director of *Pivdenmash*, the most important Soviet rocket-building facility. Secondly, some Red Directors disappeared with the decline or bankruptcy of their enterprises, or were victims of “corporate raiding” (or even assassinations) by rival oligarch clans.

B) Gas Oligarchs: Rent-Seeking and Intermediary Power

	Trade Openness	Energy	FX	Monetary Policy	Fiscal Policy	Financing
Gas Oligarchs	Protectionist (except CIS)	Cheap inputs, fixed tariffs	Fixed, overvalued	FX targeting, low interest rates	Pseudo-industrial policy	Domestic credit creation

Gas oligarchs represent another important category within the oligarchic typology. Their rent-seeking centred on arbitrage related to gas imports and transit from Russia, as well as gas fired power plants. They relied heavily on both domestic and foreign (Russian) political connections to extract rents.

Yulia Tymoshenko, one of Ukraine's most prominent political figures, started her career as a gas oligarch, through the intermediary role she played in Ukraine's gas trade, leveraging her ties with both the Russian gas giant Gazprom and Ukrainian political elites such as Prime Minister Lazarenko.

Dmitry Firtash later emerged as one of the most powerful gas oligarchs in Ukraine, primarily under Viktor Yanukovich. His gas empire, largely based on dealings with Gazprom, was built on the foundation laid by earlier figures like Tymoshenko and Pinchuk. Firtash's success was largely due to his ability to navigate the complex relationships between Ukraine and Russia, making him a key player in Ukraine's gas sector and in the broader regional energy politics. His position was maintained by ensuring that the gas supply routes between Russia and Ukraine remained stable, which was vital for both countries' energy security and economic interests. He therefore had distinct foreign policy preferences, and was one of the main losers of the Maidan Revolution. He lost control of the gas trade, which was anyway disrupted by the deterioration of Russia-Ukraine relations, and ended up under house arrest in Austria pending extradition to the US based on bribery charges.

In Moldova, the role of gas oligarchs was similarly intertwined with political and geopolitical dynamics. Vlad Plahotniuc, who eventually became a hegemonic oligarch (see below), capitalized on the opaque gas trade between Russia and Moldova. While not primarily focused on gas, Plahotniuc's wealth and influence were enhanced by his involvement in schemes around the conversion of Russian gas exports to Transnistria into electricity for Moldova ([de Gardă 2020](#)).

In terms of policy preferences, gas oligarchs derive rents from transforming foreign-currency gas into regulated domestic-currency revenues, producing a specific web of preferences. Their core concern is simple: inputs and much of their debt are FX-linked, while cash flows are largely domestic and often tariff-capped. This asymmetry helps explain their preferences across macro and regulatory regimes.

In terms of trade, their priority is unimpeded access to cheap Russian gas with long-term contracts at fixed prices, not generalized market openness. They are particularly averse to trade deals with the EU which may entail liberalisation of the gas sector⁵⁰. Gas oligarchs (perhaps counter-intuitively) prefer subsidised energy tariffs to a liberalised gas market. Fixed tariffs shift gas price and FX volatility from the firm to consumers or the budget, guaranteeing a margin and insulating cash flows from shocks. Administered regimes also preserve their market power through exclusive contracts, single-buyer models, and opaque price-setting formulas, sustaining rents that transparent competition and unbundling would erode. Finally, tariff-setting centralizes decisions in regulators and ministries that incumbents can influence with their exorbitant wealth. A liberalised system or a transparent pricing formula risks lowering the scope for capture. Liberalisation and unbundling are clear requirements of both the EU and the IMF, making gas oligarchs into their likeliest opponents.

On the exchange rate, they prefer a stable and overvalued currency. An appreciated or tightly managed exchange rate lowers the local-currency cost of imported gas and eases the burden of FX-denominated liabilities. Volatility creates problems: sudden depreciations explode working-capital needs⁵¹, trigger tariff-compensation claims (households and businesses demanding tariff reductions), and push more customers into arrears. Where appreciation becomes unavoidable, their preference is for central-bank intervention or shifting currency pegs which minimise volatility.

On monetary and central-bank policy, while price stability is important for gas oligarchs as it stabilises regulated tariffs and input contracts, there is also likely an aversion to tight inflation targeting. If a hawkish central bank entails high interest rates and hard budget constraints, this is not in the interests of gas oligarchs seeking cheap credits and insider subsidies. Their fiscal/industrial-policy preferences are selective rather than broad. They support guarantees, state-backed credit lines, and regulated returns for generation and grids, but have little interest in broad export-promotion tools. Institutionally, they prefer discretion over rules. Strong, independent regulators with transparent methodologies threaten margins; weak or

⁵⁰ EU energy markets are mostly liberalised (with some room for state aid). Liberalisation and unbundling of energy markets is a requirement of the EU AAs/DCFTAs and a frequent condition for IMF loans.

⁵¹ This assumes most inputs are imported - likely the case for Armenia, Georgia and Moldova, while Ukraine has a domestic gas sector input industry.

politically embedded regulators can be persuaded to smooth tariffs, delay audits, or accept optimistic asset-base valuations. Judicial and competition authorities that move slowly or emphasize “stability of supply” create space for incumbent-favoring settlements. Politically, it is thus clear that gas oligarchs have strong incentives to align with (or even found) political parties with a strong pro-Russian trade orientation and preferences for subsidised energy tariffs, a fixed exchange rate and insider subsidisation. They are especially likely to resist EU and IMF conditionality⁵².

C) Industrial Oligarchs: Control Over Productive Assets

	Trade Openness	Energy	FX	Monetary Policy	Fiscal Policy	Financing
Manufacturing & processing	Protectionist (except CIS)	Cheap inputs, fixed tariffs	Compensated overvaluation	FX targeting, low interest rates	pseudo-Industrial Policy	Domestic credit creation
Extractives	Pro-liberalisation	Cheap inputs, fixed tariffs	Compensated overvaluation	FX targeting, low interest rates	pseudo-Industrial Policy	Domestic credit creation

Industrial oligarchs represent a different form of power within the oligarchic system, but one that is more prevalent in Ukraine due to its large Soviet industrial legacy, sheer size and regional diversity. They are rarer in much smaller Armenia, Georgia and Moldova, which lacked major industries which could spawn sufficiently powerful and regionally concentrated oligarchs.

Unlike gas oligarchs, whose power relies on foreign and domestic connections and their intermediary role, industrial oligarchs derive their influence from the direct control of productive assets - mines, factories, smelting plants, ports, and transport networks. These oligarchs hold vast horizontally and vertically integrated empires, which allow them to control entire industries from production to distribution, all fixed in place and deeply embedded in local and regional economies. A classic example of an industrial oligarch is Rinat Akhmetov, Ukraine’s wealthiest man. Akhmetov’s fortune is rooted in his control of a

⁵² Examples include Rinat Akhmetov’s attempts to undermine the reform of the Ukrainian state railways ([Andrusiv et al. 2018, 38](#)) and Ihor Kolomoisky’s campaign against the National Bank of Ukraine discussed in Chapter 3.

vast network of steel production facilities, mines, and energy infrastructure. His conglomerate, System Capital Management (SCM), controls key sectors of Ukraine's economy, particularly steel production, coal mining, and electricity generation ([Andrusiv et al. 2018, 26](#)). The Azovstal steel plant, located in Mariupol, provides a striking example of Akhmetov's influence. As one of Ukraine's largest industrial facilities, Azovstal plays a critical role in both the domestic economy and global supply chains for steel. The key to Akhmetov's power is not just the sheer scale of his holdings but also the geographic and industrial integration of his empire. Akhmetov controls the entire supply chain, from coal extraction in the Donbas region to steel production and the transportation of these goods through Ukrainian ports ([Swain 2007](#)). His control over Mariupol, which became a *de facto* company town under his influence, highlights the unique nature of industrial oligarchy in Ukraine.

Industrial oligarchs, particularly in Ukraine, are often involved in fierce competition with one another for control over resources and industries. This competition has occasionally led to violent confrontations, with oligarchs using both economic and political means to undermine their rivals. This pattern is particularly evident in Ukraine's diverse regions, where industrial interests often shape local political alliances. Industrial oligarchs' attempts to consolidate their regional dominance and independence from the centre played a major role in the escalation of events in Ukraine after 2014. Rinat Akhmetov initially tacitly supported the Russian-backed separatist movement in Eastern Ukraine, as he stood to gain from the "federalisation" of Ukraine demanded by Russia ([Bobrovnikov 2022](#)). This would have given substantial formal power to the Donetsk and Luhansk regions, where Akhmetov's power was most concentrated. However, when events spun beyond his control and the separatists began to nationalise his enterprises, he switched to protecting those assets which remained in government-controlled Ukraine.

In terms of policy preferences, industrial oligarchs have a more ambiguous position than gas oligarchs but nonetheless lean strongly towards the "cheap inputs" regime. In trade, while industrial oligarchs are more export-oriented than gas oligarchs, their preferences differ strongly from agro-oligarchs. Firstly, we must distinguish between industrial oligarchs who export high-value added manufactured goods versus exporters of extractives. As shown in our empirical chapters, the former overwhelmingly exported to the CIS market. This is due to their insertion into CIS-specific supply chains (for instance the Russian automobile industry),

but also because even for those countries which concluded a DCFTA with the EU, regulatory barriers for industrial products are much higher than for agricultural products or extractives ([Bazhenova et al. 2018](#)). DCFTA-related regulatory adoption presents a cost burden without compensatory benefits for CIS-oriented industrial firms which lack the ability to re-orient to EU markets ([Adarov and Havlik 2016](#)). Moreover, such firms prefer protectionist measures against non-CIS countries, in particular Western countries which may offer higher quality (and at times even cheaper products). Extractives on the other hand face lower regulatory barriers (although the EU's long-proposed (but often postponed) Carbon Border Adjustment Mechanism threatens to change this), and in the case of Armenia and Georgia are primarily oriented towards the EU market. Thus they may be more inclined towards trade liberalisation with the EU and less interested in protectionist policies on the domestic market. However, it is important to note that in many cases industrial oligarchs operate vertically integrated business models, meaning they are engaged in energy intermediation, extraction and processing or manufacturing. If they export a proportion of their extracted commodities, they may therefore have ambiguous preferences.

What unites both manufacturing and extractive oligarchs is the need for cheap energy inputs. Although in some of our cases renewables capacity has increased dramatically in recent years ([Felicia 2025](#)), in most cases industry requires hydrocarbons, meaning securing those inputs from Russia is essential. Alongside the obvious implications of those ties with Russia, energy needs also have a bearing on the FX regime. A stable and overvalued domestic currency allows them to secure cheap energy imports. However, overvaluation harms export competitiveness. As a result, industrial oligarchs push for a pseudo-industrial policy (loose budget constraints, subsidies to their firms, preferential access to state-owned enterprises) and a pro-industry financing regime (low interest rates, lax regulation of domestic credit creation). As one would expect from the above, they are also averse to an independent central bank pursuing a strict inflation targeting regime. All of these conditions together allow industrial oligarchs to gain the benefits of currency overvaluation while being “compensated” for the negative impact on export competitiveness. This arrangement is ideal for energy intensive Soviet legacy industries.

Industrial oligarchs likely favour an institutional setup geared towards a selective pseudo-industrial policy, with little concern for the business or investment environment as defined by IFIs. Politically, like gas oligarchs but perhaps less unambiguously, they have

incentives to align with or found political parties with a strong pro-Russian trade orientation and preferences for subsidised energy tariffs, a fixed exchange rate and insider subsidisation, and resist EU and IMF conditionality linked to unbundling and fiscal tightening.

D) Agricultural Oligarchs

	Trade Openness	Energy	FX	Monetary Policy	Fiscal Policy	Financing
Agro Oligarchs	Liberalised	Low energy price sensitivity	Undervalued but stable	Ambivalent	Export Promotion	External investment (IFIs)

Agricultural oligarchs have a distinct set of policy preferences for two key reasons: their business model is much less energy intensive and thus less energy price sensitive than industry or energy. Secondly, they have a particularly strong interest in export promotion, which influences their attitude to trade openness and fiscal policy.

In terms of trade openness, we observe some diversity in our cases. In Armenia, Georgia and Moldova, wines and cognacs composed a significant proportion of agro exports. Such exports were overwhelmingly oriented to the CIS market. Even after Russia imposed restrictions upon all three countries at various moments, this sector struggled to reorient towards EU markets due to regulatory barriers and lack of reputation. However, other agro exports, especially low-value added agricultural products, increasingly oriented themselves to the EU market. As a result, this sector has a particular preference for trade liberalisation with the EU to loosen its tariffs, quotas, NMTs and SPS requirements for agricultural products. As a result, agroholdings such as Ukraine's MHP and Kernel have a record of supporting EU integration (although arguably in a "pathological" manner, as discussed in Chapter 3).

It is hard to claim a clear preference for agro exporters in terms of the FX regime. While they are likely to favour undervaluation for export competitiveness reasons, the extent depends on their reliance on foreign capital. As large agroholdings have increasingly invested in expensive technological inputs (such as those connected to ports and grain elevators), the desirability of undervaluation lowers if these inputs are imported. In addition, agricultural companies in Moldova, Ukraine and Georgia have been major recipients of loans from

development banks such as the EBRD ([Plank 2013](#)), whose loans are denominated in foreign currencies, potentially making devaluation more risky. In terms of fiscal policy, unlike the pseudo-industrial policy preferred by industrial oligarchs, they favour export promotion instruments such as VAT refund schemes. Although, as the political power of the agro-sector has grown, they have also pushed for more direct subsidisation. Finally, agro-holdings have a record of preferring foreign investment and credits over domestic credit creation. Several Ukrainian agro-holdings are listed on international stock exchanges and cultivate financing from development banks, in contrast to industrial firms.

D) Financial Oligarchs

	Trade Openness	Energy	FX	Monetary Policy	Fiscal Policy	Financing
Real-sector oriented	Protectionism	Cheap inputs	Managed	Loose, low interest rates	pseudo-industrial policy	Domestic credit creation, discretion
Finance -oriented	Liberalised	Low energy price sensitivity	Liberalised	Tight inflation targeting	Restraint	High bond yields, low deposit rates

The role of finance in our cases is particularly complex. As Bojcun ([2020](#)) has noted, the role of finance during the 90s collapse was in facilitating predatory business and asset stripping through a variety of schemes. Later, we identify two types of powerful financial sector actors which emerged. *Real-sector oriented* refers to banking and finance conglomerates⁵³ which were used to facilitate insider credit creation for oligarch-owned industries ([Repko 2019](#)). They were therefore ancillary to the business models of industrial, energy or agricultural oligarchs: relying on weak banking regulations to provide generous credits to their businesses. Such banks were endemic in Ukraine until 2014, when many of them collapsed, leading many Ukrainians to lose their savings. Ukraine's largest banking group - the Privat Group of Ihor Kolomoisky and Gennadiy Bogolyubov - was nationalised by the government. In July 2025, the former owners were found liable in a London court for orchestrating the theft of over \$1.9 billion through a sham loan scheme ([Oleniak 2025](#)). As a result of their role in real-sector financing, their policy preferences aligned with those of the industrial oligarchs.

⁵³ These could be privately or state-owned. State-owned banks were frequently captured by private interests for the purpose of insider credit creation.

Finance-oriented banks can be further subdivided into those banks which pursued integration into global financial markets and thus embraced the challenge of regulatory compliance, versus those which relied on a weak regulatory environment to facilitate large-scale money laundering and corporate raiding. A classic example of the latter are the Moldovan banks involved in the “theft of the billion” and “Russian laundromat” schemes (see Chapter 4). The business model of such predatory banks appear to have been undermined by tightened regulations⁵⁴. Meanwhile, the number of banks operating according to the logic of financialisation has increased, partly driven by the entry of EU banks into all four of our cases through sister banks. Such financialised banks depend more on the difference between high bond yields and low deposit rates rather than real sector lending. As a result, their policy preferences conform more strongly to the “cheap exports” regime: liberalised finance and FX, tight monetary policy, high interest rates and fiscal restraint.

E) The Service Sector

The elephant in the room in our analysis is the service sector. Our GDP and export growth decompositions show that services provided the main contribution to growth in all cases in most periods. However, we face two issues:

1. Less data is available on services (especially exports)
2. Services is an extremely broad category

It is therefore hard to treat the service sector as having distinct preferences. However, we may surmise several commonalities. Firstly, the service sector is much less prone to concentration and oligarchisation than industry or agriculture, which rely on economies of scale. A large proportion of the service sector also likely consists of SMEs. As a result, they lack resources to try to win selective benefits from the state ([Dubrovskiy et al. 2024](#)). They therefore favour

⁵⁴ Not necessarily connected to EU integration, but more strict global banking regulation.

a more clear and transparent business environment, with low taxes and limited fiscal policy. SMEs in the service sector also have lower capital needs than manufacturing, meaning less aversion to a tight monetary policy which generates high interest rates. In terms of the FX regime, they are likely the most unambiguous supporters of a floating FX and undervaluation to generate export competitiveness.

The ICT services sector, one of the most important growth sectors in our analysis (except in Georgia), also has a particular interest in attracting foreign investment, deregulation and trade openness.

F) Hegemonic Oligarchs

An additional category worthy of note are *hegemonic oligarchs*. With this term we refer to a situation where a single oligarch is able to accumulate exorbitant wealth and political power, and essentially capture the state. We define a *hegemonic oligarch* as an individual meeting Chernenko's [\(2019\)](#) definition of an oligarch, whose reported wealth is more than three times larger than the next wealthiest oligarch, plus control of one of the largest parliamentary parties. Two such cases appear in our empirical chapters - Vladimir Plahotniuc in Moldova during the 2010s and Bidzine Ivanishvili in Georgia since 2012 - and warrant additional theorisation. We do not consider oligarchs who decide to enter politics and acquire senior office (such as Petro Poroshenko and Yuliia Tymoshenko in Ukraine) to be hegemonic, if they were not able to fully capture the state, but were simply capable of winning elections. We also do not class as *hegemonic* individuals who may have acquired large fortunes, but as a result of being career politicians who achieved high office, such as Armenia's second president Robert Kocharyan⁵⁵.

To give a sense of what sets *hegemonic oligarchs* apart, in Ivanishvili's case, in 2023 his wealth was estimated at about \$7.6 billion, or a quarter of Georgia's GDP [\(Parulava et al. 2024\)](#). He made the bulk of his fortune in Russia in the 1990s, before seriously turning his attention to Georgian politics in 2012. Accurate assessments of Plahotniuc's net worth are lacking; Marandici [\(2024\)](#) estimates his net worth at \$2 billion. Our two *hegemonic oligarchs*

⁵⁵ Kocharyan features in various analyses of the Armenian oligarchy based on claims that he became a substantial minority shareholder in key enterprises. However, we do not consider him to meet Chernenko's definition of an oligarch, as he did not use politics primarily to advance existing business interests, but rather pursued high office.

had a complex relationship with politics. Both occasionally assumed high office (Ivanishvili was Prime Minister of Georgia from October 2012 to November 2013 and Plahotniuc attempted to become Prime Minister of Moldova in 2016) but mostly adopted less public roles as chairmen of their respective parties. This was perhaps an effort to downplay their political influence and deflect criticism from their parties. However, both men were rather inconsistent, entering, leaving and re-entering the public political arena at various moments.

Another noteworthy feature of both *hegemonic oligarchs* featuring in this dissertation is that they both publicly supported EU integration of their respective countries' while engaging in "pathological Europeanisation" ([Mendelski 2016](#)) - selective implementation of agreements while undermining requirements which would weaken their control. Both men relied heavily on tight control of the judiciary, reform of which was a key requirement under the Association Agreements with the EU and macro-financial assistance (MFA) packages. In the empirical chapters, we unpack how these actors used both EU support and legitimacy to consolidate their power. It is challenging to clearly define a set of policy preferences for hegemonic oligarchs, especially because we identify only two examples across our cases. Their economic interests stretch across multiple sectors and are inextricably linked to their ability to capture the state. Thus, we might not expect a coherent policy paradigm, since the needs of specific sectors may be subordinate to political strategies necessary to remain in power.

V. Conclusions

The core challenge of this dissertation is bridging a gap between two very distant concepts: the domestic macroeconomy of our cases and their geopolitical alignment. Our approach can (outlined in more detail in figure 2, page 10) be summed up as:

Macroeconomy → *Social blocs* → Domestic Policy Preferences → Foreign Policy Preferences → Geopolitical Alignment

In this chapter we operationalised the macroeconomy based on sectoral "buckets" (agriculture, manufacturing, industry and services) and outlined our GDP and export growth

composition methodologies. We conceptualised *social blocs* as heterogeneous and hierarchically organised groups of oligarchs, political parties, labour and voters. We outlined two ideal-type domestic policy regimes (a “cheap inputs” regime versus a “cheap exports” regime) and inferred which sectors align with these regimes on different policy dimensions. We then connect those domestic policy regimes to foreign policy preference, the most clear example being how the necessity of cheap energy inputs implies a maintaining close ties with Russia. The aggregation of foreign policy preferences then constitutes geopolitical alignment. For instance, *social blocs* which require cheap energy inputs and resist EU and IMF structural reforms both to maintain their rent extraction schemes and to generate electoral support will tend to favour *strategic hedging*. *Social blocs* which favour trade openness, undervalued currencies, inflation targeting and tighter fiscal and monetary policies favour a pro-EU alignment, since trade liberalisation and macrofinancial assistance are essential to the success of their desired policy regime. By categorising different sectors based on policy preferences, we do not argue for a clear binary between “pro-Russian” versus “pro-EU” sectors. Instead, we argue that the position of sectors on a continuum from the “cheap inputs” regime to the “cheap exports” regime generates domestic policy preferences which spill over into foreign policy preferences.

CHAPTER 2

BETWEEN A ROCK AND A HARD PLACE: THE EU AND RUSSIA

Having outlined our theory of the relationship between structural transformation, social blocs and geopolitical alignment in the previous chapter, we now turn to the two main external actors which our domestic coalitions respond to: the EU and Russia. We use the “linkage and leverage” framework proposed by Levitsky and Way ([Levitsky and Way 2006](#)) to conceptualise the channels of EU and Russian influence. Linkage refers to the density of a country’s economic, political, social, and communication ties to another, while leverage denotes the vulnerability of governments to external pressure due to factors like economic dependence or military weakness.

The main conclusion of this section is that the EU has “transformative power” ([Börzel 2010](#)) - the ability to transform the domestic institutions, policies, and political processes in third countries - but it is highly diffuse, and success relies upon its interaction with a variety of actors including incumbents, parliamentarians, state entities, businesses, civil society and voters to name just a few. The EU possesses few instruments of leverage beyond Macro-Financial Assistance (MFA), diplomatic pressure and the withdrawal of funding, although the latter has been used sparingly. In contrast, Russia relies on coercive mechanisms which (with the exception of disinformation campaigns) focus on incumbents and elites, rather than a broad spectrum of actors. Russia lacks “transformative power”, as showcased by the hollowness of its primary integration project - the Eurasian Economic Union, and thus relies upon shorter time horizons than the EU when exerting influence. We propose that different domestic actors or coalitions respond differently to these signals, based on their position in the domestic and global economy. As outlined in the previous chapter, oligarchs and their *social blocs* which rely heavily on Russian inputs and markets and a “cheap inputs” policy regime will respond differently to those oriented towards the EU and world markets. In making this distinction, we challenge the *Limited Access Order (LAO)* vs *Closed Access Order (OAO)* paradigm in the literature, which contrasts actors who prefer exclusionary arrangements with those who prefer competition and the Rule of Law ([Dubrovskiy et al. 2024](#)). “EU-oriented” *social blocs* thus may also be characterised by rent-seeking and state capture, as shown in the empirical chapters, but differ in terms of their policy preferences.

I. Russian Leverage

There are four main channels of Russian leverage discussed below: the weaponisation of energy through the state oil and gas conglomerate *Gazprom*, trade restrictions, diplomatic pressure and hybrid warfare. Matveev among others argues that Russian foreign policy lacks “international hegemonic appeal” ([Matveev 2023](#)). The Kremlin has preferred to work through explicit coercion aimed at incumbents and shadowy backroom deals with elites. Most likely this reflects President Putin’s denial of the possibility of collective social power - he maintains that the post-Soviet “Colour Revolutions” could only be the result of CIA operations ([Matveev 2023](#)) rather than genuine mass mobilisation. Russia thus largely eschewed many of the soft power tools used by the EU, with its only attempts to reach “the masses” manifesting in hybrid disinformation campaigns⁵⁶. Russia’s strategies also rely on what Serhii Kudelia labels the short time horizons of elites in hybrid regimes ([Kudelia 2013](#)). In pluralistic hybrid regimes without consolidated party systems, incumbents know that they are unlikely to be re-elected for a second term, and face the risk that they will face prosecution by their successors. As a result, they face a strong temptation to leverage all resources at their disposal to stay in power, including improper use of administrative resources and law enforcement. Russia is able to exploit this temptation by offering deals which privilege the interests of elites with short time horizons over longer term interests. The remainder of this section outlines the most important tools of coercion which Russia has deployed against our cases.

A) Gazprom

During the 90s and early 2000s, the Russian hydrocarbon sector was a mix of state-owned and private conglomerates. State-owned entities such as Gazprom and Rosneft coexisted with private companies such as YUKOS, Lukoil, TNK and Sibneft among others. Poussenkova ([2010](#)) has reconstructed the history of the Russian gas sector up to 2010, arguing that early expansion of supply chains and production abroad was driven largely by chaotic situations in the early 90s. Gazprom expanded into Europe to gain solvent buyers and to subsidise energy for the domestic market and the former Soviet republics. While geopolitical concerns still lay

⁵⁶ Russian soft power is not entirely absent. There are Russian universities in Moldova, Armenia, Kyrgyzstan and Kazakhstan. Russia also maintains, “Pushkin Centres” “Russia Houses” and other youth and educational initiatives in those post-Soviet countries where they are allowed to operate. However, these initiatives are miniscule compared to the EU’s soft power architecture.

behind Russian energy policy in the 90s (as it had in Soviet times), they took on new dimensions when Vladimir Putin took over the presidency ([Poussenkova 2010, 104](#)). Russia's 2003 energy strategy declared that "the role of the country in the global energy markets largely determines its geopolitical influence." Energy policy and the behaviour of both state-owned and private energy companies became increasingly subordinated to geopolitical concerns rather than profitability. This manifested itself in three main areas:

Table 10. Leading Russian Energy Companies in 2008 and 2009

	CEO	BoD Chairman	State Stake (%)	Oil Production (million ton, 2008)	Gas Production (billion cm ³ , 2008)	Market Value (\$ billion, Forbes 2009)
Gazprom	Alexei Miller	Victor Zubkov ⁵⁷	50.002%	12.7	550.5	74.55
LUKOIL	Vagit Alekperov	Valery Grayfer	0% ⁵⁸	90.2	14.2	26.62
Rosneft	Sergey Bogdanchikov	Igor Sechin ⁵⁹	75.16%	113.8	13	34.07
Surgutneftgas	Vladimir Bogdanov	Vladimir Erokhin	0%	61.6	14.1	19.65
TNK-BP	Mikhail Fridman	Mikhail Fridman	0% ⁶⁰	68.7	10.1	9.45
Gazpromneft	Alexander Dyukov	Alexei Miller	0% ⁶¹	30.7	2.1	n/a

Source: Pussenkova (2010)

Firstly, Papava ([2006](#)) describes how under Putin Russia began to reintegrate former Soviet republics through acquiring and developing assets in these countries. The most important of these, as described Chapters 4 and 6 were so-called "debt-for-equity" swaps, where Russia would forgive these countries (mostly energy) debts in return for full or partial ownership of energy assets. In this way Russian state-owned or private companies acquired a majority stake in the Moldovan gas distribution network and the Armenian gas and electricity

⁵⁷ former prime minister of Russia

⁵⁸ 20% owned by ConocoPhillips

⁵⁹ deputy prime minister of Russia

⁶⁰ 50% owned by British petroleum

⁶¹ 55.9% owned by Gazprom, 16.9% owned by Gazprom Finance BV

distribution networks. These “swaps” relied on the willingness of local elites to permit arguably unfavourable deals due to the opportunity for personal enrichment, rather than pure coercion. This approach is attributed to Anatoly Chubais, who argued in 2003 that Russia should create a “liberal empire” from the remnants of the Soviet Union. By liberal, he meant that Russia should play a leading role in the economies of these countries to counter Western influence ([Orttung and Overland 2011](#)). The debt-for-equity swaps were also accompanied by energy blackmail - cutoffs or sudden increases in energy prices were used to ensure compliance. As early as 1994⁶², Gazprom imposed a major gas price hike on Moldova from \$38.5 to \$80, well above the CIS average \$50.5 ([Tofilat and Soitu 2022, 5](#)), as a pretext for taking over two gas transmission pipelines in a “debt-for-equity” swap. Accrued debts were used as a pretext in 1998 to hand over 50% of the gas transmission network owner *Moldovgaz* to *Gazprom*, while in January 2006 Gazprom cut off gas supplies to Moldova for two weeks, after which a further 13.4% of *Moldovgaz* was transferred to *Gazprom*, who transferred the shares to the Transnistrian separatist authorities ([Thomas 2006](#)). For their part, the separatist authorities cut off electricity to government-controlled Moldova from the MGRES power plant in 1998 ([Moldstreet 2018](#)), 2004 ([RBK 2004](#)) and 2005 ([Panfilova et al. 2005](#)).

Secondly, the Russian state began to rein in the private energy companies and subordinate them to the state. This accomplished the dual goal of subordinating the energy sector to state policy, but also curbing the independence of energy oligarchs who emerged in the 90s and threatened to become an alternative source of political power as they did in other post-Soviet countries ([Junisbai 2009](#)). YUKOS’s CEO Mikhail Khodorkovsky was arrested in October 2003 and the company was subsequently sold via sham auctions to state firms. Roman Abramovich sold his controlling stake in *Sibneft* to Gazprom for about \$13 billion in 2005. TNK (jointly owned by British Petroleum and two Russian companies) was sold to *Rosneft* in 2013 for \$55 billion. Lukoil remained private, but heavily influenced by the Russian state. Chris Miller has argued that those oil & gas magnates who retained ownership did so by prioritising the Kremlin’s political goals over their own financial self-interest and that of their companies ([Miller 2016](#)). The most important owners or SOE managers also tend to have close ties to Putin spanning decades. Igor Sechin (*Rosneft*) and Vladimir Yakunin (Russian

⁶² Putin became PM of Russia in May 1998 and President in December 1999. Thus it should not be overstressed that a new energy paradigm emerged under his rule, since it has clear precedents in the Yeltsin era.

Railways) and Gennady Timchenko (Gunvor Group - oil trading) met Putin in St Petersburg in the 90s where the latter worked in Anatoly Sobchak's mayoral administration. Arkady and Boris Rotenberg (*Stroygazmontazh* (SGM) - Russia's largest pipeline construction company) were Putin's judo partners in his youth. It is therefore questionable whether these men can be classified as oligarchs according to Chernenko's (2019) definition, since they operate more as instruments of Russian state policy while being permitted to accumulate private wealth, rather than using their wealth to influence politics directly.

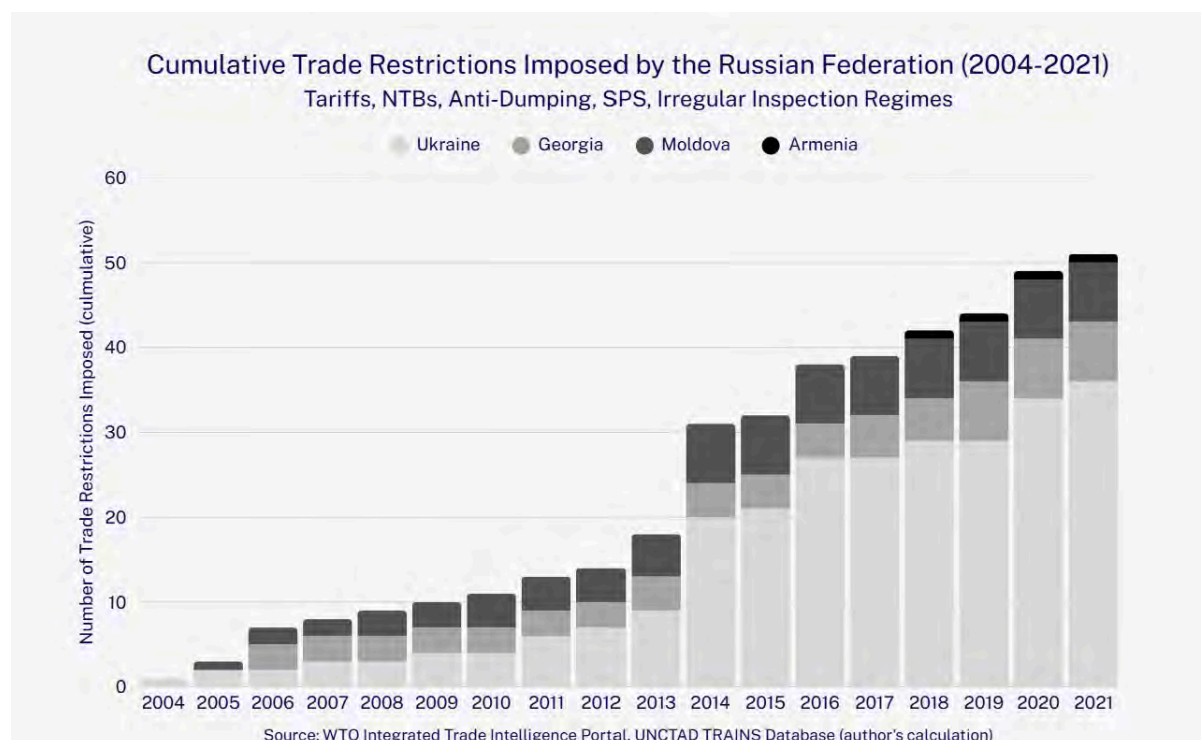
Thirdly, Russia began to use *Gazprom* and other energy companies to patronage political allies in other countries. In 2015, a Reuters investigation revealed how *Gazprom* sold more than 20 billion cubic metres of gas to Dmitro Firtash well below market prices, allowing the oligarch to accumulate over \$3 billion. At the same time, Russian banks granted Firtash credit lines of up to \$11 billion to establish a dominant position in Ukraine's chemical and fertiliser industries (Grey et al. 2014). In doing so, Russia effectively created a "gas oligarch" as described in the previous chapter, who was one of the main supporters of Yanukovich's Party of Regions until he was arrested by Austrian authorities in March 2014 at the request of the United States, which sought his extradition on bribery and corruption charges. In other instances, nationals of former Soviet republics who made fortunes in Russia (in industries connected to the state) returned and founded local political parties. In Moldova, Renato Usatîi co-founded "VPT-NN" a company producing railway equipment in Russia. He returned to Moldova in 2014, creating a string of parties to compete in that year's parliamentary elections. He subsequently was elected multiple times as mayor of Bălţi, Moldova's second largest city between 2015 and 2021. According to Gobbat (2025), Usatîi exploited socio-economic marginalisation, regional identity and alienation with corrupt pro-EU elites, while also using his opaque financial resources to conduct "philanthropy" among voters. Usatîi was considered a pro-Russian politician prior to 2019, when his relations with Russia deteriorated: criminal proceedings were opened against him and he renounced Russian citizenship (Konończuk et al. 2017). Such avenues of influence were not limited to post-Soviet countries. Russian state-owned and private energy companies also cultivated ties and engaged in lobbying in Brussels and EU member states, with the most notable example being former German Chancellor Gerhard Schröder serving as head of the shareholders' committee of Nord Stream AG⁶³ and independent director of the board of *Rosneft*.

⁶³ Nord Stream AG is the consortium for construction and operation of the Nord Stream 1 pipeline between Russia and Germany. Gazprom nominated Schröder as head of the committee.

B) Trade Restrictions

Russia has repeatedly used trade restrictions as a tool of leverage. Due to the legacy of Soviet supply chains, key sectors in each of our cases are oriented towards the CIS market, with Russia as the most important export destination. These key sectors are often engaged in producing high-value added manufactured goods which businesses struggle to export to the EU due to complex regulations (see the section on the DCFTAs in this chapter). Figure 16 shows trade restrictions imposed by the Russian Federation against our cases since 2004. It shows that while the number of trade restrictions certainly escalated after countries signed the AAs with the EU (and especially for Ukraine after the Maidan Revolution), their number was also rising prior to 2014. This is in line with Dragneva and Wolczuk's (2016) finding that Russia began to eschew *ad hoc* trade agreements in the late 2000s and impose trade restrictions to coerce countries into joining the Eurasian Economic Union (see the section of the EaEU in this Chapter).

Figure 16. Cumulative Trade Restrictions Imposed by the Russian Federation (2001-2021)



*NTBs = non-tariff barriers, SPS = sanitary and phytosanitary measures

A variety of Russian and EaEU institutions decide upon trade policy⁶⁴. While straightforward import tariffs have been imposed (especially for Ukraine), Non-Trade Barriers (NTBs), Sanitary and Phytosanitary (SPS) measures and Irregular Inspection Regimes (IRRs) are frequently used (see Table 11). SPS and IRI measures are commonly deployed as *ad hoc* and often temporary forms of coercion during moments of diplomatic tension. Russia has on numerous occasions imposed IRRs on Georgian and Armenian goods at the *Zemo Larsi*⁶⁵ crossing, leaving trucks stuck for days in harsh conditions at over 2,700 metres above sea level. Russia imposed SPS measures effectively blocking imports on Georgian and Moldovan wines in 2006 in retaliation for early steps towards EU integration, and on Armenian fruit and vegetables in July 2024, at a period of deteriorating diplomatic relations ([Hovsepyan 2024](#)).

Table 11. Trade Restrictions Imposed by the Russian Federation

	Description	Institution Responsible
Import Tariffs	Tax on the value of imported goods	Federal Customs Service (pre-2010), Customs Union Commission (after 2010), EaEU Commission (after 2015)
Non-Tariff Barriers	Regulatory standards which privilege domestic producers	Government, Ministry of Economic Development (pre-2010), Customs Union Commission (after 2010), EaEU Commission (after 2015)
Sanitary and Phytosanitary (SPS) Measures	Product safety standards (especially for agriculture), may be applied rapidly in case of emergencies e.g. disease outbreaks	Federal Service for Veterinary & Phytosanitary Supervision (<i>Rosselkhoznadzor</i>), Federal Service for Surveillance of Consumer Rights Protection (<i>Rospotrebnadzor</i>)
Irregular Inspection Regimes (IRRs)	Suddenly imposed additional checks on imported goods at border crossings	Federal Customs Service (FTS)

⁶⁴ Since 2015, the Eurasian Economic Commission (EEC) sets the Common Customs Tariff for all EaEU members. The Ministry of Industry and Trade (*Minpromtorg*) regulates licensing, quotas and product standards, while tariffs and NMTs are enforced by the Federal Customs Service (FTS). The Federal Service for Veterinary and Phytosanitary Supervision (*Rosselkhoznadzor*) is responsible for SPS measures. The Federal Service for Surveillance of Consumer Rights Protection (*Rospotrebnadzor*) is responsible for consumer standards, including health regulations.

⁶⁵ The only active border crossing between government-controlled Georgian territory and the Russian Federation.

C) Diplomatic Pressure

Unsurprisingly, Russia uses diplomatic pressure to encourage or discourage behaviour on the part of third countries, hence we will not dwell too much on formal diplomacy here. Yet perhaps more significantly than formal diplomatic pressure, Russia operates a form of shadow diplomacy through its state-controlled media. Statements of key Russian media figures such as Margarita Simonyan (Editor-in-Chief of RT) and Vladimir Solovyov (anchor for Russia-1) are intended and interpreted as signals from the Kremlin, given these figures' closeness to the regime ([Kuzio 2022](#)). This enables officials such as Sergey Lavrov (Foreign Minister since 2004) and Maria Zakharova, spokeswoman of the Ministry of Foreign Affairs, to strike a more conciliate or evasive tone, while state-controlled media figures are much more explicit. A prime example is Armenia after the Velvet Revolution: Prime Minister Pashinyan declared that the revolution did not threaten Armenia's good relations with Russia, and continued to attend high level meetings of the CIS, Eurasian Economic Union and CSTO. On the formal diplomatic level, the new government received some criticism from Russian Foreign Minister Sergey Lavrov for the opening of corruption cases against former high-ranking officials. In muted diplomatic language, he stated that "recent developments are a cause for concern, including from the point of view of normal operations of the CIS organisations Armenia is a member of" ([OC Media 2018](#)).

State-controlled media figures, meanwhile, struck a very different tone. Simonyan wrote on her Telegram channel:

"In response to the long-term goodness and protection that you received from Russia, you did not recognize Crimea. Because this is an internal affair of Armenia. Exclusively out of political revenge, you put Robert Kocharyan, Russia's constant ally, in prison. You have flooded the country with anti-Russian NGOs that are teaching young people on your territory how to overthrow the government in Russia. You have become a springboard for anti-Russian forces in the Caucasus... After all that you have done, Russia has every moral right to spit on you and grind you." ([Avanesov 2020](#))

This strategy enables Russia to present a certain image on the world stage, while nonetheless letting signals, warnings and threats reach their intended audience. An example from beyond our cases is the poisoning of Sergey Skripal - a former Russian military officer and double

agent for the British intelligence agencies - by Russian intelligence officers in Salisbury, UK in March 2018. President Putin referred to Skripal as Russian President Vladimir Putin has labelled ex-Russian spy Sergei Skripal a "traitor to the motherland" and a "scumbag", but described the allegations of Russian involvement as ridiculous, as did the diplomatic apparatus ([BBC News 2018](#)). However, state-controlled media figures broadcasting to a Russian-speaking audience struck a different tone. *Perviy Kanal* (Channel One) anchor Kirill Kleimenov framed the situation as follows:

"I don't wish death on anyone, but for purely educational purposes, I have a warning for anyone who dreams of such a career. The profession of a traitor is one of the most dangerous in the world... Maybe it's the climate [in the UK], but in recent years there have been too many strange incidents with a grave outcome. People get hanged, poisoned, they die in helicopter crashes and fall out of windows in industrial quantities." ([BBC News 2018](#))

Through statements like these, Russia is able to communicate messages to third country incumbents, elites and populations beyond the limits of formal diplomatic channels.

D) Hybrid Warfare

The concept of hybrid warfare was first coined by Frank Hoffman ([2007](#)), who described it as "the emerging simultaneous use of multiple types of warfare by flexible and sophisticated adversaries" incorporating "conventional capabilities, irregular tactics and formations, terrorist acts including indiscriminate violence and coercion, and criminal disorder". Russia's adoption of hybrid warfare tactics is associated with the so-called "Gerasimov Doctrine" after an article written by Russian General Valery Gerasimov in 2013⁶⁶ ([Felgenhauer 2019](#)).

According to the Institute for the Study of War, Russian hybrid warfare involves "a strategic-level effort to shape the governance and geostrategic orientation of a target state in which all actions, up to and including the use of conventional military forces in regional conflicts, are subordinate to an information campaign" ([Clark 2020](#)).

⁶⁶ Gerasimov's article was actually outlining what he saw as the West's strategies for destabilisation and covert influence in the context of the Arab Spring ([Felgenhauer 2019](#)).

What does this mean in practice? We do not attempt to outline the full spectrum of hybrid warfare tools here, but to characterise hybrid warfare as a type of leverage. Regardless of the form, hybrid warfare tools aim to destabilise and undermine trust in the target society and empower actors favoured by Russia, and are coordinated in a manner to exploit target vulnerabilities while maintaining plausible deniability. The Russian intervention in the Luhansk and Donetsk region in 2014 is a case which demonstrates how hybrid warfare tools work together. Russia amplified the grievances of local actors against the Maidan revolution⁶⁷ through disinformation campaigns, financing of separatist movements and ultimately the deployment of Russian military units claiming to be volunteers ([Kazdobina et al. 2024](#)). There was also an international dimension, where Russia attempted to extinguish Western support for the new government of Ukraine by accusing them of coming to power in a CIA coup, associating them with neo-Nazism and “Russophobia”, and trying to shift the blame for the downing of Malaysia Airlines Flight MH17.

In the context of this dissertation, hybrid warfare strategies particularly worthy of note include the creation and financing of political parties, disinformation campaigns (via traditional media and social media) and the use of proxy forces. Several political parties which appear in this dissertation are known to have been supported by the Russian Federation financially or through Russian-controlled media. This is not to say that all pro-Russian parties are creations of the FSB. Many parties which appear in this period may have expressed pro-Russian sentiments and received material or immaterial support from Russia, but were primarily the political vehicles of local elites. What it means is that certain parties are at times augmented by Russian hybrid warfare tools, while others are punished.

II. Russian Linkage

As is highlighted at the beginning of the chapter, Russian linkage operates very differently to the EU. While the EU invests heavily in technical assistance and Civil Society Organisations (CSOs) (see below), Russia largely eschews such methods⁶⁸. Instead, this section focuses on

⁶⁷ There is significant debate in the literature on the extent to which separatism in Eastern and Southern Ukraine in 2014 was an organic reaction to events in Kyiv or a creation of Russian intelligence ([Arel and Driscoll 2023](#); [Kazdobina et al. 2024](#)). What is noteworthy is the lack of continuity of actors who came to power in the proxy “Donetsk People’s Republic” and “Luhansk People’s Republic” and the pre-Maidan elites centred around the Party of Regions.

⁶⁸ Russia does offer some development assistance and military aid to allied post-Soviet states, but it pales in comparison to the EU’s in terms of scope and depth. Russia is also known to tacitly support

three other categories of Russian linkage: cooperation formats, trade, the Eurasian Economic Union and labour migration.

A) Cooperation Formats

Firstly, it is worth outlining the role of Russia-led regional organisations as a tool of linkage in the post-Soviet states, although as we will point out the significance of these organisations is up for debate. The Belovezha Accords Agreement (8th December 1991) signed by the Russian Federation, Belarus and Ukraine simultaneously dissolved the USSR and created the Commonwealth of Independent States as a regional intergovernmental organization⁶⁹. The CIS subsequently spawned a number of other cooperation formats involving different groupings of CIS members. The CIS Free Trade Area treaty was the first major multilateral attempt at economic reintegration in the region. Such economic integration projects are discussed in more detail below.

Table 12. Russia-led Regional Intergovernmental Organisations

	Organisation	Members
1991	Commonwealth of Independent States (CIS)	Armenia, Azerbaijan, Belarus, Georgia ⁷⁰ , Kazakhstan, Kyrgyzstan, Moldova ⁷¹ , Russia, Tajikistan, Uzbekistan
1992	Collective Security Treaty Organization (CSTO)	Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan
1996	Eurasian Political Consultative Conference	Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine, Uzbekistan
2001	Shanghai Cooperation Organization (SCO)	China, India, Kazakhstan, Kyrgyzstan, Pakistan, Russia, Tajikistan, Uzbekistan

* This table does not include FTAs and regional economic integration formats such as the EaEU

illiberal civil society in third countries, such as the far-right Alliance of Patriots movement in Georgia ([Liparteliani 2024](#)), although this differs substantially from open EU financing of local civil society.

⁶⁹ Although Ukraine ultimately did not join the CIS.

⁷⁰ Georgia exited the CIS following the 2008 Russo-Georgian War.

⁷¹ Moldova began withdrawing from the various CIS treaties in 2023.

The Collective Security Treaty Organization (CSTO) was founded in 1992 as an analogue to NATO, with Article 4 of the Collective Security Treaty (CST) establishing that an act of aggression against one signatory would be perceived as aggression against all. Article 4 was invoked in January 2022, when CSTO peacekeeping forces were deployed to Kazakhstan at the request of the government following large-scale protests and unrest ([Kucera 2022](#)). The events of “Bloody January” showed that CSTO could act as an instrument for authoritarian solidarity which member states could invoke to quell internal unrest. Armenia attempted to invoke Article 4 during the Second Nagorno Karabakh War with Azerbaijan in 2020, but the alliance did not acquiesce ([Mejlumyan 2022](#)).

Finally, the Shanghai Cooperation Organisation founded in 2001 became the world's largest regional organization in terms of geographic scope and population after India and Pakistan joined in 2017. Alongside the BRICS (the idea of which is often attributed to Russian Foreign Minister and later Prime Minister Yevgeny Primakov), the SCO has often been hailed by its members as a counter-project to US unipolarity and what they consider the West-dominated “rules based international order”. The Declaration of Heads of Member States of SCO in 2005 stressed the principles of “non-intervention in internal affairs of sovereign states, non-confrontational ways of thinking and consecutive movement towards democratisation of international relations” ([China Daily 2005](#)). Like the BRICS, there is much debate in the literature on the significance of the SCO, since its size and ambitions are rarely matched by concrete actions ([Stuenkel 2021](#)). At the 2025 SCO summit in Tianjin, a group of member states agreed to set up an SCO development bank as part of the bloc’s long-standing goal of establishing an alternative payment system that reduces reliance on the U.S. dollar ([Bao 2025](#)). However, no concrete capital pledges were made, leaving the China-led Asian Infrastructure Investment Bank (AIIB) as the world’s largest development bank with a majority of subscribed capital from non-Western countries.

B) Trade

In a classic study of post-colonial trade relations since 1945, ([Head et al. 2010](#)) found that in the post-colonial period, colony-colonizer trade eroded by 65% in 40 years. Trade between Russia and the newly independent republics fell dramatically in the 90s amid the dissolution of the USSR common market and economic crises across the region. Yet by the late 90s, trade with Russia began to recover and grow.

To test Head *et al.*'s theory vis-à-vis Russia and the other post-Soviet states, Mazhikeyev and Edwards ([Mazhikeyev and Edwards 2021](#)) decompose the region's trade into "gravity" components and analyse dynamic changes since the Soviet era. They show that the sharp improvement in trade volumes from the mid-90s was mainly due to the sharp recoveries in GDP levels after the initial 90s economic collapse and the strong performance of the global economy. By contrast, in the second decade of independence, ties began to weaken significantly and calibrated trade costs tend to rise in line with the Head *et al.* ([2010](#)) hypothesis., despite Russia's attempts at renewed integration through the CIS and EaEU.

Thus in aggregate, it appears that the strength of Russian trade linkage is weakening for our cases in the long run. In the short to medium term however there are several major caveats. Firstly, for all of our cases Russia remained a market for high value-added goods, which these countries could not easily reorient to the EU and global markets due to trade restrictions and regulatory burden. Key examples for Armenia, Georgia and Moldova are in the alcoholic beverages sector (wines and brandies), and for Ukraine in the transport, defense and aerospace sectors ([Bruszt and Langbein 2020](#)). This fits into our framework outlined in Chapter 1, whereby manufacturing and heavy industry are most reliant on the Russian export market as well as a "cheap inputs" policy regime. Trade thus helps to constitute *social blocs* in support of good relations with Russia. These *social blocs* are outlined in more detail in our empirical chapters.

Secondly, Russia has initiated numerous free-trade agreements and regional integration formats which offer post-Soviet states the potential to reverse or delay the long-term trend of declining trade with Russia mentioned above. The most important of these is the Eurasian Economic Union.

C) The Eurasian Economic Union

Since 1993 Russia initiated a variety of bilateral and multilateral FTAs with former Soviet states. However, earlier agreements lacked functioning institutions and mechanisms to administer trade rules, meaning they remained largely at the level of commitments ([Wolczuk and Dragneva 2017](#)). The push for regional (re)-integration gained impetus in the 2000s, coinciding with the EU's establishment of the Eastern Partnership and the beginning of

Association Agreement (AA) and Deep and Comprehensive Free Trade Agreement (DCFTA) negotiations with Armenia, Georgia, Moldova and Ukraine (see below). The 2010 Eurasian Customs Union with Belarus marked the first multilateral economic treaty which included decision-making and implementation bodies, a common customs tariff, the elimination of internal customs borders and unified rules of origin. The Customs Union's three governance bodies: the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council and the Eurasian Economic Commission were clearly modelled on the EU institutions ([Green 2019](#)). The Eurasian Customs Union set the groundwork for the Eurasian Economic Union (EaEU) founded in 2015, which added a Eurasian Economic Union Parliamentary Assembly (EaEU PA) reminiscent of the European Parliament.

Table 13. Russia's FTAs and Economic Integration Agreements (1993-2020)

	Treaty	Partners
1993-1995	Bilateral FTAs,	CIS Members
1994	CIS FTA	CIS Members
1995	Customs Union Russia-Belarus-Kazakhstan	Belarus, Kazakhstan
2000	Eurasian Economic Community (EurAsEC)	Belarus, Kazakhstan, Kyrgyzstan, Tajikistan
2006	Eurasian Development Bank	Russia (44.78 %), Kazakhstan (37.28%), Belarus (5.21 %), Tajikistan (4.25%), Kyrgyzstan (4.22%), Armenia (4.22%)
2010	Eurasian Customs Union	Belarus, Kazakhstan
2011	CIS Free Trade Zone	Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova Tajikistan, Ukraine, Uzbekistan
2015	Eurasian Economic Union (EaEU)	Armenia, Belarus, Kazakhstan, Kyrgyzstan
2018	Moldova becomes an observer state of the EaEU	
2020	Uzbekistan becomes an observer state of the EaEU	

* Dates show when treaties first took effect. Certain parties may have joined at a later date.

Dragneva and Wolczuk ([2016](#)) have carefully reconstructed how Russia under Putin used the incentive of free trade inside the EaEU as a tool to engage post-Soviet states in regional integration, combining linkage and leverage. They show how Ukrainian elites since the 90s

preferred to negotiate *ad hoc* bilateral FTAs, while avoiding more binding integration formats. Hence Ukraine did not ratify the original CIS treaty, and did not join the first CIS FTA, EurAsEC or the Eurasian Customs Union. President Yanukovych joined the CIS Free Trade Zone in 2011 but avoided committing to join the Eurasian Economic Union. Russia for its part became increasingly dissatisfied with this approach, and imposed restrictions on Ukrainian exports.

The situation only changed in 2013 when Ukraine faced an impending balance of payments crisis. The EU and the IMF offered a bailout plan connected to signing the Association Agreement, but this entailed strict macroeconomic restructuring provisions. Yanukovych would have been forced to abandon the “cheap inputs” policy regime which lay at the heart of his political strategy (see Chapter 3). Russia’s offer was simpler and more attractive: buying 15 billion USD of Ukrainian bonds to alleviate the currency crisis, lowering the price of Russian gas and requiring Ukraine’s accession to the Eurasian Economic Union, which did not require reforms or structural transformation ([Astrov 2015](#)). Yanukovych took Russia’s offer, triggering the protests which culminated in the Maidan Revolution. When Armenia seemed to be on the verge of signing an Association Agreement with the EU in 2013, Russia increased gas prices for Armenia by 50%. Once Armenia abandoned negotiations with the EU and joined the EaEU, gas prices were lowered even below the previous 2013 levels ([Terzyan 2018](#)).

The EaEU offered a different set of incentives to third countries than the EU Association Agreements. Unlike the AAs, which were based on conditionality and therefore signatories needed to undertake major structural reforms to access many of the trade benefits (see below), trade liberalisation within the EaEU took effect as soon as the agreement entered into force. While it required some customs regulations and external tariff alignment, EaEU membership did not require structural transformation. Nor did it require commitments to democracy, human rights and the rule of law. Article 3 of the EaEU Treaty states that the EaEU is based on the principles of “respect [*sic.*] the commonly recognized principles of the international law, including the principles of sovereign equality of the member States and their territorial integrity; respect the differences of political structures of the member States.” ([WTO 2015](#)).

However, the commitment to state sovereignty combined with Russia's leading role came with downsides. Unlike the EU, the EaEU lacks a directly enforceable legal order that automatically overrides national law. The Eurasian Economic Commission's Court has limited jurisdiction, meaning enforcement depends heavily on member states' willingness to comply ([Kembayev 2016](#)). As a result, EaEU member states have at various times imposed trade restrictions upon each other, while resolution tends to take place at the political level rather than through the institutions supposed to govern the union. Russia has repeatedly used sanitary and phytosanitary (SNS) and non-tariff measures NTMs measures against EaEU members⁷², while Kazakhstan has on numerous occasions imposed import bans on Kyrgyz products ([Pannier 2025](#)).

D) Labour migration

Bidirectional flows of settlers to the periphery and labour migrants to the core were a consistent feature of both the Russian Empire and Soviet Union. After the collapse of the USSR, Russia offered better earning prospects than in many of the newly independent states. After the 1998 ruble crisis subsided and the global commodity boom was in full swing, Russia experienced strong growth and labour demand in construction. A large number of workers from the Caucasus, Central Asia, Ukraine and Moldova sought work in Russia, often engaging in seasonal work.⁷³ There is substantial literature on how labour migration to Russia maintained linguistic, cultural and other ties between the newly independent states and Russia. Although labour migrants face discrimination, there is ample evidence that they nonetheless tend to adopt a favourable attitude to Russia, with many seeking citizenship to access free healthcare and higher education for their children.

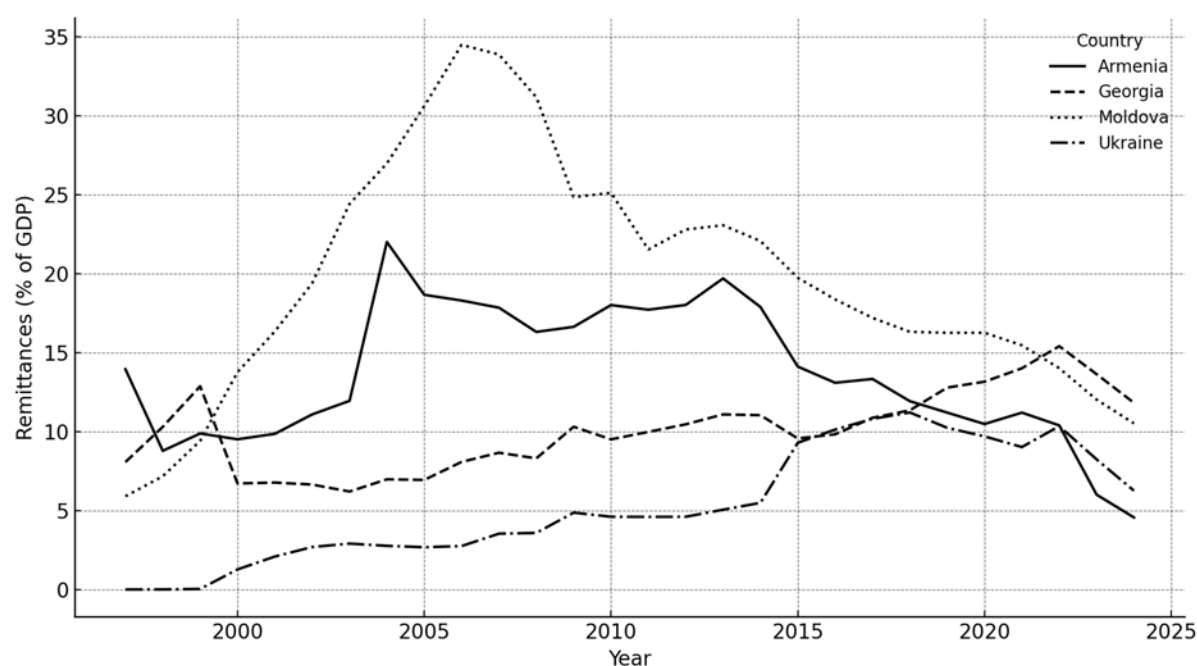
However, the share of labour migrants going to Russia has shifted in recent years. Although systematic data is not available, it is clear that the EU became the primary destination for labour migrants from Moldova and Ukraine in recent years. Remittances from Russia to Moldova declined from 60% in 2014 to 14% in 2021 ([Calus 2023](#)). Additionally, a large number of Moldovan nationals also hold Romanian citizenship through ancestry. 40,205 Moldovan nationals were found to be illegally residing in the EU in 2023 ([ICMPD 2025](#)).

⁷² For instance imposing import bans on Armenian fruit and vegetables in July 2024, at a period of deteriorating diplomatic relations ([Hovsepyan 2024](#)).

⁷³ Given extreme winter temperatures in much of Russia, construction is a more seasonal profession than elsewhere.

Labour migration from Georgia to the EU has been rising steadily, with a large number of Georgian women working in the care sector. The total number of EU residence permits held by Georgian nationals rose from 30,000 in 2014 to over 150,000 in 2023 ([Burduli et al. 2025](#)). This figure likely understates the number of Georgian labour migrants in the EU, since Georgians could travel visa-free to the EU from 2017 and thus more easily enter the shadow economy. 24,840 Georgians were found to be illegally present in the EU in 2023 ([ICMPD 2025](#)). However, a 2022 OECD report claims that the majority of Georgian labour migrants remain in the Russian Federation, despite significant diversification in recent years ([Calvo et al. 2022](#)). Georgia was also a net recipient of Russian migrants in recent years, especially after the Russian invasion of Ukraine. From 2015 to 2024 net migration from the Russian Federation stood at +97,090 ([ICMPD 2025](#)). Russians do not need a residence permit to stay in Georgia⁷⁴.

Figure 17. Remittances as a Percentage of GDP for Selected Countries



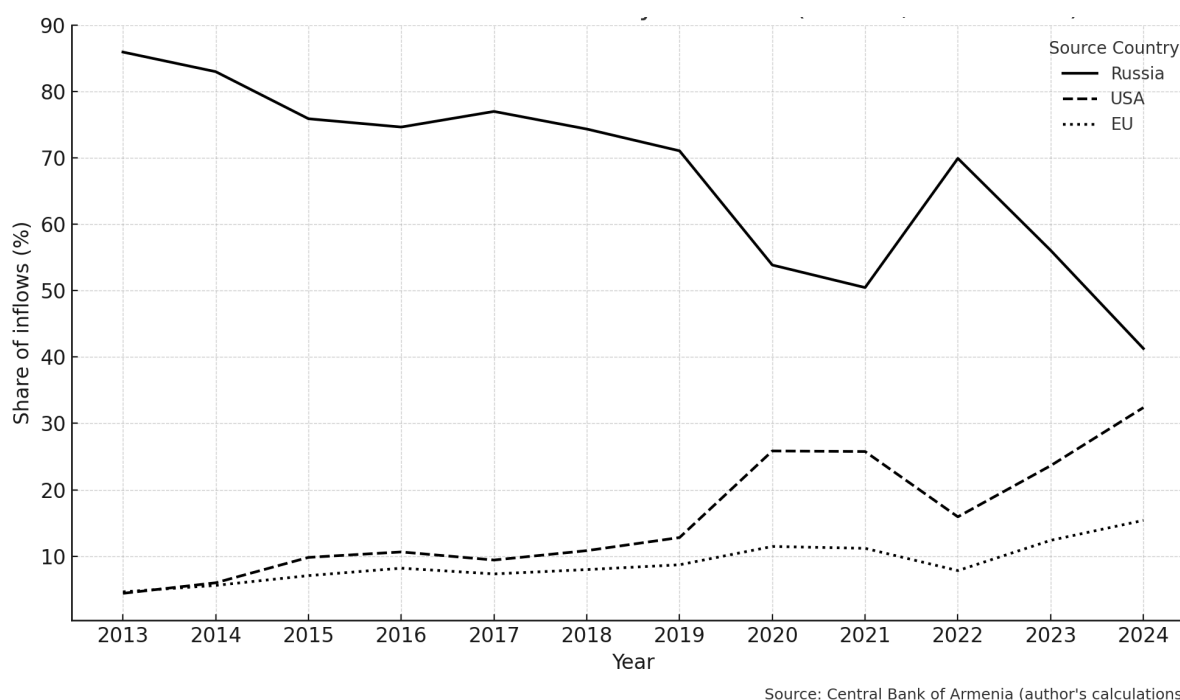
Source; World Bank (author's calculation)

Armenia is the only one of our cases where Russia clearly constitutes the main destination for labour migrants up to the time of writing. However, the share of non-commercial money

⁷⁴ Although according to polling by Caucasus Barometer most Georgians are against the visa-free status for Russians.

transfers from Russia has been declining since 2013⁷⁵ and dropped below 50% of total transfers for the first time in 2024.

Figure 18. Armenia - Share of Non-Commercial Money Transfers (inflows, 1000 USD, 2013-2024) from Selected Countries



We categorise labour migrants under linkage, but elements of leverage can also be observed. Russia imposed restrictions on Georgian labour migrants and issuance of residence permits in 2006 amid deteriorating relations ([Denber and Levine 2007](#)) and again after the 2008 Russo-Georgian War. In 2023, Russia restored visa-free travel for Georgians while lifting a ban on direct flights between the two countries. Lomsadze claims that these moves are widely perceived as a Kremlin reward for the Georgian government's restrained approach to the invasion of Ukraine ([Lomsadze 2023](#)).

⁷⁵ Central Bank of Armenia online data on money transfers begins in 2013. The share of transfers from the USA increased significantly in 2020, the year of the outbreak of the Second Nagorno-Karabakh War. Russia's share rallied in 2022, likely reflecting transfers from Russians, Armenians and dual citizens extracting capital from the Russian financial system or funding their relocation after the invasion of Ukraine.

III. EU Leverage

The EU possesses fewer tools of leverage than Russia, or at least eschews using those which it possesses. Diplomatic pressure and macro-financial assistance stand out as the most used types of leverage, as well as cancelling the disbursement of loans and grants. In theory, given the various degrees of tariff reductions and Free Trade Agreements (FTAs) signed by the EU and our cases, threatening to undo these measures could be used as a form of leverage. However, the EU has so far not resorted to rollbacks. This nature of EU external action is connected to the nature of EU decision making under the Common Foreign and Security Policy (CFSP). Even after the Lisbon Treaty established the High Representative of the Union for Foreign Affairs and Security Policy and the European External Action Service (EEAS) in 2009, the CFSP remained based on intergovernmentalism. Thus, foreign policy decisions must be taken unanimously. Meanwhile, external trade is an exclusive competence of the European Commission, and decisions are taken under Qualified Majority (QM) voting. As a result, the EU is much more effective at generating linkage than leverage in foreign affairs. Nonetheless, this section covers the most salient tools of leverage available to the EU.

A) Macro Financial Assistance

EU Macro-Financial Assistance (MFA) is a crisis-response instrument providing loans and grants to non-EU countries facing balance-of-payments problems. It is available only to countries that have an active IMF program and is conditional on implementing specific economic and governance reforms agreed with the EU. The EU has offered MFA repeatedly to Georgia, Moldova and Ukraine, not only to support macroeconomic stability but to exert leverage for reforms. MFA agreements include Memoranda of Understanding (MoUs) detailing policy conditions. These typically cover public financial management, anti-corruption, rule of law, energy sector reform, and democratic accountability, designed to complement the IMF's narrower focus on macroeconomic stabilisation ([Spielberger 2023](#)).

Ukraine has been the largest MFA recipient, receiving over €7 billion in total since 2014. The 2015-2018 MFA program (€1.8 billion) under President Poroshenko required reforms including energy price liberalization, VAT refunds automation, and anti-corruption institution-building. In 2018, the EU cancelled the final €600 million tranche of the previous MFA due to Ukraine's failure to meet key conditions, including lack of progress on the

Anti-Corruption Court and delays in public administration reform ([Wolczuk and Zeruolis 2019](#)). . However, a new round of MFA starting with a tranche of €500 million was paid shortly afterwards ([ECA 2021](#)).

The 2020-2021 MFA of €1.2 billion under President Zelensky, coordinated with an IMF's Stand-By Arrangement, faced similar issues. The EU clearly stated that the second tranche would only be dispersed once Ukraine fulfilled reforms related to judicial independence and central bank governance, including reversing legislative attempts to weaken the National Bank's autonomy ([Evropeiska Pravda 2021](#)). Although Ukraine ultimately received the second tranche in September 2021, key judicial reforms - particularly the renewal of the High Council of Justice - remained largely unimplemented due to resistance from entrenched judicial and political elites.

Moldova has faced multiple MFA suspensions. In July 2015 the EU threatened to cancel disbursement of MFA until Moldova formed a new government, in the aftermath of the 2014 "theft of the billion" scandal (see Chapter 4) ([Schalit 2015](#)). In 2018, the EU suspended further disbursements of a €100 million MFA package after Moldovan courts invalidated the Chisinau mayoral election won by an opposition candidate. The European Parliament overwhelmingly passed a nonbinding resolution highly critical of Moldova, saying it has become a "state captured by oligarchic interests" ([RFE/RL 2018](#)). The second and third tranches were never disbursed. In 2020, Moldova received a new €100 million MFA, tied to an IMF Staff-Monitored Program. The European Parliament rapporteur for Moldova, Dragos Tudorache, warned in 2020 that the EU would likely withhold the second €50 million tranche if the Moldovan parliament failed to pass a law on the NGO sector, part of a package of conditions set by Brussels in line with the Moldova's Association Agreement obligations ([Necsutu 2020](#)).

Georgia received €150 million in MFA in 2013-2015, and €150 million again during the COVID-19 pandemic. The 2020 MFA required judicial reform, anti-corruption measures, and improvements in public financial oversight. In 2021, the EU withheld the final €75 million tranche after the government failed to implement reforms agreed in the EU-brokered April 2021 political agreement, including judicial appointments and power-sharing measures. The Georgian government claimed it would forgo the funds voluntarily, but the EU publicly stated that the country had not met the conditions ([Mandaria 2021](#)).

These examples illustrate the dual role of MFA as both a financial and political instrument. Disbursement is not automatic: conditions are closely monitored, and failure to deliver reforms results in suspension or cancellation. However, MFA is vulnerable to recipient countries only superficially implementing its requirements, especially in domains without close oversight, or where the EU would be unwilling to withhold MFA over non-fulfillment of less important provisions. An assessment by the European Chamber of Auditors concluded that while the Commission has a system in place for monitoring projects and conditions, more than half lacked clear indicators, baselines or targets, thus lessening the relevance of reporting ([ECA 2021, 29](#)).

Withholding of funding is not limited to MFA. The EU has at times used or threatened the withholding of other types of funding as a tool of leverage. For instance, in June 2024 the EU withheld/reallocated €121.3 million in funds to Georgia in the framework of the Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI-GE) program, citing “democratic backsliding” in the country ([EU4Georgia 2024](#)).

B) Diplomatic Pressure

The EU possesses multiple channels for diplomatic pressure, although they differ starkly from Russia’s formal versus “shadow” diplomacy outlined above. First of all, several EU institutions can exercise diplomacy. Statements of the EU Council are the rarest but carry the most weight, since they require unanimity among the member states. The EU Commission also issues high-level statements on foreign policy. However, the majority of diplomacy is conducted by the High Representative of the European Union for Foreign Affairs and Security Policy, assisted by the European External Action Service, which also runs the EU’s diplomatic representations in third countries. These EU delegations/missions are the focal point for more direct and regular dialogue with third country representatives. The EU may appoint Special Representatives, especially in the context of mediating peace negotiations⁷⁶.

The European Parliament (EP) plays a special role in diplomacy due to its peculiar role in the EU’s decision-making architecture. The EP can only pass legislation together with the

⁷⁶ In the Eastern Neighbourhood, the EU has appointed Special Representatives for the South Caucasus since 2003, and for Moldova from 2005 to 2011 ([EEAS 2025](#)).

Council of the European Union under the Ordinary Legislative Procedure (OLP). However, it can issue non-binding resolutions and statements, which often concern external relations. The autonomy of MEPs vis-à-vis the Council and the Commission mean that resolutions of the EP can be much firmer than more diplomatic statements by the other bodies. For instance, it was after the EP issued a scathing resolution which rejected the legitimacy of Georgia's October 2024 parliamentary elections and called for a new vote that the incumbent "Georgian Dream" party suspended EU accession talks ([Kinch 2024](#)). The other EU institutions were more cautious, with the EU Council President declaring "the alleged irregularities during the Georgia elections must be seriously clarified and addressed" ([Reuters 2024](#)).

Finally, diplomatic pressure can also be exerted via the numerous reports produced by EU institutions monitoring the political situation within third countries and their implementation of external agreements. Table 14. summarises the most important monitoring and reporting instruments. These reports put pressure on third country incumbents through their potential to augment or undermine the legitimacy of governments which proclaim the goal of deepening relations with the EU. They provide civil society actors with legitimacy for their critiques of government policy when EU institutions conclude that insufficient progress in democratic governance and the implementation of external agreements has been made. They therefore act as much detailed complements to public statements by the High Representative and other EU officials. They also synergise with reports of other international organisations such as the IMF and the Venice Commission.

Table 14. EU Monitoring Instruments and Reports in the Eastern Neighbourhood

	Reporting Institution	Scope
Association Implementation Reports (AIRs)⁷⁷	EU Commission (DG NEAR)/EEAS	Monitor implementation of Association Agreements (AA/DCFTA) with Georgia, Moldova, Ukraine
Enlargement Reports	EU Commission	Track accession progress of EU candidate countries
Council Conclusions	Council of the EU	Adopt positions on relations with EaP states, endorse Commission findings, set conditions for aid, react to elections/conflicts
Human Rights and Democracy Country Updates	EEAS/EU Delegations	Assess the state of democracy, human rights and the Rule of Law in third countries.
Eastern Partnership Index	Eastern Partnership Civil Society Forum (EaP CSF)	Tracks reform progress in the 6 EaP states with input from local civil society
ECA Reports	European Court of Auditors (ECA)	Evaluate effectiveness of EU aid
EOM Final Reports	EU Election Observation Mission (EOM)	Assess conduct of elections in third countries and offer recommendation

* This table is non-exhaustive

For instance, in Ukraine, various EU reports have been used by advocates of reform of the judicial system to criticise (and occasionally praise) successive governments. The “DEJURE Foundation” NGO, one of Ukraine’s leading judicial reform NGOs, has frequently used EU reports to highlight how incumbents have chosen to only partially implement judicial reforms in order to satisfy EU requirements without risking fundamental change ([DEJURE 2020](#)). The strength of leverage provided by diplomatic pressure (especially in the case of monitoring reports) depends heavily on the sensitivity of the government to censure by the EU, and its responsiveness to criticism by civil society.

IV. EU Linkage

After a slow start in the 1990s and 2000s, the EU dramatically increased its presence in its Eastern neighbourhood from 2009 with the launch of the Eastern Partnership. Yet the EU’s

⁷⁷ For Armenia - CEPA Implementation Report

approach of “integration” without membership has been much criticised for making ambitious plans, but providing insufficient inducement for third countries with limited fiscal space and low state capacity to undertake deep reforms. As a result the literature focuses on the ambiguity of the EU’s “transformative power” in the region ([Börzel 2010](#)), and the risks of inadvertently creating “pathological” processes ([Mendelski 2016](#)). Mendelski outlines drawbacks of the EU’s approach in its neighbourhood:

1. Valuing quantity over quality

The ambitious requirements of reform, legislative adoption and regulatory implementation in environments of low state capacity causes rapid adoption but with defects in terms of procedure, consultation, monitoring and adaptation to local circumstances.

2. Partisan empowerment of domestic change agents

The EU has a habit of supporting opposition parties or incumbents who are rhetorically pro-EU, while being more hawkish in the case of purportedly pro-Russian incumbents. For instance, the EU provided non-direct support to the “Alliance for European Integration” coalitions in Moldova (2009-2016) despite their rent seeking practices, due to fear that pro-Russian opposition parties would take power (see chapter 4). In Georgia, representatives of the incumbent (since 2012) Georgian Dream Party, which was rhetorically pro-EU but has increasingly come into conflict with Brussels in recent years, have accused the EU and US of preferring the opposition United National Movement (see chapter 5). This partisan empowerment is said in the short term to empower rent seeking elites through the legitimacy that EU support provides, while in the long term undermining the legitimacy of the EU integration project in these countries.

3. Biased assessment of the rule of law

Similar to partisan empowerment, Mendelski argues that the EU’s instruments for assessing the Rule of Law and general reform progress are also coloured by the geopolitical character of the incumbent. This is related to the concept of “epistemic communities” (see introduction), where the EU outsources expertise and monitoring to local NGOs which receive Western funding, and may assess EU-mandated reforms overly positively under

pro-EU regimes. But it is also connected to turning a blind eye to undemocratic practices and violations of the Rule of Law when committed by the “right” incumbent. For example in Georgia, the EU has been criticised for turning a blind eye to President Saakashvili’s (2003-2013) centralisation of power, control of the judiciary and Rule of Law violations, since they were used in his agenda of radical pro-market reforms and EU integration.

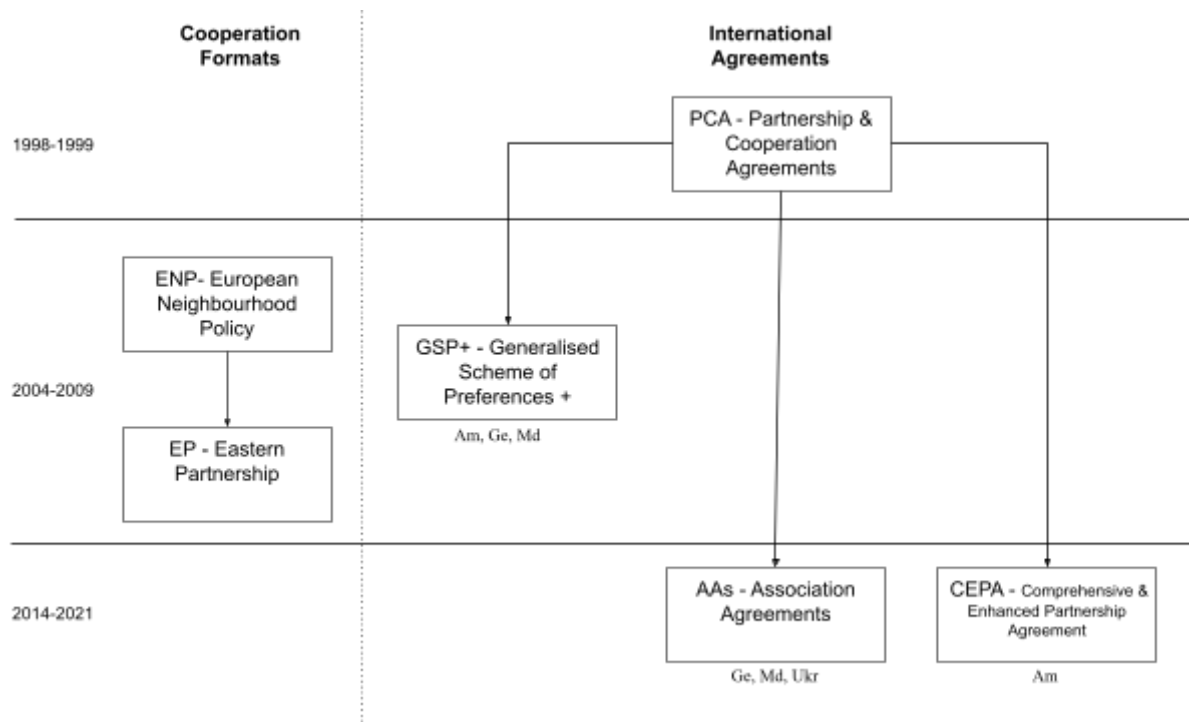
More discussion of the limits of EU linkage can be found in the empirical chapters (3-6). The remainder of this section is devoted to outlining the key channels of EU linkage in its Eastern neighbourhood: international agreements; cooperation formats; accession and trade.

A) International Agreements

The EU has developed an architecture of international agreements and cooperation formats to promote its relationships with its Eastern neighbours, which build on its experience with integrating the Central and Eastern European member states in 2004 and 2008, and its efforts in the Western Balkans. The first international agreements with Armenia, Georgia, Moldova and Ukraine were the Partnership and Cooperation Agreements (PCAs) in the mid to late 1990s. These agreements were rhetorically ambitious, declaring commitments to democratic governance, human rights, market economy reforms, and even legal approximation with parts of the EU *acquis*. However, they were ultimately limited in substance and lacked robust enforcement mechanisms or meaningful incentives. While the language of legislative harmonisation appeared in the texts, there was no serious conditionality, institutional monitoring, or financial leverage to ensure compliance. Crucially, the PCAs offered neither the prospect of EU membership nor significant material benefits beyond basic trade preferences and technical dialogue. As a result, they functioned more as symbolic instruments of post-Cold War engagement than as vehicles of transformation. The asymmetry between EU rhetoric and actual commitment provided little traction for meaningful domestic change or integration. The EU was focused on the first wave of Eastern Enlargement, and unwilling to take on the challenge of its soon-to-be new Eastern neighbours.⁷⁸

⁷⁸ Much ink has been spilled on the differences between the CEE joiners and the other post-Soviet states. Estonia, Latvia and Lithuania were part of the Soviet Union, but like Poland, the Czech Republic, Hungary, Slovakia and Slovenia, were much more internally united on the need to push for EU accession and market liberalisation. Even when market-oriented parties lost power due to economic downturns and the unpopularity of certain liberalisation measures, social democratic parties once in power also continued to enact pro-market reforms and strive for EU membership. This was particularly the case in Poland, where the Democratic Left Alliance (SLD) took power in 1993 in response to the hardships caused by shock liberalisation, but ultimately continued a pro-EU course

Figure 19. Cooperation Formats and International Agreements between the EU and Armenia, Georgia, Moldova, Ukraine (1998-2021)



The 2000s were something of a wilderness in terms of concluding international agreements. Armenia, Georgia and Moldova were able to join the EU's Generalised Scheme of Preferences Plus (GSP+) scheme, which gives tariff reductions to low and lower-middle income countries after they implement 27 international conventions related to human rights, labour rights, environmental protection, and good governance.⁷⁹ Momentum returned with the launch of the Eastern Partnership (see below) in 2009 and the launch of Association Agreement (AA) negotiations in 2010. The AAs built on the “Europe Agreements” between the EU and what became the Eastern Enlargement states, and the Stabilisation and Association Agreements with the Western Balkan nations (SAAs) ([Lorenzmeier et al. 2021](#)). Like the Europe Agreements, the AAs were not originally conceived as pre-accession instruments (something the EU was explicit about)⁸⁰. Instead, they were designed to support domestic reforms, foster closer ties with the EU, and promote alignment with the Union's political, legal, and

([Orenstein 2001](#)). In Moldova and Ukraine communist parties remained powerful in parliaments up to the late 2000s. Armenia was focused on conflict with Azerbaijan over Nagorno-Karabakh, while Georgia was wracked by civil war and separatist movements in at least three regions. In all four cases, self-espoused market- and EU-oriented liberal democratic parties remained marginal in the early independence period.

⁷⁹ Armenia exited GSP+ in 2022 after the World Bank classified it as upper-middle income for three years in a row.

⁸⁰ Only the Western Balkan SAAs refer to future EU membership.

economic standards resulting in “integration without membership” ([Petrov et al. 2015](#)). Prior to 2022, there was much discussion on whether the AAs could provide sufficient inducement for deep (and costly) transformation while lacking the ultimate incentive of EU membership. However, following the European Council’s decision in 2022 to grant candidate status to Ukraine and Moldova, the AAs began to serve de facto as pre-accession tools.

Legal approximation lies at the heart of the AAs, with the signatory countries committing to gradually align their legislation with the EU *acquis* across a wide range of sectors, including competition, public procurement, intellectual property, and environmental protection. The Agreements are accompanied by detailed timetables and implementation deadlines, often staggered over periods of 3, 5, or 7 years, depending on the complexity of the sector and the country's capacity ([Wolczuk 2018](#)). This legal and regulatory convergence is both a technical and political process, requiring sustained administrative coordination and legislative reform on the part of the partner states. It is easy to underestimate the level of ambition of the AAs. They require the adoption and implementation of legislation in almost all domains in which EU members have transferred partial or full competence to the EU bodies. This requires coordination at the level of the government, parliament, judicial system, all ministries and many regulatory bodies. The legislative acts adopted also result in adoption costs for businesses, state institutions such as hospitals and universities and even for citizens. The AA also becomes part of the national law of the signatories, meaning it has direct effect in national courts ([Khvorostiankina 2014](#)).⁸¹ An integral component of the AAs is also the Deep and Comprehensive Free Trade Area (DCFTA), which will be addressed in part C.

⁸¹ This means that citizens could take the government to court for violating provisions of the AA.

Table 15. Titles and Subsections of the 2014 Association Agreements

Titles of the Association Agreement	Subsections
I: General Principles	Essential elements ⁸²
II: Political Dialogue & Reform, Political Association, Cooperation & Convergence in the Field of Foreign & Security Policy	- Foreign policy - Common security & defense policy
III: Justice, Freedom, & Security	- Migration, asylum & borders - Combating money laundering & terrorism - Combating drug trafficking, crime & corruption
IV: Trade and Trade-related Matters (DCFTA)	- Cancelling tariff barriers - Technical regulations & harmonisation of standards - Sanitary & phytosanitary norms - Trade in services & digital trade - Intellectual property & protection of competition - Public Procurement
V: Economic and Sectoral Cooperation	- Business development - Energy - Environment - Transport - Mining & metallurgy - Science & technology - Financial services - Agriculture - Healthcare - Education - Sport - Culture - Tourism
VI: Financial Cooperation & Anti-Fraud Provisions	- EU financial support - Management of financial support
VII: Institutional, General, & Final Provisions	- Mechanisms for control & monitoring of AA implementation

Armenia abandoned negotiations for an AA and opted to join the Eurasian Economic Union in 2013, but returned to negotiate a Comprehensive and Enhanced Partnership Agreement with the EU which was signed in 2017 (see chapter 6) ([Smyrnova 2023](#)).

⁸² “Essential elements” are theoretically break clauses in the AAs. Violating them can result in the termination of the agreement. The essential elements in all three AAs signed in 2014 are: respect for democratic principles; rule of law; human rights and fundamental freedoms; respect for the principles of a market economy; commitment to international norms (e.g. UN Charter, OSCE principles).

B) Cooperation Formats

Cooperation formats primarily refer to the European Neighbourhood Policy (ENP, launched in 2003) and the Eastern Partnership (EP, established in 2009), which institutionalise the EU's engagement with its eastern neighbours beyond the prospect of membership. Though nominally focused on political dialogue and sectoral cooperation, their central function in terms of *linkage* lies in embedding the partner states in a dense network of EU-funded technical assistance, capacity building, and governance support mechanisms, alongside business and civil society support. ENP Action Plans and EP bilateral tracks serve as vehicles for targeted grants, twinning programs, budget support, and reform-linked investments. For example, Moldova and Georgia have received sustained EU support for public administration reform, judicial capacity, and rural development directly through ENP/EP programming. Ukraine's participation has included funding for decentralisation, e-governance, and anti-corruption architecture, while Armenia - despite its membership in the Eurasian Economic Union - has remained an active EP participant under the CEPA framework, accessing ENP-linked funds for regulatory approximation and SME development. The majority of funds are directed to public administration, with civil society as the second largest recipient. By way of illustration, Georgia between 2019 and 2024 received €517.82 million to support public administration, €46.1 million for Civil Society Organisations and €6.1 million to support businesses (EU in Georgia 2024). Table 16 shows EU commitments to Armenia, Georgia, Moldova and Ukraine under the Multiannual Financial Framework (MFF). It does not include extraordinary funding lines to Ukraine.⁸³ The EU Council states that EU and its member states have provided €177.5 billion in support for Ukraine, including €63.2 billion in military support, €93.6 billion in financial, economic and humanitarian support, €17 billion in support for refugees in the EU and €3.7 billion from the proceeds of frozen Russian assets ([EU Council 2025](#)).

⁸³ These totals are more challenging to calculate since official press releases often mix EU funds with commitments by individual member states and do not always clearly differentiate between loans and grants.

Table 16. EU Commitments under the Multiannual Financial Framework (€) (2014-2024)

	Armenia	Period	Georgia	Period	Moldova	Period	Ukraine	Period
1.0.11 - Horizon Europe	10843548 (149785.5)	2017-19	105000000 (401556)	2021-24	7037400 (152497.9)	2021	29944579 (372530.5)	2023-24
1.0.221 - Connecting Europe Facility (CEF) -	-		-		26378955 (9376023)	2023-24	76000000	2020
1.0.31 - Single Market Programme	-		-		65850 (65850)	2021-22	1349729 (80999.95)	2022-24
1.1.31 - Horizon 2020	-		2469810 (138006.9)	2015-20	36746744 (269263.6)	2014-19	5098882 (75868.98)	2015-20
1.1.4 - Competitiveness of enterprises & SMEs (COSME)	-		-		-		1812932 (300628.4)	2017-20
1.1.5 - Education, Training & Sport	221074 (9582.894)	2020	908713 (34174.97)	2016-20	239603 (4994.05)	2020	794847 (923.4)	2019-20
1.1.7 - Customs, Fiscalis & Anti-Fraud	410000 (4933.11)	2016-17	885000 (19852.3)	2014 17	810000 (26229.03)	2014-17	810000 (10866.23)	2014- 17
1.1./6.0.1 OTH - Other actions	-		59964 (59964)	2014	75000000 (75000000)	2022-23	-	
1.2.31 - Technical assistance	-		315000 (2672)	2017			-	
2.2.24 - Union Civil Protection Mechanism (RescEU)	928992 (297615.7)	2021	486124 (119800.4)	2022	1455506 (524438.4)	2018	-	
2.2.25 - EU4Health	-		-		1999906 (17039.2)	2021	-	
2.2.32 - Erasmus+	-		69898 (69898)	2024	398040 (398040)	2024	-	
3.0.11 - Creative Europe	-		104386 (43198.56)	2015-20 17	10140 (10139.83)	2016	-	
3.0.2 - Internal Security Fund	-		639792 (0)	2015	1927892 (0)	2015	-	
3.0.8 - Food and feed	-		-		398700 (398700)	2017-20	824810 (824810)	2017- 19
4.0.1 - Instrument for Pre-accession assistance (IPA II)	321388 (7780.8)	2016	-		-		647545 (5862.5)	2015- 16
4.0.10 - Macro-financial Assistance (MFA)	-		166,000,000	2014- 18	166,000,000	2017-21	49300000000	2014-25
4.0.12 - Union Civil Protection Mechanism	1105683 (4407.6)	2017-19	-		748981 (73538.65)	2018	-	
4.0.2 - European Neighbourhood Instrument (ENI)	184000000 (175000000)	2014-20	449000000 (442000000)	2015- 20	237000000 (230000000)	2014-20	568000000 (556000000)	2014-20
4.0.3 - Development Cooperation Instrument (DCI)	1123244 (25403.92)	2016-20	919333 (6479.766)	2016	590673 (1317.727)	2016	1030526 (62845.91)	2014-20
6.0.111 - Neighbourhood, Development & International Cooperation Instrument - Global Europe (NDICI - Global Europe)	61920057 (55508667)	2022-24	21942158 (15698284)	2022- 24	262000000 (258000000)	202124	996000000 (986000000)	2022-24

Source: EU Financial Transparency System, EU Press Releases⁸⁴

⁸⁴ This table does not include extraordinary funding programs outside of the EU's Multiannual Financial Framework. Figures indicate Total Commitment Contracted Amount (EUR). Figures in brackets show the Total Beneficiary's Contracted Amount (EUR), the committed amount that has

By offering material incentives alongside normative agendas, the ENP and EP extend EU influence through positive conditionality. They act as a complement to international agreements such as the Association Agreements, with programs under the EP aligned with AA goals, and also through improving the legitimacy of the EU through visible assistance.

C) Trade

Trade liberalisation with the EU began much later for our cases than for the Central and Eastern European (CEE) states which eventually joined the EU. The Partnership and Cooperation Agreements (PCAs) of the the 90s did not entail trade liberalisation. Accession to the WTO in the 2000s⁸⁵ reduced tariff ceilings and introduced Most-Favoured Nation (MFN) treatment for these countries, while the EU's Generalised System of Preferences (GSP and GSP+) programs further liberalised trade. However, neither of these were trade liberalisation agreements negotiated directly with the EU⁸⁶.

The major leap in trade relations came with the Association Agreements (AAs), which included Deep and Comprehensive Trade Areas (DCFTAs) between the EU and the other party. Building on the EUs conditionality approach used in CEE and the Western Balkans, the DCFTAs offered some immediate liberalisation measures, alongside others which would be “unlocked” once parties undertook certain reforms. The core of the DCFTAs was the elimination of import tariffs and export duties on the majority of goods and services. Many goods and services categories were liberalised immediately, while others were gradually reduced to zero according to detailed schedules in the annexes to the agreement (see Table 17).

actually been contracted with beneficiaries (e.g., governments, NGOs, universities, SMEs etc). The Connecting Europe Facility (CEF), does not clearly specify commitments to individual countries, since disbursements are based on eligible applications from a total fund of €2.8 billion. Hence the €76 million for Ukraine reflects the total for projects launched under the CEF, not the maximum amount which can be received.

⁸⁵ Armenia acceded to the WTO in 2003, Georgia in 2000, Moldova in 2001 and Ukraine in 2008.

⁸⁶ GSP was unilaterally granted to developing countries, whereas countries needed to apply for GSP+ and show that they had ratified and implemented 27 core international conventions (on human rights, labour rights, environment, good governance etc).

Instead of tariffs, three types of trade protection mechanisms were introduced by the DCFTAs. Firstly, parties negotiated Tariff Rate Quotas (TRQs) for sensitive goods, whereby goods could be imported tariff-free up to a certain quantity, after which tariffs would apply ([Adarov and Havlik 2016, 20](#)). TRQs were mostly used by the EU to protect the agricultural sector, with the most TRQs specified in the EU-Ukraine AA. Anti-Circumvention measures were introduced to prevent systemic re-export from non-parties (e.g. the relabelling of Russian imports to Georgia as Georgian goods and their re-export to the EU). Tariffs would kick in if exports exceeded a “trigger volume” in a given year. Entry Price Regulations were included to protect sensitive industries and as an anti-dumping measure: goods would be subject to tariffs if they were imported below a set price. Finally, a number of service trade categories are subject to “reservations” whereby parties are not obliged to give Most-Favoured Nation treatment ([Akhvlediani et al. 2022, 105](#)).

Table 17. Trade Instruments under the DCFTAs

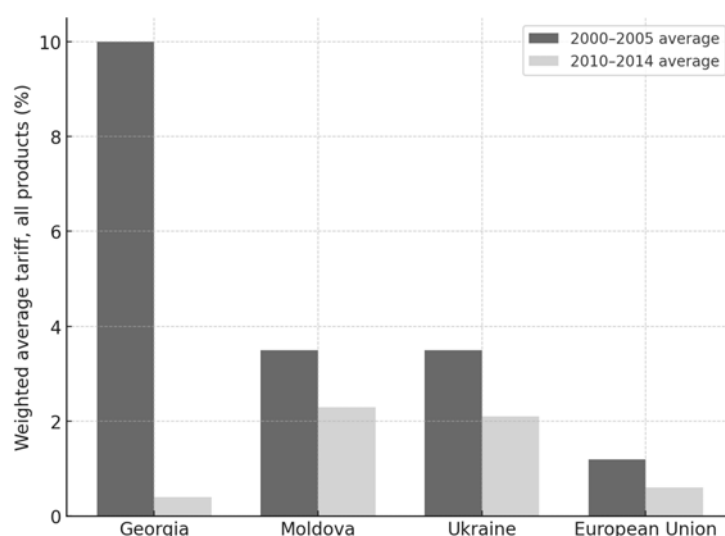
	Description	Example
Export Duty Elimination Schedules	Sets maximum permissible export duties, with annual reductions	Ukraine: Live cows export duties reduced annually from 23% in 2014 to 0% by 2023
Import Tariff Schedules	Sets maximum permissible import tariffs with annual reductions	Ukraine: Import tariff on transportation goods reduced annually from 3.8% in 2014 to 0% by 2022
Tariff Rate Quotas	Removes tariffs up to a defined quantity of imports	Ukraine: 20,000 tonnes of tariff-free pork exports to the EU 2017-2021
Anti-Circumvention Mechanisms	Sets a “trigger volume” above which emergency tariffs are applied. Designed to prevent re-export of goods from non-parties.	Moldova: Circumvention Mechanisms triggered if Moldova exports more than 1700 tonnes of dairy products to the EU in a given year
Entry Price Regulation	Goods are only subject to tariffs if they fall below a certain price, to protect producers in sensitive sectors and prevent dumping	Moldova: Grapes can be exported to the EU tariff free as long as the price is not below established entry prices
Reservations in Services Trade	Parties are not obliged to offer Most-Favoured Nation (MFN) treatment in exempted sectors	Moldova: Management Consulting service providers require an “Economic Needs Test” in 13 out of 27 Member States

Sources: [EU-Moldova AA 2014](#), [EU-Ukraine AA 2014](#), [Adarov and Havlik2016](#) , [Korotaev 2023](#)

The extensiveness of immediate trade liberalisation varied by sector and on the level of pre-DCFTA tariff rates. Import tariffs to the EU for raw materials were already much lower than for agriculture and manufacturing prior to the DCFTAs ([Akhvlediani et al. 2022, xiii](#)). Figure 20 shows that Georgia already dramatically liberalised imports before DCFTA implementation amid the extensive marketisation reforms under President Saakashvili (see Chapter 5). Meanwhile Moldova and Ukraine's average applied import tariff rate was more than double the EU average pre-DCFTA.

Figure 20. Applied Import Tariff Rates (%) for Selected Countries

	Georgia	Moldova	Ukraine
Maximum tariff rate, all products (%)	12	75	50
Simple average tariff, all products (%)	0.42	5.1	4.28
Weighted average tariff, all products (%)	0.30	3.58	2.06
Capital goods, weighted average tariff (%)	0.02	2.69	1.74
Consumer goods, weighted average tariff (%)	0.32	3.57	2.59
Intermediate goods, weighted average tariff (%)	0.15	3.57	1.32
Raw materials, weighted average tariff (%)	1.10	7.75	1.43



Source: [Adarov and Havlik 2016](#)

However, the transformative ambitions dimension of the DCFTAs go far beyond immediate trade liberalisation. The annexes to the AAs/DCFTAs contain lengthy annexes detailing which parts of the EU *acquis* parties should adopt, with timelines for each regulation or directive. The resulting approximation of third country legislation and regulatory framework with EU norms is intended to spur the modernisation of the target economy. The EU has committed significant funds to facilitate DCFTA adoption⁸⁷. Moreover, the DCFTA contains additional liberalisation measures conditional upon reforms. The most important is mutual recognition of manufactured goods. Mutual recognition would mean that goods which receive regulatory approval in Moldova would receive automatic regulatory approval in all EU member states ([Akhvlediani et al. 2022, 33](#)). Receiving this status requires comprehensive legislative and regulatory adoption, followed by verification by EU missions that local regulatory agencies function effectively, a process which so far no AA/DCFTA party has undergone successfully.

Impact of the DCFTA

Since one of the main foci of this dissertation is on structural transformation, the DCFTAs are worth special attention as the primary tool through which the EU attempts to influence third country economies. The DCFTAs are envisioned as long-term instruments of economic modernisation; however, their short term effects are contested in the literature. The following section is primarily based on three reports which offer *ex-ante* impact assessments and five reports which evaluate DCFTA effectiveness *ex-post*:

Ex-Ante Impact Assessments:

1. ECORYS Consulting/Center for Social and Economic Research (CASE): “Trade Sustainability Impact Assessment in support of negotiations of a DCFTA between the EU and Georgia and the Republic of Moldova” ([ECORYS 2012](#))
2. Vienna Institute for International Economic Studies (WiiW): “Benefits and Costs of DCFTA: Evaluation of the Impact on Georgia, Moldova and Ukraine” ([Adarov and Peter 2016](#))

⁸⁷ Although not enough in the eyes of some commentators, who point out that prior to 2022 the EU funds available for economic modernisation in the Eastern Neighbourhood paled in comparison to the billions committed to the CEE accession states.

3. Transnational Institute: “The expected impact of the EU-Ukraine Association Agreement” ([Kravchuk and Popovych 2016](#))

Ex-Post Impact Evaluations:

1. GeoWel: “Why Doesn’t Georgia Export More to Europe: An Assessment of the Challenges of Enhancing Georgian Trade with the EU” ([Welton 2021](#))
2. Centre for Eastern European and International Studies (ZOiS): “Ambivalent Effects of Trade Liberalisation with the EU: Insights from Moldova and Georgia” ([Langbein et al. 2022](#))
3. Friedrich Ebert Foundation: “Neoliberal Lock-in: Why Georgia-EU Free Trade Does Not Work” ([Topuria and Khundadze 2022](#))
4. Kyiv School of Economics: “EU-Ukraine Trade in commodities under the DCFTA: current state and potential for liberalisation” ([Taran et al. 2022](#))
5. Centre for European Policy Studies (CEPS): “Ex-post evaluation of the implementation of the Deep and Comprehensive Free Trade Area between the EU and its Member States and Georgia” ([Akhvlediani et al. 2022](#))

Ex ante

The only *ex ante* report which offers macroeconomic modelling of the impact of the DCFTA is the ECORYS Consulting ([ECORYS 2012](#)) report. The authors use a Computable general equilibrium (CGE model) to model future EU-Georgia trade under the DCFTA. They predict short and even more so long run positive effects on national income and exports, with the latter increasing by 9% and 12% in the short and long run respectively due to the DCFTA. Wages are estimated to increase by 1.5 and 3.6 percent respectively. Meanwhile, consumer prices are expected to decrease by about 1 and 0.6 percent over the short and long run respectively due to increased competition of imports and economies of scale. Thus the average purchasing power of Georgian citizens should increase in the long run because of the DCFTA. However, they expect that 5.1% of non-skilled workers and 3.6% of skilled workers would be displaced as a result of the DCFTA and will need to find new employment, and that in general lower income groups will benefit the least ([ECORYS 2012, 43](#))

The Vienna Institute for International Economic Studies (WiiW) report ([Adarov and Havlik 2016](#)) does not offer macroforecasting, focusing on the provisions of the agreement. They argue that the DCFTA has the potential to encourage industrial upgrading, FDI inflows and deeper integration into global value chains (GVCs) in the long-run⁸⁸. However, they warn of high costs in the short and medium run and in particular vulnerable sectors and regions, which risks jeopardising reform in light of macroeconomic and geopolitical risk. They also warn of the risks stemming from lack of awareness of DCFTA provisions by officials, businesses and voters ([Adarov and Havlik 2016, 53](#)). They therefore centre the role of the EU in providing financial support to overcome adoption costs and sequencing reform conditionality.

The most critical report/manifesto is by the Transnational Institute ([Kravchuk and Popovych 2016](#)), which clearly sets out its position: “No to a trade deal for the 1%”. The report argues that the EU-Ukraine DCFTA will contribute to the deindustrialisation of Ukraine due to the high cost of implementation and lack of capital and technology to compete with EU firms. They claim the agreement will lead to a Ukrainian economy based on agro-exports and raw commodities, and ravage Ukraine’s critical SME sector which constitutes 99.8% of all Ukrainian enterprises and accounts for 67.8% of employment.

Ex post

The most positive assessment of the DCFTA’s is the Kyiv School of Economics ([Taran et al. 2022](#)) report on the EU-Ukraine DCFTA. The authors assert that the DCFTA facilitated Ukraine’s export recovery after the 2014-2015 economic crisis, with exports to the EU reaching record levels by 2021, 32.2% higher than the pre-crisis level of 2013, with an average annual growth rate of 14.8% during 2016-2019. In addition, Ukraine’s trade deficit with the EU fell from \$9.7 billion in 2013 to \$2.2 billion in 2021. They claim that Ukraine’s exports to the EU became less concentrated and more diversified, but do not provide clear evidence for this claim in the report.

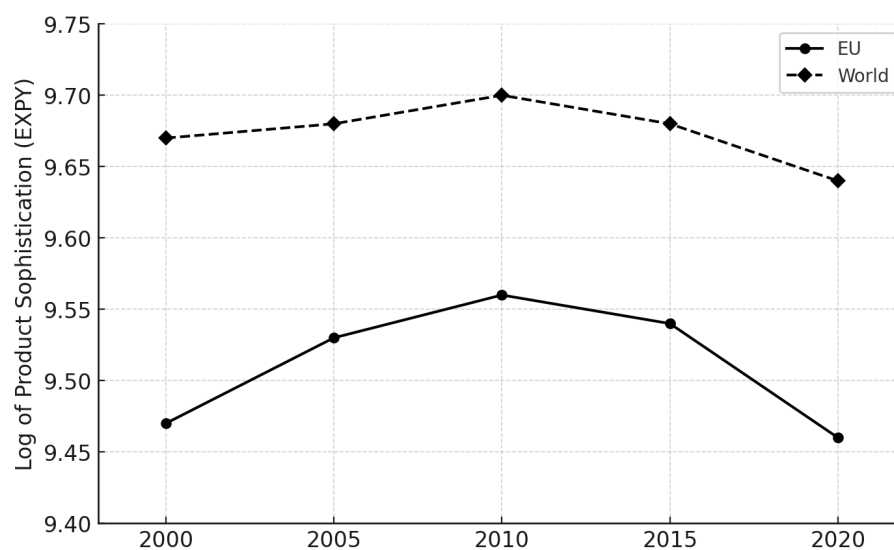
Reports on Georgia generally offer a less positive outlook. The GeoWelton ([Welton 2021](#)) report concludes that Georgian exports to the EU have mildly underperformed and even decreased since the Association Agreement (AA) was signed in June 2014. Specifically, if copper and hazelnuts (the two main export products) are excluded, exports to the EU in 2019 were only 13% of Georgia’s total

⁸⁸ For instance, Moldova’s insertion into the European automobile industry supply chain discussed in Chapter 4.

exports, a decline from 24% in 2015 and below the decade's average of 16%. The report attributes underperformance to the slow pace of foreign direct investment (FDI) into Georgia's tradable sector. The blame is laid on several inherent weaknesses in Georgia's business environment, such as poor transport infrastructure, low labour skills, and difficulties in financing, which deter long-term investment in manufacturing, meaning FDI flowed mostly to real estate and construction rather than export sectors. The Centre for European Policy Studies (CEPS) study ([Akhvlediani et al. 2022](#)) is more ambivalent, showing only mild improvements in trade. The report's DSG model estimated only a 1% increase in exports to the EU. They attribute limited impact to the fact that Georgia had already liberalised most trade prior to the DCFTA entering into force and that key raw materials exports like copper ores, were already tariff-free before the DCFTA. FDI inflows were largely driven by pipeline construction and tax-saving schemes rather than productive investments, with the DCFTA's overall impact on EU FDI in Georgia being "rather limited". CEPS highlights a more positive trend in services, where Georgian exports to the EU in sectors like travel, transport, and ICT more than doubled in size between 2014 and 2019, but does not clearly connect them to the DCFTA ([Akhvlediani et al. 2022, 17](#)).

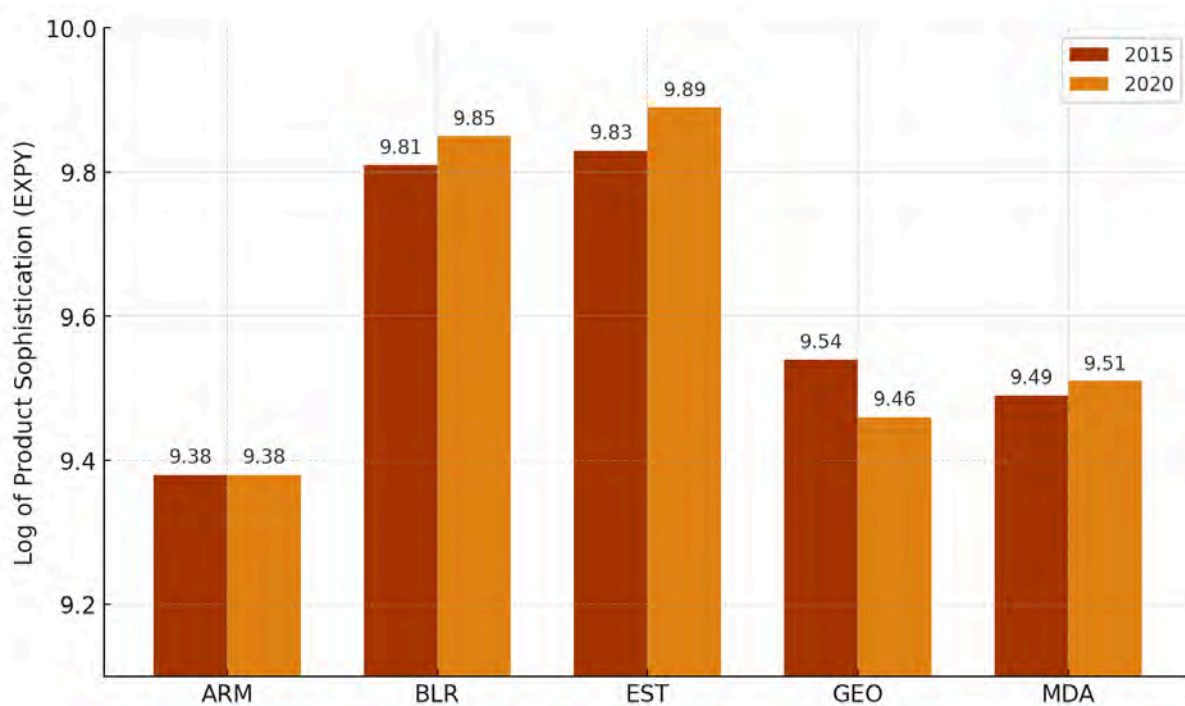
The most scathing report on Georgia is from the Friedrich Ebert Stiftung (FES) ([Topuria and Khundadze 2022](#)). While the Geowel and CEPS reports stress ambivalent effects, the FES report characterises the DCFTA as having a de-developmental effect on Georgia. They argue that Georgia is the only country in the region for whom export sophistication declined since the introduction of the DCFTA, and that exports to the EU decreased in sophistication more quickly than to the rest of the world (see figures 21 and 22). They also highlight the trend of export concentration rather than diversification. The top 10 domestic export products occupy around 85 % of total domestic export to the EU, approximately 4 percentage points higher in 2014 ([Topuria and Khundadze 2022, 19](#)).

Figure 21. Georgia Export Sophistication (EXPY) (WITS 2022)



Source: [Topuria and Khundadze 2022](#)

Figure 22. Export Sophistication (EXPY) (WITS 2022) for Selected Countries



Source: [Topuria and Khundadze 2022](#)

The FES report attributes the negative effects of the DCFTA to 4 main factors:

1. Cost and complexity of regulatory compliance for firms
2. Failure of the government to support necessary upgrading and compliance

3. Failure to use trade protection mechanisms envisaged in the DCFTA
4. Asymmetrical liberalisation, especially in services and public procurement

Based on stakeholder interviews, the authors argue that the EU market is already saturated and local firms have economies of scale and market knowledge. Georgian firms struggle with expertise, capital and scale, and government institutions do not coordinate to facilitate export promotion. They claim that for ideological reasons decision makers refuse to use trade protection measures foreseen in the DCFTA which the EU uses regularly (see Table 17).

Finally, the Centre for Eastern European and International Studies (ZOiS) report ([Langbein et al. 2022](#)) approaches the DCFTAs from a political economy perspective, asking which types of actors the DCFTAs empower. They argue that the DCFTAs are capable of promoting three types of development: inclusive development, which benefits a broad range of economic actors including SMEs, exclusive development, which benefits only a narrow group of actors, mainly big and foreign firms, and the strengthening of oligarchic networks. They analyse key sectors in Georgia and Moldova since the DCFTAs came into force. They conclude that in Georgia the DCFTAs predominantly helped to maintain oligarchic structures. More than 60% of exports to the EU in 2020 came from sectors dominated by rent-seeking coalitions like minerals and metals, where the key market players are closely connected to the ruling oligarchic network ([Langbein et al. 2022, 3](#)). Meanwhile in Moldova only about 31% of exports to the EU came from sectors clearly controlled by rent-seeking coalitions, while 41% came from sectors characterised by exclusive and inclusive developmental coalitions between private actors and local state authorities. They single out the machinery sector as an example of exclusive (but not oligarchic development) tied to MNCs, and the textiles and wine sector as closer to inclusive development. In sum, while the DCFTAs are seen as the EU's most powerful instrument of structural transformation of the economy, both their short and long term impact are heavily contested, and depend considerably on domestic *social blocs* and incumbents undertaking necessary steps to realise the agreement's potential.

D) Accession

Until 2022, the EU did not offer a membership perspective to any of our cases. However, after the Russian invasion, Ukraine and Moldova were granted candidate status in June 2022. Georgia's application stalled over what the EU saw as failure to enact certain reforms.

Candidate status was granted in December 2023, only for the government to suspend negotiations in November 2024 (see chapter 5). The European Parliament adopted a resolution supporting Armenia's prospective membership application in March 2024⁸⁹, and in March 2025 the Armenian National Assembly passed a bill declaring Armenia's intention to join the European Union.

A membership perspective represents a substantial leap in linkage with the EU for Ukraine and Moldova. Firstly, in terms of an inducement to undertake the necessary reforms to be admitted. Prior to 2022, it was widely doubted whether the Association Agreements constituted a sufficient incentive for incumbents to undertake reforms which might threaten rent seeking, creating what Bolkvadze calls the “reform saturation point” ([Bolkvadze 2017](#)). Candidate status has the potential to overcome this obstacle, but only if the EU can coopt potential veto players⁹⁰. A report by the Vienna Institute for International Economic Studies (WiiW) ([Grievesson et al. 2023](#)) argues that from a macroeconomic perspective, absorbing Ukraine into the EU would not be far more challenging than the CEE accession countries. Ukraine's accession would increase the bloc's GDP by around 1 percent and its population by around 9 percent, similar to Poland's impact in 2004. The concentration of Ukraine's economy in manufacturing and mining is similar to Romania before accession (although no doubt the incorporation of the large Ukrainian agrosector into the Common Agricultural Policy (CAP) would be controversial, as it was for the CEE states). Meanwhile, Armenia, Georgia and Moldova's combined population and GDP are miniscule compared to the EU's (~2.3% and ~0.4% respectively). Hence the credibility of the accession process depends more on political will (veto players and fear of Russian reaction) rather than economic feasibility.

Secondly, candidate status comes with a dramatic increase in EU financing. In 2024 the European Commission adopted a Growth Plan for the Republic of Moldova worth €1.8 billion (consisting of €1.5 billion in loans and €300 million in grants) for the period 2025-2027. This sum is the equivalent of more than 10% of Moldova's 2023 GDP (World Bank). The Growth plan aims to provide support for SMEs (in particular exporters), subsidies for farmers, infrastructure modernisation, integration into EU energy markets, waste management, forest rehabilitation and elimination of EU roaming fees (EU in Moldova

⁸⁹ Such EP resolutions are non-binding.

⁹⁰ At the time of writing Hungary and Slovakia represent the most significant challenges, but since admission requires unanimity in the EU Council (and possibly referenda in some member states), more veto players are likely to arise.

2024). In terms of indicators, the EU estimates the plan to create 100,000 new jobs, 5,000 new kindergarten places, offer 40,000 vouchers for green home appliances and build two new hospitals outside the capital ([Planul de Creștere Economică 2024](#)). The EU's "Ukraine Facility" is even more ambitious at €50 billion (over 27.5% of 2023 GDP) for 2024-2027, given its secondary purpose of allowing Ukraine to spend its revenues on defense. The Facility includes €38.27 billion in direct budgetary support (€33 billion in loans and €5.27 billion in grants), a €6.97 billion investment fund and 4.76 billion for technical and administrative support ([Ukraine Facility 2023](#)).

Both the Moldova Growth Plan and Ukraine Facility are rooted in the EU's conditionality approach, with disbursement of tranches based on the implementation of specific reforms. However, there are several reasons to question their future effectiveness despite the sums committed. If crucial sections of the elite (both oligarchs and political formations) feel threatened by the required reforms, they may oppose them or continue previous patterns of "pathological Europeanisation" - benefitting from EU funds while blocking or undermining reforms. Hence this dissertation's focus on the relative power of *social blocs* with the four cases.

V. Conceptualising Russian vs EU linkage and leverage

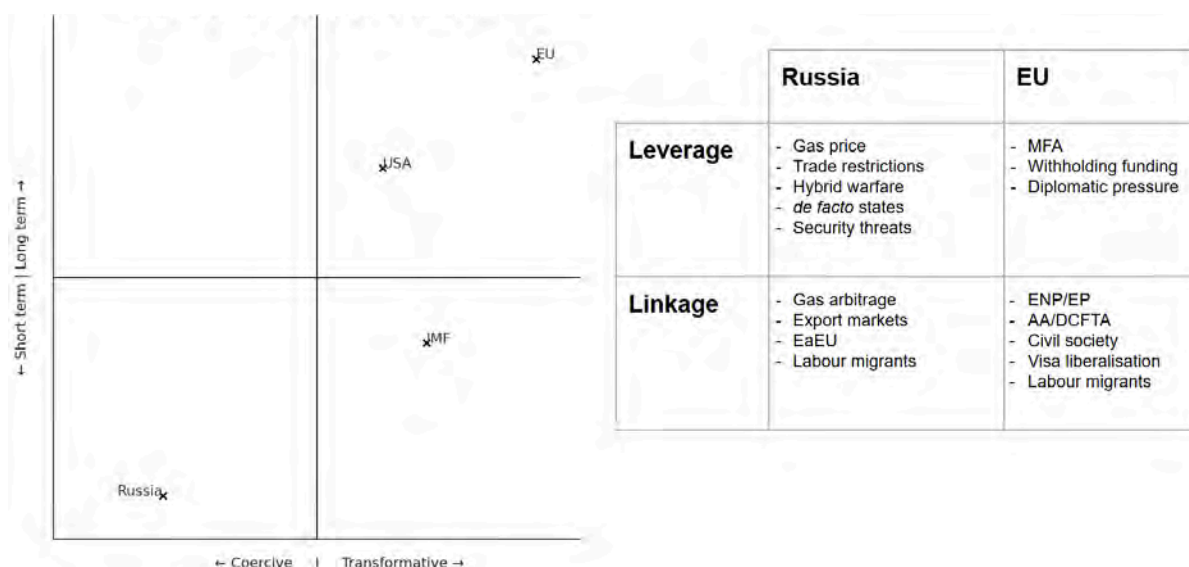
In 2016, the journal *Eurasian Geography and Economics* published a special issue entitled "Beyond Geopolitics: The Impact of the EU and Russia in the "Contested Neighborhood """, with various articles exploring the domestic responses to external influence ([Ademmer et al. 2016](#)). Individual contributions addressed broader political economy themes such as the role of oligarchs ([Langbein 2016](#)) as well as specific policy domains such as asylum ([Wetzel 2016](#)), energy ([Wolczuk 2016](#)) and food safety ([Delcour 2016](#)).

The overarching conclusion of the special issue was that there was a strong disconnect between participation in the EU's or Russia's macro-frameworks for regional integration and domestic reforms. Despite the increasing external competition between the EU and Russia over their neighbourhoods, domestic actors remain the key agents to account for the pattern of change ([Ademmer et al. 2016, 1](#)). These conclusions ring true with the theme of this

chapter and our theoretical framework outlined in Chapter 1. The response to external channels of linkage and leverage depend on the incentives and relative power of domestic *social blocs*.

Figure 23 below sums up our conceptualisation of the mechanisms of Russian and EU influence (as well as the US and the IMF to provide additional clarity). We characterise Russian influence as overwhelmingly short-term and characterised by coercion, while EU influence is long-term and aimed at transformation. Russia's use of gas diplomacy appeals to third countries' need for cheap energy inputs to ensure the competitiveness of industries which in many cases relied on energy intensive and outdated Soviet capital. Below market price gas delays the need to diversify energy sources and improve energy efficiency, while offering attractive rent streams to Russia-aligned elites. The Eurasian Economic Union offers privileged access to the Russian market, particularly attractive for manufacturing sectors previously oriented to the CIS market and struggling to reorient. Yet it faces the challenge of weak supranational institutions and the long-run trend of trade reorientation away from Russia among post-Soviet states⁹¹. Hybrid warfare techniques aim at short-medium term destabilisation and political influence, without offering a transformative agenda beyond encouraging an anti-Western geopolitical turn.

Figure 23. Conceptualisation and Mechanisms of RF/EU Influence on Third Countries



⁹¹ The 2022 Russian invasion of Ukraine has substantially complicated this picture. It led to substantial decline of trade with Russia in some cases (e.g. Ukraine, Moldova) and dramatic increases in others (Armenia, Georgia, Kyrgyzstan).

The EU faces the opposite dilemma. With the exception of MFA which targets immediate budgetary needs, most EU assistance relies on the intention that in its full constellation it will encourage long-term transformation of the target polity, society and economy. Technical assistance programs aimed at public administration reform and the nurturing of civil society offer a much more far-reaching vision of social change than Russia's. Yet these long-term ambitions clash with harsh realities in the short-run. Incumbents can very quickly reverse the results of years of projects connected to human rights, democracy, the Rule of Law and economic modernisation. Civil Society Organisations (CSOs) may be able to hold governments to account at times, but at others may be castigated as foreign agents or spreading what domestic governmental and non-governmental actors portray as harmful Western liberal values, as has been particularly the case in Georgia in recent years. According to the Caucasus Barometer survey in 2024, 32% of Georgian respondents expressed distrust in NGOs, versus 22% who trusted them and 46% who had neutral views ([Wang 2024](#)).

Since the mid 2010s, the Association Agreements (and the EU-Armenia CEPA) have significantly deepened and formalised our cases' integration with the EU, including detailed timelines for the harmonisation of legislation with the EU *acquis*. The DCFTAs have reduced trade barriers and offer further liberalisation conditional on reforms. However, the problem of "pathological Europeanisation" ([Mendelski 2016](#)) remains. Ostensibly pro-EU incumbents and elites have sought to have their cake and eat it: embracing EU funds and the legitimacy associated with carrying out the integration agenda, while avoiding or sabotaging reforms which would undermine opportunities for rent extraction or selective use of administrative resources and law enforcement. Meanwhile the medium term results of the DCFTAs in terms of economic transformation have been highly ambiguous. Contributions in the literature have stressed that the DCFTAs have fostered more inclusive economic growth in Moldova while strengthening oligarchic power in Georgia ([Langbein et al. 2022](#)). The DCFTAs have also been criticised for exacerbating previous tendencies of jobless, financialised growth and failing to stimulate the real sector ([Topuria and Khundadze 2022](#)).

Most importantly for the purpose of this dissertation, these divergent channels of influence from the EU and Russia create different incentives for actors and *social blocs* within our cases. As stated in Chapter 1, a pro-Russian geopolitical orientation not only implies an anti-Western, anti-liberal "civilisational narrative", but opens up a particular policy

configuration which we call the “cheap inputs regime”. Cheap gas, traditional export markets, overvalued FX, loose fiscal and monetary arrangements and institutional opacity not only appeal to certain sectors within the *social bloc*, but workers and voters who benefit from these policies and political parties seeking to mobilise this support. Meanwhile the EU both facilitates and partially promotes a “cheap export regime” based on floating FX, inflation targeting and macroeconomic tightening. This regime in turn appeals to emerging *social blocs* in our cases in the service and agricultural sectors, and among voters and political parties invested in European integration and the economic opportunities on offer.

Finally, how have external conditions changed for our four cases over the past three decades? This Chapter clearly demonstrates an intensification of ambition and commitment by both the EU and Russia in our four cases over time. What are the key turning points? Firstly, the 90s and early 2000s were a period of relatively low integrationist ambition. The EU’s Partnership and Cooperation Agreements and Russia’s CIS Free Trade Area operated more at the level of commitments than tangible integration projects. Even the explicitly pro-EU Rose Revolution in Georgia in 2003 and Orange Revolution in Ukraine in 2004 did not generate obvious change on the level of international agreements. This changed in the late 2000s. The EU launched the Eastern Partnership which unlocked substantial funding streams, and began negotiating the ambitious AAs/DCFTAs. Russia laid the groundwork for the Eurasian Economic Union, increasingly eschewing *ad hoc* bilateral trade agreements and introducing trade restrictions and gas price hikes as deterrents for countries tempted to sign the AAs, and escalated its hybrid warfare strategies. The costs of maintaining *strategic hedging* have risen considerably, while the AAs/DCFTAs (and since 2022 EU Candidate Status for Georgia, Moldova and Ukraine) have offered a tangible pathway to a pro-EU *single-vector policy*, but impose huge costs related to alienating and breaking ties with Russia.

CHAPTER 3

UKRAINE

Dmytro Kysilevskyi is a Ukrainian MP and Deputy Chairman of the *Verkhovna Rada*⁹² Committee on Economic Development since 2019. Prior to entering politics, he had built his career as a senior manager in oligarch Victor Pinchuk's "Interpipe" holding. Looking at the list of draft laws and amendments proposed by Kysilevskyi's, metallurgy and industry remain on his mind. In 2020 he drafted an amendment on "green metallurgy", which would allow steel producers which reduce carbon emissions to 250kg per ton of steel to receive 5% reduction in electricity tariffs ([Ekonomichna Pravda 2020](#)). He was also the author of a bill which increased Ukraine's export duties on scrap metal⁹³, and has played a key role in lobbying the EU to reduce trade barriers against metallurgical exports ([Komprompol 2021](#)). Perhaps unsurprisingly, the largest steelworks in Ukraine which is capable of producing "green" steel is owned by "Interpipe". Its electric arc furnace (EAF) also runs almost entirely on scrap metal ([Interpipe 2025](#)).

This seems like a fairly unremarkable story of how Ukraine's oligarchic interests operate. A former employee enters the *Rada* and coincidentally promotes the interests of a patron, which may or may not align with the national interests of Ukraine. Pinchuk and "Interpipe" have been a key feature of Ukrainian economic and political life since the 90s, and he is widely considered the most effective "hedger" in Ukrainian politics: he has managed to accommodate himself with each Ukrainian president and avoided public fallouts, unlike other major oligarchs such as Akhmetov and Kolomoisky.

However, this story hints at the fundamental transformation of the Ukrainian economy which we will explore in this chapter. Our sectoral growth decomposition shows that manufacturing and extractive industries have been declining over the last two decades, while the service sector and especially agriculture have boomed. In turn agro-oligarchs have increased their

⁹² Ukraine's parliament

⁹³ Scrap metal and its export is a complex political issue in Ukraine. The metallurgical industry has lobbied for export duties on scrap metal to lower the price on the domestic market. However, the EU Ukraine AA/DCFTA contains provisions on the phasing out of export duties on scrap. Under the Groyzman government (2016-2019) Ukraine imposed duties in violation of the AA/DCTF, resulting in criticism from the EU ([EU Delegation to Ukraine 2017](#)). Kysilevskyi's bills in 2019/2020 significantly raised scrap export duties, but exempted countries with which Ukraine has an FTA ([Vox Ukraine 2025](#)).

influence over the parliament and government. Yet we do not argue that the days of the industrial oligarchs are over - the most successful have simply adapted to new realities, with Pinchuk as the prime example.

Pinchuk rose to prominence as the son-in-law of Ukraine's second President Kuchma, and is heavily implicated in the dirty politics of the period, including feuds with other oligarchs over control of enterprises and implication in covering up the murder of journalist Georgiy Gongadze on Kuchma's behalf. Yet as early as 2004, the oligarch got a makeover. According to Koshiw ([Koshiw 2016](#)) Pinchuk hired French consultant Thomas Eymond-Laritz, who spearheaded his rebranding from oligarch to pro-EU businessman and patron of the arts. His Yalta European Strategy (YES) conference became a flagship annual gathering of Western politicians, business leaders, and intellectuals, while his foundation has sponsored close to 100 Ukrainians to study at top global universities, with at least 7 having subsequently become members of parliament ([Viktor Pinchuk Foundation 2025](#)). In 2008, a New York Times article estimated that Pinchuk had spent about \$200 million from 2004-2008 out of a fortune estimated at \$5 billion to \$10 billion on courting the West, including large donations to the Clinton Foundation, the Brookings Institute, the Peterson Institute and the Atlantic Council, concerts by Elton John and speeches by George H. W. Bush, Bill Clinton and Tony Blair at YES ([NYT 2008](#)). Nevertheless he maintained business interests in Russia and the CIS was one of Interpipe's key export markets. He drew attention in 2016 for calling for "painful compromises" with Russia including the implementation of the Minsk Agreements to secure peace ([Pinchuk 2016](#)). But as relations with Russia deteriorated, he has increasingly oriented his business empire, his lobbying activities and his image as a billionaire-philanthropist towards the EU.

The electric arc furnace (EAF) mentioned earlier is a prime example. It was built after Ukraine's independence rather than being a relic of the USSR. Being electric-powered and scrap-fueled, it differs from the vertically integrated metallurgical portfolios of other oligarchs, who control the whole supply chain from mining iron ore and coking coal to steel processing and rolling, and crucially, were more dependent on cheap Russian gas inputs ([Gorodnichenko and Grygorenko 2008](#)). The main markets for Interpipe are EU countries. In 2024, Pinchuk's company sold more than 80,000 tons of its railway products (mainly wheelsets) on the European Union market, more than in 2021 ([Forbes UA 2025](#)). While he remains at second place on the rich list after Akhmetov, his wealth in wartime is greater than

pre-war at \$3.2 billion in 2025, whereas Akhmetov's wealth rose from \$4 billion in 2024 to \$7.9 billion in 2025 yet remains well below his peak of \$15.4 billion in 2013 before Russia began the War in Donbass ([Forbes 2025](#)).

Pinchuk's story sets the tone for this chapter in two regards. First, it highlights how established oligarchs have adapted to the structural transformation of the Ukrainian economy and its position in global markets. Secondly, it shows the necessity to combine macro-data with our analytical narrative. Taking the macro-data in isolation would show the triumph of agriculture (and to an extent services) over industry. However, within those declining sectors are actors who buck the trend, as revealed in our analytical narrative. Finally, it exposes the main difference between Ukraine and other cases: the country's size, regional diversity and the presence of major enterprises allow oligarchs to play a more independent role *vis-à-vis* the state, making their cooptation or subordination a constant concern of incumbents.

This chapter is structured as follows. Section I begins with an overview of Ukraine's key external dependencies. Section II provides our analytical narrative, with a focus on critical junctures for Ukraine's *social blocs*: the Maidan Revolution, the further deterioration of relations with Russia post-Maidan and finally the full-scale invasion, with a focus on how they affected key sectors and shifted elites' policy preferences. We then present the results of our production side GDP and export growth decompositions in section III. Finally, section IV offers a synthesis of our analytical narrative and our macro-data, and outlines how Ukraine's political economy has transformed.

I. Dependencies

A) Energy

Gas

Natural gas has been the most politically charged sector in Ukraine since independence. Ukraine inherited one of the world's largest transit and storage infrastructures for natural gas, as well as gas-dependent industries. This left Ukraine structurally exposed to Russian influence: Ukraine was simultaneously Gazprom's single largest customer and key transit state for exports to Europe. Until the Maidan revolution, Ukraine's gas balance depended on

imports from Russia. Domestic production by the state-owned company *Ukrgezvydobuvannya* covered only about one-third of domestic demand. The remainder came almost exclusively from *Gazprom* under long-term supply contracts, which combined gas for domestic use with conditions on transit to European markets. Ukraine was often in arrears on gas payments in the 90s and 2000s, which Russia leveraged to push for a debt-for-assets swap ([Pirani et al. 2009](#)). In 2002 discussions began between second president Kuchma and Vladimir Putin to create a consortium project with shared ownership of Ukraine's gas transit pipeline. However, negotiations never came to fruition due to disagreements over ownership shares (Russia wanted parity while Ukraine wanted 51% for sovereignty reasons) and how the consortium would operate ([Dubien 2007](#)). Russia cut off gas supplies in 2005 and 2009 during disputes over contracts, payments and debt.

As discussed in Chapter 2, gas also shaped Ukraine's oligarchic landscape. In the 1990s and 2000s, opaque intermediary structures such as *Itera* and *RosUkrEnergo* acted as brokers between *Gazprom* and *Naftogaz*, the national oil and gas company. *RosUkrEnergo*, created the fortunes of oligarch Dmytro Firtash through arbitrage rents ([Dubien 2007](#)). Firtash operated as a gas trader and owner of regional gas distribution companies. His close ties to *Gazprom* made him one of the most powerful figures in Ukrainian politics, and he was a key supporter of President Yanukovich and the Party of Regions ([Banaji 2024](#)). After the Maidan Revolution Ukraine came under pressure from the EU and IMF (now the country's main external creditors) to unbundle and reform the gas sector. The annexation of Crimea and the war in Donbas accelerated efforts to cut gas dependence on Russia. Ukraine ceased direct imports from *Gazprom* in November 2015, instead securing supplies through "reverse flow" arrangements with the EU⁹⁴. The War in Donbass left many industrial enterprises in separatist hands, such that domestic consumption met around half of reduced demand, while efficiency measures further lowered total consumption from 50 bcm in 2011 to under 30 bcm by 2020 ([IEA 2020](#)).

⁹⁴ Russian gas supplied to EU countries through Ukraine via transit agreements was sold back to Ukraine.

Table 18. Fossil Fuel Consumption in Ukraine (1990-2023) (Exajoules)

	1990	2008	2012	2017	2023
Fossil Fuel Consumption (Exajoules)	10.6	4.6	4.2	2.6	1.6
% change from previous period	-	-56.6%	-8.7%	-38.1%	-38.5%

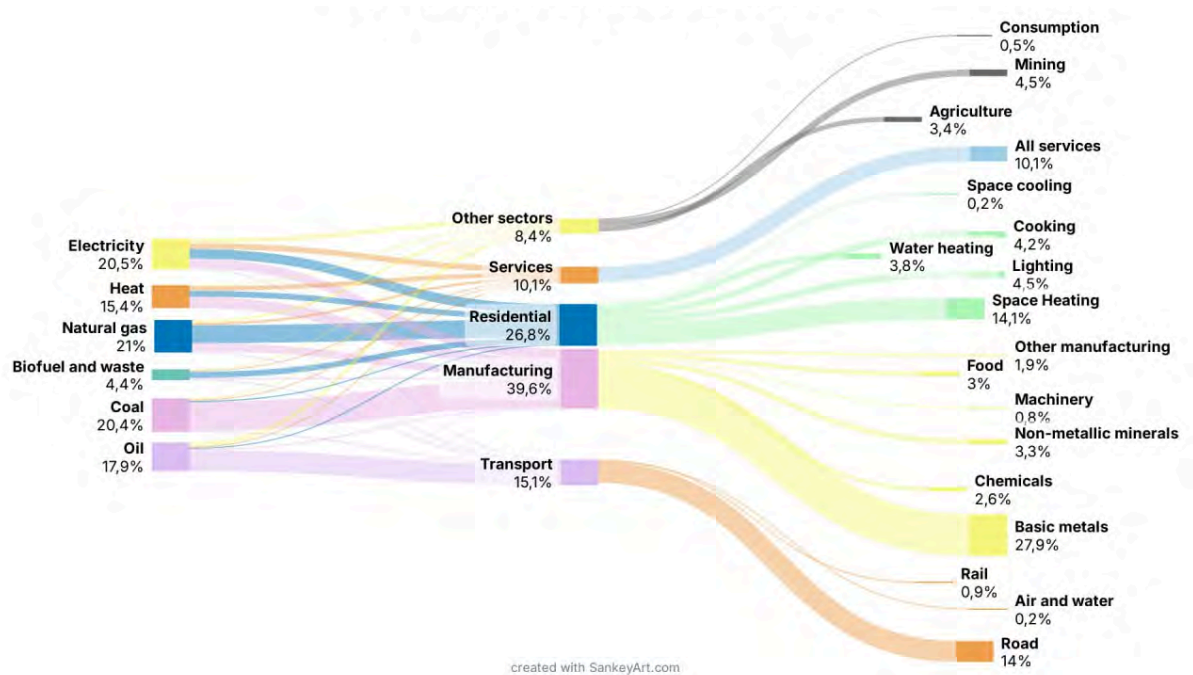
Source: Energy Institute ([2023](#))

Institutional reforms reduced oligarchic rents, but faced constant roadblocks from oligarchs and their representatives in politics. *Naftogaz* was restructured, transforming from a loss-making enterprise prior to 2014 to transferring \$3.9 billion to the state in 2017, accounting for 15% of budget revenues ([Naftogaz 2018](#)). Tariff reforms gradually reduced the scope for intermediaries to extract profits. Firtash's hold over regional distribution persisted, but his influence was severely reduced⁹⁵.

The full-scale Russian invasion of 2022 brought a further collapse in gas demand as industrial enterprises were destroyed, occupied or closed. Domestic production rose to roughly two-thirds of demand. While Ukraine's richest oligarch Akhmetov lost swathes of his assets (see Section II), his DTEK became an essential component of Ukraine's energy resilience, and the oligarch seemingly normalised relations with President Zelenskiy, who on the eve of the invasion had accused him of conspiring to organise a coup ([Olearchyk 2021](#)). Meanwhile oligarch Pinchuk's Interpipe, as the main supplier of gas pipe inputs for *Ukrgezvydobuvannya*, grew in importance as domestic gas production came to play a larger role. Ukraine's industry share of final energy consumption is the highest of our four cases at over 30% in 2023 despite the industrial decline and physical destruction (figure 24).

⁹⁵ As noted in Chapter 2, he was arrested in Vienna in March 2014 and faces extradition to the US on bribery charges.

Figure 24. Ukraine: Energy Sources and Final Consumption (%) (2023)



Source: International Energy Agency (author's calculation)

Electricity

Unlike our other three cases, independent Ukraine inherited an electricity system capable of substantial domestic generation capacity, but not without key dependencies on Russia. The backbone of Ukraine's grid are its 15 nuclear power reactors managed by the state-owned company *Energoatom*: 4 units in the West (located in Rivne and Khmelnytskyi), 3 in Southern Ukraine (Pivdennoukrainsk) and 6 in the East (Zaporizhzhia), accounting for over 30% of domestic generation in the 2000s and 55% by 2021 (table 19). The final active unit of the Chernobyl Nuclear Power Plant was closed in December 2000. Ukraine also possesses significant uranium deposits and several mining facilities. Crucially however, Ukraine lacks uranium conversion and enrichment facilities; uranium ore was exported to Russia, enriched and exported back to Ukraine by TVEL, a subsidiary of the state-owned nuclear company *Rosatom*. Fuel assemblies, spare parts, and technical support were also largely dependent on *Rosatom*, as well as the disposal of spent fissile material. Small quantities of uranium fuel were imported from the US company Westinghouse prior to 2014, but only after the Maidan revolution did Ukraine sign major supply contracts with Western companies to reduce dependence on Russia ([Schepers 2019, 9](#)). Ukraine ceased importing Russian uranium fuel in

June 2022. Around 5-7% of generation capacity came from state-owned hydropower plants prior to 2022 (table 19), and the state-owned company *Centrenergo* operated three Thermal Power Plants (TPPs).

The largest source of private generation came from coal-fired TPPs. DTEK, owned by Ukraine's richest oligarch Rinat Akhmetov, operated 10 TPPs prior to 2014. DTEK is a vertically integrated company, owning the anthracite coal mines which powered its TPPs. Anthracite coal mining was concentrated in the Eastern Donbass region, and many mines were occupied by separatist forces after 2014 and by the Russian Federation after 2022. Thermal power generation declined from 62-65% of generation in the 2000s to 32% by 2021. (table 19). DTEK is also the largest investor in private renewables (solar and wind). These two sources grew from a negligible share in 2010 to around 6% of total generation by 2021, spurred by generous "green tariffs".

Table 19. Ukraine: Electricity Generation (2000-2023) (Terawatt Hours)

	Nuclear	Coal	Gas	Hydro	Solar	Wind	Biofuels
2000	77.3 (30%)	82.7 (65%)		11.5 (5%)	-	-	-
2005	88.8 (33%)	84.8 (63%)		12.5 (5%)	-	-	-
2009	82.9 (33%)	78.7 (62%)		11.9 (5%)	-	-	-
2021	86.2 (55%)	36.5 (23%)	14.3 (9%)	10.3 (7%)	6.6 (4%)	2.8 (2%)	0.8 (1%)
2023	52.0 (49%)	23.3 (22%)	11.0 (10%)	12.4 (12%)	4.6 (4%)	1.0 (1%)	0.7 (1%)

Source: IEA ([2013](#)), ([IEA 2023](#)), World Nuclear Association ([2024](#))

In terms of electricity transmission, Ukraine avoided the fate of Armenia and Moldova: Russian ownership of the transmission system through debt-for-asset swaps. The transmission operator *Ukrenergo* is majority state-owned⁹⁶.

B) Trade

The Russian full-scale invasion temporarily cut off access to the Black Sea, forcing Ukrainian exporters to reorient to EU ports such as Constanța in Romania at high cost. Yet by summer 2022, despite lacking a conventional navy, Ukraine had imposed heavy losses on the Russian navy and prevented it from dominating the Black Sea ([Popa and Learschi 2025](#)). By July 2022 the UN-brokered Black Sea Grain Initiative allowed Ukraine to resume exports from its ports. In May 2022 the EU adopted Autonomous Trade Measures (ATMs) for Ukraine, which suspended all tariffs and quotas under the EU-Ukraine DCFTA, as well anti-dumping duties and safeguard measures, including those against steel and agricultural products. The ATMs allowed Ukraine to partially offset the impact of the invasion through increased exports to the EU. However, they also caused controversy, as a glut of Ukrainian grain lowered prices in neighbouring countries, with Polish farmers blocking the Ukrainian border. By April 2023 the governments of Poland, Hungary, Slovakia, and Bulgaria had approved import bans on Ukrainian grain, but through EU mediation settled on “exceptional and temporary preventative measures”⁹⁷ which allowed grain transit but banned sale on the local markets ([Dodd and Welsh 2024](#)). The ATMs were prolonged in 2023 and 2024. As of June 2025, the EU and Ukraine reached an agreement in principle on a review of the DCFTA, which would mean the return of tariffs, quotas and safeguard measures, but with revised terms since the original DCFTA ([Taran 2025](#)). The review likely reflects a compromise deal between EU member states seeking protection against Ukrainian exports and those prioritising Ukraine’s economic resilience.

⁹⁶ *Ukrenergo* has been at the centre of a number of scandals regarding the influence of Ihor Kolomoisky, whose companies received below market price electricity and accumulated billions of hryvnias in arrears ([Nikolaienko 2025](#)).

⁹⁷ These measures ultimately applied to Poland, Hungary, Slovakia, Romania and Bulgaria.

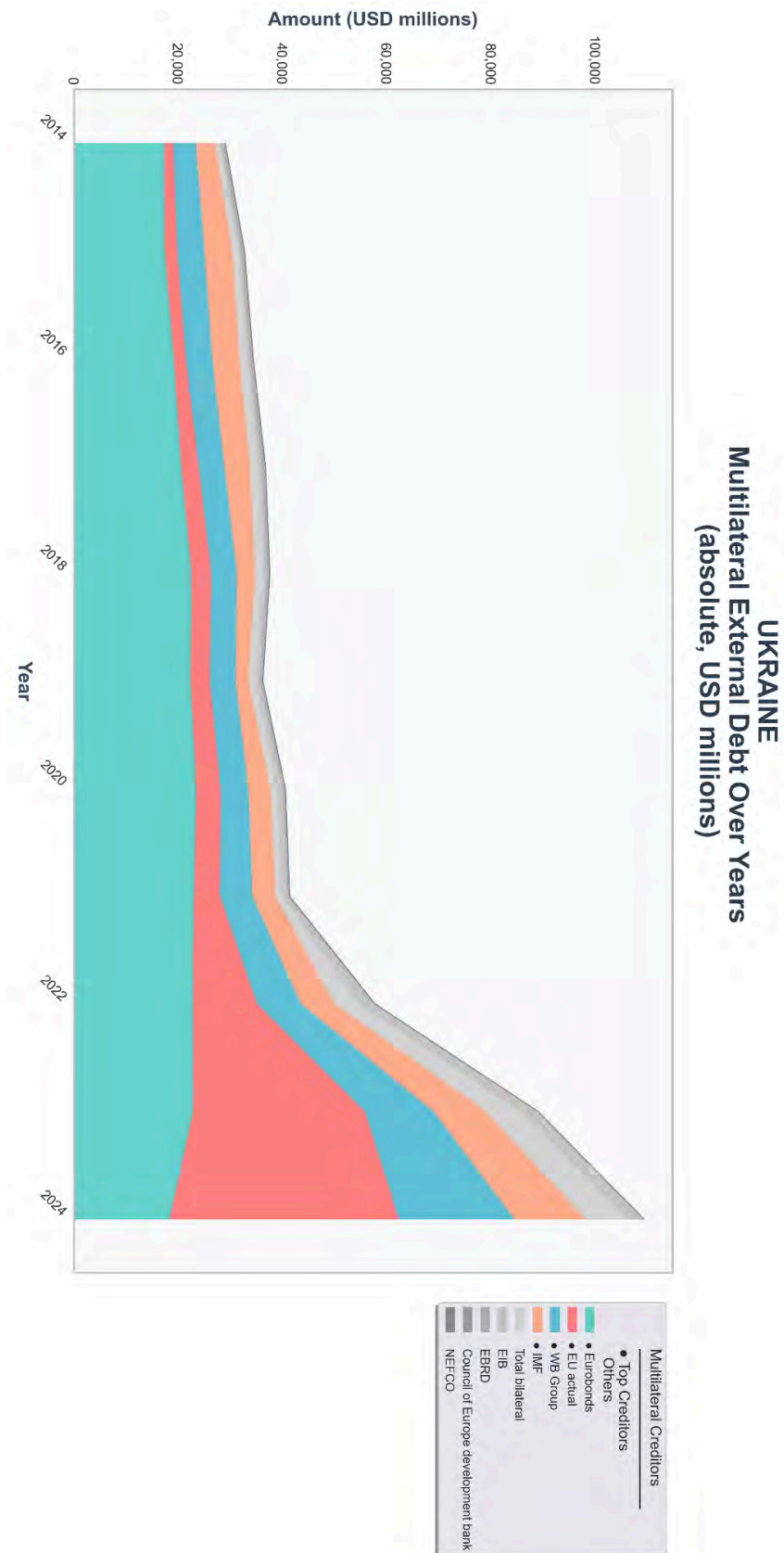
C) Finance

External Debt

The proportion of IFI loans in Ukraine's external debt is considerably lower than for Armenia, Georgia and Moldova, reflecting a greater share of market-based financing. Sovereign Eurobonds accounted for 56% of external debt in 2014, falling to 42% by 2021 (figure 26). The share of debt to IFIs stayed relatively stable from 35% in 2014 to 36% in 2021, while state debt guarantees to IFIs rose from 32% of total guarantees to 71% in the same period (figure 26). Bilateral debt (including national development banks) averaged around 3%. After the 2022 invasion, the IFI share of external debt rose sharply to 72% by 2024. China Eximbank held 9% of external debt guarantees in 2021.

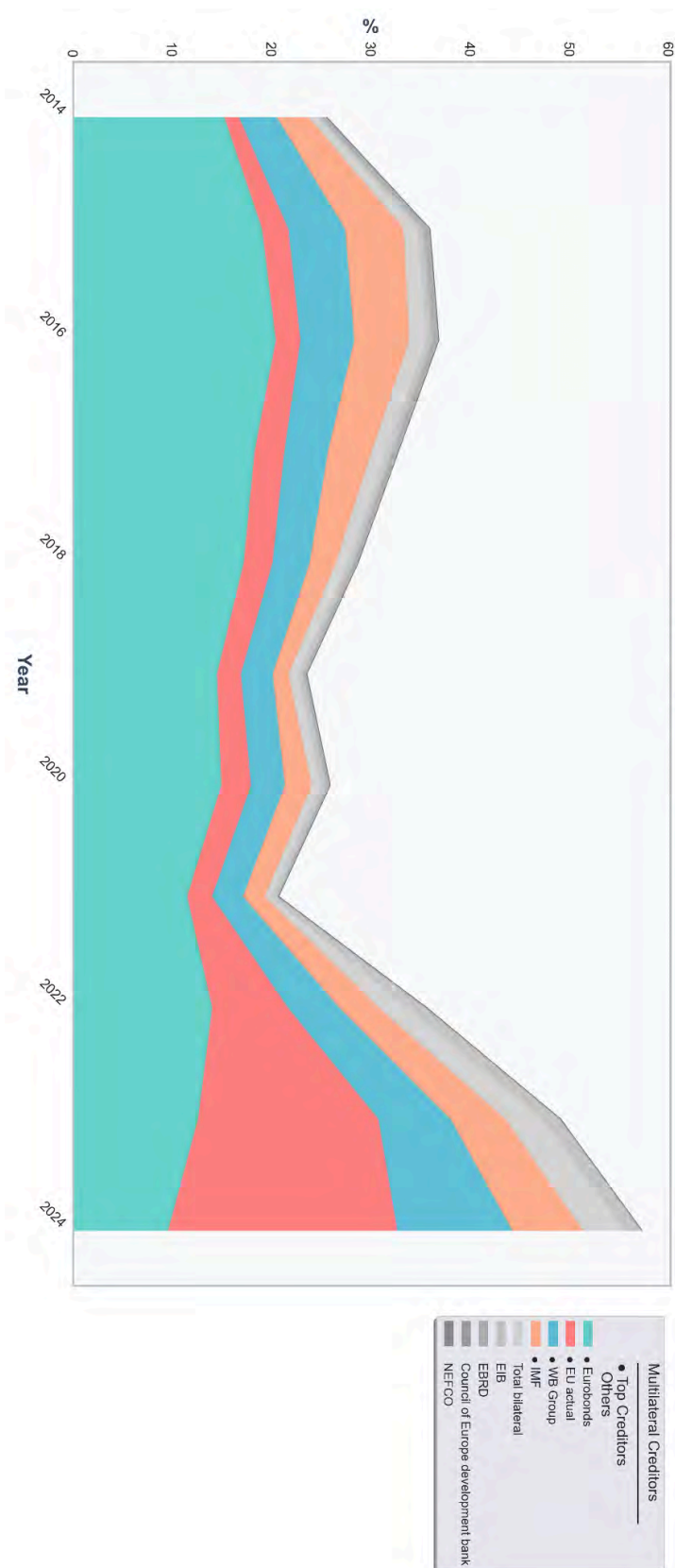
State-owned banks play a far larger role in Ukrainian domestic finance than in our other cases. The share of state-owned banks in total banking assets rose from 11% in 2008 to 18% by 2013, and to over 50% by 2017 as a result of the economic crisis of 2014-2015 ([Kahkonen 2017](#)). The reasons for this high share are covered in section II. Foreign-owned banks accounted for 31% of banking assets on average from 2013-2021 ([Sidelynkova and Novosolova 2022](#)), Russian banks' share stood at 11% in 2013 prior to the Maidan Revolution ([Barisitz and Fungáčová 2015](#)).

Figure 25. Ukraine: IFIs, Bilateral Lenders & Eurobonds in External Debt (nominal, million USD) (2014-2024)



Source: National Bank of Ukraine (author's calculations)

Figure 26. Ukraine: IFIs, Bilateral Lenders & Eurobonds in External Debt (% of GDP)
(2014-2024)



Source: National Bank of Ukraine (author's calculations)

II. Re-alignment: Critical Moments

The following section assesses four critical junctures in Ukrainian history since 2000 through the lens of this dissertation, focusing on *social blocs*, oligarchs and economic transformation. We do not aim to give a comprehensive overview of Ukraine's political economy and the rise of oligarchs prior to 2004, since there is a broad literature on this topic ([Puglisi 2003](#); [Pleines 2009](#); [Pleines 2016](#); [Yurchenko 2017](#); [van Zon 2007](#); [Swain 2007](#)), and the process of the emergence of the wider post-Soviet oligarchy is sketched in Chapter 1. In short, privatisation of Soviet enterprises to insiders and “corporate raiding” allowed certain individuals to amass enormous fortunes, initially concentrated in industry, energy and banking. Lough ([2021](#)) presents the key strategies of Ukraine's oligarchs as follows:

1. Deep penetration of government decision-making processes via senior officials who favour the interests of big business and benefit from these connections;
2. Influence over the legislative process, including through paid-for support of MPs who have direct business interests or stand to benefit indirectly from their support of the business interests of others;
3. Influence over the judiciary and law enforcement agencies through the appointment of loyal individuals, as well as the use of bribery and other incentives to protect their interests;
4. Control of the media through ownership of the main outlets that provide a platform for selected politicians to develop their careers and for big business to shape public opinion in their favour, including by attacking those who stand in its way

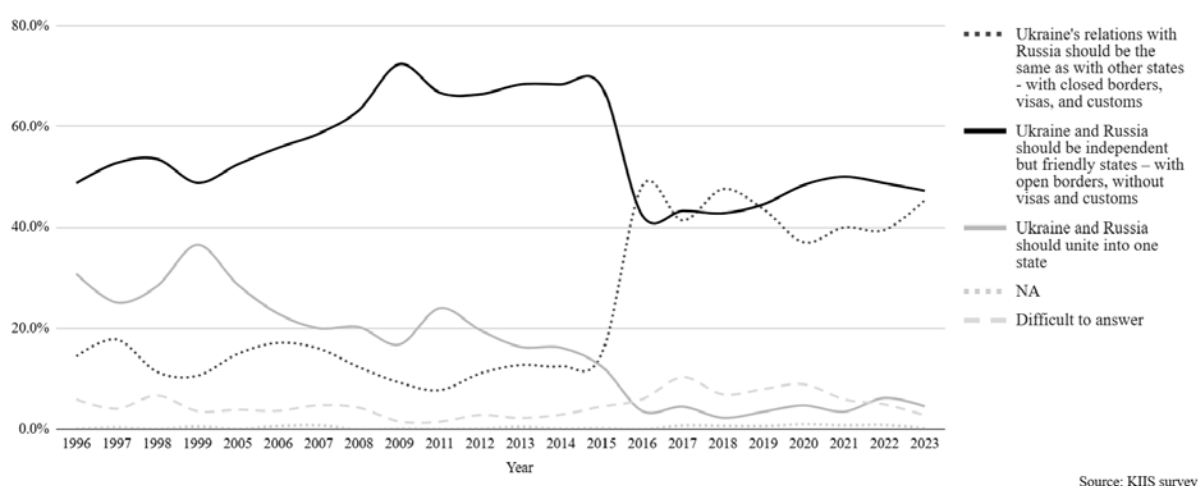
No Ukrainian president has been able to dominate the oligarchy as Vladimir Putin was able to in Russia. Instead, Ukraine corresponds heavily to the hybrid regime logic described by Carothers ([2002](#)) and Hale ([2014](#)), oscillating between more dominant incumbents and periods of chaotic pluralism. Huss ([2016](#)) describes the constant competition as an “endless cycle of political corruption”, whereby elites invest large sums in elections to augment their political power, then using this power to promote their business interests before the next election. Pliable MPs and judges and media control provide channels whereby oligarchs can remain powerful players even if they are in conflict with incumbents. Incumbents in turn need support from oligarchs to maintain their patronage network and electoral support, but also fear them as a source of independent power ([Dubrovskiy et al., 24](#)). Ukrainian presidents

thus face the choice of whether to try to co-opt a given oligarch, confront them or allow them to carry out their business as long as they do threaten the interests of the patron-in-chief ([Madlovics and Magyar 2023, 63](#)). By the time of the Orange Revolution, most of the key oligarchs discussed in this section (such as Rinat Akhmetov, Viktor Pinchuk and Ihor Kolomoisky) were already among Ukraine's wealthiest individuals, and would remain so until the time of writing.

A) The Orange Revolution

The Orange Revolution saw the thwarting of Ukraine's second president Leonid Kuchma's ambitions to install Viktor Yanukovich as his successor. Mass demonstrations, elite defection and the annulment of the 2003 presidential election by the Supreme Court led to a rerun ultimately won by Viktor Yushchenko ([Wilson 2005](#)). The course of events displays some features of the normal outcome of regime instability as described in the hybrid regimes literature: a succession crisis, weakening of the ruling pyramid and elite defection to the opposition ([Hale 2014](#)). However, the Orange Revolution was much more than an outburst of anger at corruption and rigged elections: it was explicitly pro-EU and more importantly pro-Ukrainian as a distinct identity from Russian, and involved organised and sustained mass demonstrations over months. The significance of this should not be underestimated during a period where the majority of Ukrainians envisaged close relations with Russia, with a significant minority indicating a desire for union with Russia in polls (figure 27). It also had a radical economic element: nationalisation or re-privatisation of assets which had been acquired by oligarchs. Kuchma was and remains the only Ukrainian president to be reelected for a second term, and although his legitimacy had been damaged by the murder of journalist Georgiy Gongadze, his role saw the strengthening of central authority and cooptation of most of the emerging oligarchy. His desired successor Yanukovich had a strong regional base in Eastern Ukraine and a powerful patronage machine in the form of the Party of Regions ([Kuzio 2015](#)). To characterise the events of 2003-2004 as a typical case of hybrid regime instability downplays its significance.

Figure 27. Survey: How would you like to see Ukraine's relations with Russia?



Yet in spite of the high level of mobilisation and lofty promises of the Orange Revolution, it changed very little about the structure of ownership in the country and even strengthened the oligarchy. This is attributed in the literature to infighting in the Orange Coalition (especially between President Yushchenko and PM Yulia Tymoshenko) and the impact of the 2008 Global Financial Crisis on its legitimacy (Trochev 2010). Lidiya Zubytska (2018) argues that the environment of extreme uncertainty led elected officials to turn to oligarchs for security, immunity and resources rather than the weak incumbent.

Another explanation in line with the argument of this dissertation is that the period after the Orange Revolution coincided with the heyday of the “cheap input regime” and industrial *social bloc*. Global prices for Ukrainian manufacturing and industrial products were booming and the economy was recovering from the 1990s economic collapse (Bojcun 2012). Although the 2008 Global Financial Crisis had a severe impact on the economy due to the prevalence of dollar-denominated loans, the commodity boom was not yet over and exports recovered. Meanwhile confrontation with Russia risked undermining this growth through the loss of cheap energy inputs and export markets. President Yushchenko attempted to renegotiate the terms of gas transit and supply with Russia in 2005, which resulted in a major dispute and a 4-day gas cutoff before a compromise was reached (Dubien 2007). Russia cut gas supplies again in 2009 in a conflict with PM Yulia Tymoshenko, resulting in a deal for which she was heavily criticised for being too favourable to Moscow (Pirani et al. 2009). Hence rather than challenging Ukraine’s relationship with Russia, the Orange elites fought to redistribute domestic assets from hostile oligarchs to those more favourable to their party, the most

famous incident being the stripping of Kryvorizhstal, Ukraine's largest steel producer from Akhmetov and Pinchuk ([Dubrovskiy et al. 2007](#)). 95 businesses were renationalised from 2005-2007. As PM, Tymoshenko used her power to try to reduce the role of rival and Party of Regions backer Firtash in energy arbitrage ([Dubien 2007](#)). Thus despite its ostensibly pro-EU positioning, the Orange Coalition nevertheless pursued *strategic hedging* with Russia and the EU, and focused on domestic political battles.

B) The Maidan Revolution

The Russian invasion of Ukraine has revived and inflamed pre-existing debates on the Maidan Revolution and subsequent annexation of Crimea and War in Donbass. This section does not seek to address the key debates⁹⁸ in this literature, but to explore the causes and impact of the 2014-2015 polycrisis through the analytical lens of this dissertation: social blocs and abandoning *strategic hedging*. The victory of Yanukovych in the 2010 presidential election appeared to reflect the dominance of the industrial *social bloc* and the “cheap input regime”. The interests of the Donbass clan, the Party of Regions as its political vehicle, the main gas and industrial oligarchs and workers and voters in industrial regions seemed to clearly constitute a dominant *social bloc*. Exports began to recover after the 2008 Global Financial Crisis, as did global commodity prices (see section III). According to Pleines ([Pleines 2016](#)), while after the Orange Revolution many oligarchs stayed loyal to the “blue” camp (around Yanukovych and the Part of Regions), after 2010 no oligarchs remained openly loyal to the opposition (table 20).

⁹⁸ The Russian invasion of Ukraine has revived the debate on the events of 2014-2015, since the narrative that the Maidan was a Western-orchestrated effort to install an anti-Russian government is a cornerstone of Russian propaganda. Equally, contributions by Arel and Driscoll ([2023](#)) Kazdobina *et al.* ([2024](#)) have continued the debate on whether the separatist forces which took control of parts of Donetsk and Luhansk region originated as an authentic response to the Maidan and were only later subordinated to Russia, or whether the anti-Maidan was coordinated from the start in tandem with the annexation of Crimea.

Table 20. Political Affiliation of Oligarchs in the Ukrainian Parliament (2004-2015)

	Kuchma	Yushchenko		Yanukovich		Poroshenko	
	2004	2005	2007	2011	2012	2014	2015
Blue	13	7	4	8	11	6	2
Orange	2	8	6	3	0	2	0
Independent	0	0	0	0	2	4	3
Total	15	15	10	11	13	12	5

Source: Pleines [\(2016\)](#)

The consequence was that the new incumbents very quickly consolidated political power. The courts, which had been a source of constant contestation in the post-Orange era,⁹⁹ were quickly brought under control of the Party of Regions [\(Barrett 2021, 268-269\)](#). He had constitutional amendments which had shifted much executive authority to parliament in 2004 overturned, increasing presidential power. With a grip on the state apparatus and TV stations and other media under the control of loyal oligarchs, he felt sufficiently empowered to have senior opposition figures Yulia Tymoshenko and Yuri Lutsenko arrested. Although these moves elicited negative reactions from the EU, the negotiation of the AA/DCFTA continued. The EU attempted to use the prospect of the AA to induce Yanukovich to release the opposition leaders and undertake other reforms, and thus stopped short of breaking off negotiations.

Thus going into 2013, Yanukovich and the industrial *social bloc* seemed unassailable. However, contradictions were already emerging which undermined the industrial *social bloc* in the runup to the Maidan Revolution. Firstly, the consistent overvaluation of the domestic currency by the politically subordinate National Bank of Ukraine supported the “cheap inputs regime”, but created a balance of payments crisis [\(Astrov 2015\)](#). Maintaining a fixed FX depleted currency reserves, rendering a sharp devaluation inevitable without an external bailout. Secondly, Russia had begun to put pressure on Ukraine to draw Yanukovich into the new Eurasian Economic Union rather than signing the AA. Dragneva and Wolczuk [\(2016\)](#) have shown that Yanukovich resisted joining the EaEU in the runup to Maidan, preferring *ad*

⁹⁹ Yushchenko, Tymoshenko and Yanukovich each had loyal courts and judges which issued contradictory rulings. Trochev [\(2010, 135-136, 314-315\)](#) reconstructs President Yushchenko’s attempts to dissolve the parliament in April 2007 and October 2008 and his opponents’ many legal challenges. Yushchenko was successful in 2007, but failed to dissolve parliament in 2008.

hoc trade deals with Russia. However, Russia increasingly applied trade restrictions to Ukrainian goods (see figure 1 in the Introduction). This meant that even prior to the Maidan revolution, Ukraine's exports to Russia and the CIS had already begun to decline. In combination with the end of the global commodity boom, this put extra pressure on Ukraine's public finances. By late 2013, Yanukovich faced a choice. On the one hand he could sign the AA/DCFTA and receive a joint EU-IMF bailout. However, both the EU and the IMF required structural reforms in return which would undermine not only Yanukovich's grip on power (such as judicial reform, releasing opposition leaders) but also undermine the "cheap inputs regime" and threaten the stability of the industrial *social bloc*. Energy market reforms, unbundling, the end of subsidies to enterprises and households and devaluation would have hurt both oligarchs' businesses and the workers and voters which formed the core of support for the Party of Regions. On the other hand Russia's offer was simpler and more attractive: buying 15 billion USD of Ukrainian Eurobonds to alleviate the currency crisis, lowering the price of Russian gas and Ukraine's accession to the Eurasian Economic Union, which did not require reforms or structural transformation ([Astrov 2015](#)). Yanukovich chose Putin's offer, and the results are well-known: the Euromaidan Revolution, the annexation of Crimea, separatism, Russian military intervention in Eastern Ukraine and economic crisis.

We do not attempt to reconstruct the immediate chain of events culminating in the Maidan Revolution here, but it is worth considering the role of the oligarchs. At least three - Pinchuk, Kolomoisky and Poroshenko - openly supported the revolution. Poroshenko became president, while Kolomoisky raised private militias to fight Russian-backed separatists and was appointed governor of the Eastern Dnipropetrovsk Oblast ([Arel and Driscoll 2023](#)). Rinat Akhmetov chose public silence, while many other oligarchs supported Yanukovich until his flight. Why did they suddenly abandon Yanukovich after he had been so successful in coopting or subordinating them, and when the breakdown of the "cheap inputs regime" threatened their business interests? The hybrid regimes literature suggests that oligarchs tend to hedge at moments when the incumbent appears weak, which may tip the scales ([Hale 2014](#)). However, this is not deterministic, and the formal opposition to Yanukovich appeared weak in the runup to Maidan. Three explanations can be found in the literature. Firstly, that oligarchs feared that in a scenario where Yanukovich repressed the opposition, their existence would also be threatened by Yanukovich's rapacious accumulation of political power and economic assets in the hands of his family members (the fate of the Russian oligarchy after Putin rose to power) ([Kuzio 2015](#)). Secondly, they feared the encroachment

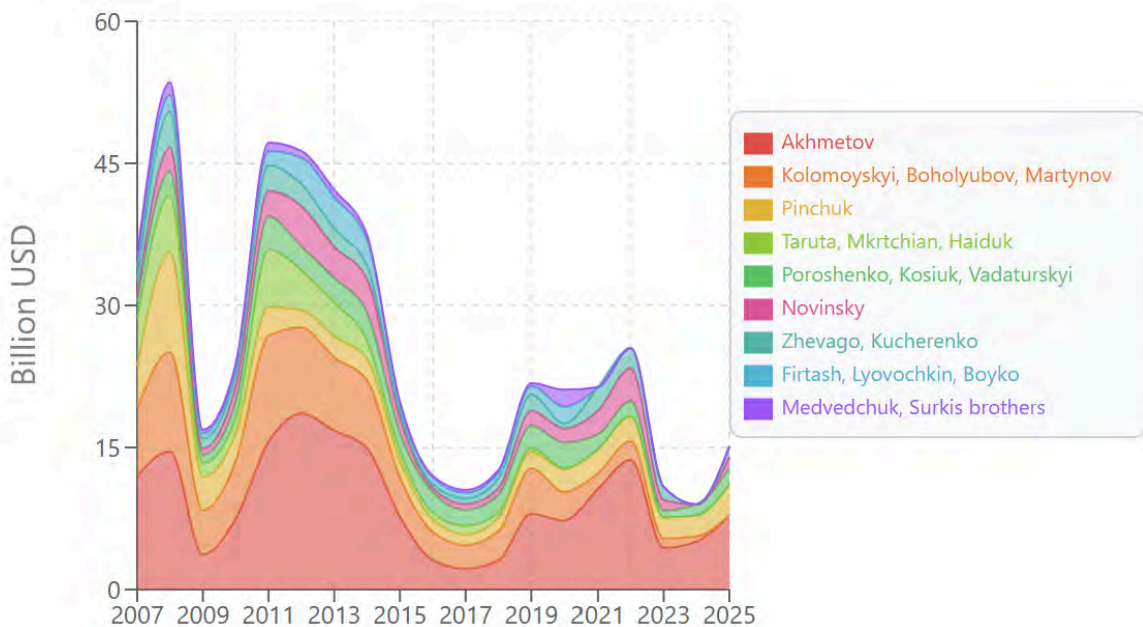
of more powerful Russian oligarchs were Ukraine to join the EaEU. Thirdly, Deputy Secretary of State Victoria Nuland met with Ukraine's richest man Rinat Akhmetov amid negotiations with key government officials to broker an agreement with the opposition ([Ukrainska Pravda 2013](#)). It should be noted that Nuland features at the heart of most conspiracy theories which claim that Maidan was orchestrated by the CIA, especially after leaked phone calls exposed her discussing successors to Yanukovych. Prominent anti-corruption activist Serhiy Leshchenko (2014) claimed at the time that Nuland threatened sanctions against figures close to the Party of Regions, an extremely dangerous situation for Ukrainian oligarchs who hold significant assets in the West out of fear of expropriation at home. In any case, Akhmetov broke his silence, stating that "Ukraine and the president have been following the European path for three and a half years" and called for de-escalation.

Ultimately, we do not have concrete evidence as to why certain oligarchs facilitated Yanukovych's overthrow or stood aside. We may however infer that they did so, hoping that an ineffective post-Maidan coalition would not fundamentally change the rules of the game. *Strategic hedging* would be maintained, albeit with some deterioration of relations with Russia and closer ties to the EU. What they seemingly did not reckon with was Russia's decision to annex Crimea, back separatism in Southern and Eastern Ukraine and deploy the Russian army to support the *de facto* Donetsk and Luhansk "Peoples' Republics", and were forced to adapt. Rinat Akhmetov is alleged to have initially supported the separatists and their goal of "federalisation" of Ukraine, since he believed that constitutionally enshrined autonomy for the Donbass region would protect his autonomy from Kyiv ([Bobrovnikov 2022](#)). Yet this ultimately backfired - he increasingly came into conflict with separatist factions and his assets in the occupied territories were "nationalised" in 2017.

C) Post-Maidan

The aftermath of the tumultuous events of 2013-2015 transformed Ukraine's political economy in four key respects. Firstly, the loss of cheap Russian gas and energy market reforms greatly reduced the rents of gas oligarchs, in particular Dmytro Firtash, and generally weakened the industrial *social bloc* through higher energy prices.

Figure 28. Wealth of the Ukrainian Oligarchs (2007-2025)¹⁰⁰



Source: Fokus, Forbes, NV (author's calculation)

Secondly, many industrial enterprises were damaged or occupied by the separatists and later “nationalised”. Industrial supply chains within Ukraine and between Ukraine and Russia were disrupted. Rinat Akhmetov remained Ukraine’s richest man, but his discernable assets declined by over 70% from 2013-2015 (figure 28). Thirdly, Russia imposed even more trade restrictions than it had while trying to pressure Yanukovych into joining the EAEU, mostly on manufactured and industrial goods (but also confectionery, likely due to this being President Poroshenko’s main business area) (figure 28). Fourthly, Ukraine became much more dependent on financing from the West (such as EU MFA and IMF Standby Agreements), meaning the government was forced to undertake reforms which were the focus of Western conditionality. However, this was not a straightforward case of externally imposed reforms¹⁰¹. The new government engaged in “pathological Europeanisation” ([Mendelski](#)

¹⁰⁰ This data should be treated with caution, as it only reflects known and undisguised assets which the journalists who composed the ratings were able to assess. The grouping of some oligarchs into clans is based on ([Chernenko 2019](#)), who suggests that oligarchs whose business empires are interlinked and constantly cooperate (rather than merely opportunistically) should be considered a “clan”.

¹⁰¹ In contrast to claims that Ukraine in this period became a “puppet” of the West.

[2016](#)), selectively implementing some reforms while avoiding others ([Dubrovskiy et al. 30](#)). Meanwhile oligarchs and other vested interests fought to block reforms. While key changes such as reform of *Naftogaz* went ahead, other issues such as energy tariff reform and judicial reform stalled ([Beers 2016](#)). Despite laws passed in parliament to break Akhmetov's grip on the state railways¹⁰², judges and regulators obstructed changes.

A final episode especially worthy of note given the scope of this dissertation is the transformation of monetary policy and the banking sector. As noted above, under Yanukovych the National Bank of Ukraine was politically subordinate and overvalued the *hryvnia*, pushing the country to the brink of economic crisis ([Astrov and Podkaminer 2017](#)). After the tumultuous events of 2014, facing economic crisis and with currency reserves depleted, the NBU devalued the *hryvnia* from 8 to the dollar to 25. It also pivoted from the previous FX-stability-driven regime to ambitious inflation targeting ([Mylovanov et al. 2016](#)). The NBU achieved political independence, partly due to external conditionality but also a major programme of internal professionalisation ([Haas and Pivovarsky 2024](#)). Due to the economic crisis and proper NBU oversight, the share of non-performing loans (NPLs) on banks' balance sheets increased from less than one fifth of the total in 2013 to over half of all loans in 2017. 77 Ukrainian banks were recognised as insolvent and the banking system lost 435 billion *hryvnias* (22% of GDP) in assets, while businesses lost 25% of assets in Ukrainian banks ([Kozak 2016](#)). The share of state-owned banks in total banking assets rose from 11% in 2008 to 18% by 2013, and to over 50% by 2017 as a result of insolvencies and nationalisation ([Kahkonen 2017](#)).

Repko ([2019](#)) writes that the banking sector played a crucial role in gross capital formation and subsequent growth of the economy in the 2000s, but risk-taking, weak collateral policies and insider crediting were rife. Oligarchs used banks as vehicles to finance their other businesses at the risk of customer's deposits. The NBU's aggressive floating of the *hryvnia* and inflation targeting ended the pathological monetary policy of the Yanukovych era tied to the "cheap input regime". However, it created new problems. The major devaluation - while unavoidable in the context of economic crisis and IMF conditionality - drove down local purchasing power and deepened economic contraction. Moreover, Astrov and Podkaminer ([2017](#)) argues that in an open, dollarised economy like Ukraine's the NBU's policy created

¹⁰² Who transported his freight for lower rates than the actual price of transport.

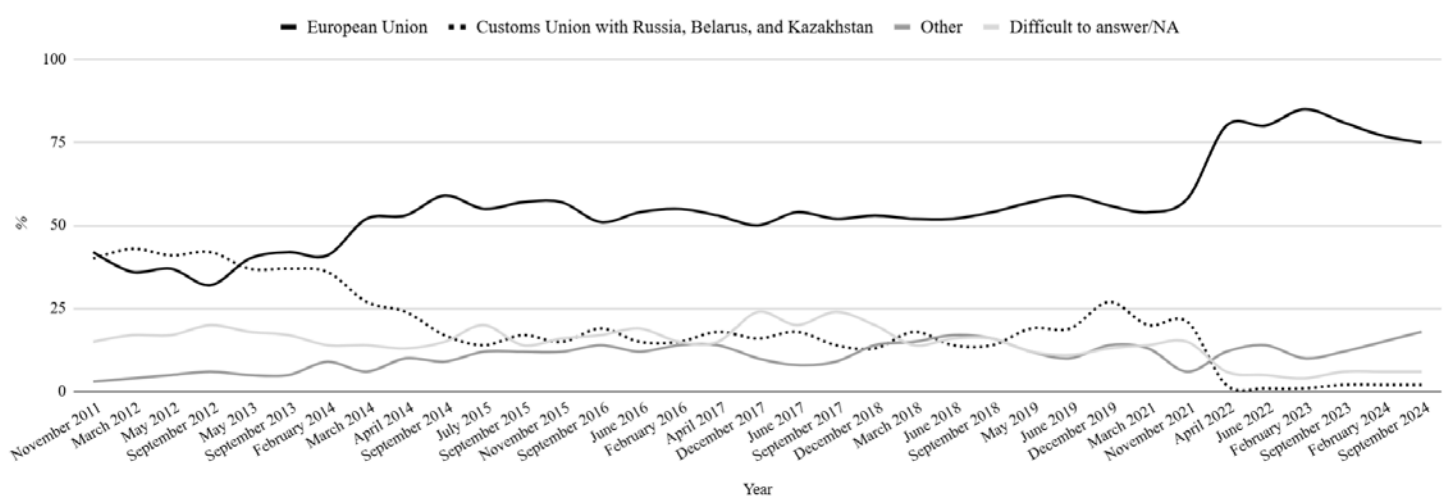
“balance sheet effects” which harmed growth. The days of unstable but high real sector growth driven by FX targeting and insider crediting were replaced by monetary orthodoxy and strict banking regulation. The main losers were the industrial oligarchs, who lost their financing vehicles, and in particular Ihor Kolomoisky, whose Privatbank (the largest bank in Ukraine) was nationalised after the NBU found a \$5.5bn hole in its balance sheet ([Olearchyk 2020](#)).

Kolomoisky fought tooth and nail to restore control of Privatbank and waged a media campaign and paid protests against the NBU. He is alleged to have sponsored political rise. Zelensky was elected president in 2019 with broad appeal support on both sides of Ukraine’s East-West political divide. He endorsed European integration, but stayed muted on issues such as the language question, compared to Poroshenko whose campaign slogan of “Army, Language, Faith” proved unpopular outside of Western Ukraine ([Dubrovskiy et al., 102](#)). Zelenskyy promised to end the conflict in the Donbass, and to bring new faces into the parliament. He achieved the latter, with the majority of his “Servant of the People” MPs elected in 2019 being first time deputies. Peace proved more elusive. The oligarchs, whose businesses were suffering from poor economic performance, the end of the “cheap input regime” and external conditionality, wanted normalisation with Russia, with both Pinchuk and Kolomoisky publicly calling for compromise and the implementation of the Minsk Agreements ([Pinchuk 2016; Troianovski 2019](#)). It seems Zelenskyy genuinely believed a settlement could be reached when he met Putin in Paris in 2019 alongside Angela Merkel and Emmanuel Macron as part of the Normandy Format negotiations. However, the negotiations failed, after which Zelenskyy abandoned his rhetoric of achieving peace and became more confrontational towards Russia. Vadym Prystaiko, Foreign Minister at the time, claimed in 2024 that Zelenskyy realised in Paris that Putin was not interested in a compromise, and demanded Russian withdraw its forces from Ukraine completely before elections could be held in the Donbass, angering Putin ([Kravets 2024](#)). Other accounts stress that Zelenskyy felt pressure from CSOs and right-wing groups who organised a “No Capitulation” movement and protests in Kyiv ([Dubrovskiy et al. 120](#)).

Another explanation is that Zelenskyy did not see his main domestic political opponents as other pro-EU parties such as Poroshenko’s “European Solidarity” and Tymoshenko’s “Fatherland”. Although after 2014 the majority of Ukrainians polled preferred joining the EU over the EaEU (figure 29), the pro-EU vote was split, whereas one party dominated more

Eurosceptic voters. Polls showed that this party - the “Opposition Platform - For Life” (OPZZH)¹⁰³ party of Yuriy Boyko and Viktor Medvedchuk - were Zelenskiy’s main competitors. Medvedchuk was Putin’s an oligarch of the so-called “Kyiv Clan”, and had managed control of judicial apparatus under Kuchma and Yanukovich. Putin became the godfather of his daughter in 2004, and Medvedchuk’s media empire was frequently accused of spreading pro-Russian narratives. In February 2021, Zelenskyy banned three channels owned by Medvedchuk and his allies ([Dickinson 2021](#)). Götz and Ekman ([2024](#)) see the banning of Medvedchuk’s channels as the final straw for Putin’s decision to launch the full-scale invasion of Ukraine, as it precluded the possibility of Russia-aligned parties returning to power through domestic machinations. In the months before the invasion, Zelenskyy also accused Russia of plotting to stage a *coup* against him, including recruiting Rinat Akhmetov to join the attempt ([Zinets and Polityuk 2021](#)).

Figure 29. Survey: If Ukraine could enter only one international economic union, which one should it be?



Source: Ukraine IRI survey

D) Invasion

Since Russia launched the full-scale invasion of Ukraine on February 24th 2022, much ink has been spilt on whether this represents the twilight of the Ukrainian oligarchy ([Burakovsky and Yukhymenko 2023](#); [Minakov 2023](#); [Madlovics and Magyar 2023](#)). The invasion resulted in the destruction and occupation of many of Ukraine’s industrial assets, mostly famously Akhmetov’s “Azovstal”. Melnykovska ([2025](#)) has argued that the invasion has led to political

¹⁰³ Often considered a successor party to the Party of Regions.

centralisation and the growth of “corporate civic responsibility” among the oligarchs, as Ukraine’s largest business invested in the war effort and survival of the state. The government nationalised Russian assets in Ukraine as well as the assets of several oligarchs, including Vadym Novynskyi, Kontantyn Zhevago and Zelenskyy’s erstwhile patron Kolomoisky ([Borysenko 2022](#); [Smyrnova 2025](#)). If Ukraine was dependent on Western financing post-2014, after 2022 it became existential, as Ukraine's partners funded almost all non-military state spending and provided billions of dollars worth of equipment. The obligations of Ukraine’s EU accession (candidate status was granted in June 2022) also entail numerous reforms which threaten the vested interests of oligarchs.

Nevertheless, the hybrid regimes literature warns against dismissing the power of oligarchs, even though they may seem peripheral during periods where the incumbent has been able to centralise much power ([Hale 2014, 210](#)). Akhmetov’s fortune declined further from its 2013 peak of \$15.4 billion, but he remains the country’s wealthiest man and his measurable assets rose from 2024 to 2025. While he was in open conflict with Zelenskyy on the eve of the invasion, his DTEL energy holding is now critical to Ukraine’s energy security, which no doubt grants him major influence. Meanwhile at second place, Pinchuk’s wealth in wartime is greater than pre-war at \$3.2 billion in 2025 ([Forbes 2025](#)). Like Firtash after 2014, there were also losers such as Kolomoisky, while others have risen in wealth and influence such as the agro-oligarchs Verevsky and Kosyuk (see section IV). Most oligarchs gave up their media holdings at the outset of the invasion¹⁰⁴, but still possess many channels of influence and the resources to exert more in future.

¹⁰⁴ To avoid falling under the provisions of the “de-oligarchisation law” of 2021.

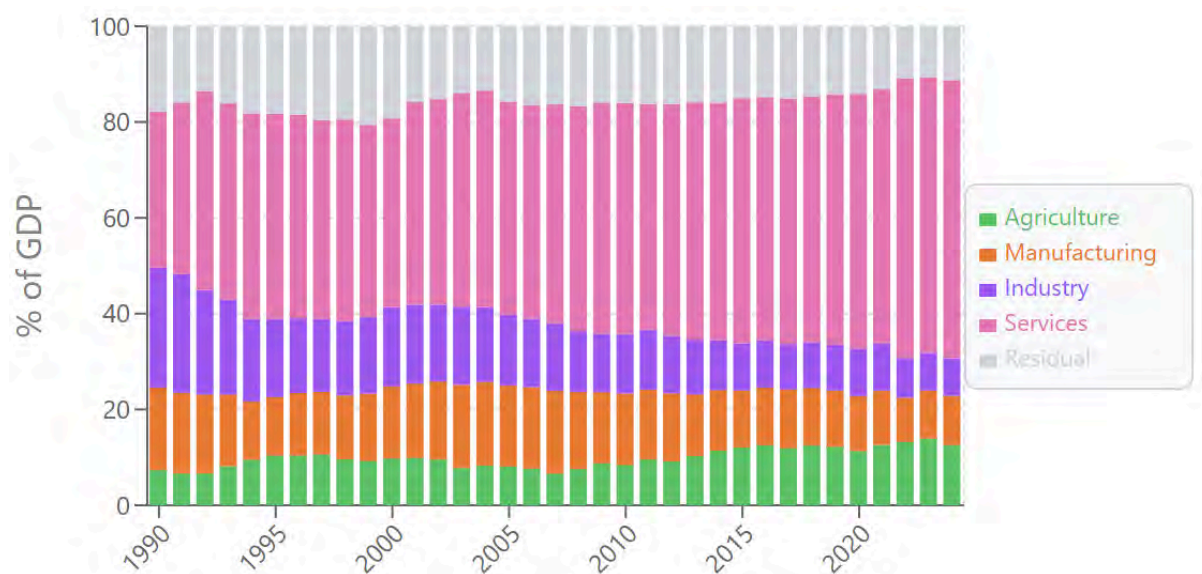
III. Sectoral Growth Decomposition

A) Production Side (Value-Added)

Figure 30. Ukraine Average Sectoral Value-Added (VA) Share (%)

	Agriculture Share (%)	Manufacturing Share (%)	Industry* Share (%)	Services Share (%)	Residual Share (%)
1991-1995	8.26	14.52	19.99	40.83	16.40
1996-2000	9.92	13.70	15.77	41.15	19.46
2001-2005	8.72	16.71	15.84	43.89	14.85
2006-2010	7.80	16.02	13.13	46.75	16.30
2011-2015	10.49	13.24	11.22	49.18	15.87
2016-2020	12.08	11.91	9.67	51.79	14.55
2021-2024	13.07	10.21	8.47	56.74	11.51

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)



Source: World Bank (author's calculation)

Figure 31. Ukraine Average Sectoral Value-Added (VA) Contribution to Growth (pp)

	Growth Rate	Agriculture VA Contribution (pp)	Manufacturing VA Contribution (pp)	Industry* VA Contribution (pp)	Services AV Contribution (pp)	Residual Contribution (pp)
1991-1995	-13.58	-0.56	-2.89	-4.36	-3.57	-2.19
1996-2000	-1.84	-0.31	0.33	-0.21	-1.49	-0.16
2001-2005	7.70	0.33	1.67	0.87	4.40	0.43
2006-2010	1.40	0.13	-0.11	-0.24	1.33	0.30
2011-2015	-2.84	0.37	-0.92	-0.77	-0.89	-0.63
2016-2020	1.55	0.05	0.11	0.16	1.18	0.05
2021-2024	-4.22	-0.25	-0.65	-0.87	-1.29	-1.16

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)

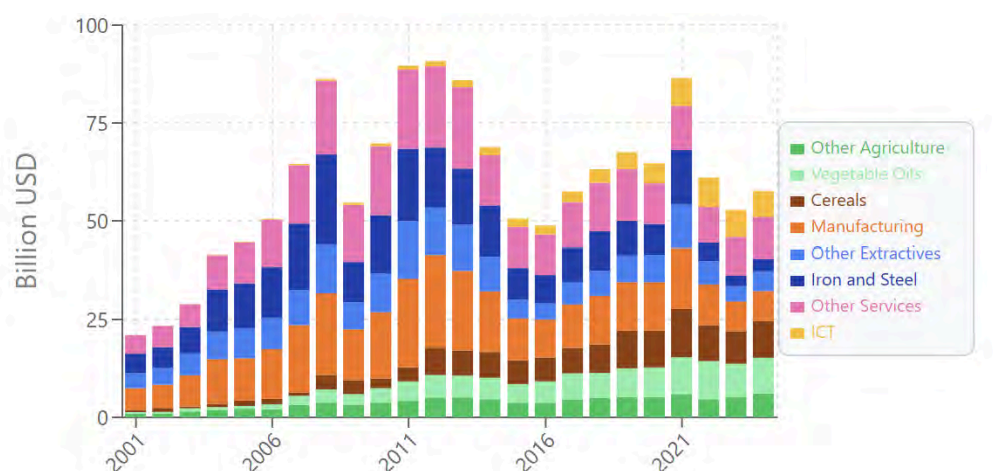
Figure 31 shows that agriculture and services VA have consistently augmented their shares of production-side GDP since the 2010s. Agriculture grew in every 5-year period from 2000-2020. Meanwhile, manufacturing and industry VA shares have declined since the 2008 Global Financial Crisis and the end of the global commodity boom¹⁰⁵. These two macro-sectors posted only modest growth in 2016-2020 and declined in all other 5-year periods. Figures 31 and 35 expose the extent to which the story of independent Ukraine's economy is a story of periods of strong growth and sharp declines, largely imposed by external factors. Average growth was strongest from the early 2000s until the shock of the 2008 GFC. The economy recovered in the early 2010s (although overshadowed by severe external imbalances as discussed in section II), only to be hit again by the political and economic crises of 2014 and Russian military intervention. Recovery in the mid-2010s was once again cut short by the full-scale invasion.

B) Exports

Figure 32 shows that the value of Ukraine's exports saw periods of steep decline after the GFC, the 2014 Russian annexation of Crimea and intervention in Eastern Ukraine, and the full-scale invasion of 2022.

¹⁰⁵ The global commodity boom or China boom lasted from around 2000-2014, with a temporary slump after the 2008 GFC.

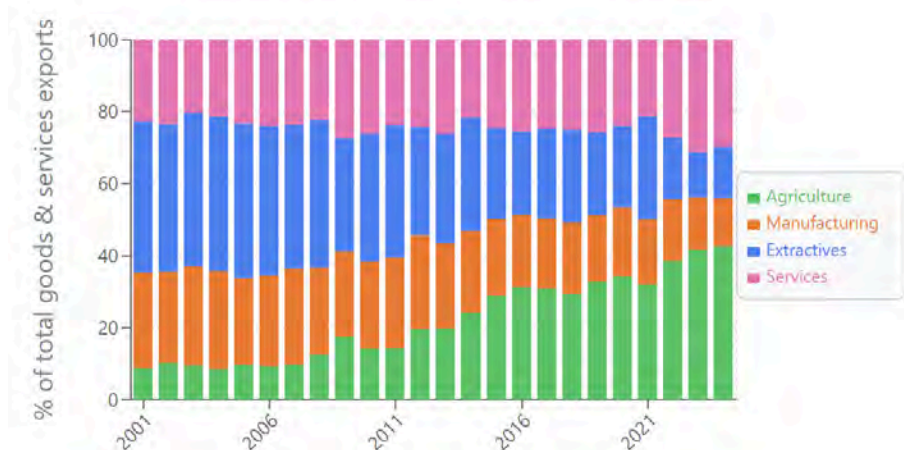
Figure 32. Ukraine: Exports by Sector & Sub-Sector (Nominal, billion USD) (2001-2024)



Source: *Derzhstat*, Trade Map, World Bank (author's calculation)

Figure 33. Ukraine Export Sector Shares (%) of Total Exports (Nominal)

	Agriculture Share (%)	Manufacturing Share (%)	Extractives Share (%)	Services Share (%)	Cereals Share ¹⁰⁶ (%)	Vegetable Oils ¹⁰⁷ Share (%)	Iron & Steel ¹⁰⁸ Share (%)	ICT ¹⁰⁹ Share (%)
2001-2005	9.25	26.25	42.22	22.28	2.61	1.92	24.24	0.27
2006-2010	12.65	24.84	37.76	24.74	3.64	4.13	23.62	0.74
2011-2015	21.35	23.75	30.78	24.12	8.12	7.17	17.78	2.36
2016-2020	31.74	19.25	23.96	25.05	9.35	11.12	14.09	5.89
2021-2024	38.77	15.64	18.14	27.46	15.34	14.70	8.50	11.26



Source: *Derzhstat*, Trademap, World Bank (author's calculation)

¹⁰⁶ Cereals is a component of the Agriculture "bucket"

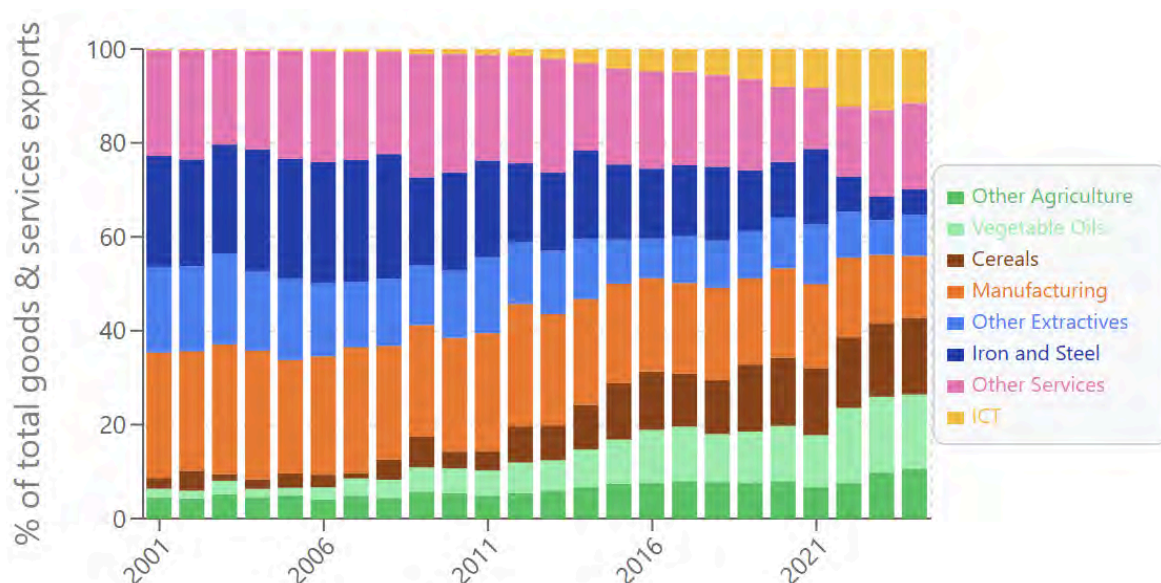
¹⁰⁷ The Vegetable oils sub-sector is a combination of HS 15: "Animal, vegetable or microbial fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes" and HS 12: "Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder" and is part of the Agriculture "bucket"

¹⁰⁸ Iron and Steel is a component of the Extractives "bucket"

¹⁰⁹ ICT is a component of the Services "bucket"

Manufacturing and extractive shares of exports declined from 68% of exports in 2001-2005 to 34% in 2021-2024, peaking in 2007 (figure 34). In 2002-2025 Ukraine saw an average of 21% growth, of which these two macro-sectors contributed 15 percentage points. Yet they declined sharply after 2014 and 2022, and made only slight contributions to growth in the recovery period from 2016-2021. Just one part of metallurgical exports - iron and steel - made up over half of extractives exports prior to 2022. Agriculture shares consistently rose from less than 10% of exports in 2001-2005 to 39% in 2021-2024. It was the only macro-sector which contributed to growth in every 5-year period. Within this category, cereals and vegetable oils accounted for more than 75% of agricultural exports by 2021-2024 (figure 34). Services exports' share was stable at around 23% until 2021-2024, when it rose to 27.5%, likely due to facing less disruption than goods producing sectors after the Russian invasion. ICT services augmented their share from 2014, rising to 11% of exports by 2021-2024.

Figure 34. Ukraine Export Sector & Sub-Sector Shares (%) of Total Exports (Nominal)

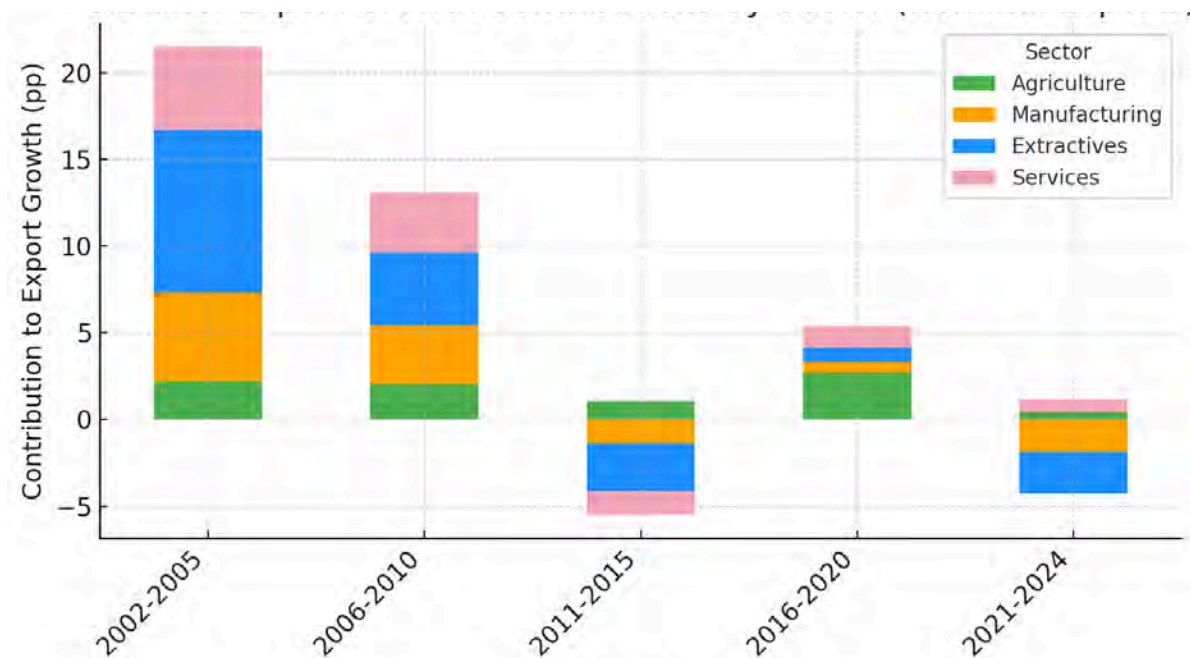


Source: *Derzhstat*, Trademap, World Bank (author's calculation)

Figure 35. Ukraine Export Sector Contribution (pp) to Average Export Growth (Nominal)

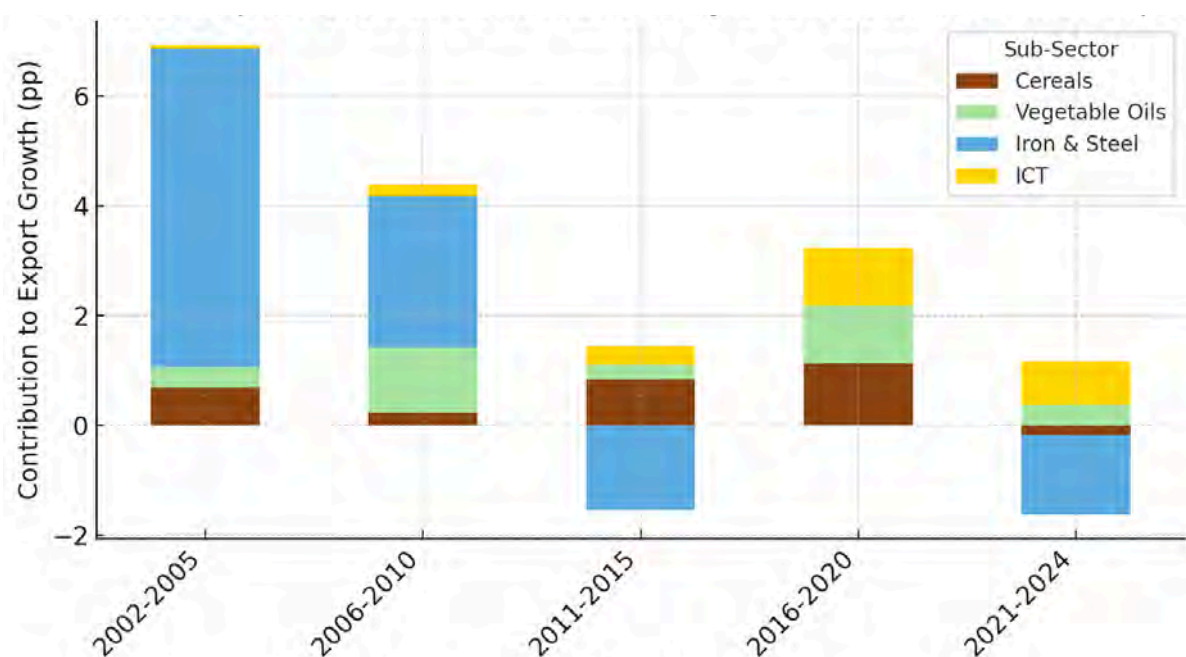
	Growth Rate (Average)	Agriculture (pp)	Manufacturing (pp)	Extractives (pp)	Services (pp)	Cereals (pp)	Vegetable Oils (pp)	Iron & Steel (pp)	ICT (pp)
2002-2005	21.46	2.18	5.14	9.37	4.78	0.68	0.38	5.81	0.07
2006-2010	13.10	2.06	3.40	4.16	3.47	0.23	1.19	2.76	0.20
2011-2015	-4.40	1.07	-1.38	-2.73	-1.37	0.84	0.26	-1.55	0.34
2016-2020	5.40	2.72	0.60	0.82	1.24	1.13	1.04	0.01	1.04
2021-2024	-3.14	0.39	-1.84	-2.45	0.76	-0.19	0.37	-1.44	0.80

Source: *Derzhstat*, Trademap, World Bank (author's calculation)



Source: *Derzhstat*, Trademap, World Bank (author's calculation)

Figure 36. Ukraine Export Sub-Sector Contributions (pp) to Average Export Growth (Nominal)

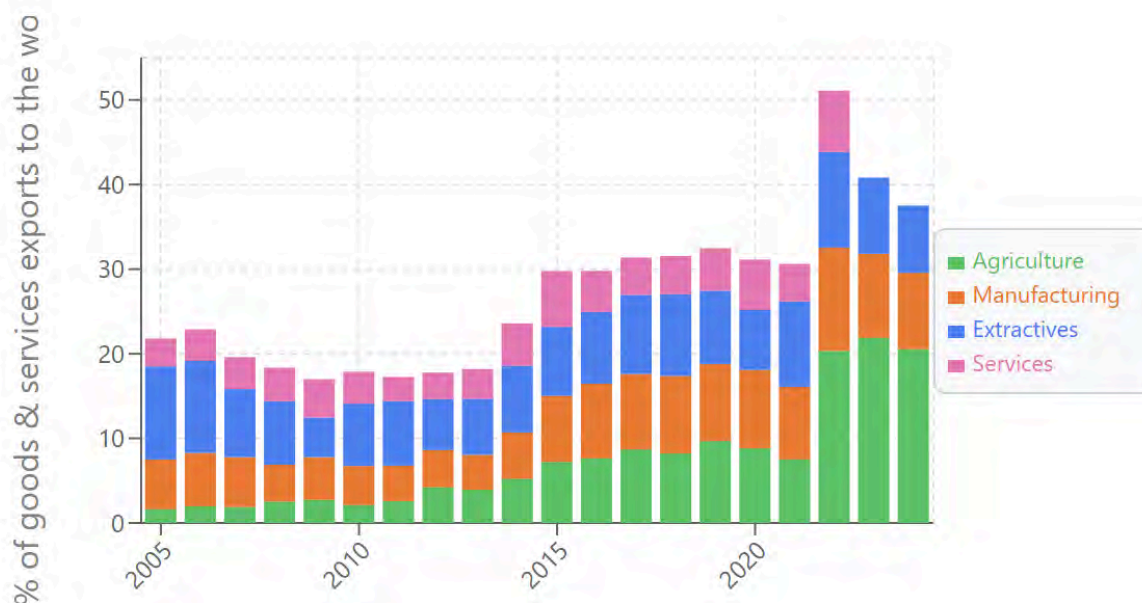


Source: *Derzhstat*, Trademap, World Bank (author's calculation)

Exports to the CIS hovered between 25-30% of Ukraine's goods and services exports 2005-2014, with the EU slightly lower at 18-20%. After 2014 exports to the CIS dropped year on year, while exports to the EU exceeded 30%. Extractives held the largest share of exports to the EU until 2022, when the Autonomous Trade Measures (ATMs) temporarily lifted quotas and other safeguard measures on agricultural products set by the DCFTA and agriculture exports to the EU rose to 19% of goods and services exports to the world. For exports to the CIS, manufactures had the largest share throughout the period. Ukraine is the only one of our cases where the statistical service published data on the geographical distribution of services over most of the period of study. Services exports to the EU made up only 5% of total goods and services exports and made only modest contributions to growth. Before the Ukrainian statistical service stopped publishing data on services exports to the CIS in 2019, the share of service exports to the CIS was larger than the EU's at 8% of total goods and services exports.

Figure 37. Ukraine Exports to the EU by Sector (% of Total Nominal Exports)

	Agriculture Exports %	Manufacturing exports %	Extractives Exports %	Services exports %
2006-2010	2.84	6.58	9.63	4.98
2011-2015	5.50	6.20	8.76	5.03
2015-2020	9.48	9.97	9.52	5.47
2021-2024	18.62	10.62	10.28	n/a



* Data on services exports to the EU unavailable for 2023-2024

Source: Derzhstat, Trade Map, World Bank (author's calculation)

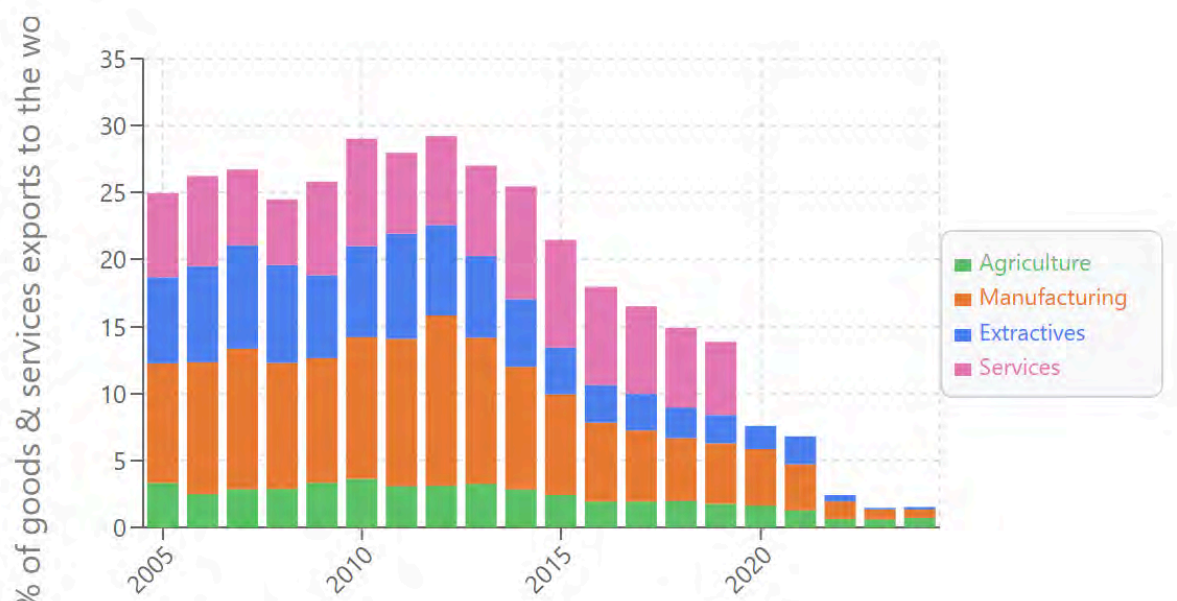
Figure 38. Ukraine Exports to the EU Contribution (pp) to Average Export Growth (%) (Nominal) (2006-2024)

	Export Growth Rate (Average)	Agriculture (pp)	Manufacturing (pp)	Extractives (pp)	Services (pp)
2006-2010	13.10	0.34	0.42	0.57	0.55
2011-2015	-4.40	0.55	0.21	-0.21	0.15
2016-2020	5.40	0.80	0.78	0.31	0.11
2021-2023	-3.14	2.21	-0.47	0.26	0.32

Source: Derzhstat, Trade Map, World Bank (author's calculation)

Figure 39. Ukraine Exports to the CIS by Sector (% of Total Nominal Exports)

	Agriculture Exports %	Manufacturing exports %	Extractives Exports %	Services exports %
2001-2005	0.60	2.11	1.51	1.49
2006-2010	3.07	12.48	8.75	8.11
2011-2015	3.06	12.42	7.09	8.65
2015-2020	1.77	5.40	2.57	n/a
2021-2024	0.77	1.66	0.80	n/a



* Data on services exports to the CIS unavailable from 2020-2024

Source: Derzhstat, Trade Map, World Bank (author's calculation)

Figure 40. Ukraine Exports to CIS Contribution (pp) to Average Export Growth (%) (Nominal) (2006-2024)

	Export Growth Rate (Average)	Agriculture (pp)	Manufacturing (pp)	Extractives (pp)	Services (pp)
2006-2010	13.10	0.43	1.71	1.09	1.10
2011-2015	-4.40	-0.33	-0.84	-0.64	-0.48
2016-2020	5.40	-0.05	-0.39	-0.21	-
2021-2024	-3.14	-0.29	-0.94	-0.36	-

Source: Derzhstat, Trade Map, World Bank (author's calculation)

IV. Structural Transformation and *Social Blocs*

This section begins with a focus on sectors at the heart of Ukraine's structural transformation and political economy as revealed by our analytical narrative and growth decomposition, and attempts to tie them into wider *social blocs*.

Industry

In our growth decomposition in section II we separated manufacturing VA from industry VA, in order to separate production from extraction, construction and utilities which likely operate under different economic logics. Similarly we separated manufacturing exports from extractives exports. However, in the Ukrainian case these two sectors are harder to disentangle, since industrial conglomerates were often vertically integrated ([Gorodnichenko and Grygorenko 2008](#)), throughout the period. For instance we classified iron and steel as an extractive export, but rolled steel and many other processed steel products such as traincars as manufacturing, although one and the same company may be engaged in the full pipeline from extraction to processing. Of course, there may be divergent interests between these two categories. Light industry and titanium ore extraction are very different in terms of their energy needs and export orientation. Nevertheless, our growth decomposition revealed similar trends for both macro-sectors.

Van Zon ([2007, 49](#)) describes how in the 1990s many metallurgical enterprises were loss-making on paper and received subsidies from the state budget, but were in fact bartering steel with energy traders¹¹⁰. These sectors were extremely energy inefficient, with the share of energy in the cost structure of goods 8.3 times higher than in France and 4 times higher than the US in the late 90s ([Balmaceda 2004](#)). They also faced raiding by opponents, labour militancy and predatory state officials ([Varga 2011](#)). The first attempt to reform the energy sector came under PM Yushchenko (1999-2001), who banned energy barter and forced companies to settle transactions through government-controlled bank accounts. He also established a monopoly on gas imports for the state-owned *Naftogaz*. The reforms were

¹¹⁰ To use steel as an example, a public authority would instruct an enterprise to purchase from a specific energy trader, who would overcharge for gas. The enterprise would record a much lower amount of gas than actually supplied, and the trader (as well as the public authority and possibly the enterprise management) received kickbacks in the form of cash or below market price steel ([van Zon 2007](#)).

vehemently opposed since many MPs had vested interests in energy trading ([van Zon 2007, 51](#)), while state officials obfuscated implementation. However, Babanin et al. ([2004](#)) have argued that the partial reform of energy was permitted because key players in the industrial sector wanted to reign in the power of the energy traders. In a sense the emergence of the oligarchy had brought a degree of stability. A study by ([Gorodnichenko and Grygorenko 2008](#)) claimed that oligarchs were more likely to invest in upgrading their businesses such as through energy savings, while Anders Åslund ([2009](#)) controversially argued that the oligarchs were on the cusp of transitioning from robber-barons to industrialists who would seek to enshrine property rights. The heyday of the industrial oligarchs was during the global commodity boom. Together, extractives/industry and manufacturing accounted for 68.5% of total exports and 33% of value-added in 2001-2005 (figure 35). Heavy metallurgy alone accounted for 22% of industrial production in 2003, up from 14% in 1990. Yet by 2021-2024 these two sectors had halved to 34% of exports and 19% of VA. The periods after 2014 and the 2022 invasion saw the most vociferous decline driven by the collapse of exports to the CIS and destruction or alienation of industrial assets. But the industry share was already in decline as early as 2008, as the GFC dented industrial exports and the agricultural sector began its inexorable rise.

Agriculture

Section III shows that agriculture grew its share from the late 2000s and came to dominate Ukraine's export profile. The backbone of Ukraine's agricultural exports are large agroholding whose business model in part resembles that of industrial oligarchs: large, vertically and horizontally integrated corporate groups that control not only land, but also processing and logistics along the entire value chain. Agroholdings lease or control hundreds of thousands of hectares each and specialise in high-input monocrops and invest heavily in grain elevators, transport infrastructure and private terminals on the Black Sea and river ports, enabling them to monopolise access to exports ([Wengle et al. 2024, 13](#)). Agro exports are directed to the EU, the Middle East, North Africa, Turkey and increasingly China.

The institutional foundation of this regime was the post-socialist land reform and the moratorium on farmland sales introduced in 2001. While the moratorium formally protected peasant ownership, in practice it pushed land transactions into long-term leasing and "grey" arrangements, depressing land rents and encouraging consolidation by holdings, who rented

millions of land parcels. Mononova [\(2017\)](#) describes the similarities with the Soviet system: whereas previously state collective farms existed alongside subsistence land plots, after independence highly mechanised agroholdings farm an estimated 16–30 percent of arable land, producing the bulk of export commodities, while household plots supply the majority of vegetables, fruits and milk for the domestic market. Many of these smallholders also work seasonally for the holdings.

Like the industrial business groups of the industrial *social bloc*, agroholdings have invested in politics to shape land-market rules, tax arrangements and export quotas in ways favourable to their interests. Andriy Verevskyy, the founder of Kernel - the world's largest sunflower oil exporter - was an MP from 2002-2012 who served on the Agrarian Policy and Land Relations Committee. He is a patron of a group of MPs in the current convocation of the *Verkhovna Rada*, who vote in line with the government in return for favourable agricultural policies [\(Romanyuk 2021\)](#). In 2018, a group of agricultural associations called on the EBRD not to finance Kernel due to gross lobbying of its interests in the Verkhovna Rada, after the Tax Code of Ukraine was amended to cancel VAT on sunflower and other oil products. The association noted that a member of the parliamentary tax committee, Vitaly Khomutynnik, owned 6% of shares in Kernel (Epravda 2018). In 2020 a draft law emerged which would reduce the VAT rate from 20% to 14%, primarily benefiting large producers.

Several Ukrainian agro-experts noted that the law would contradict Ukraine's DCFTA commitments and would undermine budget revenues (Tulush 2020; Nivievskiy 2020), but the law was ultimately passed (Epravda 2020). Kernel also regularly appears as the top recipient of VAT refunds from the Ukrainian treasury in recent years (Epravda 2021); (Latifundist 2022). Yuriy Kosiuk, CEO of another major agroholding named MHP, was appointed by Petro Poroshenko as Deputy Head of the Presidential Administration of Ukraine in 2014 and later served as an advisor to the president, and is also alleged to have loyal groupings in the *Rada* [\(Boyko 2019\)](#). While there are several agro-oligarchs distinctly tied to this sector, industrial oligarchs have also diversified into this sector, with Akhmetov's HarvEast owning a large amount of land in Eastern Ukraine prior to 2022 [\(Plank 2013\)](#).

At the same time they display a higher degree of internationalisation and financialisation than the industrial conglomerates. Most leading holdings are formally registered in European tax

havens such as Cyprus, Luxembourg or the Netherlands, and use intermediaries to sell their exports. According to an investigation by *Dzerkalo Tizhnya*, 35.6% of Ukrainian exports (18 billion USD) were paid through Switzerland in 2020, yet only 142 million USD of real goods were delivered. Ukrainian companies use Swiss intermediaries to resell goods and save over 1.2 billion USD in income tax. Kernel was among the top 3 companies by trade volume with Switzerland in this period, with between 1-2\$ billion traded. The other two top companies were “Nibulon” agroholding and “Azovstal” metallurgical plant, owned by Oleksiy Vadaturskyi and Rinat Akhmetov respectively ([Samayeva 2024](#)). Several agroholdings attracted Western capital by floating on the London, Warsaw, Frankfurt and Irish stock exchanges, issued corporate Eurobonds and encouraged portfolio investors¹¹¹. They also receive substantial credit from international financial institutions, notably the EBRD and IFC, to finance infrastructure and modernisation. Kernel alone received \$208 billion in loans from the EBRD alone since 2008 ([EBRD 2024](#)). This represents a much different financing regime than the industrial oligarchs, who historically owned banks to generate insider credits for their business (see section II). Curiously, the president of the EBRD stated in 2024 that the bank would not provide funds to DTEK due to its ownership by Akhmetov ([Denisova 2024](#)). The agroholdings thus partly reflect preexisting trends of Ukrainian wealth elites (vertical integration, regulatory capture), but also represent a more Western-oriented and financialised business model, and one less tied to Russian energy inputs. On the contrary, Russia is one of Ukraine’s main competitors on global grain markets, and after 2022 a Russian oligarch and former Minister of Agriculture seized over 400,000 acres of farmland in occupied Ukraine ([MacDonald and Pyrozhok 2022](#)).

Social blocs and policy regimes

Taken together, our preceding analytical narrative and sectoral growth decomposition suggest that Ukraine’s structural transformation is best understood as a shift from a “cheap input regime” to a “cheap export regime”, underpinned by a reconfiguration of *social blocs*. At the same time, this interpretation should not be over-fitted into an overly coherent story of one *social bloc* neatly replacing another. Section II highlights that much oligarchic behaviour remained fundamentally reactive and defensive rather than strategically oriented around a clearly articulated cheap input or cheap export project. Key business groups adjusted to shocks - gas price hikes, political infighting and armed conflict - in *ad hoc* ways, seeking to

¹¹¹ Yet in most cases their Ukrainian owners remain the majority shareholders.

preserve their assets and hedge bets rather than to build a new growth model ([Dalton 2023](#)). Many actors straddled both regimes where possible, diversifying their portfolio while still lobbying for protection of legacy industrial assets. The resulting pattern is one of improvised adaptation rather than a coordinated effort to shift from cheap inputs to cheap exports. Nevertheless, we contend that the interests of actors in this period and how they adapted to changing circumstances was rooted in their material interests as part of wider *social blocs*.

Under the “cheap input regime” which defined the 90s and 2000s, the core social bloc was organised around gas-intensive heavy industry and vertically integrated conglomerates in metallurgy and machine-building ([Swain 2007](#)). Their profitability depended on underpriced Russian energy, soft budget constraints, an overvalued exchange rate and privileged access to CIS markets. Political representation was provided primarily by the Party of Regions and its allies; gas intermediaries such as Firtash, industrial magnates like Akhmetov, and organised labour in the industrial regions formed the backbone of this bloc. Policy-making centred on defending cheap inputs - resisting energy market reform, maintaining FX pegs and blocking deep market openings that might erode rents or expose firms to EU competition - while using *strategic hedging* between Brussels and Moscow to keep both energy and export channels open. The “cheap export regime” that crystallised after 2014, and especially after 2022, rests on a very different configuration. Its leading sectors are large agro-holdings, especially focused on cereals and vegetable oils, and ICT and other services. Here the key state function is not to secure cheap gas but to guarantee predictable export conditions: liberalised land markets, export friendly tax regimes, a competitive exchange rate and liberalised trade with the EU via the DCFTA. The constituent sectors in this *social bloc* (agro-oligarchs, the urban middle class and Western-funded CSOs) were less dependent on cheap Russian energy. The export structure documented in section III, with agriculture and services steadily rising in both value-added and export shares while manufacturing and extractives decline, is the result of both political *force majeure* (such as Russian trade restrictions and intervention) and macroeconomic transformation.

Externally, the room for manoeuvre was sharply constrained. Russian trade and energy coercion, the annexation of Crimea and the War in Donbass made a return to the “cheap input regime” materially and politically highly unlikely by destroying its material and support base. IMF and EU conditionality pushed in the same direction: energy tariff hikes, *Naftogaz* unbundling, banking sector reform and austerity undercut the old model, while the DCFTA

and later ATMs rewarded export-oriented agriculture and services. The “old” oligarchs - both those who had supported Maidan such as Pinchuk and Kolomoisky and opponents like Akhmetov - called for the implementation of the Minsk Agreements and normalisation with Russia in order to preserve their business interests ([Korotaev 2023](#)). Yet they eventually adapted by reorienting production and lobbying towards EU markets rather than trying to resurrect the gas-based model. Western military and financial support after 2022 further tied the survival of the Ukrainian state to maintaining a functioning export machine centred on agriculture.

V. Conclusions

Ukraine is by far the most studied of our four cases. While there is limited scholarship on Armenia and Moldova’s political economy, since 2022 the topic of corruption, energy and wartime economic management make international headlines on a near-daily basis and are the subject for countless expert discussions, conferences and TV shows. What does the analysis presented in the chapter add? First, in line with our research question, it offers explanations for Ukraine’s abandonment of strategic hedging which puts domestic political economy front and centre as opposed to IR-centric explanations.

Secondly, what our sectoral growth decomposition reveals is the highly unusual and consequential nature of Ukraine’s uneven development over the past three decades. It is hard to analyse the Ukrainian economy using conventional tools for the key reason that the Russian invasions of 2014 and 2022 upended the economy both quantitatively and qualitatively. While growth in Armenia, Georgia and Moldova has been inconsistent, this is quite predictable for small, open, emerging economies with weak currencies, chronic balance of payments deficits and a high commodity share of exports. Ukraine on the other hand has arguably never been able to recover from the 1990s economic crash. The polycrisis of 2013-2015 set real GDP back to 2003 levels, while the 2022 invasion sent it back to 2001 levels, erasing the preceding periods of recovery. These events differ from other events such as the 2008 Global Financial Crisis and the Covid-19 pandemic. Although these impacted countries in varied ways, few were spared and the effects were often similar based on a country’s position in the global economy and level of development. Our four cases were not unique in facing crises of dollar-denominated loans, capital flight and an FDI drought in 2008

and lack of fiscal space for healthcare spending and counter-cyclical fiscal policy in 2020. Ukraine faced a fundamental transformation of the structure of the economy: energy intensity, finance, manufacturing and industry and even demographics were altered irrevocably.

Our analysis suggests that Ukraine has been propelled into a highly unusual version of a “post-industrial society” ([Bell 1973](#)). Development economists such as Herrendorf *et al.* ([2013](#)) have shown that both long time series data and recent panels reveal that a higher share of agriculture in employment and value added is inversely correlated with GDP growth. Manufacturing is “hump-shaped”: GDP initially rises but later plateaus and then falls. Services shares of employment and value-added are consistently correlated with GDP growth even if we do not distinguish between low- and high-value-added services. Such findings play a role in debates in the development literature on whether manufacturing remains essential to development in the 21st century, or if countries can “leapfrog” manufacturing into a service-driven development model.

Our analysis revealed that agriculture and (to a lesser extent) services declined less drastically than manufacturing and industry in the face of the 2014 and 2022 shocks, and contributed more to growth during periods of recovery. Ukraine’s economy has become increasingly bifurcated into two contrasting leading sectors from the perspective of development. It combines a booming IT/tech sector with agriculture dominated by cereals and vegetable oils and enormous agro-holdings. Rather than “leapfrogging”, Ukraine’s trajectory is closer to what Rodrik terms “premature deindustrialisation” ([Rodrik 2016](#)): running out of industrialization opportunities sooner and at much lower levels of income compared to the experience of early industrializers. A major counter-argument is that Soviet Ukraine was over-industrialised and therefore declining manufacturing and industry shares are to be expected. However, our period of study focuses on developments post-2000, when Ukraine had already gone through massive de-industrialisation in the 90s. While Ukraine has experienced a second wave of deindustrialisation, the CEE countries which joined the EU in 2004 experienced re-industrialisation as they inserted themselves into EU manufacturing supply chains ([Ban and Adăscălitei 2022](#)), with manufactures driving exports. Even the three Baltic states, which opted for a more financialised and service-driven development model than the Visegrad Four, have a higher share of manufactures in goods and services exports than Ukraine.

Ukraine also shows tendencies toward what Chatterjee *et al.* (2021) call “unequal global convergence”: spatially concentrated growth based on high-value services, alongside declining or inter-regional convergence. Essentially, high-value services create impressive growth in specific locations (usually large cities), while more geographically dispersed manufacturing and agriculture display less impressive growth. This is true for Ukraine, where the growth rate of Kyiv and other large cities significantly outstrips other regions. We would also add that in Ukraine, the concentration of agriculture in large agro-holdings also spatially concentrates profits¹¹². At its core, Ukraine appears to combine de-developmental traits (such as increased commodity dependence) with highly developed service sectors which offer much more than simply cheap outsourcing. The economic policy paradigm has partly shifted from a stagnant industrial regime to a particular type of what Ya-Wen Lei (2023) calls a “techno-developmental regime” whereby services, digitalisation and tech are discursively central (as exemplified through the “Ministry of Digital Transformation”, tech SEZs and miltech since 2022), while agriculture is the hidden growth-driver. Amid political turmoil and Russian bombs it is hard to say whether Ukraine is de-industrialising or becoming “post-industrial”.

Much debate in the Ukrainian studies literature centres on whether Ukraine has fundamentally transformed after the Maidan Revolution. These debates tend to focus on whether Ukraine has become more or less corrupt, more or less democratic, more or less economically liberal and more or less oligarchic. This dissertation is rather agnostic on the first two issues, and only partially concerned with the latter two. At the heart of this chapter is that Ukraine’s economy has fundamentally transformed at the sectoral level due to a combination of global market forces, domestic changes and external linkage and leverage. This has changed the interests of a wide-range of actors which form *social blocs*: oligarchs, businesses, workers and voters, and changed the relative power of *social blocs*. The *social bloc* centred on gas, manufacturing and industry has declined, while an agriculture- and services-centred *social bloc* has emerged. The Maidan Revolution and Russian intervention accelerated the switch from a “cheap input regime” to a “cheap export regime”. While many of the largest oligarchs (such as Akhmetov and Pinchuk) remained heavily invested in the industrial sector, they eventually chose to adapt to the “cheap export regime” and attempt to calibrate it in their favour rather than return to the old regime. The “cheap export regime” has

¹¹² Concentration around headquarters in large cities, ports, grain terminals, and as a result of the reshoring of FDI. This is a hypothesis and requires further research.

in turn been both a consequence and cause of deteriorating relations with Russia and the abandonment of *strategic hedging*. While it may appear in hindsight that the annexation of Crimea and the War in Donbass was the clear cause of abandoning *strategic hedging*, this obscures that rapprochement with Russia seemed eminently possible prior to 2022 and was an outcome which many actors fought for or against. The “cheap export regime” and the abandonment of *strategic hedging* only persisted because incumbents were able and willing to maintain them, partly due to the support of the emerging *social bloc*.

CHAPTER 4

MOLDOVA

[On the economy] *“We will capitalize on the €1.9 billion EU Growth Plan and the opportunities offered by the accession to the European Union... In the last 4 years, the value of exports of goods has increased by almost 50%, and the value of exported services has doubled. Our country exported 1 billion US dollars more services than it imported, i.e. IT services, educational services, medical services, logistics and other business support services.”*

[On external relations] *“The major objective: Accession to the European Union. In the next four years, the Republic of Moldova will complete the process of joining the EU and will become a member country with full rights in the great European family.”*

Electoral Program of the Party of Action and Solidarity (PAS), 2025 parliamentary elections

[On the economy] *“...Subsidizing 50% of the costs for introducing new robotic technologies... Creation of 18 multifunctional industrial platforms in the country's regional centers, based on access to energy resources. We will secure long-term contracts (minimum 5 years) for the supply of natural gas at a price not exceeding \$200–300 per 1000 m³. Setting the final price for consumers at 6–8 lei per 1 m³.”*

[On external relations] *“The majority of Moldovan citizens, who have sovereignly opted for permanent neutrality as the foundation for ensuring the security and future of the country, live and think in the spirit of neutrality... Permanent neutrality is a constitutional principle that obliges public authorities to develop the regulatory framework and consistently follow this principle in the implementation of foreign policy.”*

Electoral Program of the Patriotic Electoral Bloc of Socialists, Communists, the Heart and
Future of Moldova, 2025 parliamentary elections

From a geographical perspective, Moldova would seem the most likely candidate to adopt a pro-EU vector. The country does not share a border with Russia. Exports to the EU overtook the CIS as early as 2006, while exports to neighbouring Romania overtook Russia in 2014. By September 2025, the party programs of the two main parties shown above display starkly different development models: service export driven and EU-oriented versus cheap energy and industry-driven and geopolitically “neutral”.

Nevertheless, in 2001, Moldova became as yet the only post-Soviet country to elect a communist party (Party of Communists of the Republic of Moldova, PCRM) to power after independence. Subsequently, the parliament and presidency has regularly oscillated between Russia-aligned and EU-aligned incumbents. Moldova was the last of our four cases to abandon *strategic hedging*, and only did so in earnest after Russia’s invasion of Ukraine in 2022. Relations with Russia deteriorated sharply after the election of pro-EU candidate Maia Sandu as president in 2020, yet a clearly single-vector policy did not emerge before the invasion. What explains Moldova’s relatively late adoption of a single-vector policy despite its lack of proximity and weaker trade ties to Russia?

The main conclusion of this chapter is that despite low trade with Russia, energy imports, financial flows and the breakaway separatist republic of Transnistria provided the main opportunities for rent extraction for Moldovan elites until 2022. Unlike in Ukraine, dispersed land ownership meant that an export-oriented agro-sector did not emerge as a powerful political force. Meanwhile the machinery sector based on integration into EU supply chains has proved politically inert, insulated within Special Economic Zones (SEZs). From 2009-2019 Moldova saw the consolidation of a “hegemonic oligarch” - Vladimir Plahotniuc - whose patronal network effectively captured the state. However, unlike Georgia’s “hegemonic oligarch” - Bidzine Ivanishvili (see chapter 4) - Plahotniuc failed to build a coherent *social bloc* to maintain support for his rule. He managed to alienate both Russia and the EU, although his party ostensibly promoted European integration. Despite his success in capturing most state institutions, he was less successful at mobilising electoral support. He was eventually forced from power during a constitutional crisis in 2019, since which no patronal network has been able to create a coherent *social bloc*.

The major turning point was the 2022 Russian invasion of Ukraine. The incumbent Party of Action and Solidarity (PAS) condemned the invasion and was able to dramatically reduce

Moldova's energy dependencies on Russia in a short timeframe. They also enforced sanctions against Russia, effectively cutting off the most important rent streams to Russia-aligned oligarchs and thus fundamentally shifting the balance of Moldova's political economy. However, PAS has struggled to consolidate its own "export oriented" *social bloc*, as shown by the narrow victory of Sandu over a relatively unknown Russia-backed opposition candidate in 2024. Thus, while breaking ties with Russia has undone a number of previous path dependencies, it is by no means certain that Moldova's currency *single-vector* alignment will persist.

This chapter begins with brief contextual information on Moldova's historical ties with Russia and Romania. Part two analyses Moldova's external dependencies on Russia in the energy, trade and security domains, before turning to relations with the EU. Part three contains our analytical narrative, with a focus on two key episodes. Firstly, a case of failed realignment, when the Alliance for European Integration defeated the PCRM in 2009, but ultimately continued strategic hedging despite a superficially pro-EU position. Secondly, Moldova's break with Russia after the victory of Maia Sandu and the Party of Action and Solidarity (PAS) in 2020 and the Russian invasion of Ukraine in 2022. Part four presents the results of our production-side GDP and export growth decomposition and examines the transformation of the economy since the late 90s. Part five then knits together the analytical narrative and the findings of our growth decomposition to assess Moldova's experience through the main analytical lens of the dissertation: elites, social blocs and structural transformation, and how they led to the abandonment of strategic hedging.

I . Moldova: Weak State and Contested Identity

Like Ukraine, Moldova's complex history as a frontier state has created a complex identity. As noted in the introduction, although the analytical focus of this dissertation is on political economy rather than identitarian issues, an understanding of Moldova's main cleavages is necessary, since it is around these cleavages which elites attempt to form their *social bloc* and generate electoral support.

The territory of modern Moldova was part of the Principality of Moldavia under Ottoman suzerainty along with most of modern Romania from the 15th to the early 19th century. In 1812 modern Moldova became part of the Governorate of Bessarabia within the Russian

Empire. In 1917, after the October revolution in Russia, a short-lived Moldovan Democratic Republic emerged West of the Dniester river, only to be annexed by the Kingdom of Romania in 1918. The land East of the Dniester river¹¹³ was controlled by the Russian Soviet Federative Socialist Republic (RSFSR). During the Second World War, Moldova was annexed by the USSR, becoming the Moldovan Soviet Socialist Republic until 1991. Thus, modern Moldova has strong linguistic and cultural ties to both Romania and Russia (and also to Ukraine). However, economic and interpersonal ties to Romania were weak during the Soviet period, due to strained relations between Nicolae Ceaușescu's Socialist Republic of Romania and the USSR. It was much easier for Moldovans to gain permission to travel to other SSRs than to Romania¹¹⁴.

Although according to the 2024 census, 80.5% of Moldovans declared Moldovan/Romanian to be their mother tongue, versus 11.1% for Russian, bilingualism remains high and Russian-language media dominated, at least before 2022. In 2018, 70% of Moldovan's surveyed reported following the news on Russian or Russian-language mass-media outlets (IMAS 2018). However, as Eleanor Knott (2025) has shown in detail through an analysis of the 2014 census, the relationship between language, ethnicity and national identity are extremely complex, meaning that heuristics in international media on a Romanian/Russian cleavage in Moldovan society should be treated sceptically.

Like Georgia and Ukraine, Moldova also struggles with a *de facto* separatist state inside its border. The Pridnestrovian Moldavian Republic (henceforth Transnistria) proclaimed the independence of the territory west of the Dniester river in 1990, which sparked a civil war which ended with a Russian-backed ceasefire in 1994. Gorbachev initially denounced Transnistrian separatism in Moldova in the hope that the MSSR would remain in the Soviet Union. However, when it became clear that Moldova was on a path to independence, Moscow pivoted toward supporting the separatists, and deployed soldiers of the Interior Ministry to Transnistria (Baidaus 2023, p. 2018). Although Transnistria is officially a multi-ethnic state of Russians, Ukrainians and Moldovans, in reality it has maintained a

¹¹³ Corresponding closely to the current *de facto* Transnistrian republic.

¹¹⁴ It was in general more difficult for Soviet citizens to travel abroad, even to other communist countries, than within the USSR. Yet in the Moldovan case, travel to Romania was restricted due to the Soviet policy of "*moldovenism*": creating a Moldovan identity distinct from Romanian to prevent unionist inclinations.

vassal-like relationship with Russia, including hosting the Russian 14th Guards Army (later renamed the Operational Group of Russian Forces in Transnistria (OGRF)).

In 2002, Lucan Way characterised Moldova in the 1990s as a case of “pluralism by default” ([Way 2002](#); [Way 2003](#)). This meant that Moldova should not be characterised as a fledgling democracy struggling to build inclusive institutions, but as a case of autocratic failure. Moldovan politics was surprisingly pluralist because no group had proved powerful enough to consolidate an autocratic regime. The country lacked the fiscal resources, security forces and institutions necessary for patronage, suppression and governance. In 2016, when Way published a book on the same topic, Moldova remained a central case ([Way 2016](#)). Although the Communist Party (PCRM) may have seemed close to consolidating a semi-autocratic regime during the 2000s, they fell from power in 2019 ([Hale 2013](#)).

However, the victorious anti-communist coalition - the “Alliance for European Integration” - was even more fragile from the outset. The parliament was unable to appoint a president until 2012, and 6 coalition governments collapsed between 2009 and 2020. The current majority of the Party of Action and Solidarity (PAS) is the first since the PCRM lost power in 2009. However, as discussed in section three, PAS’ power remains fragile. Thus, Way’s characterisation of Moldova as “pluralist by default” still holds today, and forms part of the explanation for Moldova’s late abandonment of strategic hedging.

II. Dependencies and Economic Restructuring

The Moldovan Soviet Socialist Republic (MSSD) was among the least industrialised republics of the USSR (only the Kyrgyz, Tajik and Turkmen SSRs had a lower level of industrialisation). Most industries were focused on agricultural machinery, food processing and textiles. There was also a small machine building and chemical sector. Almost all industrial enterprises closed after the collapse of the Soviet Union. The most important surviving industrial assets: the Rîbnița Cement Plant, the Moldovan Metallurgical Factory (MMZ) and the Moldovan State Regional Power Plant (MGRES), are all under the control of

the *de facto* Transnistrian authorities¹¹⁵. All three relied for their survival on the delivery of “free” Russian gas until January 2025, which will be discussed later.

Moldova reoriented its exports to the EU quicker than our other cases, meaning that asymmetric export dependence upon Russia was less drastic for (government-controlled) Moldova than for our other cases. Remittances from Russia declined from 60% in 2014 to 14% in 2021 as the EU became the main destination for labour migrants ([Caľus 2023](#)). Nevertheless, energy dependence and Transnistria provided key avenues for Russian influence. Before 2022, Moldova was almost entirely dependent on Russia for natural gas, offered at below-world market rates. As in our other cases, maintaining these subsidies through friendly relations with Russia became a cornerstone of policymaking for incumbent governments.

A) Trade

Moldova’s only port, Giurgiuleŝti, was built on a 480m strip of land ceded by Ukraine in a land-swap in 1999 ([Bennet 2022](#)). Giurgiuleŝti is a shallow river port on the Danube with a Deadweight Tonnage (DWT) capacity of only 5000-7000, a fraction of the Black Sea ports of Constanța (250,000 DWT) and Odesa/Chormomork (200,000 DWT) in neighbouring Romania and Ukraine respectively. Before the Russian full-scale invasion in 2022, Moldova was thus reliant on Ukraine for transit of most of its exports to Russia and the CIS countries.

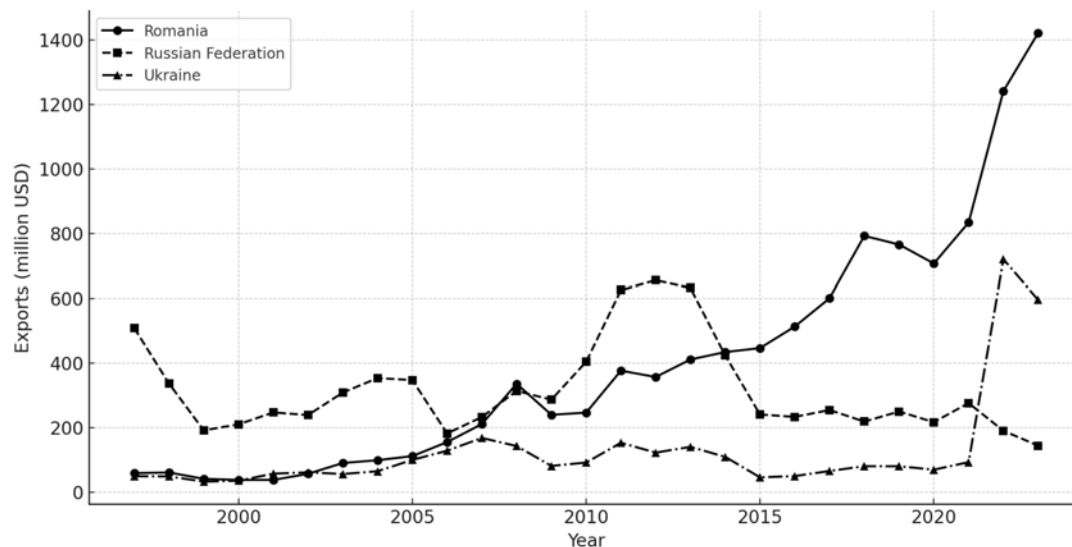
Moldova gained independence with few economic ties to Romania due to the Soviet policy of “*moldovenism*”¹¹⁶, despite their cultural, historical and linguistic ties, and both having been communist countries ([King 1999](#)). A bilateral free trade agreement was signed with Romania as early as 1994, but Romania’s accession to the EU in 2007 invalidated this agreement, meaning Moldova faced tariffs and compliance with EU regulations to export to its neighbour. Nevertheless, by 2014 exports from Moldova to Romania exceeded exports to

¹¹⁵ Another important asset, the Dubăsari Hydroelectric Power Plant, is located on the Dniester river separating the Moldovan government-controlled and Transnistrian separatist territories. It is operated by the Moldovan government, but shares its output with the *de facto* Transnistrian republic.

¹¹⁶ *Moldovenism* was a Soviet policy of creating a separate Moldovan identity distinct from Romania in order to prevent unionist inclinations. It included restricting economic and personal ties with Romania and creating a “Moldovan” language, the existence of which has been a political flashpoint ever since.

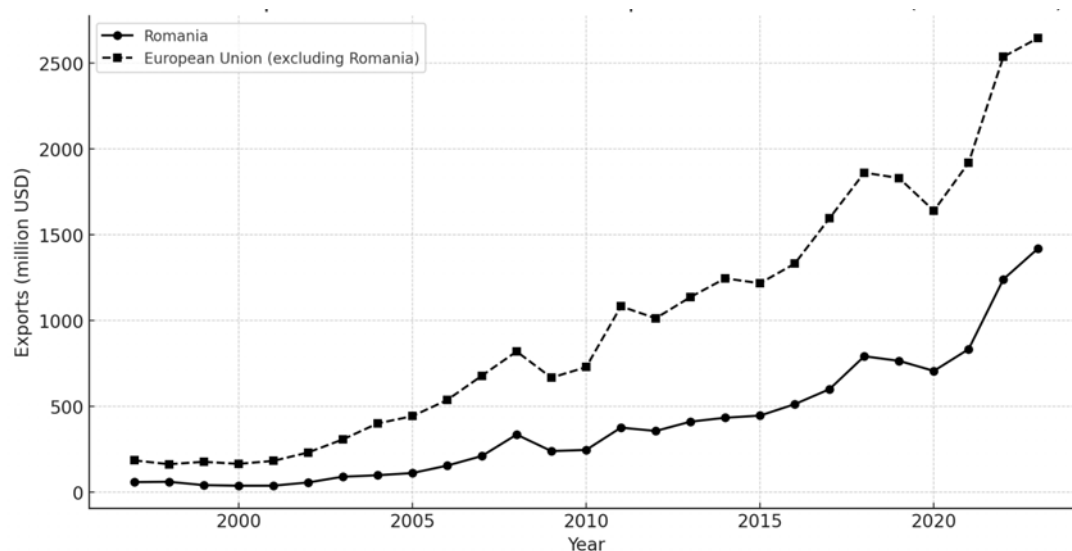
Russia, and by 2016 exceeded exports to all CIS countries. Since 2007, exports to Romania account for around half of Moldova's exports to the EU.

Figure 41. Moldova: Exports to Selected Countries (million USD) (1997-2023)



Source: NSBRM (author's calculations)

Figure 42. Moldova: Exports to Romania & the EU (million USD) (1997-2023)



Source: NSBRM (author's calculations)

Independent Moldova is primarily an agricultural exporter. Wine was the main export product until 2006, with Russia and the CIS as the main export market¹¹⁷. However, in retaliation for

¹¹⁷ Moldovan wines and cognacs were held in high regard in the Soviet Union.

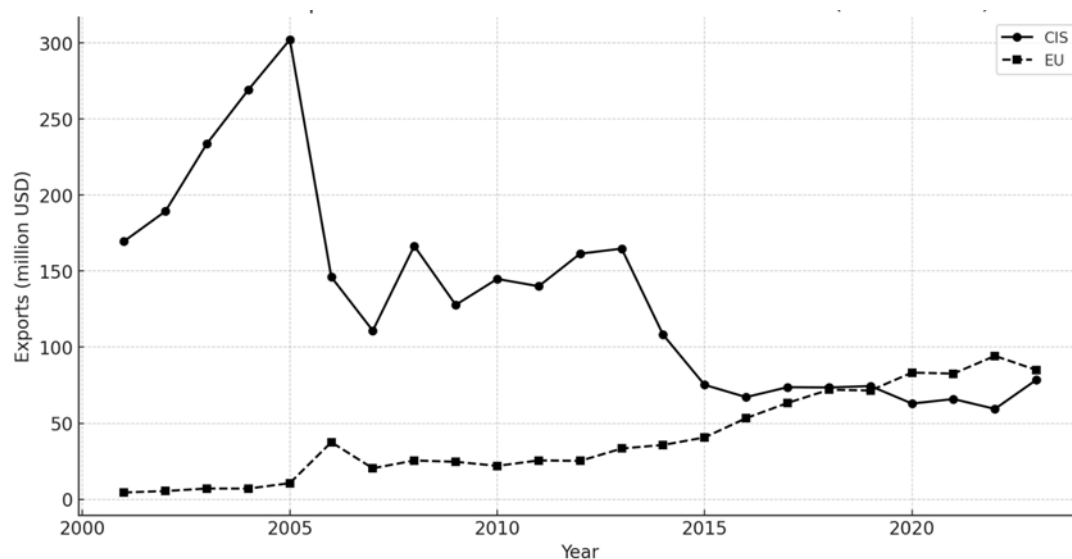
Moldova's first moves towards EU integration, Russia imposed phytosanitary measures against Moldovan wines and other agricultural products in 2006. Wine exports to Russia declined precipitously, while exports to the EU grew slowly, overtaking Russia as the main destination only in 2020. Wine production declined from 9% of GDP in 2015 to 2.3% in 2007. The sector slowly recovered as producers reoriented to other export markets, yet wine made up only 4.8 % of GDP by 2014. The 2006 embargo was followed by further restrictions in 2008, 2010 and 2013, the latter remaining in place until 2020 ([Ana 2021](#)).

Figure 43. Moldova: Agricultural Exports to the EU and CIS (% of total agricultural exports) (2001-2024)



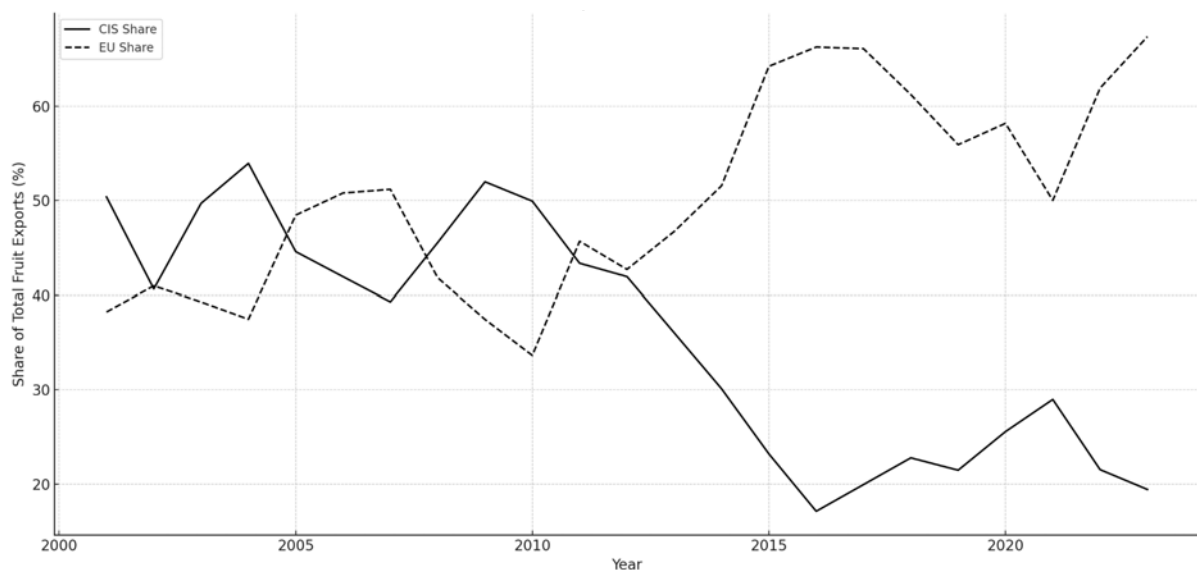
Source: NSBRM (author's calculations)

Figure 44. Moldova: Wine Exports to the EU and CIS (million USD) (2001-2024)



Source: NSBRM (author's calculations)

Figure 45. Moldova: Fruit Exports to the EU and CIS (% of total fruit exports) (2001-2024)



Source: NSBRM (author's calculations)

Insulated wires overtook wine to become the main export product in 2011 due to Moldova's partial insertion into the EU's automobile supply chain. This was in part facilitated by the creation of Special Economic Zones (SEZs) with regulatory and tax privileges in 2001 ([World Bank 2024](#)). In 2007, Drăxlmaier Group opened Moldova's first post-Soviet automotive parts factory in Bălți, eventually becoming one of the country's largest

employers. Other automotive companies such as Gebauer & Griller, Sumitomo, and Fujikura subsequently entered the Moldovan market. While low wages and a relatively skilled workforce was a pull-factor for these companies, Moldova's demographic crisis and high outward migration to the EU has created a shortage of skilled labour which has set limits to the growth of this industry ([Bachu 2025](#)). Hot rolled iron bars constitute a significant export product which is likely to be significantly underestimated in official statistics, since these were almost exclusively produced on the territory of the *de facto* Transnistrian republic at the Moldovan Metallurgical Factory (MMZ) in Rîbnița until January 2025¹¹⁸.

B) Energy

Gas

Before the Russian invasion of Ukraine, Moldova imported almost all of its natural gas from Russia through pipelines transiting Ukraine and Transnistria¹¹⁹. Four out of five entry points of gas transit pipelines into Moldova are located in Transnistria, and the main gas compressor of the Trans-Balkan pipeline station is located next to the *de facto* Transnistrian capital Tiraspol ([Tofilat 2020, 2](#)). Although a gas pipeline with Romania - the Iași-Chișinău pipeline - was completed in 2019, it remained unused before the invasion. Below-market price gas from Russia was essential to elites to win votes, prop up the economy and as a crucial source for rent-extraction. Like in Armenia in 2006, Moldova handed the majority of shares in its gas network operator *Moldovagaz* to *Gazprom* in 1994 and 1999 in debt-for-asset swaps.

In 1994, *Gazprom* increased the gas price for Moldova from \$38.50 to \$80 per thousand cubic meters - well above the average price of \$50.5 charged to CIS countries and even above *Gazprom's* average European export price at the time ([Tofilat and Șoitu 2022](#)). The contract also included disproportionately severe penalty clauses, including a 0.35% daily fine on arrears, leading to exponential debt accumulation. As a result, Moldova's gas debt rose from \$22.2 million at the beginning of 1994 to \$290.8 million by the end of that year ([Tofilat 2020](#),

¹¹⁸ The separatist authorities have their own customs regime, so exports from the region only appear in official Moldovan statistics if they pass through government controlled territory. Exports from Transnistria directly to or via Ukraine do not appear in official statistics. For instance, exports of refined petroleum products jumped from 0.41% of total exports in 2021 to 11.4% in 2022, after Ukraine closed the border with Transnistria.

¹¹⁹ In theory, after 2020 Russia could have bypassed Ukraine using the Trans-Balkan and Turkstream pipelines. However, they chose not to pursue this option, even after Ukraine ended Russian gas transit in January 2025.

4). Under pressure to settle mounting arrears a new company - *Gazsnabtranzit* - was formed in 1994 to manage the transmission system, and 50% of its shares were granted to Gazprom as partial settlement of Moldova's debt. Independent estimates later indicated that Moldova handed over infrastructure worth approximately \$468 million in exchange for only \$54 million in debt reduction ([Parlicov and Șoitu 2007, 17](#)). The restructuring continued in 1998 with the establishment of a new network operator - *Moldovagaz* - whose ownership was split between Gazprom (50%), the Moldovan government (35.3%), and the *de facto* Transnistrian authorities (13.4%). At the time of *Moldovagaz*'s creation, Moldova's outstanding gas debt stood at \$510 million, and once again the restructuring was ostensibly intended to address this liability.

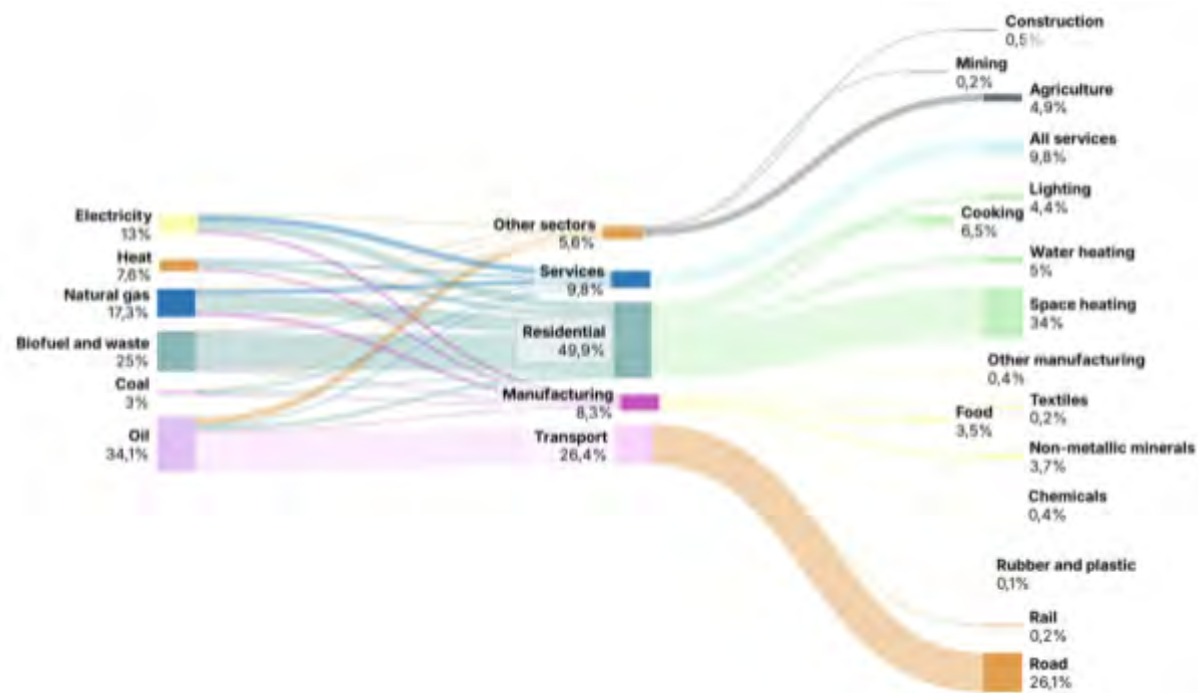
However, these "debts" reflected a highly asymmetric arrangement. The largest thermal power station in Moldova - MGRES power station - is located in Transnistria and controlled by Russia's Inter RAO¹²⁰, was by far the largest consumer of Russian gas, and its energy output served both sides of the Dniester River. Transnistria did not pay for the gas it consumed despite consuming 55% of total consumption ([Yafimava 2021](#)); instead, all deliveries were made via *Moldovagaz*, which booked the debt onto its accounts. By 2019, the total debt to *Gazprom* claimed by *Moldovagaz* had reached \$7.7 billion, of which \$5.7 billion was attributed to Transnistria and only around \$443 million to the government-controlled territory ([Tofilat and Șoitu 2022, 4](#)).

Moreover, the financial flows associated with this unpaid gas served to support the Transnistrian administration directly. Revenues from gas resales in Transnistria were directed into a "special gas account" under the control of the separatist authorities, who in turn used the funds to finance up to 35% of the regional budget over the ten-year period between 2007 and 2016. According to research by IDIS Viitorul, the market value of unpaid gas in Transnistria during this decade amounted to nearly half of the region's GDP for the same period, underscoring the extent to which subsidized Russian gas enabled the economic survival of the breakaway region ([Parlicov and Șoitu 2007](#)). Free gas propped up the Transnistrian economy until Ukraine cut off gas transit in January 2025. The *de facto* states' key economic assets were all energy intensive industries: the Moldovan Metallurgical Combine (MMC), the MGRES power plant and the Rîbnița Cement Plant. The latter was able

¹²⁰ The same company which purchased the Tbilisi electricity transmission network and other key energy assets in Georgia (Chapter 5).

to produce bricks at 25% of the cost for factories on government-controlled territory ([Smith 2023](#)). Figure 46 shows that Moldova had the lowest industry and manufacturing shares of final energy consumption of our four cases, but it is not clear if Transnistria features in the IEA's calculations.

Figure 46. Moldova: Energy Sources and Final Consumption (%) (2023)



Source: IEA (author's calculations)

Electricity

Moldova's electricity mix displays similar relations of asymmetric dependence to the gas sector. Prior to 2022 around 70% of electricity was imported from the Russian-owned MGRES power plant in Transnistria, while around 30% was imported from Ukraine ([Smith 2022](#)). Moldova could generate only 15-40% internally depending on the season. In an absurd twist, the state-owned energy company *Energocom* paid for the electricity from MGRES to supply government-controlled territory, although this electricity was generated using the very Russian gas which was provided for free to Transnistria and booked to *Moldovagaz's* account.

Why did successive Moldovan governments allow such a disadvantageous energy situation to persist? From a realist perspective, one could argue that in a position of high asymmetric

dependency, accepting Russia's terms was the only option to secure gas supplies. Incumbents had to hope that Gazprom would not recall the debt, which meant potentially submitting to future Russian demands. However, it is also clear that *Moldovagaz* served as a key source of rent-extraction for Moldova's elites. The arbitrage on Russian gas imports and the excessive operating costs included by *Moldovagaz* in energy tariffs constituted a major source of rent-extraction and patronage, as revealed by two episodes. First, investigative journalists revealed that the intermediary created to buy electricity from MGRES was sending millions of dollars to offshore accounts ([Bird and Cotrut 2016](#)). Energy rent extraction was once again exposed in 2019, when Moldovan and Ukrainian investigative journalists revealed that Prime Minister Pavel Filip successfully petitioned Ukrainian President Poroshenko to remove sanctions on the Moldovan Metallurgical Plant (MMP) (despite the plant being in Transnistria and not paying taxes to the Moldovan state budget) ([Thorik and Yegoshina 2019](#)). The MMP was the main business partner of the state-owned scrap metal monopoly *Metalferoz*, which the journalists revealed sent millions of dollars to offshore accounts of oligarch Plahotniuc ([de Gardă 2020](#)).

The question of Russian gas dependence only began to be addressed after the election of President Maia Sandu in 2020 and the victory of PAS in the 2021 parliamentary elections, and serious attempts at reducing dependence began after the 2022 Russian invasion of Ukraine, which will be discussed further in section III.

C) Finance

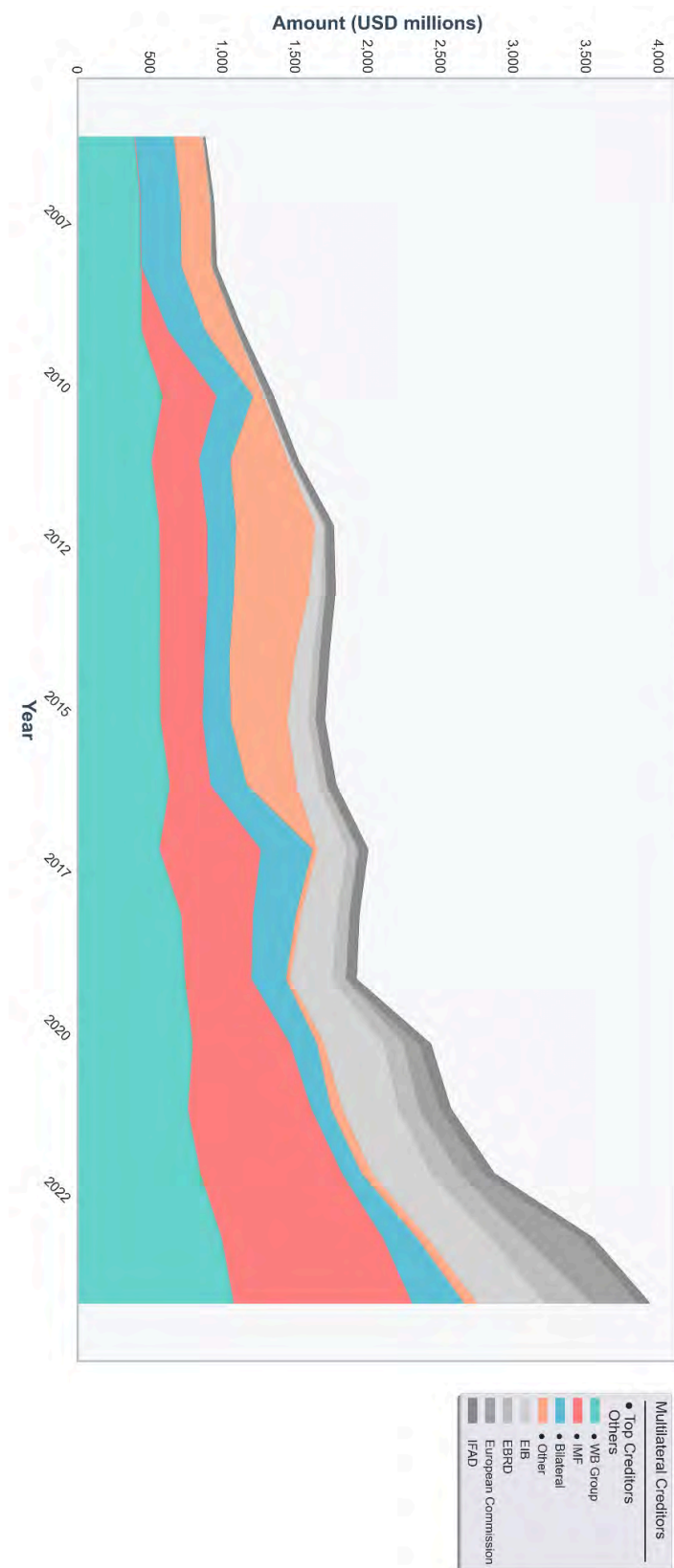
Moldova faced a crippling external debt crisis in the late 90s and early 2000s, with government debt peaking at 82.8% of GDP in 1998. Moldova issued its first Eurobonds in 1997, causing a crisis in 2002 when the bonds reached maturity. The government faced the prospect of needing to spend 24.5% of state budget revenues (or 3.6% of GDP) just to service the interest on external debts, and was forced to negotiate a restructuring plan ([Fetiniuc and Luchian, 2017](#)). Subsequently, Moldova was able to tame its external debt problem and from 2008 had the lowest government debt to GDP ratio of our four cases. External debt stood at around 25% of GDP in 2007, but subsequently declined and did not exceed 20% in the rest of the period. External government debt to private creditors declined to a negligible share.

The earliest available data from the Ministry of Finance shows that in 2007, half of external government debt was held by the World Bank group, with the remainder owed to bilateral creditors (figure 47). Similarly to Georgia, the bilateral share declined sharply after 2008, with only 9.4% held by bilateral creditors by 2024. The share of debt to IFIs was over 90% in 2024, with the IMF, World Bank Group and EIB as the main creditors. In terms of private sector debt, 9% was held by IFIs in 2024.

While the high IFI share is similar to Armenia and Georgia, during the period when data is available for all three countries (2017-2024), Moldova's external government debt to GDP ratio averaged 20%, versus 29% for Armenia and 33% for Georgia. There are various possible reasons for this lower share which require additional research. From the Moldovan side, lower state capacity to negotiate and conclude loans with IFIs,¹²¹ lower risk appetite of governments to take on (even concessional) loans and less potential for large-scale infrastructure projects may have played a role. From the side of IFIs, Moldova's geographical position in Europe may have excluded it from taking loans from Asian IFIs such as the ADB and AIDB.

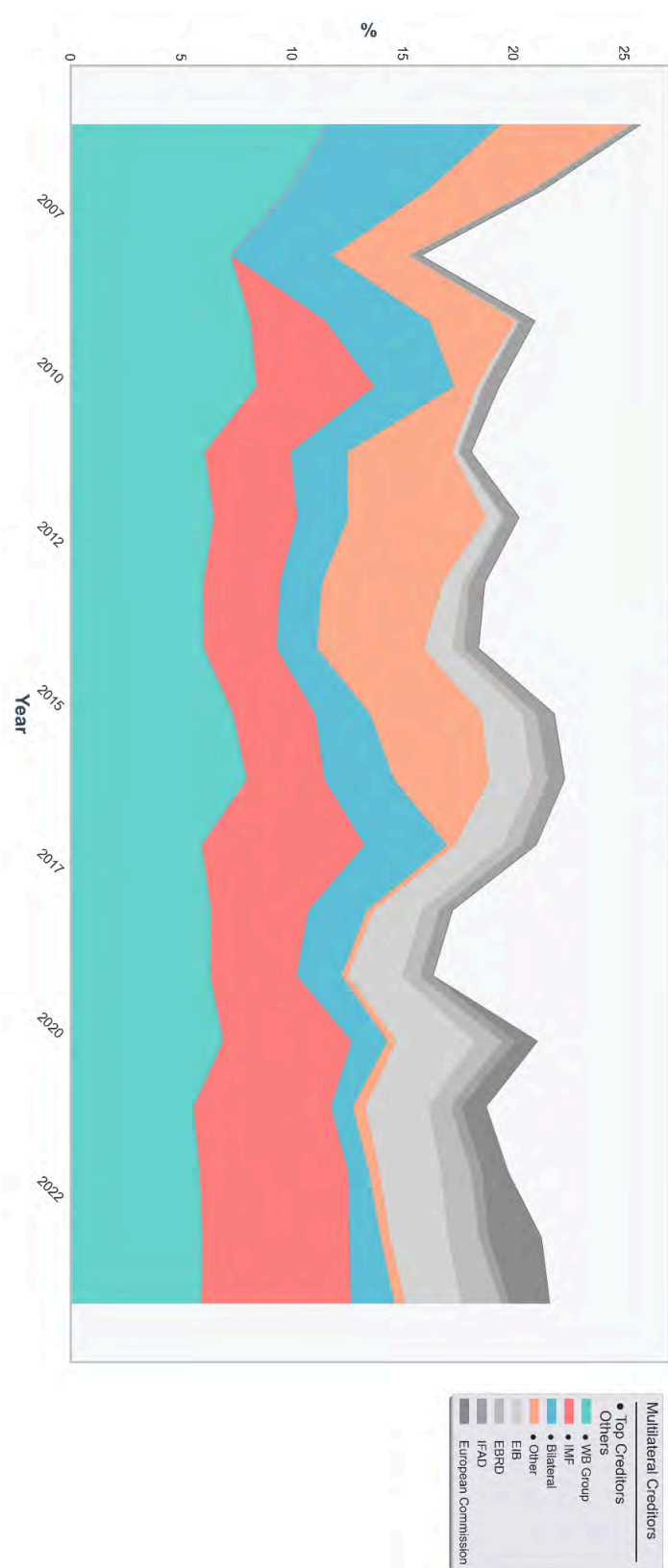
¹²¹ Successive weak parliamentary coalitions and regular handovers of power in Moldova may have played a role here, compared to higher incumbent continuity in Armenia and Georgia.

**Figure 47. Moldova: External Debt to IFIs and Bilateral Creditors (% of GDP)
(2005-2024)**



Source: Ministry of Finance of the Republic of Moldova (author's calculations)

Figure 48. Moldova: External Debt to IFIs and Bilateral Creditors (% of GDP)
(2005-2024)



Source: Ministry of Finance of the Republic of Moldova (author's calculations)

III. *Strategic Hedging* and Geopolitical Realignment 1991-2023

A) Early Independence

In Moldova's first decade of independence, *strategic hedging* was an emergent characteristic in the context of economic collapse and a vacuum of institutions rather being a cultivated policy. Under President Mircea Snegur (1991–1997), GDP fell by more than 60% between 1991 and 1999 as Soviet industries and supply chains collapsed ([Baidaus 2023](#)). Russian gas was critical to survival during this period, and trade remained overwhelmingly oriented toward the CIS. At the same time, Snegur's administration made symbolic gestures toward Romania and Europe, such as introducing the Latin script, promoting Romanian as the state language, and floating the idea of reunification, but these steps triggered political backlash and alienated key constituencies in Gagauzia and Transnistria. The unresolved war in Transnistria in 1992, and the resulting Russian military presence, further limited Chisinau's autonomy. Snegur's successor, Petru Lucinschi (1997–2001), pursued a more centrist and technocratic course. He made overtures to the EU and initiated talks on a Partnership and Cooperation Agreement ([Khvorostiankina 2014](#)), while simultaneously strengthening Moldova's position within the CIS and accepting Russian mediation on the Transnistrian issue. Lucinschi lacked a coherent political party and depended on unstable parliamentary coalitions, which limited his ability to pursue consistent reforms or foreign policy. While both presidents oscillated rhetorically between pro-Russian and pro-European positions, in practice Moldova's structural dependence on Russian gas, labor migration channels, and remittance flows, combined with weak state capacity, ensured the continuation of a *de facto* strategy of *strategic hedging*.

During the 1990s, Moldova saw the beginnings of post-Soviet wealth accumulation, but this process remained fragmented and largely embedded in existing state structures. Privatization, particularly in the agro-industrial sector, was disorganized and often politically mediated, with assets dispersed across a wide range of actors rather than concentrated in the hands of a few ([Gorton and White 2003](#)). The voucher system and insider deals allowed former managers (the so-called "Red Directors" described in Chapter 2) to retain control over enterprises, but the weak financial sector, limited capital, and Moldova's small market prevented them from consolidating into powerful oligarchic blocs. Unlike in Russia or

Ukraine, there were few large-scale natural resources or strategic industries to anchor early oligarchic fortunes. Instead, wealth remained closely tied to political connections and access to state institutions. Moldova's third president Vladimir Voronin rose within this landscape not as a businessman, but as a career Soviet functionary and former interior minister. In the 1990s, he reconstituted the Moldovan Communist Party (PCRM) as a disciplined political force appealing to rural, older, and Russophone voters ([Way 2003](#)). His power base came not from wealth, but from his ability to mobilize the state apparatus and secure a parliamentary majority in 2001 - an unprecedented level of control in Moldova's post-independence history ([Calus 2016, 23](#)). Under his leadership, the PCRM centralized authority and laid the groundwork for a more systematic integration of economic elites into political structures, though the full consolidation of oligarchic power would come later.

B) Communists for EU Integration! Voronin and the PCRM 2001-2009

With the Moldovan economy in freefall throughout the 90s, suffering from rampant inflation, unemployment and emigration, Voronin and the Communist Party positioned themselves as ready to restore order and stability to the country. In terms of foreign policy, during his campaign Voronin called for strengthening ties with Russia, including a public referendum on Moldova joining the Russia-Belarus Union Treaty ([Weiner 2008, 184](#)), adopting Russian as a second state language and reviving the Soviet tradition of *moldovenism*. After his election as president in 2001, he met Putin several times, and generally espoused a neo-Soviet worldview, even calling Moldova the Cuba of Eastern Europe.

Yet within a few years, Voronin and the PCRM embarked on a surprising pro-EU shift (at least rhetorically). He created a National Commission for European Integration in November 2002 by presidential decree to prepare for EU membership. In October 2003 Moldova drew up a concept of European integration, which set out the goal of harmonization of Moldova's laws with the EU's *acquis communautaire* ([Khvorostiankina 2014](#)). The EU opened a representative office in 2003 and appointed a special representative in 2005. An EU-Moldova Action Plan was signed in February 2005 ([Weiner 2008, 185](#)). What explains the unusual pivot?

Once again, the answer lies at the intersection of domestic and foreign policy. While Russia had initially encouraged Transnistria's independence in the early 90s under President Yeltsin,

under Putin Russia's preferred solution was a "federalisation" of Moldova¹²². This would amend the constitution and turn Transnistria and Gagauzia (two majority Russian speaking regions¹²³) into effective veto players in Moldovan politics, and thus expand Russia's influence. In the early 2000s, it seemed that Russia might have achieved these goals through diplomacy ([Coppieters and Emerson 2002](#)). West-Russia relations were warm, as shown by cooperation with the US over Afghanistan. The US even provided financial support for Russia to gradually remove troops and equipment from Transnistria, as had been agreed in 1999. Negotiations between Voronin and *de facto* Transnistrian leader Igor Smirnov were being mediated by Ukraine, Russia and the OSCE. According to the head of the OSCE mission in Moldova William H. Hill, the two men had agreed on a form of federalisation of Moldova ([Hill 2021](#)).

However, in 2003 Russia went around the OSCE format and began negotiating with Moldova directly. In November, Russia presented the so-called "Kozak Memorandum"¹²⁴, a detailed plan for an asymmetric federal Moldovan republic ([Hill 2021](#)) which included a Russian peacekeeping presence until 2020. After the announcement of the memorandum, protesters took to the streets in Chişinău and the OSCE rejected Russia's plan.

Voronin, who had courted Russian-speaking voters in his campaign, including in Transnistria and Gagauzia, ultimately rejected the "Kozak Memorandum", around the time that the PCRM's pivot towards the EU was taking route. As mentioned above, Russia banned Moldovan meat, fruit in 2005 and wine imports in 2006, presumably in retaliation. Voronin may have been nervous about the anti-memorandum protests in Chişinău escalating if he agreed to Russian demands. Georgia was in the throes of mass demonstrations which would culminate in the Rose Revolution and the ousting of President Shevardnadze (see chapter 5). Russia's blunt unilateral diplomacy amid ongoing negotiations may have also played a role¹²⁵. Yet more fundamentally, Russia's proposal threatened both the power of Moldova's incumbents and the rent extraction schemes which were nurturing the emerging Moldovan oligarchy. Voronin enjoyed a super-majority in the parliament and was in the process of

¹²² Foreshadowing Russia's aim of "federalising" Ukraine in 2014.

¹²³ The majority of ethnic Gagauz are bilingual speakers of Gagauz (a Turkic language) and Russian. The number of Romanian speakers in Gagauzia is significantly below the national average, and the issue of promoting Romanian as the state language is politically sensitive.

¹²⁴ Named after close Putin aide Dmitry Kozak; officially the "Russian Draft Memorandum on the Basic Principles of the State Structure of a United State in Moldova".

¹²⁵ Ironically, Putin frequently rails against US unilateralism.

consolidating his grip on the state. Empowering semi-independent elites in Transnistria and Gagauzia risked undermining his power. Moreover, as discussed in more detail in the next section, maintaining Transnistria's ambiguous status played an important role in rent extraction schemes. Transnistria acted as a regulatory block hole, facilitating all manner of illicit economic activity, but its unrecognised status prevented the *Sheriff* corporation which dominated the local economy from competing with the Moldovan oligarchy - instead, they relied on cooperation with oligarch-owned Moldovan banks ([Marandici and Leşanu 2021](#)). Energy arbitrage between Transnistria and government-controlled territory was also a lucrative patronage source. Legalising its status was an attractive prospect for the *de facto* authorities and Russia, but not for Voronin and the nascent oligarchy.

Voronin went even further than simply endorsing EU integration efforts. In a striking move, he endorsed Viktor Yushchenko in Ukraine after the Orange Revolution and visited Kyiv shortly before the 2005 election. He also met Saakashvili, signing a "Chisinau Declaration on the Supremacy of Democratic Values" which stated that:

"No external forces can prevent the freedom-loving peoples from voting... in accordance with their beliefs. No outside force should be allowed to impose its will on the people, no one should be allowed to influence the outcome of the elections and try to change the political course of the country through economic blackmail and all kinds of illegal operations." ([Socor 2005](#))

Voronin secured a comfortable majority at the 2005 parliamentary elections, but not the three-fifths required to re-appoint him as president for a second term.¹²⁶ This undermined his efforts to consolidate power, having increasingly captured state institutions and the media, and built a strong political machine around the PCRM ([Hale 2013](#)). To secure reappointment, Voronin was forced to grant concessions to the opposition, including amendments to the media law, reform of the prosecutor's office, increased parliamentary powers to scrutinize the intelligence services and a reform of the electoral commission to give more representation to the opposition. Although we cannot be sure of the counterfactual, these measures may have

¹²⁶ Moldova switched from electing presidents to their appointment by parliament in 2000 due to a constitutional amendment, which required a three-fifths majority. The amendment was passed by the PCRM at a time when they enjoyed such a supermajority. In 2016, the Constitutional Court declared this amendment unconstitutional and reinstated election by popular vote.

kept Moldova within the “normal” cycles of patronal politics described by Hale ([Hale 2014](#)), and prevented consolidation.

As Voronin’s final constitutional term as president came to an end in 2009, the Communists were polling well. However, as Hale has explored in depth ([Hale 2013](#)), succession often creates crises for hybrid regime incumbents, and can create ruptures as the elite rallies around different figures. Voronin insisted that the end of his term was a formality, and that he would remain party chairman. Nevertheless, in the runup to the elections key figures in the PCRM began to defect to the opposition, such as PM Vasile Tarlev. Major business or oligarchic networks also began to turn to the opposition. Vlad Filat, in charge of privatisation under second president Lucinschi, founded the Liberal Democratic Party of Moldova in 2007. Chiril Lucinschi, the businessman son of the second president, and two vice-presidents of the ASCOM conglomerate (owned by Moldova's wealthiest man Anatol Stati) also joined the opposition ([Hale 2013](#)). Voronin used all of the administrative and media resources at his disposal against the swelling opposition¹²⁷. When an exit poll announced that the communists would receive exactly the 61 seats needed to appoint a new president, the opposition took to the streets ([Way 2016](#)). The protests turned violent, with clashes with the police, storming of the parliament and presidential office, and accusations of provocateurs from both sides.¹²⁸ Ultimately, the Central Election Committee announced that the PCRM had received 60 seats - one short of being able to appoint the president alone. This should not have been a problem for given that Moldova has a history of MPs defecting to the incumbent, or being bought off on key issues.

But not a single MP defected from the opposition. Although the PCRM reportedly offered lucrative positions and even cash and apartments for MPs to defect, the PCRM’s nominee Greceanii secured only 60 votes in two parliamentary votes. Impressively, the three main opposition parties coordinated to avoid defection, and instructed their deputies not to enter the chamber, since voting was via secret ballot. Instead of securing a defector, more key figures defected from the PCRM such as speaker of the parliament Marian Lupu, and Vladimir Plahotniuc, one of the most powerful oligarchs at the time ([Popescu 2012](#)). Both joined the Democratic Party. Failing to appoint a president a second time had triggered a new

¹²⁷ For instance, the Ministry of Justice froze the bank accounts of the capital city of Chisinau, controlled by an opposition mayor, Chirtoaca ([Hale 2013](#)).

¹²⁸ The opposition accused the PCRM of hiring provocateurs to instigate violence. Voronin accused the opposition of conspiring with the Romanian secret service ([Hale 2013](#)).

parliamentary election, and the opposition decided to run as a unified team. The final nail in the coffin was the 2008 Global Financial Crisis, which forced the PCRM to undertake harsh austerity measures, despite Voronin securing a half a billion dollar credit from Russia ([Hale 2013](#)). After the April 2009 protests, he had quickly backtracked from his support of Yushchenko and Saakashvili and claimed the role of victim of an attempted “Colour Revolution”. In the July elections, the PCRM remained the largest party with 48 seats, but the united opposition claimed a majority with 53 seats, and formed a coalition called the “Alliance of European Integration”.

The episode not only supported Way’s characterisation of Moldova as “pluralist by default”, ([Way 2016](#)) with the PCRM unable to deal with the opposition despite its seemingly firm grip on the state. It also revealed the power of Moldova’s emerging oligarchy, which had been nurtured under the PCRM, but ultimately abandoned it for new political vehicles.

C) Oligarchs Carrying EU Flags: The “Alliance for European Integration” 2009-2019

Moldova from 2009-2019 is perhaps the prime example for Mendelski’s ([Mendelski 2016](#)) theory of “pathological Europeanisation” discussed in chapter I. The country saw 7 Prime Ministers, three acting PMs and four governing coalitions in this period, each ostensibly united by the goal of deepening Moldova’s EU integration. Indeed, Moldova was frequently credited as the most ambitious and successful among the Eastern Partnership countries in terms of EU integration from 2009 to 2015.¹²⁹ Yet the underlying conditions were much more complex. Wilson ([2013](#)) among others characterises the various coalitions as dividing up the state into different rent extraction opportunities, while engaging in limited reforms to secure legitimacy and EU funding. Such a scenario was confirmed in 2012 with the leak of a secret annex to the coalition agreement outlining the fiefdoms to be controlled by the governing

¹²⁹ The title of “model Europeaniser” is a sort of “Monkey’s Paw” in the post-Soviet space. Georgia under Saakashvili (2003-2012), Moldova under the Alliance for European (2009-2015), and Ukraine under Petro Poroshenko (2014-2019) were often portrayed in this light. However, in each case it covered up a host of ills: in Georgia, the consolidation of power in a highly centralised and non-pluralist (albeit pro-Western) regime; in Moldova, the division of the state into fiefdoms for the three rent-seeking coalitions which formed the Alliance, and in Ukraine, the dire economic and political crisis following the annexation of Crimea and invasion of Eastern Ukraine, and Poroshenko’s ostensibly European yet firmly oligarchic term in office. It is similar to the moniker of “model marketiser/liberaliser” after the collapse of the Soviet Union, which was variously bestowed upon Kyrgyzstan, Georgia, Armenia and Russia, but usually coincided with deep social and economic turmoil. Anders Aslund, one of the most prominent authors to describe Kyrgyzstan as a model liberaliser in the early 2000s, at least acknowledged that his assessment was based on desk research and a handful of meetings with government officials during a two week visit ([Aslund 2005](#)).

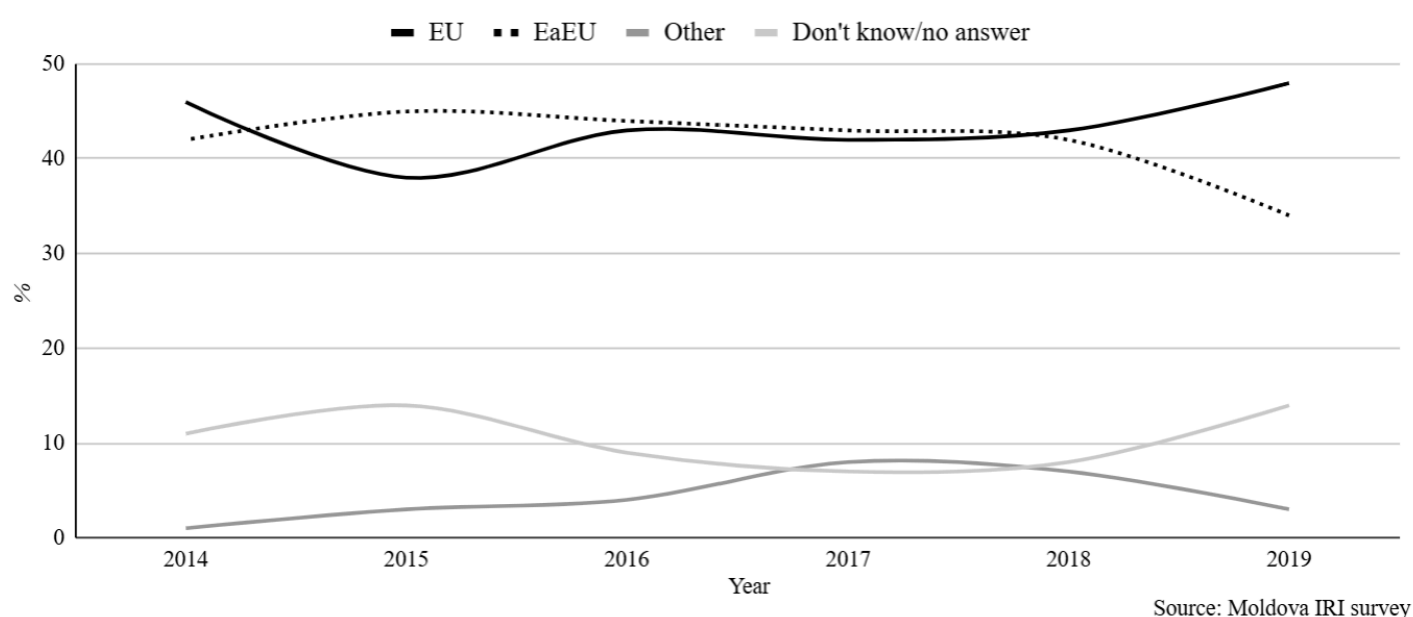
parties ([Socor 2013](#)). Within the coalition, the Democratic Party (led by Marian Lupu, but *de facto* the party of oligarch Vladimir Plahotniuc) took control of law enforcement, the Liberal Democratic Party (led by Vlad Filat) took over the customs service and Liberal Party (led by Mihai Ghimpu) secured the state railway and airport ([Wilson 2013](#)).

Three incidents reveal the dichotomy of the Alliance for European Integration. Firstly, Moldova in this period was to enact many reforms required by the EU and ultimately sign the EU-AA/DCFTA. In response to Moldova signing the AA, Russia cancelled tariff-free preferences for 19 categories of products under the 2011 Russia-Moldova CIS Free Trade Agreement ([Popa 2015](#)). The EU attempted to counter the effects by granting greater market access for Moldovan exporters, with limited success. At the same time, Moldova was rocked by two gigantic corruption scandals involving Russia and players within the coalition. The so-called “theft of the billion” saw the disappearance of roughly one-eighth of Moldova’s GDP from three major banks in late 2014. Subsequent investigations exposed the deep entanglement of political elites with Russian financial networks. The money had been laundered through a web of offshore accounts and Russian banks, implicating figures within the Alliance such as Filat and Plahotniuc as well as Russia-aligned oligarchs such as Ilan Sor. The second scandal was the so-called “Russian Laundromat”, a scheme to launder \$20-80 billion out of Russia primarily through Moldovan banks ([OCCRP 2017](#)). The alleged mastermind of the scheme - Moldovan oligarch Veaceslav Platon - was an MP within the Alliance in 2009-2010, and the criminal case against him after the scandal broke was constantly undermined by parts of the Alliance ([Braghis 2020](#)). The third scandal was the revelation that *Energocom* - the intermediary created to manage the purchase of electricity from MGRES in Transnistria for government-controlled territory - was siphoning tens of millions of dollars into offshore accounts linked to Plahotniuc ([Bird and Cotrut 2016](#)). Not only do these scandals expose the patrimonial logic of the Alliance, but that their pro-EU rhetoric masked endemic collusion with Russia and its proxies in Transnistria, and between the Alliance and their ostensible Russia-aligned political rivals. Sikora-Gaca ([2018](#)) describes the period as Moldova integrating with the EU but disintegrating internally into oligarchic fiefdoms. It can be added that the period also saw an ostensibly pro-EU coalition maintain *strategic hedging*, as Voronin and the PCRM had done previously with Russia.

The “theft of the billion” ruined the public image of the Alliance. Much of the 2015-2019 period was characterised by infighting within the coalition over control of the state, followed

by renewed cooperation around elections to prevent the PCRM (until 2014, when the Party of Socialists PSRM of Igor Dodon became the main Russia-aligned party) from regaining power. The PCRM/PSRM were consistently the largest party in parliament during the period, yet the Alliance succeeded in scraping together a majority. This reflected the division of public opinion at the time over Moldova's future.

Figure 49. Survey: If Moldova could only join one international economic union, which one should it be? (2014-2019)



The conflict between Vladimir Filat and Vladimir Plahotniuc was the most acute. Filat attempted to leverage his position as PM, but lacked the patronage resources of the much more wealthy Plahotniuc. Ultimately, Plahotniuc was able to secure Filat's arrest in 2015 for alleged involvement in the theft of the billion ([Wilson et al. 2018](#)). The rampant corruption of and infighting within the pro-EU coalition and the fallout of the bank theft scandal took its toll on their grip on power. The Alliance secured a narrow majority in the 2014 elections, but the Party of Socialists of the Republic of Moldova (PSRM) led by Igor Dodon and Voronin's PCRM won the most seats. In a further blow, Dodon was elected as president in 2016¹³⁰. He attempted to shift Moldova from the Alliance's policy of *strategic hedging* which was rhetorically pro-EU integration to a more pro-Russian strain ([Calus 2020](#)). During the election campaign, he broached the idea of Moldova cancelling the Association Agreement

¹³⁰ Reminder: Moldova switched from electing presidents to their appointment by parliament between 2000 and 2016. See footnote 11.

with the EU, which he claimed had failed to promote trade, and join the EU ([Euractiv 2017.](#)). He also called for the federalisation of Moldova with special status for Transnistria and Gagauzia - Moscow's favoured position. Once in office, he pushed for Moldova to become an observer member of the Eurasian Economic Union and secured a degree of trade liberalisation with Russia for Moldovan fruit and wine imports ([Fondsk 2016](#)). Russian PM Dmitry Kozak visited Moldova in 2019, declaring:

"We do not deny the European choice of the Moldovan people. But it must be the people's choice. As of today, we appreciate the balanced position of the President of Moldova, because when choosing the European direction, there is no need to burn bridges that allow cooperation with the East - with Russia and the EAEU." ([Fondsk 2016](#))

However, as the constitution granted limited powers to the president, Dodon's power was curtailed by the Alliance holding the majority in parliament. He tried to use his limited prerogative to block the passage of bills and ministerial appointments. In response the Constitutional Court (controlled by Plahotniuc) temporarily suspended him from the presidency in October 2017 (for refusing to appoint a government nominated defense minister) and in January 2018 for refusing other appointments and blocking a law restricting Russian TV broadcasters in Moldova ([Wilson et al. 2018](#)).

Yet political chaos did not only lead to the rise of Dodon's PSRM. Another party, the Party of Action and Solidarity (PAS) and its leader Maia Sandu were emerging as major contenders to topple the Alliance as the party which would carry the banner of EU integration. Sandu had been Minister of Education from 2012, and was considered as the Liberal Democratic Party's nominee for prime minister in 2015. However, she set the resignation of the head of the National Bank and Prosecutor General as conditions, and was ultimately not nominated. She split from the Alliance and founded her own party in 2016, drawing on a reputation as a clean politician, not having been implicated in any of the numerous corruption scandals which had engulfed the Alliance ([Wilson et al. 2018](#)). Sandu was narrowly defeated by Dodon in the 2016 Presidential election with a margin of 48 to 52%. In its first election in 2019, the PAS party (as part of an electoral alliance called ACUM) won 26.84% of the vote and became the third largest party in parliament after the Democratic Party and the Socialists.

By 2019, Plahotniuc was at the height of his power in terms of capturing state institutions, having sidelined his erstwhile coalition partners. However, he struggled to turn his wealth and patronage networks into electoral support. In order to control the parliament, his Democratic Party MPs regularly voted together with Dodon's PSRM, undermining their credibility as a pro-EU party. Moldovan civil society and the EU increasingly sounded the alarm regarding state capture in the country. The EU cut loans and financial assistance after a court cancelled the victory of Sandu's ally Andrei Năstase in the Chișinău mayoral election in 2018 ([Barrett 2021](#)).

Parliamentary elections in February 2019 led to yet another deadlock: 35 out of 101 seats for the Socialists, 30 for the Democrats and 26 for Sandu's ACUM. But in a surprising twist, the Socialists and ACUM signed an agreement to form a government and appoint Sandu as Prime Minister in June 2019 - just before the deadline to call new elections - which caught Plahotniuc by surprise. The Plahotniuc-controlled constitutional court struck down the coalition agreement, claiming it had missed the three-month deadline ([Barrett 2021](#)). The court suspended Dodon as President and appointed Democratic Party Prime Minister Pavel Filip as acting President. This led to a constitutional crisis with the offices of the president, prime minister and speaker of the parliament all being claimed by competing individuals. Filip refused to hand over power for more than a week, with the police, prosecutor's office and the constitutional court siding with the Democrats. Protests broke out in Chisinau, and in a surprise consensus the US, EU and Russia demanded that Plahotniuc and Filip step back ([Nicu 2020](#)). Plahotniuc's nerve eventually broke. He fled the country, while the constitutional court overturned its decision and all judges resigned ([RFE/RL 2019](#)). Dodon regained the presidency, while the coalition of the Socialists and ACUM were able to form a government with Sandu as Prime Minister.

D) A Weak Single Vector Coalition: Maia Sandu and the PAS prior to 2022

Once again, as in 2009, in 2019 Moldova witnessed a dramatic handover of power after a constitutional crisis and the creation of a fragile electoral alliance, this time a very unusual combination of Dodon's Socialists and Sandu's PAS. Various commentators at the time correctly predicted that the coalition would quickly collapse after serving its purpose of

defeating Plahotniuc, and in 2019 the coalition collapsed when the Socialists and Democrats passed a vote of no confidence in PM Sandu ([Nicu 2020](#)).

The Socialists formed a government with the help of Democrat MPs. However, PAS had learned important lessons. According to David Smith, in both the November 2020 presidential and July 2021 parliamentary elections PAS changed strategy: they focused less on geopolitical issues than domestic issues such as the fight against corruption ([Smith 2021](#)). Meanwhile the Socialists, the parties of oligarchs Usatii and Șor and the Romanian unionist party (AUR) kept geopolitics front and centre. The strategy paid off: Sandu defeated Dodon in the runoff with 57.72% of the vote, and PAS won 52.8% of the vote in the parliamentary elections, securing the first supermajority since Voronin's Communist Party in 2001.

Sandu and PAS faced a bleak economic situation amid the Covid-19 pandemic and high expectations for change. The new government began its promised anti-corruption drive, but faced obstacles from the judiciary to prosecute high-level cases and introduce vetting procedures for judges. Of particular embarrassment was the acquittal of oligarch Veaceslav Platon in July 2020 regarding his involvement in the “theft of the billion” ([Braghis 2020](#)). Government officials complained that law enforcement officials were leaking details of investigations to their opponents and the public ([Rata and Tarna 2021](#)). Infighting between the President and the Chief Anti-Corruption Prosecutor and within the PAS parliamentary faction¹³¹ tarnished PAS' reformist image. Based on sources from within the party, David Smith ([Smith 2025](#)) claims that PAS was on the verge of splitting into two parties in early 2022, which the invasion of Ukraine prevented.

Despite having focused on domestic issues during the campaign, the new government also Moldovan began to challenge its asymmetric relationship with Russia. They called into question the legitimacy of Moldovagaz's debts to Gazprom and planned an audit, and began Moldova's first ever import of non-Russian gas from Poland, and reverse flow supplies from Slovakia ([Kardaś 2024](#)). For the first time, Moldova began to seriously discuss implementing the unbundling of *Moldovagaz*. This was an obligation of the Energy Community Treaty (EnCT) and EU-Moldova DCFTA, which stipulate the separation of transmission and supply ([Yafimava 2021](#)). This caused consternation in Moscow. According to Moldovan officials,

¹³¹ Beyond support for EU integration and an anti-corruption platform, the PAS faction was ideologically heterogeneous and divided on economic, social and national policy ([Smith 2025](#)).

when the time came to renew a new long-term gas supply contract with Gazprom, the latter named a price higher than the international market price and negotiations broke down. In October 2021, Russia demanded that Moldova pay \$709 million in debt to *Gazprom*, or be cut off by December 1st ([Smith 2022](#)). Russian state-controlled media accused the Moldovan government of provoking the crisis ([Coptu 2021](#)).

For the first time, the government issued tenders for gas imports from EU countries, signed a gas swap deal with Ukraine and received €60 million euros as a non-repayable grant to cope with the energy crisis. Yet this was not enough to rapidly reduce dependence on Russia. Not only did Moldova lack the infrastructure to meet its energy needs with imports from the EU, but fiscal space was limited and the EU's €60 million would only cover one week of Moldova's energy needs ([Smith 2022](#)). The EU response was muted, with High Representative Josep Borrell declaring in October 2021 that the solution to the crisis would “not come from the European Union funding all the differences between the current prices and the prices that Gazprom is asking for” ([Yafimava 2021](#)). Moldova and Russia ultimately concluded a 5-year contract which fixed gas prices below international market rates but above the previous contracted rate. The Financial Times reported that Gazprom officials had proposed that Moldova amend its free trade agreement with the EU and postpone the adoption of the third energy package agreed upon with Brussels in exchange for renewal and a favourable rate ([Foy et al. 2021](#)), which Russian Foreign Ministry spokesman Dmitri Peskov denied. However, the outcome was indeed favourable to Russia: the deal stipulated an audit of Moldovagaz's debts along with a provision that the unbundling foreseen by the EU-Moldova AA would not happen until the debt issue was settled, meaning Russia had succeeded in largely preserving the energy *status quo*.

After the Russian Invasion of Ukraine

If before the Russian invasion, relations between Russia and Moldova under Sandu and PAS had already deteriorated dramatically, it cannot be described as a full case of abandoning *strategic hedging*. After the initial collapse of negotiations and tough rhetoric from both sides, *Gazprom* and *Moldovagaz* signed a 5-year contract in October 2021 which shelved the issue of unbundling required by Moldova's EU AA for the time being ([Yafimava 2021](#)). However, the invasion of Ukraine was the critical juncture. Maia Sandu and the government of Moldova unequivocally condemned the invasion and repudiated ties with Russia. Moldova

was granted EU candidate status in June 2022. In May 2023 the parliament began the process of withdrawing from the CIS and in October 2024 a referendum was held on enshrining the goal of EU membership in the constitution.

While before the invasion the PAS was intent on pursuing high-level corruption cases, only after 2022 did the government pivot to investigating illicit campaign financing from Russia. The Special Intelligence Service (SIS) and the Chief Anti-Corruption Prosecutor's Office opened numerous investigations. The primary target was Ilan Șor and his Șor Party, who after the invasion seemingly replaced Igor Dodon and the PSRM as Russia's favoured vehicle in Moldova ([Wesolowsky 2022](#)). Dodon was placed under house arrest and Irina Vlah, *Bashkan* (governor) of the autonomous region of Gagauzia was arrested, alongside a number of accomplices ([Vypritskikh 2022](#)). The government used the war as an opportunity to frame the pro-Russian opposition as abetting a hostile power and conspiring to overthrow the constitutional order. PAS was helped by the fact that the judges of the Constitutional Court who had been loyal to Plahotniuc resigned en masse in 2019, and newly appointed judges proved more amenable to the government's agenda.

The crux of most political contestation in 2022 was energy policy. As discussed earlier in this chapter, Russia's prior practice had been to provide free gas to Transnistria through Ukraine and charge it to the Moldovan government, accumulating a "debt" which stood at over 8 billion dollars by 2023, which GazProm periodically used to threaten the Moldovan government with cutoffs. A part of this gas was converted into electricity at the Cuciurgan thermal power station (MoldGRES) in Transnistria, some of which was then sold by Transnistria to Moldova, thereby supplying around 70% of Moldova's electricity imports, with the remaining 30% coming from Ukraine ([Smith 2022](#)). Moldova could generate only 15-40% internally depending on the season. Soon after the invasion, Moldova experienced power outages as energy facilities in Ukraine were damaged by Russian strikes. Simultaneously, the Transnistrian authorities threatened to cut off Moldova's supply of Russian gas and electricity supplies from MGRES, and in October 2022 reduced sales to Moldova from 70% of her electricity needs to 27%, citing a reduction in gas supplies from Russia. This provoked an energy crisis in late 2022 with major price rises, until a deal was brokered by the US Ambassador with the separatists trading gas imports for electricity from MGRES ([Balakhnova 2022](#)). In December 2022, President Zelenskiy announced that Ukraine

would not renew Russian gas transit from January 2025¹³². The government immediately announced efforts to rapidly reduce energy dependence on Russia and called for assistance from the EU and US. Moldova was able to substantially reduce dependence on Russian energy in a short timeframe, pivoting toward Romania and the European Union, with substantial financing from the both, as well as USAID. The previously unused Iași-Chișinău gas pipeline was brought into use and by late 2022, the Romanian system began supplying gas to Moldova's government-controlled territory. The state-owned gas operator *Energocom* began purchasing natural gas from traders in Romania, Hungary, Slovakia, and Ukraine, supported by a \$300 million loan from the EBRD ([EBRD 2022](#)), while the US provided an additional \$300 million for energy security projects in 2023 ([Dickinson 2023](#)). In early 2023, Moldova stopped importing Russian gas in government controlled territory. All gas was imported via the Iași-Chișinău pipeline or through reverse flows from Ukraine. By mid-2023, Moldova was receiving up to 5 million cubic meters per day from EU sources. In terms of electricity, Romania offered to provide around 12% of Moldova's electricity needs at a subsidised price, which it later raised to 21% ([Smith 2022](#)). Any shortfall had to be made up by unsubsidised imports from Romania at more than double the price of domestic/Transnistrian electricity, or EU spot markets which could be two to four times higher (table 21).

¹³² Prior to 2025 all Russian gas transited Moldova through Ukraine. In theory, Russia could supply Moldova via the Turkstream pipeline under the Black Sea and then up through Bulgaria and Romania to Moldova via the Trans-Balkan pipeline. However, the final section criss-crosses the Moldova-Ukraine border. On May 27, 2025, Ukraine's National Energy and Utilities Regulatory Commission approved a joint product for booking capacity on the Trans-Balkan route, facilitating natural gas imports from Greece through Bulgaria, Romania, and Moldova into Ukraine. However, this only foresaw imports from Greece's LNG terminals and Azerbaijan, not Russia.

Table 21. Moldova: Electricity Generation Capacity and Price 2022

Electricity Source	Controlled by	Available generation capacity (MW)	Price (/MWh)
MGRES	Transnistria	600	60-70\$
Dubasari hydroelectric power plant	Transnistria	46	
Chisinau/Balti thermoelectric plants	Moldova	130-340	200\$
Subsidized Romanian Electricity	Romania	100-180	90€
Emergency Romanian Electricity above subsidy threshold	Romania	n/a	200€
Emergency Electrical Supplies from EU Grid	EU	n/a	190-380€

Source: [\(Smith 2022\)](#)

While the energy transition was impressive, the economic consequences were devastating for a country which already had a weak economy and high poverty rate and was still recovering from the effects of the Covid-19 pandemic. Inflation averaged 30.2% in 2022, well above the average for European countries [\(Balakhanova 2023\)](#). Over 1 million Ukrainians refugees entered Moldova, with around 115,000 remaining in the country [\(DGEcho 2024\)](#). Moldova had limited fiscal space to import electricity at European market prices. Thus in 2022 Moldova faced the risk of both a crisis of living standards and a Balance of Payments crisis, and the government was forced to focus on crisis mitigation rather than the reformist platform upon which they had been elected.

The opposition blamed the government's failure to maintain neutrality as the cause of the crisis. They argued that explicitly taking the side of Ukraine and the West threatened Moldova's security and economic interests. With Plahotniuc's coalition disbanded after the 2019 constitutional crisis, the Moldovan opposition consisted of three main groupings: around Igor Dodon and the Party of Socialists, around Ilan Șor and his Șor Party, and around Ion Ceban, Mayor of Chisinau, and his National Alternative Movement (MAN) party. Dodon

and Șor openly supported restoring ties with Russia, while Ceban supported European integration and condemned the invasion of Ukraine.

Critically from a political economy perspective, the invasion weakened both PAS and the opposition but in very different ways. While PAS struggled with the burden of governance in an economic crisis, the opposition saw its financing opportunities severely restricted. Moldova implemented sanctions against Russia, making it much harder for Russian capital and money to flow into the country. The cutoff of gas from Russia and electricity from MGRES threatened one of the key sources of rent extraction. Thus the opposition was forced to rely on internal resources it had accumulated inside Moldova and complex attempts to bring in money from Russia. Initially, Șor's network offered payment cards using the Russian *Mir* payment system, which could only be cashed in Transnistria. An undercover investigation from Moldovan outlet *Ziarul de Gardă* (ZDG) revealed the absurdity of this method, with Șor agents robbing and defrauding each other. Șor's network also attempted to use cash, with Moldovan law enforcement intercepting millions of euros coming from Transnistria and through Chisinau International Airport. Finally, the government banned Russian state media broadcasters in Moldova and closed 6 television channels accused of broadcasting Russian disinformation, cutting off a major channel for the pro-Russian opposition to garner support.

The Șor Party was declared unconstitutional and banned by the Constitutional Court of Moldova in June 2023. Nevertheless, Șor continued to act as a conduit for Russian financing, resorting to buying out other existing political parties. In a staggering episode, he attempted to recruit the leader of the Alliance of Liberals and Democrats for Europe (ALDE) Arina Spataru. She immediately contacted law enforcement, and in cooperation with Anti-Corruption Prosecutor Veronica Dragalin began an undercover investigation where Spataru recorded direct phone calls with Șor and travelled to Israel to meet him, gathering an unprecedented amount of information on his activities.

The October/November 2024 presidential elections became a litmus test for the ability of PAS and the opposition to mobilise support. Sandu decided to hold the referendum on adding the goal of EU membership to Moldova's Constitution on the same day as the presidential election in the hope of increasing turnout. With Șor in exile and Dodon's popularity severely diminished since he left the presidency in 2020, the pro-Russian opposition rallied around a

relatively unknown figure: Alexandr Stoianoglo, who was not officially affiliated with any party at the time. Stoianoglo had been Prosecutor General from 2019 until he was suspended in October 2021. As PM in 2019 Sandu collapsed the coalition government with the PSRM over the failure of a vote to remove Stoianoglo for sabotaging high level corruption cases. During the campaign, Sandu focused on the open corruption cases against Stoianoglo, while the opposition focused on the need to remove Sandu at all costs ([Smith 2024](#)).

The election and referendum was wracked by allegations of vote-buying. The police claimed later that 130,000 votes were bought. On the night of the election, when exit polls suggested that “No” would win the referendum, Maia Sandu spoke of 300,000 cases of vote -buying, but it is unclear upon what evidence the latter figure was based. All pro-EU parties combined spent around \$200,000 promoting a “Yes” vote in the referendum, while the Kremlin is alleged to have spent between \$100 and \$200 million dollars trying to influence the outcome ([Smith 2025](#)). Ultimately the “Yes” vote won with 50.35% of valid votes (only 10,564 more votes than were cast for “No”). The Moldovan diaspora played a decisive role. 76.79% of diaspora votes were cast for “Yes” (180,836 votes or 12.14% of all votes cast). The majority ethnic minority regions of Gagauzia and Taraclia voted overwhelmingly against adding an EU membership goal to the constitution (94.84% and 92.04% respectively).

Sandu received 42.49% of the vote in the first round to Stoianoglo’s 25.95%. She emerged victorious in the second round with 55.35%. The election and referendum exposed the fragility of both PAS and the pro-Russian opposition. Despite Moldova receiving EU candidate status in 2022, the referendum almost proved a major setback to Moldova’s integration effort. Sandu’s narrow victory over a relatively unknown¹³³ candidate prior to the election exposed the failure to create a dominant *social bloc*. PAS lacked any oligarch or extremely wealthy domestic benefactor of its own, unlike the Alliance for European Integration previously. Support for PAS was highest in the capital Chisinau, and skewed towards young voters ([Slav 2025](#)). Although they organised public events celebrating Moldova’s EU candidate status with public funds, this paled in comparison to the use of administrative resources for campaign purposes of previous incumbents. Even though we

¹³³ In contrast to Calin Georgescu’s surprising election result in the Romanian presidential election in November 2024, Stoianoglu did not portray himself as a charismatic pro-Russian figure. He presented himself as a technocrat, declared support for EU membership but opposition to the referendum, and adopted a vague position on Russia’s invasion of Ukraine, calling for peace while never referring to Russian aggression.

argue in the next section that the urban service sector and export oriented agriculture are the most likely sectors to benefit from the “cheap export” growth model and EU integration, the share of votes for the “Yes” vote in the capital Chisinau was only 56%. Strong diaspora support (with most diasporans living in the EU) is hard to square with our domestic political economy approach. Meanwhile, the opposition failed to achieve their goals despite dissatisfaction with the incumbent, economic turmoil and significant election interference. Lacking access to traditional rent streams, administrative resources and barriers to bringing in money from Russia left them unable to mount a sufficiently large campaign to tip the balance.

The final episode worth mentioning in this section is that on the 1st of January 2025, Ukraine ceased the transit of Russian gas through its territory. It is unclear whether Ukraine may have allowed Moldova to import Russian gas through Romania via the Trans-Balkan pipeline (the pipeline crosses the Ukraine-Moldova border in places). In any case, Russian gas supplies completely halted, leaving Transnistria devoid of gas for residential heating, domestic industry and to fire the MGRES thermal electricity plant. In December 2024 Prime Minister Dorin Recean asked the government to begin preparations for the nationalisation of *Moldovagaz* ([Ernst 2025](#)), spelling the end of Russia’s leading role in Moldova’s energy sector.

IV. Sectoral GDP and Export Growth Decompositions

An overview of our growth decomposition methodology can be found in Chapter 1, while a detailed methodological note can be found in Annex 1. The most important point is that in the figures below, the “Contribution (pp)” of each sector is how many percentage points (pp) of GDP growth in a given year (or period) can be attributed to that sector. Since the National Statistical Service of the Republic of Moldova publishes consistent CNG section-level export Unit Value Indices (UVIs) since 1995, this chapter offers the most comprehensive export growth decomposition (in both nominal and real terms) of all four cases.

A) Production Side GDP Growth Decomposition

Figure 50. Moldova Average Sectoral Value-Added (VA) Shares (%) of GDP

	Agriculture Share (%)	Manufacturing Share (%)	Industry Share (%)	Services Share (%)	Residual Share (%)
1996-2000	20.36	11.95	15.76	51.01	0.92
2001-2005	19.14	12.95	15.24	50.29	2.38
2006-2010	13.56	9.63	13.10	54.05	9.66
2011-2015	13.13	9.43	10.92	53.84	12.67
2016-2020	13.06	10.44	11.05	52.63	12.80
2021-2024	11.87	9.37	9.81	55.37	13.58

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)

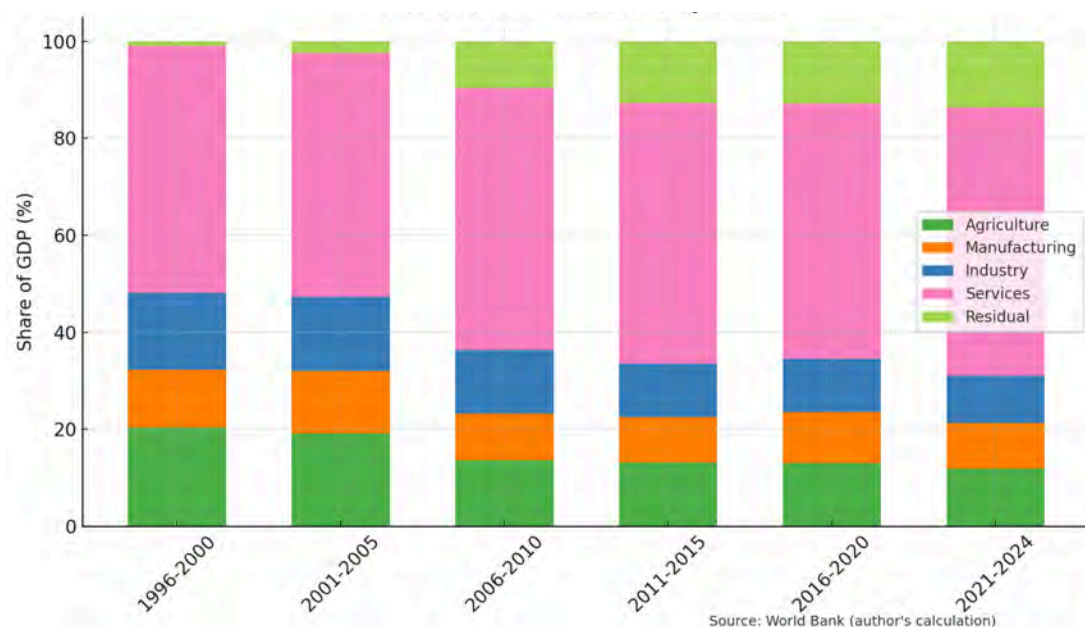
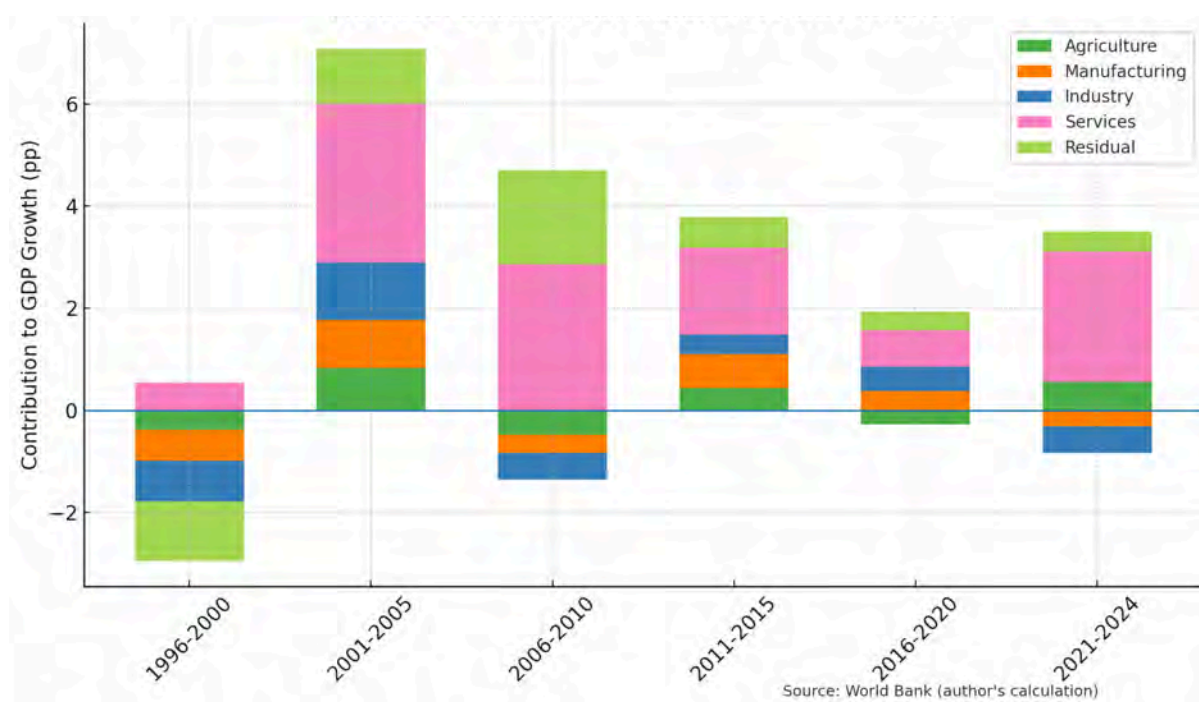


Figure 51. Moldova Average Sectoral Value-Added (VA) Contribution to Growth (pp)

	Growth Rate	Agriculture VA Contribution (pp)	Manufacturing VA Contribution (pp)	Industry* VA Contribution (pp)	Services AV Contribution (pp)	Residual Contribution (pp)
1996-2000	-2.41	-0.38	-0.61	-0.80	0.54	-1.16
2001-2005	7.08	0.83	0.93	1.13	3.12	1.07
2006-2010	3.34	-0.48	-0.36	-0.52	2.85	1.85
2011-2015	3.79	0.44	0.65	0.38	1.71	0.60
2016-2020	1.63	-0.28	0.38	0.47	0.71	0.36
2021-2024	2.66	0.56	-0.31	-0.52	2.54	0.40

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)



Services VA contributed the most to growth in every five-year period. Agriculture, manufacturing and industry VA saw inconsistent growth and their share decline as a result of service VA growth. However, in the next section we will see that services did not dominate exports, with manufacturing and agriculture holding high shares. This discrepancy between VA and exports implies that a large part of services VA growth was driven by domestic demand, partly reflecting high levels of remittance income. In part the growth of the services VA share is more predictable than export growth, as during the Soviet period the economy was skewed towards agricultural and manufacturing jobs and the service sector repressed. However, it may also reflect other tendencies: the relatively low manufacturing VA compared to manufacturing exports is typical of the insertion into European manufacturing supply chains, with only a part of VA being located in Moldova versus the value of exports.

B) Export Growth Decomposition

Figure 52. Moldova Export Sector Shares (%) of Total Exports (Nominal) (1997-2024)

	Agriculture Share (%)	Manufacturing Share (%)	Extractives Share (%)	Services Share (%)		ICT Services ¹³⁴ Share (%)	Beverages, Spirits & Vinegar ¹³⁵ Share (%)
2001-2005	42.66	25.70	4.69	26.96		2.72	21.78
2006-2010	27.56	29.50	7.31	35.64		5.17	8.26
2011-2015	29.24	33.58	4.94	32.24		5.35	6.09
2016-2020	29.22	32.77	3.31	34.70		5.84	5.67
2021-2024	28.00	25.79	8.83	37.39		9.35	4.04

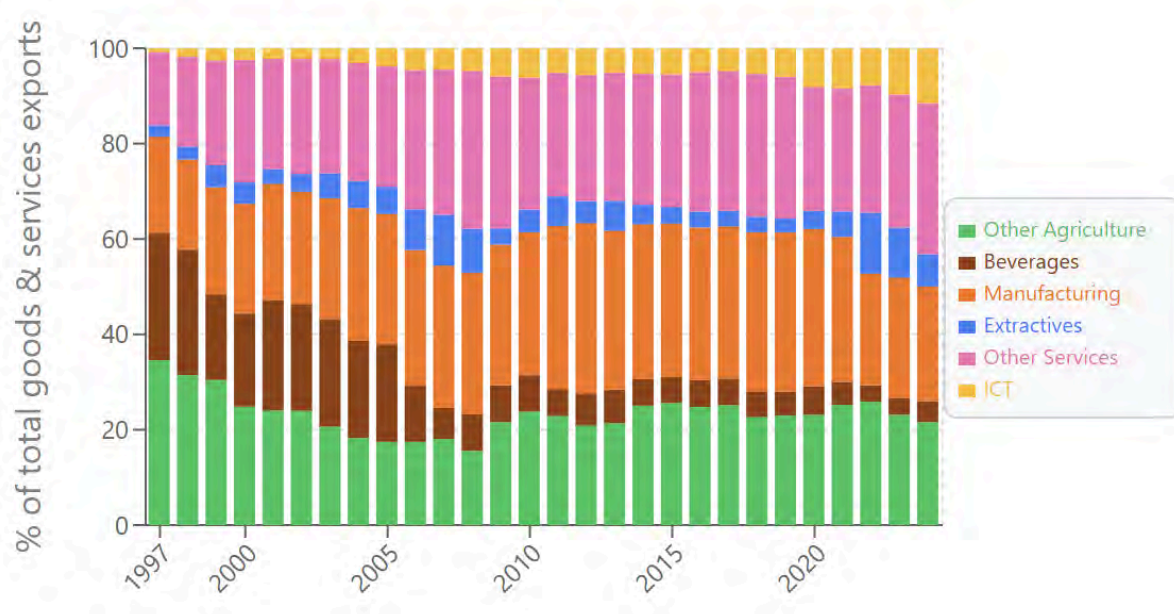
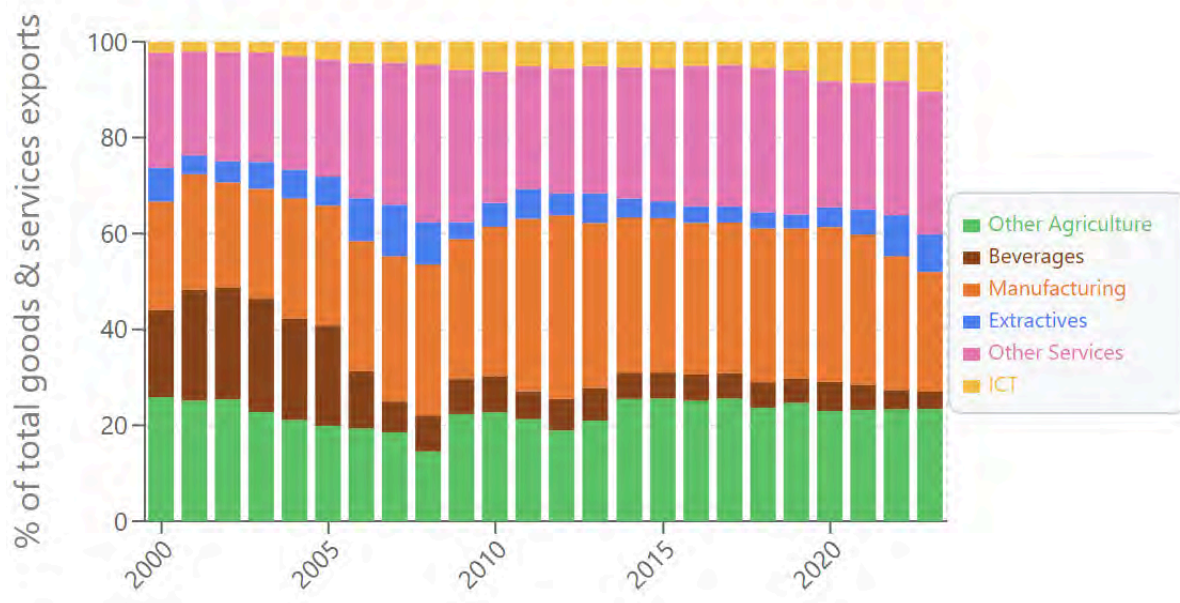


Figure 53. Moldova Export Sector & Sub-Sector Shares (%) of Total Goods & Services Exports (Real)

¹³⁴ ICT Services are a component of the Services “bucket”

¹³⁵ Beverages, Spirits & Vinegar are a component of the Agriculture “bucket”. They are located in CNG Section IV. - Prepared Foodstuffs - which could be classed either as agriculture or manufacturing.

	Agriculture Share (%)	Manufacturing Share (%)	Extractives Share (%)	Services Share (%)	ICT Services ¹³⁶ Share (%)	Beverages, Spirits & Vinegar ¹³⁷ Share (%)
2001-2005	45.30	23.81	5.19	25.70	2.60	22.44
2006-2010	27.64	29.87	7.36	35.13	5.10	8.14
2011-2015	28.47	34.66	4.87	31.99	5.31	6.02
2016-2020	29.86	31.74	3.43	34.97	5.89	15.33
2021-2023	27.62	28.08	7.18	37.13	9.03	4.30



Source: NSBRM, World Bank (author's calculation)

Figure 54. Moldova Export Sector Contribution (pp) to Average Export Growth (Nominal)

¹³⁶ ICT Services are a component of the Services “bucket”

¹³⁷ Beverages, Spirits & Vinegar are a component of the Agriculture “bucket”. They are located in CNG Section IV. - Prepared Foodstuffs - which could be classed either as agriculture or manufacturing.

	Growth Rate (Average)	Agriculture Contribution (pp)	Manufacturing Contribution (pp)	Extractives Contribution (pp)	Services Contribution (pp)	ICT Contribution (pp)	Beverages, Spirits & Vinegars Contribution (pp)
2001-2005	18.68	6.62	5.70	1.15	5.21	0.78	4.25
2006-2010	10.18	1.16	3.56	0.94	4.51	0.94	-1.83
2011-2015	6.28	1.62	2.64	0.23	1.78	0.17	-0.05
2016-2020	5.49	1.24	1.94	0.22	2.08	0.72	0.39
2021-2024	21.34	5.55	3.03	4.27	8.49	2.24	0.07

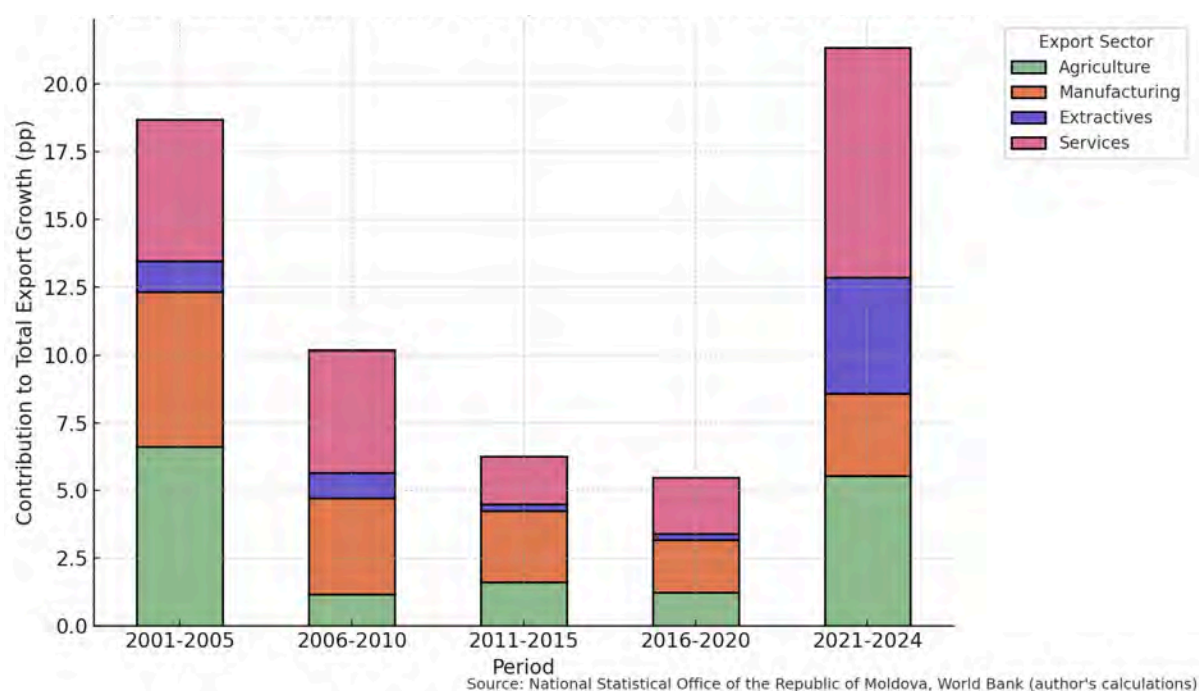


Figure 55. Moldova Export Sector & Sub-Sector Contribution (pp) to Average Export Growth (Nominal)

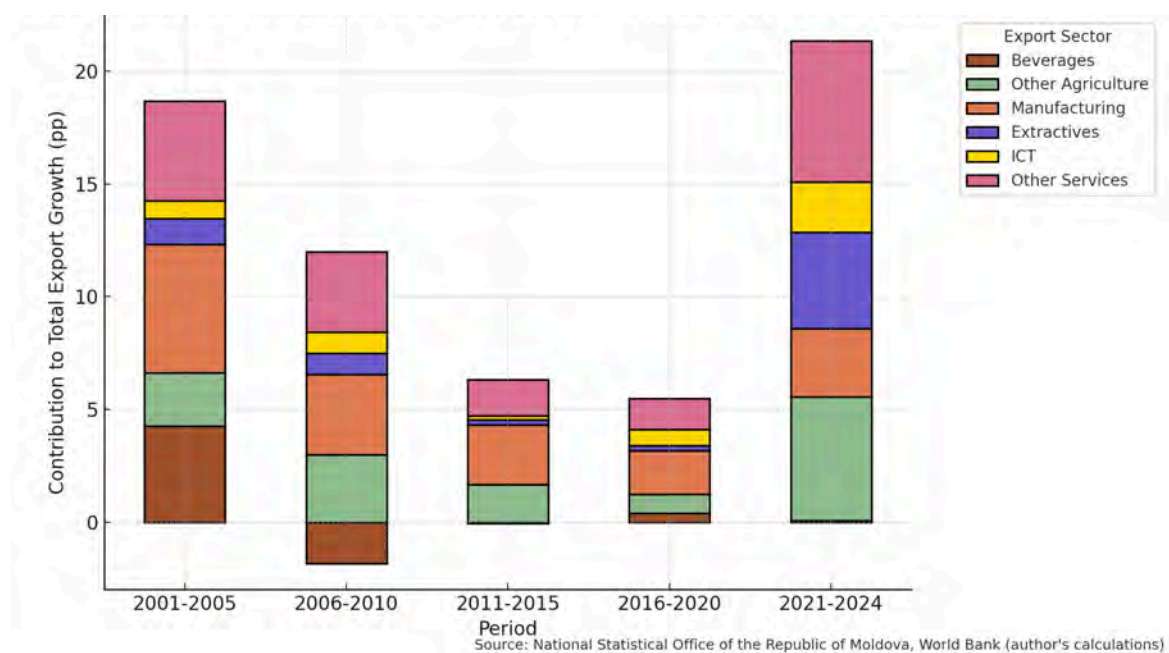


Figure 56. Moldova Export Sector Contribution (pp) to Average Export Growth (Real)

	Growth Rate	Agriculture Contribution (pp)	Manufacturing Contribution (pp)	Extractives Contribution (pp)	Services Contribution (pp)	ICT Contribution (pp)	Beverages, Spirits & Vinegars Contribution (pp)
2001-2005	16.42	6.85	4.37	0.64	4.55	0.69	4.26
2006-2010	5.77	-0.71	3.04	0.36	3.07	0.76	-2.28
2011-2015	10.27	2.98	3.84	0.31	3.14	0.39	0.20
2016-2020	3.38	0.67	1.06	0.20	1.45	0.60	0.28
2021-2023	16.11	3.77	2.13	2.43	7.78	2.13	-0.12

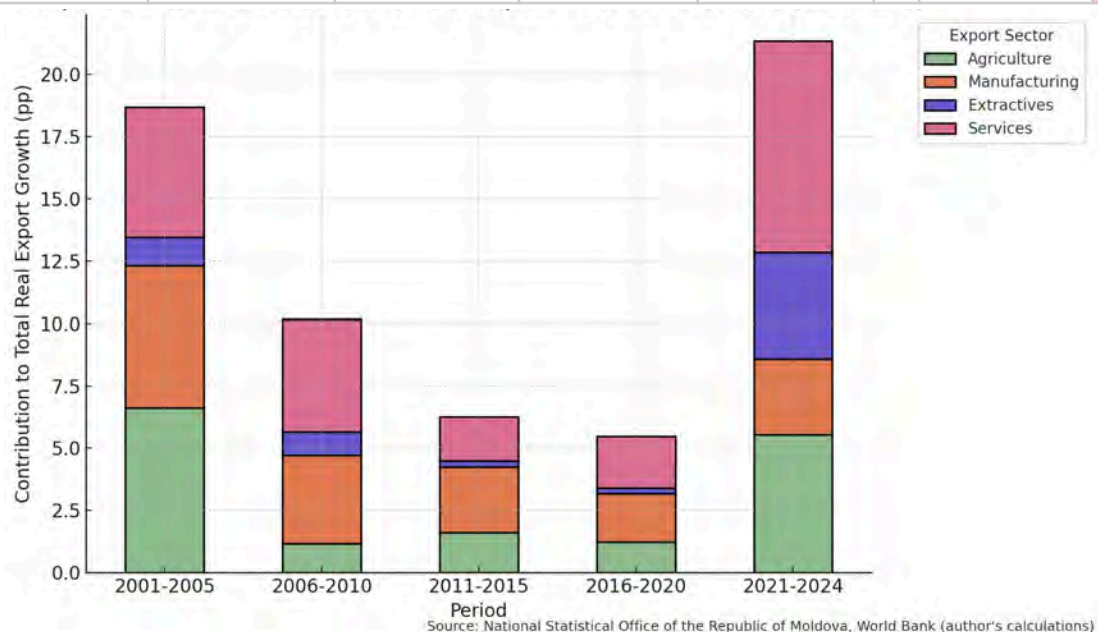


Figure 57. Moldova Export Sector & Sub-Sector Contribution (pp) to Average Export Growth (Real)

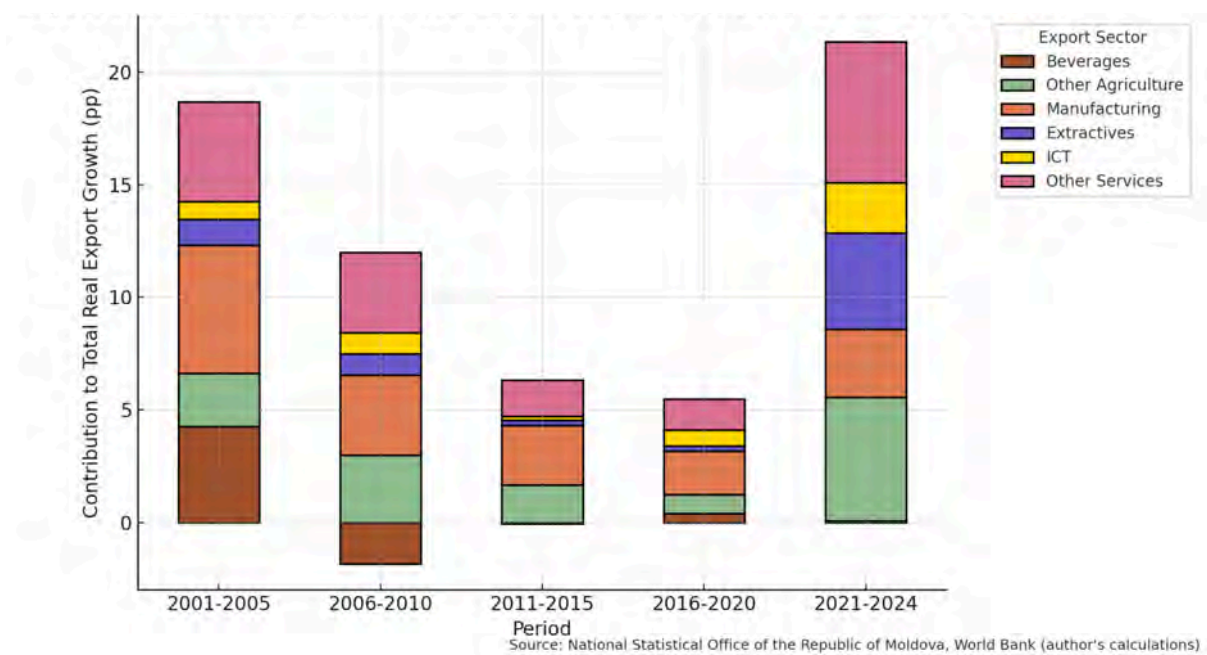
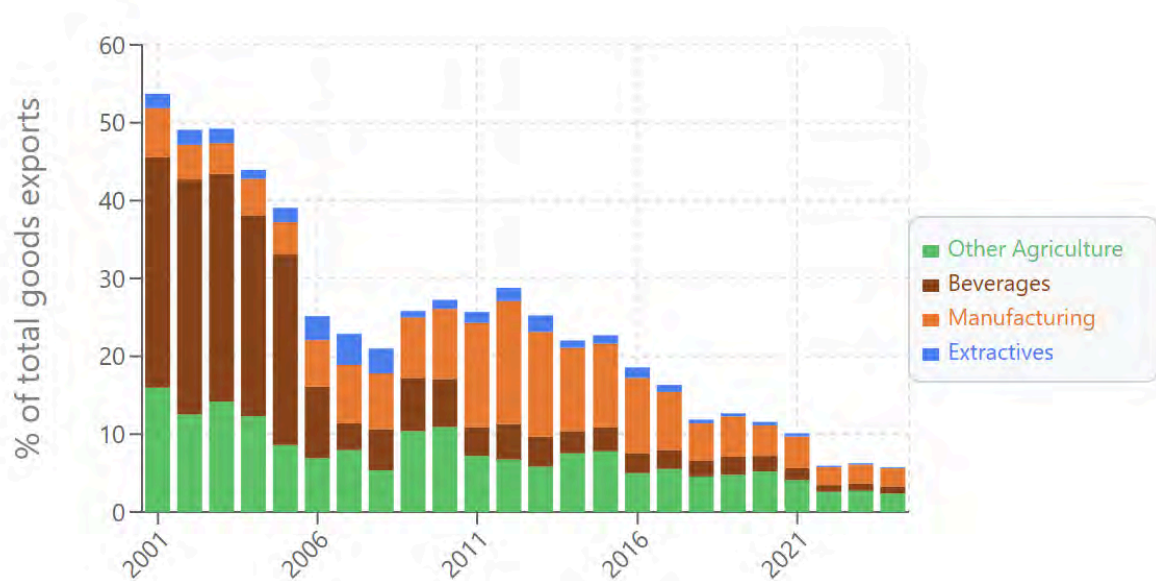
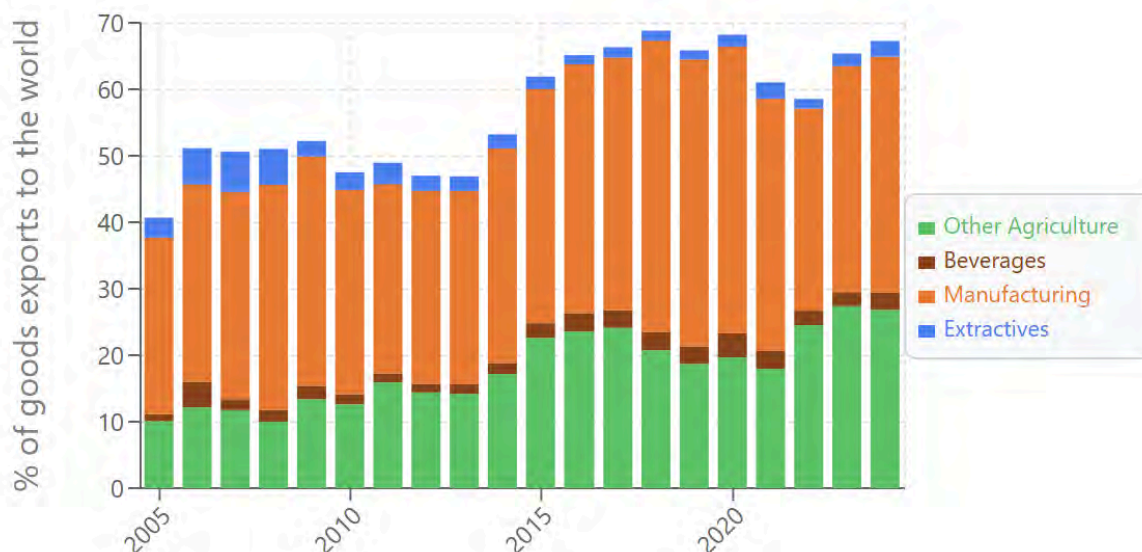


Figure 58. Moldova: Exports to the CIS (% of total goods exports) (2001-2024)



Source: NSBRM, Trade Map (author's calculation)

Figure 59. Moldova: Exports to the EU (% of total goods exports) (2001-2024)



Source: NSBRM, Trade Map (author's calculation)

Moldova's export growth decomposition diverges from our other cases in several key regards. Firstly, although services contributed the most to growth over the period, no clear leading sector emerged. In all other cases there were clear winners: agriculture in Ukraine, services in Georgia and services and extractives in Armenia. The growth of Moldova's IT sector is noteworthy: 9% of exports in 2021-2024. Unlike Georgia and Armenia, Moldova does not allow extended visa-free stays for Russian citizens, nor did it encourage the relocation of Russian capital and companies, meaning that the increased IT export share in 2021-2024 is likely a result of domestic development.

The share of agricultural exports declined after the Russian wine embargo from 45% in 2001-2005 to a stable share of ~28% throughout the rest of the period. Beverages fell from 20% of all exports in 2001-2005 to 4% 2021-2024, and never recovered in real terms. Despite being the only majority rural society associated with winemaking, agriculture did not emerge as a leading sector. We connect this to the nature of land reform in section V. Manufacturing exports saw sustained growth across all periods, achieving and maintaining a major share after the 2001-2005 period. This reflects Moldova's partial insertion into EU machinery supply chains, with insulated wires constituting Moldova's main export product since 2008. Extractive industries constituted a minor share of exports across the period, only growing substantially in 2021-2024. This is likely a result of accounting: Ukraine closed its border

with the *de facto* Republic of Transnistria after the Russian invasion, since a larger share of Transnistrian extractives (such as the output of the Moldovan Metallurgical Plant - Moldova's main industrial enterprise) had to be exported via Moldova's government-controlled borders with the EU. The de-monopolisation of Moldova's scrap metal market in 2019 may have also played a role. Unlike our other cases, where exports to the EU were much more concentrated than to the CIS¹³⁸, in Moldova exports to both blocs were balanced between agriculture and manufacturing.

V. Oligarchs, *Social Blocs* and Structural Transformation in Moldova: What can we learn?

Moldova's export sectors have increasingly pivoted trade away from the CIS and towards the EU earlier than our other cases (figures 58 and 59). Nonetheless, Section IV highlights relatively few major shifts in sectoral composition, other than the collapse of wine exports to Russia after 2005, Moldova's partial insertion into EU manufacturing supply chains from the early 2010s and the creation of a powerful IT sector. Overall sectoral shares shifted much less than in Ukraine, Georgia and Armenia. What can we surmise about the changing composition of *social blocs* based on the data available? Of our four cases, Moldova has the most opaque ownership structures and is thus the hardest to gauge the relative strength of different oligarchs and their sectoral concentration over time. Their wealth is also not linked to control of large and easily indentifiable industrial assets, but more dispersed. Marandici (2024) offers the most comprehensive overview of Moldovan wealth elites, shown in table 22. His analysis shows the concentration of Moldova's oligarchs in banking, energy and import sectors. The remainder of this section will explore the crucial role of these sectors for Moldova's *social blocs*.

¹³⁸ Extractives for Armenia and Georgia, agriculture for Ukraine.

Table 22. The Political Ties of the Wealthiest Moldovans

	Wealth (USD)	Sector	Political Ties	Political Office
Anatol Stati	\$2 billion	Oil & energy in Kazakhstan, Sudan	Reform Party (1990s)/Democratic Party/Liberal Party/Liberal Democratic Party	None
Vladimir Plahotniuc	\$2 billion	Banking, security, mass media, oil	Main sponsor (2009–2019) and chairman (2016–2019) of the Democratic Party of Moldova	1. MP (2010-13/ 2014-15/ 2019) 2. Coordinator of the governing coalition council (2015-2019)
Vlad Filat	\$1.2 billion	Real estate, import-export	Sponsor of the Democratic Party (2000–2007) Founder and chair of the Liberal Democratic Party (2007–2016)	1. State Minister for privatisation (1999) 2. MP (2005-9/ 2014-15) 3. PM (2019-13)
Vladimir & Oleg Voronin	\$700 million	Banking, real estate	Founder and chair of the PCRM (1993–2024)	1. Minister of Interior (1998-99) 2. MP (1998-2001/ 2009-2019/ 2021-2025) 3. President (2001-9)
Nicolae Ciorni	\$500 million	Oil & gas, winery, agro, banking, soccer, construction	Support for left-wing parties	None
Ion Sturza	\$100 million	Oil & gas, online retail, technology	Sponsor and member of the Democratic Party	1. MP (1998) 2. PM (1999) 3. PM candidate (2015)
Vyacheslav Platon	\$60 million	Banking, finance, insurance	Member of Agrarian Party, Sponsor of Our Moldova Alliance (2005–2009)	1. Chisinau City Councillor (1999) 2. MP (2009-2010)
Ilan Sor	\$50-100 million	Banking, insurance, trade, retail	Sponsor of the PCRM (2009); Founder & sponsor of Sor Party (banned), Chance Party, Victory, Ours Party, Alternative & Salvation Force, Revival Party, Victorie-Pobeda Bloc	1. Mayor of Orhei (2015-19) 2. MP (2019-23)
Renoto Usatii	\$20-50 million	Enterprise supplying Russian railways	Founder and leader of Our Party (previously Popular Republican Party), Party of Renato Usatii, Patria Party	1. Mayor of Balti (2015-18/ 2019-21)

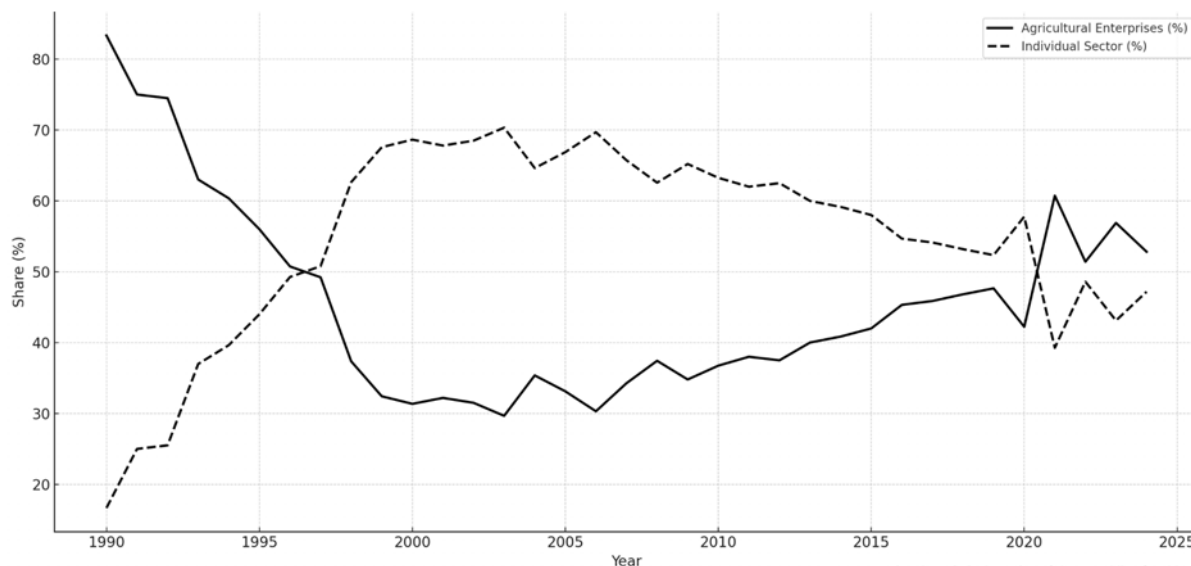
Source: Marandici (2024)¹³⁹

¹³⁹ Compiled by Marandici (2024) using data published in *Ava.md* (2010), *Adevărul* (2015), *Infotag* (2024).

Agriculture

Apart from the obvious difference in size, Moldova's agricultural market bears some similarities to Ukraine. Gorton and White ([Gorton and White 2003](#)) have traced the history of agrarian reforms in the 90s and the competing visions of communists, agrarian nationalists and neoliberal political parties. They argue Moldova's decollectivisation process failed to deliver a viable model of agricultural reform; instead, it led to a fragmented, subsistence-based sector. In some cases former collective farm managers reemerged as key actors in land consolidation. Although there was not a full moratorium on land sales as was the case in Ukraine until 2021, restrictions on the sale of land to foreigners and the amount of land which can be held by a single owner led to large scale leasing by agroholdings, and legally dubious land acquisition schemes ([Ceaglei 2019](#)). The share of smallholders grew to over 60% in the 2000s and remains close to 50% in recent years, however, many lease their land to holdings.

Figure 60. Moldova: Share of Individual Sector versus Enterprises¹⁴⁰ in the Agricultural Sector (%) (1990-2023)



Source: NSBRM (author's calculations)

¹⁴⁰ The NSBRM defines the 'Individual sector' as households and farms with an area of agricultural land under 10 ha, and 'Agricultural enterprises' as agricultural enterprises and farms with an area of agricultural lands of 10 ha and over.

There are only two identifiable large agro-holdings which have been visibly active in politics. Trans-Oil Group and Sungrain Group lease 41% of all leased land in Moldova (90,000 hectares, or 6.21% of Moldova's total agricultural land) ([Necsutu and Gulca 2020](#)). Both companies are registered in Cyprus. Trans-Oil Group's bizarre rise, dubious business practices, links to Voronin and funding from the EBRD has been investigated in painstaking detail by Davies and Sevciuk ([Davies and Sevciuk 2020](#)), but is too complex to be reproduced in detail here. Most importantly, its owner Vaja Jhashi ultimately became a close associate of Plahotniuc, serving on the management board of the Moldovan Businessmen Association (AOAM) founded by Plahotniuc in 2010, and on the board of Victoriabank, another Plahotniuc-controlled business ([RISE 2020](#)). Alongside leasing land, Jhashi controls two large oil factories in Moldova, many elevators, terminals for grain and vegetable oil at the Giurgiulesti Port, and is estimated to be one of Moldova's richest men.

Sungrain's owner, Ion Echim, was the deputy director of the National Agency for Competition Protection from 2007-2013, and his wife, Emma Tăbârță was the deputy governor of the National Bank of Moldova who was dismissed in March 2015 in connection with the "theft of the billion" ([Necsutu and Gulca 2020](#)). A third major landowner, Consoliterra LLC, is also registered in Cyprus, but the beneficial owner remains unknown. Another prominent company - Monicol SRL, involved in nut and fruit production and export - came under fire from Moldovan investigative journalists, having become one of the largest recipients of agricultural subsidies following the marriage of the owner's son with the daughter of PM Pavel Filip in 2016 ([Gulca and Necsutu 2019](#)).¹⁴¹

All of these incidents suggest that the agricultural sector displays a tendency towards exclusive development as described by Langbein ([Langbein et al. 2022](#)). However, what is not apparent is the emergence of agricultural oligarchs with the ability to set a political agenda. While in Ukraine, agro-oligarchs became key national players, funding their own political parties and cultivating loyal factions in several convocations of the parliament (see chapter 3), in Moldova it is not clear that they have become independent political actors, or simply have used ties to political elites to maintain and grow their holdings. In the course of

¹⁴¹ Another wealthy Moldovan, Nicolae Ciornii, also has significant investments in the agro sector. He was the head of Moldova's State Fuel Enterprise after 1991 and later became vice-president of Lukoil-Moldova. It is unlikely he could have done so without political connections, but his involvement in politics is not well-documented.

our research we found no evidence of Moldovan agro-holdings pursuing political goals related to *strategic hedging* or European integration.

Services and Manufacturing

There is a lack of detailed data on Moldova's services exports in terms of sub-sectors and export destinations. Thus we cannot determine the relative importance of the EU versus CIS market for Moldovan service exports. Unlike Georgia, Moldova is neither a tourism or transport hub nor does it attract large FDI inflows. The emerging IT sector now constitutes over a third of services exports, with a significant proportion likely consisting of Western-oriented outsourcing. Yet it is challenging to make definitive conclusions about the role of this sector in Moldova's political economy, and without further research it remains a black box.

Banking Sector

Extracting domestic resources and laundering foreign money through the banking sector has been a clear source of rent extraction. This is evidenced by perhaps the two most important events in Moldovan independent history - the "theft of the billion" banking scandal and the "Russian Laundromat" scandal covered in section III. The former enabled oligarchs to accumulate over a twelfth of Moldova's GDP at the time in stolen funds (approximately 1 billion euros), while the latter involved the laundering of sums equivalent to two to six times Moldova's GDP (20-80 billion dollars). High levels of state capture and the presence of European, Russian domestic banks allowed Moldovan elites to use the banking system to launder domestic rents and profit from acting as a laundering hub for other countries, mainly Russia. Transnistria also played a role here, since the profits of this "grey zone" were also legalised in part through the Moldovan banking system.

Since 2021, the PAS government accelerated banking sector reforms focused on enhanced financial oversight, and anti-money laundering efforts. The IMF reports that the National Bank of Moldova (NBM) has also tightened its supervisory role and regulatory framework ([IMF 2024](#)). The Bertelsmann Foundation Moldova country report claims that since 2021 the authorities have taken measures to combat rent-seeking activities in the banking sector and ensure the independence of the National Bank; corruption in the banking sector remains

relatively high [\(BTI 2024\)](#). Strict enforcement of Western sanctions after the invasion of Ukraine, have further undermined the role of the banking sector in elite rent extraction, and complicated Russia's efforts to support local political parties [\(Smith 2025\)](#).

Energy

Energy formed the core of the *social bloc* committed to the maintenance of *strategic hedging* in Moldova. Although all productive sectors became EU oriented over the course of the period of study, they were never able to challenge the *social bloc* centred around energy, until PAS' victory in 2020, and even then did not clearly become dominant. Cheap energy imports from Russia sustained a heterogeneous *social bloc* of oligarchs, their patronage networks and voters for three reasons. Firstly, it provided lucrative rent streams for political and economic elites through opaque intermediaries and tariff regulation, as well as arbitrage with Transnistria. Secondly, it allowed Russia-aligned parties to promise subsidised gas at elections to an energy-price-sensitive population, and conditioned EU-aligned parties from much more than rhetorical confrontation with Russia. Thirdly, it sustained the *de facto* independence of Transnistria, which acted as a spoiler to Moldova's EU integration, as well as a source of additional rent extraction opportunities from its status as a regulatory "grey zone" - benefitting from the EU DCFTA, but not subject to Moldovan laws. It remains to be seen what effects the end of Russian energy gas imports in Moldova will have on the composition of *social blocs*, but it clearly represents the loss of a major source of rent extraction for elites.

Conclusions

In many respects Moldova exposes the limits of our *social blocs* approach. The country's economic orientation toward the CIS market has declined vociferously since in the early 2000s. The EU quickly became Moldova's primary export market and development partner after independence. Nevertheless, a dominant *social bloc* supporting a single vector economics and foreign policy did not emerge until the 2020, and only truly catalysed after the invasion of Ukraine. Moldova's ethno-linguistic divide and Russian state-owned media and direct financing of political parties also played key roles in the resilience of *strategic hedging*. However, this chapter has highlighted that Moldova's assymetric energy relationship with Russia was critical, facilitated by widespread corruption in the banking sector, as

highlighted by the “theft of the billion” and “Russian laundromat” scandals. As a result, although Moldova saw a long period of Communist Party rule from 2001-2009 followed by a similarly long period of ostensibly pro-EU governing coalitions, both groupings maintained *strategic hedging*, and most economic elites in the country hardly changed. 2019 proved a turning point, as the most powerful oligarch, nurtured under the Communists until he was able to capture the state as part of the Alliance for European Integration, overplayed his hand and was ousted in a crisis moment. The rise of PAS and Maia Sandu represents the first majority for a pro-EU party in Moldova’s history, and relations with Russia quickly deteriorated. Yet it was the invasion of Ukraine which proved pivotal, and an example of the importance of timing. If a Russia-aligned party had been in power in 2022, the response to the invasion would certainly have looked different. In reality, PAS seized the opportunity to rapidly reduce energy dependence on Russia, close many rent schemes for opposition oligarchs and aggressively shut down avenues for Russia to finance its clients in Moldova.

Nevertheless, the poor performance of PAS in recent elections exposes the fragility of the *social bloc* which it attempts to cultivate. They faced an uphill battle to win over voters in a country where much of the population is poor and highly energy price sensitive, and where the regions feel alienated from the political project underway in Chisinau. Votes from the diaspora, mostly living in the EU, and young voters in the capital were critical for Sandu’s reelection in 2024 ([Mcgrath and Dumitrache 2024](#)). Our growth decomposition analysis in section III showed that Moldova’s growth is more sectorally balanced than our other cases. Although the direction of exports shifted from Russia to the EU, broad sectoral shares shifted only slightly in favour of services. Important within sectoral changes occurred, such as insertion into EU manufacturing supply chains, the decline of wine exports and the emergence of a sizable IT cluster. PAS made export promotion and services growth a cornerstone of their government program, in an attempt to appeal to those who stand to benefit from Moldova’s EU trade orientation. The government seems to be betting that the €1.9 billion EU “Growth Plan” will create sufficient buy-in across society. However, this group appears disparate, as yet a dominant *social bloc* drawing together economic elites, sectors and voters is yet to emerge. Moldova has changed significantly since the 90s, but Way’s ([Way 2002](#)) characterisation of Moldova as “pluralist by default” still rings true - a country where everything is still to play for.

CHAPTER 5

GEORGIA

“All such decisions are made by the Global War Party, which has decisive influence over NATO and the European Union, and for which Georgia and Ukraine are only worthless meat. They first pitted Georgia against Russia in 2008, and in 2014 and 2022 they put Ukraine in an even more difficult position. The reason for the Global War Party's aggression towards Georgia is that, despite great efforts, it could not turn Georgia into a second front, which it could easily achieve if the agency returned to power”

Bidzine Ivanishvili, Honorary Chairman of the “Georgian Dream” Party, April 2024

[\(Chichua 2024\)](#)

Georgia was the first of our cases to abandon *strategic hedging* and pivot towards the EU as early as 2003. However, as the quotation above highlights, since 2020 relations with the EU have deteriorated drastically, with the government suspending EU accession negotiations in November 2024, less than a year after receiving candidate status, while relations with Russia have partially normalised. The core argument of this chapter is that both shifts reflect the structural transformation of the Georgian economy and changes in the composition and strength of *social blocs*. The elites of the early independence period failed both to consolidate state control of most of the country's territory and to build a semi-coherent economic policy paradigm as was the case in Armenia, Moldova and Ukraine. Moreover, the near-total collapse of the industrial sector and diversification of energy sources did not leave room for a more independent oligarchy based on ownership of key industries or monopolisation of energy imports, as was the case for our other cases. Rent-extraction by elites depended on ties to the state and rent streams generated by external finance. The three main oligarchs discussed in the analytical narrative in section II - Kakha Bendukidze, Badri Patarkatsishvili and Bidzine Ivanishvili - all made their initial fortunes in Russia rather than through domestic accumulation.

The dysfunction of early post-independence elites and their failure to consolidate a *social bloc* created space for the Rose Revolution, which brought to power a new set of elites

committed to a radical paradigm shift: towards a liberalised, FDI-dependent growth model tied to EU integration and close ties with the West ([Stefes and Paturyan 2021](#)). President Saakashvili doubled down on this strategy by presenting Georgia as a bulwark against Russia, engaging in “pathological Europeanisation” ([Mendelski 2016](#)) to secure Western support while consolidating his party’s grip on power. However, this strategy faltered with the Russo-Georgian War and Global Financial Crisis of 2008. The economy struggled and Georgia became even more dependent on development and military aid from the EU and US. The second turning point saw a change of both the political and economic regime. The Georgian Dream party led by oligarch Bidzine Ivanishvili which came to power in the 2012 elections remained committed to European integration, but pursued economic “normalisation” with Russia. Initially, relations with the EU remained unchanged, with Georgia signing an Association Agreement with the EU in 2014 but continuing the “pathological Europeanisation” ([Mendelski 2016](#)) of their predecessors, implementing some required reforms but avoiding those which undermined regime stability ([Bolkvadze 2017](#)).

However, this political shift coincided with a shift in the external financing regime from grants from the EU and US to dependence on concessionary loans from International Financial Institutions (IFIs) and development banks, especially for large infrastructure prospects ([Eradze 2024](#)). This matters because the government became less committed to implementing EU conditionality, prioritising a model whereby regime insiders could benefit from rents connected to infrastructure projects and public tenders. This led to a diminished role for Western-funded NGOs which had been instrumentalised under the previous regime ([Stefes and Paturyan 2021](#)), who increasingly came into conflict with the government. The opposition and NGOs presented the Georgian Dream as a spoiler of European integration, and relations with the EU began to sour. Moreover, the CIS outpaced the EU as the main destination for Georgian exports (figure 76). The Russian invasion of Ukraine catalysed these processes: trade with and capital flows from Russia increased significantly, while the government accused the EU and US of dragging the country into conflict with Russia, culminating in the suspension of EU accession negotiations.

The chapter is structured as follows. Part I examines Georgia’s main external dependencies in the energy, trade, and finance domains. Part II contains our analytical narrative, focusing on the three critical junctures which we identify: the Rose Revolution (2003), the Russo-Georgian War (2008) and the breakdown of relations between the incumbent Georgian

Dream party and the EU (from 2020). Part III presents our sectoral growth decomposition data. Part IV examines the transformation of the Georgia's dominant *social bloc* in light of Parts II and III.

I. Dependency and Restructuring

The Georgian Soviet Socialist Republic (GSSR) was more urbanised and industrialised than the neighbouring Armenian and Azeri republics (see Introduction table 4). It possessed some of the jewels of Soviet industry, including the Sukhoi fighter jet factory, the DC locomotive enterprise and the Rustavi steel mill, which produced 90 percent of Soviet oil drilling tubes ([Jones 2013, 180](#)). Other key sectors included food processing and extractives, particularly manganese and ferroalloy production in Chiatura and Zestafoni. After the dissolution of the USSR industrial output collapsed, with real GDP contracting by more than 70% between 1990 and 1994 ([Japaridze 2025](#)). Many large industrial enterprises closed or were privatised in opaque conditions during the 1990s. Only a handful, such as the Zestafoni Ferroalloy Plant and Rustavi steel mill - continued to operate.

The economic reforms of the early 2000s under President Saakashvili transformed Georgia into one of the most liberalised economies in the region. The state withdrew from direct production, tariffs were slashed, and foreign investment was encouraged through low taxes and deregulation ([Jones 2013, 183](#)). This FDI-led economic strategy led to a large share of foreign-owned infrastructure, real estate and banks, a weak manufacturing sector and dependence on global financial flows and tourism ([Eradze 2021](#)). Georgia is reliant on energy imports, but the sources are more diversified than for neighbouring Armenia. Azerbaijan overtook Russia to become Georgia's main energy supplier around 2009, although since the 2022 invasion of Ukraine, Russia has once again become the largest supplier. Finally, public debt is shifted from predominantly bilateral loans to dominance by International Financial Organisations (IFOs) and development banks (figure 65). Thus Georgia is less systemically vulnerable to a single actor than Armenia and Georgia, and lacks a large industrial sector dependent on cheap Russian gas as in the case of Ukraine. Nonetheless it faces multiple dependencies as a result of its choice of development strategy.

A) Energy

Gas

With no natural gas extraction of its own, following independence Georgia was dependent on Russian gas supplied via the Mozdok-Tbilisi pipeline through North Ossetia and Abkhazia. During the 1990s, Georgia's gas consumption was supplied entirely by Russia's *Gazprom* and its subsidiaries. In 2001, Russia claimed that Georgia had \$179 million unpaid debts to *Gazprom* ([Lieven 2001](#)).

The turning point occurred in 2006, when explosions on the North Caucasus pipeline temporarily halted Russian gas flows, with the Georgian government accusing Russia of sabotage and energy blackmail ([Finn 2006](#)). *Gazprom* sharply increased gas prices from 60 to 110 US\$/1,000m³ ([World Bank 2006](#)). In the same year, the South Caucasus Pipeline (Baku-Tbilisi-Ceyhan) was commissioned, enabling Georgia to import gas directly from Azerbaijan's Shah Deniz field ([De Waal 2018, 170](#)) and operate as a transit hub. Between 2007 and 2009, Azerbaijani supplies rapidly displaced Russian ones and by 2011, Azerbaijan accounted for over 90 % of Georgia's gas supply, establishing it as the primary supplier for more than a decade (Geostat 2022). The state-owned Georgian Oil and Gas Corporation (GOGC) manages transmission and storage, while a subsidiary of Azerbaijan's SOCAR group distributes gas to most regions. Until 2019, *Gazprom*'s role in Georgia was limited to transit compensation and emergency balancing volumes. However, import patterns shifted again after 2022. In 2023, Georgia imported 2.25 billion m³ of gas - 78.5 % from Azerbaijan and 21.5 % from Russia ([Civil Georgia 2024](#)). By 2024, Russian volumes rose to roughly 788 million m³, slightly exceeding Azerbaijani deliveries (775 million m³) ([Razmadze 2025](#)).

Table 23. Georgia: Domestic Energy Generation (1990-2021) (Terawatt Hours)

	Hydro	Biofuels	Coal	Oil	Other renewables	Natural Gas	Consumption (domestic production as % of total consumption)
1990	7.56 (32%)	5.47 (23%)	7.6758 (33%)	2.21 (9%)	-	0.58 (2%)	104.44 (23%)
2000	5.82 (38%)	7.56 (49%)	-	1.28 (8%)	-	0.70 (5%)	26.75 (57%)
2010	9.42 (64%)	4.19 (28%)	0.47 (3%)	0.58 (4%)	-	0.12 (1%)	30.94 (48%)
2015	8.49 (56%)	4.65 (31%)	1.40 (9%)	0.47 (3%)	-	0.12 (1%)	47.68 (32%)
2018	10 (68%)	3.14 (21%)	0.70 (5%)	0.35 (2%)	0.35 (2%)	0.12 (1%)	51.06 (29%)
2020	8.23 (68%)	2.6 (22%)	0.47 (4%)	0.36 (3%)	0.3 (2%)	0.09 (1%)	52.22 (23%)

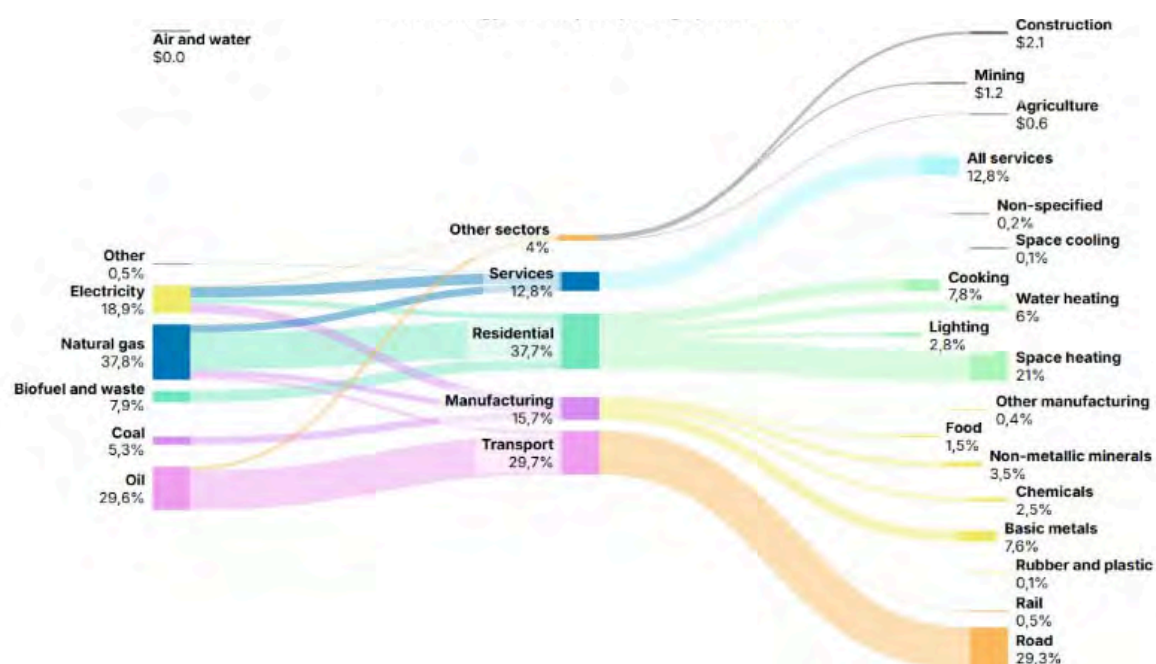
Source: IEA ([2020](#)), IEA ([2021](#)) (author's calculation)

Electricity

In 2003, the Unified Energy System of Russia (RAO UES) - a Russian state-controlled company - acquired the capital Tbilisi's electricity distribution company and other generation assets ([Gularidze 2003](#)). However, the UNM government after 2003 significantly diversified electricity generation, especially through hydropower investments. As a result, Georgia avoided the fate of Armenia and Moldova: full Russian control of gas and electricity distribution networks through Gazprom and subsidiaries (see Chapters 4 and 6). In 2022, Georgia imported 1.5 TWh of electricity (about 9.7% of total supply) with 82.5% imported from Russia, 8.4% from Azerbaijan, and 9.0% from Armenia. However, around half of imported electricity from Russia was sent to the Abkhazian region at a heavily discounted price (16% of the average import price)¹⁴² ([Bochorishvili and Chakhvashvili 2023, 6](#)).

¹⁴² This follows a similar pattern to Moldova, where Russia supplied gas to the *de facto* separatist republic of Transnistria at no cost until January 2025 (see Chapter 4).

Figure 61. Georgia: Energy Sources and Final Consumption (%) (2023)



Source: International Energy Agency (author's calculations)

B) Trade

Georgia's geographic position between the Black Sea and the Caspian Sea has made it a vital transit corridor. Poti is Georgia's largest port, with a capacity of around 9 million tonnes annually, while Batumi functions primarily as an oil export terminal for Azerbaijani crude. The long-planned deep-sea Anaklia Port, designed to accommodate vessels up to 100,000 DWT and reduce dependence on foreign-owned terminals, was suspended in 2020 amid political and financial disputes ([Kapandze 2024](#)). The absence of a deep-water port continues to constrain Georgia's capacity for large-scale exports and integration into global shipping routes. Re-exported vehicles and related services are a major contributor to domestic value-added and exports (section III).

Before the 2006 Russian embargo, Georgia's exports were highly dependent on Russia, which accounted for over 35% of exports - primarily wine, mineral water, and agricultural produce. The embargo, imposed on "phytosanitary grounds," triggered a sharp reorientation with wine exports falling by 80% between 2005 and 2007 (Geostat). By 2010, the EU and Turkey had overtaken Russia as Georgia's main trade partners. The EU-Georgia Deep and Comprehensive Free Trade Area (DCFTA), which entered into force in 2016, further

accelerated this shift: by 2022, around 21% of Georgian exports went to the EU, compared to 13% to Russia (Geostat 2023). Despite declining goods exports to Russia, exports to the wider CIS market exceeded exports to the EU throughout the period under study (figure 62). Moreover, other studies which focus on goods exports miss the fact that service exports to Russia remained fundamental to the Georgian economy (see section III). Moreover, since the partial lifting of the wine embargo in 2013, Russia has again become a major market.

Apart from wine, Georgia exports copper ores and concentrates and ferroalloys are key exports, mostly destined for the EU and China. The government has created at least 5 Free Industrial Zones (FIZs) to promote the growth of manufacturing and logistics ([Absandze 2018](#)), but with only modest success. Georgia remains only partially integrated into European supply chains compared to Moldova's more impressive machinery sector and experience with Special Economic Zones (SEZs) (see Chapter 4).

Figure 62. Georgia's Exports to the EU and CIS (% of total exports)

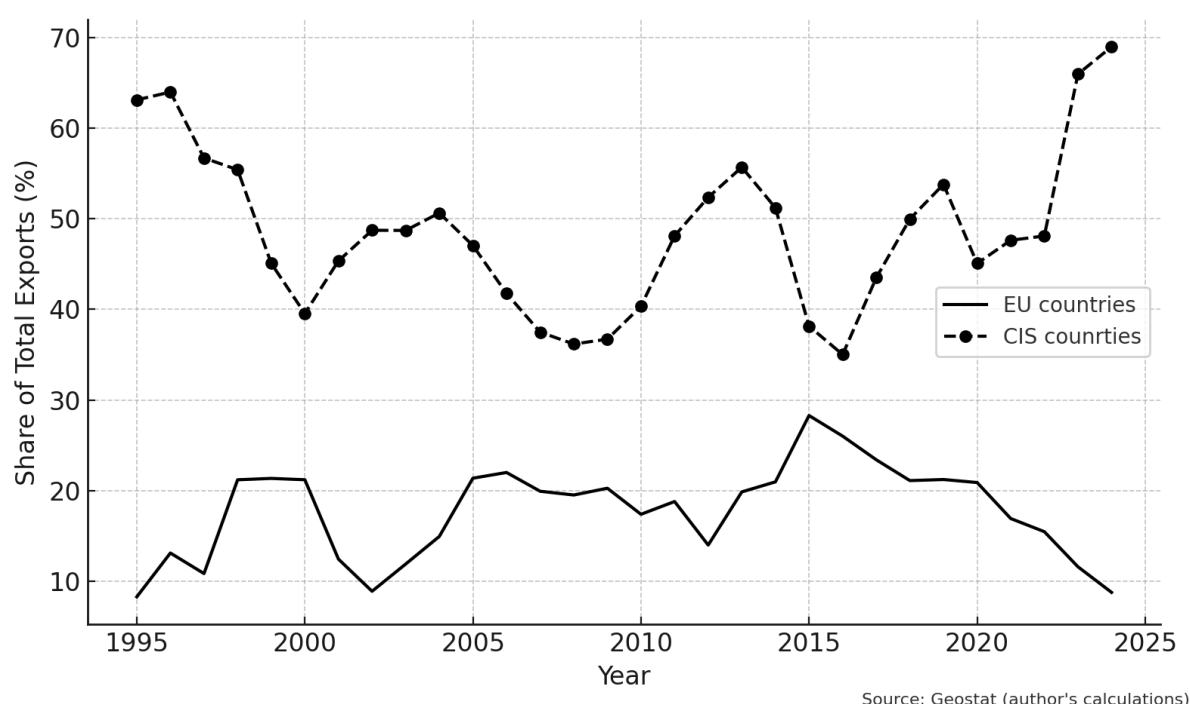
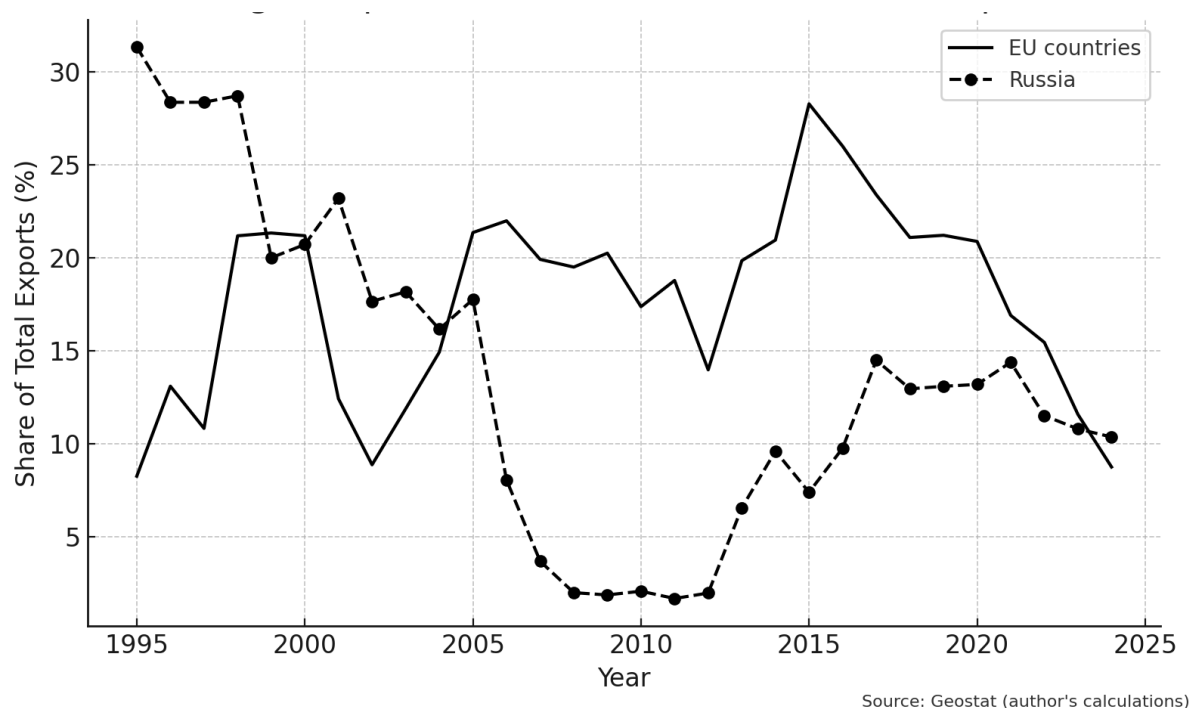


Figure 63. Georgia's Exports to the EU and Russia (% of total exports)



Import dependence remains high, especially for manufactured goods, as a consequence of stark import liberalisation after 2003, discussed in section II. Aside from the EU and Russia, neighbouring Turkey and Azerbaijan stand out. Turkish firms dominate construction, retail, and transport infrastructure, as well as real estate investment in Western Georgia, while Azerbaijan dominates energy imports and transit. In sum, Georgia's trade is much more diversified than Armenia and Moldova which display strong bilateral dependencies¹⁴³. However, this diversification belies key sectoral vulnerabilities: extractives imports to the EU are highly concentrated (see Chapter 2 on the DCFTA), while service exports display high tourism/FDI dependencies which make Georgia particularly exposed to global market fluctuations, as discussed in more detail in section IV.

¹⁴³ For Moldova, energy dependency on Russia prior to 2022 and export dependence on the EU. For Armenia, energy and export dependence on Russia, with the exception of extractives, which depend heavily on the EU market (see chapters 4 and 6).

C) Finance

Development and Military Aid

From 2003 and especially from 2008 to 2014, Georgia was by some estimates the largest per capita recipient of development aid in the world. Between 1997 and 2007 Georgia received an average of 180\$ million in aid per year, and ~150\$ million per year in military and non-military aid from the US alone between 2010-2018, not including other sources of development finance¹⁴⁴. In 2008 the country received 1\$ billion (6.7% of GDP) in a joint US-EU aid package after the Russo-Georgian War ([Reuters 2008](#)). As discussed in more detail in section II and IV, by around 2014 development aid as a share of external financing began to diminish, culminating in the EU suspending €121 million in June 2024 ([EU for Georgia 2024](#)). Meanwhile, loans from IFIs and development banks became the main source of external financing.

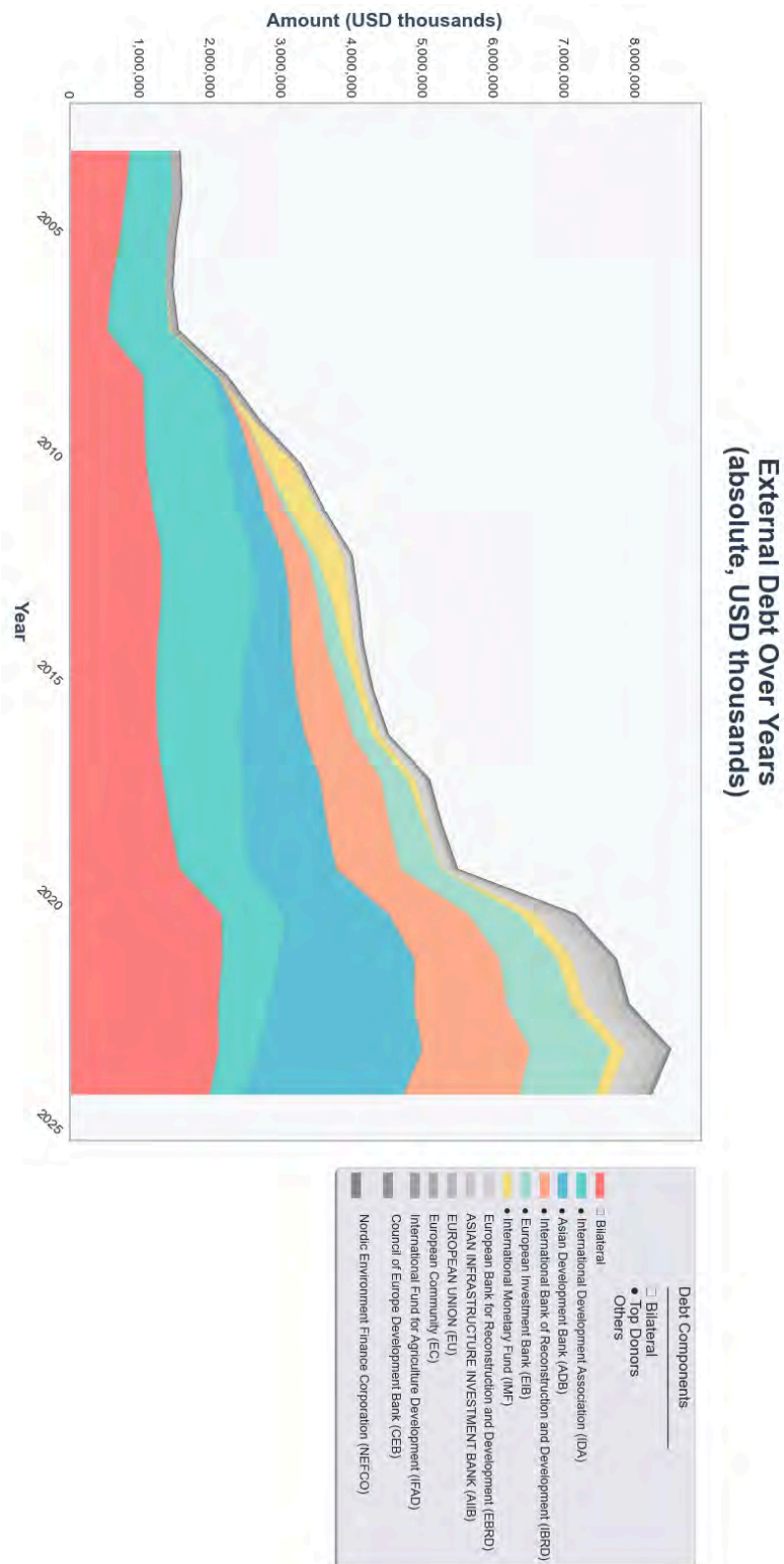
IFIs and Public Debt Structure

IFIs account for the majority (~74% as of 2024) of Georgia's external debt, which stood at 49.4% of GDP in 2024¹⁴⁵. The Asian Development Bank (ADB), World Bank, and European Investment Bank (EIB) collectively hold about 45% of all external public debt; the European Bank for Reconstruction and Development (EBRD) and IMF are smaller but strategic lenders. By contrast, bilateral development banks, such as the Japan International Cooperation Agency (JICA), KfW Bankengruppe (Germany), and the French Development Agency (AFD) - hold around 18-20% (Ministry of Finance of Georgia 2024). The average interest rate on concessional loans was 1.3 %, compared with 4.8% for market-based borrowing. Thus debt servicing costs are lower than for Ukraine (which has a high share of private external debt) but highly dependent on continued IFI disbursements. The majority of debts to IFIs are related to infrastructure and connectivity projects. Turkish and Azerbaijani capital also play a crucial role in financing logistics and infrastructure projects such as oil and gas transit and the Baku-Tbilisi-Kars railway.

¹⁴⁴ Author's calculation based on multiple EU and US press releases.

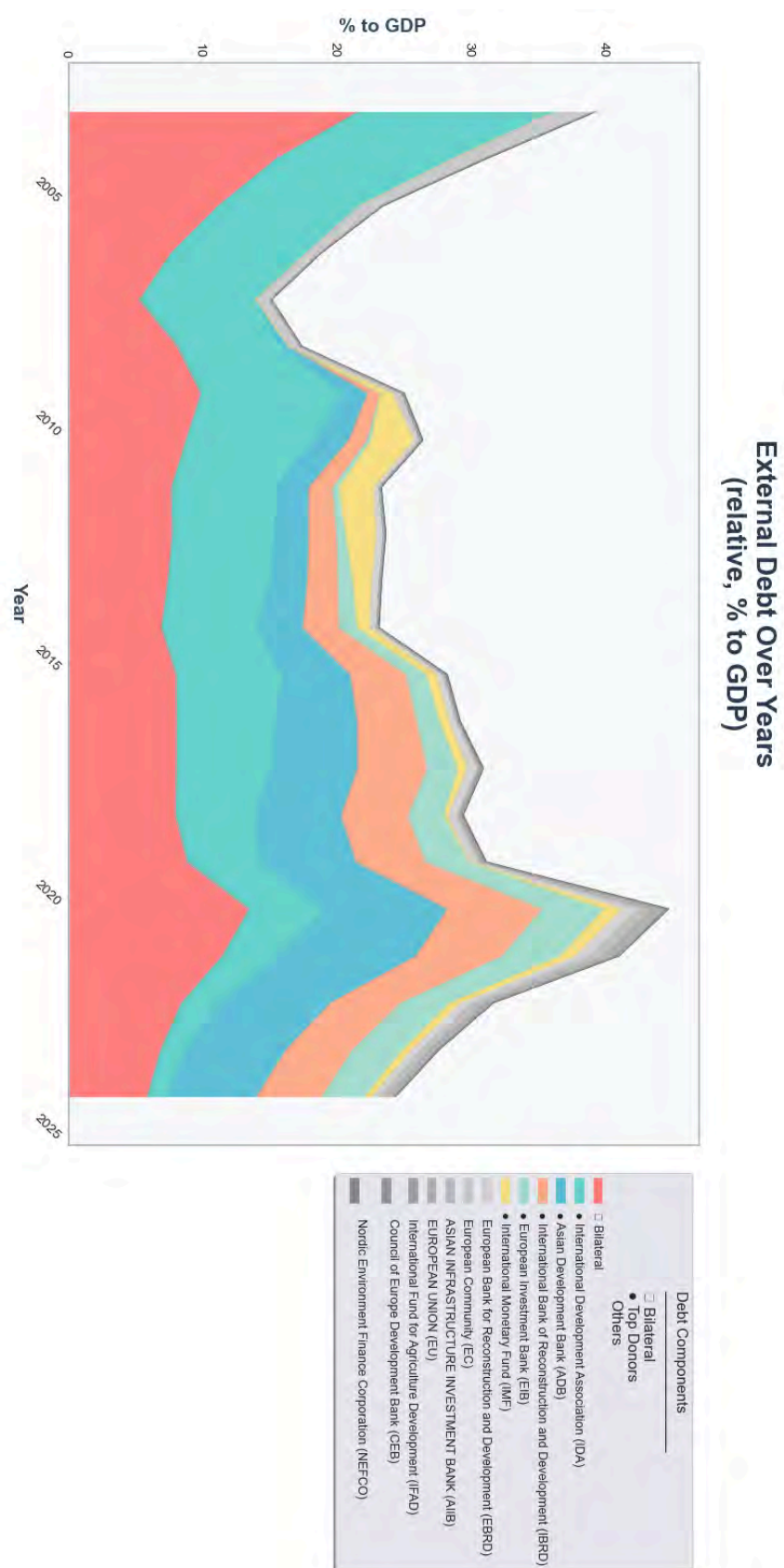
¹⁴⁵ A relatively low percentage for a developed economy, but high for countries reliant on concessionary loans. Bonds issued in local currency would inevitably require exorbitant interest rates, while Eurobonds and other foreign-currency denominated debt present severe foreign-exchange risks.

Figure 64. Georgia: Outstanding External Debt to IFIs & Bilateral Lenders (1000 USD)



Source: Ministry of Finance of Georgia (author's calculation)

Figure 65. Georgia: Outstanding External Debt to IFIs & Bilateral Lenders (% of GDP)



Source: Ministry of Finance of Georgia (author's calculation)

The EU and IFIs also played a role in macro-financial stabilisation. In 2023, total disbursements from IFIs reached \$1.1 billion, equivalent to 4.6 % of GDP. A \$400 million loan from the ABD and a \$289 million IMF's Stand-By Arrangement helped the country to weather the COVID-19 pandemic which affected the crucial tourism industry, as well as price shocks after the Russian invasion of Ukraine. Domestic investment and development finance is shallow, with the state-owned Partnership Fund created in 2011 managing assets equivalent to only 1.2 % of GDP.

Banking Sector and Foreign Ownership

The financial system is largely foreign-controlled. As of 2024, 85% of banking assets were held by two institutions listed on the London stock exchange and majority foreign-owned: TBC Bank and Bank of Georgia. The EBRD held an 11.8% equity stake in Bank of Georgia until 2006 ([EBRD 2006](#)) and is a minority shareholder in TBC Bank, reducing its equity stake from 5% to 3.5% in 2022 ([EBRD 2022](#)). The remainder of the domestic banking sector is also majority foreign owned, and foreign investors also dominate the real estate and tourism sectors. The inflow of real estate capital has contributed to a 44 % increase in residential prices between 2019 and 2024 ([Geostat 2024](#)).

FDI and External Vulnerability

FDI has consistently financed Georgia's current account deficit. Gross inflows averaged \$1.55 billion between 2016-2024 (32.2% of gross capital formation and 7.3% of GDP) (table 23). EU countries were the main source of FDI throughout the period under study, while CIS countries contributed a significant share from 2003-2006 and 2012-2018¹⁴⁶. The largest single-country sources of FDI have been the UK, the Netherlands, Azerbaijan, Turkey and the US.

FDI inflows are highly sensitive to political and regional security shocks: they fell by 56.5% from 2019 to 2020 as a result of the Covid-19 pandemic. Portfolio investment remains

¹⁴⁶ 2003-2006 marks the period between the Rose Revolution and the deepening of hostilities with Russia (spy expulsion scandal and gas pipeline explosion - see section II). 2012-2018 marks the period of the Georgian Dream's early incumbency and normalisation of relations with Russia.

negligible¹⁴⁷, and Georgia has only issued sovereign Eurobonds on 4 occasions - in 2008, 201, 2013 and 2021 - relying instead on IFI credit lines and concessional loans.

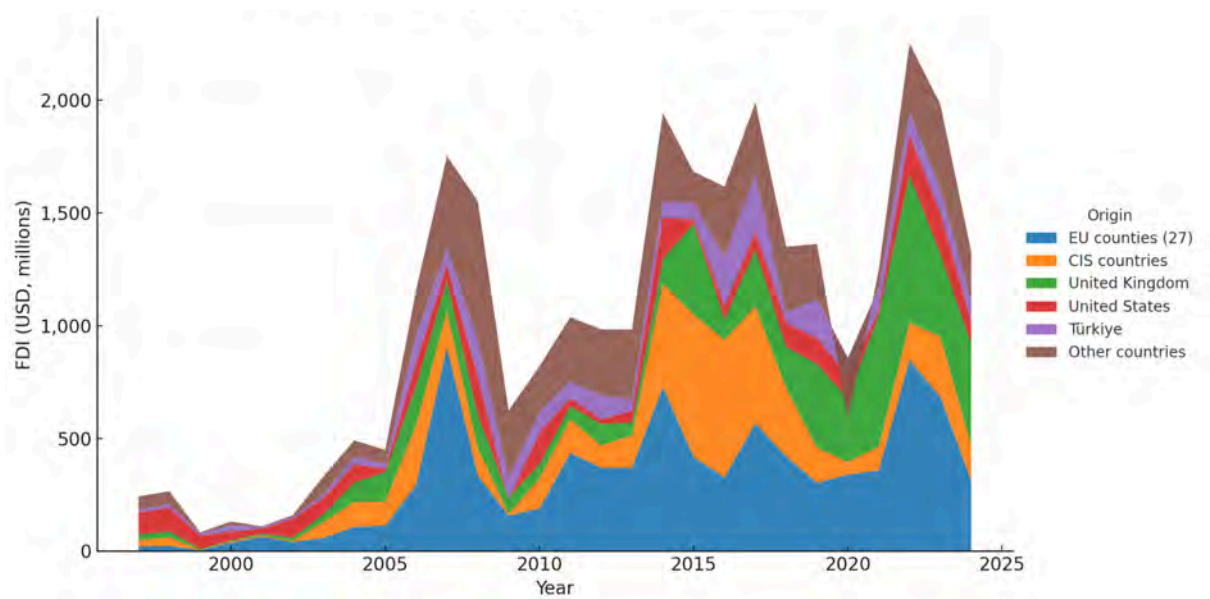
Table 24. Georgia: Average FDI by sector (2016-2024) (1000 USD)

	Average FDI by sector	% of average FDI
Total	1,549,545.74	100
Financial & insurance activities	398,841.03	25.74
Transportation & storage	185,474.33	11.97
Manufacturing	146,361.44	9.45
Electricity, gas, steam & air conditioning supply	143,338.99	9.25
Wholesale & retail trade; repair of motor vehicles & motorcycles	144,792.34	9.34
Real estate activities	99,747.32	6.44
Arts, entertainment & recreation	86,535.47	5.58
Construction	84,428.94	5.45
Information & communication	71,032.51	4.58
Accommodation & food service activities	39,386.57	2.54
Mining & quarrying	35,073.50	2.26
Professional, scientific & technical activities	33,178.49	2.14
Water supply; sewerage, waste management & remediation	22,613.17	1.46
Administrative & support service activities	16,970.17	1.10
Human health and social work activities	14,430.19	0.93
Education	12,531.53	0.81
Other service activities	10,756.41	0.69
Agriculture, forestry & fishing	4,053.34	0.26
% of gross fixed capital formation		32.2%
% of GDP (current USD)		7.2%

Source: Geostat FDI Portal, World Bank WDIs

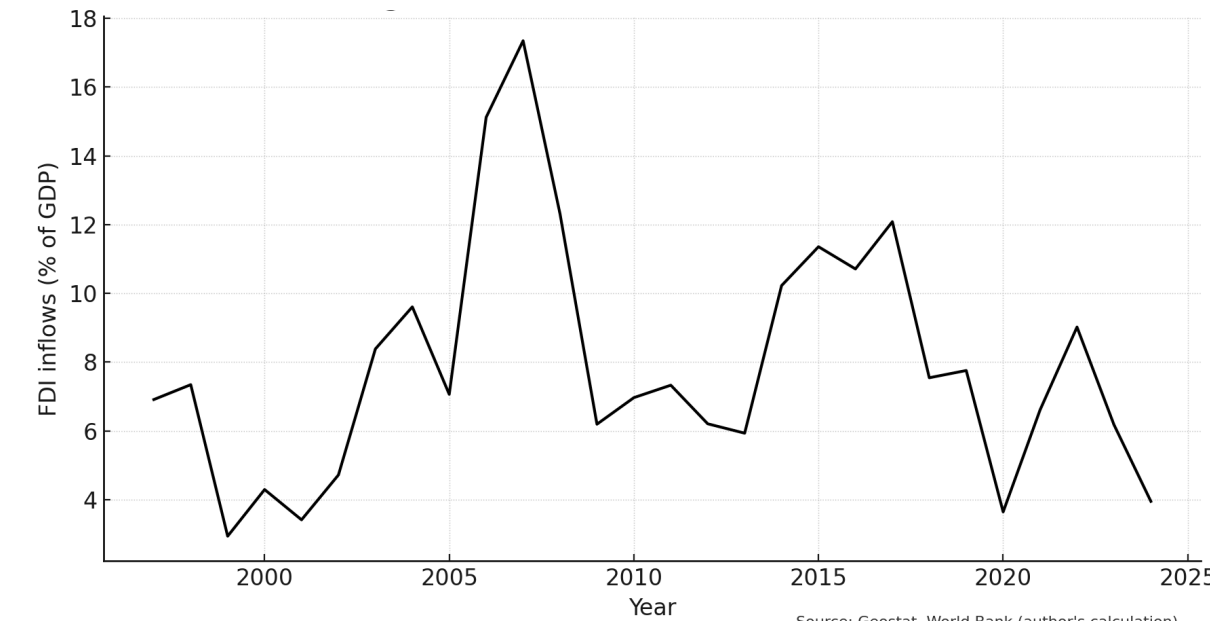
¹⁴⁷ The Tbilisi stock exchange is small and illiquid. Two banks are listed on the London Stock Exchange (Bank of Georgia and TBC Bank) and a handful of companies and SOEs have issued corporate bonds.

Figure 66. Georgia: FDI Inflows by Country and Country Group (1997-2024) (million USD)



Source: Geostat (author's calculations)

Figure 67. Georgia: FDI Inflows (% of GDP) (1997-2024)



Source: Geostat, World Bank (author's calculation)

Remittances constitute another major external stabiliser. In 2024, inflows reached \$4.4 billion, equivalent to 14.7% of GDP ([Caucasus Watch 2025](#)). Russia was the largest source until 2024, when the remittances from the US totalled \$571.1 million compared to \$548.2 million from Russia. While diversification has increased since 2022, this historical dependence on Russia exposed Georgia to changes to the Russian economy and migration flows as well as international sanctions. Tourism receipts have grown into the second-largest source of foreign exchange after remittances. According to the World Bank ([World Bank 2024](#)) international visitors generated 4,1 billion USD in revenue in 2023 (~13% of GDP), with 61% of visitors coming from neighbouring Russia, Turkiye, Armenia, and Azerbaijan.

II. Realignment: Critical Moments

This section comprises an analytical narrative focusing on the three main critical junctures in independent Georgia history for the purposes of our research question: the Rose Revolution of 2003, the Russo-Georgian War of 2008 and the breakdown of relations with the EU around 2023.

A) Prelude: The Georgian 90s

The Georgia that emerged from the collapse of the Soviet Union in 1991 was deeply scarred by the violence of the early post-independence period. Economic collapse, civil war and the rise of separatist enclaves had dismantled much of the country's institutional capacity, leaving it unable to exercise effective sovereignty over much of the country and provide basic public goods. The first challenge was the outbreak of armed conflict following the first elected President Zviad Gamsakhurdia's ouster in 1992. This civil war pitted Gamsakhurdia's loyalists against Eduard Shevardnadze (First Secretary of the Georgian Communist Party 1972-1985 and Foreign Minister of the Soviet Union in 1991) mostly in the Western Samegrelo region ([De Waal 2018](#)). Shevardnadze emerged victorious, but the conflict exposed the central government's fragile grip. In the same period, wars in Abkhazia (1992-1993) and South Ossetia (1991-1992) resulted in de facto secession of these regions under ethnically-based separatist governments with support from Russia. Hundreds of thousands of internally displaced persons fled to other parts of Georgia.

By the late 1990s, the territorial map of Georgia was fragmented into a patchwork of *de facto* autonomous or semi-independent regions. Abkhazia and South Ossetia remained outside Tbilisi's control. The Adjara region, under the personal fiefdom of Aslan Abashidze, operated with a high degree of autonomy, collecting its own customs revenues through the Black Sea port of Batumi and resisting central government authority. In Samegrelo, local armed groups left over from the civil war weakened central control.

The economic consequences of this political disintegration were devastating. By the mid-1990s, GDP had collapsed to a fraction of its late-Soviet level. Industrial output shrank, agricultural production stagnated, and the government lacked the capacity to collect sufficient tax revenues. Chronic budget deficits left public sector employees unpaid for months, undermining morale and incentivizing predation. Problems in the energy sector were particularly acute: blackouts frequently lasted 18 to 20 hours a day, with electricity available only through informal connections or bribes to utility officials.

Privatization, initiated in the early 1990s under pressure from IFIs, became a primary vehicle for asset stripping rather than productive restructuring. As in our other cases weak legal safeguards and politicized decision-making, led to the transfer of enterprises and agricultural land to politically connected insiders. Many of these new owners lacked the capital or interest to maintain production, further accelerating economic decline. Industrial employment plummeted from 695,000 (1990) to 284,000 (1996), with total production collapsing 78% by 1995 and formal sector jobs evaporating ([Japaridze 2025](#)). Privatization thus contributed to the consolidation of a small group of economic elites whose fortunes were tied to their proximity to the state rather than market competition.

Corruption was systemic and deeply embedded in both state and society. Public offices were widely perceived as opportunities for personal enrichment. Positions in customs, tax collection, police, and energy distribution were effectively bought and sold. The symbiosis between politics and organized crime blurred the line between formal and informal authority. Networks of so-called *thieves-in-law* penetrated state institutions, using their influence to shield illicit activities in exchange for political loyalty or financial contributions. Smuggling and contraband trade flourished, facilitated by porous borders and weak enforcement ([Wilson 2014](#)). Organized crime not only undermined the rule of law but also substituted for it many localities.

Shevardnadze's government was able to secure some Western aid and IMF loans, and maintained a degree of *strategic hedging*. However, he possessed neither domestic legitimacy nor a monopoly on violence, creating space for the movement which would topple the regime in 2003.

Table 25. Contested Regions of Georgia prior to 2003

	Status before 2003	Status by 2008	Key Actors	Sources of Power
Abkhazia	De facto independent after 1992-1993 war; Russian "peacekeepers"	Remains <i>de facto</i> independent	Abkhaz leadership under Vladislav Ardzinba	Russian military and economic support, black-market trade
South Ossetia	De facto independent after 1991-1992 conflict; Russian "peacekeepers"	Remains <i>de facto</i> independent	Eduard Kokoity and allied networks	Local militias, smuggling hub (Ergneti market)
Adjara	Autonomous republic, <i>de facto</i> quasi-independence	Autonomous republic, full central government control after 2004	Aslan Abashidze & Abashidze-Gogitidze clan	Control of customs revenues via Batumi port, local police and security forces
Samegrelo	Formally under central control but unstable post-civil war	Full central government control by 2008	Zviadist militias, informal local leaders	Armed groups, loyalty networks, contraband routes to Abkhazia
Samtskhe-Javakheti	Under Georgian control but with high Armenian minority autonomy	Armenian minority autonomy reduced, leaders coopted	Local Armenian political and business figures	Local economy, contraband routes to Armenia (Sadakhlo market)

B) The Rose Revolution 2003

The Rose Revolution unfolded over the course of three weeks in November 2003, triggered by widespread allegations of electoral fraud during the November parliamentary elections. Opposition forces coalesced around Mikheil Saakashvili, leader of the United National

Movement (UNM), and his allies Zurab Zhvania and Nino Burjanadze, who had broken from Shevardnadze's camp earlier that year. A youth movement *Kmara* ("Enough") and prominent Western-funded NGOs organized mass protests ([De Waal 2018, 191](#)). On 22 November, during the ceremonial opening of the new parliament, Saakashvili and hundreds of supporters pushed past security and entered the building carrying roses. Shevardnadze declared a state of emergency, but security forces refused to move decisively against the demonstrators.

Negotiations brokered by Russian Foreign Minister Igor Ivanov took place the next day, but facing mass mobilisation and defections from key political allies Shevardnadze resigned and new elections were scheduled for early 2004. Saakashvili was elected president with an exceptionally high 96% of the vote, while his UNM party won 153 out of 235 seats in parliament ([De Waal 2018, 194](#)). The new ruling elite which came to power in 2003 comprised the most radical neoliberal reform team of all of our four cases since 1991, equipped with a substantial majority. Immediately they embarked upon a dramatic attempt to transform Georgia focused on three related prongs: radical market liberalisation focused on attracting FDI and Western support, a war on petty corruption and organised crime and the centralisation of state power.

The first prong was driven by Minister of Economy Kakha Bendukidze, a Georgian-born oligarch who amassed substantial wealth in Russia during the 1990s through engineering and heavy industry holdings before returning to Georgia in 2004. A staunch libertarian, he became the chief architect of the country's radical economic liberalization. Bendukidze oversaw a sweeping simplification of the tax code, reducing the number of taxes from twenty-one to six, slashing rates, and cutting regulation by abolishing hundreds of permits and licenses. His policies also promoted openness to foreign investment and streamlined customs and property registration procedures. Policies were specifically designed to target international rankings such as the World Bank's "Ease of Doing Business" with the aim of attracting FDI inflows, leading to a rise within four years from 127th position (2003) to 79th position ([Lazarus 2013, 271](#)). For a while, this strategy was successful: GDP grew between 2005 and 2007 by almost 10% annually and FDI constantly increased up to US\$ 2 billion in 2007, equivalent to approximately 20% of GDP ([Timm 2013 9](#)). Most FDI flowed into real estate, tourism and imports. Another key recipient of FDI was large infrastructure projects such as hydro-electric stations, which were granted extremely generous tax regimes and often supported by loans from IFIs (see section IV). In July 2006 Saakashvili claimed that the state

budget had increased from \$350 million before the Rose Revolution to \$3 billion ([De Waal 2018, 195](#)). Privatisation was relaunched, with the government claiming that the 2% of state assets sold in 2004-2005 generated more revenue than during the previous 9 years under Shevernadze. However, privatisation remained rushed, opaque and poorly monitored, with many sales granted to insiders by presidential decree ([Jones 2013, 200](#)).

The second prong was an aggressive campaign to dismantle organised crime and petty corruption. Police reform was the flagship measure: the entire, notoriously corrupt traffic police force was disbanded overnight, replaced with a new, better-paid patrol police, supported by large-scale recruitment, training, and equipment. This was coupled with a broader purge - tens of thousands of public employees were dismissed, salaries for remaining staff rose up to fifteen-fold, and bureaucratic layers were slashed to remove rent-seeking opportunities. However, Bolkvadze and Lebanidze ([Bolkvadze and Lebanidze 2016](#)) argue that post-revolutionary police reform in Georgia prioritized operational efficiency over democratic accountability, creating a more effective but equally more repressive police force under the incumbent's control. In a similar vein, judicial reform in 2007 sought to create "institutional independence," but in practice courts remained subordinated to the prosecutor's office, with judges often acting as rubber stamps for the state ([Wilson 2014, 13](#)). Anti-corruption drives relied heavily on coercive, extra-judicial "voluntary contributions" from businessmen and former officials, extracted under threat of prosecution and channelled into state coffers or special law-enforcement accounts ([Timm 2013, 11](#)). These measures, alongside a "Law on Unreasoned Property" that shifted the burden of proof onto officials to justify assets, were backed by harsh sentencing - bribe-taking by public servants carried a minimum six-year prison term. The new government displayed spectacular performance in reducing petty corruption and boosting budget revenues, with the number of Georgian firms reporting bribery to officials falling from 38% in 2002 to 8% in 2005 ([Jones 2013, 197](#)). Yet they also institutionalised informal coercion while preserving elite impunity.

The third prong was centralisation of power in two senses: bringing regions which had become de facto autonomous during the 1990s back under Tbilisi's control, and concentrating decision-making in the executive. In Adjara, the May 2004 standoff with local strongman Aslan Abashidze ended in his exile to Russia and the dismantling of his fiefdom, reasserting central authority over a key Black Sea region ([Wilson 2014, 7](#)). Similar moves followed in other territories, with the closure of major contraband hubs such as Ergneti and Sadakhlo,

depriving local power brokers and criminal networks of key revenue streams. Internally, constitutional amendments in early 2004 expanded presidential powers, allowing Saakashvili to dissolve parliament or the cabinet. This facilitated rapid policy implementation but also entrenched executive dominance over the judiciary and legislature ([Papava 2006, 661](#)). The concentration of authority also underpinned the government's anti-crime drive: police, prosecutors, and security services acted in a coordinated, top-down fashion to dismantle organised crime groups. By 2007, while Tbilisi's grip on the regions was secure and low-level corruption and organised crime sharply reduced, but at the cost of centralised and informal governance. As Loxton ([2018](#)) has argued, after the overthrow of authoritarian regimes, the former ruling party often forms the opposition and - endowed with resources and media from its time in power - can act as a counterweight to the new government. This was broadly the case of the Communist Party of Moldova (PCRM) after it lost power in 2009 and the Armenia Alliance led by former President Kocharyan in Armenia after the 2018 Rose Revolution. This was conspicuously not the case in Georgia, where representatives of the previous regime were co-opted or pursued by law enforcement ([Way 2022](#)).

Saakashvili and his team's reforms resulted broadly speaking in three major reforms, each intertwined with three pathologies which have plagued Georgia throughout the period under study. Firstly, the economy fundamentally moved away from the Soviet legacy of state-ownership, bureaucratic predation and soft budget constraints. Most major industries were privatised, regulation and taxes were dramatically simplified and public finances brought under a neo-liberal inflation targeting regime. However, this liberalisation was accompanied by a highly centralised and discretionary form of capitalism, in which access to lucrative markets, state contracts, and privatisation deals was mediated through personal ties to the ruling elite. Vladimer Papava, the Minister of Economy from 1994-2000 highlights that Georgia after 2003 proved that a firmly marketised state, freed from the Soviet legacy of heavy state involvement in the economy, could nonetheless remain firmly patronal ([Papava 2005](#)). Timm ([Timm 2013, 2](#)) notes how "low regulatory density and the prevailing dogma of non-intervention contributed to a relocation of the distribution of economic advantages from the formal to the informal sphere", creating a situation where "informal intervention significantly shaped the distribution of economic advantages".

Secondly, the near-eradication of petty corruption and the organised crime which had plagued Georgia throughout the 90s was mirrored by endemic elite corruption and state capture. State

procurement, construction and large infrastructure projects became the key sectors for the rebuilding of new patronage networks, which have been studied by Wilson (2014) and Kupatadze (2018) (see table 26).

Table 26. Oligarchs and Clans in Georgia (2003-2008)

Name/Clan/Family	Political Role	Business Interests	Region
Levan Varshalomidze	Governor of Adjara (2004-2012)	Family links to Georgian State Oil Company	Adjara
Abashidze-Gogitidze clan	Leadership of Adjara pre-2004	Fund for the Development of Adjara	Adjara
Akhalaia clan	High-level security posts	Prison system	Samegrelo
Vano Merabishvili	Interior Minister, PM (2012)	Chocolates, communications	National
Rcheulishvili clan	MPs, two deputy speakers	Centre Point Group (construction) ¹⁴⁸	National
Bezhuashvili family	Foreign Minister, MP	Gas, cement (Kaspi Cement), media (Mze, Rustavi 2 ¹⁴⁹)	Kvemo-Kartli
Cesar Chocheli	MP 2003-2008, Governor of Mtskheta-Mtianeti 2008-2012	New Energy group (construction)	Mtskheta-Mtianeti
Irakli Chikovani	Head of Communications Commission	Magi Style, Meno International (construction)	National
Kandid Kvitsiani	Local MP	Enguri (ski resort construction)	Svaneti
Giga & Levo Bokeria	Giga - MP 2004-2008	Levo - Construction	National
Giorgi Arveladze	Economy Minister (2006-2008)	Construction	National
Davit Kezerashvili	Defense Minister (2006-2008)	Petrol monopolies	National
Kakha Okriashvili	MP 2004-2020	Pharmaceutical monopoly	National
Koba Nakopia	MP 2008-2016	Madneuli gold & copper mining	National

Source: (Wilson 2014)

¹⁴⁸ The Rcheulishvili clan was at the centre of the largest construction scandal of the Saakashvili era. Their “Center Point Group” received a total of USD 310 million from investors to construct houses but failed to complete 30 projects, leaving nearly 6,200 families without houses (TI Georgia 2012). Vakhtang Rcheulishvili was deputy chair of the parliament from 1995-2004 and his brother -in-law Rusudan Kervalishvili was deputy chair from 2006 to 2012 (Wilson 2014).

¹⁴⁹ Major UNM-aligned TV channel

Thirdly, the government successfully restored its monopoly on violence in all regions except for Abkhazia and South Ossetia. Yet this came at the cost of a highly centralised state, where decentralisation of power to local government was minimal¹⁵⁰ and local clans were still used to “manage” regions ([Losaberidze 2023](#)). Although civil society organisations and youth movements were widely credited with bringing the UNM to power during the Rose Revolution, they were subsequently instrumentalised by the government in its quest to present Georgia as beacon of the already waning ideology of “transition theory”¹⁵¹ ([Stefes and Paturyan 2021](#)). A 2011 Transparency International report noted that while CSOs were largely independent and did not face restrictions from the government, their ability to hold authorities to account was “severely limited” due a shortage of skilled professionals, few links to wider society, a lack of independent media with which to cooperate and the government’s “dismissive attitude” towards CSOs ([Transparency International Georgia 2011](#)). Finally, Saakashvili’s attempts to restore Georgian control over South Ossetia set the scene for the Russo-Georgian War of 2008.¹⁵²

C) The Russo-Georgian War and the Global Financial Crisis

From the Rose Revolution onward, relations between Tbilisi and Moscow deteriorated sharply, marking the first shift among our cases to a *single vector* policy. There were some caveats: Russian companies benefitted from Saaskashvili’s privatisation drive due to insufficiently transparent purchase procedures enabling them to acquire assets through EU subsidiaries ([Papava 2006, 665](#)). The Russian Inter RAO acquired the Tbilisi electricity distribution network ([Gularidze 2003](#)) and two hydropower plants¹⁵³ through a Dutch subsidiary. The Industrial Investors group purchased the Madneuli gold-mining enterprise and 50% of the Kazreti gold alloy plant, while the Russian state-owned *Vneshtorgbank*

¹⁵⁰ Unlike Ukraine’s ambitious decentralisation reform after 2014, Georgia’s lacked substantive fiscal decentralisation to empower the local level. Evidence of lack of autonomy is the switching of loyalty of many local councils to the GD party after their 2012 election victory ([Zotikishvili 2020](#)).

¹⁵¹ The belief that through democratisation aid, civil society and elections, democracy would eventually consolidate. As noted in chapter one, this paradigm had already come under heavy criticism around the time of the Rose Revolution, most notably through the work of Carothers ([2002](#)).

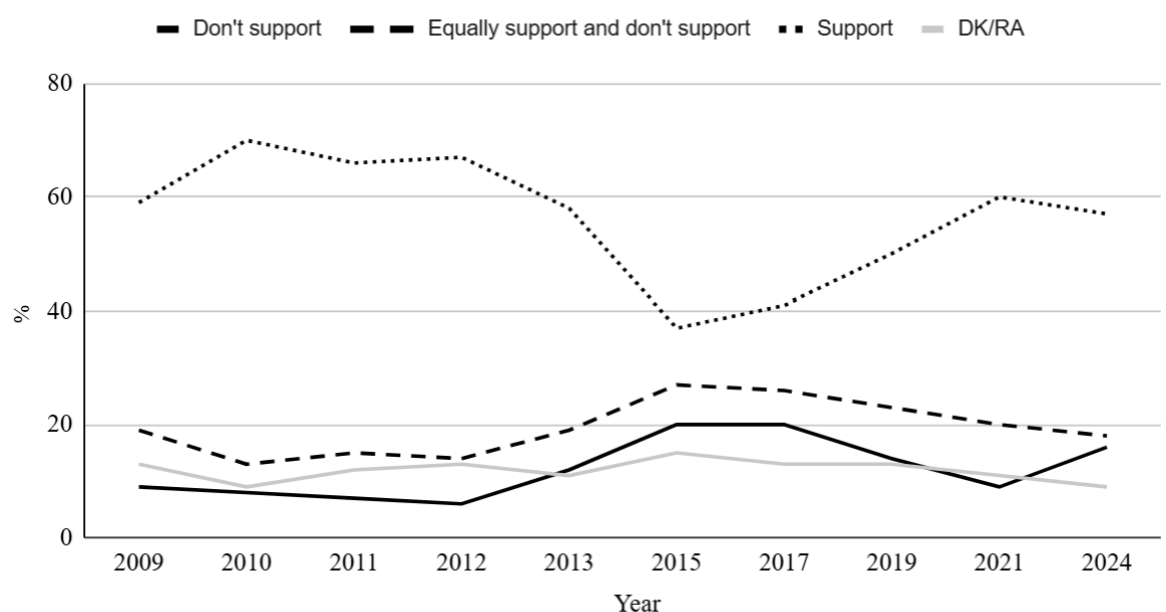
¹⁵² This statement does not imply Georgia’s responsibility for the 2008 war. There is much scholarship (and much more public controversy) over the responsibility for the 2008 conflict, which cannot be meaningfully condensed for the purpose of this dissertation. It is however worth noting that accusing Saakashvili of provoking the conflict has become an increasingly important part of the incumbent Georgian Dream’s political messaging, especially after the Russian invasion of Ukraine.

¹⁵³ After the 2008 Russo-Georgian War Inter RAO also took responsibility for managing the supply of electricity from Georgia’s largest hydropower plant - the Enguri HPP - to Abkhazia, although the plant itself is under Georgian state ownership. The Enguri HPPs reservoir is located in government-controlled territory, while the generators are in *de facto* Abkhazian territory.

purchased the controlling shares in the United Georgian Bank, the third-largest bank in Georgia, in 2005 ([Papava 2006, 665](#)). A report by Dzvelishvili and Kupreishvili ([2015](#)) lists more than 30 assets held by Russian companies in Georgia, mostly in the energy sector.

Privatisation thus enabled Russia to pursue a similar agenda of controlling critical infrastructure as in Armenia and Moldova. Tourism from Russia remained a key revenue stream. However, rhetorically the Georgian government pursued an openly pro-Western foreign policy at Moscow's expense. Georgia deliberately reduced purchases of Russian gas, replacing it with supplies from Azerbaijan. Moves to reassert control over Russian-backed separatist regions and the expulsion of Russian intelligence officers in 2006 deepened hostility. Moscow responded with a ban on Georgian wine and mineral water ([Papava 2006, 666](#)), halting direct flights to Georgia and increased support for the *de facto* authorities in Abkhazia and South Ossetia, increasing troop deployments under the guise of "peacekeeping." NATO aspirations, which polls showed were broadly popular in Georgia (figure 68), were a key accelerant of tension. Saakashvili pushed for a NATO Membership Action Plan (MAP) in the run-up to the 2008 Bucharest Summit, which was backed by the United States but met with resistance from several European states wary of antagonising Russia. The Summit's compromise was to declare that Georgia (and Ukraine) would eventually join NATO but without a MAP ([De Waal 2018, 209](#)). Russians described NATO membership for Georgia as a "red-line", and military exercises near the Georgian border increased.

Figure 68. Survey: Support of Georgia's membership in NATO



Source: Georgia Caucasus Barometer

By mid-2008, low-level clashes in South Ossetia had intensified. Following a sharp escalation and claiming to respond to attacks on Georgian villages, Tbilisi ordered an assault on Tskhinvali ([Jones 2013, 239](#)). Russia responded by moving regular forces into South Ossetia, deploying tanks, artillery, and aircraft, and opening a second front in Abkhazia. In a five-day campaign, Russian forces pushed Georgian troops out of both breakaway regions and advanced deep into undisputed Georgian territory, occupying cities such as Gori, Poti, and Senaki. Air strikes hit military and logistical targets across the country, while naval forces blockaded the Black Sea coast. A French-brokered ceasefire on 12 August halted major combat but left Russian troops in control of expanded “security zones” around the separatist territories ([De Waal 2018, 215](#)).

The aftermath was strategically and politically damaging for Georgia. Russia recognised Abkhazia and South Ossetia as independent states, launched an economic reconstruction program, opened new transport routes to Russia and dispatched more troops ([De Waal 2018, 215](#)). Domestically, Saakashvili's government faced criticism for misjudging Moscow's willingness to escalate and for inadequate wartime preparedness. Western condemnation of Russia stopped short of military support, and Georgia's NATO path stalled. The war also coincided with the 2008 Global Financial Crisis (GFC). As well as the immediate impact, FDI inflows and growth in Georgia were sharply curtailed. The GFC led to outflows of FDI

from the periphery to the core of the global economy, with Georgia being no exception. Moreover, the previous five years of FDI driven growth had not contributed to the creation of export industries which could have softened the impact of the crisis ([Jones 2013, 184](#)). Pre-2008 growth had been heavily concentrated in tourism, real estate and finance, leading to import and FDI dependency and high dollarisation ([Eradze 2021](#)).

Saakashvili and Bendukidze's FDI-targeting market liberalisation reforms were much lauded by international observers and IFIs (in particular the World Bank). However, if before 2008 Georgia's FDI driven growth could be deemed healthy, after 2008 it became pathologically dependent on a blend of FDI, development aid and loans from IFIs for large scale infrastructure projects. By some estimates, Georgia was the largest per capita recipient of development financing in the period after the Russo-Georgian War. The final years of Saakashvili's rule were marked less and less by ambitious reforms and more by efforts to hang on to power through selective law enforcement and use of administrative resources. A political challenger emerged in the form of Badri Patarkatsishvili - a billionaire oligarch who had made his fortune in Russia and returned to Georgia with both the resources and the networks to mount a serious political challenge. Patarkatsishvili was one of the few figures in Georgia wealthy enough to mount a major challenge to the UNM, and he channelled substantial funds into opposition parties, media outlets, and protest movements ([Konończuk et al. 2017](#)). He tapped into grievances over growing inequality, the alienation of former allies of the Rose Revolution, and anger at the government's increasingly heavy-handed tactics - including the violent dispersal of mass demonstrations in November 2007, the temporary closure of the opposition-aligned Imedi TV (which he owned), and politically motivated prosecutions. Saakashvili's camp accused Patarkatsishvili of plotting a coup and of acting as a Kremlin proxy. Under mounting pressure Patarkatsishvili fled abroad, only to die suddenly in London in February 2008. Saakashvili's survival of this confrontation, however, did not restore the political balance of his early presidency. Instead, it foreshadowed the arrival of an even wealthier and more formidable opponent - Bidzina Ivanishvili, another Russia-made billionaire whose financial resources, political acumen, and ability to unite disparate opposition forces would ultimately break Saakashvili's hold on power and inaugurate a new era of oligarchic dominance in Georgian politics.

D) The “Georgian Dream”: Critical Juncture or Continuity?

The rise to power of the “Georgian Dream” party marked a new era of Georgian politics, but did not yet constitute a structural break, as the new government adopted many of the practices and institutions of rule forged by the UNM. However, by the late 2010s relations with the West began to deteriorate, culminating in harsh anti-Western rhetoric and the suspension of EU membership negotiations. This section traces the key moments in this transformation.

In 2010, the constitutional amendments were adopted which would switch Georgia from the “super presidential” system created by Saakashvili to a parliamentary republic. This move was ostensibly an attempt to create a genuine separation of powers within the country, but there was also much speculation at the time that with Saakashvili’s final presidential term coming to an end, the switch would enable him to retain *de facto* power under the new system ([Dalton and Turashvili 2012](#)). However, the United National Movement lost the election, with the Georgian Dream taking 85 out of 150 seats. Saakashvili remained as president until the October 2013 elections, where the Georgian Dream candidate Giorgi Margvelashvili defeated the UNM candidate with 62.12% of the vote. This was the first peaceful electoral handover of power in Georgia’s history.

The Georgian Dream successfully capitalised on socio-economic discontent, a series of scandals in the runup to the elections and anger at the UNM’s centralisation of power. Ivanishvili accused the government of “unprecedented pressure exerted on Georgian business through the use of the tax services, the prosecutor’s office and the judiciary” ([Jones 2013, 184](#)). The release of videos shortly before the election exposing widespread torture and sexual violence by prison guards shocked the nation. Saakashvili’s market reforms were much lauded abroad, but belied huge regional inequalities and high poverty and unemployment ([Kldiashvili 2012](#)). The UNMs second term in power had also been marred by what Timm calls “informal interventionism” ([Timm 2013](#)). Under the previous Shevernadze regime, legal rules provided the prerequisites for corruption. The density, complexity and often absurdity of regulation made it easy for officials to systematically extract bribes. Saakashvili’s deregulatory reforms massively reduced this kind of petty corruption, meaning it could no longer constitute a major source of patronage. Instead, informal interventions were used to shape economic advantage within the country. Timms identifies three main channels: property redistribution, regulating market access and “Corporate Political Responsibility”.

Property redistribution refers to the common practice after the Rose Revolution of law enforcement officials demanding that supposedly corrupt former officials “voluntarily” transfer their assets to the state, which were then auctioned off, often to regime insiders at favourable prices ([Rimple 2012](#)). This was an informal or extra-legal practice: no law on “re-privatisation” was ever passed. Market access referred to the informal restrictions on non-politically connected companies' ability to import goods and to compete for lucrative state tenders, and the selective use of inspections by the tax police. Corporate Political Responsibility refers to the practice of companies being expected to give donations to the ruling party, and to carry out political orders contrary to their market logic, such as lowering the prices of certain goods in response to presidential statements ([Timm 2013, 16](#)).

This “informal interventionist” regime harmed the FDI-driven development model which the UNM aimed to pursue even before the Global Financial Crisis and the Russo-Georgian War. But after 2008 the government began to mix its deregulatory agenda with state-led economic policy aimed, introducing a state-owned agricultural corporation in 2010, a Partnership Fund for Public Private Partnerships (PPPs) in 2011 and a state-owned winery *Gruzvinprom* ([Timm 2013, 23](#)). This was complemented by informal coercion of businesses to invest in new priority sectors, such as forcing insurance companies to invest in the newly created private hospital market ([Khishtovani and Pirveli 2012](#)).

Table 27. Formal and Informal Policy Regimes in Georgia (1991-2012)

	Policy	Formal Dimension	Informal Dimension
1991-2003	Balancing Power Groups	Distribution of advantages by tax exemptions, licensing etc.	Corruption pyramids, organised crime
2003-2008	Anticorruption, State-building, Limiting-state	Libertarian State, Deregulation, FDI-oriented development	Property re-distribution, Regulating market access, Corporate Political Responsibility
2008-2012	Legitimation through Performance, Economic development	Liberal regulations, State process policy	Continuation of informal state interventions

Source: [Timm 2013](#)

This is important context, because the Georgian Dream’s victory in 2012 is often excessively presented as a radical departure due to hindsight. At the time, the GD was seen as lacking the market radicalism of the UNM and having more of a “social democratic” flare¹⁵⁴. Indeed, the Georgian Dream was not rhetorically committed to free market dogma, and promised a number of measures to redress inequalities created during the Saakashvili era. Healthcare, which had been almost entirely privatised under the UNM, was not returned to state hands. Instead, GD’s universal healthcare model launched in 2013 was a publicly financed but privately delivered model, whereby the state guaranteed certain treatments by private providers. Pensions were raised substantially and a minimum introduced, while in 2018 a contributory pension scheme was launched ([Górecki 2024](#)).

However, at its core the Georgian Dream continued the late-Saakashvili era practice of blending state-led economic policy with a deregulated, FDI-driven model. On one hand, the government actively promoted large-scale infrastructure projects through state coordination and IFI financing - such as the East-West Highway, the North-South Gas Corridor expansion, and the Namakhvani and Nenskra hydropower plants - presented as strategic national investments ([Ferré et al. 2025, 260](#)). These projects were executed by foreign contractors

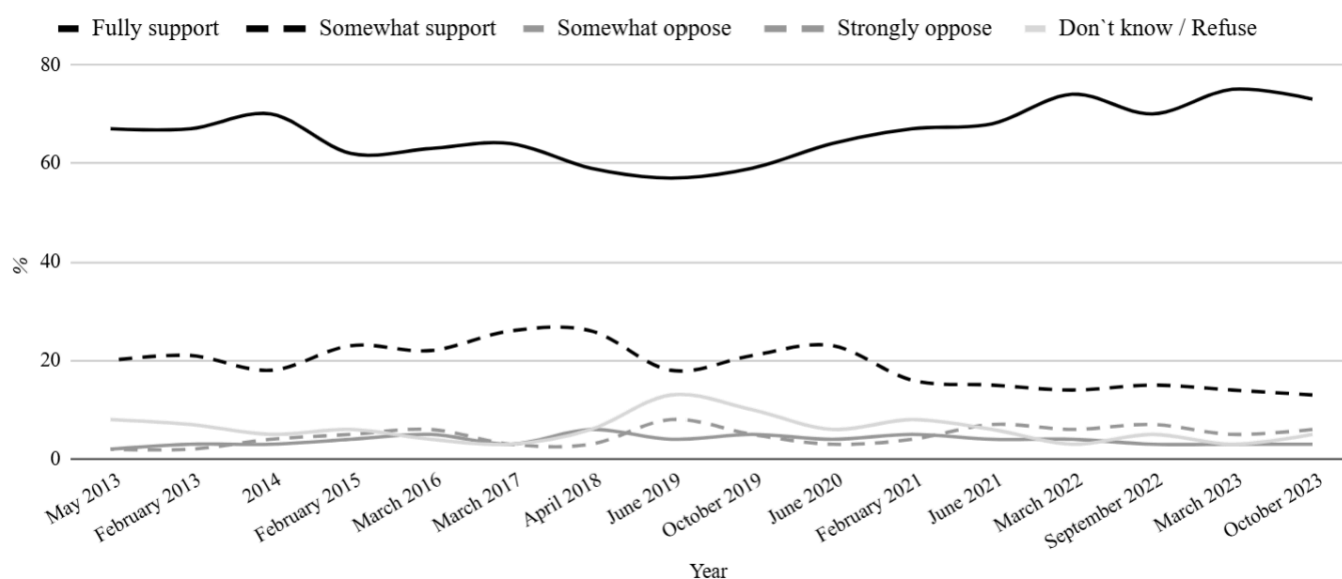
¹⁵⁴ The Georgian Dream was an observer member of the Party of European Socialists bloc in the European Parliament from (2015-2023) ([Civil Georgia 2023](#)). The GD left the bloc after it criticised Prime Minister Irakli Garibashvili’s participation and speech at the Conservative Political Action (CPAC) conference in Budapest in 2023, where Garibashvili devoted most of his speech to traditional values and Christianity.

under tax exemptions or long-term purchase guarantees, generating limited fiscal returns ([Japaridze 2020](#)). On the other hand, the government maintained a liberal investment regime that attracted foreign developers in real estate, tourism, and energy, particularly from Turkey, Azerbaijan, and Gulf countries, consolidating FDI dependence.

Many of these projects became flashpoints for environmental and community opposition, especially the Namakhvani Hydropower Plant, which triggered Georgia's largest sustained protest movement since 2012 ([Ferré et al. 2025, 261](#)). Activists accused the government of opaque contracts, ecological damage, and ceding sovereignty to foreign investors. Similar mobilisations in Rioni Gorge, Svaneti, and Adjara over hydropower, mining, and coastal development challenged the FDI-driven development model. These environmental and land-use protests have at times mobilised more citizens than the formal political opposition, underscoring that the most potent challenges to Georgian Dream's rule have come not from party competition (with the UNM remaining the largest opposition party) but from social movements opposing its investment-led development strategy.

Wojciech Górecki ([2024](#)) stresses that ambiguity helped the GD to generate mass appeal in 2012 and maintain electoral support in subsequent years. They promised to strengthen ties with the West, continue EU integration and continue implementing liberal economic reforms. Yet they opposed the unrestrained capitalism and social stratification of their predecessors as well as the indiscriminate rejection of the Soviet legacy. They also rejected what they portrayed as unconditional subordination to Brussels and Washington, especially in terms of culture, where they stressed moral and religious conservatism and cultivated the support of the Georgian Orthodox Church in a strongly religious society.

Figure 69. Survey: Do you support or oppose Georgia joining the EU? (2013-2023)



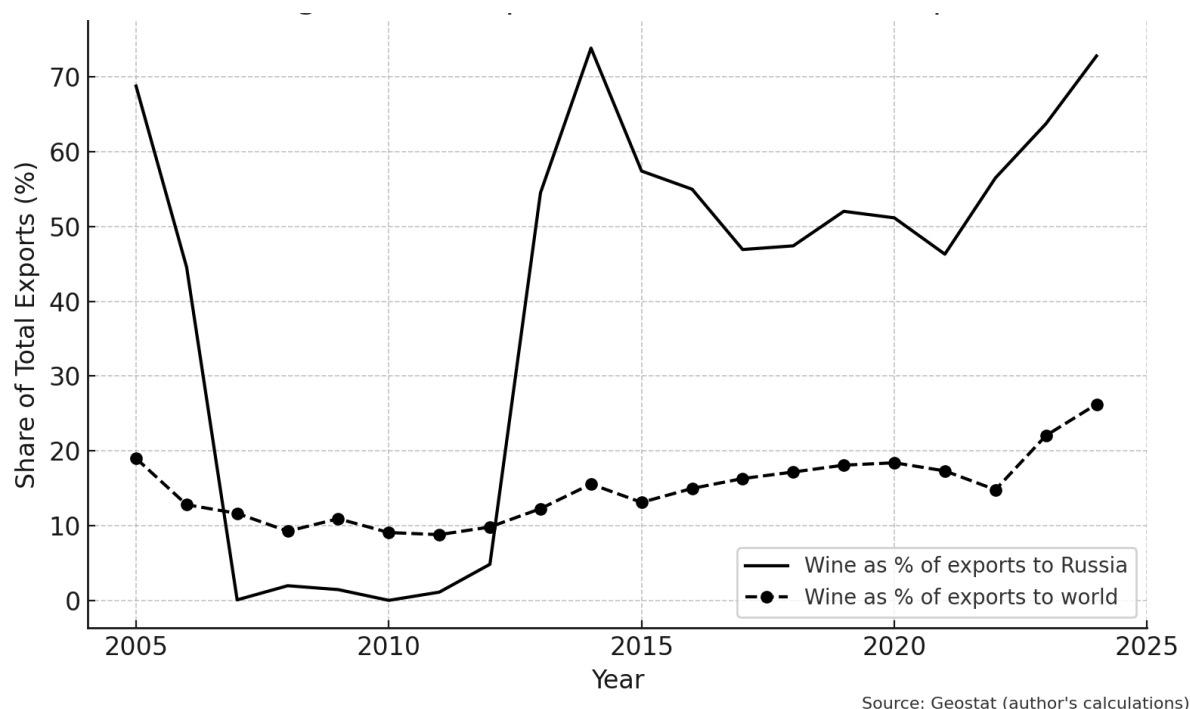
Source: International Republican Institute

Yet the most crucial discontinuity between the Georgian Dream and its predecessors was on relations with Russia. The GD government pursued a policy it termed “normalisation” or “restoring pragmatic ties” - presented as a pragmatic effort to “depoliticise” economic and social relations while maintaining Georgia’s EU and NATO aspirations ([MacFarlane 2015](#)). Launched shortly after the party came to power in 2012, the approach was framed as improving conditions for Georgian exporters and citizens rather than legitimising Russia’s occupation of Abkhazia and South Ossetia. In practice, “normalisation” was led through the Abashidze-Karasin dialogue, a technical-level format established in 2013, which avoided political or security issues and focused instead on trade, transport, and humanitarian matters.

The results were most visible in economic normalisation. Russia lifted its 2006 embargo on Georgian wine and mineral water, and Russia became Georgia’s largest beverage export market (figure 70), peaking at over 70% of exports to Russia in 2014. Bilateral trade more than tripled between 2012 and 2019, while Russian tourists grew to over 1.4 million annual visitors before the COVID-19 pandemic. Russia gradually lifted restrictions on Georgian labour migrants. However, Russia’s poor economic performance in 2014-2015 meant that remittances income declined in the short term ([Georgia 2022](#)) and in the long run remittances

from Russia declined 45% between 2012 and 2024 ([Shamanauri 2022](#))¹⁵⁵. The Georgian Dream framed these outcomes as a vindication of its “economy before ideology” doctrine. The opposition, especially the UNM, cited the policy as evidence of the GD’s crypto-Russian agenda, stressing how Bidzine Ivanishvili had made his immense fortune in Russia. They stressed that the policy deepened economic dependence on Russian markets and capital (although as noted earlier, the UNM had allowed Russian ownership of key assets while in power).

Figure 70. Beverages and Spirits as a % of goods exports to Russia and the World (2005-2024)



E) A return to *strategic hedging*? Deteriorating relations with the EU

¹⁵⁵ In contrast, as noted in Chapter 2, labour migration and remittances flows to Georgia from the EU increased starkly over the same period.

Relations between the Georgian Dream and the EU deteriorated exponentially after the Russian invasion of Ukraine. However, as in the case of Moldova-Russia relations, the invasion only exacerbated existing tendencies. How did the Georgian Dream go from a party ostensibly committed to Euro-Atlantic integration to suspending accession negotiations and accusing the EU of being part of a “global war party” trying to drag Georgia into conflict with Russia?

From the get-go, the GD had to prove its pro-EU credentials in light of the rabidly pro-Western rhetoric of their successors: Saakashvili and the UNM, and their extensive self-promotion and lobbying in Western capitals. While in power and after 2012, the UNM invested heavily in public relations, producing reports, op-eds, and conference appearances presenting Georgia as a model of “post-Soviet transformation.” Saakashvili and senior ministers regularly authored articles in *Foreign Policy*, *The Economist*, and World Bank publications extolling Georgia’s rapid deregulation, police reform, and anti-corruption measures ([Aslund and Djankov 2014](#)). This narrative was amplified by the World Bank and IFC, which frequently cited Georgia’s climb in the Ease of Doing Business rankings as evidence of reform leadership.¹⁵⁶ As MacFarlane ([MacFarlane 2015](#)) notes, the UNM had cultivated many supporters in the US Congress through its lobbying and PR¹⁵⁷. In the EU, Saakashvili was popular among Poland and the Baltic States, while Germany feared Georgia provoking future confrontation with Russia¹⁵⁸. Meanwhile the GD came to power with limited experience of lobbying in the West, and struggled to counter the narrative that “normalisation” with Russia and Ivanishvili’s Russian past signalled a turn to Russia.

The GD achieved initial success with the signing and entering into force of the EU Georgia Association Agreement and DCFTA. They portrayed themselves as less ideologically driven than the UNM, but as a technocratic force committed to EU-backed reforms and legislative harmonisation with the EU *acquis*. The government celebrated milestones such as the

¹⁵⁶ Other IOs were more sceptical. The EU and ILO criticised Georgia’s comprehensive dismantling of labour rights. The IMF warned of rapid deregulation and low taxation leaving insufficient fiscal space to fund social protection and infrastructure, and vulnerabilities due to an excessively pro-cyclical policy. The Council of Europe frequently raised concerns about the protection of human rights under the UNM.

¹⁵⁷ Although relations with the Obama administration were lukewarm compared to the hawkish Bush administration, as the former pursued normalisation with Russia.

¹⁵⁸ Germany and France had opposed Georgia’s NATO membership in 2008, which had been supported by the Bush administration.

introduction of visa-free travel to the Schengen Area (2017) and legislation approximation in food safety, competition, customs, energy and public procurement. Georgia joined the Energy Community Treaty and liberalised its electricity and gas market, while this issue remained a major sticking point for Moldova and Ukraine ([Yafimava 2021](#)). These steps consolidated Georgia's image as the most advanced Eastern Partnership state in implementing EU conditionality.

However, a major sticking point was progress on judicial and governance reforms. Judicial reform had been a key platform of the GD at the 2012 elections, when they accused the UNM of operating a judicial mafia, and even named judges who they planned to lustrate if they won the election ([Barrett 2021, 277](#)). However, after an initial attempt at judicial reform, the GD ultimately made peace with senior judges, and returned to the selective justice and opposition harassment of their predecessors, with reforms focused on improving judicial capacity rather than impartiality. In response, Brussels increasingly tied further integration to tangible reforms in rule of law and media freedom, where the GD was accused of putting pressure on opposition media. Public procurement was also a significant issue, where the adoption of legislation on paper did not match the reality of awarding tenders to insiders as a key source of patronage for the incumbents ([TI Georgia 2025](#)).

It is hard to say that the situation with judicial reform was much worse in Georgia than in Ukraine and Moldova; however, several contextual factors intervened. First of all, Ukraine's judicial reform after 2014 (under both Presidents Poroshenko and Zelenskiy) operated on a pattern of obfuscation, partial reform and sabotage ([Beers 2016](#)). Judicial reform bills would be rushed through parliament amid criticism from judicial reform NGOs that they only partially solved key issues. Then the entrenched judicial apparatus would ensure that reform implementation stalled, such as blocking appointments to reformed judicial oversight bodies ([DEJURE 2020](#)). Under Poroshenko, such failings could be blamed on the need to manage the governing coalition in parliament, while under Zelenskiy they were blamed on the so-called "turbo-regime": rapid adoption of legislative acts by the new majority but with limited quality control ([Dubrovskiy et al. 2024, 99](#)). Judicial reform threatened to halt disbursement of Macro-Financial Assistance (MFA) to Ukraine on several occasions, but did not prevent Ukraine from receiving candidate status after the Russian invasion, while it proved a stumbling block for Georgia. In Moldova, the governing Alliance for European Integration coalitions between 2009-2019 could use coalition infighting as an excuse to drag

out judicial reform. Once PAS won a majority in 2021, an ambitious judicial reform process was launched, but stalled amid the crisis caused by the Russian invasion of Ukraine ([Smith 2024](#)).

In Georgia, however, the GD had inherited control of the highly centralised political system built by Saakashvili, and held a majority in parliament. It was therefore much harder for them to engage in “pathological Europeanisation” in order to maintain their politicised grip on law enforcement while deflecting criticism from the EU, since they had fewer avenues to blame coalition partners, opponents or even Russia. Moreover, while pro-EU incumbents in Moldova and Ukraine could present themselves as a bulwark against pro-Russian parties (the PCRM and PSRM in Moldova and the OPZZh in Ukraine) and thus appeal for informal leniency from the EU, the Georgian Dream faced an opposition which claimed to be the “true” flagbearers of EU integration and presented the GD as Kremlin agents ([McClelland 2024](#)).

The final pieces of the puzzle in deteriorating relations with the EU were the GD’s choice of president and the recurrence of electoral disputes and the breakdown of normal parliamentary relations, in which the EU tried to play the role of mediator. In 2018, the GD majority appointed Salomé Zourabichvili as president¹⁵⁹. She was presented as an independent compromise candidate: she had publicly endorsed Georgian Dream ahead of the 2013 presidential elections, but was an independent MP from 2016-2018. This decision came back to haunt the GD in subsequent years, as Zourabichvili increasingly criticised the government, especially over relations with Russia and the EU, culminating in an impeachment procedure launched in September 2023 which failed to receive sufficient votes in parliament ([Parulava 2023](#)).

The 2020 parliamentary elections elicited mixed responses from international observers. The OSCE Office for Democratic Institutions and Human Rights (ODIHR) monitoring mission report stated that the elections “were competitive and, overall, fundamental freedoms were respected. Nevertheless, pervasive allegations of pressure on voters and blurring of the line between the ruling party and the state reduced public confidence in some aspects of the process” and highlighted some irregularities ([OSCE ODIHR 2021](#)). However, 60 MPs from

¹⁵⁹ Georgia’s constitution was amended in 2017, shifting the procedure for appointing the president from a national election to parliamentary appointment.

all eight opposition parties which were elected boycotted parliament in response to alleged electoral fraud. The boycott persisted until April 2021, when European Council President Charles Michel brokered an agreement between the Georgian Dream government and the opposition parties. The GD promised judicial and electoral reforms, the release of what the opposition considered to be political prisoners, and early parliamentary elections if the GD received less than 43 % in 2024 local elections. The opposition returned to parliament, but relations continued to be fraught. Saakashvili returned to Georgia in October 2021, illegally crossing the border despite open criminal cases against him, in the hope of catalysing opposition to GD. However, he was promptly arrested and remains in custody ([BBC News 2021](#)). The 2020 elections and their aftermath led to a cycle of disputed elections and opposition boycott which further brought the GD into conflict with the EU.

The backdrop to the deterioration of relations with the EU was a major shift in Georgia's sources of external financing covered in detail in section IV of this chapter: the shift from grants from the EU and US to IFIs and development banks as the main source of Georgia's external financing. We argue in section IV that this shift is essential to understanding the changes in Georgia's political economy underlining re-alignment.

The Impact of the Russian Invasion of Ukraine

The Russian invasion catalysed many of the processes emerging since 2012. The Georgian government announced that they would not join unilateral sanctions against Russia, arguing that Georgia is not an EU member and must protect its economic interests. However, they pledged to comply with Western sanctions and prevent Georgia from being used for circumvention ([Kinchia 2022](#); [Georgia Today 2023](#)). Sanctioned Russian and Belarusian banks were cut off from Georgian payment systems, but non-sanctioned Russian nationals were not prevented from opening accounts, buying property, or investing in Georgia. In 2022 alone, net transfers from Russia to Georgia rose more than fivefold (from \$411 million in 2021 to over \$2 billion), and Russian citizens registered over 30,000 new businesses from 2022-2023 ([Court 2024](#)). Tens of thousands of Russians relocated to Georgia¹⁶⁰. The domestic

¹⁶⁰ Exact figures are difficult to calculate, since Russian citizens can stay in Georgia without a visa for 365 days. They can also do so-called "visa runs" - leaving the country for a short time (even less than a day) and re-entering, although this is at the discretion of border authorities, who sometimes deny entry. Many Russians used Georgia as a temporary relocation destination before moving on to other countries which allow Russian citizens to enter.

currency appreciated sharply in 2022-23 partly due to these inflows. Figure 63 (page 221) shows that exports to Russia overtook the EU in 2024 for the first time since 2004 (although exports to the EU never exceed the CIS), with beverages and spirits as the main export category accounting for over 70% of exports to Russia.

The invasion also intensified the worsening of relations with the EU. In June 2022 (when Ukraine and Moldova were issued candidate status) the European Commission issued an official opinion recommending that Georgia be granted candidate status once certain additional criteria were met ([European Commission 2022](#)). These included provisions on political polarisation, judicial reform, independence of anti-corruption institutions, independent media and the inclusion of civil society in policy deliberation. The opinion also included a statement that Georgia should “implement the commitment to “de-oligarchisation” by eliminating the excessive influence of vested interests in economic, political, and public life”. This provision also featured in the Commission’s opinions on Ukraine and Moldova, but the overall recommendation was to grant candidate status. The opinion and delay of candidate status led to protests in Tbilisi and further dissatisfaction of the Georgian Dream with Brussels. Candidate status was ultimately granted in 2023. The EU’s Enlargement Package report claimed Georgia had fully completed three of the twelve priorities set out in the June 2022 opinion and partially completed seven more ([European Commission 2023](#)).

Although candidate status presupposed an improvement of relations with the EU, it came against the backdrop of further conflict due to the Georgian government’s decision to pass the so-called “foreign agent law”. In March 2023 the Georgian Dream introduced a draft law requiring NGOs and media receiving foreign funding (more than 20 % of total funding) to register as “foreign agents”. The government presented the law as an assertion of sovereignty in the face of unrepresentative foreign-funded NGOs, but simultaneously pointed to the US Foreign Agents Registration Act (FARA, 1938) and similar laws in EU member states to argue that their draft was not out of the ordinary¹⁶¹, yet parallels were widely drawn with the Russian Federation’s “foreign agents” law ([Japaridze 2023](#)). It immediately drew criticism from the European External Action Service ([EEAS 2024](#)) and large protests in Tbilisi, and the law was withdrawn, only to be reintroduced as a revised draft in April 2024. The law was passed in May 2024 but vetoed by President Zourabishvili, with the parliament then

¹⁶¹ However, FARA is limited to political lobbying, rather than NGOs and the media.

overriding the veto and passing the law. EU High Representative Borrell immediately issued a statement that the Commission “deeply regrets” the passage of the law ([EU Commission 2024](#)).

The United States also stepped into the conflict with the GD; in the last months of the Biden administration the US imposed sanctions and visa restrictions on a number of GD officials, including Bidzina Ivanishvili under the so-called “Global Magnitsky” designation. In January 2025, the Georgian Dream’s issued a statement using a quote by Franklin D. Roosevelt [about the dictator of Nicaragua, Anastasio Somoza]: “He may be a son of a bi*ch, but he’s our son of a bi*ch”, pointing out that UNM officials such as Vano Merabishvili and Giorgi Gakharia were not sanctioned despite accusations of permitting state-violence while serving as interior ministers ([Civil Georgia 2025](#)). They repeated accusations of a “Global War Party” trying to use Georgia to open a second front against Russia, and stated:

“Bidzina Ivanishvili is being sanctioned for replacing bloody authoritarianism with democratic governance in Georgia, for ending systemic practices of torture, murder, business racketeering, media capture, and electoral fraud, for increasing the country’s economy from 28 billion to 90 billion, and for bringing Georgia 12 years of uninterrupted peace” ([Civil Georgia 2025](#)).

Ivanishvili himself voiced what he saw as the West’s tendency to turn a blind eye to the crimes of his predecessors in a speech in April 2025:

“Many people think that the main reason for these [UNM] crimes was the inhumane, sadistic, unpatriotic nature of Saakashvili and his accomplices. In fact, everything they did from the outside was ordered and directed by their masters. That is why the regime had a green light for any kind of indecency from those foreign politicians who proclaim Saakashvili, Kezerashvili, Gvaramia as innocent lambs.” ([Chichua 2024](#))

The final episode in the fraught relations between the EU and Georgia within the scope of this dissertation¹⁶² came with the October 2024 parliamentary elections. The OSCE monitoring mission report highlighted reports of pressure on voters, widespread tracking of voters of election day, an imbalance in financial resources and polarization, but presented fewer criticisms of the actual conduct of elections ([OSCE ODIHR 2024](#)). All opposition parties elected to parliament (and President Zourabishvili) rejected the results, demanded a repeat of the election and boycotted the parliament. The EU Council President Charles Michel stated that "the alleged irregularities during the Georgia elections must be seriously clarified and addressed" ([Reuters 2024](#)), but did not call for repeat. The European Parliament went further, issuing a resolution rejecting the legitimacy of the elections and calling for a new vote, in response to which the GD suspended EU accession talks ([Kinch 2024](#)). In December 2024, the Georgian Dream appointed former professional footballer Mikheil Kavelashvili as president. All opposition parties elected to (but boycotting) parliament refused to recognise Kavelashvili's appointment and continue to consider Zourabishvili as interim president.

Russia for its part offered certain rewards to Georgia for the GD's restraint after the invasion of Ukraine. Russia lifted visa restrictions on Georgian citizens, allowing visa-free travel, and restored direct flights between the two countries ([Chedia 2025](#)). President Putin personally praised the adoption of the "foreign agents law". The Georgian government's response has however been ambiguous. It has refrained from openly criticising Moscow and continued to accuse what they call the "Global War Party" of trying to drag Georgia into conflict with Russia. However, the GD refused to abolish the "law on the occupied territories" which identifies Russia as the occupying force ([Chedia 2025](#)). The government has stressed the economic benefits of refusing to antagonise Russia, and that while Russia is a permanent enemy, only their approach protects Georgia's security and economic interests, unlike the more belligerent opposition. Section IV offers explanations for the government's hesitancy to further improve relations with Russia based on the interests of *social blocs* and analysis of public opinion data.

¹⁶² In the epilogue, we provide an overview of developments key developments up to October 2025 which could not be considered in our analytical narrative since events were ongoing at the time of writing.

III. Sectoral Growth Decomposition

An overview of our growth decomposition methodology can be found in Chapter 1, while a detailed methodological note can be found in Annex 1. The most important point is that in the figures below, the “Contribution (pp)” of each sector is how many percentage points (pp) of GDP growth in a given year (or period) can be attributed to that sector.

A. Sectoral Value-Added (VA)

Figure 71. Georgia Average Sectoral Value-Added (VA) Share (%)

	Agriculture Share (%)	Manufacturing Share (%)	Industry Share (%)	Service Share (%)	Residual Share (%)
2004-2005	12.28	10.91	10.11	54.87	11.83
2006-2010	9.02	11.45	9.14	57.62	12.76
2011-2015	8.88	10.61	8.34	61.23	10.94
2016-2020	7.48	9.10	11.44	62.08	9.90
2021-2024	6.51	8.53	10.02	67.82	7.13

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)

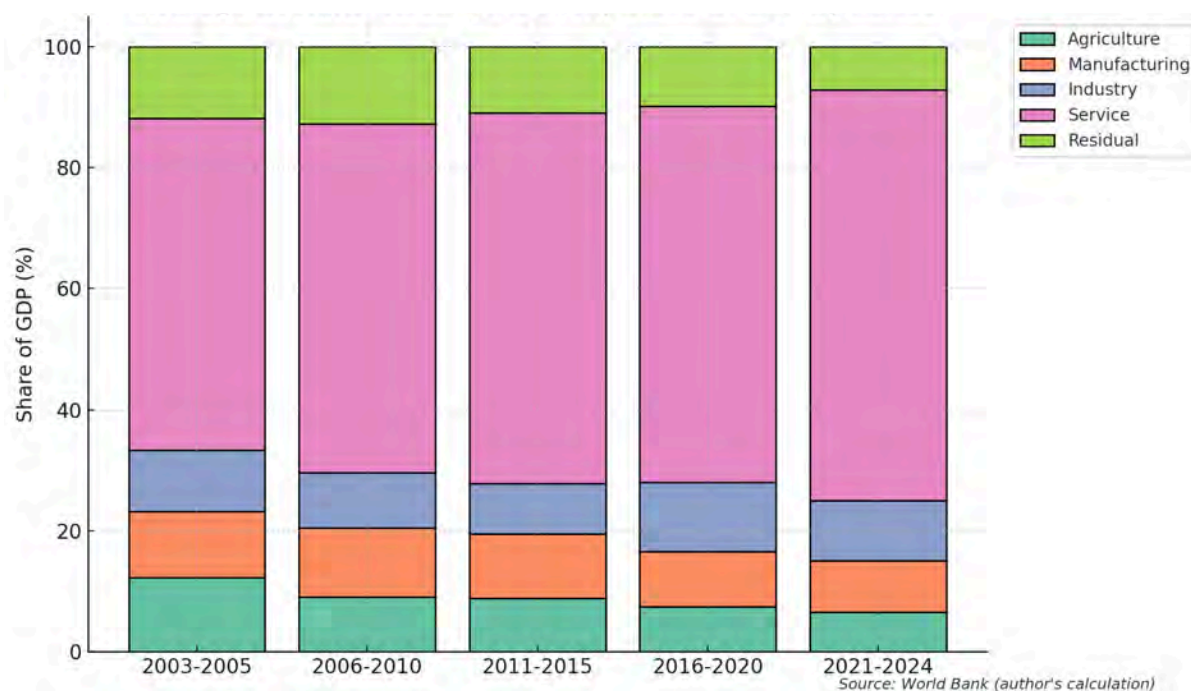


Figure 72. Georgia Average Sectoral Value-Added (VA) Contribution to Growth (pp)

	Growth Rate	Agriculture VA Contribution (pp)	Manufacturing VA Contribution (pp)	Industry* VA Contribution (pp)	Services AV Contribution (pp)	Residual Contribution (pp)
2004-2005	7.69	0.17	1.12	1.01	3.95	1.43
2006-2010	5.40	-0.15	0.53	0.04	4.67	0.30
2011-2015	5.42	0.37	0.32	1.03	2.96	0.74
2016-2020	2.75	0.12	0.21	0.45	2.27	-0.29
2021-2024	9.72	0.02	0.57	0.69	8.13	0.31

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)

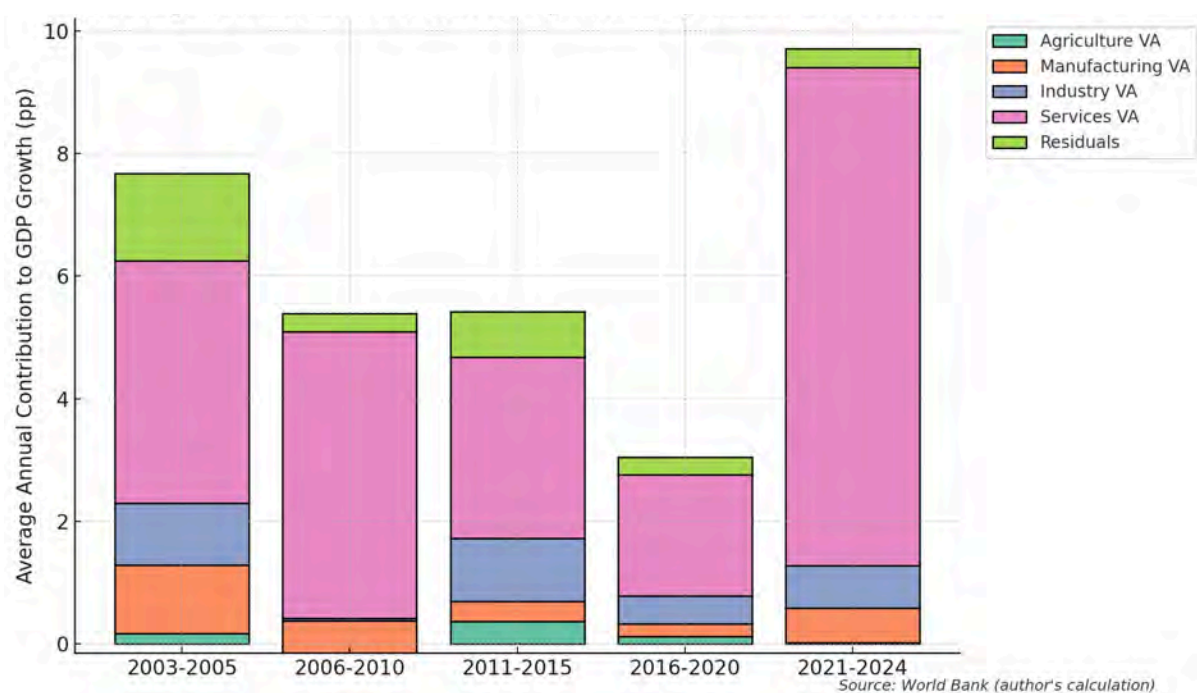
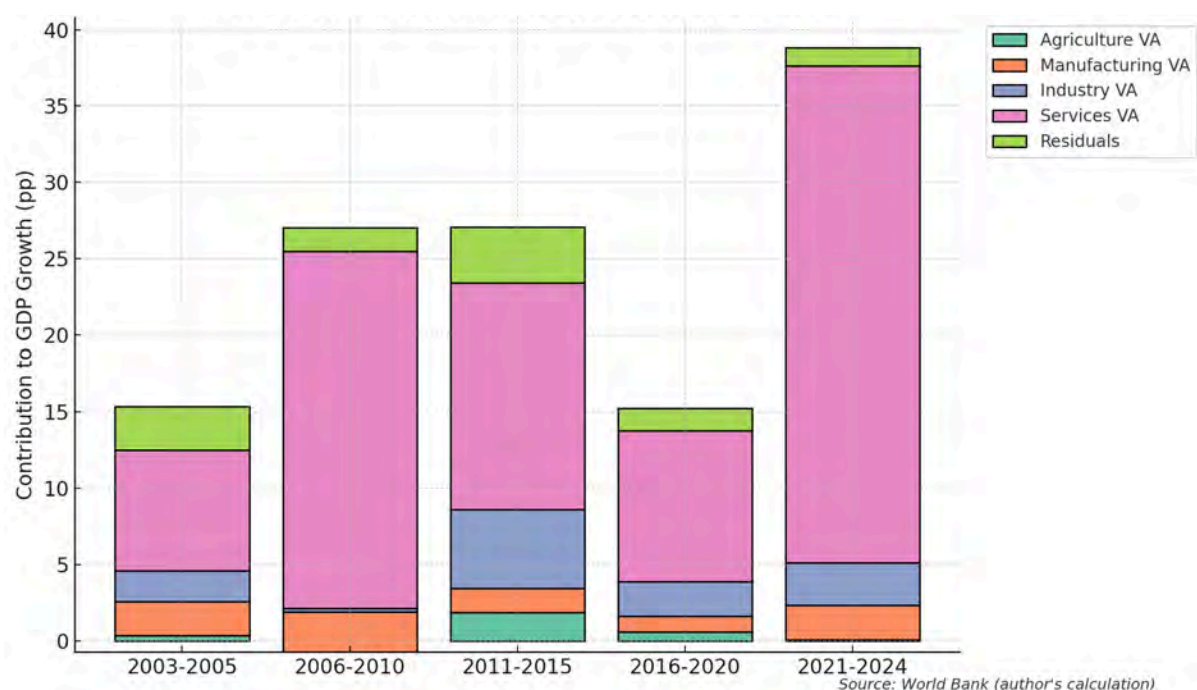


Figure 73. Georgia Total Sectoral Value-Added (VA) Contribution to Growth (pp)

	Growth Rate	Agriculture VA Contribution (pp)	Manufacturing VA Contribution (pp)	Industry* VA Contribution (pp)	Services AV Contribution (pp)	Residual Contribution (pp)
2004-2005**	15.38	0.35	2.24	2.03	7.90	2.86
2006-2010	27.01	-0.73	2.64	0.22	23.37	1.52
2011-2015	27.09	1.87	1.58	5.15	14.81	3.68
2016-2020	13.76	0.60	1.04	2.23	11.37	-1.47
2021-2024**	38.86	0.09	2.26	2.75	32.52	1.23

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)

** Periods 1 and 5 are shorter than periods 2-4 due to data availability, meaning totals are understated



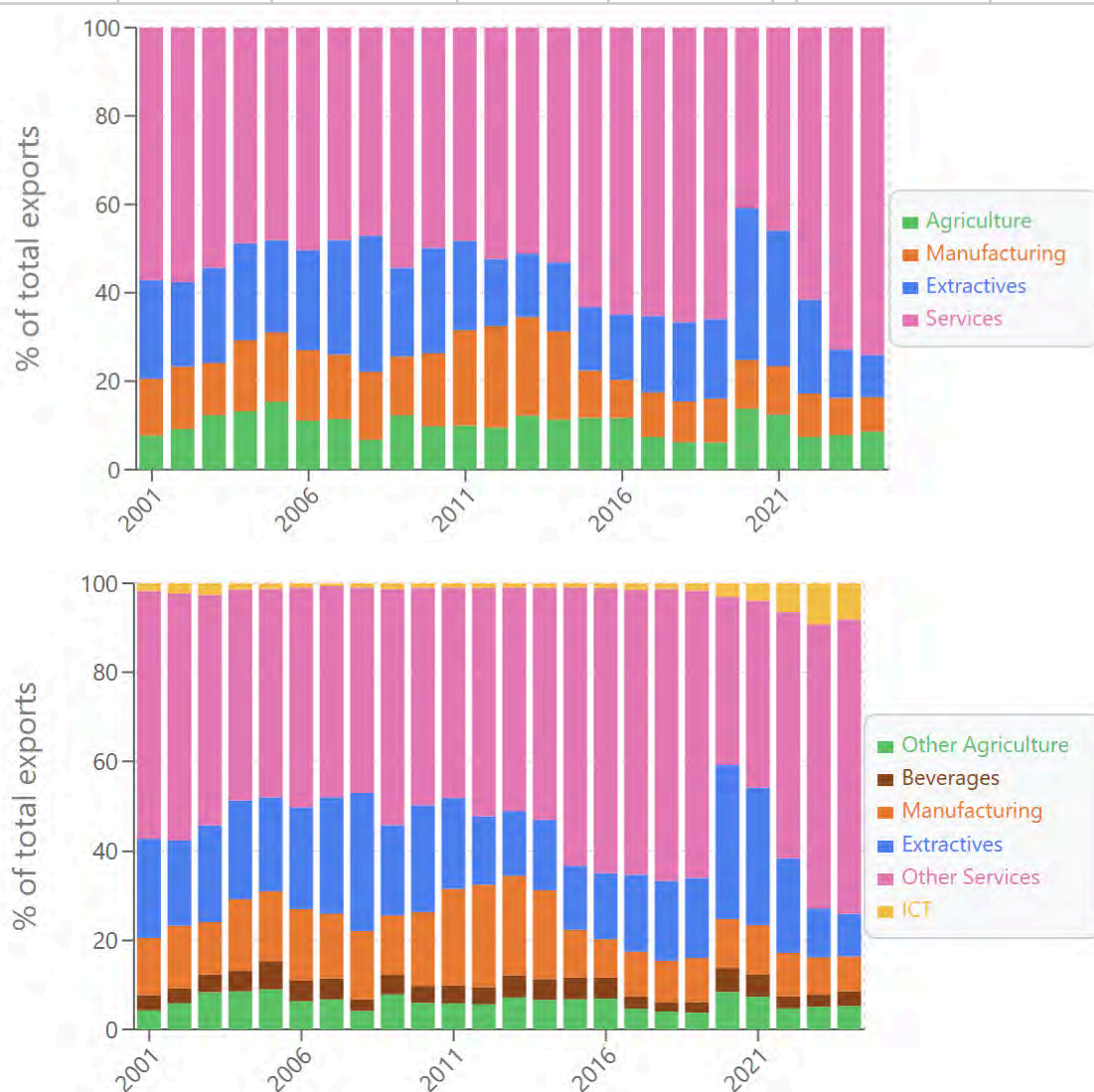
Service VA was the largest contributor to production-side GDP growth in every period under study, and increased its share in every period. Agriculture VA¹⁶³ hardly contributed to growth, while manufacturing and industry VA made minor contributions. Agriculture VA and manufacturing VA shares declined, while industry VA held stable.

B. Export Growth Decomposition

¹⁶³ It is important to note that the World Bank includes beverages, vinegar and tobacco as part of manufacturing VA, whereas in our export growth contribution, we include this category in manufacturing.

Figure 74. Georgia Export Sector Shares (%) of Total Goods and Services Exports (Nominal) (2001-2024)

	Agriculture Share (%)	Manufacturing Share (%)	Extractives Share (%)	Services Share (%)	ICT Services ¹⁶⁴ Share (%)	Beverages, Spirits & Vinegar ¹⁶⁵ Share (%)
2001-2005	11.54	14.11	21.15	53.20	1.83	4.34
2006-2010	10.27	15.15	24.66	49.93	0.96	4.05
2011-2015	10.93	19.53	15.91	53.62	0.96	4.52
2016-2020	9.04	9.77	20.49	60.71	1.68	2.58
2021-2024	9.06	9.24	18.12	63.58	6.91	3.45



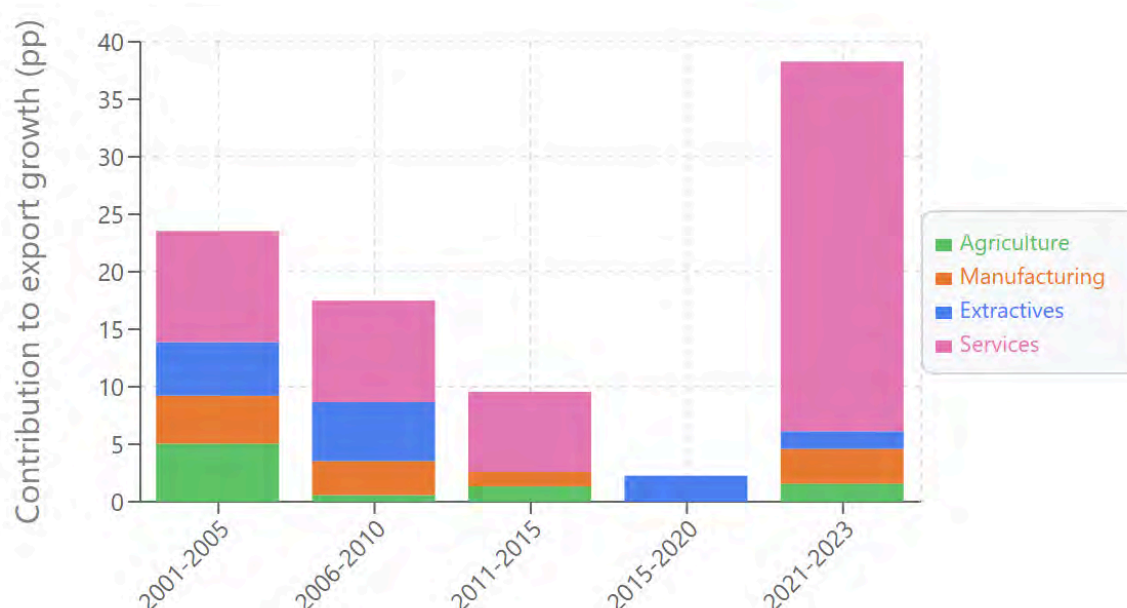
Source: World Bank, Trade Map, Geostat (author's calculation)

¹⁶⁴ ICT Services are a component of the Services "bucket"

¹⁶⁵ Beverages, Spirits & Vinegar are a component of the Agriculture "bucket". They are located in CNG Section IV. - Prepared Foodstuffs - which could be classed either as agriculture or manufacturing.

Figure 75. Georgia Export Sector & Sub-Sector Contribution (pp) to Total Export Growth (Nominal)

	Growth Rate	Agriculture Exports (pp)	Manufacturing Exports (pp)	Extractives Exports (pp)	Services Exports (pp)	ICT Exports (pp)	Beverages Exports (pp)
2001-2005	23.55	5.05	4.17	4.66	9.67	0.28	1.88
2006-2010	17.50	0.58	2.96	5.13	8.82	0.10	0.18
2011-2015	9.34	1.33	1.26	-0.21	6.97	0.08	0.61
2015-2020	-1.29	-0.24	-0.19	2.26	-3.12	0.25	-0.18
2021-2023	38.27	1.57	3.03	1.53	32.15	4.23	0.49



*Negative values not displayed

Source: World Bank, Trade Map, Geostat (author's calculation)

Services contributed the most to VA and export growth (with the exception of during the COVID-19 pandemic), (figures 72 and 75). Unlike in Ukraine and Moldova (and to a lesser extent Armenia), ICT services growth was meagre. ICT services constituted only 1.7% of exports in 2016-2020, and 6.9% in 2021-2023 (figure 74). The latter figure likely represents the relocation of Russian IT companies to Georgia after the invasion of Ukraine, rather than the sudden emergence of a domestic IT cluster. We lack comparable data on other service trade sub-categories. However, when analysing GDP (rather than VA), table 28 shows that between 2010 and 2024 the largest service categories were on average:

1. Wholesale and retail trade; repair of motor vehicles and motorcycles (21.7%)
2. Real estate activities (12.4%)
3. Transportation and storage (11.7%)

“Wholesale and retail trade; repair of motor vehicles and motorcycles” is the main service category in GDP due to Georgia’s vehicle re-export. Vehicles enter Georgia from the EU or US through the ports of Batumi and Poti as used or scrap, and are then repaired and sold on to Russia, Central Asia and East Asia¹⁶⁶. Transport and storage also reflect Georgia’s role as a regional transport hub. Real estate, financial services and accommodation and food reflect the FDI- and tourism-driven development model, especially Georgia’s openness to foreign acquisition of land and real estate. The largest contribution of services to export growth (32pp on average between 2021 and 2023, figure 75) occurred with Russia’s invasion of Ukraine.

Table 28. Georgia Services Output (2010-2024 average)

	Output (mil. GEL)	% of total services output
Wholesale and retail trade; repair of motor vehicles and motorcycles	9,305.49	21.7
Real estate activities	5,330.52	12.4
Transportation and storage	4,994.60	11.7
Public administration and defence; compulsory social security	4,419.11	10.3
Accommodation and food service activities	3076.633333	7.2
Financial and insurance activities	2,905.93	6.8
Human health and social work activities	2,721.22	6.4
Information and communication	2,497.47	5.8
Arts entertainment and recreation	2482.393333	5.8
Education	2,369.85	5.5
Professional scientific and technical activities	1403.82	3.3
Administrative and support service activities	707.4533333	1.7
Other service activities	627.0733333	1.5
Total Services in GDP	42,841.57	100

Source: Geostat (author’s calculation)

¹⁶⁶ Georgia benefits from regulations in the EU and US which ban the repair of heavily damaged vehicles, and from the regulatory permissiveness of its northern and eastern neighbours, lower import duties for used vehicles and high demand.

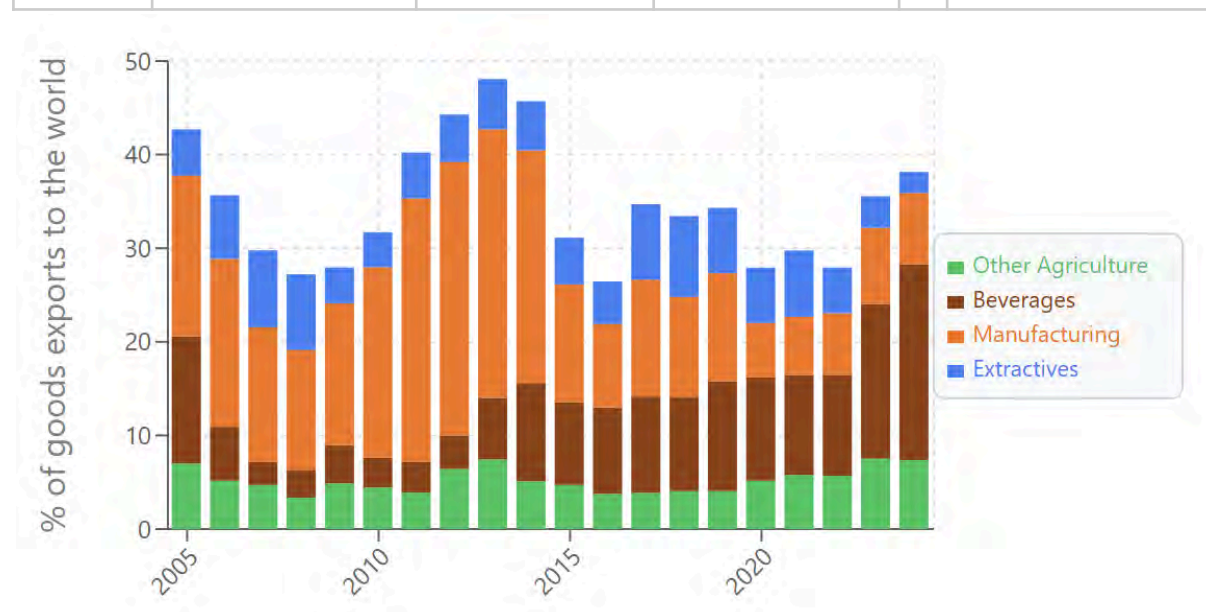
Agriculture saw a slight increase as a share of exports. Although we note above in the analytical narrative that normalisation of economic relations with Russia after 2012 led to a large increase in beverage exports as a % of goods exports, the increase is relatively meagre as a share of goods and services exports *and* in terms of contribution to growth. Excluding beverages, the agricultural sector hardly grew, adding less than 2 percentage points to growth across the entire period under study.

Manufacturing declined in terms of both VA and export share, and contributed insignificantly to growth. In the 5 years after the entry into force of the DCFTA with the EU, manufacturing actually declined by an average of 0.2pp (figure 75). The Russian invasion of Ukraine partially stimulated manufacturing growth, but the 3.03pp (figure 75) contribution to growth paled in comparison to 33pp for services. This is in contrast with Armenia, where manufacturing added 13.06pp to growth in 2021-2024. Industry's share of VA remained stable, while extractives declined as a share of exports¹⁶⁷. This is noteworthy, because the most comprehensive analysis of sectors and oligarchic power to date ([Langbein et al. 2022](#)) highlights extractives as the sector most clearly dominated by oligarchic interests.

¹⁶⁷ Recall that our industry VA and extractives exports indicators do not fully overlap, since industry VA includes construction and utilities.

Figure 76. Georgia Export Categories to the CIS (% of total goods exports) (2006-2024)

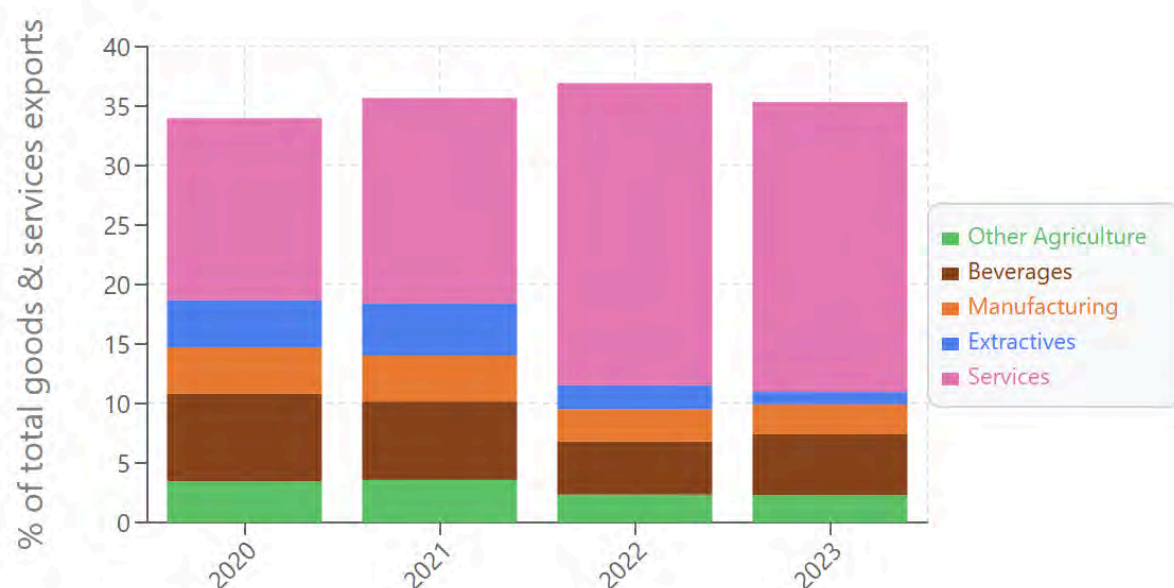
	Agriculture Share (%)	Manufacturing Share (%)	Extractives Share (%)	Beverages, Spirits & Vinegar ¹⁶⁸ Share (%)
2006-2010	8.20	16.13	6.13	3.69
2011-2015	12.06	24.71	5.11	6.55
2015-2020	14.63	9.90	6.83	5.23
2021-2024	21.31	7.14	4.40	14.72



¹⁶⁸ Beverages, Spirits & Vinegar are a component of the Agriculture “bucket”. They are located in CNG Section IV. - Prepared Foodstuffs - which could be classed either as agriculture or manufacturing.

Figure 77. Georgia Share of Export Categories to the CIS (% of total goods & services exports) (2020-2023)

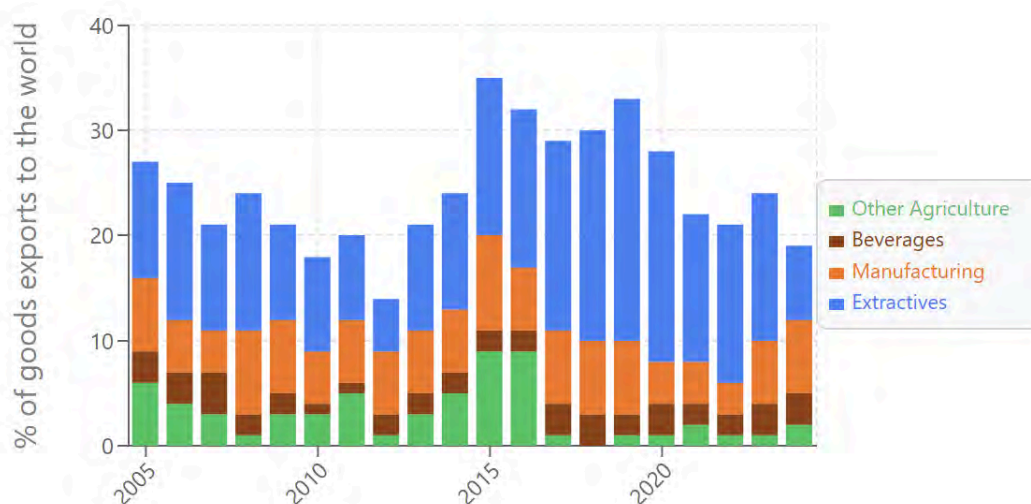
	Agriculture Share (%)	Manufacturing Share (%)	Extractives Share (%)	Services Share (%)	Beverages, Spirits & Vinegar ¹⁶⁹ Share (%)
2020	10.84	3.89	3.95	15.31	7.39
2021	10.17	3.85	4.38	17.29	6.59
2022	6.81	2.71	2.02	25.40	4.46
2023	7.42	2.51	1.04	24.37	5.10



Source: World Bank, Trade Map, Geostat (author's calculation)

¹⁶⁹ Beverages, Spirits & Vinegar are a component of the Agriculture "bucket". They are located in CNG Section IV. - Prepared Foodstuffs - which could be classed either as agriculture or manufacturing.

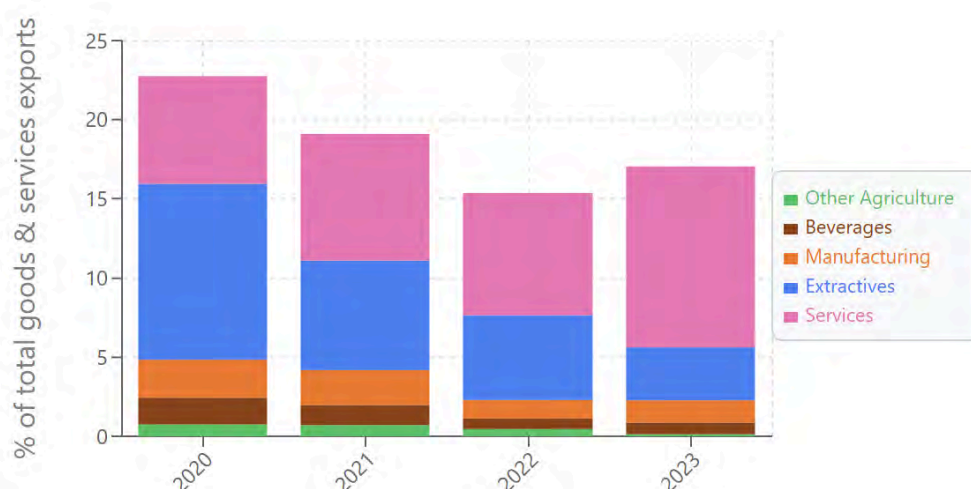
Figure 78. Georgia Export Categories to the EU (% of total goods exports) (2005-2024)



Source: World Bank, Trade Map, Geostat (author's calculation)

Figure 79. Georgia Share of Export Categories to the EU (% of total goods & services exports) (2020-2023)

	Agriculture Share (%)	Manufacturing Share (%)	Extractives Share (%)	Services Share (%)	Beverages, Spirits & Vinegar ¹⁷⁰ Share (%)
2020	2.44	2.41	11.08	6.82	1.69
2021	1.98	2.21	6.93	7.97	1.27
2022	1.12	1.18	5.36	7.69	0.66
2023	0.87	1.41	3.35	11.40	0.74



Source: World Bank, Trade Map, Geostat (author's calculation)

¹⁷⁰ Beverages, Spirits & Vinegar are a component of the Agriculture "bucket". They are located in CNG Section IV. - Prepared Foodstuffs - which could be classed either as agriculture or manufacturing.

Due to data limitations we can only calculate shares of goods (without services) exports to the CIS throughout the entire period under study. What is clear is that even following the GD's partial "normalisation" of relations with Russia and the lifting of certain restrictions, goods exports to the CIS declined as a share of world exports from 42% in 2011-2015 to 31% in 2016-2020. Although goods exports to the CIS increased substantially in real terms after the Russian invasion of Ukraine, their share only increased by 2% (figure 76). Consistent with Georgia's FDI-driven model, services were the key driver.

Data on service exports by destination is available only for 2020-2023. In 2022, exports to the CIS accounted for the majority of growth in this period, reaching 25% of total goods and services exports (versus 8% for service exports to the EU). This reflects a number of trends. Relocation of Russian citizens to Georgia and capital flight augmented the real estate, financial services, and ICT services sectors. Tourism by Russian citizens increased as the EU cut its visa facilitation agreement with Russia. Numerous Russian companies (especially those focusing on service exports to the EU/US) and branches of multinationals in Russia relocated their staff to Georgia due to restrictions on Russian payment systems. Almost 30,000 companies were opened by Russian nationals in Georgia in 2022-2023 ([Court 2024](#)).

IV. Sectors, Structural Transformation and *Social Blocs*

The dominance of the service sector shown by our growth decomposition reflects the interests of the dominant *social bloc* since as early as 2003, after the shift to an FDI-driven growth model. The industrial/extractives sector is concentrated in a handful of companies owned by regime insiders ([Langbein et al. 2022](#)). It has not produced oligarchs capable of an independent policy orientation. This sector benefitted from the DCFTA, but did not expand its share of VA or exports. Agriculture mixes smallholder farms, which have barely contributed to growth, and the wine and mineral water sector, the fate of which is strongly tied to relations with Russia, declining dramatically after 2006 only to recover under GD "normalisation" with Russia from 2012. Manufacturing has been consistently weak, driven by import liberalisation and in spite of the DCFTA and Russian invasion of Ukraine.

Georgia thus lies outside of the "cheap input regime" versus "cheap export regime" typology expounded in Chapter 1 for two reasons. Firstly, few energy intensive and export-oriented

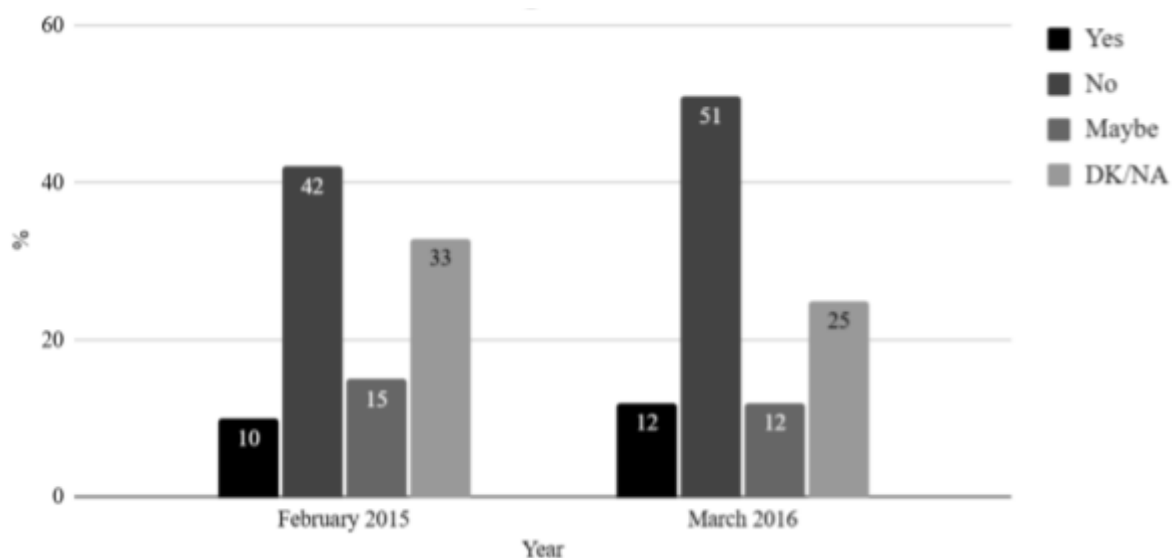
manufacturing and industrial firms survived the 90s or were established since. Industry only constitutes a minor proportion of final energy consumption (figure 61) meaning that natural gas prices are politically sensitive as a component of household expenditure rather than as an input for enterprises. Secondly, post-Rose Revolution incumbents proactively implemented a FDI-driven policy regime, allowing cheap imports but also capital and financial flows. The UNM's abandonment of *strategic hedging* and the GD's policy of "normalisation" with Russia were much less driven by cheap energy needs or export markets than in our other cases. Instead, the FDI and the service sector were key. From 2003-2012, President Saakashvili used Georgia's pro-EU and NATO orientation as part and parcel of the FDI-led development strategy: cultivating Georgia's image as a pro-Western bastion in the Caucasus both politically, and as a poster-child for market liberalisation in the post-Soviet space. Despite confrontation with Russia, Russian capital remained an important element, as well as revenues from tourism, since Russians constituted the single largest group of tourists. When the 2008 Russo-Georgian War and Global Financial Crisis put this model under strain, Saakashvili tried to blend liberalism with sporadic moves towards state-led economics ([Timm 2013](#)), but he ultimately lost power. Beyond the UNM aligned-elites with privileged access to economic assets benefitting from FDI-inflows, this *dominant social bloc* also consisted of property-owning Georgians who benefitted from booming real estate prices and opportunities for tourism-related businesses. Voters were cultivated through the message of prosperity stemming from EU integration, as well as the war on petty corruption and organised crime essential to the FDI-led model. Privatisation of healthcare and low taxes benefitted the urban middle class, while sharpening regional inequalities.

As discussed in section II, the incumbent Georgian Dream party after 2012 largely continued the previous mixed FDI/state-led growth model. The government's strategy of normalisation with Russia, and from 2022 refusal to join unilateral sanctions and allowing non-sanctioned individuals and businesses to transfer currency and capital into the Georgian economy reaped substantial dividends. In 2024, 1.9 million Russians visited¹⁷¹ Georgia, putting it among the top five destinations for Russians ([Chedia 2025](#)). This explains the apparent contradiction between government policy and the attitudes of Georgian citizens in recent polls. Figure 81 shows that over 70% of respondents in three survey rounds after the invasion of Ukraine stated that Russian citizens should not be allowed to enter Georgia without a visa, register a

¹⁷¹ Due to Georgia's policy of allowing Russian citizens to stay in the country for 365 visa free, it is not possible to calculate the number of tourists versus those temporarily relocating.

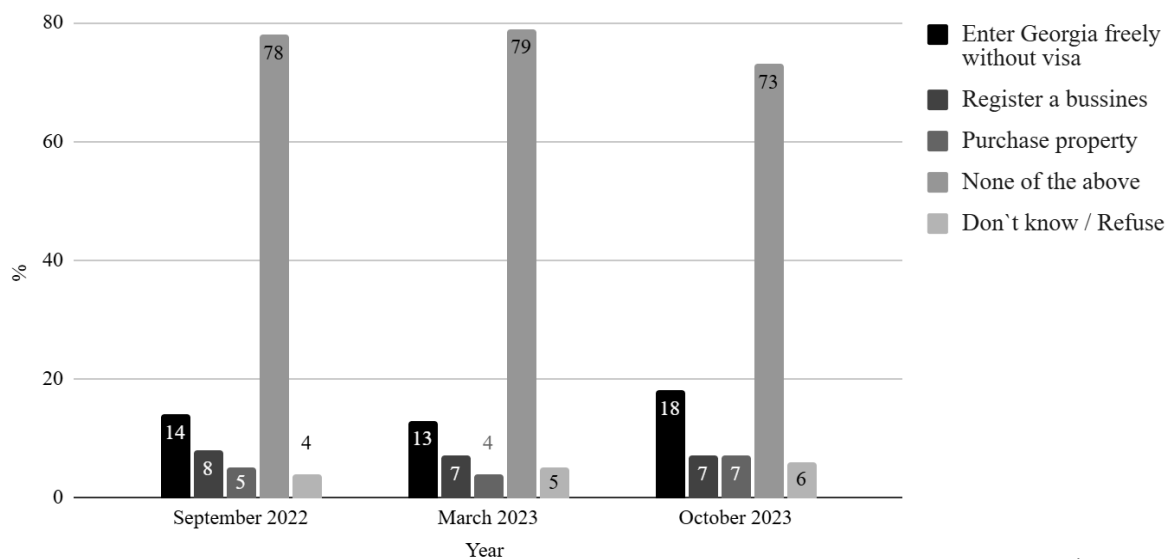
business or purchase property. Moreover, support for EU membership remains consistently high (figure 69). However, earlier survey rounds (2015-2016) showed that more than 40% of respondents were not willing to sacrifice economic growth in the short term to meet the requirements of the EU Association Agreements (figure 80). It is an open question whether increased exports and capital inflows represent a medium-long term source of growth. Service exports to the CIS grew only 0.54% from 2022-2023 compared to 159.7% growth between 2021-2022 (Geostat). Much depends on the future performance of the Russian economy, which is hotly contested as wartime fiscal stimulus clashes with the impact of sanctions and oil price dynamics.

Figure 80. Survey: Are you willing to sacrifice economic growth in the short term in order for Georgia to meet the requirements of the EU?



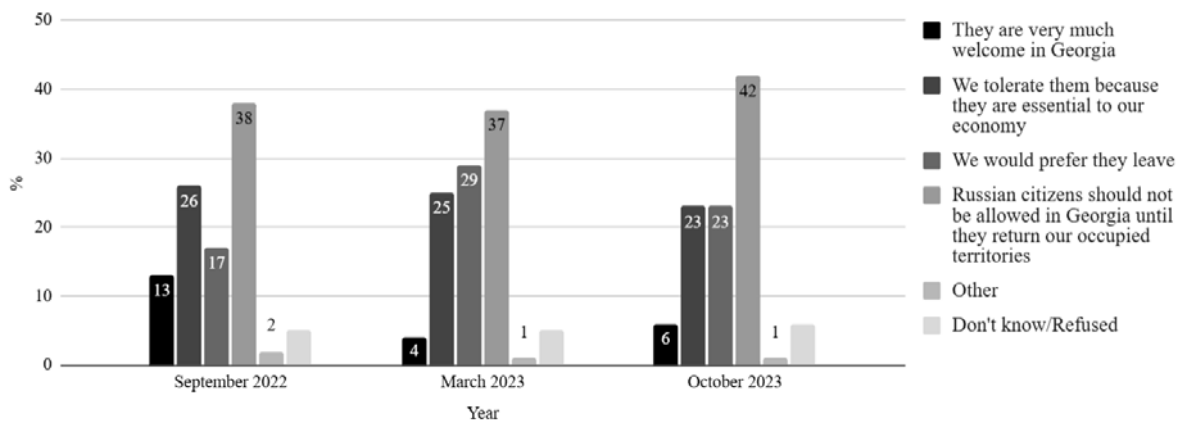
Source: IRI ([2023](#))

Figure 81. Survey: Do you support Russian citizens to do any of the following?



Source: IRI (2023)

Figure 82. Survey: Which of the following statements, if any, best characterizes your opinion on Russians who arrived in Georgia since the start of the war in Ukraine? (2022-2023)



Source: IRI (2023)

What our sectoral growth decomposition fails to capture is the role of IFI and development banks-funded infrastructure projects in changing the character of the dominant *social bloc*. Such projects are not easily visible in national statistics due to accounting practices. Only equity participation (such as the EBRD's stake in Georgia's two systemic banks) shows up in FDI statistics. Sovereign loans and loans to SOEs are recorded in the financial account under

“other investment (loans)” rather than FDI. Thus, IFI and development bank projects are best (but only partially) captured in external debt statistics, which show that they dwarf bilateral grants and loans in the post-2012 era. The EU has provided more than €2.1 billion to Georgia since 1992 ([EU for Georgia 2024](#)), while the US has provided \$6.2 billion¹⁷² ([Voice of America 2024](#)). However, by 2024 Georgia’s outstanding debt on concessional loans to IFIs and national development banks reached \$8 billion by the end of 2024 (figure 64).

This shift marks one of the main differences between the FDI/bilateral aid-led development model under Saakashvili and the UNM (2003-2012) and the FDI/infrastructure-led model under the Georgian Dream (2012 onward). Saakashvili enthusiastically embraced the tail-end¹⁷³ of what is called the “Washington Consensus”, the basket of marketisation and deregulatory policies favoured by the IMF, World Bank and US Treasury in the late 20th century and early 2000s ([Appel and Orenstein 2018](#)). This was ideological, but also part of a strategy to attract FDI and development aid. Eradze ([2024](#)) argues that since 2012 Georgian elites have moved to embrace what Gabor ([2021](#)) calls the “Wall Street Consensus”: development based on state initiated and privately funded infrastructure projects in the form of Public Private Partnerships (PPPs), financed by IFIs and development banks. She argues that such a model appeals to the Georgian government, since it does not require major structural change in the economy, education or labour market ([Eradze 2021](#)). However, it does necessitate a narrowing of public involvement in politics, since grassroots and organised resistance to the environmental and economic consequences of infrastructure development (especially dams and hydropower projects) puts the government at odds with Civil Society Organisations (CSOs), which had been co-opted and partly institutionalised under the previous UNM government ([Stefes and Paturyan 2021](#)). Also, the ability of elites to extract rents from such projects necessitates opaque procurement procedures and politicised control of courts, regulatory and environmental oversight bodies, which put Georgia at odds with EU conditionality and its commitments under the AA/DCFTA. This in part explains¹⁷⁴

¹⁷² This claim was made by former US Secretary of State Blinken in 2024. It is not clear whether it includes only grants or both grants and loans.

¹⁷³ By the time of the Rose Revolution, the IMF was in crisis, struggling with criticism from across the Global South that its “structural adjustment” programs had caused unnecessary hardship ([Kentikelenis et al. 2016](#)). Kentikelenis et al. ([2016](#)) argue that the IMF in this period underwent a rhetorical turn in favour of counter-cyclical fiscal policy, addressing inequality and recognising the need for social policy (although this did not always translate into its policy conditionality). The IMF criticised Georgia for leaving insufficient fiscal space for social policy, the World Bank was a more enthusiastic audience for Saakashvili’s reforms.

¹⁷⁴ The other commonly-cited explanation being that the Georgian Dream sees Western-funded civil society organisations as aligned with the opposition.

the government's decision to initiate the "Foreign Agents Law" despite public and international backlash. The ability to overcome resistance to the law was a test case for the government in the runup to the disputed 2024 elections and the freezing of EU accession negotiations ([Weller 2024](#)). While government policy may seem at odds with the stated views of much of the population, as showcased by mass demonstrations after the "Foreign Agents Law" and the freezing of EU accession negotiations, it nonetheless responds to the interests of the dominant *social bloc*.

Conclusions

The nature of the Georgian oligarchy has been rather neglected in this chapter, with more focus on *social blocs*. The reason is that oligarchs have played a different role in Georgia than in our other cases. The three oligarchs featured in this chapter - Kakha Bendukidze, Badri Patarkashishvili and Bidzine Ivanishvili - all made their fortunes outside of Georgia. It is not even clear if Bendukidze falls under our tripartite definition of an oligarch. While he was among the wealthiest individuals in the country and had enormous political influence, it is unclear that he profited from controlling a state-business nexus in Georgia. Rather, his power came from proximity to Saakashvili and the latter's centralisation of power. This is representative of the Georgian elite of the UNM-era, where wealthy oligarchs based on domestic ownership able to challenge the government did not emerge. Patarkashishvili - Saakashvili's main oligarch challenger before 2012, did not gain his status based on domestic resources.

For Ivanishvili, his immense wealth was essential to defeating the UNM in 2012 and maintaining power since. Yet he does not represent the typical pattern of oligarchs described in this dissertation, who use the state to augment their wealth. Instead, he has operated as a "hegemonic oligarch" (see Chapter 1), in a similar fashion to Vladimir Plahotniuc in Moldova¹⁷⁵. He has used both his wealth and his role as patron of the Georgian Dream to dominate patronage streams in Georgia, with no oligarchic challengers emerging. Konończuk et al. ([2017, 3](#)) attribute the lack of a decentralised Georgian oligarchy to the small domestic market. However, Moldova and Armenia produced domestic oligarchs throughout our period of study who were able to act independently and frequently challenged incumbents.

¹⁷⁵ Although Plahotniuc acquired his wealth domestically, rather than in Russia.

Meanwhile, Georgia prior to 2003 abounded with independent powerholders, even if they operated more as warlords with fiefdoms than oligarchs per se. The core difference is that after the Rose Revolution, Saakashvili successfully increased state capacity, centralised power and co-opted or dismembered potential opposition from elites, creating what Carothers (2002) terms “dominant power politics” as opposed to “feckless pluralism”. The Georgian Dream later inherited this state apparatus, but used it for different purposes.

We proposed in the introduction that IR or geopolitical explanations are frequently overemphasised to explain the abandonment of *strategic hedging*. This is indeed the case for Georgia, where Western media and scholars often repeat the narratives of Georgian politicians: that Ivanishvili is a Kremlin agent committed to pivot Georgia away from the EU, while Russian state-media follows the GDs line that Saakashvili and the UNM are Western-backed provocateurs planning “Colour Revolutions” and scheming to open a second front against Russia in the Caucasus. This chapter attempts to put domestic dynamics front and centre, primarily through the lens of the transformation of the economy and *social blocs*. Through this lens, Georgia stands out from our other cases in several key respects. Firstly, it adopted an FDI- and tourism-driven development model in the early 2000s, which shaped the preferences of elites. Secondly, and following from the previous point, this strategy prevented the emergence of powerful domestic agricultural, manufacturing or industrial sectors. Thirdly, Georgia diversified its energy sources and possesses fewer energy intensive productive sectors than our other cases. Thus Georgia does not follow the “cheap inputs” versus “cheap exports” regime typology presented in Chapter 1. The two policy regimes which define this chapter are the FDI/bilateral aid-driven model under Saakashvili, versus the FDI/IFI-financed infrastructure model preferred by the Georgian Dream. This shift matters, because the *dominant social bloc* under the former regime was structurally committed to developing ties with the West and willing to accept the consequences of confrontation with Russia. The *social bloc* which has emerged under the Georgian Dream is by contrast more agnostic about the West and EU integration, focused on the cultivation of FDI inflows (mostly from Russia and the CIS) and IFI/development bank financing. We do not argue that this shift predetermined the deterioration of relations between Georgia and the EU, since the Georgian Dream was initially willing to at least superficially engage with EU conditionality. However, in response to the sharpening of EU-Russia confrontation and in the shadow of the invasion of Ukraine, Georgian elites and the hegemonic oligarch see EU-integration as less of a priority than normalisation with their northern neighbour.

CHAPTER 6

ARMENIA

“We decided to adopt a balanced and balancing foreign policy... Which means that we will try to create a balance between our different relations with the EU, our relations with Russia, with our regional powers, very important relations with Iran...”

Prime Minister of Armenia Nikol Pashinyan, World Economic Forum, [23.01.2025](#).
([Poghosyan 2025](#))

“This is Armenia’s internal affair. The country will, of course, need to make a decision and choose. Because sitting on two chairs won’t work, that’s absolutely clear.”

Deputy Prime Minister of Russia Aleksei Overchuk, [27.03.2025](#).

As of 2025, Armenia is the last post-Soviet country maintaining deep economic and political ties with both the EU and Russia. Armenia has been a member of the Eurasian Economic Union since 2015, while simultaneously implementing a Comprehensive and Enhanced Partnership Agreement with the European Union, involving substantial adoption of the EU *acquis*. While this approach may have paid off in terms of lower gas prices and fewer restrictions on exports to Russia, it came with a heavy price, as Russia repudiated its security guarantees and allowed Azerbaijan to defeat Armenia in the Second Nagorno-Karabakh War and take control of the breakaway region, the avoidance of which had been a key goal of Armenian foreign policy. Why has Armenia thus far resisted the trend toward abandoning strategic hedging? Existing explanations stress Armenia’s economic and security dependencies on Russia, authoritarian learning¹⁷⁶ and relatively weak linkages with the EU, making a pivot away from Russia appear almost unthinkable. However, two important changes put this picture into doubt. Firstly, Armenia experienced a peaceful revolution in

¹⁷⁶ “Authoritarian learning” refers to the promotion of authoritarian practices by more powerful autocratic states, and the adoption of their governance practices by leaders of would-be authoritarian incumbents in other countries ([Ambrosio 2016; Vanderhill 2022](#)). In the post-Soviet context, leaders may perceive that cultivating ties with Russia and mimicking its authoritarian practices can protect them from Colour Revolutions, taking inspiration from Belarus and Kazakhstan ([Terzyan 2018](#)).

2018, shifting from an authoritarian to a hybrid regime. Terzyan (2018) points out that agency-led factors played a large role alongside structural factors in Armenia's dependence on Russia, meaning that a change in outlook of the incumbents could produce substantial change. Secondly, since 2018 Armenia-Russia relations experienced a series of crises while ties with the EU have strengthened, signaling the possibility of geopolitical realignment (Ter-Matevosyan and Mkrtchyan 2017). Moreover, from a comparative perspective, Georgia, Moldova and Ukraine all exhibited high levels of dependency before their respective confrontations with Russia, and did so despite not having a clear EU membership perspective before 2022. External pressure may push countries to make a choice, yet it does not determine whether the response will be acquiescence or resistance.

This chapter therefore turns attention away from purely exogenous pressure from Russia and the EU, and turns to the interests of domestic elites, asking why no *social bloc* with a preference for single vector EU integration emerged. To integrate Armenia into our comparative analysis we use a new database of beneficial owners established in Armenia in 2021 to shed unprecedented light on the economic interests of Armenian oligarchs. We analyse the sectoral composition of their assets, ownership structures and the export destinations for their products. Our findings show that most Armenian oligarchs derive their wealth either from monopolisation of imports from Russia, exports to the Russian market and re-export of Russian goods. Meanwhile, the main sector with a clearly pro-EU export orientation - mining - came under the majority control of Russian oligarchs in 2021. Other sectors which have been able to incubate a pro-EU social bloc, such as IT, agriculture and professionalised NGOs, are comparatively weaker in Armenia.

The next section assesses Armenia's economic and security dependencies on Russia, offering comparisons with neighbouring countries. We show that while Armenia is somewhat more economically dependent on Russia than its neighbours, this is not a case of pure structural determinism, but the choice of Armenian elites. Armenia sold off its energy infrastructure and most strategic assets, as well as joining the Russia-led Eurasian Economic Union, in attempting to secure low gas prices and the Russian market for its exports. Meanwhile Georgia, Moldova and Ukraine were also heavily dependent on Russia as an energy provider and export market, but reduced dependence significantly through both intentional and unintended actions, while increasing linkage with the EU. Armenia also eschewed efforts to

reduce the threat to its security from Azerbaijan and Turkey, choosing to rely on continuing Russian protection.

Part two sketches three moments in which Armenia seemed on the verge of shifting its geopolitical alignment, yet ultimately stuck to “strategic accommodation”. In 2013, Armenia was close to signing an Association Agreement with the EU, alongside Georgia, Moldova and Ukraine. However, in the face of Russian pressure, they abandoned negotiations and opted for the Eurasian Economic Union. In contrast to Ukraine, elite and popular mobilisation was muted.

In 2018, Armenia experienced a peaceful revolution, removing the incumbent Republican Party after two decades in power and holding free elections. While many were quick to label this another post-Soviet “Colour Revolution”, the new Armenian government under Nikol Pashinyan went to great lengths to emphasise that close relations with Russia would be maintained, despite the new government’s anti-corruption and anti-oligarchic platform. Despite Pashinyan’s overtures, Russia showed increasing dissatisfaction at Armenia’s nascent democratisation. Most recently, in 2023 Armenia once again seemed on the verge of a pivot. After Armenia’s defeat in the 2020 Second Nagorno Karabakh War and the 2023 Azerbaijani seizure of the breakaway region, Russia’s security guarantees had proved ephemeral. The Armenian leadership appeared to have a realisation that although the EU would be unlikely to intervene on Armenia’s behalf if Azerbaijan were to invade, neither would Russia. Armenia suddenly made a number of overtures to the West, such as sending humanitarian aid to Ukraine and ratifying the Rome Statute on the International Criminal Court, which were bound to be unwelcome in Moscow. Ramped up cooperation with the EU and a new military partnership with France once again hinted at a pivotal moment. However, after a flurry of activity, the government’s rhetoric once again returned to strategic accommodation of both powers.

Part three lays out our findings regarding sectoral transformation and *social blocs*. We find that the Armenian oligarchy differs from Georgia, Moldova and Ukraine in several key regards, which help to explain its foreign policy rigidity. Firstly, we find that Armenian oligarchs are concentrated in sectors which rely on imports from and exports to Russia rather than the EU. Secondly, we find that ownership structures are comparatively more entangled with Russian capital. Thirdly, although Armenia’s leading sector - mining - has a

predominantly Western export orientation, this sector came under the control of Russian oligarchs after 2020. In contrast to Ukraine and Moldova, where incumbents used European integration to erode the power of Russia-oriented factions of the economy, in Armenia, the government allowed a Russian takeover of the mining sector to undermine opposition oligarchs.

I. Destined for Dependency?

Without a doubt, Armenia displays clear features of structural dependency on Russia. This section outlines key dependencies in energy, trade and security.

A) Energy

As of 2024, Russia supplies 88% of Armenia's natural gas needs ([Civilnet 2024](#)), and around 70% of domestic electricity production is reliant on gas ([Markosyan 2023](#)). The other 30% of domestic electricity generation capacity comes from the Metsamor Nuclear Power Plant, which is currently under renovation by a subsidiary of Russia's state nuclear corporation *Rosatom* to extend its operating lifetime for another 10 years beyond the current shutdown date of 2026.

Energy dependence was further exacerbated by the Armenian government's decision to transfer ownership of 80% of the country's entire gas transmission network to Russia's Gazprom in 2009 in a debt-for-assets swap, and the remaining 20% in 2014 in return for fixing gas prices at a favourable rate. Thus even the Iran-Armenia gas pipeline - the country's only source of non-Russian gas - is owned by Gazprom, which also owns the Hrazdan-5 Thermal Electric Station which converts the Iranian gas to electricity (Danielyan 2010).

Table 29. Armenia: Electricity Generation and Ownership Structure (2017-2023)

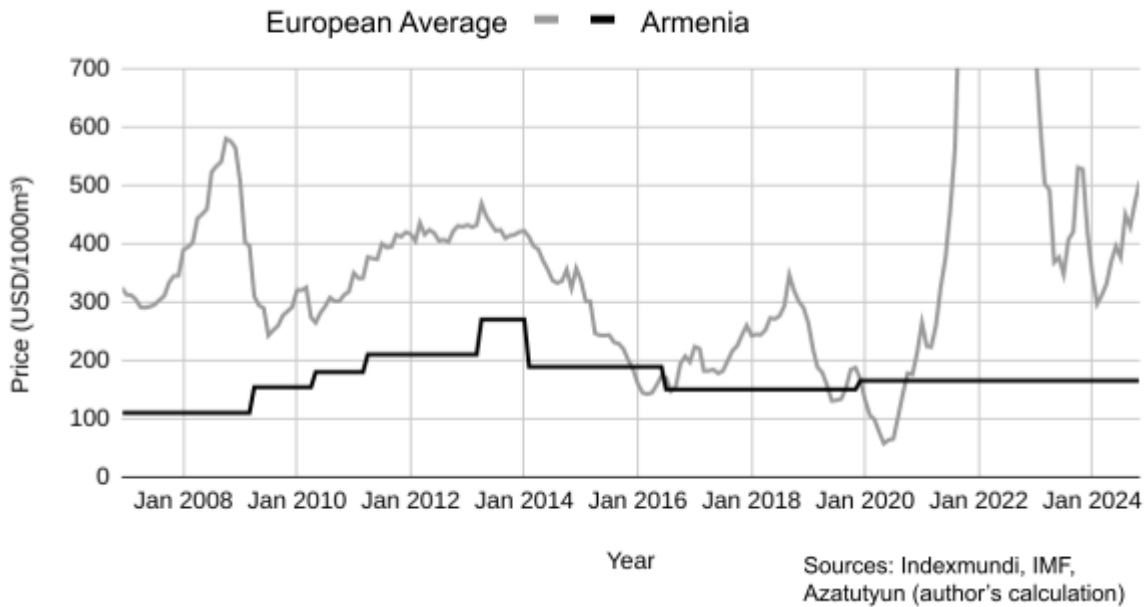
	Type	Share (%)	Ownership
Armenian Nuclear Power Plant CJSC	Nuclear	30.76	State-owned
Yerevan Thermal Power Plant CJSC	Gas-fired	19.24	State-owned
Contour Global Hydro Cascade CJSC	Hydro	10.01	Contour Global (UK)
Hrazdan-5	Gas-fired	8.61	Gazprom (Russia)
Hrazdan Thermal Power Plant OJSC	Gas-fired	8.20	Tashir Group (Russia)
Armpower CJSC	Gas-fired	5.72	Renco (Italy), Siemens (Germany)
International Power Corporation CJSC	Hydro	5.28	Tashir Group (Russia)
Renewables	Wind, solar, small hydro	12.05	Various

Source: Nexus Intellect Research (author's calculations)

Unlike Georgia, Moldova and Ukraine, Armenia has hardly made any attempts to reduce dependence on Russian energy. Since March 2025 the government has been in talks with Turkmenistan to supply gas via Iran, however, as mentioned previously, this pipeline is also owned by Gazprom ([CivilNet 2025](#)).

Securing subsidised gas prices from Russia has been a goal of successive Armenian governments. Armenia made substantial concessions to Russia in 2006, 2009, 2014 and 2015 to secure lower gas prices. Russia imposed price increases in 2009, 2010, 2011, 2013 and 2019. The role of gas price diplomacy in Armenia will be covered in more detail in the next section.

Figure 83. Russian Gas Exports to Europe and Armenia (USD/1000m³) (2008-2024)



B) Trade

Despite not sharing a border, the EU was Armenia's main export destination for much of the 2010s, exceeding exports to the CIS. By contrast, despite joining a Deep and Comprehensive Free Trade Area with the EU in 2014, the CIS remains the largest export destination for Georgia. The EU became Ukraine's export destination only in 2014, against the backdrop of Russia's annexation of Crimea and intervention in Eastern Ukraine. Moldova, which does not share a border with Russia is the only one of the four where the EU decisively overtook the CIS as the main export market from 2011. Armenia's main export products to EU countries are ferroalloys, copper ore and gold, which made up 45% of exports in 2021 (OECD 2025). This sector will be covered in more detail in the final section. Agriculture, food processing and beverage production - EU oriented sectors for Moldova and Ukraine - are Russia oriented for Armenia.

Figure 84. Armenian Goods Exports to the EU and CIS (billion USD) (2009-2024)

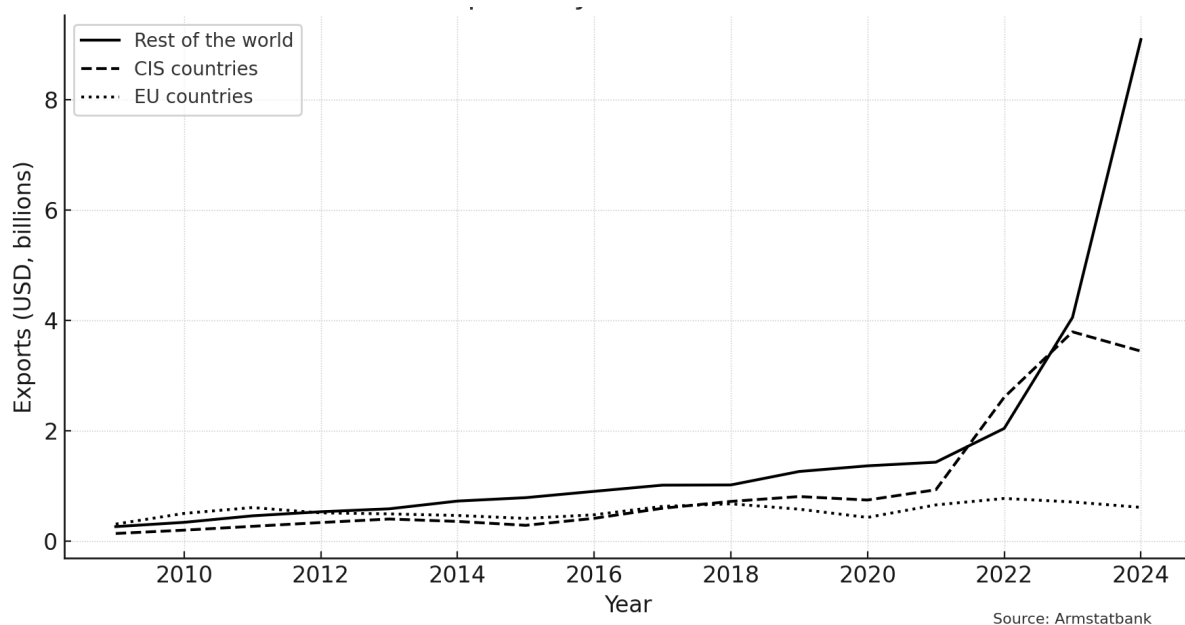
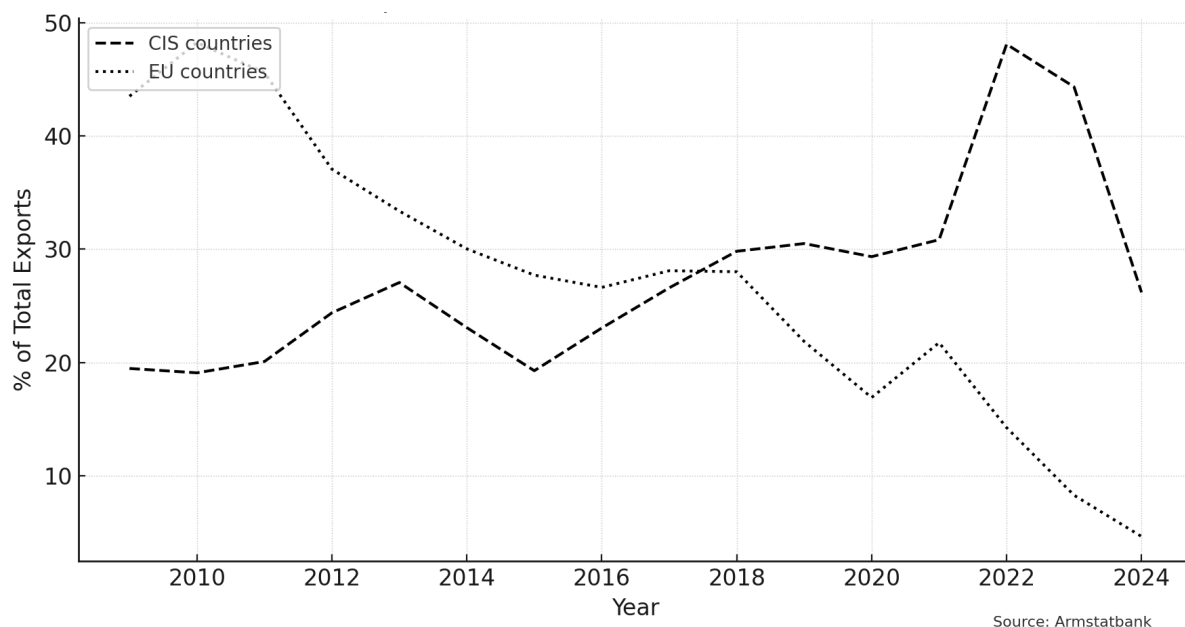


Figure 85. Armenian Goods Exports to the EU and CIS (% of total goods exports) (2009-2024)



Since the 2022 Russian invasion of Ukraine, exports to Russia and the CIS exploded, particularly electronics and automobiles (Azatutyun 2024), more than doubling from 2021 to 2022. The Armenian government denies that Armenia is involved in systematic sanctions dodging and introduced export licenses for electronics, while several key Armenian businesses announced that beneficial owners who were sanctioned Russian oligarchs had

relinquished their shares (Dovich 2024). However, investigative journalists discovered that Armenia engaged in large-scale illicit re-export of Russian gold and diamonds, marketed as Armenian gold to avoid sanctions, with the UAE as the primary destination (Hergnyan 2024a), (Hergnyan2024b), explaining the striking explosion of exports to the rest of the world in figure 84.

C) Finance

Armenia is the only one of our four cases where Russia plays a role in (non-energy) government external financing. As of 2024 the Russia-led Eurasian Development Bank holds 8.4% of government external debt, while the Russian Federation holds 5.3% ([Grigoryan 2025](#)). Nevertheless, multilateral creditors are the largest holders of external debt, primarily the World Bank Group. Prior to 2022, debt to multilaterals as a % of GDP was higher in Moldova but significantly lower than in Georgia. Increased GDP growth after the invasion of Ukraine has seen debt to IFIs and development banks drop to ~20% in 2024 (figure 87). We do not have the necessary data to uncover whether Armenia saw a shift in its public finances from bilateral loans to IFIs and development banks in the past decade, as was the case for Georgia and Moldova.

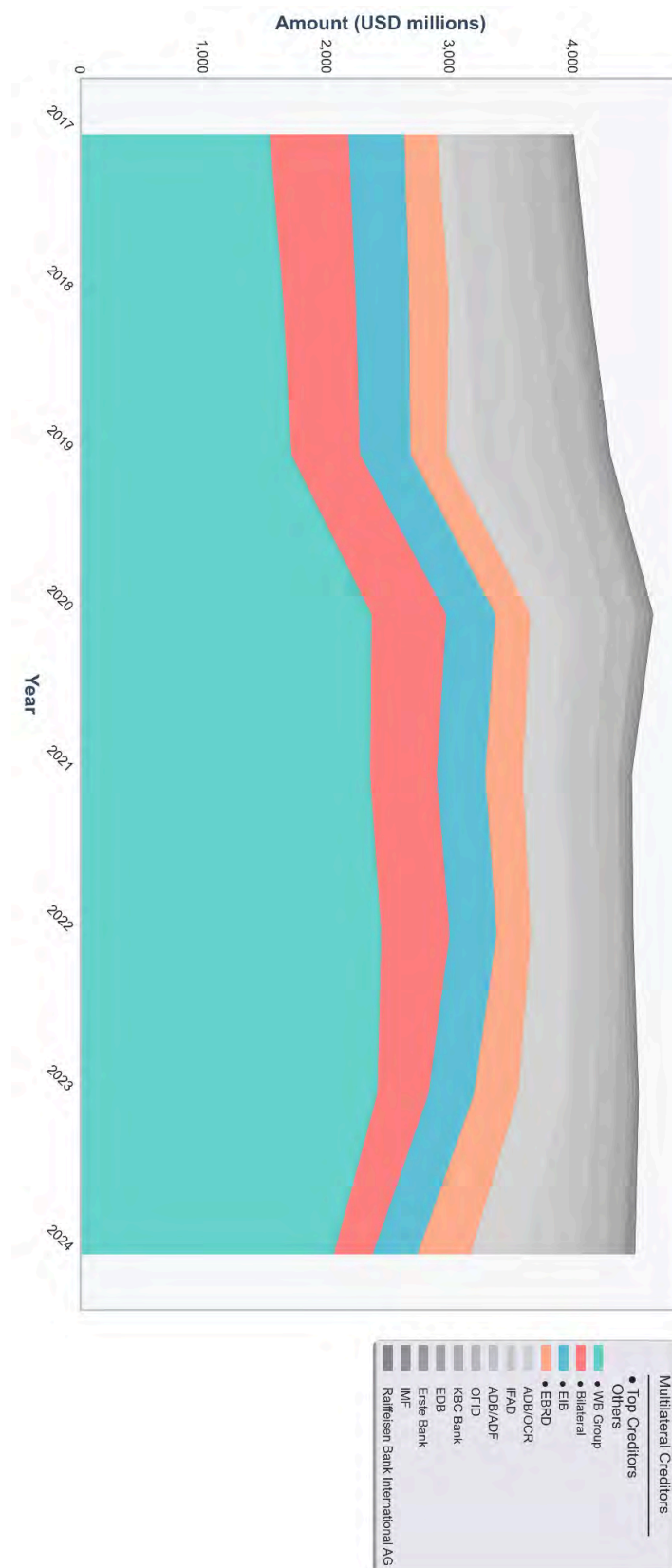
The Armenian banking sector has a high proportion of foreign ownership, peaking at 78.90% in 2010. EU-registered companies owned 33.8% of the banking sector in 2013, with Russia accounting for 15.4% and Switzerland for 4% ([ArmBanks 2014](#)). Following Russia's invasion of Ukraine, ownership structures shifted considerably: HSBC Armenia, the largest Western banking group-controlled lender, was sold to local Ardshinbank in August 2024, owned by an Armenian businessman - Karen Safaryan - who had made his fortune in Russia¹⁷⁷. Ardshinbank had previously acquired Areximbank-Gazprombank in 2016, which fell under sanctions after the invasion of Ukraine ([Reuters 2016](#)). 90% of shares in the country's largest bank - Ameriabank - were bought by Bank of Georgia group (itself listed on the London Stock Exchange) with the remainder held by the EBRD ([Interfax 2024](#))¹⁷⁸.

¹⁷⁷ Ardshinbank's deputy chair (and former Finance Minister) David Sargsyan denied that the purchase of HSBC reflected increased Russian ownership of the banking sector. He claimed that despite Safaryan's background, this was a "geopolitical shift, departing from Russia and moving towards the West" ([Borg 2025](#)).

¹⁷⁸ Media reports have suggested that Russian-Armenian businessman and ex-prime minister of the *de facto* Nagorno-Karabakh republic Ruben Vardanyan was a major beneficiary, although this data is not in the public domain.

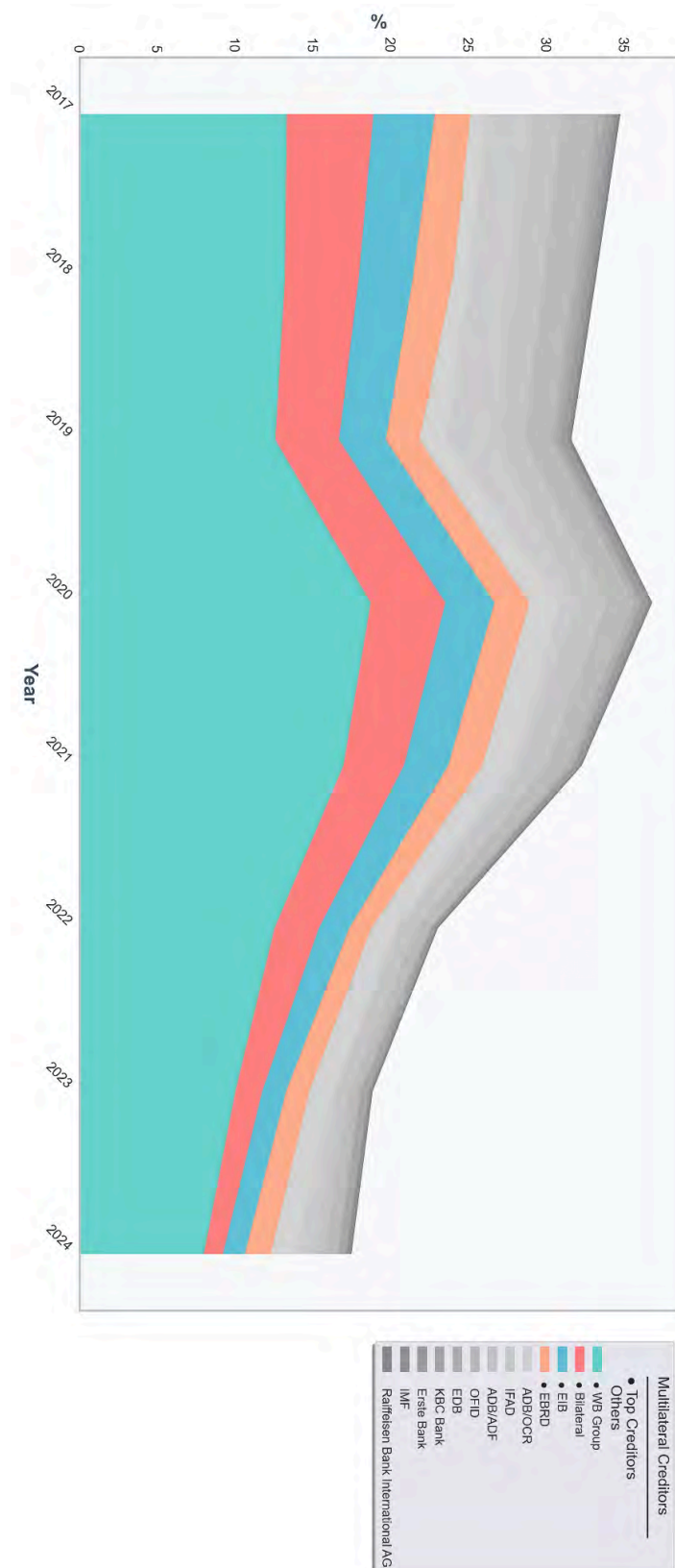
Russian VTB Bank continues to operate in Armenia but is under sanctions and cut off from the SWIFT payment system. Of the top five banks as of 2024, 3 are domestically owned, 1 is a listed regional bank and 1 is owned by Western capital ([KPMG 2024](#)). Russian citizens moved at least \$7.5 billion to Armenia from 2022-2024 and Armenia's banks posted more than \$1.2 billion in profits ([Dovich 2024](#)). Thus, despite sanctions, Russian capital continues to play a critical but ambiguous role in the banking sector.

Figure 86. Armenia: Outstanding External Debt to IFIs & Bilateral Lenders (million USD) (2017-2024)



Source: Ministry of Finance of Armenia (author's calculation)

Figure 87. Armenia: Outstanding External Debt to IFIs & Bilateral Lenders (% of GDP) (2017-2024)

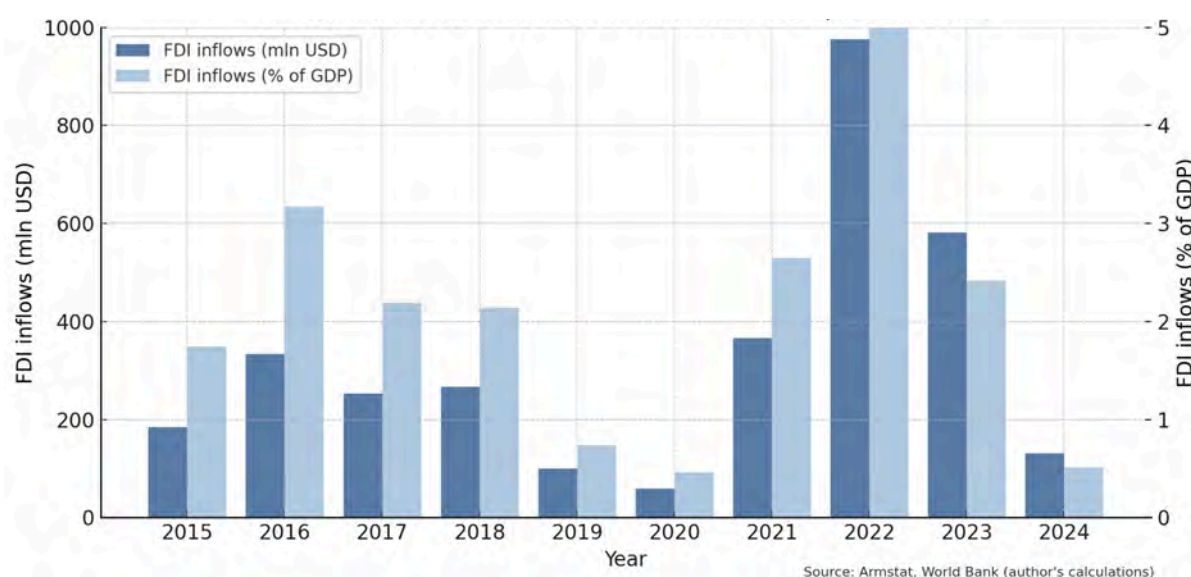


Source: Ministry of Finance of Armenia (author's calculation)

The Armenian currency - the *dram* - has been systemically linked to the Russian ruble since independence. The Central Bank of Armenia officially adopted inflation targeting and a free-floating exchange rate as early as 1994. However, Szabo and Kovacs (2017) describe Armenia’s monetary policy as exhibiting what Calvo and Reinhart (2002) call “fear of the float”. The Central Bank has consistently defended the currency during successive ruble crises unlike neighbouring Georgia, and maintained an informal peg to the dollar from around 2015-2020. Such a monetary policy aligns with a “cheap input regime”, reflecting Armenia’s import and remittance dependence and the positioning of many oligarchs in import sectors (see section V). After at least 5 years of an informal peg, the Central Bank allowed only a minor devaluation in response to the Covid-19 pandemic and the 2020 Nagorno-Karabakh War, but then allowed a large appreciation after the Russian invasion of Ukraine.

FDI inflows averaged ~1.9 % of GDP from 2015-2021¹⁷⁹, exploding to almost \$1 billion and 5% of GDP in 2022 in the immediate aftermath of the Russian invasion of Ukraine (figure 88). The pre-2022 levels reflect the global FDI slump to developing countries, according to the World Bank (2025) FDI inflows averaged 2.3% of developing country GDP in 2023.

Figure 88. Armenia: FDI Inflows (mln USD & % GDP) (2015-2024)



¹⁷⁹ Neighbouring Georgia averaged 7.6% in the same period, reflecting its FDI-driven growth model (Chapter 5).

D) Security

Russia was perceived as the primary security guarantor for Armenia until 2020. The First Nagorno Karabakh War of 1988-1994 ended in a Russia-backed ceasefire and *de facto* control of the Nagorno Karabakh region and five neighbouring regions by the ethnic-Armenian Republic of Artsakh. However, the territory was internationally recognised as part of Azerbaijan, since the region had been part of the Azeri SSR. From 1994, Armenia was under economic blockade by Azerbaijan and Turkey, and experienced sporadic border clashes and a four-day war in 2016 (Baldrian 2023).

The first President of Armenia, Levon Ter Petrosyan, proposed trading the five regions captured in the First Nagorno Karabakh War in exchange for a peace agreement with Azerbaijan which would preserve the independence of the *de facto* Republic of Artsakh. However, he was forced out of office by a group subsequently known as the “Karabakh Clan” led by Robert Kocharyan, who became the second president in 1998. Kocharyan’s government opposed Ter Petrosyan’s peace deal with Azerbaijan, and instead turned to Russia as a security guarantor (de Waal 2010).

Kocharyan’s Republican Party’s two decades in power saw Azerbaijan emerge as a major hydrocarbon exporter and outpace Armenia both economically and militarily. Armenia’s army was plagued by corruption and reliant on outdated Russian imports. However, Armenia’s close ties with Russia were widely considered as preventing the use of military force by Azerbaijan (Baev 2020). Russia was allowed to open a military base in the second city of Gyumri in 1996. Armenia also voted against resolutions in the United Nations General Assembly calling on UN members not to recognise the Russian annexation of Crimea (Green 2023).

II. Thwarted Transformations

Despite the previous section’s emphasis on dependence on Russia, we will outline three historical periods where a serious shift in Armenia’s geopolitical alignment seemed suddenly possible.

A) Choosing the Path: The EU or the Eurasian Economic Union 2013-2015

From 2010, Armenia had been negotiating an Association Agreement with the EU on similar lines to Georgia, Moldova and Ukraine and including a DCFTA. Delcour and Wolczuk (2016) posit that the Armenian government embraced the EU in an effort to modernise the economy, calculating that EU reforms would not pose a serious threat to authoritarian rule, and that Russia would not offer major objections. The 2008 Global Financial Crisis had exposed the economy's weakness, and disputed presidential elections in 2008 resulted in violent clashes which unnerved the regime which sought new sources of legitimacy. Armenia and the EU came close to finalising the agreement, with the potential to create new path dependencies.

However, in a dramatic U-turn, Armenia abandoned the Association Agreement in favour of joining the Russian-led Eurasian Economic Union in 2014 (Terzyan 2018). The opening quotation to this dissertation showed President Serzh Sargsyan attempting to justify this decision to Armenian diaspora representatives. In April 2013, Russia had increased gas prices for Armenia by 50%, while floating the idea of a reduction if Armenia joined the EaEU (Terzyan 2018). After Armenia complied, gas prices were reduced to even lower than the 2013 level. At the time however, gas prices to Europe were declining sharply, falling below the fixed price for Armenia in the first half of 2016 (see figure 83 above). Yerevan had sharply miscalculated that Moscow would not object to deeper engagement with the EU.

Yet *strategic hedging* did not disappear after Armenia joined the EaEU. After a brief period of frosty relations, Armenia and the EU returned to the negotiating table, signing a Comprehensive and Enhanced Partnership Agreement (CEPA) in 2017. CEPA included many similar provisions to the abandoned Association Agreement including substantial approximation of the EU *acquis*, but without the DCFTA (Khvorostiankina 2018). The pursuit of closer ties with the EU despite having joined the EaEU likely reflects a recognition among Armenian elites that the Russian-led union offered few prospects for modernisation. EaEU membership increased Armenia's goods exports and helped to lower its current account deficit from 7.5% of GDP in 2014 to zero in mid-2016 ([Szabo and Kovacs 2017](#)). However, the 2014-2015 economic crisis in Russia harmed remittances inflows and forced the Central Bank to defend the domestic currency.

B) Democratisation under Russian Suzerainty? The Velvet Revolution 2018

In 2018, mass protests in Yerevan brought down Prime Minister Serzh Sargsyan and the Republican Party after two decades in power. Nikol Pashinyan, a journalist and key figure in the protests, was elected Prime Minister as head of the “My Step Alliance”. As in other “Colour Revolutions”, the defection of prominent oligarchs (such as Gagik Tsarukyan and Khachatur Sukiasyan) to the opposition played a role in the revolution’s success. However, the “Velvet Revolution” was striking in its apparent spontaneousness, which took the existing political and economic elites by surprise (Broers 2020).

Despite the new government’s anti-corruption and anti-oligarchic platform, Pashinyan and his entourage went to great lengths to emphasise that close relations with Russia would be maintained, and that the revolution did not represent a turn to the West. In spite of these overtures, Russia showed increasing dissatisfaction at Armenia’s new government, as summed up by this quotation from Editor-in-chief of RT Margarita Simonyan in 2020:

“In response to the long-term goodness and protection that you received from Russia, you did not recognize Crimea. Because this is an internal affair of Armenia. Exclusively out of political revenge, you put Robert Kocharyan, Russia's constant ally, in prison. You have flooded the country with anti-Russian NGOs that are teaching young people on your territory how to overthrow the government in Russia. You have become a springboard for anti-Russian forces in the Caucasus... After all that you have done, Russia has every moral right to spit on you and grind you”. (Avanesov 2020)

The main site of tension was the new government’s anti-corruption drive: opening criminal cases against politicians, officials and oligarchs who had supported the Republican Party, including former President Kocharyan and the sitting head of the CSTO Yuriy Khachaturov ([Kucera 2018](#)).¹⁸⁰ Even oligarch Gagik Tsarukyan, who supported the Velvet Revolution, came under fire after falling out with the new government. Russia balked at seeing old regime members who had been loyal to Moscow punished, and accused the Armenian government of persecuting the opposition ([OC Media 2018](#)).¹⁸¹

¹⁸⁰ Sargsyan ([2020](#)) has compiled a primer of other key figures who faced prosecution after the Velvet Revolution. She has also explored the selectiveness of the post-2018 anti-corruption drive and the role played by the National Security Service (NSS) ([Sargsyan and Kopalyan 2019](#)).

¹⁸¹ A *volte-face* from its treatment of the Armenian opposition during the 2008 post-election unrest.

a) Defeat and Betrayal 2020-2023

Russia's role as a security guarantor proved ephemeral in 2020 as Azerbaijan defeated Armenia in the Second Nagorno Karabakh War, and then fully captured the breakaway region and expelled the ethnic Armenian population in 2023. Armenia's appeal to the Collective Security Treaty Organisation (Russia's equivalent to NATO) for assistance in 2020 was denied. Russia utilised the situation to broker a ceasefire agreement, including the deployment of Russian peacekeepers inside Armenia and in Nagorno Karabakh (Baldrian 2023).

The Armenian government found itself in a bind. Azerbaijan's President Ilham Aliyev continued to lay claim to the territory of sovereign Armenia, and accuse Armenia of violating the 2020 ceasefire agreement in which Armenia agreed to provide a road corridor across its territory to the Azerbaijani exclave of Nakhichevan (Baldrian 2023). Regular clashes occurred along the new *de facto* border despite attempts to negotiate demarcation. The war had proved that Armenia could not withstand invasion by Azerbaijan, and signalled that Russia was unlikely to prevent Azerbaijan from doing so.

Pashinyan was forced to call snap parliamentary elections in June 2021. However, the main opposition party led by former President Robert Kocharyan was unable to convince voters that he could restore the *status quo ante bellum*. Pashinyan's "Civil Contract" party won a majority after a campaign focused on blaming his predecessors for underpreparedness for war and overreliance on Russia, and warning voters against a return to the old regime. After his victory, Pashinyan appeared on stage wielding a hammer and calling on the people to "smash the counterrevolutionaries" (Tatikyan 2021). Muted criticism of Moscow grew. Armenia refused to host CSTO military exercises due to the organisation's inaction during the 2020 war, but conducted joint exercises with the USA in September 2023. On September 3rd 2023, Pashinyan stated in an interview:

"Armenia's security architecture was 99.999% linked to Russia ...But today we see that Russia itself is in need of weapons, arms and ammunition [for the war in Ukraine - author] and in this situation it's understandable that even if it wishes so, the Russian Federation cannot meet Armenia's security needs." (Osborn 2023)

He also stated that Armenia was trying to diversify its security arrangements. Three weeks later, during the US-Armenia joint military exercises, Azerbaijan's military began a military offensive which led to its full control of the Nagorno Karabakh region and the flight of 100,400 ethnic Armenians (99% of the population) (Baldrian 2023). The Armenian and *de facto* Republic of Artsakh militaries, as well as Russian peacekeepers, did not resist. In the aftermath of the offensive, Armenia seemed to have finally abandoned its policy of desperate overtures to Russia for protection. The government made a number of steps which seemingly intended to antagonise Russia, or at least to signal to the West that Armenia was willing to switch its geopolitical alignment. The government and parliament ratified the Rome Statute on the International Criminal Court in November 2023, despite the outstanding arrest warrant against Russian President Putin since March of that year ([Avetisyan 2023](#)). Pashinyan's wife made an official visit to Kyiv, and Armenia provided humanitarian aid to Ukraine ([Armenpress 2023](#)). In February 2024, Pashinyan stated that Armenia is "not Russia's ally" in the war against Ukraine (Kholina 2024), while the speaker of the parliament received condemnation from Moscow for voicing his support for Ukrainian territory. The first official visit of an Armenian government representative to Kyiv occurred in June 2024 (Azatutyun2024). In January 2025, Armenia cut diplomatic ties with fellow EaEU member Belarus in 2024 (Barseghyan 2025), while in April Armenia voted in favour of a resolution in the UN General Assembly which denounced Russian aggression in Ukraine and Georgia (Azatutyun 2025).

In terms of security, Armenia began to rapidly develop cooperation with France after the Azerbaijani offensive. In late 2023 Armenia signed military cooperation agreements, including contracts for French Bastion armored vehicles, GM200 radars, and a letter of intent to acquire Mistral missiles (Asbarez 2024). In February 2024 the French Defense Minister Sébastien Lecornu visited Yerevan, and announced the deployment of a French military adviser (RFE/RL 2024). Another military delegation visited Armenia in December, and the head of the French Defense Procurement Agency in early 2025 (Barseghyan 2024). Armenia also purchased over 600\$ million in arms from India in 2024 in an effort to reduce dependence on Russia, making it its largest arms supplier (IDRW 2025).

Perhaps the most surprising development was the passing of a parliamentary resolution calling on the government to launch EU membership negotiations (Körömi 2025). The bill

was introduced to parliament after collecting 60,000 signatures, and was voted for overwhelmingly by the ruling Civil Contract party, although PM Pashinyan expressed doubt about whether Armenia was ready for EU membership. The European parliament responded with a resolution that Armenia met the requirements in the Maastricht Treaty to apply for membership (Fornusek 2025). This occurred against the backdrop of increasing EU-Armenia cooperation since 2021. An unarmed monitoring mission was launched along the Armenia-Azerbaijan border in February 2023 (EEAS 2023). Additionally, the EU proposed a €270 million Resilience and Growth Plan for Armenia in April 2024, having previously pledged up to €2.6 billion in 2021 (EEAS 2025).

An important feature of the post-2020 Armenia-Russia relations is also the effect on attitudes. A strand of the literature on post-Soviet “Colour Revolutions” analyses the growth of voter polarisation on geopolitical lines: “pro-Russian” versus “pro-Western” parties became a more important electoral cleavage than left-right ideology. In Moldova and Ukraine, this geopolitical polarisation partly overlapped with regional and linguistic cleavages (Podolian and Romanova). In Georgia, attitudes to Russia remain resolutely negative since the 2008 Russo-Georgian War (Caucasus Barometer 2024). Until 2020, Armenia was an outlier. When surveyed, Armenians generally expressed favourable views of both Russia and the EU, but saw Russia as a more important partner. They expressed similar levels of support for membership of both the EU and the Eurasian Economic Union.

Figure 89. Survey: Support for Armenia's membership of the Eurasian Economic Union (2013-2024)

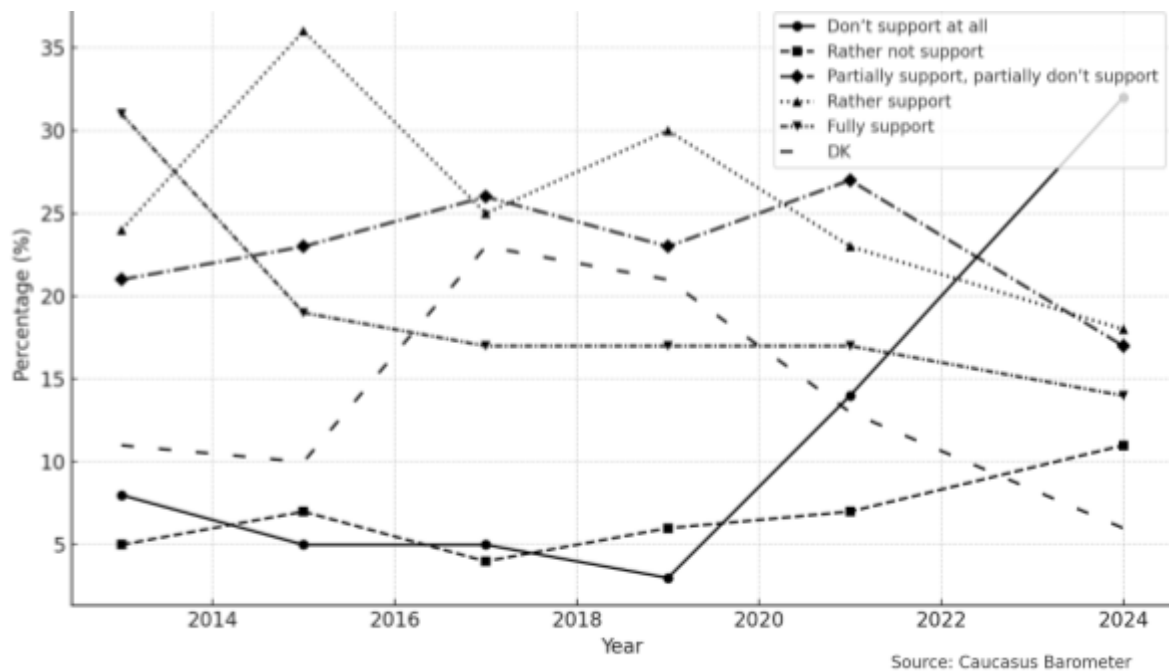
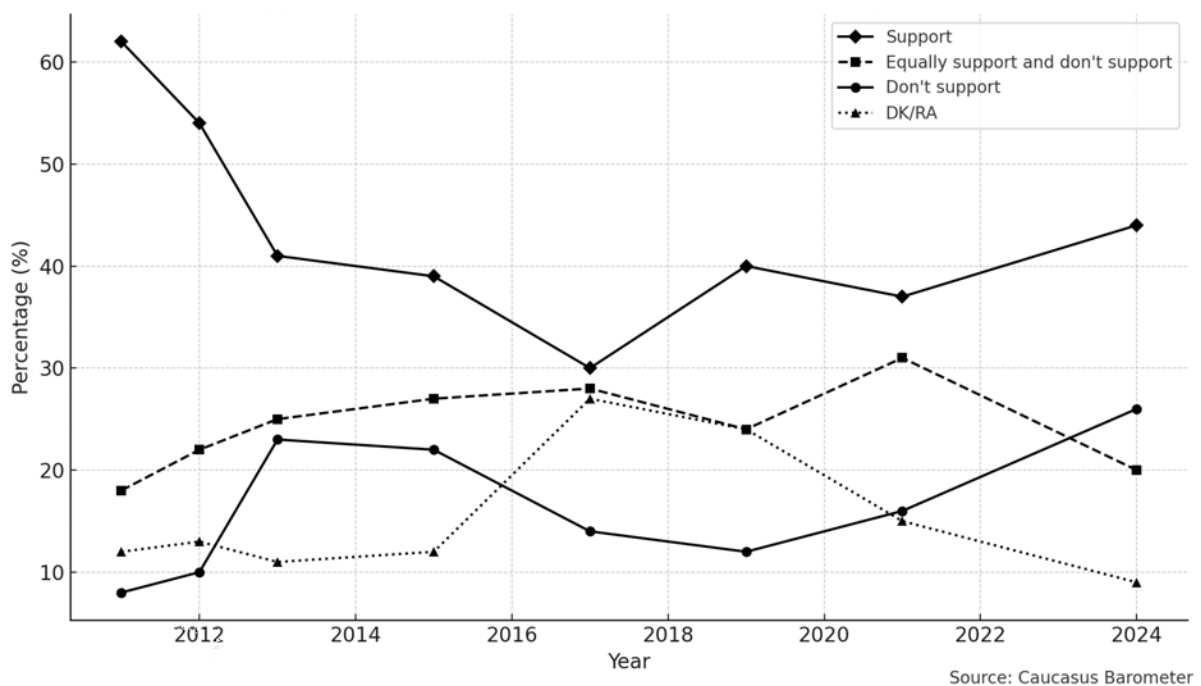


Figure 90. Survey: Support for Armenia's membership of the European Union (2013-2024)



However, this picture increasingly broke down after the Second Nagorno Karabakh War, when many Armenians perceived Russia as having abandoned its role as Armenia's security guarantor, and even as a threat to internal and external stability. The proportion of Armenians

surveyed who perceived relations with Russia as bad exploded from ~10% in 2018 to over 60% in 2023 and 2024. The share of respondents who did not support EaEU membership at all rose to 32% in 2024, having previously hovered between 3-8% from 2013-2019. By 2024, respondents ranked Russia in their top three countries which posed the main political and economic threats to Armenia. Attitudes toward EU membership dipped in 2020 but subsequently returned to high levels, while France was rated the most important political partner in 2024 amid increased security cooperation (Caucasus Barometer 2024, International Republican Institute 2024). If popular attitudes had previously been the main obstacle to the emergence of a Western-oriented social bloc, this appeared to be no longer the case.

Figure 91. Survey: How would you evaluate the current state of the relationship between Armenia and Russia? (2018-2023)

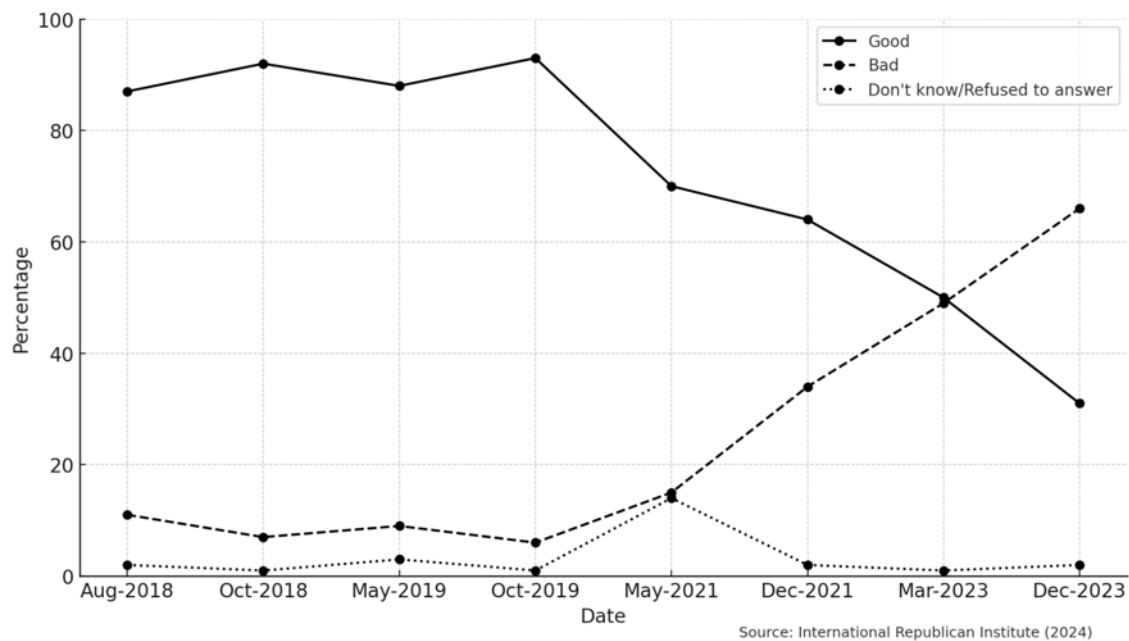


Figure 92. Which of these countries do you consider the most important *security* partners for Armenia? (2024)

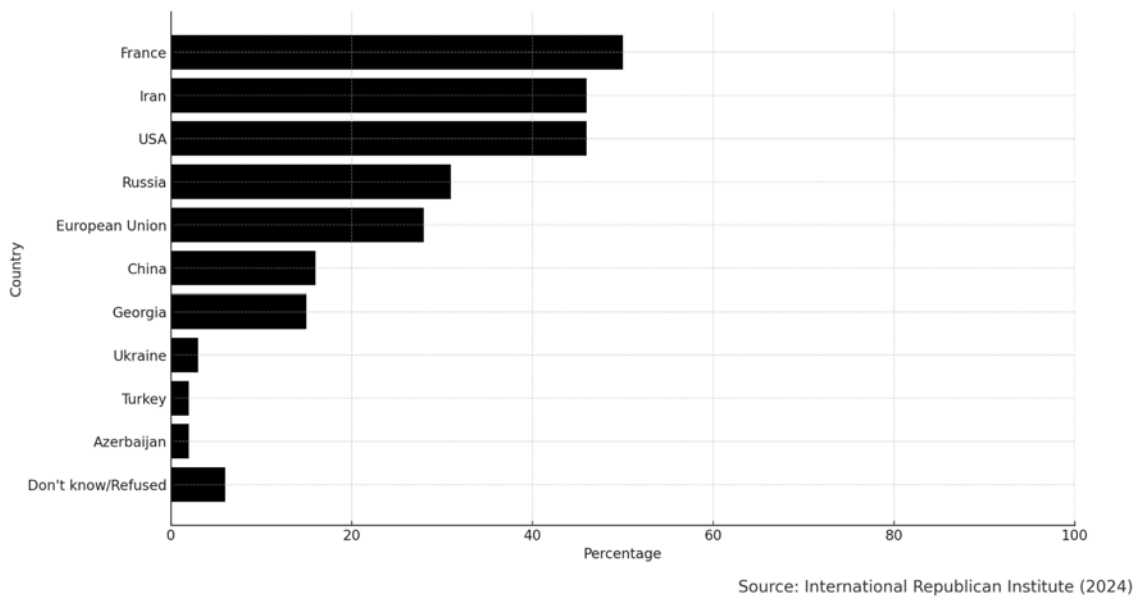


Figure 93. Which of these countries do you consider the most important *political* partners for Armenia? (2024)

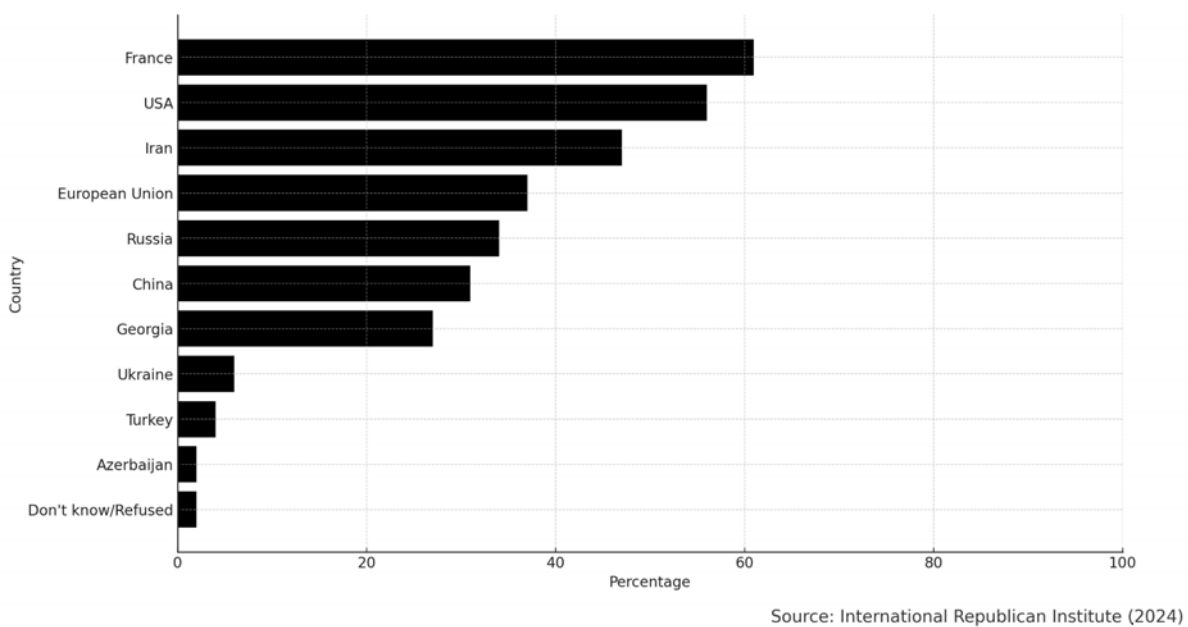


Figure 94. Which of these countries do you consider the greatest *political* threat to Armenia? (2024)

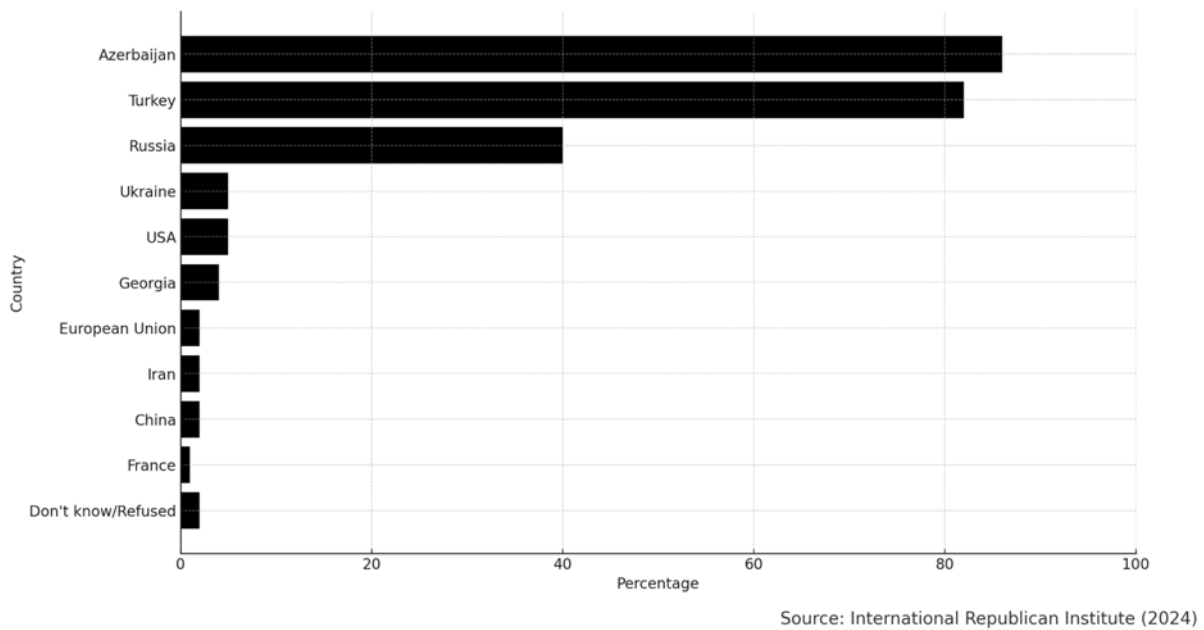
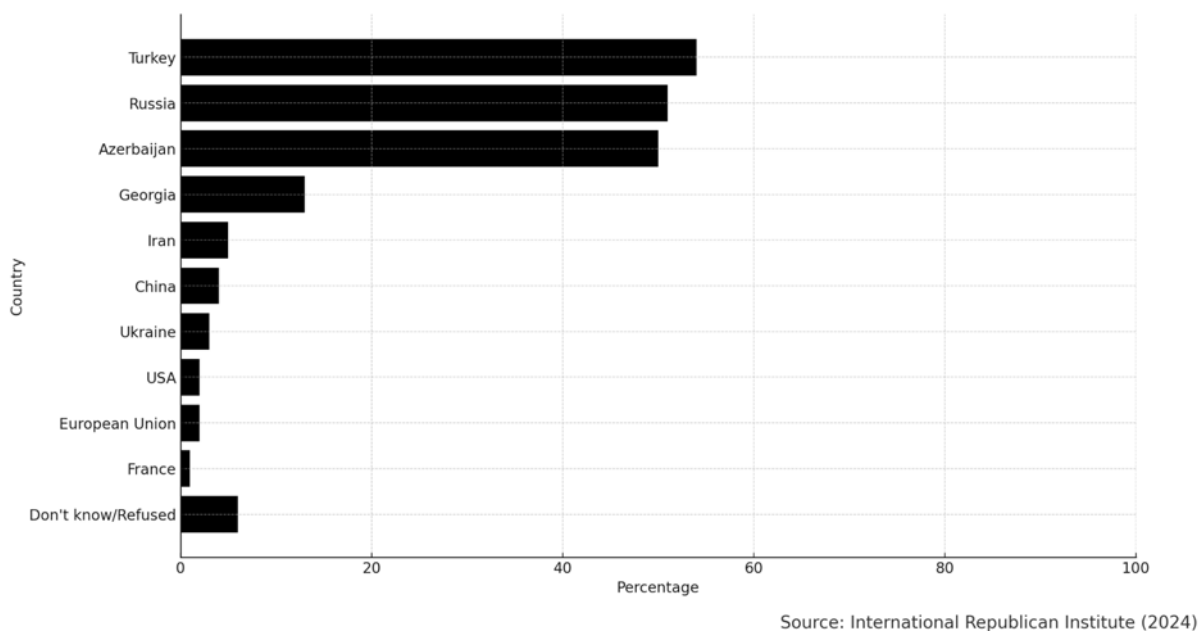


Figure 95. Which of these countries do you consider the greatest *economic* threat to Armenia? (2024)



Yet as shown by the quotation at the beginning of this chapter, the deterioration of Russia-Armenia relations and public attitudes to Russia, strengthened cooperation with the EU and signals that Armenia was considering geopolitical alignment, the government nevertheless returned to declaring “balancing” as its strategic goal. As recently as July 2025, Pashinyan declared that Armenia would apply to join the Shanghai Cooperation Organisation (headed by Russia and China), declaring that “this is consistent with our policy of balance and a balanced approach” ([Armenpress 2025](#)). It is possible that lack of success in efforts to normalise relations with Turkey and Azerbaijan may have convinced the government that switching would be premature. However, it is time to turn away from foreign policy-centred explanations, and return to domestic conditions.

III. Sectoral Growth Decomposition

A) Production Side GDP Growth Decomposition

Figure 96. Armenia Average Sectoral Value-Added (VA) Shares (%) of GDP

	Agriculture Share (%)	Manufacturing Share (%)	Industry Share (%)	Services Share (%)	Residual Share (%)
1991-1995	19.99	13.16	19.61	40.05	7.19
1996-2000	19.25	11.60	15.51	45.33	8.31
2001-2005	16.56	11.19	20.97	42.34	8.94
2006-2010	13.97	8.31	23.59	47.90	6.24
2011-2015	15.48	9.64	17.50	48.46	8.92
2016-2020	13.25	11.06	15.13	52.25	8.31
2021-2024	9.42	10.89	14.70	57.45	7.54

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)

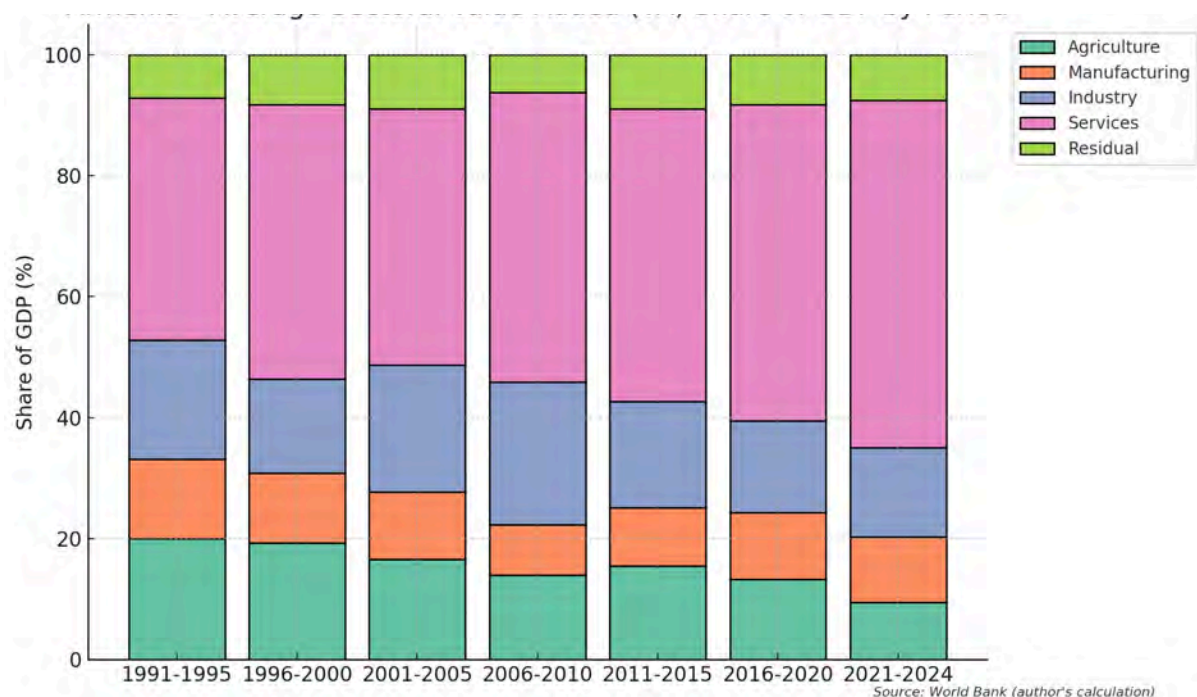
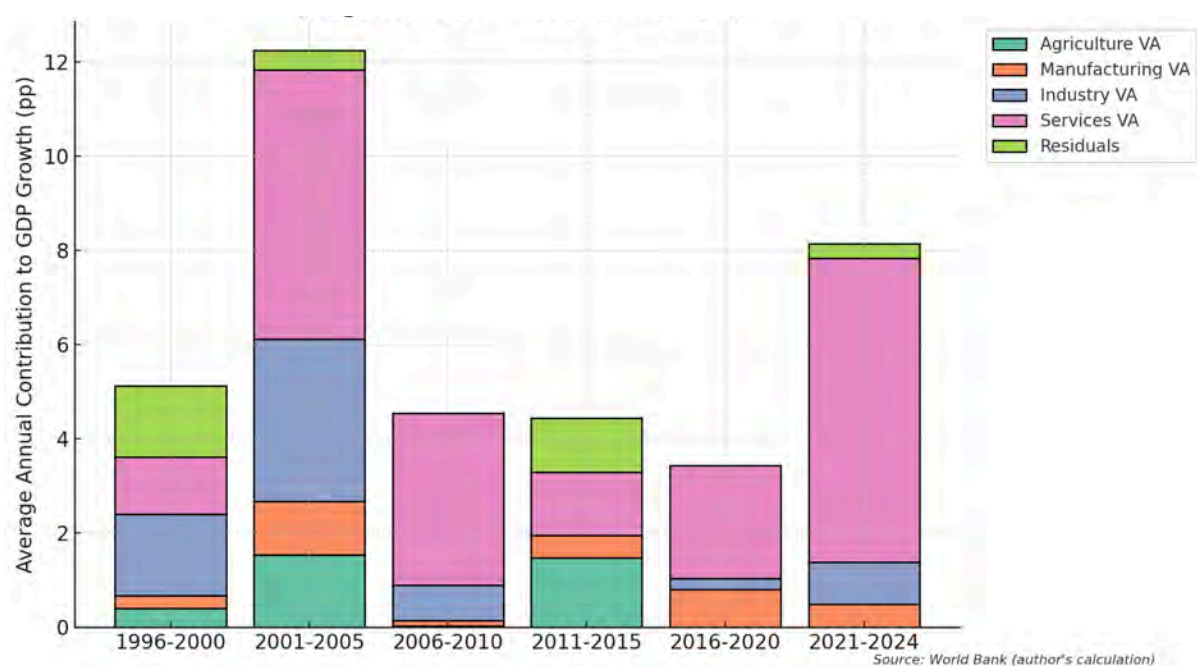


Figure 97. Armenia Average Sectoral Value-Added (VA) Contribution to Growth (pp)

	Growth Rate	Agriculture VA Contribution (pp)	Manufacturing VA Contribution (pp)	Industry* VA Contribution (pp)	Services AV Contribution (pp)	Residual Contribution (pp)
1991-1995	-10.00	-0.23	-1.47	-7.74	1.84	-2.40
1996-2000	5.14	0.40	0.27	1.74	1.21	1.51
2001-2005	12.24	1.54	1.14	3.44	5.72	0.41
2006-2010	4.38	0.03	0.12	0.74	3.66	-0.17
2011-2015	4.40	1.47	0.48	-0.04	1.35	1.14
2016-2020	2.66	-0.77	0.80	0.24	2.40	-0.01
2021-2024	8.15	-0.01	0.50	0.89	6.44	0.32

* Industry = non-manufacturing industry (mining, construction, electricity, water, gas)



* Sectors with a negative contribution to growth omitted - bar heights may exceed average GDP growth

Services augmented their share of VA in every five-year period except 2001-2005, and contributed the most to growth in every period except 1996-2000 and 2011-2015. Information and communication services formed a higher share of output than Georgia, reflecting a more developed domestic IT sector, while real estate services in Armenia formed a much lower share than their FDI-dependent neighbour. The predominance of services is perhaps unsurprising for a landlocked country with limited connectivity (only the borders to Georgia and Iran are open). However, what is striking is the limited contribution of manufacturing and industry to VA growth since 2010. Although much attention has been paid to record high goods exports since the Russian invasion of Ukraine, manufacturing and industry made only

minor contributions to VA growth, while agriculture VA declined. This supports the hypothesis that a large proportion of goods exports since 2022 represent misclassified re-exports,¹⁸² rather than output growth.

Table 30. Armenia: Services Output Shares (2008-2023)

	2008-2021	2022-2023
Financial and insurance activities	21.5%	27.7%
Information and communication	18.5%	18.9%
Transport	15.4%	12.9%
Arts, entertainment and recreation	9.8%	9.0%
Accommodation and food	7.7%	10.6%
Professional, scientific and technical activities	5.1%	5.6%
Administrative and support	5.1%	3.5%
Human health and social work	4.0%	4.9%
Education	3.8%	2.7%
Real estate activities	3.4%	4.1%
Other services	1.7%	1.0%

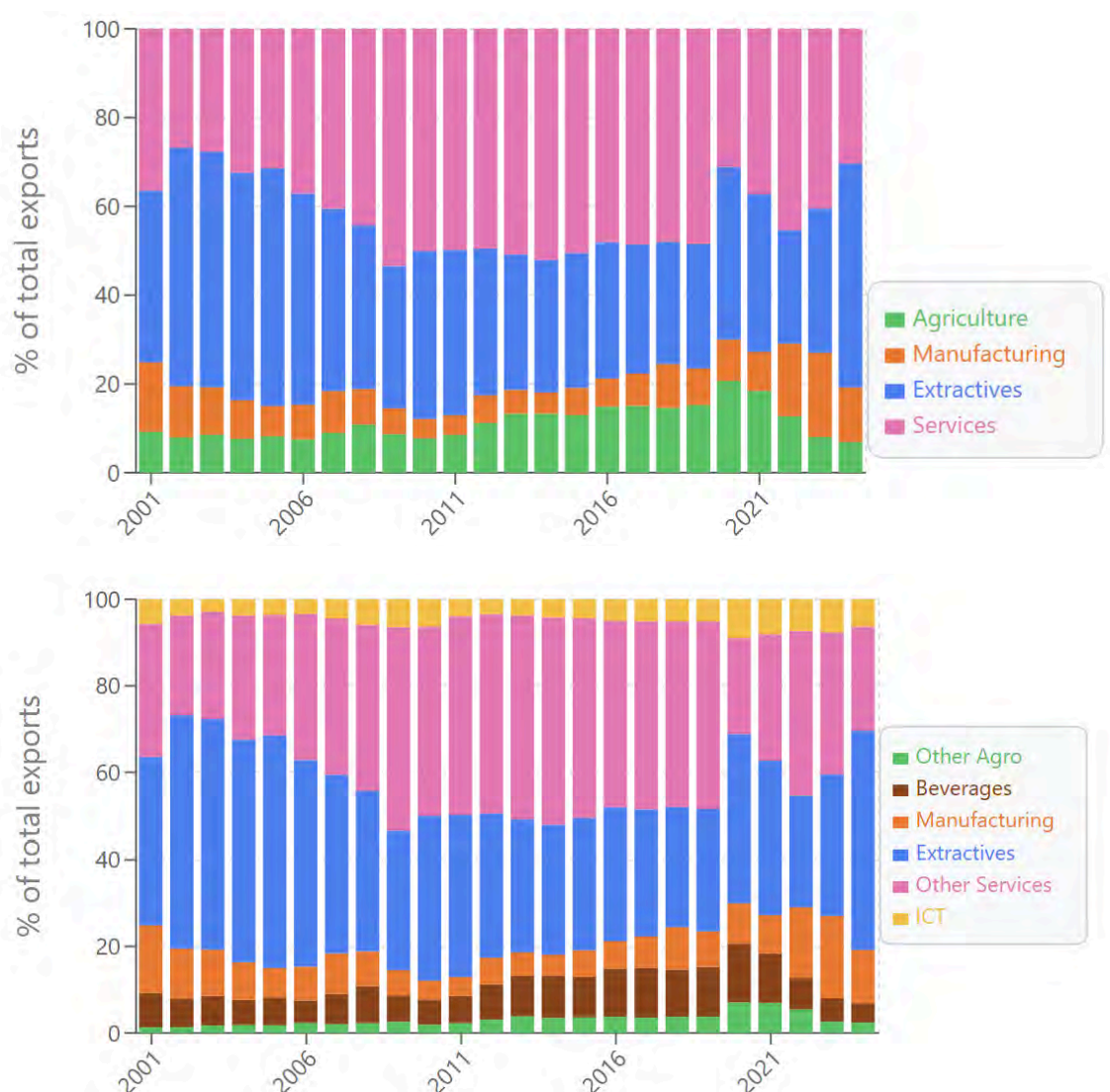
Source: Armstatbank (author's calculations)

¹⁸² Re-exports from Russia, such as gold and silver as uncovered by Hergnyan (2024a), (2024b), and to Russia primarily in the form of electronics.

B) Export Growth Decomposition

Figure 98. Armenia Export Sector Shares (%) of Total Exports (Nominal)

	Agriculture Share (%)	Manufacturing Share (%)	Extractives Share (%)	Services Share (%)	ICT Services ¹⁸³ Share (%)	Beverages, Spirits & Vinegar ¹⁸⁴ Share (%)
2001-2005	8.31	10.69	50.03	30.97	3.93	6.69
2006-2010	8.74	7.10	39.07	45.09	5.29	6.49
2011-2015	11.86	5.37	32.20	50.56	3.91	8.58
2016-2020	16.10	8.20	30.86	44.84	5.87	8.79
2021-2024	11.51	14.12	36.00	38.37	7.34	7.13



Source: World Bank, Trade Map (author's calculation)

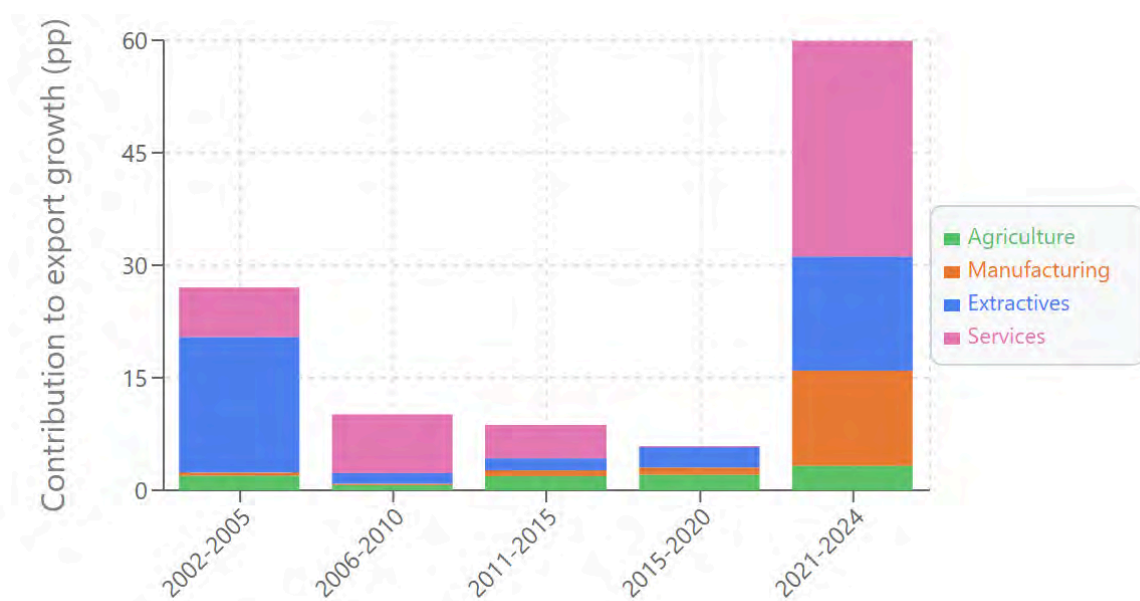
¹⁸³ ICT Services are a component of the Services "bucket"

¹⁸⁴ Beverages, Spirits & Vinegar are a component of the Agriculture "bucket". They are located in CNG Section IV. - Prepared Foodstuffs - which could be classed either as agriculture or manufacturing.

Figure 99. Armenia Export Sector Contribution (pp) to Total Goods and Services

Export Growth (Nominal) (2002-2024)

	Growth Rate (%)	Agriculture (pp)	Manufacturing (pp)	Extractives (pp)	Services (pp)	ICT Services ¹⁸⁵ (pp)	Beverages, Spirits & Vinegar ¹⁸⁶ (pp)
2002-2005	27.05	1.95	0.42	18.07	6.61	0.41	1.39
2006-2010	10.13	0.69	0.18	1.41	7.85	1.01	0.48
2011-2015	8.71	1.89	0.77	1.60	4.45	-0.06	1.33
2016-2020	5.71	2.07	0.97	2.81	-0.15	1.00	1.36
2021-2024	59.91	3.26	12.69	15.22	28.75	4.06	1.74



Source: World Bank, Trade Map (author's calculation)

In contrast to neighbouring Georgia where services were the main growth driver in all periods except around the Covid-19 pandemic, Armenia's export growth was driven by a combination of services and extractives growth¹⁸⁷. Beverages' share hovered around 10% of exports across the period, while agriculture made up a minimal share of exports. Manufacturing only saw notable growth in the 2021-2024 period, and questions have been raised about whether these are truly domestically produced manufactured goods or represent sanctions circumvention. The Armenian government issued a decree in May 2023 with a list

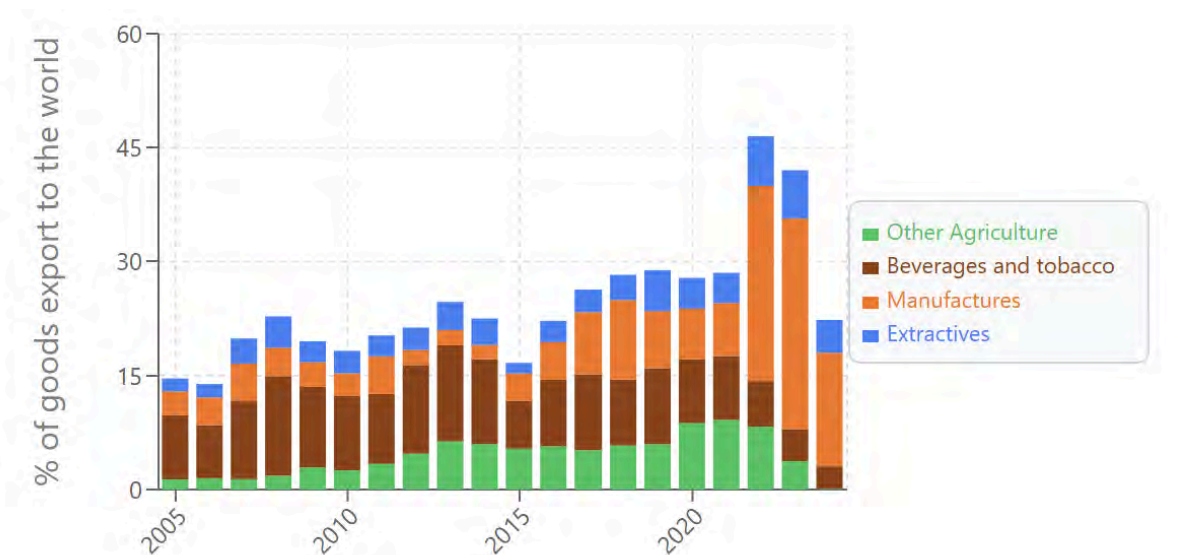
¹⁸⁵ ICT Services are a component of the Services "bucket"

¹⁸⁶ Beverages, Spirits & Vinegar are a component of the Agriculture "bucket". They are located in CNG Section IV. - Prepared Foodstuffs - which could be classed either as agriculture or manufacturing.

¹⁸⁷ Although there is substantial evidence that much extractives growth in the 2021-2024 period was misclassified re-export to and from Russia ([Hergnyan 2024a; 2024b](#)).

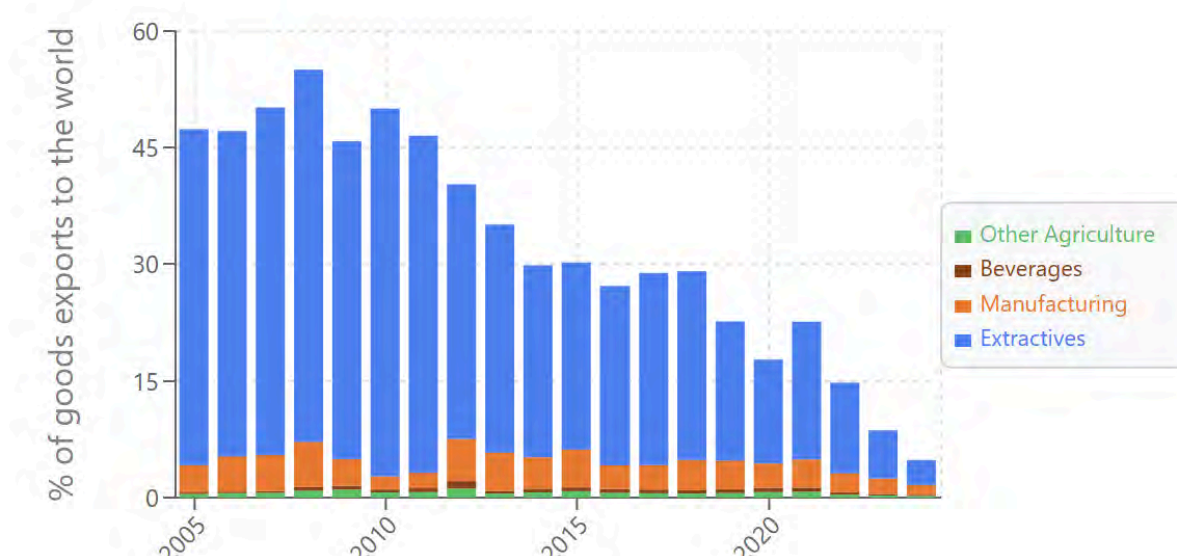
of products for which licenses are required by the State Revenue Service for export to Russia
[\(UK Government 2025\)](#).

**Figure 100. Armenia: Goods Exports to the CIS (% of goods exports to world)
(2005-2024)**



Source: Armstat, World Bank, Trade Map (author's calculation)

**Figure 101. Armenia: Goods Exports to the EU (% of goods exports to world)
(2005-2024)**



Source: Armstat, World Bank, Trade Map (author's calculation)

Goods exports to the CIS grew as a share of goods exports to the world after Armenia entered the EaEU in 2015. They also became more diverse, with beverages dominating exports to the CIS prior to 2015. Exports to the CIS exploded after the Russian invasion of Ukraine. Unlike Georgia, where beverages accounted for most export growth to the CIS in 2021-2024, Armenia's exports were more diverse. Further analysis on the Western sanctions compliance regime in each country may help to explain this. Exports to the EU were heavily concentrated in extractives throughout the period, but the EU's share of Armenia's total goods exports has consistently declined, reflecting a diversification of Armenia's exports markets including towards China. This declining EU share for extractives is likely connected to the shift in ownership in Armenia's mining sector from Western to Russian capital discussed in the next section.

IV. Elite Interests, Social Blocs and Geopolitics

For those focused on foreign policy issues, the explanation for Armenia's commitment to multi-vector policy is simple: Armenia is too dependent on Russia. Even with the breakdown of Russia's role as security guarantor after 2020, Armenia is nevertheless reliant on Russian energy and trade. Yet such an explanation is unsatisfactory when viewed in comparative perspective alongside the preceding empirical chapters. Before the Russian invasion of Ukraine, Moldova imported nearly all of its natural gas and electricity from Russia. However, after the election of President Maia Sandu in 2020 and the victory of her "Party of Action and Solidarity" in 2021, Moldova undertook extensive efforts to reduce reliance on Russian energy amid deteriorating political relations, which only intensified after Russia's invasion of Ukraine (Smith 2021). In Ukraine, the cumulative effects of Russian military intervention, trade restrictions and energy price increases after 2014 was unable to reverse Ukraine's foreign policy pivot (Balmaceda and Prokip 2021). Georgia was also able to substantially reduce energy dependence on Russia after 2008. Armenian politicians and elites meanwhile eschewed efforts to reduce economic dependence amid deteriorating relations, and focused only on reducing security dependence.

This section thus focuses on domestic explanations for Armenia's reluctance to abandon its geopolitical orientation, with an emphasis on the preferences of domestic elites. As the other empirical chapters show in Georgia, Moldova and Ukraine, structural transformations facilitated the emergence of *social blocs* which were willing to suffer economic hardship and

political risk in return for reduced dependence on Russia. Some elites were driven by better prospects for their businesses under conditions of closer economic integration with the EU. Others were reluctant to abandon *strategic hedging*, but when push came to shove they were more fearful of destruction in the face of more powerful Russian oligarchs than in adjusting to a pro-EU vector. They were a decisive force in ensuring that Russian coercion was met with resistance rather than acquiescence.

Previous research on the Armenian oligarchy was limited by data availability. There are numerous rankings of Ukraine's wealth elites and numerous analyses of oligarchic ownership in the literature (see Chapter 3). Marandici (2024) has assessed Moldovan oligarchs' assets and political ties. No similar efforts exist for Armenia. Investigative journalists had been able to uncover the business holdings of certain high profile individuals. However, there was a lack of systematic data, especially due to the practice of registering businesses in the name of (usually female) relatives (Antonyan 2023). In 2019 the Armenian parliament adopted a law on beneficial ownership registration for companies in the mining sector and launched a register under the auspices of a World Bank project (Sviland 2024). By 2023, obligatory registration was expanded to the entire economy, with the State Register of Legal Entities covering approximately 120,000 legal entities. As a result, it became possible to analyse the sectoral composition and ownership structures of oligarch's business holdings using the register and the work of investigative journalists in Armenia. This section will give any overview of key findings about the Armenian oligarchy, and then focus on a key sector - mining.

A) The Armenian Oligarchy

To build an overview of oligarchic ownership in Armenia we used data from three sources: the State Register of Legal Entities, the State Revenue Committee and voter registry. The former offers enabled us to see some¹⁸⁸ of the key assets of Armenian oligarchs but does not allow for a calculation of their net worth. We therefore compared business assets from the Legal Entities Register with the annual lists of top taxpaying entities released by the State Revenue Committee. Criminal proceedings after the 2018 Velvet Revolution have shown that

¹⁸⁸ Joint Stock Companies are exempted from the requirement to register, with some exceptions for banks and mining companies.

oligarchs are able to systematically avoid a large proportion of their tax obligations (Bulghadaryan 2024); meaning that we are only able to offer a snapshot. Based on our investigation and other investigative materials, we classify 14 individuals as oligarchs under our definition. All 14 hold or held political office and political affiliations and own one or several companies on the list of top taxpayers. Table 31 shows the sectors in which they operated.

Table 31: Sectoral Concentration of Armenian Oligarchs

	Number	
Energy and fuel imports	5	Mikayel Minasyan, Aleksander Sargsyan, Arthur Vanetsyan, Hivik Abrahamyan, Samvel Karapetyan
Agribusiness, food processing & alcohol production	5	Mikayel Minasyan, Arthur Vanetsyan, Gagik Tsarukyan, Hovik Abrahamyan, Mikayel Vardanyan
Banking and finance	5	Khachatur Sukiasyan, Ruben Hayrapetyan, Gurgun Arsenyan, Samvel Karapetyan, Ruben Vardanyan,
Hospitality	5	Mikayel Minasyan, Aleksander Sargsyan, Surik Khachatryan, Ruben Hayrapetyan, Gagik Beglaryan
Manufacturing	5	Khachatur Sukiasyan, Samvel Aleksanyan, Ruben Hayrapetyan, Gagik Beglaryan, Samvel Karapetyan
Construction	4	Khachatur Sukiasyan, Gagik Tsarukyan, Gagik Beglaryan, Samvel Karapetyan
Mining and Metals	3	Gurgun Arsenyan, Surik Khachatryan, Hovik Abrahamyan
Media	3	Mikayel Minasyan, Aleksander Sargsyan, Gagik Tsarukyan
Automotives	2	Aleksander Sargsyan

Source: RA Legal Entities Registry, RA Voter Registry, RA Fiscal & Customs Service

Based on data from the Armenian statistical service, in 2018-2021 agribusiness, food processing and alcohol production was primarily Russia oriented in terms of exports, most significantly the export of Armenian brandy. Energy and fuel imports were more than 90% dependent on trade with Russia. The automobile sector largely consisted of imports from the

West and re-export operations. Construction and the media were the most domestic demand-driven sectors. The banking sector has an ambiguous relationship with Russia since 2022 due to huge capital inflows from Russia despite sanctions and changing ownership structures discussed in Section I.

There are several key limitations to this data. We do not have data on revenues for most businesses which appeared in the Legal Entities Register, since they don't appear in the Revenue Services data. Oligarchs may hold several businesses in the Revenue Services' lists, but these may represent only a portion of their assets if they own shares in JSCs and multiple companies which are not in the lists. Moreover, data from after 2018 is likely unrepresentative of the full period under study. Before 2018, oligarchs relied not only on control of physical assets, but *de facto* monopolies based on ties to government officials. Businesses which attempted to enter these sectors faced a barrage of interference by regulatory, tax and law enforcement authorities. Mikael Zolian (Zolian 2025) argues that the revolution severely disrupted the monopolistic practices and patronage networks of the oligarchy, yet there is no systematic evidence for this. Criminal cases were opened against five oligarchs in our sample (Sargsyan), two were arrested and one (Aleksander Sargsyan) agreed to return 18.5\$ million to the state budget. However, there was no fundamental redistribution of oligarch assets, and the status of their previous *de facto* monopolies remains unclear. Of the four who defected to the revolutionary camp in 2018, two were subsequently elected as MPs from PM Pashinyan's party, and one faced criminal charges (Harutyunyan 2021).

There is one oligarch who is worthy of note as one of the main backers of the post-revolutionary government, and as someone able to defend his wealth despite periods of confrontation with the incumbent regime. Khachatur Sukiasyan acquired his fortune (based around the SIL Group) in classic post-Soviet fashion: proto-privatisation through the komsomol before the collapse of the USSR, followed by rapid insider privatisation under Armenia's first president Levon Ter Petrosyan. When Kocharyan's faction removed Ter Petrosyan in 1998, a deal was allegedly struck allowing his allies including Sukiasyan to retain their assets as long as they did not undermine the new regime. However, in 2008 Sukiasyan backed Levon Ter Petrosyan's failed attempt to run for president, which ended in the violent suppression of protesters following accusations of electoral fraud. He was stripped of parliamentary immunity and fled the country temporarily. Several of Sukiasyan's assets

were confiscated, including most of his shares in Bjni Group and his status as the sole importer of Philip Morris cigarettes (Wikileaks 2008). However, he was seemingly able to retain much of his portfolio, and in 2018 he supported the Velvet Revolution and subsequently became an MP in Pashinyan's "Civil Contract" party (Dzebisashvili and Evoyan 2024). His assets are highly diversified and not limited to Russia-dependent sectors, with the European Bank for Reconstruction and acquiring a 25% share in his Armeconombank. However, according to the *Hetq* investigative media outlet, since 2022 he became a beneficiary of the large-scale re-export of Russian gold and diamonds under the guise of Armenian extraction through the Yerevan Jewelry Factory. Gold exports jumped from 134\$ million in 2021 to 4.1\$ billion in the first half of 2024 (Hergnyan 2024). He is thus an oligarch capable of business with both Western IFIs and Russia, and has been an outspoken advocate of strategic hedging between Russia and the EU (Tert 2025).

B) Mining - The Key Battleground?

The Armenian mining sector is worth special attention, since for Georgia and Ukraine, extractive industries benefited the most from trade liberalisation under the DCFTAs with the EU, which Armenia did not sign.¹⁸⁹ Despite being a key EU-oriented export sector, ownership has shifted from Western multinationals to Russian oligarchs in recent years. Only 2 of the oligarchs we identified hold mining assets, despite its prominence in the economy and additional ownership reporting requirements.

Mineral products and precious metals accounted for 48% of Armenian exports in 2021 (Observatory of Economic Complexity - author's calculations). EU countries were the main importers of Armenian ferroalloys, copper ore, gold and diamonds before 2022, which were consistently in the top five export products since 2006. Section III showed that unlike our other cases, Armenia's extractives maintained a high share of value-added and exports, and grew in most periods, especially after 2022. The Zangezur Copper Molybdenum Combine (ZCMC) was responsible for 18.8% of Armenia's exports in 2020 and 16% of tax revenues in 2022 (Mgdesyan 2021; Civilnet 2021). The German mining company Cronimet owned 75% of shares, although there were numerous allegations that senior government officials were

¹⁸⁹ In Moldova, agriculture and machinery were the key beneficiaries. Agriculture contributed 23.5% to Armenian exports in 2021, of which 33% were beverages and spirits, which are primarily sold to Russia (most famously Armenian brandy) (Observatory of Economic Complexity - author's calculations).

minority shareholders before the 2018 Velvet Revolution. However in 2020 it sold its shares to the mine, which later came under the control of Russian oligarch Roman Trotsenko. The government has not revealed how much Trotsenko paid for his 60% stake, although he transferred the equivalent of 15% of the mine's shares to the Armenian state. As of 2021, Russians had come to dominate the Armenian mining sector. After the Russian invasion of Ukraine, the ZCMC claimed it had cut ties with Trotsenko after he became subject to Western sanctions, since his shares had been transferred to a business associate (Dovich 2024).

Table 32. Ownership in the Armenian Mining Sector (2021-2022)¹⁹⁰

	Nationality	Asset
Roman & Gleb Trotsenko	Russia	Zangezur Copper Mine (40%)
		Ler Ex: Hankasar copper-molybdenum mine (32.4%)
		GeoProMining Gold: Sotk gold mine, Agarak copper-molybdenum mine, Ararat Gold Recovery Plant (76.6%)
		Paramount Gold Mining (49%): Meghradzor gold mine
Norik Petrosyan (25.5%), Pavel Korichnev (25%), VTB Bank (50%)	Armenia, Russia	Teghut copper-molybdenum mine
Dmitry Korzhev (70%), Dmitry Troitsky (30%)	Russia	Molybdenum World LLC: Dastakert copper-molybdenum mine, Armanis mine
Sergey Mulin (25.6%)	Russia	At-metals LLC: Tashtun mine

Source: Civilnet ([2023](#)), Dovich ([2024](#))

¹⁹⁰ Ownership percentages may be understated, as beneficial owners may own additional shares through companies whose share is below the declaration requirement.

In another important development, one of the key mining assets in Armenia - the Amulsar gold mine owned by multinational Lydian International - received a loan from the Russia-led Eurasian Development Bank to restart development in 2023 (Rowley and Dowsett 2023). The mine was predicted to become the countries' largest taxpayer upon its opening, and had been strongly backed by the UK FCDO and the European Bank for Reconstruction and Development. However, development of the new mine was stopped due to environmental protests in 2018.

Just as relations with Russia deteriorated after the 2020 Nagorno Karabakh War, Russian was permitted to monopolise Armenia's largest sector, with the highest share of exports to the EU. The motives are unclear. It is plausible that the takeover was permitted in the hope of improving relations with Russia (or simply creating a Russian interest in the country, similar to the declared rationale of the recent US-Ukraine Minerals deal). Another possible explanation is that the government used Trotsenko's takeover to weaken oligarchs tied to the previous regime. When Cronimet sold its 75% share in the ZCMC, minority shareholders close to the pre-2018 regime should have received the right of first refusal, yet this was seemingly blocked. Moreover, after changing hands in 2021, the ZCMC cut off supplies to the Yerevan Pure Iron Plant, whose director is an ally of former president and opposition leader Kocharyan (Anonymous 2024). Thus it is possible that while in Ukraine and Moldova after 2014, governments pursued EU integration in part to undermine the power of the more Russia-aligned section of the oligarchy, in Armenia that government allowed the penetration of Russian capital to undermine opposition-aligned elites.¹⁹¹ As a result, most domestic Armenian oligarchs hold assets in primarily import dependent sectors (such as energy) or those driven by domestic demand (construction, finance) and thus favouring a "cheap inputs regime"¹⁹².

Conclusions

Different shades of geopolitical and geoeconomic rivalry generate heterogenous strategies for smaller countries to survive and attempt to grow. There is evidence that cooperation with China and the United States has not (yet) become mutually exclusive, allowing smaller

¹⁹¹ In Georgia, there is evidence that trade liberalisation strengthened the power of oligarch groups with ties to the ruling party (Langbein et al.).

¹⁹² Even non-import dependent domestic industries benefit from the "cheap inputs regime", since it implies stronger spending power for consumers through the FX and remittances income.

countries to negotiate selective benefits, using great power rivalry to their advantage through strategic hedging. Yet for countries caught between Russia and the EU's integration projects, we see a contrary tendency. Mutually exclusive integration projects offer incentives to abandon hedging, which may create path dependencies. Retaliation from the scorned power has the potential to either push countries deeper into a single vector, or force them to reconsider their choice. Georgia (since 2008), Ukraine (since 2014) and Moldova (since 2020) all embarked on explicitly pro-EU integration vectors and attempted to reduce dependence on Russia (although the "Georgian Dream" government has in recent years attempted a degree of rapprochement).

This chapter has shown how Armenia has stuck to the policy of strategic hedging, despite three critical junctures where realignment seemed plausible. Rather than being satisfied with existing explanations based on energy and security dependency, we explore the role of agency and elite interest. We argue that arguments based on structural dependency can blind observers to underlying structural transformation. Georgia, Moldova and Ukraine did not pivot away from Russia when they did because they were less dependent on Russia to varying degrees. Instead, structural transformation of the economy created new *social blocs*, which despite internal contradictions shared an interest in integration with the EU, and were able to convince a sufficient share of voters that economic hardship incurred by reducing dependency on Russia is a price worth paying. In the Armenian case, no such social bloc has emerged. While there are political elites and sections of the populace who would prefer an EU vector, Armenia lacks economic elites with sufficiently pronounced interests in this regard. Mining - Armenia's largest and most EU-oriented sector in terms of exports - could have that potential, but was allowed by the government to be monopolised by Russian oligarchs as part of efforts to undermine domestic opponents.

CONCLUSION

I. The Past

In October 2022, a discussion among regional studies scholars was organised at the University of Helsinki as part of the 21st Annual Aleksanteri Conference entitled “Farewell to imagined post-sovietness. Is it still justified to use the term ‘post-soviet’?” Most speakers reaffirmed that the term “post-Soviet” is outdated, and perhaps was never that useful to begin with, being a product of Cold War area studies and “Sovietology” which over-emphasises commonalities between very divergent polities. During the discussion Kateryna Wolczuk proposed two aspects in which the term still holds meaning ([Adamski 2022](#)). Firstly, she pointed out that much terminology has emerged in the last 30 years such as “neo-factionalism, clientelism, rent extraction, and limited access orders” to conceptualise the dominant type of politics in the region. Underlying these terms is an understanding that however shallow its developmental ambitions were in practice, the Soviet Union was a developmental state which gave way to “de-developmental” states based on informal networks. Secondly, she notes the enduring ambitions of Moscow to act as a gatekeeper or hub, controlling even horizontal actions between other post-Soviet states, as well as trying to control the narrative of how the region is understood in the West, including in Western academia.

The discussion highlights the main challenge of this dissertation: how to develop a theory of change for countries which have existed for only 35 years, whose history in those years seems to be one of rupture, with the only continuity being Russia’s desire to maintain or reestablish hegemony? Previous teleological approaches to the post-Soviet space - such as being in “transition” towards market economies and liberal democracies - have fallen by the wayside. The recent literature on hybrid regimes instead offers an anti-teleology: oligarchic states where elites fight for control of limited rents, where any ideologies or allegiances are purely performative creations of political technologists to drum up support around elections.

The collapse of the USSR created a polycrisis of severed supply chains, exposure to global market forces and the creation of new political institutions. Recovery in the early 2000s was cut short by the Global Financial Crisis, the end of a commodity boom and the drying up of FDI to developing countries. This second crash coincided with the EU and Russia creating

rival integration projects which undermined the material basis of *strategic hedging*. The Russian invasion of Ukraine in 2022 once again unleashed contradictory processes - the cutting of ties with the CIS market for Moldova and Ukraine and their rejuvenation for Georgia and Armenia. Meanwhile at the domestic level, political regimes oscillated between autocratic consolidation and chaotic pluralism. “Colour Revolutions” in 2003, 2004, 2009, 2014, 2018 and 2019 destabilised the oligarchic regimes which had emerged but failed to fundamentally replace them. All four countries faced *de facto* states¹⁹³ within or along their borders. Continuity of institutions, policies and geopolitical alignment seem rare.

Most macrohistorical studies of advanced economies identify production regimes (global empires, Fordism, globalisation/financialisation) and economic ideologies (*laissez faire*, Keynesianism, neoliberalism) which persisted for decades, without clear consensus on their beginning and end. There is a lack of consensus on what production regimes and ideological frames define the present moment, and whether the previous era ended in 2008, with the election of Donald Trump or the resurgent popularity of industrial policy and protectionism. Similarly, studies of the Global South refer to periods of development strategies: commodity export-driven development, import-substituting industrialisation, state-led development and structural adjustment. At present, China-inspired infrastructure led developmentalism contends with digital developmentalism (“leapfrogging” industrialisation into e-commerce and high value services) as the dominant framework for developing economies.

While developing this dissertation, we were driven by the conviction that it is in fact possible to identify paradigms in the history of our cases, even if these are much more fleeting than the other macrohistorical paradigms in the literature. In earlier versions of our research presented at workshops and conferences, we referenced a “pseudo-Keynesian” versus a “neoliberal” policy paradigm in our cases. As is often the case for PhD candidates, we became disillusioned once our theoretical framework met our empirical work. Trying to adapt theories developed for Germany, the United States or even Latin America to our cases proved to be gross overfitting. In the course of the empirical work (and crucially, after reading the works of Madariaga [\(2015; 2020\)](#), Sierra [\(2022\)](#) and Eradze [\(2021; 2022; 2024\)](#)), we were finally able to find a synthesis between the hybrid regimes and political economy literature

¹⁹³ Armenia: the neighbouring “Republic of Artsach” within internationally recognised Azerbaijani territory until September 2023. Georgia: Abkhazia and South Ossetia (as well as quasi-independent Adjara prior to 2004). Moldova: the “Pridnistrovian Moldavian Republic” or Transnistria. Ukraine: the “Donetsk People’s Republic” and “Luhansk People’s Republic” from 2014-2022.

appropriate for our cases. We were able to narrow our focus onto three core aspects: sectors, *social blocs* and economic policy regimes as drivers of geopolitical realignment.

A) Sectors

Sectors provide our window into the transformation of the economy. Though the list of top 10 richest Armenians, Georgians, Moldovans or Ukrainians shows significant continuity since the early 2000s, the wider economy in which they are embedded has changed around them. The relative size of sectors is constituted not only as a result of formal or informal¹⁹⁴ state action, but a constellation of factors including domestic resources, trade agreements and global market conditions. For instance, metallurgical enterprises were heavily sustained by insider subsidies, cheap Russian gas and favourable policy regimes. Meanwhile the dramatic rise of the Ukrainian and Moldovan IT sectors¹⁹⁵ was largely driven by local and global market dynamics rather than state policy. Sectors are thus an emergent phenomenon, beyond the control of elites.

In the empirical chapters, we presented the results of our growth decomposition of production-side GDP and exports. We do not claim a straightforward relationship between the relative size of sectors and specific actors. While some oligarchs' asset portfolios may be heavily concentrated in certain sectors, this is challenging to assess empirically. Oligarchs may in fact have much more diversified portfolios than the available evidence on their holdings suggest. Instead, sectors matter insofar as they generate preferences for particular policies, and hence constitute our *social blocs*. We identified two ideal-type policy regimes: the “cheap input regime” and the “cheap export regime”. The former is defined by a reliance on cheap Russian gas and the CIS export markets (but protectionist measures against global market forces), an overvalued FX and loose fiscal and monetary policy. The sectors with the most interest in this policy regime are the gas, manufacturing and heavy industry, as well as industry-subordinate banks. Workers in the industrial sector benefit from above-average wages, while voters receive low household energy prices and cheap imported goods. The

¹⁹⁴ Such as corruption, forced privatisation, subsidies for insiders and penalties for outsiders.

¹⁹⁵ ICT services reached 12.01% of Ukraine's exports in 2021-2024 versus 0.93% in 2006-2010. For Moldova: 9.35% in 2021-2024 versus 2.72% in 2001-2005.

main losers of the paradigm are export-oriented firms with a low energy-price sensitivity, as well as the service sector.

The “cheap exports regime” implies openness to global markets and EU integration in particular, a flexible FX and tighter fiscal and monetary policy. The sectors which stand to benefit include services and agricultural exports, some extractive industries and financialised banks. The urban middle class (such as IT, managerial staff of export firms and MNCs) and certain categories of SMEs are the primary beneficiaries, although other groups benefit from visa liberalisation with the EU through labour migration. The losers of this policy paradigm are overwhelmingly firms and workers in manufacturing and heavy industry.

B) Social Blocs

Social blocs is the term we adopt to describe heterogenous, hierarchical groupings of actors supporting broadly similar policy regimes. In our cases, the groups which constitute *social blocs* are oligarchs, businesses, workers and voters. What unites them is the different benefits they receive from the maintenance or introduction of a given policy regime.

The channels through which they are able to influence incumbents and challenger parties differ. Businesses and oligarchs have structural power and instrumental power ([Fairfield 2015](#)). Structural since they control production, capital flows, and innovation and thus can shape state choices by virtue of systemic dependence. Politicians anticipate negative consequences if they adopt policies that harm key business interests, especially oligarchic ones. Instrumental power insofar as they mobilise resources to interfere in the political process, such as through lobbying, founding and financing political parties, controlling media outlets. At times throughout our empirical chapters, oligarchs have also chosen to step into the limelight and play a direct role in politics.

Workers or labour also form a part of the *social bloc* insofar as their livelihood depends on the preservation or augmentation of a specific policy regime. The most obvious example is workers in the industrial sector (such as in Southern and Eastern Ukraine or Northern Moldova). During the heyday of the “cheap inputs regime”, mining and industrial workers and their dependents benefitted from above average salaries, cheap imported goods (due to FX overvaluation) and cheap household energy prices. This was also the sector in which

labour was most organised, with unions able to undertake massive strike actions, including against the central government¹⁹⁶. The *social bloc* favouring the “cheap exports regime” is much more heterogeneous in terms of workers, but includes the urban middle class often located in high-value services such as IT or tech, as well as managers at top, often transnational companies which Drahekoupil (2008) labels the “comprador service sector”. The NGO or CSO sector is also part of this *social bloc*, but their support for this policy regime is not driven by sectoral interests in the classic sense, but in their dependence on grants mostly from the EU and the US. Finally, seasonal labour migrants in the EU form another part of the *social bloc*, benefitting primarily from visa liberalisation.

Finally, the most diffuse group within our *social blocs* is voters. They are also the group whose interests are least represented, but are courted heavily by political parties and the oligarch-owned media around election times. On top of media-control and the use of “political technologists” (Wilson 2005), parties often engage in activities close to vote-buying¹⁹⁷, called *hrechka* (buckwheat) in Ukrainian, a popular staple. At the local level this often involves donations to restore schools, build monuments or other infrastructure type activities in the runup to elections. At the national level, it will include promises to freeze or lower household energy prices, raise pensions and teachers salaries’. Particularly well endowed parties can also use their resources prior to elections on a national scale. Georgia’s dominant oligarch and patron of the Georgian Dream party Bidzine Ivanishvili is known for paying off the debts of thousands of Georgians prior to elections, alongside other philanthropic activities. Incumbents are also able and often willing to use administrative resources of the state to incentivise voting for their parties. This type of vulgar electoral solicitation may seem contrary to our argument that voters form part of our *social blocs*. However, the promises which political parties make are in part conditioned by the policy regime favoured by the *social bloc*. A social policy regime based on cheap Russian energy is more or less impossible for parties who abandon *strategic hedging*, as showcased by Ukraine’s in April 2016, when gas prices increased by 285% in the wake of conflict with Russia and IMF conditionality (Dolan-Evans 2023, 444). Meanwhile the FX regime, interest

¹⁹⁶ The peculiar nature of post-Soviet trade unions is too multifarious to be discussed at length here. Varga (2011) has shown that while labour militancy was prominent in the 90s and early 2000s, incumbents and oligarchs used violent means to suppress genuinely independent unions. As a result, many former Soviet unions became compliant instruments of oligarch owners, who could mobilise them to protest for political goals.

¹⁹⁷ And often actual vote buying.

rates and fiscal policy have their own distributive effects which impact groups of voters differently.

C) Policy Regimes

Over the course of 2010-2014, Ukraine's President Yanukovich and the politically subordinate National Bank of Ukraine kept the *hryvnia* pegged to the US dollar to the point where overvaluation risked a balance of payments crisis ([Astrov 2015](#)). This is ultimately what forced Yanukovich to choose between signing the EU AA and receiving an IMF bailout, or accepting a Russian bailout and joining the EaEU ([Dragneva and Wolczuk 2016](#)).

Six years after the Maidan Revolution in 2014, the NBU was no longer politically subordinate, but faced pressure from President Zelenskyy to devalue the currency, the opposite of Yanukovich. He claimed businesses were losing millions and closing because of the NBU's decision to maintain the FX ([Interfax-Ukraine 2020](#)). The transformation of the Ukrainian economy - both structural and due to Russian aggression - had shifted the countries' economic policy regime. Political and economic relations with Russia seemed to be at their nadir, and the ability of the EU and IMF to influence Ukrainian incumbents through conditionality had strengthened significantly. But just as importantly, the internal balance of economic power and rent-seeking had shifted. Ukraine's most important gas oligarch - Dmytro Firtash - was under arrest in Austria. Zelenskyy was in a feud with the country's largest industrial and metallurgical oligarch Rinat Akhmetov, and with his erstwhile backer Ihor Kolomoisky. Meanwhile agro-oligarchs such as Verevskiy allegedly had loyal deputies in parliament who supported Zelenskyy's faction ([Romanyuk 2021](#)), and the president is said to have been supported by oligarchs Tihipko and Pinchuk. Since Ukraine lacks a law on lobbying whereby officials should declare interests, it is challenging to analyse exactly the influence of different business groups or oligarchs at particular moments. Our research does not claim to be able to open this "black box" of direct influence on top officials. What our framework does is offer an explanation of why the balance of sectors favours certain policy regimes, and how shifts in the economy can produce support for a new paradigm.

Rather than overfit the two ideal-type policy regimes which we identify into existing categories in the literature (such as "Keynesian" or "neoliberal"), we focus on their core

feature: the production regime which they support. Hence we use the term “cheap inputs regime” to describe an arrangement based on cheap energy inputs, protectionism, overvalued FX and loose fiscal and monetary arrangements, complemented by subsidies to insider oligarchs’ business empires. Meanwhile, the “cheap exports” regime implies a floating or undervalued FX, inflation targeting, tight fiscal policy and trade openness.

We do not claim that our cases neatly fit into one or the other category at any given period of time. As we point out throughout the dissertation, in hybrid regimes institutions are constantly open to contestation and rewriting, termed “serial displacement” by Levitsky and Murillo (2013). However, incumbents have a variety of tools to attempt to entrench a particular policy regime. Madariaga identifies three broad strategies based on the experience of Latin American and CEE countries which are also relevant for our cases: “support creation”, “opposition blockade” and “constitutionalisation” (Madariaga 2015, 308). “Support creation” involves using the state to strengthen the power resources of loyal groups. Insider privileges and subsidies for oligarch businesses in our cases clearly fits this strategy. “Opposition blockade” involves changing electoral laws or using law enforcement to weaken groups who oppose the dominant *social bloc*. The banning of the Communist Party of Ukraine in 2014, the “Opposition Bloc - For Life” in 2021 (Ukraine) and the Șor Party (Moldova) in 2023 fit the description of opposition blockade, as well as new incumbents deploying law enforcement against their predecessors, which has occurred in all four of our cases. “Constitutionalisation” is the attempt to prevent future incumbents from reversing the dominant policy regime by raising the institutional bar to doing so (Madariaga 2015, 310). The most common route is to enshrine a norm in the constitution whereby a new incumbent must gather a supermajority in parliament (or hold a constitutional referendum) to remove or change a provision. As Fruhstorfer (2017) and Fisun (2016) have noted, such “constitutional politics” has been a common feature of the newly independent post-Soviet countries, partly due to the short time-horizons of elites. In recent years Georgia, Moldova and Ukraine have enshrined the goal of EU integration into their constitution. But the most radical example is Georgia’s Economic Freedom Act of 2010, which banned the government from imposing new taxes or increasing rates without a nationwide referendum, as well as establishing new regulating authorities or introducing new licenses and permits. It capped the government expenditures to GDP ratio at 30 percent, the debt to GDP ratio at 60 percent, and the budget deficit to GDP ratio at 3 percent. Saakashvili later described the Economic Freedom Act as “a straitjacket for the irreversibility of reforms carried out by the government during the

previous period and to create the basis for the inviolability of the principles of economic freedom” ([Aslund and Djankov 2014](#)). Critics called it a deliberate attempt to hamstring future incumbents as Saakashvili’s popularity was waning ([Japaridze 2017](#)).

In this way, incumbents can attempt to maintain the current policy paradigm or entrench a new one. However, it is also worth noting that our cases are often characterised by a lack of “institutional complementarity” ([Hall and Soskice 2001](#)), where institutions do not align to support a single production regime. This can be the case because different institutions are captured by different sections of the elite, or because the need to balance the support of different groups prevents “coherent” policymaking. Timm ([2013](#)) has shown how in Georgia, dissatisfaction with the radical liberal regulatory environment established under Saakashvili forced the government to engage in *ad hoc* state-managed capitalism. However, this was not a paradigm shift, but the coexistence of two seemingly non-complimentary policy regimes.

D) Geopolitical Realignment

Economic policy regimes are profoundly intertwined with geopolitical alignment in our four cases. Not only do exports of goods and services constituted an average of ~39% of GDP between 2000 and 2024¹⁹⁸, but also business, households and the state are highly sensitive to energy import prices¹⁹⁹. Moreover, geopolitical alignment can close off certain policy options - such as the EU/IMF demanding monetary tightening and the unbundling of energy conglomerates, or Russia pressuring countries not to sign AA/DCFTAs with the EU. As the empirical chapters have shown, economic policy regimes tend to have complementarity with the prevailing geopolitical alignment of the country. The “cheap inputs regime” is only beneficial and somewhat sustainable in conditions of *strategic hedging*. However, this dissertation is much more agnostic on the direction of causality. Shifts in a country's economic policy regime can thus be both causes and effects of shifts in geopolitical orientation. Domestic *social blocs* may align with external powers offering compatible benefits and market access, but there is substantial variation between our cases as to whether this is purposive or reactive.

¹⁹⁸ Ukraine: 46.4%, Moldova: 38.9%, Georgia: 37.5%, Armenia: 32.1% (World Bank WDIs). Armenia's exports surged after the Russian invasion of Ukraine to 76.3% in 2024, bringing up the average.

¹⁹⁹ Low average incomes make energy prices a major part of the household budget. Since household energy subsidies are the main instrument of social policy, the state budget is also very energy price sensitive.

The changing of policy regimes is not necessarily the result of a conscious drive by sections of the elite based on their interests or ideology, but co-instituted by domestic interests and global forces. Chapter 5 shows how Saakashvili and Georgian elites after the Rose Revolution of 2003 represent the clearest example of a *social bloc* purposively shifting a country's economic policy alignment and geopolitical orientation, where cultivating strong ties with the EU and US was essential to the success of the FDI-driven development regime. Meanwhile, Chapter 3 on Ukraine shows a self-reinforcing spiral or deteriorating political and economic relations with Russia and the emboldening of sections of the political elite to abandon *strategic hedging*. Prominent Ukrainian oligarchs such as Akhmetov, Pinchuk and Kolomoisky attempted to rescue the previous policy regime and *strategic hedging* after the Maidan Revolution, but eventually accepted new realities and attempted to restructure their business activities and embrace the emerging "cheap export regime". Chapter 4 highlights how relations between Russia and Moldova severely deteriorated under the PAS government, but PAS could not fully abandon *strategic hedging* for fear of losing cheap Russian gas. Only after the invasion of Ukraine in 2022 could PAS attempt to convince its constituents that abandoning *strategic hedging* was necessary. Geopolitics cannot be ignored, especially regarding the abandoning of *strategic hedging* due to intensifying Russia-EU confrontation; nevertheless we argue that IR centred explanations do not capture the confluence of changing domestic interests and geopolitical alignment, and poorly account for the choices elites make.

II. The Future

At the beginning of this dissertation, we made the claim that EU-Russia contestation since the late-2000s represents an opposite dynamic to US-China rivalry. While countries from Latin America to Asia have adopted *strategic hedging* to navigate a multipolar world, our cases wedged between the EU and Russia have found this untenable. Why is this the case, and is it likely to persist?

In terms of the geopolitical environment, the decision of the EU and Russia to create mutually exclusive integration projects certainly played a role. In Chapter 2 we outlined how after two decades of limited formal cooperation, in the late 2000s the EU launched the Eastern Partnership and Association Agreement negotiations, while Russia created the precursor to the Eurasian Economic Union. These integration projects put limitations on

members' external trade policies. The EU-AAs do not forbid concluding other FTAs, but extensive regulatory alignment with the EU *acquis* effectively locks countries into the EU regulatory orbit, making it challenging for countries to join other “deep” FTAs with different regulatory environments. The Eurasian Economic Union members share a common external tariff, meaning they cannot negotiate their own FTAs individually; trade policy is centralized in the Eurasian Economic Commission and EaEU FTAs (with Vietnam, Iran, etc.) are negotiated as a bloc.

Such a dynamic is not observable in US-China rivalry. With President Trump's reelection, *ad hoc* agreements seem to be the most popular tool of US foreign policy, while formal cooperation and integration projects have been neglected. Yet arguably this is not unique to the present administration; under President Biden the US did not roll-back protectionist measures introduced under Trump, but further pursued reshoring, as showcased by the Inflation Reduction Act. However, the US has not as of yet systematically attempted to deter countries from trading with China. While Vietnam was threatened with tariffs for allegedly “transshipping” Chinese goods, they were able to negotiate a deal reducing tariffs from 46% to 20% (40% for “transshipped” goods) ([Hayton 2025](#)). US regional free trade agreements such as NAFTA require parties to notify and consult if they negotiate agreements with non-parties, and contain circumvention safeguarding mechanisms, but otherwise cannot be considered “exclusive”.

Meanwhile, China has joined and spearheaded regional FTAs, some of which have “depth” but cannot be described as exclusive. The ASEAN-China FTA which entered into force in 2010 foresaw significant tariff reduction with minimal regulatory depth. The Regional Comprehensive Economic Partnership (RCEP) signed in 2020 (and currently the largest trade bloc in the world by population) is not limited to goods but includes liberalisation of services and investment, as well as a degree of regulatory harmonisation and IP protection. However, it is not exclusive: companies can often “choose” which agreement's rules of origin or tariff schedule to use, depending on which is more favorable (FTA utilization), meaning RCEP often acts as a baseline. As of May 2025, between 146 and 150 countries had active MOUs with China under the Belt and Road Initiative (BRI) ([Green Finance Centre 2025](#)). While participation in the BRI may involve substantial regional cooperation, such as the recently launched China-Kyrgyzstan-Uzbekistan railway ([Turgunbaeva 2025](#)), it generally does not require regulatory harmonisation which binds countries into exclusive arrangements. While

the accumulation of large debts to Chinese banks may well have a major impact on domestic policy in certain countries²⁰⁰ China does not impose macroeconomic conditionality in the manner of the IMF, leaving countries to decide how to pay back loans.

Yet a broader explanation beyond the scope of this thesis is the difference between Russia and China as challengers to Western hegemony. China offers a particular development model which has powerful appeal in many parts of the world, and the resources to back it. This is a development model based on large-scale infrastructural projects, with the Belt and Road Initiative (BRI) as the flagbearer. The values of democracy, human rights, the Rule of Law proclaimed by the West clash with this model, since the complex stakeholder consultations necessary to implement almost any large project funded by Western IFIs and development banks by their nature prevent rapid infrastructure development. This model is attractive to many regimes across the world: it does not challenge the foundation of authoritarian or hybrid regimes, offers a path to economic growth or at least additional rents, and loans to finance the process.

Russia has proved incapable or unwilling to offer such a development model. When Moldova's former President Dodon calls for the reindustrialisation of the Moldovan economy, this is a far cry from what China is doing in other regions of the world. Russia is not offering infrastructural or industrial upgrading, merely cheap gas to sustain existing (mostly Soviet legacy) industries like the Moldovan Metallurgical Plant, and possibly a market for some goods. Cheap inputs matter of course, but they do not constitute a vision of the future, especially in light of the poor performance of the Russian economy, the institutional weakness of the EaEU, and the long-term trend of declining trade volumes between Russia and the former Soviet republics.

The 2022 invasion of Ukraine has unleashed contradictory tendencies. In the case of Moldova and Ukraine, trade ties with Russia have severely declined (almost to zero in the latter case). Meanwhile trade with Armenia, Georgia and the Central Asian countries is booming due to trade rerouting. Yet it is unlikely that this uptick can be sustained in the long-run. Russia's

²⁰⁰ To continue the previous example, at the end of 2023 Kyrgyzstan owed one Chinese state-owned bank (Exim Bank) \$1.7 billion (more than 10% of GDP), with China representing 36.7 % of Kyrgyzstan's external liabilities.

war economy may not be on the verge of collapse as some predict, but its fiscal capacity is certainly stretched close to the limit.

Is this divergent trajectory of our cases likely to persist? For Ukraine, the Russian invasion has destroyed the economic and political base for a return to *strategic hedging*. Ukraine stopped all Russian gas transit as of 1st January 2025, integration with EU energy markets was hypercharged by Russian attacks on energy infrastructure, and many of the key industrial enterprises which supported the “cheap input regime” have been destroyed. Energy sector oligarchs such as Rinat Akhmetov²⁰¹ may well seek to maintain intransparent energy tariffs and institutional opacity in this sector, but this is not the Russia-oriented “cheap inputs” policy regime of days gone.

Similarly in Moldova, the economic basis for a return to *strategic hedging* has largely disappeared. Even if a party came to power committed to *rapprochement* with Russia, all existing gas pipelines cross Ukrainian territory, and Ukraine has been clear that it will not allow Russian gas transit. Moldova would need to build around 200km of new pipelines to restore Russian gas supply. Russia would then need to agree to cheap long-term supply contracts to sustain Moldovan industry and rebuild the fortunes of its favoured oligarchs. This would still leave the problem of export markets, since goods can no longer be shipped to Russia overland or via Ukrainian Black Sea ports.²⁰² That leaves Moldova’s tiny Giurgiulești port and transit via Romania’s Black Sea ports. The lifting of sanctions on Russia and allowing inflows of Russian financial capital is thus the only remaining prospect of profiting from *strategic hedging*, but this will be bound to alienate the West and certainly jeopardise the €1.9 billion euros promised under the EU Growth Plan. This is not to rule out that in the future, Moldova’s Russia-aligned parties will be able to win elections due to their anti-Western rhetoric, dissatisfaction with the current government and help from Russian influence operations. It is simply to say that in such a scenario, a new Russia-aligned government would struggle to rebuild the previous status quo.

²⁰¹ Many of his industrial and extractive assets have been destroyed or are under Russian occupation. As a result, his energy company DTEK is likely his largest asset in Ukraine, although data is not available to corroborate this claim.

²⁰² Goods could potentially be shipped to the rest of the CIS via Ukrainian ports, but in 2021, 74% of all Moldovan exports to the CIS were destined for Russia.

In Chapter 5 we propose that Georgia, the earliest defector from *strategic hedging*, may be already coming full-circle. We reject claims from commentators that events in Georgia signal a flip to a pro-Russian *single-vector* policy. Relations with Russia are still far from “normalisation”. There are no formal diplomatic ties, with relations conducted through back-channels and focused on economic rather than political cooperation. Public opinion polls show a high level of hostility to Russia and Russian citizens in Georgia, such that normalisation would be politically costly. Just as Georgia could never truly reduce dependency on Russian capital and trade even when relations were at their worst under Saakashvili, neither can Georgia turn its back on Western financing. The Georgian Dream may be willing to forgo EU funds for public administration and civil society, since these are tied to demonstrating some degree of progress with the Rule of Law, but they remain heavily dependent on Western IFIs such as the EBRD and EIB for their infrastructure-led development strategy. The only way this development strategy can continue without Western IFIs would be increased Chinese involvement (already on the rise) rather than Russian. The large protests which erupted after the 2024 parliamentary elections briefly opened the possibility that the Georgian Dream may lose power and be replaced by a disparate opposition united only by a commitment to EU integration. However, just as in previous protest waves in 2020, the Georgian Dream government proved to have a firm grip on the state apparatus and a willingness to face down protesters, unlike their distant predecessors in 2003.

Finally in Armenia, the deterioration of relations with Russia since 2020 and the effective collapse of Russia’s role as a security guarantor has been partially offset by the economic dividends of increased trade with Russia since 2022. So far Armenia has managed successfully to trade heavily with Russia and operate as a front for reexported goods without triggering retaliatory measures by the West²⁰³. If this trend continues, and no serious steps are taken to reduce energy and trade dependence on Russia, it is hard to see what would spur the abandonment of *strategic hedging* beyond an unforeseen exogenous shock.

This dissertation therefore does not identify an enduring new reality in our cases which cannot be rewritten. As we state in the introduction, the weakness of institutions in our cases

²⁰³ The Armenian Central Bank chief Garegin Gevorgyan has claimed that “Armenia has not joined the sanction programs, but carefully monitors them, strictly observing their regulations” ([Mgdesyan 2024](#)) (see Chapter 6).

means that the dominant policy paradigm is always open to contestation. Levitsky and Murillo (2013) term this phenomenon “serial displacement”: the frequent *and* rapid rewriting of institutions by newly empowered elites. Madariaga (2020) has argued (for the case of neoliberalism in Latin America and CEE) that the resilience of institutional paradigms in countries with weak institutions depends on the existence of elite coalitions committed to the maintenance of the paradigm. If the *single-vector* paradigms which are the focus of this dissertation persist, it will be because *social blocs* remain in power committed to their maintenance, or at least that no challenger *social bloc* is able to impose a new domestic and foreign policy regime. However, our analysis of the relationship between structural transformation of the macroeconomy, *social blocs* and policy paradigms can tell about the likelihood of changes in the balance of power between *social blocs* in each case.

Hence as we mention above, the *social blocs* in support of *strategic hedging* in Ukraine (centred around the gas, manufacturing and industrial sectors) have been largely destroyed by the Russian invasion, but were already diminishing prior to 2022. By contrast Georgia, despite being the first and most (rhetorically) radical of our cases to abandon *strategic hedging*, has not seen a fundamental shift in the macroeconomy in favour of a dominant *social bloc* committed to maintaining a pro-EU vector. Closer formal integration with the EU is not matched by a transformation of the economy. Rather than the service sector being an engine of increased trade with the West (the case of the IT sector in Ukraine and Moldova), in Georgia it remained tied to inflows of Russian capital and tourism. Increased exports to the EU have been concentrated in a narrow basket of extractive and agricultural goods, while exports to the CIS have proved more dynamic. Finally in Armenia, while political relations with Russia have deteriorated to the point of seemingly imminent collapse since 2020, the dominant *social bloc* has remained committed to *strategic hedging*. In a surprising twist, the main EU-oriented export sector - mining - changed hands from Western multinationals to Russian oligarchs with the tacit support of the Armenian government, despite the poor state of relations between the countries.

Thus we do not offer deterministic mechanisms or ironclad predictions. Instead, we offer a framework for analysing underlying structural change which cuts through short-term shifts in domestic power holders, and focuses on the macroeconomy rather than identity, culture, ethnicity or language. Regional studies experts with their finger on the pulse who can differentiate between Vazgen Sargsyan, Serzh Sargsyan, Armen Sarkissian and Khachatur

Sukiasyan²⁰⁴ are essential to advancing our depth of understanding, and without such fine-grained scholarship this dissertation would have been impossible. Likewise, scholars specialised in identity, memory and cultural studies have made great strides to move beyond Russian imperial narratives of “Russia’s backyard” and their perpetuation by Western academics schooled in “Sovietology/Kremlinology”. Nevertheless, we insist that the political economy of our cases has been woefully neglected. The structural transformation of the economy since the 90s collapse and the emergence of new *social blocs* offer a source of endogenous change whereby Armenia, Georgia, Moldova and Ukraine are not passive pawns in a new Eurasian “Great Game”, but respond to external influence depending on the outcome of domestic struggles. To try to understand the tectonic shifts underway in these countries without a political economy lens is as Ukrainians say - *nositi vodu reshetom* - to carry water with a sieve.

III. Limitations and Avenues for Future Research

This dissertation presents ambitious hypotheses about the pipeline from structural transformation to economic policy to geopolitical alignment. We attempt to triangulate multiple types of empirical data, our sectoral growth decomposition, descriptive macrodata and our analytical narrative to assess the plausibility of our hypotheses, but invariably fall short in terms of explanatory power. Our sectoral growth decomposition shows important changes, but due to data limitations²⁰⁵ and a relatively short time frame of 25 years it is hard to disentangle short term impacts of global and regional crises from structural transformation. We also focused exclusively on exports and neglected exports, which (as the numerous discussions of energy throughout the dissertation shows) also play a crucial role for *social blocs*. A more systematic analysis of how changes in export sectors affected the Balance of Payments would have provided important additional context to our argument.

Our analytical narrative falls into the classic trap of discerning the actions of oligarchs and elites from the relatively little we know of their material interests and political involvement. Our descriptive data is only a partial corrective to the fact that our sectoral growth decomposition tells only a small part of the story, and needs to be supplemented by attention

²⁰⁴ PM of Armenia assassinated in 1999; President of Armenia (2008- 2018); President of Armenia (2018-2022); an influential Armenian oligarch. Despite the similarity of surnames, none are related.

²⁰⁵ Most notably lack of detailed services exports data.

to public finances, external debt, energy dependence and glimpses into specific sectors. Finally, our notion of transmission from interests to policies is undertheorised. Many of the policy decisions involved in switching from a “cheap inputs regime” to a “cheap exports regime” are highly technical economic decisions (such as monetary and FX) where external conditionality also plays a key role. It is easier to show that economic elites influence trade policy when their business interests are at stake than to claim that they can exert influence on the executive over the policy of the Central Bank.

Although our introduction professed boldly the aim to reclaim the primacy of domestic transformation over IR explanations, what ultimately emerges is a synthesis: domestic elites are indeed reactive to external pressure, but their place in the domestic political economy conditions their reaction. Georgia after 2003 comes closest to an elite-driven abandonment of *strategic hedging*, but even this was in part rhetorical prior to the 2008 Russo-Georgian War due to high dependence on Russian capital. For Moldova and Ukraine, structural transformation was not sufficient on its own to cause realignment - external events were the critical juncture.

Precisely because of these limitations and the fact that the Russian invasion of Ukraine has unleashed new dynamics of structural transformation in our cases, there are plenty of avenues for future research. One option is deeper exploration into crucial sectors. The opening of Chapter 3 on Ukraine highlighted the example of how oligarchs in the metallurgical sector have adapted to target EU markets and anticipate regulatory changes. This is an interesting example of a sector in decline from the perspective of our sectoral growth decomposition, but one in which elites are repositioning themselves to remain competitive. The burgeoning IT and tech sectors in Armenia, Moldova and Ukraine and their role in public service provision are also worthy of study, especially given increased scholarly interest in techno-developmental regimes ([Lei 2023](#)). Ukrainian defense technology is an industry which hardly existed at the outset of this dissertation which now holds immense research potential. Another avenue is to explore finance and public finance, in particular the role of IFIs and development banks as development actors which also shape the political calculus of regimes. Ia Eradze ([2024](#)) has already applied the terminology of the Wall Street Consensus and “derisking state” ([Gabor 2021](#)), but there remains much possibility to explore this new face of development.

EPILOGUE

A number of events occurred in the runup to the submission of this dissertation in November 2025 which warrant a mention for their relevance to our research question, yet are too recent to be properly considered in the empirical chapters.

Armenia

On 13 March 2025, it was announced Armenia and Azerbaijan had agreed on all terms of a peace agreement to end their long-running territorial dispute. The agreement was eventually signed by Armenian PM Pashinyan and Azerbaijani President Aliyev at the White House on 8th August 2025, with US President Trump in attendance. De Waal [\(2025\)](#) attributes breakthrough to Armenian PM Pashinyan, who had already made a series of concessions in pursuit of a deal and finally gave ground on two outstanding issues in the twelfth draft of the text which had been negotiated for more than a year. The full implementation of the peace deal however has one major stumbling block: Azerbaijan's insistence that Armenia must amend its constitution to remove clauses which they consider to contain territorial claims. Pashinyan will likely need to convince voters in the 2026 election of his peace plan to gain the seats and legitimacy for a constitutional referendum [\(de Waal 2025\)](#).

Alongside the peace deal came a surprising announcement concerning a transit corridor²⁰⁶ through Armenia to connect the majority of Azerbaijan with its exclave Nakhchivan, which appeared in the ceasefire agreement which ended the Second Nagorno-Karabakh War in 2020, but was not implemented. The sides announced the creation of a "Trump Route for International Peace and Prosperity" (TRIPP) which would be developed by US companies. The US announced in September 2025 that it would provide \$154 million for the development of the route [\(Barseghyan 2025\)](#). President Trump subsequently claimed on a talk show with US commentator Mark Levine that he had stopped a war between "Aber-baijan and Albania" [\(Ostiller 2025\)](#).

²⁰⁶ Referred to by Azerbaijani officials as the "Zangezur Corridor". Armenian officials reject this name.

The main open questions after the peace agreement concern its implications for Armenia's security arrangements going forward. It remains to be seen if the deal will embolden Armenia's efforts to pivot to France and India as its main defense suppliers, and further weaken Russia's already teetering position as a security guarantor. Meanwhile, trade with Russia seems to have come down from its 2022 high, yet still remains far above pre-invasion levels. Trade may have come to trump security as the lynchpin of Armenia's *strategic hedging*.

Georgia

On October 4th 2025 Georgia held local elections, with the opposition split on whether to hold a boycott. The Lelo-Strong Georgia and For Georgia parties decided to participate, while other opposition parties including the United National Movement refused. In the runup to the elections various opposition leaders called for a "peaceful revolution" in the wake of what they anticipated to be rigged elections. UNM Chairman stated that Georgia should emulate the 2018 Velvet Revolution in Armenia which peacefully toppled President Serzh Sargsyan through mass protests²⁰⁷ ([Gvadzabia 2025a](#)).

The Georgian Dream won 81.7% of the vote in the local elections, and their candidate for mayor of Tbilisi - former footballer Kakhaber "Kakha" Kaladze - was elected with 71.7% of the vote. Large protests took place in the capital, while a small group tore down sections of fence outside the presidential palace and briefly entered the grounds, only to be driven back by riot police with some arrested ([Gvadzabia 2025b](#)). In the aftermath Prime Minister Kobakhidze stated that "Anyone who took part in the violence is, without exception, a participant in the attempt to overthrow the government...these people should expect surprises in the coming days". He also hinted that the authorities had greater resources to identify protesters than in previous protest waves. Kobakhidze also claimed that the attempt by "external forces" to reshape the country's political landscape "had failed" ([Stezhensky 2025](#)). High Representative of the European Union for Foreign Affairs and Security Policy Kaja Kallas and Enlargement Commissioner Marta Kos criticised the conduct of the elections in a joint statement.

²⁰⁷ It is noteworthy that he invoked events in neighbouring Armenia, rather than 2003 Rose Revolution in Georgia which brought his own party to power.

As such, Georgian politics remains trapped in the same spiral since at least the 2020 elections: the disorganised opposition do not recognise the outcome of elections, organise large protests, boycott representative bodies and call for international support. In each case, the government shows its ability to withstand protests, and augment its grip on institutions. The main element of change is the role of the EU, which at first attempted to mediate between the government and the opposition and find a compromise under which the opposition would reenter parliament. Five years later, the EU and the Georgian Dream are in open confrontation. The EU has become bolder in criticising the Georgian government, but with accession negotiations and a large proportion of EU funding already frozen, possesses less financial leverage. Meanwhile, relations with Russia are improving, but still rely on back-channels and opaque economic cooperation rather than direct political ties.

Moldova

Moldovans went to the polls on the 28th of September 2025 amid widespread fears of election interference. Stickers on police cars, billboards and online advertising warned voters not to sell their votes. A week before the elections, authorities arrested 70 Moldovan citizens Moldova who had recently travelled to Serbia, where they were trained on how to handle weapons and provoke post-election unrest - sponsored by the Russian Federation ([Varga 2025](#)). A BBC investigation uncovered a Russia/Şor-funded network which promised to pay participants for posting Russian propaganda and fake news ([Marocico and Mirodan 2025](#)). Days before the elections, the Central Election Committee (CEC) excluded one of the parties within the main opposition Patriotic Bloc (the Heart of Moldova Party led by Irina Vlah) from participating, citing illicit financing ([Gonzalez 2025](#)).

But perhaps the most unusual pre-election drama was the extradition of fugitive oligarch Vladimir Plahotniuc by Greek authorities to Moldova 3 days before the election. He was arrested in July [2025](#). Following his arrest the oligarch had reactivated his social media, announced his return to Moldovan politics and intent to reactivate his parties. However, the European Social Democratic Party (one of the successors to Plahotniuc's Democratic Party) failed to reach the threshold to enter parliament, while another Plahotniuc-aligned party (PDMM) was excluded by the CEC ([Smith 2025](#)).

Despite the PSRM leader Dodon declaring victory for the Patriotic Bloc immediately after voting closed (and before any exit poll was published), the Bloc received only 24.17% of the vote (26 out of 101 seats). The incumbent Party of Action and Solidarity earned 50.2% of the vote (55 seats). The “Alternative” party of Chisinau Mayor Ion Cheban and the “Our Party” of oligarch Renato Usatîi secured enough votes to enter parliament for the first time (7.96% and 6.2% respectively)²⁰⁸. The sixth out of six parties to enter parliament was the Democracy at Home Party (PPDA) of Vasile Costiuc. This was a surprising addition, since the party had failed to secure even 1% of the vote in previous elections. The PPDA is a unionist (with Romania) party with ties to Romanian far-right politician George Simion, which has been actively lobbying US Republican congressmen to promote the idea that PAS is censoring free speech in Moldova ([Smith 2025](#)). A report by the Romanian think-tank Expert Forum published an analysis in August 2025 showing that in 1 week videos connected to Costiuc on TikTok saw a 300% increase in reach and received over 1 million views ([Expert Forum 2025](#)). Some Moldovan commentators have suggested that Simion may have mobilised TikTok bot accounts created for the 2025 Romanian presidential election to support Costiuc ([Mardei 2025](#)).

While the results of the election have important consequences for Moldova’s future, what is of interest for our purposes are the campaign promises of the main parties, which corresponded strongly to our “cheap inputs regime” versus “cheap exports regime” typology. The incumbent Party of Action and Solidarity (PAS) focused on investing the €1.9 billion euros from the EU Growth Plan in developing transport routes and logistics hubs, support for small producers, simplifying tax regulations, reducing bureaucracy and offering fiscal stability (e.g. only rewriting tax rules every 2 years) ([Smith 2025](#)).

Meanwhile the main opposition electoral coalition, the Patriotic Bloc²⁰⁹ promised reindustrialisation. This meant creating 18 industrial hubs and a state owned bank to support industrial investments, a 50% subsidy for robotics in factories, loan subsidies for businesses with modern technology, and a 30% subsidy for local seeds for farmers ([Smith 2025](#)). Finally, all of this would be bolstered by a 5 year contract for cheap gas with an unnamed partner.

²⁰⁸ Previously both parties had only held mayoralities and seats at the local level.

²⁰⁹ Patriotic Electoral Bloc of Socialists, Communists, the Heart and Future of Moldova. An electoral alliance of the Party of Socialists of the Republic of Moldova (PSRM, led by Igor Dodon), the Party of Communists of the Republic of Moldova (PCRM, Vladimir Voronin), the Heart of Moldova Party (PRIM, Irina Vlah) and the Future of Moldova Party (PVM, Vasile Tarlev).

However, as we mentioned earlier in this chapter and in Chapter 4, the prospects for restoring cheap gas supplies from Russia were slim even if the Patriotic Bloc had won the election. Even if Moldova were to return to *strategic hedging* in the future, the prospects of returning to the previous economic base of this arrangement are slim.

Ukraine

In the final month of writing this dissertation, it seems that President Trump has given up on his attempts to bring Russia to the negotiating table through invitations, special envoys and pressure on Ukraine. On the 23rd September 2025 Trump declared on social media that Ukraine can in fact retake all of its territories ([Comerford 2025](#)). Meanwhile, both the Ukrainian and Russian militaries and economies are severely stretched, with no end to the war in sight on the 1,314th day of Russia's 3-day "Special Military Operation".

BIBLIOGRAPHY

- Absandze, Teona. 2018. "What Factors Hinder the Development of Free Industrial Zones?" *Forbes Georgia*. January 15, 2018.
<https://forbes.ge/what-factors-hinder-the-development-of-free-industrial-zones/>.
- Adamski, Łukasz, ed. 2022. "Farewell to Imagined Post-Sovietness. Is It Still Justified to Use the Term "post-Soviet"?" In *The New Era of Insecurity: How Russia's War in Ukraine Changes the World*. University of Helsinki.
http://arei-journal.pl/webroot/upload/files/AREI-1-2023_FAREWELL%20TO%20IMAGINED%20POST-SOVIETNESS_6-15.pdf?fbclid=IwAR35B2xMd2qyms_J3jz9PCjNk-DoLsHNoXg6VdOg6oPX7YbqJn9GoYYzg2k.
- Adarov, Amat, and Peter Havlik. 2016. "Benefits and Costs of DCFTA: Evaluation of the Impact on Georgia, Moldova and Ukraine." 12. *Vienna Institute for International Economic Studies*. <https://wiiw.ac.at/p-4111.html>.
- Ademmer, Esther, Laure Delcour, and Kataryna Wolczuk. 2016. "Beyond Geopolitics: Exploring the Impact of the EU and Russia in the 'contested Neighborhood.'" *Eurasian Geography and Economics* 57 (1): 1–18.
- Akhvlediani, Tinatin, Steven Blockmans, Julie Bryhn, Daniel Gros, Weinian Hu, Irina Kustova, and Farzaneh Shamsfakhr. 2022. "Ex-Post Evaluation of the Implementation of the Deep and Comprehensive Free Trade Area between the EU and Its Member States and Georgia." *Centre for European Policy Studies (CEPS)*. October 26, 2022.
<https://www.ceps.eu/ceps-publications/ex-post-evaluation-of-the-implementation-of-the-deep-and-comprehensive-free-trade-area-between-the-eu-and-its-member-states-and-georgia/>.
- Akhvlediani, Tinatin, Steven Blockmans, Julie Bryhn, Lali Gogoberidze, Daniel Gros, Weinian Hu, Diego Iribarren, et al. 2022. "Ex-Post Evaluation of the Implementation of the Deep and Comprehensive Free Trade Area between the EU and Its Member States and Georgia." *Centre for European Policy Studies (CEPS)*.
<https://www.ceps.eu/ceps-publications/ex-post-evaluation-of-the-implementation-of-the-deep-and-comprehensive-free-trade-area-between-the-eu-and-its-member-states-and-georgia/>.
- Amable, B., and S. Palombarini. 2008. "A Neorealist Approach to Institutional Change and the Diversity of Capitalism." *Socio-Economic Review* 7 (1): 123–43.
- . 2024. "The Concept of the Social Bloc in Political Economy." *University of Geneva Working Paper*.
<https://access.archive-ouverte.unige.ch/access/metadata/3e9d350b-43b3-4ff8-87d9-e5c66e94c6b6/download>.
- Ambrosio, T. 2016. *Authoritarian Backlash: Russian Resistance to Democratization in the Former Soviet Union*. London, England: Routledge.
- Ana, Daniela. 2021. "Politics, Markets and Wine: Indexing Post-Cold War Tensions in the Republic of Moldova." *Ethnologie Française* 51 (3): 535–47.
- Andrusiv, Victor, Oleg Ustenko, Yurii Romanenko, and Ihar Tyshkevich. 2018. "The Future of the Ukrainian Oligarchs." *Ukrainian Institute for the Future*.

https://www.wilsoncenter.org/sites/default/files/media/documents/event/the_future_of_ukrainian_oligarchs.pdf

- Anonymous. 2025. "Baron Helmsmen, Don't Spread Lies": A Miners' Strike Brings Attention to Armenia's Industrial Exploitation Problem." *Lefteast*. February 12, 2025. <https://lefteast.org/baron-helmsmen-dont-spread-lies-a-miners-strike-brings-attention-to-armenias-industrial-exploitation-problem/>.
- Antonyan, Yulia. 2023. "Power, Family and Business: Practices of Oligarchic Economy in Late Soviet and Post-Soviet Armenia (before 2018)." In *Family Firms and Business Families in Cross-Cultural Perspective*, 83–113. Cham: Springer International Publishing.
- Arel, D., and J. Driscoll. 2023. *Ukraine's Unnamed War: Before the Russian Invasion of 2022*. Cambridge University Press.
- Arel, D. 2017. "Language, Status, and State Loyalty in Ukraine." *Harvard Ukrainian Studies*. <https://www.jstor.org/stable/44983543>.
- ArmBanks. 2014. "About 68.7 Percent of Armenia's Banks' Authorized Capital Is Owned by Foreign Shareholders." *ArmBanks.am* (blog). June 17, 2014. <https://armbanks.am/en/2014/06/17/76881/>.
- Armenian Development Agency. 2004. "Electronics Industry in Armenia." *Armenian Development Agency*. https://www.futurehorizons.com/assets/armenia-electronics_industry_guide.pdf.
- Armenpress. 2023. "Prime Minister Pashinyan's Wife Meets with Members of the Armenian Community of Ukraine in Kyiv." *Armenpress*. September 8, 2023. <https://armenpress.am/en/article/1119043>.
- . 2025. "Prime Minister Believes Decision to Join SCO Reflects Armenia's Balanced Foreign Policy." *Armenpress*. July 16, 2025. <https://armenpress.am/en/article/1224977>.
- Armstat. 2022. "The Main Results of RA Census 2022." *Statistical Committee of the Republic of Armenia*. 2022. <https://www.armstat.am/en/?nid=82&id=2623>.
- Asbarez. 2023. "Armenia, France Sign Military Cooperation Agreement." *Asbarez.com*. October 23, 2023. <https://www.asbarez.com/armenia-france-sign-military-cooperation-agreement/>.
- Åslund, A. 2005. "Economic Reform after the Revolution in the Kyrgyz Republic." *Demokratizatsiya* 13 (September):469.
- Åslund, Anders, and Simeon Djankov. 2014. *The Great Rebirth: Lessons from the Victory of Capitalism over Communism*. Peterson Institute for International Economics.
- Åslund, Anders. 2009. *How Ukraine Became a Market Economy and Democracy*. Columbia University Press.
- Astrov, Vasily, and Leon Podkaminer. 2017. "Ukraine: Selected Economic Issues." *The Vienna Institute for International Economic Studies (wiiw)*. <https://wiiw.ac.at/ukraine-selected-economic-issues-p-4370.html>.

- Astrov, Vasily. 2015. "Is Ukraine on the Right Track of Economic Reforms?" In *The End of an Era in Eurasia?: Conflict in Eastern Ukraine and Economic Downturn in the Post-Soviet Space*, edited by Andras Deak et al. 6:60–77. Research Centre for Economic and Regional Studies of the Hungarian Academy of Sciences, Institute of World Economics.
https://www.researchgate.net/publication/312198126_The_end_of_an_era_in_Eurasia_Conflict_in_Eastern_Ukraine_and_economic_downturn_in_the_post-Soviet_space.
- Auyezov, Olzhas. 2011. "Ukraine-Russia Gas Deal: Tymoshenko's Biggest Bet." *Reuters*, October 11, 2011.
<https://www.reuters.com/article/world/ukraine-russia-gas-deal-tymoshenkos-biggest-bet-idUSTRE79A4BB/>.
- Avanesov, Alexandr. 2020. "Pashinyan Replied to Simonyan's Posting about 'ungrateful' Armenia." *ArmInfo*. 2020. https://arminfo.info/full_news.php?id=53992&lang=3.
- Avetisyan, Ani. 2023. "Armenia Ratifies Rome Statute, Defying Russia." *Eurasianet*. October 5, 2023. <https://eurasianet.org/armenia-ratifies-rome-statute-defying-russia>.
- Azatutyun*. 2024a. "Growth In Armenian Exports To Russia Moderates." *Azatutyun*, February 20, 2024. <https://www.azatutyun.am/a/32827996.html>.
- . 2024b. "Russia Condemns Armenian Officials' Trip To Ukrainian Town." *Azatutyun*. June 10, 2024. <https://www.azatutyun.am/a/32986525.html>.
- . 2025. "Armenia Votes For UN Resolution Citing 'Russian Aggression.'" *Azatutyun*. April 17, 2025. <https://www.azatutyun.am/a/33388594.html>.
- Babanin, Olexander, V. Dubrovskiy, and O. Ivaschenko. 2004. "Ukraine: The Lost Decade . . . and the Coming Boom?" *Chapters*, April.
<https://doi.org/10.4337/9781845420567.00010>.
- Baccaro, L., and J. Pontusson. 2019. "Social Blocs and Growth Models: An Analytical Framework with Germany and Sweden as Illustrative Cases." *Geneva: University of Geneva*.
https://pure.mpg.de/pubman/faces/ViewItemOverviewPage.jsp?itemId=item_3046689.
- Baccaro, Lucio, and Jonas Pontusson. 2016. "Rethinking Comparative Political Economy: The Growth Model Perspective." *Politics & Society* 44 (2): 175–207.
- Bachu, M. 2025. "Labor Shortage Is the Most Acute Problem of the Moldovan Economy." *Logos Press Business Review*. September 2, 2025.
<https://logos-pres.md/en/news/the-most-acute-problem-of-the-moldovan-economy/>.
- Baev, P. 2020. "Preserving the Alliance against Tall Odds." In *Armenia's Velvet Revolution: Authoritarian Decline and Civil Resistance in a Multipolar World*, 161. Bloomsbury Publishing.
- Baidaus, Eduard. 2023. *An Unsettled Nation: Moldova in the Geopolitics of Russia, Romania, and Ukraine*. Stuttgart, Germany: ibidem.
- Balakhnova, Vera. 2022. "Posol SSHA pozdravil Moldovu s zaklyucheniem kontrakta s MGRES [U.S. Ambassador Congratulated Moldova on Signing a Contract with MGRES]." *NewsMaker.md*, December 6, 2022.

- <https://newsmaker.md/ru/posol-ssha-pozdravil-moldovu-s-zaklyucheniem-kontrakta-s-m-gres>
- _____. 2023. "Chto v Moldove podorozhalo bol'she vsego v 2022 godu: dannye Byuro statistiki" [What Became Most Expensive in Moldova in 2022: Data from the Bureau of Statistics]. *Newsmaker*, January 2023.
<https://newsmaker.md/rus/novosti/chto-v-moldove-podorozhalo-bolshe-vsego-v-2022-g-odu-dannye-byuro-statistiki/>
- Baldrian, Sona. 2023. "Armenia in Crisis: How Did We Get Here and What's Next." *Lefteast*. October 16, 2023.
<https://lefteast.org/armenia-in-crisis-how-did-we-get-here-and-whats-next/>.
- Balmaceda, Margarita, and Andrian Prokip. 2021. "The Development of Ukraine's Energy Sector." In *From "the Ukraine" to Ukraine, A Contemporary History, 1991-2021*, edited by Mykhailo Minakov Georgiy Kasianov Rojansky. Vol. 137. BoD--Books on Demand.
- Balmaceda, Margarita. 2004. "Explaining the Management of Energy Dependency in Ukraine : Possibilities and Limits of a Domestic-Centered Perspective." *MZES-Mannheimer Zentrum für europäische Sozialforschung*
https://edoc.vifapol.de/opus/volltexte/2014/5172/pdf/wp_79.pdf.
- Ban, Cornel, and Dragoș Adăscăliței. 2022. "The FDI-Led Growth Models of the East-Central and South-Eastern European Periphery." In *Diminishing Returns: The New Politics of Growth and Stagnation*, edited by Lucio Baccaro, Mark Blyth, and Pontusson Jonas. Oxford University Press.
- Banaji, Jairus. 2024. "Russian Capitalism Today: A Case of 'Primacy of Politics'?" *Commons Journal of Social Criticism*. 2024.
<https://commons.com.ua/en/rosijskij-kapitalizm-sogodni-vipadok-primatu-politiki/>.
- Banaji, Jairus. 2024. "Russian Capitalism Today: A Case of 'Primacy of Politics'?" *Commons Journal of Social Criticism*. 2024.
<https://commons.com.ua/en/rosijskij-kapitalizm-sogodni-vipadok-primatu-politiki/>.
- Bao, Anniek. 2025. "SCO Summit 2025: Key Takeaways from Beijing's Push to Reshape Global Order." *CNBC*. September 2, 2025.
<https://www.cnbc.com/2025/09/02/sco-summit-2025-key-takeaways.html>.
- Barisitz, Stephan, and Zuzana Fungáčová. 2015. "Ukraine: Struggling Banking Sector amid Substantial Uncertainty." *BOFIT Policy Brief*, no. 3.
https://www.suomenpankki.fi/bofit_en/tutkimus/tutkimusjulkaisut/policy_brief/2015/hp_b0315.pdf.
- Barrett, T. 2021. "Oligarchs and Judges: The Political Economy of the Courts in Post-Soviet Unconsolidated Democracies." *Ideology and Politics*.
<https://www.ideopol.org/wp-content/uploads/2021/11/11.-ENG.-Barett-final.pdf>.
- Barrett, Thomas. 2021. "Moldova's Never-Ending Political Crisis." *Europe and Me*. April 1, 2021. [https://europeandme.eu/Moldova's Never-ending Political Crisis/](https://europeandme.eu/Moldova's%20Never-ending%20Political%20Crisis/).
- Barseghyan, Arshaluys. 2025a. "Armenia and France Discuss Developing Military-Industrial Cooperation." *OC Media*. April 7, 2025.

- <https://oc-media.org/armenia-and-france-discuss-developing-military-industrial-cooperation/>.
- . 2025b. “Lukashenka Suggests That Pashinyan Will ‘destroy Armenia.’” *OC Media*. January 27, 2025. <https://oc-media.org/lukashenka-suggests-that-pashinyan-will-destroy-armenia/>.
- . 2025c. “US to Provide \$145 Million to Armenia for Trump Route.” *OC Media*. September 12, 2025. <https://oc-media.org/us-to-provide-145-million-to-armenia-for-trump-route/>.
- Baumann, C. (2024). "Return of Dependency" or "A New Hope"? East-South Investment and Interdependent Development in Colombia. PhD Thesis, University of Duisburg-Essen, Duisburg.
- Bazhenova, O., A. Bochi, and V. Povoroznyk. 2018. “The Impact of the EU-Ukraine Deep and Comprehensive Free Trade Area on the Ukrainian Industrial Sector.” *Friedrich Ebert Stiftung*. <https://library.fes.de/pdf-files/bueros/ukraine/15250.pdf>
- BBC News. 2018a. “Russian Spy: State TV Anchor Warns ‘Traitors,’” *BBC News*, March 8, 2018. <https://www.bbc.com/news/world-europe-43330498>.
- . 2018b. “Skripal Poisoning: Putin Denounces Ex-Spy as ‘Scumbag.’” *BBC News*, October 3, 2018. <https://www.bbc.com/news/world-europe-45732221>.
- . 2021. “Mikheil Saakashvili: Georgian Ex-President Arrested Returning from Exile.” *BBC News*. October 1, 2021. <https://www.bbc.com/news/world-europe-58767420>.
- Beers, Daniel J. 2016. “Judicial Reform in Comparative Perspective: Assessing the Prospects for Ukraine.” In *Beyond the Euromaidan: Comparative Perspectives on Advancing Reform in Ukraine*, edited by Henry Hale and Robert Orttung, 162–78. Stanford University Press, Stanford.
- Bell, Daniel. 1973. *The Coming of Post-Industrial Society: A Venture in Social Forecasting*. New York: Basic Books.
- Bennet, V. 2022. “Moldova’s Strategic Danube Port Offers a Lifeline for Ukraine.” *European Bank for Reconstruction and Development (EBRD)*. July 2022. <https://www.ebrd.com/home/news-and-events/news/2022/moldovas-strategic-danube-port-offers-a-lifeline-for-ukraine.html>.
- Berglund, C. 2014. “Georgia between Dominant-Power Politics, Feckless Pluralism, and Democracy.” *Demokratizatsiya The Journal of Post-Soviet Democratization*. https://www.researchgate.net/profile/Christofer-Berglund/publication/289765139_Georgia_between_dominant-power_politics_feckless_pluralism_and_democracy/links/569ce97d08ae2e9667ebe444/Georgia-between-dominant-power-politics-feckless-pluralism-and-democracy.pdf.
- Bird, Michael, and Andrei Cotrut. 2016. “Moldovan Energy Intermediary Company Linked to ‘billion-Dollar Bank Theft’ Scandal.” *The Black Sea*. March 2016. <https://theblacksea.eu/stories/moldovan-energy-intermediary-company-linked-to-billion-dollar-bank-theft-scandal/>.
- Bobrovnikov, A. 2022. “Donbass mertvetsa. Rukovoditel’ gruppy rassledovateley

- kontrabandy na vostoce Ukrainy byl ubit. No zhurnalisty spasli arkhiv ego zapisey. Chem torGuyut, kto kryshuyet i kto bol'she vsekh zarabatyvayet v «seroy zone» [A Dead Man's Donbass. The head of the smuggling investigation team in eastern Ukraine was killed. But journalists saved the archive of his records. What is being traded, who provides protection, and who profits the most in the 'gray zone'].* *Novaya Gazeta*. January 24, 2022. <https://novayagazeta.ru/articles/2022/01/24/donbass-mertvetsa>.
- Bochorishvili, E., and M. Chakhvashvili. 2023. "Georgia's Energy Sector Electricity Market Watch." *Galt & Taggart Research*.
https://galtandtaggart.com/files/galt/electricity-market-watch-fy22_eng_.pdf.
- Bohle, Dorothee, and Béla Greskovits. 2009. "Varieties of Capitalism and Capitalism « Tout Court »." *European Journal of Sociology / Archives Européennes de Sociologie* 50 (3): 355–86.
- Bojcun, Marko. 2012. "The Socioeconomic and Political Outcomes of the Global Financial Crisis in Ukraine." In *Socioeconomic Outcomes of the Global Financial Crisis*. Routledge.
- Bojcun, Marko. 2020. *Towards a Political Economy of Ukraine*. Ibidem.
- Bolkvadze, Ketevan, and Bidzina Lebanidze. 2016. "Building a Security Community in the EU's Neighbourhood? Experiences from Georgia." In *External Governance as Security Community Building*, edited by Pernille Rieker, 79–105. London: Palgrave Macmillan UK.
- Bolkvadze, Ketevan. 2017. "Hitting the Saturation Point: Unpacking the Politics of Bureaucratic Reforms in Hybrid Regimes." *Democratization* 24 (4): 751–69.
- Borg, Neville. 2025. "Armenian Bank Sees HSBC Malta Takeover as Gateway to Europe." *Times of Malta*. July 29, 2025.
<https://timesofmalta.com/article/armenian-bank-sees-hsbc-malta-takeover-gateway-europe.1113705>.
- Borysenko, Ivan. 2022. "Ukraine Opens New Front against Oligarchs, Seizing Their Businesses." *NV*. November 8, 2022.
<https://english.nv.ua/business/businesses-belonging-to-oligarchs-are-seized-nv-analysts-ukraine-news-50282601.html>.
- Börzel, Tanja A. 2010. "The Transformative Power of Europe Reloaded: The Limits of External Europeanization." *KFG Working Paper Series* 11.
<https://www.ssoar.info/ssoar/handle/document/36800>.
- Boyko, Viktoriia. uly 2019. "*Lobbi ahromiliardera Yurii Kosiuka: samovysuvantsi Zhukotanskyi, Kucher, Bilozir, Vannikova, Kurbat, Holub ta... kandydat vid 'Sluhy narodu' Valerii Zub* [The Lobby of Agrimillionaire Yurii Kosiuk: Self-nominated Candidates Zhukotanskyi, Kucher, Bilozir, Vannikova, Kurbat, Holub, and... the 'Servant of the People' Candidate Valerii Zub]." *Navarti*. July 2019.
<https://navarti.in.ua/077194-lobbi-agromilyardera-yuriya-kosyuka-samovysuvanczi-zhukotanskyj-kucher-bilozir-vannikova-kurbet-golub-ta-kandydat-vid-slugy-narodu-valerij-zub.html>.
- Braghis, Nicoleta. 2020. "Controversial Businessman Veceslav Platon Was Released from

- Prison.” *Ziarul de Gardă*. June 22, 2020.
<https://www.zdg.md/en/controversial-businessman-veceslav-platon-was-released-from-prison/>.
- Broers, L. 2020. “How Serzh Sargsyan and the Republican Party of Armenia Lost Control of a Competitive Authoritarian System.” *Armenia’s Velvet Revolution: Authoritarian Decline and*. <https://doi.org/10.5040/9781788317214.0010>.
- Brubaker, Rogers. 1994. “Nationhood and the National Question in the Soviet Union and Post-Soviet Eurasia: An Institutional Account.” *Theory and Society* 23 (1): 47–78.
- Bruszt, László, and Julia Langbein. 2020. “Manufacturing Development: How Transnational Market Integration Shapes Opportunities and Capacities for Development in Europe’s Three Peripheries.” *Review of International Political Economy* 27 (5): 996–1019.
- BTI. 2024. “BTI 2024 Country Report: Moldova.” Bertelsmann Transformation Index (BTI). https://bti-project.org/fileadmin/api/content/en/downloads/reports/country_report_2024_MDA.pdf.
- Bulghadaryan, Naira. 2024. “Nor krakean hetapandum e harut’s’vel Serzh Sargsyani pahaesa Mikayel Minasyani nakhaghakut’yam [A new criminal prosecution has been initiated against Serzh Sargsyan’s son-in-law, Mikayel Minasyan].” *Azatutyun*. August 13, 2024. <https://www.azatutyun.am/a/nor-kreakan-gorts-e-haroutsvel-mikayel-minasyani-nkatma-mb/33077032.html>.
- Burakovsky, Ihor, and Stanislav Yukhymenko. 2023. “Ukrainian Oligarchs: The War as a Challenge.” In *Ukraine’s Patronal Democracy and the Russian Invasion: The Russia-Ukraine War, Volume One*, edited by Bálint Magyar and Bálint Madlovics, 169–92. CEU Press.
- Burduli, Ana, Mariam Katsadze, Salome Solomnishvili, Ana Terashvili, Giorgi Papava, and Elisabed Nemsadze. 2025. “Migration Trends in Georgia: Key Dynamics from 2012 to 2024.” 2025/07. International School of Economics at Tbilisi State University. <https://iset-pi.ge/storage/media/other/2025-06-02/d58b2cd0-3f80-11f0-9dd6-4b06e6741c44.pdf>.
- Calvo, G. A., and C. M. Reinhart. 2002. “Fear of Floating.” *The Quarterly Journal of Economics* 117 (2): 379–408.
- Calvo, Thomas, Taehoon Lee, Sara Mouhoud, Gilles Spielvogel, and Marcela Valdivia Correa. 2022. “Talent Abroad: A Review of Georgian Emigrants.” Paris Cedex, France: OECD. <https://doi.org/10.1787/00df3f32-en>.
- Carothers, Thomas. 2002. “The End of the Transition Paradigm.” *Journal of Democracy* 13 (1): 5–21.
- Całus, Kamil. 2016. *The Unfinished State: 25 Years of Independent Moldova*. OSW Ośrodek Studiów Wschodnich im. Marka Karpia.
- . 2020. “A Pseudo-Multi-Vector Policy. Moldova under the Socialists.” <https://www.ceeol.com/search/gray-literature-detail?id=851875>.
- . 2023. “Hybrid CoE Working Paper 23: The Russian Hybrid Threat Toolbox in Moldova: Economic, Political and Social Dimensions.” Hybrid CoE - The European

- Centre of Excellence for Countering Hybrid Threats. Hybrid CoE. April 13, 2023. <https://www.hybridcoe.fi/publications/hybrid-coe-working-paper-23-the-russian-hybrid-threat-toolbox-in-moldova-economic-political-and-social-dimensions/>.
- . 2023. “Hybrid CoE Working Paper 23: The Russian Hybrid Threat Toolbox in Moldova: Economic, Political and Social Dimensions.” Hybrid CoE - The European Centre of Excellence for Countering Hybrid Threats. Hybrid CoE. April 13, 2023. <https://www.hybridcoe.fi/publications/hybrid-coe-working-paper-23-the-russian-hybrid-threat-toolbox-in-moldova-economic-political-and-social-dimensions/>.
- Caucasus Watch*. “US Becomes Top Source of Remittances to Georgia in 2024, Surpassing Italy and Russia.” *Caucasus Watch*, January 21, 2025. <https://caucasuswatch.de/en/news/us-becomes-top-source-of-remittances-to-georgia-in-2024-surpassing-italy-and-russia.html>.
- Ceaglei, Olga. 2019. “Argații [the Labourers].” *Rise Moldova*. May 29, 2019. <https://www.rise.md/video-argatii/>.
- Cerlioli, Luíza. 2025. “Neoclassical Realism, Global International Relations, and the Unheard Echoes of Realist Practices from the South.” *British Journal of Politics & International Relations* 27 (1): 369–86.
- Chatterjee, S., E. Giannone, and K. Kuno. 2021. “Unequal Global Convergence.” https://dse.unibo.it/it/eventi/field-seminar-elisa-giannone/unibo.tiles.multi.links_attachments/1d9381f394304008b33ba5893392e253/@@objects-download/bb704ac604f744d8bce7fb5b535f04d0/file/Convergence_Divergence.pdf.
- Chedia, Beka. 2025. “Georgia-Russia: Quasi-Partnership Based On Elite Interests.” Wilson Center. March 2025. <https://www.wilsoncenter.org/blog-post/georgia-russia-quasi-partnership-based-elite-interests>.
- Chernenko, Demid. 2019. “Capital Structure and Oligarch Ownership.” *Economic Change and Restructuring* 52 (4): 383–411.
- Chichua, Nino. 2024. “*Ivanishvilis antidasavluri gzamunilebi kontraktisaze* [Ivanishvili’s anti-Western messages at the counter-rally].” *Netgazeti.ge*. Netgazeti. April 29, 2024. <https://netgazeti.ge/life/720282/>.
- China Daily*. 2005 “Declaration of Heads of Member States of SCO.” 2005. *China Daily*. July 2005. https://www.chinadaily.com.cn/china/2006-06/12/content_6020345.htm.
- Chkhikvadze, Vano. 2025. “Looming Emigration from Georgia – Run, Forrest, Run!” *GEOPolitics*. 2025. <https://www.politicsgeo.com/article/143>.
- CIA. 1990. “USSR: Demographic Trends and Ethnic Balance in the Non-Russian Republics.” Directorate of Intelligence, Central Intelligence Agency. https://www.cia.gov/readingroom/docs/DOC_0000292353.pdf.
- Civil Georgia*. 2024. “Georgia Increased Natural Gas Imports from Russia by 16.5% in 2023.” *Civil Georgia*. January 24, 2024. <https://civil.ge/archives/578743>.
- . 2025. “GD Rails Against ‘Deep State’, ‘Global War Party’, Doubles Down on Conspiracyism.” *Civil Georgia*. January 8, 2025. <https://civil.ge/archives/650213>.

- Civilnet*. 2023. "Who Are the Russian Owners of Armenian Mines." CIVILNET. November 27, 2023.
<https://www.civilnet.am/en/news/758037/who-are-the-russian-owners-of-armenian-mines/>.
- . 2024. "Armenia's Energy Dependence: A Complex Web of Challenges." *Civilnet*. November 5, 2024.
<https://www.civilnet.am/en/news/804409/a-roadmap-for-armenias-energy-dependencies-and-challenges/>.
- . 2025. "Armenia Seeks Major Gas Deal with Turkmenistan: THIS WEEK IN BUSINESS." *Civilnet*; March 29, 2025.
<https://www.civilnet.am/en/news/825208/armenia-seeks-major-gas-deal-with-turkmenistan-this-week-in-business/>.
- Clark, Mason. 2020. "Russian Hybrid Warfare." *Institute for the Study of War*.
<https://www.understandingwar.org/sites/default/files/Russian%20Hybrid%20Warfare%20ISW%20Report%202020.pdf>.
- Collier, Paul, and Benedikt Goderis. 2012. "Commodity Prices and Growth: An Empirical Investigation." *European Economic Review* 56 (6): 1241–60.
- Comerford, Ruth. 2025. "Kyiv Can Win All of Ukraine Back from Russia, Trump Says." *BBC News*, September 23, 2025. <https://www.bbc.com/news/articles/c07vm35rryeo>.
- Connell, Raewyn, and Nour Dados. 2014. "Where in the World Does Neoliberalism Come from?: The Market Agenda in Southern Perspective." *Theory and Society* 43 (2): 117–38.
- Coppieters, Bruno, and Michael Emerson. 2002. "Conflict Resolution for Moldova and Transnistria through Federalisation?" *Brussels: Centre for European Policy Studies (CEPS)*.
<https://www.ceps.eu/ceps-publications/conflict-resolution-moldova-and-transnistria-through-federalisation/>
- Coptu, N. 2021. "Pochem gaz dlya 'potomkov Budulaya'? Kak v rossiyskikh SMI osveshchayut gazovye razborki s Moldovoy [How much does gas cost for 'Budulai's descendants'? How Russian media cover the gas disputes with Moldova]." *NewsMaker*. NewsMaker.md. October 29, 2021.
<https://newsmaker.md/ru/pochem-gaz-dlya-potomkov-budulaya-kak-v-rossiyskih-smi-osveschayut-gazovye-razborki-s-moldovoy>.
- Court, Elsa. 2024. "Media: Russians Register Nearly 30,000 Companies in Georgia since Start of Full-Scale Invasion." *The Kyiv Independent*. January 18, 2024.
<https://kyivindependent.com/russians-register-companies-georgia/>.
- Dalton, Ben, and Medea Turashvili. 2012. "Georgia's Constitutional Changes." *International Crisis Group*. March 1, 2012.
<https://crisisgroup-staging-2.sbx.so/europe-central-asia/caucasus/georgia/georgia-s-constitutional-changes>.
- Dalton, David. 2023. *The Ukrainian Oligarchy After the Euromaidan*. Ibidem.

- Danielyan, Emil. 2010. "New Armenian Power Plant Set For Launch." *Azatutyun*, December 21, 2010. <https://www.azatutyun.am/a/2255270.html>.
- Davies, Jack, and Liuba Sevciuk. 2020. "Fields of Gold: Commodities Kingpin Leaves a Troubling Legacy in Moldova." *Mongabay Environmental News*. March 4, 2020. <https://news.mongabay.com/2020/03/fields-of-gold/>.
- DEJURE Foundation. 2020. "*Spravzhnia Sudova Reforma Nemozhlyva Bez Yakisnoho Onovlennia Vyschoi Rady Pravosuddia* [Real Judicial Reform Is Impossible without a Qualitative Renewal of the High Council of Justice]." 2020. DEJURE Foundation. May 2020. <https://dejure.foundation/ej6c484j3d-spravzhnya-sudova-reforma-nemozhliva-bez/>.
- Delcour, Laure, and Kataryna Wolczuk. 2015a. "The EU's Unexpected 'Ideal Neighbour'? The Perplexing Case of Armenia's Europeanisation." *Journal of European Integration* 37 (4): 491–507.
- Delcour, Laure, and Kataryna Wolczuk. 2015b. "Spoiler or Facilitator of Democratization?: Russia's Role in Georgia and Ukraine." *Democratization* 22 (3): 459–78.
- Delcour, Laure, and Narine Ghazaryan. 2021. "Armenia: A Precarious Navigation between Eurasian Integration and the European Union." In *Principled Pragmatism in Practice*, 143–62. Brill Nijhoff.
- Delcour, Laure. 2014. "Faithful But Constrained? Armenia's Half-Hearted Support for Russia's Regional Integration Policies in the Post-Soviet Space." *Social Science Research Network*. <https://papers.ssrn.com/abstract=2460335>.
- . 2016. "Multiple External Influences and Domestic Change in the Contested Neighborhood: The Case of Food Safety." *Eurasian Geography and Economics* 57 (1): 43–65.
- . 2018a. "Meandering Europeanisation. EU Policy Instruments and Policy Convergence in Georgia under the Eastern Partnership." In *EU Policies in the Eastern Neighbourhood*, 88–101. Routledge.
- . 2018b. "'You Can Lead a Horse to Water, but You Can't Make It Drink': The EU's and Russia's Intersecting Conditionalities and Domestic Responses in Georgia and Moldova." *European Politics and Society* 19 (4): 490–505.
- De Mesquita, B., A. Smith, R. M. Siverson, and J. D. Morrow. 2005. *The Logic of Political Survival*. MIT press.
- Denber, R., and L. Levine. 2007. "Singled Out: Russia's Detention and Expulsion of Georgians." *Human Rights Watch*. https://www.hrw.org/reports/2007/russia1007/russia1007.htm#_Toc178565000.
- Denisova, Kateryna. 2024. "Ukrainian Energy Giant Says It's 'Disappointed' by Report on EBRD's Refusal to Fund It." *The Kyiv Independent*. November 26, 2024. <https://kyivindependent.com/ukraines-energy-giant-responds-to-ebrd-over-company-funding-comments/>.
- Derzhstat. 2023. "Demographic Situation in 2021." *State Statistical Service of Ukraine (Derzhstat)*. 2023. <https://stat.gov.ua/en/publications/demographic-situation-2021>.

- De Waal, T. 2018. *The Caucasus: An Introduction*. Oxford University Press.
- DGEcho. 2024. "Moldova." *European Civil Protection and Humanitarian Aid Operations*. February 2024.
https://civil-protection-humanitarian-aid.ec.europa.eu/where/europe/moldova_en.
- Dickinson, Peter. 2021. "Analysis: Ukraine Bans Kremlin-Linked TV Channels." *Atlantic Council*. February 6, 2021.
<https://www.atlanticcouncil.org/blogs/ukrainealert/analysis-ukraine-bans-kremlin-linked-tv-channels/>.
- . 2023. "Moldova Needs an Energy Overhaul." *Atlantic Council*, June 7, 2023.
<https://www.atlanticcouncil.org/blogs/ukrainealert/moldova-needs-an-energy-overhaul/>.
- Dodd, Emma, and Caitlin Welsh. 2024. "Fracturing Solidarity: The Grain Trade Dispute between Ukraine and the European Union." *Center for Strategic and International Studies*. October 14, 2024.
<https://www.csis.org/analysis/fracturing-solidarity-grain-trade-dispute-between-ukraine-and-european-union>
- Dolan-Evans, Elliot. 2023. "Pipes, Profits and Peace: Toward a Feminist Political Economy of Gas during War." *Review of International Political Economy* 30 (2): 437–62.
- Dovich, M. 2024. "Armenia's Central Bank Greenlights HSBC Sale, Leaving Country with No Western Banks." *Civilnet*. August 28, 2024.
<https://www.civilnet.am/en/news/794861/armenias-central-bank-greenlights-hsbc-sale-leaving-country-with-no-western-banks/>.
- Dovich, Mark. 2024. "Armenia's Biggest Mine Says Sanctions 'don't Apply' as US Blacklists Russian Operator." *Civilnet*. March 1, 2024.
<https://www.civilnet.am/en/news/766629/armenias-biggest-mine-insists-sanctions-dont-apply-as-us-blacklists-russian-operator/>.
- Dragneva, R., Laure Delcour, M. Jaroszewicz, Szymon Kardaś, and C. Ungureanu. 2018. "How Bilateral, Regional and International Regimes Shape the Extent, Significance and Nature of Interdependencies." *EU-STRAT Working Paper Series*.
<https://doi.org/10.17169/REFUBIUM-331>.
- Dragneva, Rilka, and Katarzyna Wolczuk. 2015. *Ukraine Between the EU and Russia: The Integration Challenge*. Palgrave Macmillan UK.
- . 2016. "Between Dependence and Integration: Ukraine's Relations With Russia." *Europe-Asia Studies* 68 (4): 678–98.
- Drahokoupil, Jan. 2008. "Who Won the Contest for a New Property Class? Structural Transformation of Elites in the Visegrad Four Region." *Journal of East European Management Studies* 13 (4): 360–77.
- Dubien, Arnaud. 2007. "The Opacity of Russian-Ukrainian Energy Relations." *Paris: Institut Français des Relations Internationales (IFRI), Russia/NIS Center*.
<https://www.ifri.org/en/papers/opacity-russian-ukrainian-energy-relations>
- Dubrovskiy, Vladimir, Alexander Paskhaver, Lidia Verkhodovova, and Barbara Blaszczyk. 2007. "Conditions of Resuming and Completing Privatization in Ukraine: Analytical

- Report and Recommendations for the State Privatization Program.” *Kyiv-Warsaw: Center for Social and Economic Research (CASE Ukraine)*.
<https://case-ukraine.com.ua/content/uploads/2020/09/Conditions-of-resuming-and-completing-privatization-in-Ukraine.pdf>
- Dubrovskiy, Vladimir, Kálmán Mizsei, and Kateryna Ivashchenko-Stadnik. 2024. *Eight Years After the Revolution of Dignity*. Stuttgart, Germany: ibidem.
- Dzebisashvili, Shalva, and Lia Evoyan. 2024. “Why New Democrats Fail: Preserving the Old Role of Siloviki in Armenia.” In *Shifting Security and Power Constellations in Central Asia and the Caucasus*, edited by Camêlo M. S. B. and Elmuradov A. (Eds.). Nomos.
- Dzvelishvili, N., and T. Kupreishvili. 2015. “Russian Capital in Georgian Business.” *Damoukidebloba*.
<https://przeglad.amu.edu.pl/wp-content/uploads/2018/07/pp-2017-4-14.pdf>
- D’Anieri, Paul. 2015. *Understanding Ukrainian Politics: Power, Politics, and Institutional Design: Power, Politics, and Institutional Design*. London, England: Routledge.
<https://doi.org/10.4324/9781315698489>.
- EBRD. 2006. “EBRD Has Sold Stake in Bank of Georgia.” *European Bank for Reconstruction and Development (EBRD) Press Release*. May 2006.
- . 2022. “EBRD Reduces Stake in TBC Bank to 3.5 per Cent.” *European Bank for Reconstruction and Development (EBRD)*. November 2022.
<https://www.ebrd.com/home/news-and-events/news/2022/ebird-reduces-stake-in-tbc-bank-to-35-per-cent.html>.
- ECA. 2021. “Reducing Grand Corruption in Ukraine: Several EU Initiatives, but Still Insufficient Results.” *European Court of Auditors*.
https://www.eca.europa.eu/lists/ecadocuments/sr21_23/sr_fight-against-grand-corruption-in-ukraine_en.pdf.
- ECORYS. 2012. “Trade Sustainability Impact Assessment in Support of Negotiations of a DCFTA between the EU and Georgia and the Republic of Moldova.” *ECORYS, Center for Social and Economic Research (CASE)*.
<https://iset-pi.ge/storage/media/other/2021-10-07/664f1c10-2788-11ec-ad15-73de4be70bdd.pdf>.
- EEAS. 2024. “Georgia: Statement by the Spokesperson on the Draft Law on ‘transparency of Foreign Influence.’” *European External Action Service*. February 24, 2024.
https://www.eeas.europa.eu/eeas/georgia-statement-spokesperson-draft-law-%E2%80%9Ctransparency-foreign-influence%E2%80%9D_en
- . 2025. “About the European Union Mission in Armenia.” *European External Action Service*. Accessed May 27, 2025.
https://www.eeas.europa.eu/euma/about-european-union-mission-armenia_en?s=410283
- . 2025. “EU Special Representatives.” 2025. *European External Action Service*. 2025.
https://www.eeas.europa.eu/eeas/eu-special-representatives_en#10861.
- Energy Institute. 2023. “Country Transition Tracker.” *Energy Institute*.
<https://www.energyinst.org/statistical-review/resources-and-data-downloads>.

- Ekonomichna Pravda*. 2020. "Ukrains'kyi Zelenyi Kurs: Dekarbonizatsiia Abo Smert' [Ukrainian Green Deal: Decarbonization or Death]." *Ekonomichna Pravda*. December 16, 2020. <https://epravda.com.ua/projects/ekopromyslovist/2020/12/16/6684>
- . 2018. "Ahrarii Zaklykaiut YeBRR Ne Kredytuvaty Kompaniiu Verevs'koho I Khomutynnik [Agrarians Urge the EBRD Not to Lend to the Company of Verevskyi and Khomutynnik]." *Ekonomichna Pravda*. February 20, 2018. <https://www.epravda.com.ua/news/2018/02/20/634271/>.
- . 2021. "ES nadast Ukraini druhyy trersh makrofinu pisly reformy sudovoi systemy - Shefchovykh [The EU will provide Ukraine with the second tranche of macro-financial assistance after judicial system reform - Sefcovic]." 2021. *Evropeiska Pravda* [European Truth]. July 15, 2021. <https://www.eurointegration.com.ua/news/2021/07/15/7125472/>.
- . 2021. "Treider Verevs'koho, kombinaty Akhmetova ta 'don'ka" amerykans'koi ahrokompanii otrymaly naibilshe vidshkoduвання PDV za berezen' [Verevskyi's trader, Akhmetov's plants, and the subsidiary of an American agricultural company received the largest VAT refunds for March]." 2021. *Ekonomichna Pravda*. April 17, 2021. <https://www.epravda.com.ua/news/2021/04/17/673102/index.amp>.
- . 2020. "Rada pryinyala zakonoproekt pro znyzhennya PDV dlya ahrosektoru do 14% [Rada passed the draft law on reducing VAT for the agricultural sector to 14%]." *Ekonomichna Pravda*. December 17, 2020. <https://www.epravda.com.ua/news/2020/12/17/669271/>.
- Eradze, Ia. 2021. "Imbalanced Foreign Trade, Debt, and Investment in Developing Countries: The Case of Georgia." Heinrich Böll Stiftung | Brussels Office - European Union. [eu.boell.org](https://eu.boell.org/en/2021/06/16/imbalanced-foreign-trade-debt-and-investment-developing-countries-case-georgia). 2021. <https://eu.boell.org/en/2021/06/16/imbalanced-foreign-trade-debt-and-investment-developing-countries-case-georgia>.
- . 2022. "Financialisation of Monetary Policy in a Dollarised Economy: The Case of Georgia." *Cambridge Journal of Economics* 46 (5): 1073–86.
- . 2024. "(Geo)Political Economy of Authoritarian Consolidation in Georgia: The Many Faces of the Foreign Influence Law." Heinrich Boell Stiftung. <https://ge.boell.org/en/2024/07/04/geopolitical-economy-authoritarian-consolidation-georgia-many-faces-foreign-influence>.
- . 2023. "Taming Dollarization Hysteresis: Evidence from Post-Socialist Countries." In *Handbook on Critical Political Economy and Public Policy*, 247–60. Edward Elgar Publishing.
- . 2024. "(Geo)Political Economy of Authoritarian Consolidation in Georgia: The Many Faces of the Foreign Influence Law." Heinrich Boell Stiftung. <https://ge.boell.org/en/2024/07/04/geopolitical-economy-authoritarian-consolidation-georgia-many-faces-foreign-influence>.
- Ernst, Iulian. 2025. "Moldovagaz's Head Says \$709mn Debt to Gazprom close to Being Settled." January 19, 2025. <https://www.intellinews.com/moldovagaz-s-head-says-709mn-debt-to-gazprom-close-to-being-settled-362223/>.

- EU Commission*. 2024. "Statement by the High Representative with the European Commission on the Final Adoption of the Law on Transparency of Foreign Influence in Georgia." Directorate-General for Neighbourhood and Enlargement Negotiations. May 28, 2024.
https://enlargement.ec.europa.eu/news/statement-high-representative-european-commission-final-adoption-law-transparency-foreign-influence-2024-05-28_en.
- EU Council*. 2025. "EU Solidarity with Ukraine." Council of the European Union. 2025.
<https://www.consilium.europa.eu/en/policies/eu-solidarity-ukraine/>
- EU Delegation to Ukraine*. 2017. "EU Delegation's Position on Scrap Metal Export Duties." Facebook. June 8, 2017.
<https://www.facebook.com/EUDelegationUkraine/posts/eu-delegations-position-on-scrap-metal-export-dutiesthe-verkhovna-rada-plans-to-/1519269431451013/>.
- EU for Georgia*. 2024. "EU Support in Georgia." EU for Georgia. 2024.
<https://eu4georgia.eu/>.
- EU for Georgia*. 2024. "Financial Assistance Lost." 2024. *EU for Georgia*. October 18, 2024.
<https://eu4georgia.eu/financial-assistance-lost-as-a-result-of-democratic-backsliding/>.
- EU for Moldova*. 2024. "Planul de Creștere Economică." 2024. EU for Moldova. European Union in the Republic of Moldova. October 15, 2024.
<https://eu4moldova.eu/ro/plan-de-crestere-moldova/>.
- EU Neighbours East*. 2024. "EU Announces New €270 Million Resilience and Growth Package for Armenia." 2024. EU NEIGHBOURS East. April 5, 2024.
<https://euneighbourseast.eu/news/latest-news/eu-announces-new-e270-million-resilience-and-growth-package-for-armenia/>.
- EURACTIV. 2017. "Moldovan President Hopes to Cancel EU Association Agreement." 2017. EURACTIV. January 17, 2017.
<https://www.euractiv.com/news/moldovan-president-hopes-to-cancel-eu-association-agreement/>
- European Commission*. 2022. "Commission Opinion on Georgia's Application for Membership of the European Union." CELEX:52022DC0405. *European Commission*.
<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52022DC0405>.
- . 2023. "Communication on EU Enlargement Policy: Georgia Report." SWD(2023) 697. *European Commission*.
https://enlargement.ec.europa.eu/document/download/388e01b7-e283-4bc9-9d0a-5600ea49eda9_en?filename=SWD_2023_697%20Georgia%20report.pdf.
- Evropeiska Pravda*. 2021. "ES nadast Ukraini druhyy tranch makrofinu pislya reformy sudovoi systemy - Shefchovych [The EU will provide Ukraine with the second tranche of macro-financial assistance after judicial system reform - Sefcovic]." 2021. *Evropeiska Pravda* [European Truth]. July 15, 2021.
<https://www.eurointegration.com.ua/news/2021/07/15/7125472/>.
- Expert Forum*. 2025. "Comportament inautentic coordonat în alegerile din Republica Moldova [Coordinated inauthentic behavior in the elections in the Republic of Moldova]." *Expert Forum* (blog). August 2025.

- <https://expertforum.ro/comportament-inautentic-coordonat-in-alegerile-din-republica-moldova/>.
- Fairfield, Tasha. 2015. *Private Wealth and Public Revenue in Latin America: Business Power and Tax Politics*. Cambridge, England: Cambridge University Press.
- Felgenhauer, Pavel. 2019. "A New Version of the 'Gerasimov Doctrine'?" *Jamestown Foundation Eurasia Daily Monitor* (blog). March 7, 2019. <https://jamestown.org/program/a-new-version-of-the-gerasimov-doctrine/>.
- Felicia, Ganev. 2025. "R. Moldova și-a acoperit integral consumul de energie electrică din surse proprii pe 23 august." *Ziarul de Gardă*. August 23, 2025. <https://www.zdg.md/stiri/stiri-economice/r-moldova-si-a-acoperit-integral-consumul-de-energie-electrica-din-surse-proprii-pe-23-august/>.
- Ferré, Nathalie, Clara Weller, and Aron Buzogany. "The Development/Renewable Energy Nexus in Georgia and Tunisia: Coalitions of Support and Opposition to EU Energy Policies." *International Environmental Agreements* 25, no. 2 (June 2025): 247–265.
- Fetiniuc, V., and I. Luchian. 2017. "Financial Crises In Republic Of Moldova: Essence, Particularities And Ways Of Prevention." *Journal of Financial and Monetary Economics* 4 (1): 125–34.
- Finn, Peter. 2006. "Explosions in Russia Cut Energy to Georgia." *The Washington Post*, January 23, 2006. <https://www.washingtonpost.com/archive/politics/2006/01/23/explosions-in-russia-cut-energy-to-georgia-span-classbankheadmoscow-is-accused-of-sabotage-for-political-purposesspan/5273de3e-88e0-441b-b0a8-9c4da5385d9d/>.
- Fisun, Oleksandr. 2016. "Ukrainian Constitutional Politics: Neopatrimonialism, Rent-Seeking, and Regime Change." In *Beyond the Euromaidan: Comparative Perspectives on Advancing Reform in Ukraine*, edited by H. Hale and R. Orttung, 105–23. Stanford University Press Stanford.
- Fondsk. 2016. "Dmitrii Kozak v Kishinëve: «Moldove na puti v Evropu ne sleduet szhigat' mostly na vostok» [Dmitry Kozak in Chisinau: 'Moldova, on its way to Europe, should not burn bridges to the East.']." *Fond Strategiskeskoy Kulturi*. June 2016. <https://www.fondsk.ru/news/2019/06/04/kozak-v-kishineve-moldove-na-puti-v-evropu-ne-sleduet-szhigat-mosty-na-vostok.html>.
- Forbes. 2025. "Billionaires: Rinat Akhmetov." *Forbes*. 2025. <https://www.forbes.com/profile/rinat-akhmetov/>.
- Forbes UA*. 2025. "Europe on Ukrainian railway wheels. How Interpipe succeeds in conquering the European railway market." *Forbes Ukraine*. February 28, 2025. <https://forbes.ua/ru/leadership/evropa-na-ukrainskikh-kolesakh-yak-interpipe-vdaetsya-pidkoryati-evropeyskiy-rinok-zalozhnykh-produktsii-06032025-27444>.
- Fornusek, Martin. 2025. "Armenia's Parliament Passes Bill on EU Accession." *The Kyiv Independent*. March 26, 2025. <https://kyivindependent.com/armenias-parliament-passes-bill-on-eu-accession-process/>.
- Foy, Henry, Max Seddon, and James Shotter. 2021. "Gazprom Offered Moldova New Gas

- Deal in Exchange for Weaker EU Ties.” *FT*, October 26, 2021.
<https://www.ft.com/content/138a0815-98bd-42b8-b895-49e89b980a99>.
- Fruhstorfer, A. 2017. “Paradoxes of Constitutional Politics in the Post-Soviet Space.” *Illinois Law Review* 2:767–90.
- Gabor, Daniela. 2021. “The Wall Street Consensus.” *Development and Change* 52 (3): 429–59.
- Geddes, Barbara. 1994. “Challenging the Conventional Wisdom.” *Journal of Democracy* 5 (4): 104–18.
- Georgia Today*. 2023. “Summary: The National Bank of Georgia and the Western Sanctions.” Georgia Today. September 21, 2023.
<https://georgiatoday.ge/the-national-bank-of-georgia-and-the-western-sanctions/>.
- Geostat*. 2023. “Population - National Statistics Office of Georgia.” *National Statistics Office of Georgia*. 2023. <https://www.geostat.ge/en/modules/categories/41/population>.
- Geostat*. 2024. “Residential Property Price Index in Georgia 2024 III Quarter.” *National Statistics Office of Georgia*.
<https://www.geostat.ge/media/66388/Residential-Property-Price-Index---III-quarter-of-2024.pdf>
- Ghodsee, K. R., and M. A. Orenstein. 2021. “Taking Stock of Shock: Social Consequences of the 1989 Revolutions.”
<https://books.google.ca/books?hl=en&lr=&id=t0wwEAAAQBAJ&oi=fnd&pg=PP1&ots=UyQslXeI5y&sig=4P3HP6BKkgJjnrwEIRcujiXyuhk>.
- Gobbat, Margherita. 2025. “Language, Ethnicity, and Political Preferences.” *Moldovan Analytical Digest*, no. 3, 13–17.
- Gonzalez, Jenipher Camino. 2025. “Moldova Bars pro-Russia Party from Parliamentary Elections.” Deutsche Welle. September 26, 2025.
<https://www.dw.com/en/moldova-bars-pro-russia-party-from-parliamentary-elections/a-74153073>.
- Górecki, Wojciech. 2024. “A Journey into a Glorious Past: Three Terms of Georgian Dream.” OSW Centre for Eastern Studies. October 8, 2024.
<https://www.osw.waw.pl/en/publikacje/osw-commentary/2024-10-08/a-journey-a-glorious-past-three-terms-georgian-dream>.
- Gorodnichenko, Yuriy, and Yegor Grygorenko. 2008. “Are Oligarchs Productive? Theory and Evidence.” *Journal of Comparative Economics* 36 (1): 17–42.
- Gorton, Matthew, and John White. 2003. “The Politics of Agrarian Collapse: Decollectivisation in Moldova.” *Eastern European Politics and Societies: EEPS* 17 (2): 305–31.
- Gotsiridze, O. D. 1961. “The Seven Year Plan of Georgia.” *Gospoliti’zdat*.
<https://apps.dtic.mil/sti/tr/pdf/ADA371828.pdf>.
- Götz, Elias, and Per Ekman. 2024. “Russia’s War against Ukraine: Context, Causes, and Consequences.” *Problems of Post-Communism* 71 (3): 193–205.

- Gourevitch, P. 1978. "The Second Image Reversed: The International Sources of Domestic Politics." *International Organization* 32 (September):881–912.
- . 1989. "4. Keynesian Politics: The Political Sources of Economic Policy Choices." In *The Political Power of Economic Ideas*, 87–106. Princeton University Press.
- Green, Anna. 2019. "Fact Sheet: What Is the Eurasian Economic Union?" EVN Report. November 3, 2019. <https://evnreport.com/understanding-the-region/fact-sheet-what-is-the-eurasian-economic-union/>.
- . 2023. "What Armenia's UN Votes Tell Us About Its Foreign Policy." EVN Report. March 23, 2023. <https://evnreport.com/politics/what-armenias-un-votes-tell-us-about-its-foreign-policy/>.
- Greenaway, David, Wyn Morgan, and Peter Wright. 1999. "Exports, Export Composition and Growth." *The Journal of International Trade & Economic Development* 8 (1): 41–51.
- Green Finance and Development Centre "Countries of the Belt and Road Initiative (BRI)." 2025. *Green Finance and Development Centre, Fudan University*. May 2025. <https://greenfdc.org/countries-of-the-belt-and-road-initiative-bri/>.
- Grey, Stephen, Tom Bergin, Sevgil Musaieva, and Roman Anin. 2014. "Special Report - Putin's Allies Channelled Billions to Ukraine Oligarch." *Reuters*, November 26, 2014. <https://www.reuters.com/article/world/special-report-putins-allies-channelled-billions-to-ukraine-oligarch-idUSKCN0JA15S/>.
- Grievesson, Richard, Branimir Jovanović, Miriam Kosmehl, Michael Landesmann, Olga Pindyuk, Alireza Sabouniha, Maryna Tverdostup, and Stefani Weiss. 2023. "Outlier or Not? The Ukrainian Economy's Preparedness for EU Accession (publication)." 11. Vienna Institute for International Economic Studies. <https://wiiw.ac.at/p-6704.html>.
- Grigoryan, Ani. 2025. "Armenia's Public Debt Approaching 13 Billion Dollars: How Manageable Is It?" *Caucasus Watch*. March 24, 2025. <https://caucasuswatch.de/en/insights/armenias-public-debt-approaching-13-billion-dollars-how-manageable-is-it.html>.
- Gularidze, Tea. 2003. "Russian Company Seals Controversial Takeover of Tbilisi Electricity Distribution." *Civil Georgia*. August 2, 2003. <https://civil.ge/archives/103819>.
- Gulca, Ilie, and Madalin Necsutu. 2019. "De La Filip Pentru Cuscri: Fără Număr de La AIPA! [From Filip to His in-Laws: No Number from AIPA!]." *Anticoruptie*. June 2019. <https://anticoruptie.md/ro/investigatii/achizitii-publice/de-la-filip-pentru-cuscri-fara-numar-de-la-aipa>.
- Gvazdabia, Mikheil. 2025a. "Georgian Authorities Promise More Arrests, Pressure on Protests after 4 October Clashes." *OC Media*. October 5, 2025. <https://oc-media.org/georgian-authorities-promise-more-arrests-pressure-on-protests-after-4-october-clashes/>.
- . 2025b. "What to Expect from Georgia's 'scheduled Revolution' on 4 October." *OC Media*. September 30, 2025. <https://oc-media.org/explainer-what-to-expect-from-georgias-scheduled-revolution-on-4>

-october/.

- Haas, Ralph De, and Alexander Pivovarsky. 2024. "The Reconstruction and Development of Ukraine's Financial Sector after the War." European Bank for Reconstruction and Development.
- Hale, H. 2013. "Did the Internet Break the Political Machine? Moldova's 2009 'Twitter Revolution That wasn't' 1." *Demokratizatsiya* 21 (September):481.
- . 2005. "Regime Cycles: Democracy, Autocracy, and Revolution in Post-Soviet Eurasia." *World Politics* 58 (1): 133–65.
- . 2014. *Patronal Politics: Eurasian Regime Dynamics in Comparative Perspective*. Cambridge, England: Cambridge University Press.
- Hall, P., and D. Soskice. 2001. "An Introduction to Varieties of Capitalism." *Debating Varieties of Capitalism: A Reader*. <https://doi.org/10.1093/0199247757.003.0001>.
- Harutyunyan, Lia. 2021. "Business and Politics in Civil Contract Party: Tracing the Businesses of Sukiasyan and Arsenyan." FIP.AM. May 26, 2021. <https://fip.am/en/35182>.
- Hayton, Bill. 2025. "Vietnam's Tariff Deal with Trump Reflects Balancing Act between US and China." *Chatham House* (blog). July 2025. <https://www.chathamhouse.org/2025/07/vietnams-tariff-deal-trump-reflects-balancing-act-between-us-and-china>
- Head, K., T. Mayer, and J. Ries. 2010. "The Erosion of Colonial Trade Linkages after Independence." *Journal of International Economics* 81 (1): 1–14.
- Hellman, Joel S., Geraint Jones, and Daniel Kaufmann. 2003. "Seize the State, Seize the Day: State Capture and Influence in Transition Economies." *Journal of Comparative Economics* 31 (4): 751–73.
- Hellman, Joel S. 1998. "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions." *World Politics* 50 (2): 203–34.
- Hergnyan, Seda. 2024a. "Alrosa Under Sanctions and the Chain of Armenian-Russian-Arab Diamond Manufacturers." *Hetq*. July 24, 2024. <https://www.hetq.am/en/article/168154>.
- . 2024b. "Armenia: Re-Exporting Billions of 'Dirty' Russian Gold." *Hetq*, November 23, 2024. <https://hetq.am/en/article/171035>.
- Herrendorf, Berthold, Richard Rogerson, and Ákos Valentinyi. 2013. "Growth and Structural Transformation." Cambridge, MA: National Bureau of Economic Research. <http://www.nber.org/papers/w18996>.
- Hill, William H. 2021. "Putin on Moldova: What Can We Still Learn from a 2003 Failure?" Wilson Center. January 2021. <https://www.wilsoncenter.org/blog-post/putin-moldova-what-can-we-still-learn-2003-failure>.
- Hoffman, F. G. 2007. *Conflict in the 21st Century: The Rise of Hybrid Wars*. Arlington, VA: Potomac Institute for Policy Studies.

- Hovsepyan, Sona. 2024. "Forbidden Fruit. Russia Has Responded to Armenia's Attempted Pivot to the West by Targeting the Country's Export of Fruit and Vegetables." *Novaya Gazeta Europe*. Novaya Gazeta Europe. August 6, 2024. <https://novayagazeta.eu/articles/2024/08/06/forbidden-fruit-en>.
- Huss, Oksana. 2016. "The Perpetual Cycle of Political Corruption in Ukraine and Post-Revolutionary Attempts to Break through It." In *Revolution and War in Contemporary Ukraine*, edited by Olga Bertelsen, 317–52. Soviet and Post-Soviet Politics and Society. Ibidem.
- ICMPD. 2025. "Migration Outlook 2025 Eastern Europe & Central Asia." International Centre for Migration Policy Development. https://www.icmpd.org/file/download/63935/file/ICMPD%2520Migration%2520Outlook%2520Eastern%2520Europe%2520%2526%2520Central%2520Asia%25202025_EN.pdf.
- IDRW. 2025. "India Emerges as Armenia's Top Arms Supplier: 43% of Imports from 2022–2024, Says SIPRI." Indian Defense Research Wing. April 2025. <https://idrw.org/india-emerges-as-armenias-top-arms-supplier-43-of-imports-from-2022-2024-says-sipri/>.
- IEA. 2013. "Ukraine 2013: Country Nuclear Power Profiles." International Energy Agency. 2013. https://www-pub.iaea.org/mtcd/publications/pdf/cnpp2013_cd/countryprofiles/Ukraine/Ukraine.htm
- . 2020a. "Georgia 2020 Energy Policy Review." International Energy Agency. https://iea.blob.core.windows.net/assets/24da4104-6971-4cde-99d3-630f455ae2c3/Georgia_2020_Energy_Policy_Review.pdf
- . 2020b. "Ukraine Energy Profile." International Energy Agency. 2020. <https://www.iea.org/reports/ukraine-energy-profile>.
- . 2021. "Overview - Georgia Energy Profile." International Energy Agency. <https://www.iea.org/reports/georgia-energy-profile/overview>.
- . 2023. "Ukraine." International Energy Agency. 2023. <https://www.iea.org/countries/ukraine/electricity>.
- IMAS. 2018. "Evoluție și Preferințe Privind Mass Media Din Republica Moldova." IMAS. https://imas.md/pic/archives/10/imas_evolutie_si_preferinte_mass_media.pdf.
- IMF. 2024. "Republic of Moldova: Sixth Reviews Under the Extended Credit Facility and Extended Fund Facility Arrangements." Vol. 2024. {International Monetary Fund. European Dept}; <https://doi.org/10.5089/9798400297151.002.A001>.
- Inalco. 2025. "Ukrainian Studies in Europe Situation Report." Inalco University, Charles University, University of Warsaw, Taras Shevchenko National University of Kyiv. <https://wnpism.uw.edu.pl/wp-content/uploads/2025/04/Ukrainian-Studies-in-Europe-1-s-kompresowany.pdf>.
- Interfax. 2024. "Bank of Georgia Group Completes Purchase of Armenia's Ameriabank." Interfax. April 2024. <https://interfax.com/newsroom/top-stories/101179/>.

- _____. 2020. "We Support NBU Independence, but How to Live If Budget Based on UAH 30/\$1 – Zelensky." Interfax-Ukraine. July 8, 2020.
<https://en.interfax.com.ua/news/economic/673746.html>.
- Interpipe. 2025. "About the Company." The Ukrainian Industrial Company Interpipe. 2025.
<https://interpipe.biz/en/>.
- IRI. 2023. "Georgian Survey of Public Opinion September – October 2023." International Republican Institute. November 15, 2023.
<https://www.iri.org/resources/georgian-survey-of-public-opinion-september-october-2023/>.
- Ishchenko, V. 2024. *Towards the Abyss: Ukraine from Maidan to War*. Verso Books.
- Japaridze, S. 2017. "Georgia's New Constitution Keeps Real Change in Check." Open Democracy. May 2017.
<https://www.opendemocracy.net/en/odr/georgia-s-new-constitution-keeps-real-change-in-check/>.
- _____. 2020 "Biznes s oglyadkoy na neoliberalizm. Kak investor v Gruzii rassoril mestnykh rabochikh i amerikanskikh kongressmenov. [Business through the Lens of Neoliberalism: How an Investor in Georgia Alienated Local Workers and U.S. Congressmen]." Open Democracy. February 2020.
<https://www.opendemocracy.net/ru/kak-investor-v-gruzii-rassoril-mestnykh-rabochikh-i-amerikanskikh-kongressmenov/>.
- _____. 2023. "In Georgia, Geopolitical Jousting Is Crowding Out the Real Issues." Jacobin. 2023.
<https://jacobin.com/2023/04/georgia-foreign-agents-influence-georgian-dream-geopolitics>.
- _____. 2025. "Unmasking Georgian Class Structure: Summary of a New Study." Sopo's Substack. August 2, 2025.
https://sopio.substack.com/p/unmasking-georgian-class-structure?utm_source=post-email-title&publication_id=2511477&post_id=169913266&utm_campaign=email-post-title&isFreemail=true&r=h2irb&triedRedirect=true&utm_medium=email.
- Jiang, Wenran. 2025. "Navigating From Next Door: How China's Neighbours Weather U.S.-China Rivalry - The Institute for Peace and Diplomacy - l'Institut Pour La Paix et La Diplomatie." The Institute for Peace and Diplomacy - l'Institut Pour La Paix et La Diplomatie. April 3, 2025.
<https://peacediplomacy.org/2025/04/03/navigating-trade-and-geopolitics-amid-u-s-china-rivalry-lessons-from-chinas-neighbours/>.
- Johnson, J. 2000. "A Fistful of Rubles: The Rise and Fall of the Russian Banking System." <https://books.google.com/books?hl=en&lr=&id=X5W0mQ4MoJAC&oi=fnd&pg=PP17&dq=firstful+of+rubles&ots=S4fWDVx0TZ&sig=pLTG5fNYtNH2sX2QTLU1tm-6DT0>.
- _____. 2006. "Postcommunist Central Banks: A Democratic Deficit?" *Journal of Democracy* 17 (February):103–90.
- _____. 2019. *Priests of Prosperity: How Central Bankers Transformed the Postcommunist*

- World*. Cornell Studies in Money. Ithaca, NY: Cornell University Press.
<https://doi.org/10.7591/9781501703751>.
- Jones, Stephen Francis. 2013. *Georgia: A Political History since Independence*. London, New York: I.B. Tauris ; Distributed in the U.S. and Canada exclusively by Palgrave Macmillan.
- Junisbai, Barbara. 2009. "Market Reform Regimes, Elite Defections, and Political Opposition in the Post-Soviet States: Evidence from Belarus, Kazakhstan, and Kyrgyzstan." Doctor of Philosophy, Indiana University.
<https://www.fahriturk.com/wp-content/uploads/2015/02/Market-Reform-Regimes-Dissertation.pdf>.
- Kahkonen, Satu. 2017. "Competitive and Well-Governed State Banks That Serve Everyone – A Prerequisite for Stronger Growth in Ukraine." World Bank Group. December 14, 2017. <https://www.worldbank.org/en/news/opinion/2017/12/14/ukraine-state-banks>.
- Kapandze, S. 2024. "Georgia's Anti-Western Drift, Anaklia Port, and Lessons for the West." GEOPolitics. August 4, 2024.
<https://politicsgeo.com/georgias-anti-western-drift-anaklia-port-and-lessons-for-the-west/>.
- Kazdobina, J., J. Hedenskog, and A. and Umland. 2024. "Why the Donbas War Was Never 'Civil.'" 6. Stockholm Centre for Eastern European Studies.
<https://www.ui.se/globalassets/ui.se-eng/publications/other-publications/why-the-donbas-war-was-never-civil-sceeus-report-no6-2024.pdf>.
- Kazdobina, J., J. Hedenskog, and A. and Umland. 2024. "Why the Donbas War Was Never 'Civil.'" 6. Stockholm Centre for Eastern European Studies.
<https://www.ui.se/globalassets/ui.se-eng/publications/other-publications/why-the-donbas-war-was-never-civil-sceeus-report-no6-2024.pdf>.
- Kembayev, Zhenis. 2016. "The Court of the Eurasian Economic Union: An Adequate Body for Facilitating Eurasian Integration?" *Law & Society: International & Comparative Law eJournal*, November. <https://doi.org/10.1163/15730352-04103004>.
- Khishtovani, Giorgi, and Erekle Pirveli. 2012. "Corporate Political Responsibility (CPR) and Its Impact on Companies' Financial Performance – The Case of the Georgian Insurance Sector." Institute for Development of Freedom of Information (IDFI).
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4256513.
- Kholina, Maria. 2024. "Armenia's PM: 'We Are Not Russia's Ally in War against Ukraine'." RBC-Ukraine. February 12, 2024.
<https://newsukraine.rbc.ua/news/armenia-s-pm-we-are-not-russia-s-ally-in-1707728146.html>.
- Khvorostiankina, Anna. 2014. "Legislative Approximation and Application of EU Law in Moldova." In *Legislative Approximation and Application of EU Law in the Eastern Neighbourhood of the European Union: Towards a Common Regulatory Space?*, edited by Peter Van Elsuwege and Roman Petrov, 1st ed., 20. Abingdon, Oxon; New York: Routledge.
- . 2018. "Europeanization through EU External Agreements and the Issue of

- ‘constitutional Identity’: The Case of the EU-Armenia CEPA.” *Kyiv-Mohyla Law and Politics Journal*. <http://kmlpj.ukma.edu.ua/article/view/153250>.
- . 2021. “The EU-Armenia Comprehensive and Enhanced Partnership Agreement: A New Instrument of Promoting EU’s Values and the General Principles of EU Law.” *EU External Relations Law: Shared Competences and*. https://link.springer.com/chapter/10.1007/978-3-030-62859-8_12.
- Kincha, Shota. 2022. “Georgian Government Refuses to Introduce Sanctions on Russia.” OC Media. February 25, 2022. <https://oc-media.org/georgian-government-refuses-to-introduce-sanctions-on-russia/>.
- . 2024. “European Parliament Rejects Georgia’s Elections Results, Calls for a Redo and Sanctions.” OC Media. November 28, 2024. <https://oc-media.org/european-parliament-rejects-georgias-elections-results-calls-for-a-redo-and-sanctions/>.
- King, Charles. 1999. “The Ambivalence of Authenticity, or How the Moldovan Language Was Made.” *Slavic Review* 58 (1): 117–42.
- Kldiashvili, Giorgi. 2012. “President Opposition: Georgia’s 2012 Parliamentary Elections.” 43. *Caucasus Analytical Digest*.
- Knott, Eleanor. 2025. “Mapping Plurality in Moldova.” *Moldovan Analytical Digest*, ETHZ. July 2025. https://math.ethz.ch/sfs/publications/moldovan-analytical-digest/details.html?id=%2Fn%2Fo%2F0%2F0%2Fno_003_language_ethnicity_and_political_.
- Knott, Eleanor. 2025. “Mapping Plurality in Moldova.” *Moldovan Analytical Digest*. <https://doi.org/10.3929/ETHZ-B-000743886>.
- Komprompol*. 2021. “Komitet Proviv Komitets'ki Slukhannia Na Temu Perehliadu Ekonomichnoi Chastyny Uhody pro Asotsiatsiiu Ukrainy Z YeS. [The Committee Held Committee Hearings on the Revision of the Economic Part of the Association Agreement between Ukraine and the EU].” *Committee of the Verkhovna Rada of Ukraine on Economic Development*. July 2021. https://komprompol.rada.gov.ua/news/main_news/73673.html.
- Konończuk, W., D. Cenuşa, and K. Kakachia. 2017. “Oligarchs in Ukraine, Moldova and Georgia as Key Obstacles to Reforms.” Brussels: Centre for European Policy Studies.
- Körömi, Csongor. 2025. “Armenian Parliament Adopts Law to Launch EU Membership Process.” POLITICO. March 26, 2025. <https://www.politico.eu/article/armenia-adopts-law-launch-european-union-accession-process/>.
- Korotaev, P. 2023. “Minsk Series Part IV: Oligarchs versus Compradors.” *Events in Ukraine*. November 27, 2023. <https://eventsinukraine.substack.com/p/minsk-series-part-iv-oligarchs-versus>.
- Korotaev, Peter. 2023. “Ukraine’s Privatized Agriculture: A Hungry Guarantor of Global Food Security —.” *The Canada Files*. May 17, 2023. <https://www.thecanadafilms.com/articles/ukraines-privatized-agriculture-a-hungry-guara>

ntor-of-global-food-security.

Koshiw, Isobel. 2016. "Victor Pinchuk: Friend or Foe of Ukraine?" *Kyiv Post*. October 14, 2016. <https://www.kyivpost.com/post/7810>.

Kozak, Michał. 2016. "Bank failures in Ukraine ruin citizens and hit the economy." *Obserwator Finansowy: ekonomia, debata, Polska, świat*. October 5, 2016. <https://www.obserwatorfinansowy.pl/in-english/financial-markets/bank-failures-in-ukraine-ruin-citizens-and-hit-the-economy/>.

KPMG. 2024. "Armenian Banking Sector Overview." KPMG Armenia. <https://kpmg.co.am/>.

Kravchuk, A., and Z. Popovych. 2016. "The Expected Impact of the EU-Ukraine Association Agreement." Transnational Institute. <https://www.tni.org/en/publication/the-expected-impact-of-the-eu-ukraine-association-agreement>

Kravets, Roman. 2024. "Vadym Prystaiko: Zaluzhnyi in Britain will have to find new arguments for Ukraine's support." *Ukrainska Pravda*. <https://www.pravda.com.ua/news/2024/03/12/7396432/>.

Kubicek, Paul. 2005. "The European Union and Democratization in Ukraine." *Communist and Post-Communist Studies* 38 (June):269–92.

Kucera, Joshua. 2018. "Armenian Investigators Charge Head of Russia-Led Security Bloc with 'Subverting Public Order.'" *Eurasianet*. July 30, 2018. <https://eurasianet.org/armenian-investigators-charge-head-of-russia-led-security-bloc-with-subverting-public-order>.

———. 2022. "CSTO Agrees to Intervene in Kazakhstan Unrest." *Eurasianet*. January 5, 2022. <https://eurasianet.org/csto-agrees-to-intervene-in-kazakhstan-unrest>.

Kudelia, Serhiy. 2013. "If Tomorrow Comes: Power Balance and Time Horizons in Ukraine's Constitutional Politics." *Demokratyzatsiya* 21 (March):151.

Kupatadze, Alexander. 2018. "Informal Governance and Corruption – Transcending the Principal Agent and Collective Action Paradigms in Georgia." *Basel Institute on Governance*. 2018. <https://baselgovernance.org/publications/informal-governance-and-corruption-transcending-principal-agent-and-collective-4>.

Kuzio, Taras. 2015. "Rise and Fall of the Party of Regions Political Machine." *Problems of Post-Communism* 62 (3): 174–86.

Kuzio, Taras. 2022. "Armenian in the Service of the Kremlin: Margarita Simonyan, the 'Iron Doll' of Putin's Propaganda." *StopFake*. August 26, 2022. <https://www.stopfake.org/en/armenian-in-the-service-of-the-kremlin-margarita-simonyan-the-iron-doll-of-putin-s-propaganda/>.

Langbein, J. 2016. "(Dis-)integrating Ukraine? Domestic Oligarchs, Russia, the EU, and the Politics of Economic Integration." *Eurasian Geography and Economics* 57 (January):19–42.

———. 2020. "Shallow Market Integration and Weak Developmental Capacities: Ukraine's

- Pathway from Periphery to Periphery.” *Review of International Political Economy* 27 (5): 1126–46.
- . 2024. “EU Trade Liberalisation, Sectoral Coalitions and Development: Insights from Moldova and Georgia.” *Journal of European Integration* 46 (2): 213–34.
- Langbein, Julia, Denis Cenus, and Irina Guruli. 2022. “Ambivalent Effects of Trade Liberalisation with the EU: Insights from Moldova and Georgia.” 1. Zentrum für Osteuropa- und internationale Studien (ZOiS).
<https://www.zois-berlin.de/en/publications/zois-report/ambivalent-effects-of-trade-liberalisation-with-the-eu-insights-from-moldova-and-georgia>.
- Langbein, Julia, Ildar Gazizullin, and Dmytro Naumenko. 2021. “Trade Liberalisation and Opening in Post-Soviet Limited Access Orders.” *East European Politics* 37 (1): 139–58.
- Latifundist. 2022. “Kernel Leads VAT Refund Recipients List in December.” 2022. Latifundist. January 10, 2022.
<https://latifundist.com/en/novosti/57954-ozvucheno-top-15-najbilshih-oderzhuvachiv-vi-dshkoduvalannya-pdv-v-apk-za-gruden>.
- Lazarus, Joel. 2013. “Democracy or Good Governance? Globalization, Transnational Capital, and Georgia’s Neo-Liberal Revolution.” *Journal of Intervention and Statebuilding* 7 (September): 259–86.
- Lei, Ya-Wen. 2023. *The Gilded Cage: Technology, Development, and State Capitalism in China*. Princeton, NJ: Princeton University Press.
- Leshchenko, S. 2014. “Akhmetov Perervav Movchannia – Pislia Zustrichi Z Nuland [Akhmetov Broke His Silence – after a Meeting with Nuland].” *Ukrainska Pravda*. 2014.
<https://blogs.pravda.com.ua/authors/leschenko/52aad6189a2bc/>.
- Leukavets, Victoria. 2024. *The Integration Policies of Belarus and Ukraine vis-à-vis the EU and Russia*. Ibidem.
- Levitsky, S., and M. V. Murillo. 2013. “Lessons from Latin America: Building Institutions on Weak Foundations.” *Journal of Democracy* 24 (April): 107–93.
- Levitsky, S., and Lucan A. Way. 2006. “Linkage versus Leverage. Rethinking the International Dimension of Regime Change.” *Comparative Politics* 38 (4): 379.
- Lieven, Anatol. 2001. “Georgia: A Failing State?” *Eurasianet*. January 30, 2001.
<https://eurasianet.org/georgia-a-failing-state>.
- Liparteliani, Vladimir. 2024. “Russian Soft Power: Shaping Georgia’s Political Future?” *Review of Democracy: Russian Soft Power: Shaping Georgia’s Political Future?* (blog). Review of Democracy (RevDem). October 1, 2024.
<https://revdem.ceu.edu/2024/10/01/georgia-election/>.
- Lomsadze, Giorgi. 2023. “Russia Rewards Georgia with Lifting of Visa Requirement, Renewal of Direct Flights.” *Eurasianet*. May 10, 2023.
<https://eurasianet.org/russia-rewards-georgia-with-lifting-of-visa-requirement-renewal-of-direct-flights>.
- Lorenzmeier, S., R. Petrov, and C. Vedder. 2021. *EU External Relations Law: Shared*

Competences and Shared Values in Agreements between the EU and Its Eastern Neighbourhood. Edited by Stefan Lorenzmeier, Roman Petrov, and Christoph Vedder. 1st ed. Cham, Switzerland: Springer Nature.

- Losaberidze, David. 2023. "Self- Government in Georgia – Imitating Change without Purpose?" Heinrich Böll Stiftung. May 2023.
<https://ge.boell.org/en/2023/05/15/self-government-georgia-imitating-change-without-purpose>.
- Lough, John. 2021. "Ukraine's System of Crony Capitalism: The Challenge of Dismantling 'Systema.'" Chatham House, Russia and Eurasia Programme.
<https://www.chathamhouse.org/sites/default/files/2021-07/2021-07-01-ukraine-crony-capitalism-lough.pdf>.
- Loxton, J., and Mainwaring S. (Eds.). 2018. "Life after Dictatorship: Authoritarian Successor Parties Worldwide."
<https://www.electoralintegrityproject.com/s/Loxton-Life-after-Dictatorship-TOC2c-preface2c-intro.pdf>.
- MacDonald, Alistair, and Oksana Pyrozhok. 2022. "Russian Oligarch Seizes 400,000 Acres of Ukrainian Farmland, Owners Say." *The Wall Street Journal*, December 6, 2022.
<https://www.wsj.com/articles/russian-oligarch-seizes-400-000-acres-of-ukrainian-farmland-owners-say-11670338956>.
- MacFarlane, N. S. 2015. "Two Years of the Dream: Georgian Foreign Policy During the Transition." Chatham House Russia and Eurasia Programme.
<https://www.chathamhouse.org/sites/default/files/publications/research/20150529GeorgianForeignPolicyMacFarlane.pdf>.
- Madariaga Espinoza, M. A. Aldo. *The Political Economy of Neoliberal Resilience: Developmental Regimes in Latin America and Eastern Europe*. PhD diss., University of Cologne, 2015.
- Madariaga, Aldo. 2020. *Neoliberal Resilience: Lessons in Democracy and Development from Latin America and Eastern Europe*. Princeton, NJ: Princeton University Press.
- Madlovics, Bálint, and Bálint Magyar. 2023. "Ukrainian Regime Cycles and the Russian Invasion." DI Working Papers. CEU Democracy Institute.
<https://democracyinstitute.ceu.edu/publications/ukrainian-regime-cycles-and-russian-invasion>.
- Mahoney, J., and D. Rueschemeyer. 2003. "Comparative Historical Analysis in the Social Sciences."
https://www.researchgate.net/profile/Dietrich-Rueschemeyer/publication/263536735_Comparative_Historical_Analysis_Achievements_and_Agendas/links/5bcd2483a6fdcc03c79acabc/Comparative-Historical-Analysis-Achievements-and-Agendas.pdf.
- Mahoney, James, and Gary Goertz. 2004. "The Possibility Principle: Choosing Negative Cases in Comparative Research." *The American Political Science Review* 98 (4): 653–69.
- Mahoney, James. 2005. "Combining Institutionalisms: Liberal Choices and Political Trajectories in Central America." *Preferences and Situations: Points of Intersection*

- between Historical and Rational Choice Institutionalism*, 313–34.
- Mamonova, Natalia. 2017. "Resistance or Adaptation? Ukrainian Peasants' Responses to Large-Scale Land Acquisitions." In *Global Land Grabbing and Political Reactions "from Below"*, 141–68. Routledge.
- Mandaria, Tornike. 2021. "Georgia Turns down 75 Million Euros from the EU." Eurasianet. September 1, 2021. <https://eurasianet.org/georgia-turns-down-75-million-euros-from-the-eu>.
- Marandici, Ion, and Alexandru Leşanu. 2021. "The Political Economy of the Post-Soviet de Facto States: A Paired Comparison of Transnistria and the Donetsk People's Republic." *Problems of Post-Communism* 68 (4): 339–51.
- . 2024a. "Legislative Capture and Oligarchic Collusion: Two Pathways of Democratic Backsliding and Recovery in Moldova." *The Annals of the American Academy of Political and Social Science* 712 (1): 93–108.
- . 2024b. "Oligarchs, Political Ties and Nomenklatura Capitalism: Introducing a New Dataset." *Europe-Asia Studies*, 1–31.
- Mardei, Tudor. 2025. "Za chto progolosovala Moldova. 5 vyvodov po itogam vyborov v parlament [What Moldova voted for. 5 conclusions from the parliamentary elections]." NewsMaker. NewsMaker.md. September 29, 2025. <https://newsmaker.md/ru/za-chto-progolosovala-moldova-5-vyvodov-po-itogam-vybora-v-parlament>.
- Markosyan, Gayane. 2023. "Armenia's Energy Security Faces Frosty Relations with Russia." Institute for War and Peace Reporting. December 2023. <https://iwpr.net/global-voices/armenias-energy-security-faces-frosty-relations-russia>.
- Marocico, Oana, and Seamus Mirodan. 2025. "How Russian-Funded Fake News Network Aims to Disrupt European Election - BBC Investigation." *BBC News*, September 21, 2025. <https://www.bbc.com/news/articles/c4g5kl0n5d2o>.
- Matsuzato, Kimitaca. 2024. "Moldova after State Capture: Oligarchic Opposition to an NGO Revolution." *Demokratizatsiya: The Journal of Post-Soviet Democratization* 32 (2): 141–63.
- Matveev, Ilya. 2023. "The War in Ukraine and Russian Capital: From Military-Economic to Full Military Imperialism." Alameda Institute. May 2023. <https://alameda.institute/dossier/iii-the-war-in-ukraine-and-russian-capital-from-military-economic-to-full-military-imperialism/>.
- Mazhikeyev, Arman, and T. Huw Edwards. 2021. "Post-Colonial Trade between Russia and Former Soviet Republics: Back to Big Brother?" *Economic Change and Restructuring* 54 (3): 877–918.
- Mcgrath, Stephen, and Nicolae Dumitrache. 2024. "Moldova's Diaspora Tipped the Scales in a Pivotal Election. Critics Question the Vote's Validity." AP News. November 4, 2024. <https://apnews.com/article/moldova-election-president-russia-europe-diaspora-sandu-40b98d140fef92a2bd06d5db8b5d82f>.
- McClelland, Jack. 2024. "An Alternative Reading of Georgia's Foreign Influence Law."

- Spheres of Influence*. July 14, 2024.
<http://spheresofinfluence.ca/an-alternative-reading-of-georgias-foreign-influence-law/>.
- Mejlumyan, Ani. 2022. "For Armenians, CSTO Missing in Action." Eurasianet. September 15, 2022. <https://eurasianet.org/for-armenians-csto-missing-in-action>.
- Melnykovska, I. 2025. "War, Oligarchs, and the Future of Ukraine's Political Economy – Inna Melnykovska on Civic Transformation, Reconstruction and EU Influence in Wartime Ukraine." *Review of Democracy* (blog). Review of Democracy (RevDem). August 20, 2025. <https://revdem.ceu.edu/2025/08/20/war-oligarchs-future-of-ukraine/>.
- Melnykovska, Inna. 2014. "Die Oligarchen Und Die Politik in Kriegs- Und Krisenzeiten. Wie Kann Das Eherne Gesetz Der Oligarchie in Der Ukraine Gebrochen Werden?" *Ukraine-analysen*. <https://doi.org/10.31205/ua.143.03>.
- Mendelski, Martin. 2016. "Europeanization and the Rule of Law: Towards a Pathological Turn." *Southeastern Europe* 40 (November):346–84.
- Mgdesyan, Arshaluis. 2022. "Armenia: Russian Mining Takeover Bears Hallmarks of Old Regime." Eurasianet. March 14, 2022.
<https://eurasianet.org/armenia-russian-mining-takeover-bears-hallmarks-of-old-regime>.
- . 2024. "Armenia Has Not Joined Sanctions against Russia, but Complies with Them, the Central Bank Announced." Business Media Georgia. March 6, 2024.
<https://bm.ge/en/news/armenia-has-not-joined-sanctions-against-russia-but-complies-wit-h-them-the-central-bank-announced>.
- Miller, Chris. 2016. "Putinomics." University of North Carolina Press. May 20, 2016.
<https://uncpress.org/book/9781469640662/putinomics/>.
- Minakov, Mikhail. 2023. "War, DE-Oligarchization, and the Possibility of Anti-Paternal Transformation in Ukraine." In *Ukraine's Paternal Democracy and the Russian Invasion*, 141–66. Central European University Press.
- Rise Moldova*. October 2020. "Profile: Vaja Jhashi." *Rise Moldova*. October 2020.
<https://profiles.rise.md/profile.php?id=201027125643&lang=eng>.
- Moldstat*. 2014. "Population and Housing Census in the Republic of Moldova, May 12-25, 2014." National Bureau of Statistics of the Republic of Moldova. 2014.
<https://statistica.gov.md/en/population-and-housing-census-in-2014-122.html>.
- Moldstreet*. 2018. "Cum România a Salvat Moldova de La îngheț: 20 de Ani de La Criza Energetică și O Lecție Neînvățată [How Romania Saved Moldova from Freezing: 20 Years since the Energy Crisis and an Unlearned Lesson]." 2018. *Moldstreet* (blog). November 2018.
<https://www.mold-street.com/noutate/cum-romania-a-salvat-moldova-de-la-inghet-20-de-ani-de-la-criza-energetica-si-o-lectie-neinvatata>.
- Mylovanov, Tymofiy, Yuriy Gorodnichenko, Oleksandr Zholud, and Olena Bilan. 2016. "Should Ukrainians Praise the National Bank of Ukraine?" Vox Ukraine. 2016.
<https://voxukraine.org/en/should-ukrainians-praise-the-national-bank-of-ukraine-en>.
- NABU. 2023. "Misappropriation of USD 62 Mln from Zorya-Mashproekt SE: 5 Suspects (PHOTOS)." NABU. September 2023.

- <https://nabu.gov.ua/en/news/zavolod-nnia-1-32-mlrd-grn-dp-zoria-mashproekt-5-p-dozri-uvanikh/>.
- Naftogaz. 2018. "Naftogaz Posted Record UAH 39.4 Billion Profit in 2017 due to Stockholm Victory: Annual Report." Naftogaz Group. July 2018.
<https://www.naftogaz.com/en/news/naftogaz-otrymav-u-2017-rotsi-rekordnyy-prybutok-u-39-4-mlrd-grn-zavdyaky-peremozi-u-stokgolmi-richnyy-zvit>.
- Necsutu, Madalin, and Ilie Gulca. October 2020. "Off-Shorizarea Agriculturii Moldovei [The Offshorization of Moldovan Agriculture]." Anticoruptie. October 2020.
<https://anticoruptie.md/ro/investigatii/economic/off-shorizarea-agriculturii-moldovei>.
- Necsutu, Madalin. 2020. "Moldova Risks Losing EU Cash Over Delayed Reform." Balkan Insight. BIRN. June 4, 2020.
<https://balkaninsight.com/2020/06/04/moldova-risks-losing-eu-cash-over-delayed-reform/>.
- Nicu, Dan. 2020. "Moldova. A Captured State That Remains Captured." New Eastern Europe. April 6, 2020.
<https://neweasterneurope.eu/2020/04/06/moldova-a-captured-state-that-remains-captured/>.
- Nikolaenko, Tetiana. 2025. "Whether Supreme Court Will Allow Kolomoiskyi's Company Not to Return Billions to State." Censor.NET. February 18, 2025.
<https://censor.net/en/resonance/3536162/returning-kolomoiskyi-s-billions-to-the-state>.
- Nivievskiy, Oleg. 2020. "Hra z vid'yemnym rezultat: do choho pryzvede znyzhennia PDV na ahroproduktiiu [A zero-sum game: the consequences of reducing VAT on agricultural products]." Epravda. November 25, 2020.
<https://www.epravda.com.ua/columns/2020/11/25/668375/>.
- North, D. C., John Joseph Wallis, Steven B. Webb, and Barry R. Weingast. 2007. "Limited Access Orders in the Developing World: A New Approach to the Problems of Development." Policy Research Working Paper; No. 4359. World Bank.
<https://openknowledge.worldbank.org/entities/publication/ad585f93-0101-5862-b18e-f0f1c052a51e>.
- NYT. 2008. "Can the New Rich Buy Respect? One Ukrainian Oligarch Is Trying." *The New York Times*, August 8, 2008.
<https://www.nytimes.com/2008/08/08/business/worldbusiness/08iht-08oligarch.15101488.html>.
- OCCRP. 2017. "The Russian Laundromat Exposed." Organised Crime and Corruption Reporting Project. March 2017.
<https://www.occrp.org/en/project/the-russian-laundromat-exposed/the-russian-laundromat-exposed>.
- OC Media. 2018. "Armenia Reassures Russia after Criticism from Lavrov." OC Media. August 2, 2018.
<https://oc-media.org/armenia-reassures-russia-after-criticism-from-lavrov/>.
- . 2018. "Armenia Reassures Russia after Criticism from Lavrov." OC Media. August 2, 2018. <https://oc-media.org/armenia-reassures-russia-after-criticism-from-lavrov/>.

- Olearchyk, Roman. 2020. "IMF Warns Ukraine over Central Bank's Independence." *FT*, July 15, 2020. <https://www.ft.com/content/16ca9aee-18ba-4a7b-a83b-2b102b003e1c>.
- . 2021. "Ukraine President Fights Oligarch on Home Front as Russia Threat Looms." *FT*, December 19, 2021. <https://www.ft.com/content/8e5e09fc-e49b-49bb-8635-93752d207cfe>.
- Oleniak, Liliana. 2025. "Ukraine's PrivatBank Wins London Court Battle against Kolomoisky and Bogolyubov." RBC-Ukraine. July 30, 2025. <https://newsukraine.rbc.ua/news/ukraine-s-privatbank-wins-london-court-battle-1753877886.html>.
- Orenstein, M. A. 2001. "Out of the Red: Building Capitalism and Democracy in Postcommunist Europe." <https://books.google.ca/books?hl=en&lr=&id=UfReS5dtbFcC&oi=fnd&pg=PP11&ots=ZXV3JfVDge&sig=MPg6Yhg6iK0JeQ4KOCMe6ioQhhg>.
- Ortung, Robert W., and Indra Overland. 2011. "A Limited Toolbox: Explaining the Constraints on Russia's Foreign Energy Policy." *Journal of Eurasian Studies* 2 (1): 74–85.
- Osborn, Andrew. 2023. "Armenian PM Says Depending Solely on Russia for Security Was 'Strategic Mistake.'" *Reuters*, September 3, 2023. <https://www.reuters.com/world/asia-pacific/armenian-pm-says-depending-solely-russia-s-security-was-strategic-mistake-2023-09-03/>.
- OSCE ODIHR. 2021. "Georgia Parliamentary Elections 31 October 2020 ODIHR Limited Election Observation Mission Final Report." Organisation for Security and Cooperation in Europe Office for Democratic Institutions and Human Rights.
- . 2024. "Georgia, Parliamentary Elections, 26 October 2024: Final Report." Organization for Security and Co-Operation in Europe Office for Democratic Institutions and Human Rights (OSCE ODIHR). December 2024. <https://www.osce.org/odihr/elections/georgia/584029>.
- Ostiller, Nate. 2025. "Trump Claims He Ended War between 'Aber-Baijan' and Albania." OC Media. August 20, 2025. <https://oc-media.org/trump-claims-he-ended-war-between-aber-baijan-and-albania/>.
- Panfilova, Viktoriya, Mikhail Sergeev, Olga Solovyeva, Darya Garmonenko, and Ivan Rodin. 2005. "Konyets Sveta v Otdel'no Vzyatoy Strane [The End of the World in a Single Country]." *Nezavisimaya Gazeta*. 2005. https://www.ng.ru/cis/2005-11-11/5_endoftheworld.html.
- Pannier, Bruce. 2025. "A Resolution to Kyrgyzstan's Last Border Problem?" *The Times Of Central Asia* (blog). May 28, 2025. <https://timesca.com/a-resolution-to-kyrgyzstans-last-border-problem/>.
- Papava, V. 2005. *Necroeconomics: The Political Economy of Post-Communist Capitalism*. Lincoln, NE: iUniverse.com.
- . 2006. "The Political Economy of Georgia's Rose Revolution." *Orbis* 50 (4): 657–67.
- Parlicov, Victor, and Tudor Şoitu. 2007. "THE GAZE INDUSTRY IN RM: THE BURDEN

- OF IGNORANCE AND THE COST OF ERRORS.” IDIS Viitorul.
http://viitorul.org/files/Politici%20PubliceGAZZ_ENG.pdf.
- Parulava, Dato. "Georgian Parliament Fails to Impeach President over Unsanctioned EU Visits." *POLITICO*. October 18, 2023.
<https://www.politico.eu/article/georgia-parliament-fail-impeach-president-salome-zoura-bichvili-unsanctioned-eu-visits/>.
- Parulava, Dato, Eva Hartog, and Gabriel Gavin. 2024. "The Man Who Bought a Country." *POLITICO*. October 24, 2024.
<https://www.politico.eu/article/bidzina-ivanishvili-georgia-election-2024/>.
- Pedersen, Klaus Balslev, Thierry Coulet, Gereltuya Altankhuyag, and Simon Humphrie. 2022. "The International Trade in Services of the Eastern Partnership Countries." STEP-Statistics Through Eastern Partnership Program.
https://statistica.gov.md/files/files/publicatii_electronice/STEP/STEP%20Publication_SITS_EN.pdf.
- Petrov, R., C. V. D. Loo, and P. Elsuwege. 2015. "The EU-Ukraine Association Agreement: A New Legal Instrument of Integration without Membership?" *Kyiv-Mohyla Law and Politics Journal*, no. 1 (November), 1–19.
- Pinchuk, Victor. 2016. "Ukraine Must Make Painful Compromises for Peace With Russia." *The Wall Street Journal*, December 29, 2016.
<http://www.wsj.com/articles/ukraine-must-make-painful-compromises-for-peace-with-russia-1483053902>.
- Pirani, S. 2015. "The Ukraine Crisis: Another Crossroads on Russia's Downward Path." *Oxford Energy Forum* 97.
<https://ora.ox.ac.uk/objects/uuid:a95ab8cb-6f49-4153-a86e-b875df1795a8>.
- . 2018. "The Decline and Fall of the Russia–Ukraine Gas Trade." *Russian Analytical Digest*. <https://www.academia.edu/download/56793568/RAD221.pdf>.
- Pirani, Simon, Jonathan Stern, and Katja Yafimava. 2009. "The Russo-Ukrainian Gas Dispute of January 2009: A Comprehensive Assessment." Oxford Institute for Energy Studies.
- Plank, Christina. 2013. "Land Grabs in the Black Earth: Ukrainian Oligarchs and International Investors." In *Land Concentration, Land Grabbing and People's Struggles in Europe*, edited by Jennifer Franco and Saturnino M. Borrás Jr., 13–20. Amsterdam: Transnational Institute.
- . 2013. "Land Grabs in the Black Earth: Ukrainian Oligarchs and International Investors." In *Land Concentration, Land Grabbing and People's Struggles in Europe*, edited by Jennifer Franco and Saturnino M. Borrás Jr., 13–20. Amsterdam: Transnational Institute.
- Pleines, H. 2020. "Oligarchs and Political Regime Change. A Comparative Perspective." *Russian Analytical Digest*.
<https://forschungsstelle.uni-bremen.de/UserFiles/file/RAD233-Pleines.pdf>.
- Pleines, Heiko. 2004. "Social Partners and Captors. The Role of Non-State Actors in Economic Policy-Making in Eastern Europe." *Romanian Journal of Political Sciences*,

no. 01, 52–66.

- . 2009. “The Political Role of the Oligarchs.” *Ukraine on Its Way to Europe. Interim Results of the Orange Revolution*, 103–20.
- . 2016. “Oligarchs and Politics in Ukraine.” *Demokratizatsiya: The Journal of Post-Soviet Democratization* 24 (1): 105–27.
- Podolian, O., and V. Romanova. 2018. “Ukraine: The Dynamics of Cross-Cutting Cleavages during Quadruple Transition.” *Crises in the Post-Soviet Space*.
<https://doi.org/10.4324/9781351234467-6/ukraine-olena-podolian-valentyna-romanova>.
- Poghosyan, Benyamin. n.d. “Pashinyan in Davos: Armenia’s Foreign Policy a Balancing Act between the West and Russia.” Commonsplace.eu. Accessed March 27, 2025.
<https://www.commonspace.eu/news/pashinyan-davos-armenias-foreign-policy-balancing-act-between-west-and-russia>.
- Popa, A., and S. Learschi. 2025. “Russia’s Strategic Naval Collapse (2022-2025) in the Context of the War in Ukraine – Maritime Security Forum.” Maritime Security Forum. April 2025.
<https://www.forumulsecuritatiiamaritime.ro/russias-strategic-naval-collapse-2022-2025-in-the-context-of-the-war-in-ukraine-2/>.
- Popa, Ana. 2015. “Moldova and Russia: Between Trade Relations and Economic Dependence.” <https://www.ceeol.com/search/gray-literature-detail?id=1293910>.
- Popescu, Nicu. 2012. “Moldova’s Fragile Pluralism.” *Russian Politics and Law* 50 (4): 37–50.
- Portnov, Andrii. 2022. “Dnipro: An Entangled History of a European City.” Academic Studies Press. <https://doi.org/10.1515/9798887190327>.
- Poussenkova, N. 2010. “The Global Expansion of Russia’s Energy Giants.” *Journal of International Affairs* 63 (2): 103.
- Puglisi, Rosaria. 2003. “The Rise of the Ukrainian Oligarchs.” *Democratization* 10 (3): 99–123.
- Putnam, R. 1988. “Diplomacy and Domestic Politics: The Logic of Two-Level Games.” *International Organization* 42 (3): 427–60.
- Rainsford, Sarah. 2024. “Moldova Says ‘Yes’ to pro-EU Constitutional Changes by Tiny Margin.” *BBC News*, October 20, 2024.
<https://www.bbc.com/news/articles/c1wnr5qdx7o>.
- Rata, Mariana, and Cristina Tarna. 2021. “Monitorizarea Selectivității Justiției Penale: Raport 2020-2021.” Chișinău: Freedom House Moldova.
https://freedomhouse.org/sites/default/files/2021-10/fh-Moldova_Report-Selective-Justice-2021_Rom.pdf.
- Razmadze, Mariam. 2025. “Georgia’s Natural Gas Consumption Rises as Dependence on Russian Imports Grows.” *Georgia Today*. September 26, 2025.
<https://georgiatoday.ge/georgias-natural-gas-consumption-rises-as-dependence-on-russian-imports-grows/>.

- RBK. 2004. "Pridnestrovye otklyuchilo Moldavii elektrichestvo [Transnistria cut off Moldova's electricity]." P&B. August 5, 2004.
<https://www.rbc.ru/politics/05/08/2004/5703b64e9a7947783a5a599c>.
- Repko, Maria. 2019. "Banking Fragility Rooted in Justice Failures: Evidence from Ukraine." CEPS Paper in Liberty and Security in Europe.
- Republic of Belarus, Republic of Kazakhstan, Russian Federation. 2015. "Treaty on the Eurasian Economic Union." *World Trade Organisation*.
https://www.wto.org/english/thewto_e/acc_e/kaz_e/wtacckaz85_leg_1.pdf.
- Reuters. 2008. "U.S. to Announce over \$1 Billion in Aid for Georgia." *Reuters*, September 3, 2008.
<https://www.reuters.com/article/world/us/us-to-announce-over-1-billion-in-aid-for-georgia-idUSN02466527/>.
- . 2016. "Armenia's Ardshinbank Acquires Russian Gazprombank's Local Unit." *Reuters*, October 11, 2016.
<https://www.reuters.com/article/business/armenias-ardshinbank-acquires-russian-gazprombanks-local-unit-idUSKCN12B2EG/>.
- . 2024. "EU Council Chief Urges Swift and Transparent Investigation of Georgia Elections." *Reuters*. October 27, 2024.
<https://www.reuters.com/world/europe/eu-council-chief-urges-swift-transparent-investigation-georgia-elections-2024-10-27/>
- RFE/RL. 2018. "EU Cuts Moldova Funding Amid Rule-Of-Law Concerns." Radio Free Europe/Radio Liberty. November 15, 2018.
<https://www.rferl.org/a/eu-cuts-moldova-funding-amid-rule-of-law-concerns/29603052.html>.
- RFE/RL. 2019. "Moldova's Entire Constitutional Court Resigns." RFE/RL. June 26, 2019.
<https://www.rferl.org/a/moldova-s-entire-constitutional-court-resigns/30022221.html>.
- . 2024. "French Defense Chief Visits Armenia, Signs Defense Deals Amid Deepening Ties." RFE/RL. February 24, 2024.
<https://www.rferl.org/a/france-armenia-defense-deal-ties/32833387.html>.
- Rimble, P. 2012. "Who Owned Georgia 2003–2012." *Tbilisi: Transparency International Georgia*.
- Rodrik, Dani. 2016. "Premature Deindustrialization." *Journal of Economic Growth* 21 (1): 1–33.
- Romanyuk, Roman. 2021. "Mylitsi prezidenta. Chomu hrupa 'Dovira' dopomahaet Zelens'komu [The President's crutches. Why the 'Dovira' group is helping Zelenskyi]." *Ukrainska Pravda*. September 16, 2021.
<https://www.pravda.com.ua/articles/2021/09/16/7307291/>.
- Rowley, Thomas, and James Dowsett. 2023. "The UK Backed This Goldmine. Now It's Being Funded by Russia." *openDemocracy*. March 1, 2023.
<https://www.opendemocracy.net/en/odr/armenia-amulsar-lydian-gold-mine-uk-russia-ed-b-bank/>.

- Samayeva, Yuliia. 2024. "Yakscho navit bilyi eksporter opyraietsia tsyvilizatsiynym zminam, pyshy propalo [If Even a 'White' Exporter Resists Civilizational Changes, It's a Lost Cause]." *Dzerkalo Tizhnya*. Zn.ua. April 25, 2024. <https://zn.ua/ukr/macroeconomics/jakshcho-navit-bilij-eksporter-opirajetsja-tsivilizatsijn-im-zminam-pishi-propalo.html>.
- Sargsyan, Lusine, and Nerses Kopalyan. 2019. "From Protecting the Corrupt to Punishing the Corrupt (or It Seems)." EVN Report. October 1, 2019. <https://evnreport.com/opinion/from-protecting-the-corrupt-to-punishing-the-corrupt-or-it-seems/>.
- Sargsyan, Lusine. 2020. "Primer: Post-Revolution Criminal Cases." EVN Report. June 2, 2020. <https://evnreport.com/politics/primer-post-revolution-criminal-cases/>.
- Schalit, Joel. 2015. "EU Freezes Funding for Moldova." Euractiv. July 10, 2015. <https://www.euractiv.com/section/europe-s-east/news/eu-freezes-funding-for-moldova/>.
- Schepers, Névine. 2019. "Russia's Nuclear Energy Exports: Status, Prospects and Implications." *Non-Proliferation and Disarmament Papers*, no. 61 (February).
- Schwartz, Herman Mark. 2018. *States Versus Markets: Understanding the Global Economy*. London: Bloomsbury Publishing.
- . 2024. "Triffin Reloaded: The Matrix of Contradictions around Global Quasi-State Money." *MPIfG Discussion Papers* 24 (3). https://pure.mpg.de/pubman/faces/ViewItemFullPage.jsp?itemId=item_3590226.
- Shamanauri, Khatia. 2022. "Georgia's Growing Reliance on Remittances Worries Economists." Eurasianet. October 28, 2022. <https://eurasianet.org/georgias-growing-reliance-on-remittances-worries-economists>.
- Shapovalova, Natalia, and Balázs Jarábik. 2019. "How Eastern Ukraine Is Adapting and Surviving: The Case of Kharkiv." Carnegie Endowment for International Peace. December 9, 2019. <https://carnegieendowment.org/research/2018/09/how-eastern-ukraine-is-adapting-and-surviving-the-case-of-kharkiv?lang=en>.
- Sidelynkova, Larysa, and Olena Novosolova. 2022. "Problems and Priorities of the Ukrainian Banking Sector Development in the Conditions of Financial Market Transformation." *Globalization and Business*, no. 13. <https://doi.org/10.35945/gb.2022.13.001>.
- Sierra, Jazmin. 2022. "The Politics of Growth Model Switching: Why Latin America Tries, and Fails, to Abandon Commodity-Driven Growth." In *Diminishing Returns: The New Politics of Growth and Stagnation*, edited by Lucio Baccaro, Mark Blyth, and Jonas Pontusson, 167–88. Oxford: Oxford University Press.
- Sierra, Jazmin. 2022. "The Politics of Growth Model Switching: Why Latin America Tries, and Fails, to Abandon Commodity-Driven Growth." In *Diminishing Returns: The New Politics of Growth and Stagnation*, edited by Lucio Baccaro, Mark Blyth, and Jonas Pontusson, 167–88. Oxford: Oxford University Press.

- Sikora-Gaca, Marta. 2018. "The Ruling Coalitions in the Republic of Moldova after the 'Twitter Revolution' – the Policy of Integration or Desintegration?" *Środkowoeuropejskie Studia Polityczne*.
<https://www.ceeol.com/search/article-detail?id=696859>.
- Skocpol, Theda, and Margaret Somers. 1980. "The Uses of Comparative History in Macrosocial Inquiry." *Comparative Studies in Society and History* 22 (2): 174–97.
- Slav, Maxim. 2025. "Ethnolinguistic Groups of Moldova and Their 2024 Election Choices." *Moldovan Analytical Digest* 3:18–26.
- Smith, David. 2021a. "Kennan Cable No. 70: Landslide Victory for Reformists in Moldova." Wilson Center. July 2021.
<https://www.wilsoncenter.org/publication/kennan-cable-no-70-landslide-victory-reformists-moldova>.
- . 2021b. "Moldova's Gas History with Russia." *Moldova Matters* (blog). October 2021.
https://moldovamatters.substack.com/p/deep-dive-moldovas-gas-history-with?utm_source=publication-search.
- . 2022a. "Weekly Roundup October 23 - 29 Part 1: Gas Crisis." *Moldova Matters* (blog). December 2022. <https://moldovamatters.substack.com/p/weekly-roundup-e3c>.
- . 2022b. "Weekly Roundup Part 1 - Energy Crisis." *Moldova Matters* (blog). October 2022.
https://moldovamatters.substack.com/p/weekly-roundup-part-1-energy-crisis?utm_source=publication-search.
- . 2023. "Transnistria Is in a Pickle." *Moldova Matters*. September 10, 2023.
<https://www.moldovamatters.md/p/transnistria-is-in-a-pickle>.
- . 2024. "Election Update: Evaluating the Debate." *Moldova Matters*. October 28, 2024.
https://www.moldovamatters.md/p/election-update-evaluating-the-debate?utm_source=publication-search.
- . "Perspective: Justice Reform and Paths Not Taken." *Moldova Matters*. September 14, 2024. <https://www.moldovamatters.md/p/perspective-justice-reform-and-paths>.
- . 2025a. "Analysis: Who I'm Watching in the Parliamentary Elections." *Moldova Matters*. September 9, 2025.
<https://www.moldovamatters.md/p/analysis-who-im-watching-in-the-parliamentary>.
- . 2025b. "Deep Dive: Campaign Platforms and Promises." *Moldova Matters*. September 23, 2025.
https://www.moldovamatters.md/p/deep-dive-campaign-platforms-and?utm_campaign=email-post&r=h2irb&utm_source=substack&utm_medium=email.
- . 2025c. "Flying Blind into Election Day." *Moldova Matters*. September 3, 2025.
<https://www.moldovamatters.md/p/flying-blind-into-election-day>.
- . 2025d. "How Ilan Shor Plans to Turn Rubles into Power in Moldova." *Moldova Matters*. August 20, 2025.

- https://www.moldovamatters.md/p/how-ilan-shor-plans-to-turn-rubles?utm_source=publication-search.
- . 2025e. “Perspective: PAS Is Alone in the Pro-EU Lane.” *Moldova Matters*. July 21, 2025. <https://www.moldovamatters.md/p/perspective-pas-is-alone-in-the-pro>.
- . 2025f. “Weekly Roundup: The Campaign Begins.” *Moldova Matters*. August 29, 2025. <https://www.moldovamatters.md/p/weekly-roundup-the-campaign-begins>.
- . 2025. “Perspective: PAS Is Alone in the Pro-EU Lane.” *Moldova Matters*. July 21, 2025. <https://www.moldovamatters.md/p/perspective-pas-is-alone-in-the-pro>.
- Smyrnova, H. 2025. “Ukraine Sanctions Five Ukrainian Oligarchs.” *Global Sanctions and Export Controls Blog*. February 18, 2025. <https://sanctionsnews.bakermckenzie.com/ukraine-sanctions-five-ukrainian-oligarchs/>.
- Smyrnova, Kseniia. 2023. “Europäisierung Des Wettbewerbsrechts: Grundsätze Und Werte Des Fairen Wettbewerbs In Der Freien Marktwirtschaft In Der EU Und Assoziierungsabkommen Mit Der Ukraine, Der Republik Moldau Und Georgien.” In *Recht Der EU-Außenbeziehungen: Geteilte Zuständigkeiten Und Geteilte Werte in Abkommen Zwischen Der EU Und Ihren östlichen Nachbarländern*, edited by Stefan Lorenzmeier, Roman Petrov, and Christoph Vedder, 171–87. Cham: Springer International Publishing.
- Socor, Vladimir. 2005. “KYIV-TBILISI-CHISINAU TRIANGLE: COMMON APPROACH TO COMMON PROBLEMS.” Jamestown Foundation. March 1, 2005. <https://jamestown.org/program/kyiv-tbilisi-chisinau-triangle-common-approach-to-common-problems/>.
- . 2013. “Sources of Moldova’s Political Chaos: The Partition of State Institutions.” Jamestown Institute. May 22, 2013. <https://jamestown.org/program/sources-of-moldovas-political-chaos-the-partition-of-state-institutions/>.
- Spielberger, L. 2023. “EU Support to Ukraine Is Changing the Rules of Macro-Financial Assistance.” 5. Banking on Europe Policy Brief. https://repository.lboro.ac.uk/articles/report/EU_support_to_Ukraine_is_changing_the_rules_of_macro-financial_assistance/29210675/1/files/55042613.pdf.
- Stefes, Christoph H., and Yevgenya J. Paturyan. 2021. “After the Revolution: State, Civil Society, and Democratization in Armenia and Georgia.” *Frontiers in Political Science* 3 (August). <https://doi.org/10.3389/fpos.2021.719478>.
- Stern, J., S. Pirani, and K. Yafimava. 2009. “The Russo-Ukrainian Gas Dispute of January 2009: A Comprehensive Assessment.” <https://ora.ox.ac.uk/objects/uuid:3e2ad362-0bec-478a-89c1-3974c79363b5>.
- Stezhensky, Alex. 2025. “EU Slams Georgia’s Local Elections as Uncompetitive and Repressive.” *NV*. October 6, 2025. <https://english.nv.ua/nation/eu-condemns-georgia-s-oct-4-elections-as-uncompetitive-and-repressive-50550335.html>.
- Stockhammer, Engelbert. 2023. “Macroeconomic Ingredients for a Growth Model Analysis

- for Peripheral Economies: A Post-Keynesian-Structuralist Approach.” *New Political Economy* 28 (4): 628–45.
- Stratenwerth, Mischa. 2025. “Interest Groups Macroeconomic Policy Export-Led German Growth Model: Business Associations, Trade Unions, Reproduction Undervaluation Regime.” PhD, Cologne: International Max Planck Research School on the Social and Political Constitution of the Economy.
- Stuenkel, Oliver. 2021. *The BRICS and the Future of Global Order*. 2nd ed. Lanham, MD: Lexington Books.
- Sviland, Lisa. 2024. “Digging Deeper: How Armenia Is Leading the Way in Beneficial Ownership Transparency.” EITI. October 22, 2024.
<https://eiti.org/blog-post/digging-deeper-how-armenia-leading-way-beneficial-ownership-transparency>.
- Swain, Adam, ed. 2007. *Re-Constructing the Post-Soviet Industrial Region: The Donbas in Transition*. London: Routledge.
- Szabo, B., and M. Kovacs. 2017. “Macroeconomic Insight: Fear of Floating Hampers Armenia’s Economy.” OG Research. 2017.
<https://www.ogresearch.com/news/macroeconomic-insight-fear-of-floating-hampers-armenias-economy>.
- Taran, Svitlana, Oleksandr Shepotylo, Pavlo Iavorskyi, and Yevheniia Bondarenko. 2022. “EU-Ukraine Trade in Commodities under the DCFTA: Current State and Potential for Liberalisation.” Kyiv School of Economics.
<https://kse.ua/kse-research/eu-ukraine-trade-in-commodities-under-the-dcfta-current-state-and-potential-for-liberalisation/>.
- Taran, Svitlana. 2025. “EU-Ukraine Trade: From Emergency Measures to a Renewed Trade Agreement.” European Policy Centre. August 2025.
<https://www.epc.eu/publication/eu-ukraine-trade-from-emergency-measures-to-a-renewed-trade-agreement/>.
- Tatikyan, Sossi. n.d. “2021 Snap Elections in Armenia: Internal and External Security Risks.” Heinrich Böll Stiftung | Tbilisi - South Caucasus Region. Accessed May 26, 2025.
<https://ge.boell.org/en/2021/06/19/2021-snap-elections-armenia-internal-and-external-security-risks>.
- Ter-Matevosyan, Vahram, and Narek Mkrtchyan. 2021. “The Conduct of Armenian Foreign Policy: Limits of the Precarious Balance.” In *Small States and the New Security Environment*, edited by Anne-Marie Brady and Baldur Thorhallsson, 203–15. Cham: Springer International Publishing.
- Ter-Matevosyan, Vahram, Anna Drnoian, Narek Mkrtchyan, and Tigran Yepremyan. 2017. “Armenia in the Eurasian Economic Union: Reasons for Joining and Its Consequences.” *Eurasian Geography and Economics* 58 (3): 340–60.
- Tert. 2025. “*Hay-rusakan haraberutyunnerum larvats’yunnə bardz’rats’av, hima arden kargavorelu zhamanakahvatn e. Sukiasyan. [Tensions have risen in Armenian-Russian relations, now is the time for normalization: Sukiasyan].*” Tert. January 2025.
<https://tert.am/am/news/2025/01/23/suqiasyan/4220571>.

- Terzyan, A. 2018. "The Anatomy of Russia's Grip on Armenia: Bound to Persist?" *CES Working Papers* 10:234–50.
- Terzyan, A. 2018. "The Anatomy of Russia's Grip on Armenia: Bound to Persist?" *CES Working Papers* 10:234–50.
- The Kingdom of Belgium, the Republic of Bulgaria, the Czech Republic, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Republic of Croatia, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Hungary, the Republic of Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, Romania, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland, the European Union, the European Atomic Energy Community, and Ukraine. 2014a. "Association Agreement between the European Union and the European Atomic Energy Community and Their Member States, of the One Part, and Ukraine, of the Other Part." *Official Journal of the European Union*.*
- . 2014b. "Association Agreement between the European Union and the European Atomic Energy Community and Their Member States, of the One Part, and Ukraine, of the Other Part." *Official Journal of the European Union*.
- Thelen, Kathleen. 2012. "Varieties of Capitalism: Trajectories of Liberalization and the New Politics of Social Solidarity." *Annual Review of Political Science (Palo Alto, Calif.)* 15 (1): 137–59.
- Thomas, Steve. 2006. "Gazprom: Profile." Public Services International Research Unit (PSIRU).
https://www.epsu.org/sites/default/files/article/files/Gazprom_profile_May.pdf.
- Thorik, Vladimir, and Valeria Yegoshina. 2019. "Rescuers of the Transnistrian Metallurgic Plant: Filip and Poroshenko have helped Transnistria earn millions." *Rise Moldova*. May 14, 2019.
<https://www.rise.md/english/rescuers-of-the-transnistrian-metallurgic-plant-filip-and-poroshenko-have-helped-transnistria-earn-millions/>.
- TI Georgia. 2012. "Center Point Group - Georgia's Biggest Construction Scandal." Transparency International Georgia.
<https://www.transparency.ge/en/post/report/centre-point-group-georgia-s-biggest-construction-scandal>.
- . 2022. "Georgia's Economic Dependence on Russia: Trade, Tourism, Remittances, and Russian Companies in Georgia." Transparency International Georgia. March 2022.
<https://www.transparency.ge/en/post/georgias-economic-dependence-russia-trade-tourism-remittances-and-russian-companies-georgia>.
- . 2011. "Georgia National Integrity System Assessment." Transparency International Georgia. https://files.transparencycdn.org/images/2011_GeorgiaNIS_EN.pdf.
- . "Alleged Cases of the High-Level Corruption - A Periodically Updated List." *Transparency International Georgia*. August 2025.
<https://transparency.ge/en/blog/alleged-cases-high-level-corruption-periodically-updated>

-list.

- Timm, Christian. 2013. "Economic Regulation and State Interventions. Georgia's Move from Neoliberalism to State Managed Capitalism." No. 2013/03. PFH Private Hochschule Göttingen. <https://www.econstor.eu/handle/10419/75297>.
- Tofilat, Sergiu, and Tudor Șoitu. 2022. "Moldova vs Gazprom: Who Actually Has Debts?" Watchdog.md. <https://www.watchdog.md/wp-content/uploads/2020/10/Moldova-vs-Gazprom-who-actually-has-debts.pdf>.
- Tofilat, Sergiu. 2020. "Russian Gas and the Financing of Separatism in Moldova." Free Russia Foundation THINK TANK • Free Russia Foundation. August 14, 2020. <https://thinktank.4freerussia.org/russian-gas-and-the-financing-of-separatism-in-moldova/>.
- Topuria, Salome, and Tato Khundadze. 2022. "Neoliberal Lock-in: Why Georgia-EU Free Trade Does Not Work." Friedrich-Ebert Stiftung. <https://southcaucasus.fes.de/news-list/e/neoliberal-lock-in-why-georgia-eu-free-trade-does-not-work.html>.
- Trochev, Alexei. 2010. "Meddling with Justice: Competitive Politics, Impunity, and Distrusted Courts in Post-Orange Ukraine." *Demokratizatsiya* 18 (May):122–47.
- Troianovski, Anton. 2019. "A Ukrainian Billionaire Fought Russia. Now He's Ready to Embrace It." *The New York Times*, November 13, 2019. <https://www.nytimes.com/2019/11/13/world/europe/ukraine-ihor-kolomoisky-russia.html>.
- Tulush, Leonid. 2020. "NNTs Instytut ahrarnoi ekonomiky - Pryiniattia zakonoproiektu № 3656 viddalyty Ukrainu vid podatkovykh standartiv YeS i ne vplyne na dostupnist' prodovol'chyykh tovariv dlia spozhyvachiv [National Scientific Center Institute of Agricultural Economics - The adoption of bill No. 3656 will distance Ukraine from EU tax standards and will not affect the availability of food products for consumers]." National Scientific Centre "Institute of Agro-Economics." September 2020. <http://www.iae.org.ua/presscentre/archnews/2924-pryynyattya-zakonoproiektu-3656-vid-dalyt-ukrayinu-vid-podatkovykh-standartiv-yes-leonid-tulush.html>.
- Turgunbaeva, Aigerim. 2025. "China-Kyrgyzstan-Uzbekistan Railway Officially Launched, but Sidetracked at Least until Summer." Eurasianet. January 7, 2025. <https://eurasianet.org/china-kyrgyzstan-uzbekistan-railway-officially-launched-but-sidetracked-at-least-until-summer>.
- UK Government. 2025. "UK Sanctions Guidance for Armenian Businesses." GOV.UK. June 2025. <https://www.gov.uk/guidance/uk-sanctions-guidance-for-armenian-businesses>.
- Ukrainska Pravda. 2013. "Akhmetov vyrishyv vidreahuvaty na Yevromaidan pislia zustrichi z Nuland [Akhmetov decided to respond to Euromaidan after a meeting with Nuland]." Ukrainska Pravda. December 13, 2013. <https://www.pravda.com.ua/news/2013/12/13/7006700/>.
- Vanderhill, Rachel. 2022. *Promoting Authoritarianism Abroad*. Boulder, CO: Lynne Rienner.

- Varga, Boris. 2025. "Case of Moldova: How Russia and Serbia Destabilize Southern Europe?" *Center for Western Balkans Studies* (blog). September 29, 2025. <https://cfwbs.org/case-of-moldova-how-russia-and-serbia-destabilize-southern-europe-boris-varga/>.
- Varga, Mihai. 2011. "Striking with Tied Hands: Strategies of Labor Interest Representation in Post-Communist Romania and Ukraine." PhD, Amsterdam: University of Amsterdam. <https://dare.uva.nl/document/2/88088>.
- Visser, Oane, and Don Kalb. 2010. "Financialised Capitalism Soviet Style? Varieties of State Capture and Crisis." *Archives Europeennes de Sociologie. European Journal of Sociology. Europaisches Archiv Fur Soziologie* 51 (2): 171–94.
- Voice of America*. 2024. "US Withholds \$95 Million in Assistance from Georgian Government." Voice of America (VOA News). July 31, 2024. <https://www.voanews.com/a/us-withholds-95-million-in-assistance-from-georgian-government-/7724496.html>.
- Vox Ukraine*. 2025. "White Book of Reforms 2025. Chapter 9. European Integration and International Trade." Vox Ukraine. May 2025. <https://voxukraine.org/en/white-book-of-reforms-2025-chapter-9-european-integration-and-international-trade>.
- Vypriksikh, A. 2022. "'Menya vseгда pugala televizionnaya yustitsiya'. Vlah o rassledovanii protiv Dodona [‘I have always been frightened by television justice.’ Vlah on the investigation against Dodon]." NewsMaker. NewsMaker.md. May 28, 2022. <https://newsmaker.md/ru/menya-vsegda-pugala-televizionnaya-yustitsiya-vlah-o-rassledovanii-protiv-dodona>.
- Waal, Thomas de. 2010. "Remaking the Nagorno-Karabakh Peace Process." *Survival* 52 (4): 159–76.
- . 2025. "Armenia and Azerbaijan’s Major Step Forward." Carnegie Endowment for International Peace. March 17, 2025. <https://carnegieendowment.org/emissary/2025/03/armenia-azerbaijan-peace-deal-next-steps?lang=en>.
- Waltz, Kenneth. 1959. *Man, the State, and War*. New York Chichester, West Sussex: Columbia University Press.
- Wang, Roxana. 2024. "Analysis: Georgians Are Growing More Skeptical of NGO Activity." Eurasianet. December 10, 2024. <https://eurasianet.org/analysis-georgians-are-growing-more-skeptical-of-ngo-activity>.
- Way, L. A. 2022. "Georgia, Moldova, and Ukraine: Democratic Moments in the Former Soviet Union." In *Democracy in Hard Places*, edited by S. Mainwaring and T. Masoud, 128–59. Oxford, England: Oxford University Press.
- . 2003. "Weak States and Pluralism: The Case of Moldova." *East European Politics & Societies* 17 (August):454–82.
- . 2016. *Pluralism by Default: Weak Autocrats and the Rise of Competitive Politics*. Baltimore, MD: Johns Hopkins University Press. <https://doi.org/10.1353/book.43833>.

- Weiner, Robert. 2008. "Whither Moldova: East or West?" In *The Boundaries of EU Enlargement*, 182–201. London: Palgrave Macmillan UK.
- Weller, Clara. 2024. "Dynamics of the Mass Mobilizations Against the Georgian Foreign AgentLaw." *Caucasus Analytical Digest*. <https://doi.org/10.3929/ETHZ-B-000703789>.
- Welton, George. 2021. "Why Doesn't Georgia Export More to Europe: An Assessment of the Challenges of Enhancing Georgian Trade with the EU." *GeoWel*.
- Wengle, Susanne, Vitalii Dankevych, and Natalia Mamonova. 2024. "Farming the Black Earth: The History and Politics of Ukraine's Agricultural Land Markets Before, During and After the War." *Land Tenure Journal*, 1–24.
- Wesolowsky, Tony. 2022. "Ilan Shor: The Kremlin's New Man in Moldova." RFE/RL. November 3, 2022. <https://www.rferl.org/a/moldova-shor-kremlin-businessman-destabilize/32114352.html>.
- Wetzel, Anne. 2016. "From Halt to Hurry: External and Domestic Influences on Ukrainian Asylum Policy." *Eurasian Geography and Economics* 57 (1): 66–88.
- Wikileaks. 2008. "Armenian Customs Service Joins Crackdown on Opposition Oligarch." Wikileaks. 2008. https://wikileaks.org/plusd/cables/08YEREVAN297_a.html.
- Wilson, A. 2005. *Virtual Politics: Faking Democracy in the Post-Soviet World*. New Haven: Yale University Press
<https://books.google.de/books?hl=de&lr=&id=h3By77UU4nIC&oi=fnd&pg=PR9&dq=wilson+virtual+politics&ots=wGLLkdHH-W&sig=FU3GV8uyKcd9xJFubUB40M7XM>M8.
- . 2005a. *Ukraine's Orange Revolution*. New Haven: Yale University Press.
- . 2013. "Moldova: An Unravelling Success Story?" *SSEES Research Blog* (blog). 2013. <https://blogs.ucl.ac.uk/ssees/2013/06/05/moldova-an-unravelling-success-story/>.
- . 2014. "Corruption and Governance Improvement Inglobal and Continental Perspectives. Background Paper onGeorgia." Hertie School of Governance. https://www.againstcorruption.eu/wp-content/uploads/2015/12/Georgia-Background-Report_final.pdf.
- Wilson, Josh, Kathryn Weaver, and Michael Zeller. 2018a. "Moldovan Politics: Presidential Crises 2009-2018." *GeoHistory* (blog). January 23, 2018. <https://geohistory.today/moldovan-presidential-crises/>.
- . 2018b. "Moldovan Politics: Recent Scandals and Fallout." *GeoHistory* (blog). January 23, 2018. <https://geohistory.today/moldovan-politics-scandals-fallout/>.
- Wolczuk, K., and Darius Zeruolis. 2019. "Fit for Purpose? Evaluating the EU's Assistance to Ukraine." 5. EU-STRAT Policy Brief Series. <http://eu-strat.eu/wp-content/uploads/2019/04/EU-STRAT-Policy-Brief-No.-5.pdf>.
- Wolczuk, K., and R. Dragneva. 2017. "The Eurasian Economic Union: Deals, Rules and the Exercise of Power," May.
- Wolczuk, Kataryna. 2004. "Integration without Europeanisation: Ukraine and Its Policy

- towards the European Union.” *SSRN Electronic Journal*.
<https://doi.org/10.2139/ssrn.2344806>.
- . 2016. “Managing the Flows of Gas and Rules: Ukraine between the EU and Russia.” *Eurasian Geography and Economics* 57 (1): 113–37.
- . 2018. “Demystifying the Association Agreements.” In *The Struggle for Good Governance in Ukraine, Georgia and Moldova*, edited by Michael Emerson, Denis Cenușă, Tamara Kovziridze, and Veronika Movchan, 278–98. Centre for European Policy Studies (CEPS).
- World Bank*. 2006. “International Development Association Program Document for a Proposed Credit in the Amount of sdr13.5 Million (US\$20.0 Million Equivalent) to Georgia for a Second Poverty Reduction Support Operation.” World Bank Poverty Reduction and Economic Management Unit Europe and Central Asia Region.
<https://documents1.worldbank.org/curated/en/364281468031558000/pdf/36939.pdf>
- . 2024a. “Georgia: Tourism Trends Analysis & Recommendations.” World Bank.
<https://openknowledge.worldbank.org/bitstreams/7b9b850e-6dd3-42ec-aaca-3a24f47c5c9d/download>
- . 2024b. “Unlocking Potential: Exploring Pathways for Moldova’s Manufacturing Sector Development Through Automotive and Pharmaceutical Global Value Chains.” 2008th ed. Contributions to Economics. Heidelberg, Germany: World Bank.
<https://doi.org/10.1007/978-3-7908-2040-9>.
- . 2025. “FDI Flows to Developing Economies Drop to Lowest Level Since 2005.” World Bank Group. June 16, 2025.
<https://www.worldbank.org/en/news/press-release/2025/06/16/foreign-direct-investment-in-retreat>.
- World Nuclear Association*. 2024. “Nuclear Power in Ukraine.” World Nuclear Association.
<https://world-nuclear.org/information-library/country-profiles/countries-t-z/ukraine>
- Wynnyckyj, M. 2003. “Institutions and Entrepreneurs: Cultural Evolution in the ‘De Novo’ Market Sphere in Post-Soviet Ukraine.” Cambridge: University of Cambridge.
https://www.researchgate.net/profile/Mychailo_Wynnyckij/publication/277171315_Institutions_and_Entrepreneurs_Cultural_Evolution_in_the_'De_Novo'_Market_Sphere_in_Post-Soviet_Ukraine/links/60a28a0345851502e66b0227/Institutions-and-Entrepreneurs-Cultural-Evolution-in-the-De-Novo-Market-Sphere-in-Post-Soviet-Ukraine.pdf.
- Yafimava, Katja. 2021. “Moldova’s Gas Crisis and Its Lessons for Europe.” Carnegie Moscow Center. November 2021. <https://carnegie.ru/commentary/85721>.
- Yurchenko, Y. 2017. “Ukraine and the Empire of Capital: From Marketisation to Armed Conflict.” <https://rosalux.org.ua/images/book-Yurchenko-bibliography.pdf>.
- ZDF. 2020. “*Delo «Metalferos»: Epizod S Vladimirom Plahotniukom* [The Metalferos Case: The Episode with Vladimir Plahotniuc].” *Ziarul de Gardă*. August 4, 2020.
<https://www.zdg.md/ru/дело-metalferos-эпизод-с-владимиром-плахотн/>.
- Zimmerman, W. 1998. “Is Ukraine a Political Community?” *Communist and Post-Communist Studies* 31 (1): 43–55.

- Zinets, Natalia, and Pavel Polityuk. 2021. "Zelenskiy Says Ukraine Uncovers Coup Plot Involving Russians; Kremlin Denies Role." *Reuters*, November 26, 2021.
<https://www.reuters.com/world/europe/ukraine-has-information-about-december-coup-attempt-with-russian-involvement-2021-11-26/>.
- Zolian, Mikael. 2025. "Systemic Democratic Change? Armenia's Achievements and Shortcomings since the Velvet Revolution." Heinrich Böll Stiftung | Tbilisi - South Caucasus Region. January 14, 2025.
<https://ge.boell.org/en/2025/01/14/systemic-democratic-change-armenias-achievements-and-shortcomings-velvet-revolution-0>.
- Zon, Hans van. 2007a. "The Reform of Ukraine's Energy Complex and Its Consequences for Donetsk." In *Re-Constructing the Post-Soviet Industrial Region: The Donbas in Transition*, edited by Adam Swain. Routledge.
- . 2007b. "The Rise of Conglomerates in Ukraine: The Donetsk Case." In *Big Business and Economic Development: Conglomerates and Economic Groups in Developing Countries and Transition Economies Under Globalization*, edited by Alex E. Fernandez Jilberto and Barbara Hogenboom, 378–97. London: Routledge.
- Zotikishvili, Nino. 2020. "Occasional Decentralization Analysing the Nature and Realities of Devolution in Georgia." Master, The Hague: Erasmus University Rotterdam.
- Zubytska, Larysa. 2018. "The Rise and Establishment of Oligarchs as Party Substitutes in Ukraine: An Assessment of the Post-Revolutionary (Orange) Years." *Ukraina Moderna*.
<https://utppublishing.com>.
- "Ukraine Facility." 2023. *Recovery Vision of Ukraine*. June 20, 2023.
<http://www.ukrainefacility.me.gov.ua/>.
- "World Wide Studies Program." n.d. Viktor Pinchuk Foundation. Accessed June 17, 2025.
<https://pinchukfund.org/en/projects/8/>.

ANNEX 1: Methodological Note - Growth Decomposition

A) Production-Side GDP Growth Decomposition

We calculate the contribution in percentage points (pp) of value-added sectors to GDP growth. A more succinct description of our methodology can be found in Chapter 1, which considers the value of our methods within the scope of the dissertation, and our results are presented in the empirical Chapters 3 to 5. This section focuses more on details such as data availability, applications and limitations.

Since data on VA at the section, category or product level is not available across our cases over the period under study, we use broad “bucket” VA sectors for which data is available:

1. Agricultural VA
2. Manufacturing VA
3. Industrial VA (extractives, construction, energy, water without manufacturing)²¹⁰
4. Services VA (commercial and government services)

This is not a stochastic exercise (i.e. we do not use a regression and thus cannot make claims along the lines of “an $x\%$ growth in agricultural VA results in a y percentage point increase in GDP growth”). It is rather descriptive growth accounting, showing how different VA sectors contributed to historical growth.

The analysis uses constant 2015 USD series for both GDP and sectoral value added, thus avoiding inflation distortions and enabling intertemporal comparison. The method follows a standard growth decomposition framework. Let $VA_{i,t}$ denote the real value added of sector i in year t , and GDP_t denote total real GDP in year t . The real growth rate of sector i between years $t-1$ and t is:

$$g_{i,t} = \frac{VA_{i,t} - VA_{i,t-1}}{VA_{i,t-1}} \times 100$$

The GDP share of sector i in the previous year is:

²¹⁰ We create this category by subtracting the World Bank WDI’s “Manufacturing Value-Added” indicator from its “Industry (including construction)” indicator.

$$s_{i,t-1} = \frac{VA_{i,t-1}}{GDP_{t-1}}$$

The contribution of sector i to aggregate GDP growth in year t (in percentage points) is then:

$$C_{i,t} = s_{i,t-1} \times g_{i,t}$$

Detailed results of our decomposition for our cases can be found in Annex 2. In the empirical chapters we present headline data for each case, showing average and total sectoral VA contributions across 5 year periods.

Data

Data is taken from the World Bank World Development Indicators (WDIs), which offer figures on sectoral Value-Added (in constant 2015 USD) from 1991-2024 (Armenia), 2004-2024 (Georgia), 1996-2024 (Moldova), 1991-2024 (Ukraine). However, we do not include data from 1991-1995 in our visualisations in the empirical chapters. Firstly, this is due to issues of data reliability (calculating GDP in the Soviet command economy versus after liberalisation, data collection issues, exceptionally large informal economy share). Secondly, since this period saw a dramatic decline in GDP across all cases, it distorts visualisations and makes them hard to read.

Limitations

The most significant limitation of our GDP growth decomposition is that we do not separate Services VA into commercial and government services VA. Thus we do not independently measure the share/growth contribution of private commercial services (e.g. IT services, tourism) and government services (public education, healthcare etc). However, by comparing

our results to real government final consumption expenditure (real GFCE) and exports from the expenditure side of GDP, we can infer which is the main driver.²¹¹

Secondly, our GDP growth decomposition does not incorporate all components of production-side GDP, meaning there are residuals (the difference between GDP growth and the sum of contributions (pp) of our sectoral “buckets”). This residual category includes government taxes and subsidies and Financial Intermediation Services Indirectly Measured (FISIM).

B) Export Growth Decomposition

For Armenia, Georgia, and Ukraine, the export growth decomposition is performed using only *nominal* export values (current USD). This is necessary because section-level export Unit Value Indicators (UVIs) are not consistently available for these countries across our timeframe.

As a result, the full methodological framework described below applies only to Moldova, where detailed section-level export UVIs are published by the NSBRM. For Moldova, we calculate both *nominal* and *real* export growth shares and contributions.

For all four cases we construct four “bucket” export sectors²¹²:

- Agriculture (HS 01–24)
- Manufacturing (HS 28–67, 69-70, 84-92)
- Extractives (HS 25–27, 68, 71-81,83)
- Services

We also “zoom in” on other particularly salient export categories:

- ICT services exports (all four cases)
- Beverages and tobacco exports (HS 22, 24) (Armenia, Georgia and Moldova since all three are wine/cognac exporters)

²¹¹ Government services VA and real GFCE are not the same. But if real GFCE increases much more than service exports (and other expenditure side GDP components) we can infer that government services VA is the driver.

²¹² While for our GDP growth decomposition we used Industry VA which includes extractives, construction, energy and utilities, for our export growth decomposition we use only extractives (CNG sections V., XIII, XIV., XV.).

- Iron and Steel (HS 72) (Ukraine)
- Cereals (HS 10) (Ukraine)
- Animal and Vegetable Oils and Oil Seeds (HS12, 15) (Ukraine)

Table 33. Export Growth Decomposition Data Sources

	Armenia	Georgia	Moldova	Ukraine
Agriculture	Trade Map	Geostat, Trade Map	NSBRM ²¹³	Derzhstat, Trade Map
Manufacturing	Trade Map	Geostat, Trade Map	NSBRM	Derzhstat, Trade Map
Extractives	Trade Map	Geostat, Trade Map	NSBRM	Derzhstat, Trade Map
Services	World Bank WDI ²¹⁴ s	World Bank WDIs	World Bank WDIs	Derzhstat, World Bank WDIs
Export UVIs			NSBRM	

1. Goods exports (by section): Nominal values in current USD are obtained from the National Bureau of Statistics of Moldova (Moldstat), reported by CN/HS Section.
2. Goods price indices: Moldstat publishes Export Unit Value Indices (UVIs) by section. Since these indices are provided as annual Laspeyres indices and not on a consistent base year, the series were first chain-linked to ensure continuity and then rebased to 2015 = 100. This produced a consistent set of price indices across sections.
3. Services exports: Nominal values of exports of services are taken from the World Bank World Development Indicators (WDI). As Moldstat does not publish service UVIs, the World Bank aggregate export UVI is applied as a proxy deflator for services.

²¹³ NSBRM - National Statistical Bureau of the Republic of Moldova

²¹⁴ WDIs World Development Indicators

Growth decomposition framework

The growth rate of export category i between years $t-1$ and t is:

$$g_{i,t} = \frac{X_{i,t} - X_{i,t-1}}{X_{i,t-1}} \times 100$$

The export share of export category i in the previous year is:

$$s_{i,t-1} = \frac{X_{i,t-1}}{X_{t-1}}$$

The contribution of export category i to aggregate export growth in year t in percentage points (pp) is then:

$$C_{i,t} = s_{i,t-1} \times g_{i,t}$$

The aggregate export growth in year t (in pp) is:

$$g_{X,t} = \sum_i C_{i,t}$$

By construction, the contribution method ensures consistency: the sum of sectoral contributions exactly equals the total real export growth. This is achieved because total growth is expressed as a weighted average of sectoral growth rates, with previous-year nominal export shares as weights. However, there are some residual export categories which do not fit into our categories (e.g. artworks), meaning that our total may not reflect the actual total exports in a given year.

Construction of real exports

For each goods section, real exports are calculated in constant 2015 prices according to:

$$\text{Real Exports}_{s,t} = \frac{\text{Nominal Exports}_{s,t}}{\text{UVI}_{s,t} / 100}$$

The NSBRM publishes section-level export UVIs in relation to the previous year. To calculate 2015 constant USD, the NSBRM's UVI was chained and rebased as an index (2015 = 100). The same procedure is applied to services, using the World Bank WDI aggregate export UVI (section-level service export UVIs or even a general services export UVI is not available). Total real exports are obtained as the sum of real goods exports (all sections) and real services.

By construction, real exports exceed nominal values before 2015 (when prices were below the base year), equal nominal values in 2015, and are lower than nominal values after 2015 (when prices were above the base).

Limitations

Broader methodological limitations are described in Chapter 1. This section focuses on specific data limitations.

1. Lack of section-level UVIs for Armenia, Georgia, Ukraine: we calculate *real* exports only for Moldova. However, our other cases have a high proportion of commodity exports, which are impacted by global commodity cycles, meaning there is likely a significant disparity between *nominal* and *real* exports.
2. Chained UVIs: The need to chain and rebase Moldstat's UVIs to a 2015 = 100 base introduces potential minor discrepancies relative to official aggregates, but ensures comparability across sections.
3. Services deflator: Applying the aggregate WB export UVI to services is a second-best approach, as it does not capture sector-specific price dynamics.
4. Mixed sources: Goods exports (NSBRM/Trade Map) and services exports (WB WDIs) come from different datasets, which may generate inconsistencies in totals.
5. Data Gaps: Ukraine is the only case where data on the geographical distribution of services (to the CIS, EU and Rest of World) is available. However, *Derzhstat* stopped publishing data on Ukraine's exports to the CIS after 2018.

ANNEX 2: Export Sectoral Growth Decomposition

Table 34. Ukraine Nominal Goods & Services Exports to the World (1000 USD & % share) (2001-2024)

	Total Exports	Agriculture	Manufacturing	Extractives	Services	Cereals	Vegetable Oils	Iron & Steel	ICT	Agriculture	Manufacturing	Extractives	Services	Cereals	Vegetable Oils	Iron & Steel	ICT
Unit	Nominal									% of nominal exports							
2001	21,059,732	1,823,808	5,619,610	8,821,314	4,795,000	483,727	379,376	4,976,844	58,000	8.66	26.68	41.89	22.77	2.30	1.80	23.63	0.28
2002	23,440,431	2,388,932	5,956,194	9,582,305	5,513,000	997,706	384,684	5,338,261	60,000	10.19	25.41	40.88	23.52	4.26	1.64	22.77	0.26
2003	28,957,848	2,732,203	8,001,078	12,333,567	5,891,000	402,300	822,360	6,728,129	63,000	9.44	27.63	42.59	20.34	1.39	2.84	23.23	0.22
2004	41,546,134	3,468,557	11,393,926	17,803,651	8,880,000	842,838	714,204	10,765,600	101,000	8.35	27.42	42.85	21.37	2.03	1.72	25.91	0.24
2005	44,669,974	4,304,840	10,775,291	19,147,843	10,442,000	1,383,083	722,691	11,451,281	157,000	9.64	24.12	42.87	23.38	3.10	1.62	25.64	0.35
2006	50,548,606	4,713,363	12,753,697	20,900,546	12,181,000	1,354,247	1,285,794	13,051,226	255,000	9.32	25.23	41.35	24.10	2.68	2.54	25.82	0.50
2007	64,538,387	6,287,006	17,273,318	25,734,063	15,244,000	763,729	2,384,778	16,733,313	365,000	9.74	26.76	39.87	23.62	1.18	3.70	25.93	0.57
2008	86,244,308	10,824,210	20,885,720	35,242,378	19,292,000	3,703,787	3,371,972	22,954,442	473,000	12.55	24.22	40.86	22.37	4.29	3.91	26.62	0.55
2009	54,641,646	9,514,845	12,987,077	17,193,724	14,946,000	3,556,194	2,836,387	10,251,340	586,000	17.41	23.77	31.47	27.35	6.51	5.19	18.76	1.07
2010	69,757,287	9,936,063	16,910,110	24,584,114	18,327,000	2,467,061	3,702,973	14,626,509	719,000	14.24	24.24	35.24	26.27	3.54	5.31	20.97	1.03
2011	89,662,033	12,804,179	22,611,898	32,976,956	21,269,000	3,617,212	4,831,215	18,464,947	1,040,000	14.28	25.22	36.78	23.72	4.03	5.39	20.59	1.16
2012	90,783,493	17,810,775	23,670,737	27,212,981	22,089,000	6,971,048	5,925,049	15,328,328	1,321,000	19.62	26.07	29.98	24.33	7.68	6.53	16.88	1.46
2013	85,933,470	17,038,631	20,365,930	25,915,909	22,613,000	6,371,335	5,555,117	14,319,265	1,782,000	19.83	23.70	30.16	26.31	7.41	6.46	16.66	2.07
2014	68,797,306	16,671,100	15,494,391	21,747,815	14,884,000	6,544,132	5,511,398	12,907,071	2,042,000	24.23	22.52	31.61	21.63	9.51	8.01	18.76	2.97
2015	50,569,045	14,563,042	10,726,232	12,837,771	12,442,000	6,057,490	4,775,255	8,077,621	2,105,000	28.80	21.21	25.39	24.60	11.98	9.44	15.97	4.16
2016	48,809,029	15,281,122	9,702,048	11,377,859	12,448,000	6,073,915	5,497,964	7,247,249	2,310,000	31.31	19.88	23.31	25.50	12.44	11.26	14.85	4.73
2017	57,507,494	17,756,704	11,088,741	14,419,049	14,243,000	6,501,134	6,665,787	8,666,160	2,760,000	30.88	19.28	25.07	24.77	11.30	11.59	15.07	4.80
2018	63,170,680	18,611,505	12,427,246	16,295,929	15,836,000	7,240,558	6,450,661	9,936,987	3,473,000	29.46	19.67	25.80	25.07	11.46	10.21	15.73	5.50
2019	67,519,402	22,143,986	12,389,039	15,521,377	17,465,000	9,633,334	7,295,479	8,735,988	4,331,000	32.80	18.35	22.99	25.87	14.27	10.81	12.94	6.41
2020	64,755,563	22,179,095	12,343,689	14,668,779	15,564,000	9,410,669	7,589,353	7,690,560	5,181,000	34.25	19.06	22.65	24.04	14.53	11.72	11.88	8.00
2021	86,463,089	27,708,703	15,480,917	24,882,469	18,391,000	12,343,846	9,472,390	13,950,105	7,107,000	32.05	17.90	28.78	21.27	14.28	10.96	16.13	8.22
2022	61,061,211	23,562,632	10,359,811	10,520,768	16,618,000	9,170,803	9,764,533	4,559,564	7,521,000	38.59	16.97	17.23	27.22	15.02	15.99	7.47	12.32
2023	52,787,545	22,000,018	7,641,277	6,544,250	16,602,000	8,306,533	8,468,126	2,647,708	6,884,000	41.68	14.48	12.40	31.45	15.74	16.04	5.02	13.04
2024	57,635,549	24,644,804	7,609,632	8,155,113	17,226,000	9,420,113	9,116,497	3,095,924	6,610,000	42.76	13.20	14.15	29.89	16.34	15.82	5.37	11.47

Source: Derzhstat, Trade Map, World Bank (author's calculations)

ANNEX 2: Export Sectoral Growth Decomposition

Table 35. Ukraine export sector contributions (pp) to export growth (2002-2024)

	Export Growth Rate (%)	Ag share (t-1)	Ag growth (%)	Ag contrib (pp)	Manu share (t-1)	Manu growth (%)	Manu contrib (pp)	Extr share (t-1)	Extr growth (%)	Extr contrib (pp)	Serv share (t-1)	Serv growth (%)	Serv contrib (pp)	Cereal share (t-1)	Cerealg rowth (%)	Cerealc ontrib (pp)	VegOil share (t-1)	VegOil growth (%)	VegOil contrib (pp)	Irn Std share (t-1)	Irn Std growth (%)	Irn Std contrib (pp)	ICT share (t-1)	ICT growth (%)	ICT contrib (pp)
2002	11.30	8.66	30.99	2.68	26.68	5.99	1.60	41.89	8.63	3.61	22.77	14.97	3.41	2.30	106.25	2.44	1.80	1.40	0.03	23.63	7.26	1.72	0.28	3.45	0.01
2003	23.54	10.19	14.37	1.46	25.41	34.33	8.72	40.88	28.71	11.74	23.52	6.86	1.61	4.26	-59.68	-2.54	1.64	113.78	1.87	22.77	26.04	5.93	0.26	5.00	0.01
2004	43.47	9.44	26.95	2.54	27.63	42.40	11.72	42.59	44.35	18.89	20.34	50.74	10.32	1.39	109.50	1.52	2.84	-13.15	-0.37	23.23	60.01	13.94	0.22	60.32	0.13
2005	7.52	8.35	24.11	2.01	27.42	-5.43	-1.49	42.85	7.55	3.24	21.37	17.59	3.76	2.03	64.10	1.30	1.72	1.19	0.02	25.91	6.37	1.65	0.24	55.45	0.13
2006	13.16	9.64	9.49	0.91	24.12	18.36	4.43	42.87	9.15	3.92	23.38	16.65	3.89	3.10	-2.08	-0.06	1.62	77.92	1.26	25.64	13.97	3.58	0.35	62.42	0.22
2007	27.68	9.32	33.39	3.11	25.23	35.44	8.94	41.35	23.13	9.56	24.10	25.15	6.06	2.68	-43.60	-1.17	2.54	85.47	2.17	25.82	28.21	7.28	0.50	43.14	0.22
2008	33.63	9.74	72.17	7.03	26.76	20.91	5.60	39.87	36.95	14.73	23.62	26.55	6.27	1.18	384.96	4.56	3.70	41.40	1.53	25.93	37.18	9.64	0.57	29.59	0.17
2009	-36.64	12.55	-12.10	-1.52	24.22	-37.82	-9.16	40.86	-51.21	-20.93	22.37	-22.53	-5.04	4.29	-3.98	-0.17	3.91	-15.88	-0.62	26.62	-55.34	-14.73	0.55	23.89	0.13
2010	27.66	17.41	4.43	0.77	23.77	30.21	7.18	31.47	42.98	13.53	27.35	22.62	6.19	6.51	-30.63	-1.99	5.19	30.55	1.59	18.76	42.68	8.01	1.07	22.70	0.24
2011	28.53	14.24	28.87	4.11	24.24	33.72	8.17	35.24	34.14	12.03	26.27	16.05	4.22	3.54	46.62	1.65	5.31	30.47	1.62	20.97	26.24	5.50	1.03	44.65	0.46
2012	1.25	14.28	39.10	5.58	25.22	4.68	1.18	36.78	-17.48	-6.43	23.72	3.86	0.91	4.03	92.72	3.74	5.39	22.64	1.22	20.59	-16.99	-3.50	1.16	27.02	0.31
2013	-5.34	19.62	-4.34	-0.85	26.07	-13.96	-3.64	29.98	-4.77	-1.43	24.33	2.37	0.58	7.68	-8.60	-0.66	6.53	-6.24	-0.41	16.88	-6.58	-1.11	1.46	34.90	0.51
2014	-19.94	19.83	-2.16	-0.43	23.70	-23.92	-5.67	30.16	-16.08	-4.85	26.31	-34.18	-8.99	7.41	2.71	0.20	6.46	-0.79	-0.05	16.66	-9.86	-1.64	2.07	14.59	0.30
2015	-26.50	24.23	-12.64	-3.06	22.52	-30.77	-6.93	31.61	-40.97	-12.95	21.63	-16.41	-3.55	9.51	-7.44	-0.71	8.01	-13.36	-1.07	18.76	-37.42	-7.02	2.97	3.09	0.09
2016	-3.48	28.80	4.93	1.42	21.21	-9.55	-2.03	25.39	-11.37	-2.89	24.60	0.05	0.01	11.98	0.27	0.03	9.44	15.13	1.43	15.97	-10.28	-1.64	4.16	9.74	0.41
2017	17.82	31.31	16.20	5.07	19.88	14.29	2.84	23.31	26.73	6.23	25.50	14.42	3.68	12.44	7.03	0.88	11.26	21.24	2.39	14.85	19.58	2.91	4.73	19.48	0.92
2018	9.85	30.88	4.81	1.49	19.28	12.07	2.33	25.07	13.02	3.26	24.77	11.18	2.77	11.30	11.37	1.29	11.59	-3.23	-0.37	15.07	14.66	2.21	4.80	25.83	1.24
2019	6.88	29.46	18.98	5.59	19.67	-0.31	-0.06	25.80	-4.75	-1.23	25.07	10.29	2.58	11.46	33.05	3.79	10.21	13.10	1.34	15.73	-12.09	-1.90	5.50	24.70	1.36
2020	-4.09	32.80	0.16	0.05	18.35	-0.37	-0.07	22.99	-5.49	-1.26	25.87	-10.88	-2.82	14.27	-2.31	-0.33	10.81	4.03	0.44	12.94	-11.97	-1.55	6.41	19.63	1.26
2021	33.52	34.25	24.93	8.54	19.06	25.42	4.84	22.65	69.63	15.77	24.04	18.16	4.37	14.53	31.17	4.53	11.72	24.81	2.91	11.88	81.39	9.67	8.00	37.17	2.97
2022	-29.38	32.05	-14.96	-4.80	17.90	-33.08	-5.92	28.78	-57.72	-16.61	21.27	-9.64	-2.05	14.28	-25.71	-3.67	10.96	3.08	0.34	16.13	-67.32	-10.86	8.22	5.83	0.48
2023	-13.55	38.59	-6.63	-2.56	16.97	-26.24	-4.45	17.23	-37.80	-6.51	27.22	-0.10	-0.03	15.02	-9.42	-1.42	15.99	-13.28	-2.12	7.47	-41.93	-3.13	12.32	-8.47	-1.04
2024	9.18	41.68	12.02	5.01	14.48	-0.41	-0.06	12.40	24.61	3.05	31.45	3.76	1.18	15.74	13.41	2.11	16.04	7.66	1.23	5.02	16.93	0.85	13.04	-3.98	-0.52

ANNEX 2: Export Sectoral Growth Decomposition

Source: Derzhstat, Trade Map, World Bank (author's calculations)

Table 36. Ukraine Nominal Goods & Services Exports to the CIS (1000 USD & % share) (2005-2024)

	Total World	Total CIS	Agriculture	Manufacturing	Extractives	Services	Agriculture	Manufacturing	Extractives	Services
Unit	Nominal 1000 USD						% of total nominal goods & services exports to the world			
2005	44,669,974.00	8,360,962	1,484,836	3,998,886	2,843,698	2,815,500	3.32	8.95	6.37	6.30
2006	50,548,606.00	9,912,564	1,255,922	4,993,930	3,593,414	3,409,900	2.48	9.88	7.11	6.75
2007	64,538,387.00	13,738,625	1,837,668	6,797,951	4,931,237	3,666,300	2.85	10.53	7.64	5.68
2008	86,244,308.00	16,929,539	2,477,635	8,145,445	6,245,396	4,245,500	2.87	9.44	7.24	4.92
2009	54,641,646.00	10,371,745	1,826,679	5,099,272	3,343,162	3,826,600	3.34	9.33	6.12	7.00
2010	69,757,287.00	14,706,856	2,529,304	7,401,565	4,695,641	5,609,600	3.63	10.61	6.73	8.04
2011	89,662,033.00	19,705,324	2,765,640	9,887,272	6,975,005	5,442,400	3.08	11.03	7.78	6.07
2012	90,783,493.00	20,551,550	2,826,947	11,500,427	6,146,145	6,041,100	3.11	12.67	6.77	6.65
2013	85,933,470.00	17,442,567	2,800,895	9,397,313	5,185,890	5,811,100	3.26	10.94	6.03	6.76
2014	68,797,306.00	11,712,887	1,953,346	6,317,678	3,417,020	5,814,900	2.84	9.18	4.97	8.45
2015	50,569,045.00	6,801,465	1,229,674	3,806,037	1,762,977	4,034,300	2.43	7.53	3.49	7.98
2016	48,809,029.00	5,202,294	941,782	2,882,599	1,377,722	3,544,800	1.93	5.91	2.82	7.26
2017	57,507,494.00	5,755,326	1,111,242	3,061,979	1,575,471	3,727,900	1.93	5.32	2.74	6.48
2018	63,170,680.00	5,675,344	1,245,453	2,975,896	1,447,360	3,763,900	1.97	4.71	2.29	5.96
2019	67,519,402.00	5,680,636	1,197,275	3,052,062	1,430,960	3,701,300	1.77	4.52	2.12	5.48
2020	64,755,563.00	4,918,358	1,058,219	2,739,597	1,120,030	-	1.63	4.23	1.73	-
2021	86,463,089.00	5,888,778	1,094,625	2,984,698	1,808,591	-	1.27	3.45	2.09	-
2022	61,061,211.00	1,480,159	390,655	794,432	295,050	-	0.64	1.30	0.48	-
2023	52,787,545.00	769,400	316,130	391,157	62,113	-	0.60	0.74	0.12	-
2024	57,635,549.00	878,955	407,888	363,248	106,100	-	0.71	0.63	0.18	-

Source: Derzhstat, Trade Map, World Bank (author's calculations)

ANNEX 2: Export Sectoral Growth Decomposition

Table 37. Ukraine Nominal Export Growth Decomposition to CIS (2006-2024)

Year	Export Growth Rate to World (%)	Export Growth Rate to CIS (%)	Ag share (t-1)	Ag growth (%)	Ag contrib (pp)	Manu share (t-1)	Manu growth (%)	Manufcontrib (pp)	Serv share (t-1)	Serv growth (%)	Serv contrib (pp)	Extract share (t-1)	Extract growth (%)	Extract contrib (pp)
2006	13.16	4.72	3.32	-15.42	-0.51	8.95	24.88	2.23	6.30	21.11	1.33	6.37	26.36	1.68
2007	27.68	7.87	2.48	46.32	1.15	9.88	36.12	3.57	6.75	7.52	0.51	7.11	37.23	2.65
2008	33.63	6.01	2.85	34.82	0.99	10.53	19.82	2.09	5.68	15.80	0.90	7.64	26.65	2.04
2009	-36.64	-8.14	2.87	-26.27	-0.75	9.44	-37.40	-3.53	4.92	-9.87	-0.49	7.24	-46.47	-3.37
2010	27.66	11.24	3.34	38.46	1.29	9.33	45.15	4.21	7.00	46.59	3.26	6.12	40.46	2.48
2011	28.53	6.93	3.63	9.34	0.34	10.61	33.58	3.56	8.04	-2.98	-0.24	6.73	48.54	3.27
2012	1.25	1.61	3.08	2.22	0.07	11.03	16.32	1.80	6.07	11.00	0.67	7.78	-11.88	-0.92
2013	-5.34	-3.66	3.11	-0.92	-0.03	12.67	-18.29	-2.32	6.65	-3.81	-0.25	6.77	-15.62	-1.06
2014	-19.94	-6.62	3.26	-30.26	-0.99	10.94	-32.77	-3.58	6.76	0.07	0.00	6.03	-34.11	-2.06
2015	-26.50	-9.70	2.84	-37.05	-1.05	9.18	-39.76	-3.65	8.45	-30.62	-2.59	4.97	-48.41	-2.40
2016	-3.48	-4.13	2.43	-23.41	-0.57	7.53	-24.26	-1.83	7.98	-12.13	-0.97	3.49	-21.85	-0.76
2017	17.82	1.49	1.93	17.99	0.35	5.91	6.22	0.37	7.26	5.17	0.38	2.82	14.35	0.41
2018	9.85	-0.08	1.93	12.08	0.23	5.32	-2.81	-0.15	6.48	0.97	0.06	2.74	-8.13	-0.22
2019	6.88	-0.08	1.97	-3.87	-0.08	4.71	2.56	0.12	5.96	-1.66	-0.10	2.29	-1.13	-0.03
2020	-4.09	-6.61	1.77	-11.61	-0.21	4.52	-10.24	-0.46	5.48	-	-5.48	2.12	-21.73	-0.46
2021	33.52	-	1.63	3.44	0.06	4.23	8.95	0.38	0.00	-	-	1.73	61.48	1.06
2022	-29.38	-	1.27	-64.31	-0.81	3.45	-73.38	-2.53	0.00	-	-	2.09	-83.69	-1.75
2023	-13.55	-	0.64	-19.08	-0.12	1.30	-50.76	-0.66	0.00	-	-	0.48	-78.95	-0.38
2024	9.18	-	0.60	29.03	0.17	0.74	-7.13	-0.05	0.00	-	-	0.12	70.82	0.08

Source: Derzhstat, Trade Map, World Bank (author's calculation)

ANNEX 2: Export Sectoral Growth Decomposition

Table 38. Ukraine Nominal Export Growth Decomposition to EU(2005-2024)

	Total	Agriculture	Manufacturing	Extractives	Services	Agriculture	Manufacturing	Extractives	Services
Unit	Nominal Exports					% of nominal exports			
2005	44,669,974.00	726 468	2 621 119	4 916 812	1 467 700	1.63	5.87	11.01	3.29
2006	50,548,606.00	998 244	3 191 659	5 493 051	1 883 700	1.97	6.31	10.87	3.73
2007	64,538,387.00	1 215 598	3 807 328	5 196 583	2 436 200	1.88	5.90	8.05	3.77
2008	86,244,308.00	2 180 677	3 751 008	6 465 734	3 423 700	2.53	4.35	7.50	3.97
2009	54,641,646.00	1 498 266	2 754 841	2 558 568	2 472 600	2.74	5.04	4.68	4.53
2010	69,757,287.00	1 471 920	3 227 353	5 140 987	2 637 000	2.11	4.63	7.37	3.78
2011	89,662,033.00	2 301 441	3 767 516	6 843 456	2 579 000	2.57	4.20	7.63	2.88
2012	90,783,493.00	3 833 816	3 995 517	5 463 561	2 847 600	4.22	4.40	6.02	3.14
2013	85,933,470.00	3 375 084	3 539 571	5 686 048	3 027 900	3.93	4.12	6.62	3.52
2014	68,797,306.00	3 588 276	3 769 574	5 427 684	3 442 800	5.22	5.48	7.89	5.00
2015	50,569,045.00	3 650 626	3 947 441	4 121 787	3 331 500	7.22	7.81	8.15	6.59
2016	48,809,029.00	3 729 705	4 302 766	4 136 427	2 374 600	7.64	8.82	8.47	4.87
2017	57,507,494.00	5 005 738	5 121 972	5 377 757	2 542 000	8.70	8.91	9.35	4.42
2018	63,170,680.00	5 191 011	5 785 804	6 090 241	2 867 600	8.22	9.16	9.64	4.54
2019	67,519,402.00	6 537 728	6 147 149	5 848 201	3 406 600	9.68	9.10	8.66	5.05
2020	64,755,563.00	5 714 238	6 001 291	4 584 633	3 864 600	8.82	9.27	7.08	5.97
2021	86,463,089.00	6 493 279	7 421 790	8 733 767	3 825 400	7.51	8.58	10.10	4.42
2022	61,061,211.00	12 421 685	7 465 723	6 886 304	4 423 000	20.34	12.23	11.28	7.24
2023	52,787,545.00	11 557 486	5 229 766	4 753 794	-	21.89	9.91	9.010	-
2024	57,635,549.00	11,839,218.00	5,203,256.00	4,579,178.00	-	20.54	9.03	7.95	-

Source: Derzhstat, Trade Map, World Bank (author's calculation)

ANNEX 2: Export Sectoral Growth Decomposition

Table 39. Ukraine Nominal Export Growth Decomposition to EU (2006-2023)

	Export Growth to World (%)	Export Growth to EU (%)	Ag share (t-1)	Ag growth (%)	Ag contrib (pp)	Manuf share (t-1)	Manuf growth (%)	Manuf contrib (pp)	Serv share (t-1)	Serv growth (%)	Serv contrib (pp)	Extract share (t-1)	Extract growth (%)	Extract contrib (pp)
2006	13.16	4.11	1.63	37.41	0.61	5.87	21.77	1.28	3.29	28.34	0.93	11.01	11.72	1.29
2007	27.68	2.15	1.97	21.77	0.43	6.31	19.29	1.22	3.73	29.33	1.09	10.87	-5.40	-0.59
2008	33.63	4.90	1.88	79.39	1.50	5.90	-1.48	-0.09	3.77	40.53	1.53	8.05	24.42	1.97
2009	-36.64	-7.58	2.53	-31.29	-0.79	4.35	-26.56	-1.16	3.97	-27.78	-1.10	7.50	-60.43	-4.53
2010	27.66	5.84	2.74	-1.76	-0.05	5.04	17.15	0.86	4.53	6.65	0.30	4.68	100.93	4.73
2011	28.53	4.32	2.11	56.36	1.19	4.63	16.74	0.77	3.78	-2.20	-0.08	7.37	33.12	2.44
2012	1.25	0.72	2.57	66.58	1.71	4.20	6.05	0.25	2.88	10.41	0.30	7.63	-20.16	-1.54
2013	-5.34	-0.56	4.22	-11.97	-0.51	4.40	-11.41	-0.50	3.14	6.33	0.20	6.02	4.07	0.25
2014	-19.94	0.70	3.93	6.32	0.25	4.12	6.50	0.27	3.52	13.70	0.48	6.62	-4.54	-0.30
2015	-26.50	-1.71	5.22	1.74	0.09	5.48	4.72	0.26	5.00	-3.23	-0.16	7.89	-24.06	-1.90
2016	-3.48	-1.00	7.22	2.17	0.16	7.81	9.00	0.70	6.59	-28.72	-1.89	8.15	0.36	0.03
2017	17.82	7.18	7.64	34.21	2.61	8.82	19.04	1.68	4.87	7.05	0.34	8.47	30.01	2.54
2018	9.85	3.28	8.70	3.70	0.32	8.91	12.96	1.15	4.42	12.81	0.57	9.35	13.25	1.24
2019	6.88	3.17	8.22	25.94	2.13	9.16	6.25	0.57	4.54	18.80	0.85	9.64	-3.97	-0.38
2020	-4.09	-2.63	9.68	-12.60	-1.22	9.10	-2.37	-0.22	5.05	13.44	0.68	8.66	-21.61	-1.87
2021	33.52	9.74	8.82	13.63	1.20	9.27	23.67	2.19	5.97	-1.01	-0.06	7.08	90.50	6.41
2022	-29.38	5.46	7.51	91.30	6.86	8.58	0.59	0.05	4.42	15.62	0.69	10.10	-21.15	-2.14
2023	-13.55	-15.81	20.34	-6.96	-1.42	12.23	-29.95	-3.66	7.24	-	-	11.28	-30.97	-3.49
2024	9.18	-	21.89	2.44	0.53	9.91	-0.51	-0.05	-	-	-	9.01	-3.67	-0.33

Source: Derzhstat, Trade Map, World Bank (author's calculation)

ANNEX 2: Export Sectoral Growth Decomposition

Table 40. Moldova Goods & Services Exports to the World (Nominal & Real 1000 USD & % share) (2001-2023)

	Total	Agri	Manu	Extract	Service	Bever	ICT	Total	Agri	Manu	Extract	Service	Bever	ICT	Agri	Manu	Extra	Servic	Bever	ICT	Agri	Manu	Extra	Service	Bever	ICT		
Unit	Real Exports							Nominal Exports							% of real exports							% of nominal exports						
2001	795,412	383,685	192,010	31,084	188,633	183,494	16,283	757,316	356,857	185,337	23,282	191,840	174,733	16,560	48.24	24.14	3.91	23.72	23.07	2.05	47.12	24.47	3.07	25.33	23.07	2.19		
2002	926,287	452,038	202,447	41,042	230,761	216,582	19,710	874,310	405,533	205,619	32,628	230,530	195,930	19,690	48.80	21.86	4.43	24.91	23.38	2.13	46.38	23.52	3.73	26.37	22.41	2.25		
2003	1,088,028	504,923	250,181	60,667	272,258	257,317	23,547	1,070,871	463,077	270,791	56,034	280,970	242,092	24,300	46.41	22.99	5.58	25.02	23.65	2.16	43.24	25.29	5.23	26.24	22.61	2.27		
2004	1,292,056	545,971	324,002	77,087	344,995	273,497	38,601	1,365,012	527,185	380,438	77,549	379,840	277,900	42,500	42.26	25.08	5.97	26.70	21.17	2.99	38.62	27.87	5.68	27.83	20.36	3.11		
2005	1,421,938	580,247	355,601	85,983	400,108	297,658	52,377	1,536,996	582,715	420,436	87,725	446,120	314,548	58,400	40.81	25.01	6.05	28.14	20.93	3.68	37.91	27.35	5.71	29.03	20.47	3.80		
2006	1,409,340	440,927	382,481	125,829	460,103	168,183	61,960	1,585,373	463,293	451,067	135,913	535,100	186,612	72,060	31.29	27.14	8.93	32.65	11.93	4.40	29.22	28.45	8.57	33.75	11.77	4.55		
2007	1,662,886	415,068	504,606	178,051	565,161	107,003	71,901	2,059,500	506,211	614,988	218,852	719,450	134,163	91,530	24.96	30.35	10.71	33.99	6.43	4.32	24.58	29.86	10.63	34.93	6.51	4.44		
2008	1,832,545	403,843	577,246	160,573	690,883	137,063	86,709	2,561,055	594,996	760,762	235,297	970,000	195,912	121,740	22.04	31.50	8.76	37.70	7.48	4.73	23.23	29.71	9.19	37.88	7.65	4.75		
2009	1,680,411	498,159	490,749	58,906	632,597	122,599	98,929	2,062,332	604,746	608,208	70,018	779,360	159,466	121,880	29.65	29.20	3.51	37.65	7.30	5.89	29.32	29.49	3.40	37.79	7.73	5.91		
2010	1,845,447	558,877	574,836	90,749	620,985	139,787	113,775	2,329,500	732,211	698,231	111,028	788,030	178,187	144,380	30.28	31.15	4.92	33.65	7.57	6.17	31.43	29.97	4.77	33.83	7.65	6.20		
2011	2,366,823	641,189	852,108	146,548	726,977	136,769	120,830	3,214,952	917,103	1,099,150	200,559	998,140	181,313	165,900	27.09	36.00	6.19	30.72	5.78	5.11	28.53	34.19	6.24	31.05	5.64	5.16		
2012	2,435,069	621,181	932,444	111,497	769,947	160,550	134,936	3,182,038	878,881	1,136,532	146,445	1,020,180	214,968	178,790	25.51	38.29	4.58	31.62	6.59	5.54	27.62	35.72	4.60	32.06	6.76	5.62		
2013	2,796,070	776,929	962,249	172,573	884,319	190,335	141,633	3,570,839	1,015,546	1,188,525	224,228	1,142,540	252,300	182,990	27.79	34.41	6.17	31.63	6.81	5.07	28.44	33.28	6.28	32.00	7.07	5.12		
2014	2,897,980	897,424	938,555	114,101	947,900	158,864	154,357	3,481,749	1,065,351	1,131,021	143,157	1,142,220	193,736	186,000	30.97	32.39	3.94	32.71	5.48	5.33	30.60	32.48	4.11	32.81	5.56	5.34		
2015	2,948,284	914,489	949,570	102,745	981,480	160,017	162,030	2,948,284	914,489	949,570	102,745	981,480	160,017	162,030	31.02	32.21	3.48	33.29	5.43	5.50	31.02	32.21	3.48	33.29	5.43	5.50		
2016	3,225,170	986,492	1,020,491	110,578	1,107,609	177,485	161,019	3,110,047	945,478	996,222	102,827	1,065,520	175,000	154,900	30.59	31.64	3.43	34.34	5.50	4.99	30.40	32.03	3.31	34.26	5.63	4.98		
2017	3,627,315	1,121,642	1,137,624	122,204	1,245,845	192,092	174,771	3,678,289	1,130,872	1,173,798	120,298	1,253,320	205,312	175,820	30.92	31.36	3.37	34.35	5.30	4.82	30.74	31.91	3.27	34.07	5.58	4.78		
2018	3,904,086	1,131,750	1,252,743	131,022	1,388,571	207,941	211,898	4,183,486	1,167,317	1,401,639	137,090	1,477,440	220,252	225,460	28.99	32.09	3.36	35.57	5.33	5.43	27.90	33.50	3.28	35.32	5.26	5.39		
2019	4,184,988	1,245,687	1,309,973	121,564	1,507,764	213,785	251,826	4,323,114	1,211,141	1,442,180	125,843	1,543,950	217,384	257,870	29.77	31.30	2.90	36.03	5.11	6.02	28.02	33.36	2.91	35.71	5.03	5.96		
2020	3,356,510	975,226	1,084,204	137,507	1,159,574	203,484	274,909	3,744,876	1,087,847	1,237,380	141,799	1,277,850	222,842	302,950	29.05	32.30	4.10	34.55	6.06	8.19	29.05	33.04	3.79	34.12	5.95	8.09		
2021	3,865,312	1,100,289	1,210,837	200,768	1,353,419	202,626	332,666	4,779,429	1,435,974	1,453,690	254,835	1,634,930	229,891	401,860	28.47	31.33	5.19	35.01	5.24	8.61	30.04	30.42	5.33	34.21	4.81	8.41		
2022	4,772,498	1,306,781	1,332,900	406,044	1,726,773	193,704	388,000	6,608,892	1,936,223	1,547,882	845,447	2,279,340	225,483	512,160	27.38	27.93	8.51	36.18	4.06	8.13	29.30	23.42	12.79	34.49	3.41	7.75		
2023	5,235,365	1,413,856	1,307,511	410,092	2,103,905	188,212	542,586	6,483,914	1,730,930	1,636,411	676,044	2,440,530	232,453	629,400	27.01	24.97	7.83	40.19	3.60	10.36	26.70	25.24	10.43	37.64	3.59	9.71		

Source: NSBRM, World Bank (author's calculation)

ANNEX 2: Export Sectoral Growth Decomposition

Table 41. Moldova Real Export Growth Decomposition (2000-2023)

Year	Export Growth Rate (%)	Ag share (t-1)	Ag growth (%)	Ag contrib (pp)	Manuf share (t-1)	Manuf growth (%)	Manuf contrib (pp)	Extract share (t-1)	Extract growth (%)	Extract contrib (pp)	Serv share (t-1)	Serv contrib (pp)	Serv growth (%)	Beverages share (t-1)	Beverages growth (%)	Beverages contrib (pp)	ICT share (t-1)	ICT growth (%)	ICT contrib (pp)
2000	6.83	48.41	-2.14	-1.03	22.43	9.70	2.17	4.62	3.63	0.17	24.54	5.52	22.51	17.97	15.98	2.87	2.55	2.43	0.06
2001	15.43	44.35	22.65	10.04	23.03	22.65	5.22	4.48	-20.83	-0.93	28.14	1.10	3.90	19.51	36.49	7.12	2.44	3.31	0.08
2002	15.45	47.12	13.64	6.43	24.47	10.94	2.68	3.07	40.14	1.23	25.33	5.11	20.17	23.07	12.13	2.80	2.19	18.90	0.41
2003	22.48	46.38	14.19	6.58	23.52	31.70	7.45	3.73	71.74	2.68	26.37	5.77	21.88	22.41	23.56	5.28	2.25	23.41	0.53
2004	27.47	43.24	13.84	5.99	25.29	40.49	10.24	5.23	38.40	2.01	26.24	9.23	35.19	22.61	14.79	3.34	2.27	74.90	1.70
2005	12.60	38.62	10.53	4.07	27.87	10.51	2.93	5.68	13.12	0.75	27.83	4.86	17.45	20.36	13.19	2.68	3.11	37.41	1.16
2006	3.15	37.91	-20.49	-7.77	27.35	7.29	1.99	5.71	54.93	3.14	29.03	5.79	19.95	20.47	-40.67	-8.32	3.80	23.39	0.89
2007	29.91	29.22	9.26	2.71	28.45	36.34	10.34	8.57	61.02	5.23	33.75	11.63	34.45	11.77	-28.11	-3.31	4.55	27.02	1.23
2008	24.35	24.58	17.54	4.31	29.86	23.70	7.08	10.63	7.51	0.80	34.93	12.17	34.83	6.51	46.03	3.00	4.44	33.01	1.47
2009	-19.47	23.23	1.64	0.38	29.71	-20.05	-5.96	9.19	-70.24	-6.45	37.88	-7.44	-19.65	7.65	-18.60	-1.42	4.75	0.11	0.01
2010	12.95	29.32	21.08	6.18	29.49	14.80	4.37	3.40	58.57	1.99	37.79	0.42	1.11	7.73	11.74	0.91	5.91	18.46	1.09
2011	38.01	31.43	25.25	7.94	29.97	57.42	17.21	4.77	80.64	3.84	33.83	9.02	26.66	7.65	1.75	0.13	6.20	14.91	0.92
2012	-1.02	28.53	-4.17	-1.19	34.19	3.40	1.16	6.24	-26.98	-1.68	31.05	0.69	2.21	5.64	18.56	1.05	5.16	7.77	0.40
2013	12.22	27.62	15.55	4.29	35.72	4.57	1.63	4.60	53.11	2.44	32.06	3.85	11.99	6.76	17.37	1.17	5.62	2.35	0.13
2014	-2.49	28.44	4.90	1.39	33.28	-4.84	-1.61	6.28	-36.16	-2.27	32.00	-0.01	-0.03	7.07	-23.21	-1.64	5.12	1.64	0.08
2015	-15.32	30.60	-14.16	-4.33	32.48	-16.04	-5.21	4.11	-28.23	-1.16	32.81	-4.62	-14.07	5.56	-17.40	-0.97	5.34	-12.89	-0.69
2016	5.49	31.02	3.39	1.05	32.21	4.91	1.58	3.48	0.08	0.00	33.29	2.85	8.56	5.43	9.36	0.51	5.50	-4.40	-0.24
2017	18.27	30.40	19.61	5.96	32.03	17.82	5.71	3.31	16.99	0.56	34.26	6.04	17.63	5.63	17.32	0.97	4.98	13.51	0.67
2018	13.73	30.74	3.22	0.99	31.91	19.41	6.19	3.27	13.96	0.46	34.07	6.09	17.88	5.58	7.28	0.41	4.78	28.23	1.35
2019	3.34	27.90	3.75	1.05	33.50	2.89	0.97	3.28	-8.20	-0.27	35.32	1.59	4.50	5.26	-1.30	-0.07	5.39	14.38	0.77
2020	-13.38	28.02	-10.18	-2.85	33.36	-14.20	-4.74	2.91	12.68	0.37	35.71	-6.16	-17.24	5.03	2.51	0.13	5.96	17.48	1.04
2021	27.63	29.05	32.00	9.30	33.04	17.48	5.78	3.79	79.72	3.02	34.12	9.54	27.94	5.95	3.16	0.19	8.09	32.65	2.64
2022	38.28	30.04	34.84	10.47	30.42	6.48	1.97	5.33	231.76	12.36	34.21	13.48	39.42	4.81	-1.92	-0.09	8.41	27.45	2.31
2023	-1.89	29.30	-10.60	-3.11	23.42	5.72	1.34	12.79	-20.04	-2.56	34.49	2.44	7.07	3.41	3.09	0.11	7.75	22.89	1.77

Source: NSBRM, World Bank (author's calculation)

ANNEX 2: Export Sectoral Growth Decomposition

Table 42. Moldova Nominal Export Sector Growth Decomposition (2000-2023)

Year	Export Growth Rate (%)	Ag share (t-1)	Ag growth (%)	Ag contrib (pp)	Manuf share (t-1)	Manuf growth (%)	Manuf contrib (pp)	Extract share (t-1)	Extract growth (%)	Extract contrib (pp)	Serv share (t-1)	Serv growth (%)	Serv contrib (pp)	Bevera share (t-1)	Bever growth (%)	Bever contrib (pp)	ICT growth (%)	ICT share (t-1)	ICT contrib (pp)	Sum contrib (pp)
2000	6.83	48.41	-2.14	-1.03	22.43	9.70	2.18	4.62	3.63	0.17	24.54	22.51	5.53	17.97	15.98	2.87	2.43	2.55	0.06	6.83
2001	15.43	44.35	22.65	10.05	23.03	22.66	5.22	4.48	-20.83	-0.93	28.14	3.90	1.10	19.51	36.49	7.12	3.31	2.44	0.08	15.43
2002	15.45	47.12	13.64	6.43	24.47	10.94	2.68	3.07	40.14	1.23	25.33	20.17	5.11	23.07	12.13	2.80	18.90	2.19	0.41	15.45
2003	22.48	46.38	14.19	6.58	23.52	31.70	7.45	3.73	71.74	2.68	26.37	21.88	5.77	22.41	23.56	5.28	23.41	2.25	0.53	22.48
2004	27.47	43.24	13.84	5.99	25.29	40.49	10.24	5.23	38.40	2.01	26.24	35.19	9.23	22.61	14.79	3.34	74.90	2.27	1.70	27.47
2005	12.60	38.62	10.53	4.07	27.87	10.51	2.93	5.68	13.12	0.75	27.83	17.45	4.86	20.36	13.19	2.69	37.41	3.11	1.17	12.60
2006	3.15	37.91	-20.49	-7.77	27.35	7.29	1.99	5.71	54.93	3.14	29.03	19.95	5.79	20.47	-40.67	-8.32	23.39	3.80	0.89	3.15
2007	29.91	29.22	9.26	2.71	28.45	36.34	10.34	8.57	61.02	5.23	33.75	34.45	11.63	11.77	-28.11	-3.31	27.02	4.55	1.23	29.91
2008	24.35	24.58	17.54	4.31	29.86	23.70	7.08	10.63	7.51	0.80	34.93	34.83	12.17	6.51	46.03	3.00	33.01	4.44	1.47	24.35
2009	-19.47	23.23	1.64	0.38	29.71	-20.05	-5.96	9.19	-70.24	-6.45	37.88	-19.65	-7.44	7.65	-18.60	-1.42	0.12	4.75	0.01	-19.47
2010	12.96	29.32	21.08	6.18	29.49	14.80	4.37	3.40	58.57	1.99	37.79	1.11	0.42	7.73	11.74	0.91	18.46	5.91	1.09	12.96
2011	38.01	31.43	25.25	7.94	29.97	57.42	17.21	4.77	80.64	3.84	33.83	26.66	9.02	7.65	1.76	0.13	14.91	6.20	0.92	38.01
2012	-1.02	28.53	-4.17	-1.19	34.19	3.40	1.16	6.24	-26.98	-1.68	31.05	2.21	0.69	5.64	18.56	1.05	7.77	5.16	0.40	-1.02
2013	12.22	27.62	15.55	4.30	35.72	4.58	1.63	4.60	53.11	2.44	32.06	11.99	3.85	6.76	17.37	1.17	2.35	5.62	0.13	12.22
2014	-2.50	28.44	4.90	1.40	33.28	-4.84	-1.61	6.28	-36.16	-2.27	32.00	-0.03	-0.01	7.07	-23.21	-1.64	1.65	5.13	0.08	-2.50
2015	-15.32	30.60	-14.16	-4.33	32.48	-16.04	-5.21	4.11	-28.23	-1.16	32.81	-14.07	-4.62	5.56	-17.40	-0.97	-12.89	5.34	-0.69	-15.32
2016	5.49	31.02	3.39	1.05	32.21	4.91	1.58	3.49	0.08	0.00	33.29	8.56	2.85	5.43	9.36	0.51	-4.40	5.50	-0.24	5.49
2017	18.27	30.40	19.61	5.96	32.03	17.83	5.71	3.31	16.99	0.56	34.26	17.63	6.04	5.63	17.32	0.98	13.51	4.98	0.67	18.27
2018	13.74	30.75	3.22	0.99	31.91	19.41	6.19	3.27	13.96	0.46	34.07	17.88	6.09	5.58	7.28	0.41	28.23	4.78	1.35	13.74
2019	3.34	27.90	3.75	1.05	33.50	2.89	0.97	3.28	-8.21	-0.27	35.32	4.50	1.59	5.27	-1.30	-0.07	14.38	5.39	0.78	3.34
2020	-13.38	28.02	-10.18	-2.85	33.36	-14.20	-4.74	2.91	12.68	0.37	35.71	-17.24	-6.16	5.03	2.51	0.13	17.48	5.97	1.04	-13.38
2021	27.63	29.05	32.00	9.30	33.04	17.48	5.78	3.79	79.72	3.02	34.12	27.94	9.54	5.95	3.16	0.19	32.65	8.09	2.64	27.63
2022	38.28	30.05	34.84	10.47	30.42	6.48	1.97	5.33	231.76	12.36	34.21	39.42	13.48	4.81	-1.92	-0.09	27.45	8.41	2.31	38.28
2023	-1.89	29.30	-10.60	-3.11	23.42	5.72	1.34	12.79	-20.04	-2.56	34.49	7.07	2.44	3.41	3.09	0.11	22.89	7.75	1.77	-1.89

Source: NSBRM, World Bank (author's calculations)

ANNEX 2: Export Sectoral Growth Decomposition

Table 43. Moldova Exports to CIS (real 1000 USD & % of goods exports to world) (2001-2023)

	World Total	CIS Total	Agriculture	Manufacturing	Extractives	Beverages	Agriculture	Manufacturing	Extractives	Beverages
Unit	Nominal Exports 1000 USD)						% of nominal goods exports			
2001	795,412	303,676	257,574	35,723	10,380	167,254	46	6	2	30
2002	926,287	316,021	274,948	28,696	12,377	194,361	43	4	2	30
2003	1,088,028	388,968	343,097	31,216	14,655	230,950	43	4	2	29
2004	1,292,056	432,876	374,740	46,664	11,472	253,461	38	5	1	26
2005	1,421,938	426,245	360,736	45,325	20,184	266,797	33	4	2	24
2006	1,409,340	264,186	169,328	62,572	32,286	96,768	16	6	3	9
2007	1,662,886	306,572	152,846	100,205	53,521	46,410	11	7	4	3
2008	1,832,545	334,167	169,273	113,978	50,916	84,167	11	7	3	5
2009	1,680,411	331,303	221,057	99,566	10,679	87,797	17	8	1	7
2010	1,845,447	419,970	263,144	139,115	17,712	94,821	17	9	1	6
2011	2,366,823	569,549	241,395	297,219	30,936	81,550	11	13	1	4
2012	2,435,069	622,558	244,576	341,202	36,780	98,606	11	16	2	5
2013	2,796,070	613,137	234,593	327,166	51,378	93,212	10	13	2	4
2014	2,897,980	515,241	243,081	250,270	21,889	66,998	10	11	1	3
2015	2,948,284	446,455	214,163	211,335	20,957	60,808	11	11	1	3
2016	3,225,170	379,614	154,926	197,259	27,429	52,593	8	10	1	3
2017	3,627,315	395,881	192,320	181,595	21,966	58,071	8	7	1	2
2018	3,904,086	321,217	179,683	128,719	12,814	55,999	7	5	0	2
2019	4,184,988	352,256	198,080	143,540	10,636	65,577	7	5	0	2
2020	3,356,510	285,532	178,102	96,259	11,171	49,609	7	4	0	2
2021	3,865,312	317,762	177,386	127,475	12,902	49,134	6	4	0	2
2022	4,772,498	257,498	149,879	100,059	7,559	37,193	3	2	0	1
2023	5,235,365	253,436	146,881	99,921	6,634	36,364	4	2	0	1

Source: NSBRM, World Bank (author's calculations)

ANNEX 2: Export Sectoral Growth Decomposition

Table 44. Moldova Real Export Growth Decomposition to CIS (2005-2023)

Year	To CIS Export Growth (%)	Ag share (t-1)	Ag growth (%)	Ag contrib (pp)	Manuf share (t-1)	Manuf growth (%)	Manuf contrib (pp)	Extract share (t-1)	Extract growth (%)	Extract contrib (pp)	Beverages share (t-1)	Beverages growth (%)	Beverages contrib (pp)
2002	4.07	84.82	6.75	5.72	11.76	-19.67	-2.31	3.42	19.25	0.66	55.08	16.21	8.93
2003	23.08	87.00	24.79	21.56	9.08	8.78	0.80	3.92	18.40	0.72	61.50	18.83	11.58
2004	11.29	88.21	9.22	8.14	8.03	49.49	3.97	3.77	-21.72	-0.82	59.38	9.75	5.79
2005	-1.53	86.57	-3.74	-3.24	10.78	-2.87	-0.31	2.65	75.94	2.01	58.55	5.26	3.08
2006	-38.02	84.63	-53.06	-44.91	10.63	38.05	4.05	4.74	59.96	2.84	62.59	-63.73	-39.89
2007	16.04	64.09	-9.73	-6.24	23.69	60.14	14.24	12.22	65.77	8.04	36.63	-52.04	-19.06
2008	9.00	49.86	10.75	5.36	32.69	13.74	4.49	17.46	-4.87	-0.85	15.14	81.35	12.32
2009	-0.86	50.66	30.59	15.50	34.11	-12.64	-4.31	15.24	-79.03	-12.04	25.19	4.31	1.09
2010	26.76	66.72	19.04	12.70	30.05	39.72	11.94	3.22	65.85	2.12	26.50	8.00	2.12
2011	35.62	62.66	-8.26	-5.18	33.12	113.65	37.65	4.22	74.66	3.15	22.58	-14.00	-3.16
2012	9.31	42.38	1.32	0.56	52.18	14.80	7.72	5.43	18.89	1.03	14.32	20.91	2.99
2013	-1.51	39.29	-4.08	-1.60	54.81	-4.11	-2.25	5.91	39.69	2.34	15.84	-5.47	-0.87
2014	-15.97	38.26	3.62	1.38	53.36	-23.50	-12.54	8.38	-57.40	-4.81	15.20	-28.12	-4.28
2015	-13.35	47.18	-11.90	-5.61	48.57	-15.56	-7.56	4.25	-4.26	-0.18	13.00	-9.24	-1.20
2016	-14.97	47.97	-27.66	-13.27	47.34	-6.66	-3.15	4.69	30.88	1.45	13.62	-13.51	-1.84
2017	4.29	40.81	24.14	9.85	51.96	-7.94	-4.13	7.23	-19.92	-1.44	13.85	10.42	1.44
2018	-18.86	48.58	-6.57	-3.19	45.87	-29.12	-13.36	5.55	-41.66	-2.31	14.67	-3.57	-0.52
2019	9.66	55.94	10.24	5.73	40.07	11.51	4.61	3.99	-17.00	-0.68	17.43	17.11	2.98
2020	-18.94	56.23	-10.09	-5.67	40.75	-32.94	-13.42	3.02	5.03	0.15	18.62	-24.35	-4.53
2021	11.29	62.38	-0.40	-0.25	33.71	32.43	10.93	3.91	15.49	0.61	17.37	-0.96	-0.17
2022	-18.97	55.82	-15.51	-8.66	40.12	-21.51	-8.63	4.06	-41.41	-1.68	15.46	-24.30	-3.76
2023	-1.58	58.21	-2.00	-1.16	38.86	-0.14	-0.05	2.94	-12.24	-0.36	14.44	-2.23	-0.32

Source: NSBRM, World Bank (author's calculations)

ANNEX 2: Export Sectoral Growth Decomposition

Table 45. Armenia Export Growth Decomposition (2006-2023)

Year	Export Growth Rate (%)	Ag share (t-1)	Ag growth (%)	Ag contrib (pp)	Manuf share (t-1)	Manuf growth (%)	Manuf contrib (pp)	Extract share (t-1)	Extract growth (%)	Extract contrib (pp)	Serv share (t-1)	Serv growth (%)	Serv contrib (pp)	Bever share (t-1)	Bever growth (%)	Bever contrib (pp)	ICT share (t-1)	ICT growth (%)	ICT contrib (pp)
2002	36.28	9.20	18.18	1.67	15.66	0.10	0.02	38.69	89.24	34.52	36.45	0.19	0.07	7.87	14.96	1.18	5.71	-11.11	-0.63
2003	28.74	7.98	37.67	3.01	11.50	20.20	2.32	53.72	27.11	14.56	26.80	33.03	8.85	6.64	31.27	2.08	3.73	-0.65	-0.02
2004	15.39	8.53	3.17	0.27	10.74	-6.32	-0.68	53.04	11.43	6.06	27.69	35.16	9.74	6.77	-1.86	-0.13	2.88	50.45	1.45
2005	27.78	7.63	37.52	2.86	8.72	0.10	0.01	51.22	33.46	17.14	32.43	23.96	7.77	5.76	41.98	2.42	3.75	22.81	0.86
2006	16.87	8.21	6.59	0.54	6.83	33.90	2.32	53.50	3.82	2.04	31.46	38.03	11.97	6.40	-5.60	-0.36	3.60	9.55	0.34
2007	18.01	7.49	41.36	3.10	7.83	42.09	3.29	47.52	2.00	0.95	37.16	28.71	10.67	5.17	57.90	2.99	3.38	55.61	1.88
2008	0.37	8.97	21.18	1.90	9.42	-14.39	-1.36	41.07	-9.87	-4.06	40.53	9.57	3.88	6.91	23.86	1.65	4.45	32.91	1.47
2009	-22.34	10.83	-37.90	-4.10	8.04	-43.60	-3.50	36.88	-32.53	-12.00	44.25	-6.17	-2.73	8.53	-44.99	-3.84	5.90	-15.52	-0.92
2010	37.76	8.66	23.31	2.02	5.84	2.87	0.17	32.04	62.71	20.09	53.46	28.96	15.48	6.04	32.21	1.95	6.42	35.23	2.26
2011	29.95	7.75	42.63	3.30	4.36	31.75	1.38	37.85	27.94	10.57	50.04	29.36	14.69	5.80	39.19	2.27	6.30	-20.18	-1.27
2012	7.55	8.51	41.70	3.55	4.42	50.54	2.23	37.26	-4.53	-1.69	49.81	6.95	3.46	6.21	39.97	2.48	3.87	-3.99	-0.15
2013	5.56	11.21	25.21	2.83	6.19	-8.73	-0.54	33.07	-2.67	-0.88	49.53	8.40	4.16	8.09	23.24	1.88	3.45	13.10	0.45
2014	4.12	13.30	4.24	0.56	5.35	-7.26	-0.39	30.49	1.88	0.57	50.86	6.63	3.37	9.44	8.11	0.77	3.70	17.47	0.65
2015	-3.66	13.31	-6.04	-0.80	4.76	24.31	1.16	29.84	-2.00	-0.60	52.09	-6.57	-3.42	9.80	-7.79	-0.76	4.17	0.56	0.02
2016	16.15	12.98	33.14	4.30	6.15	19.74	1.21	30.35	17.58	5.34	50.52	10.48	5.30	9.38	37.71	3.54	4.36	32.57	1.42
2017	19.75	14.88	21.21	3.16	6.34	37.25	2.36	30.73	13.58	4.17	48.06	20.95	10.07	11.12	23.80	2.65	4.97	22.28	1.11
2018	10.03	15.06	6.78	1.02	7.26	49.32	3.58	29.14	3.84	1.12	48.53	8.87	4.31	11.50	3.77	0.43	5.08	11.40	0.58
2019	10.73	14.62	15.59	2.28	9.86	-7.38	-0.73	27.50	13.01	3.58	48.03	11.66	5.60	10.84	17.30	1.88	5.14	10.99	0.57
2020	-28.10	15.26	-2.53	-0.39	8.24	-18.90	-1.56	28.07	-0.52	-0.15	48.43	-53.71	-26.01	11.49	-14.78	-1.70	5.15	25.52	1.32
2021	29.51	20.69	15.30	3.17	9.30	22.56	2.10	38.84	18.35	7.13	31.18	54.91	17.12	13.62	8.94	1.22	9.00	16.42	1.48
2022	105.44	18.42	41.66	7.67	8.80	281.69	24.79	35.49	48.12	17.08	37.29	149.90	55.90	11.45	30.04	3.44	8.09	86.04	6.96
2023	44.76	12.70	-8.44	-1.07	16.35	68.32	11.17	25.59	83.82	21.45	45.36	29.14	13.22	7.25	7.59	0.55	7.32	50.97	3.73
2024	33.06	8.03	13.89	1.12	19.01	-13.87	-2.64	32.49	106.62	34.64	40.47	-0.13	-0.05	5.39	9.27	0.50	7.64	9.93	0.76

Source: RA Customs Service, Trade Map, World Bank (author's calculations)

ANNEX 2: Export Sectoral Growth Decomposition

Table 46. Armenia Nominal Export Contribution Growth to CIS (2005-2024)

	World Total	CIS Total	Agriculture	Manufacturing	Extractives	Beverages	Agriculture	Manufacturing	Extractives	Beverages
Unit	Nominal Exports						% of nominal exports			
2005	752,443	99,216	73,814	23,725	12,620	63,777	9.81	3.15	1.68	8.48
2006	799,518	100,453	67,896	29,318	14,086	55,957	8.49	3.67	1.76	7.00
2007	818,153	152,138	95,233	40,660	27,131	84,047	11.64	4.97	3.32	10.27
2008	717,416	153,002	107,332	26,872	29,655	94,300	14.96	3.75	4.13	13.14
2009	490,660	84,994	66,703	15,727	13,520	52,413	13.59	3.21	2.76	10.68
2010	761,974	128,771	93,872	23,007	22,579	74,595	12.32	3.02	2.96	9.79
2011	948,362	182,089	119,631	47,131	25,997	87,472	12.61	4.97	2.74	9.22
2012	1,110,504	226,347	182,399	21,948	32,772	129,903	16.42	1.98	2.95	11.70
2013	1,105,216	263,176	210,294	22,457	40,886	139,971	19.03	2.03	3.70	12.66
2014	1,121,220	242,187	192,770	21,065	39,040	125,374	17.19	1.88	3.48	11.18
2015	1,337,355	213,012	156,746	48,172	18,475	84,662	11.72	3.60	1.38	6.33
2016	1,634,710	354,811	236,441	81,216	45,902	143,483	14.46	4.97	2.81	8.78
2017	1,899,988	490,799	288,635	155,684	56,876	190,305	15.19	8.19	2.99	10.02
2018	2,019,020	559,476	293,065	211,646	64,315	175,528	14.52	10.48	3.19	8.69
2019	2,339,849	665,544	374,806	176,026	123,421	234,958	16.02	7.52	5.27	10.04
2020	2,201,682	601,414	377,874	147,725	86,178	184,759	17.16	6.71	3.91	8.39
2021	2,506,398	702,769	440,643	176,025	96,232	210,674	17.58	7.02	3.84	8.41
2022	5,070,583	2,350,949	725,620	1,298,564	332,686	304,002	14.31	25.61	6.56	6.00
2023	7,740,688	3,270,337	617,397	2,139,378	493,563	327,562	7.98	27.64	6.38	4.23
2024	12,039,270	3,101,478	368,320	1,804,352	519,899	356,381	3.06	14.99	4.32	2.96

Source: RA Customs Service, Trade Map, World Bank (author's calculations)

ANNEX 2: Export Sectoral Growth Decomposition

Table 47. Armenia Nominal Export Growth Decomposition to CIS (2005-2023)

Year	To World Export Growth (%)	To CIS Export Growth	Ag share (t-1)	Ag growth (%)	Ag contrib (pp)	Manuf share (t-1)	Manuf growth (%)	Manuf contrib (pp)	Extract share (t-1)	Extract growth (%)	Extract contrib (pp)	Beverages share (t-1)	Beverages growth (%)	Beverages contrib (pp)
2006	6.26	0.15	9.81	-8.02	-0.79	3.15	23.57	0.74	1.68	11.62	0.19	8.48	-12.26	-1.04
2007	2.33	6.47	8.49	40.26	3.42	3.67	38.69	1.42	1.76	92.61	1.63	7.00	50.20	3.51
2008	-12.31	0.10	11.64	12.70	1.48	4.97	-33.91	-1.69	3.32	9.30	0.31	10.27	12.20	1.25
2009	-31.61	-9.47	14.96	-37.85	-5.66	3.75	-41.47	-1.55	4.13	-54.41	-2.25	13.14	-44.42	-5.84
2010	55.30	8.87	13.59	40.73	5.54	3.21	46.29	1.48	2.76	67.00	1.85	10.68	42.32	4.52
2011	24.46	7.00	12.32	27.44	3.38	3.02	104.86	3.17	2.96	15.14	0.45	9.79	17.26	1.69
2012	17.10	4.68	12.61	52.47	6.62	4.97	-53.43	-2.66	2.74	26.06	0.71	9.22	48.51	4.47
2013	-0.48	3.29	16.42	15.29	2.51	1.98	2.32	0.05	2.95	24.76	0.73	11.70	7.75	0.91
2014	1.45	-1.88	19.03	-8.33	-1.59	2.03	-6.20	-0.13	3.70	-4.51	-0.17	12.66	-10.43	-1.32
2015	19.28	-2.63	17.19	-18.69	-3.21	1.88	128.68	2.42	3.48	-52.68	-1.83	11.18	-32.47	-3.63
2016	22.23	10.48	11.72	50.84	5.96	3.60	68.60	2.47	1.38	148.45	2.05	6.33	69.48	4.40
2017	16.23	8.42	14.46	22.07	3.19	4.97	91.69	4.56	2.81	23.91	0.67	8.78	32.63	2.86
2018	6.26	3.57	15.19	1.53	0.23	8.19	35.95	2.95	2.99	13.08	0.39	10.02	-7.76	-0.78
2019	15.89	5.21	14.52	27.89	4.05	10.48	-16.83	-1.76	3.19	91.90	2.93	8.69	33.86	2.94
2020	-5.90	-2.67	16.02	0.82	0.13	7.52	-16.08	-1.21	5.27	-30.18	-1.59	10.04	-21.37	-2.15
2021	13.84	4.59	17.16	16.61	2.85	6.71	19.16	1.29	3.91	11.67	0.46	8.39	14.03	1.18
2022	102.31	65.59	17.58	64.67	11.37	7.02	637.72	44.79	3.84	245.71	9.43	8.41	44.30	3.72
2023	52.66	17.62	14.31	-14.91	-2.13	25.61	64.75	16.58	6.56	48.36	3.17	6.00	7.75	0.46

Source: RA Customs Service, Trade Map, World Bank (author's calculations)

ANNEX 2: Export Sectoral Growth Decomposition

Table 48. Armenia Exports to EU (nominal 1000 USD & % of total goods exports) (2005-2024)

	World Total	CIS Total	Agriculture	Manufacturing	Extractives	Beverages	Agriculture	Manufacturing	Extractives	Beverages
	Nominal Exports						% of nominal goods exports to world			
2005	752,443	354,886	3,532	26,354	325,000	1,460	0.47	3.50	43.19	0.19
2006	799,518	374,902	4,532	36,264	334,105	1,652	0.57	4.54	41.79	0.21
2007	818,153	408,070	4,962	37,793	365,315	2,080	0.61	4.62	44.65	0.25
2008	717,416	391,224	6,312	41,576	343,312	3,491	0.88	5.80	47.85	0.49
2009	490,660	222,173	5,067	16,717	200,388	2,524	1.03	3.41	40.84	0.51
2010	761,974	378,117	5,038	12,898	360,181	2,881	0.66	1.69	47.27	0.38
2011	948,362	436,516	6,827	18,957	410,732	4,550	0.72	2.00	43.31	0.48
2012	1,110,504	436,170	12,811	60,394	362,965	10,789	1.15	5.44	32.68	0.97
2013	1,105,216	383,397	5,735	54,324	323,338	3,957	0.52	4.92	29.26	0.36
2014	1,121,220	328,674	7,484	45,362	275,828	5,368	0.67	4.05	24.60	0.48
2015	1,337,355	396,788	10,979	65,106	320,702	6,682	0.82	4.87	23.98	0.50
2016	1,634,710	437,754	10,079	49,538	378,096	8,225	0.62	3.03	23.13	0.50
2017	1,899,988	538,717	10,638	60,006	468,044	8,899	0.56	3.16	24.63	0.47
2018	2,019,020	577,811	10,403	78,647	488,639	8,654	0.52	3.90	24.20	0.43
2019	2,339,849	519,990	13,741	86,775	419,474	11,301	0.59	3.71	17.93	0.48
2020	2,201,682	379,862	15,686	69,262	294,913	11,755	0.71	3.15	13.39	0.53
2021	2,506,398	554,256	18,720	90,994	444,520	13,437	0.75	3.63	17.74	0.54
2022	5,070,583	737,962	19,517	125,474	592,971	14,358	0.38	2.47	11.69	0.28
2023	7,740,688	655,409	20,852	153,969	480,588	15,103	0.27	1.99	6.21	0.20
2024	12,039,270	564,690	24,957	152,418	387,315	18,539	0.21	1.27	3.22	0.15

Source: RA Customs Service, Trade Map, World Bank (author's calculations)

ANNEX 2: Export Sectoral Growth Decomposition

Table 49. Georgia Exports to EU (nominal 1000 USD & % of total goods exports) (2005-2024)

	Total Goods & Services to World	Total Goods to World	Total Goods to CIS	Agriculture	Manufacturing	Extractives	Services	Beverages	Agriculture	Manufacturing	Extractives	Beverages
Unit	Nominal Exports								% of nominal exports			
2005	1,431,893.10	865,454	369,657	177,942	148,755	42,960	-	117,329	12.43	10.39	3.00	8.19
2006	1,657,444.79	935,139	333,449	102,155	167,793	63,501	-	53,759	6.16	10.12	3.83	3.24
2007	2,003,023.96	1,232,361	366,840	88,890	176,665	101,285	-	30,952	4.44	8.82	5.06	1.55
2008	2,286,857.44	1,497,485	407,431	94,752	191,764	120,861	-	44,584	4.14	8.39	5.29	1.95
2009	2,117,021.18	1,133,629	317,415	101,427	171,992	43,350	-	46,189	4.79	8.12	2.05	2.18
2010	2,868,914.68	1,677,299	532,500	127,425	341,816	62,640	-	53,004	4.44	11.91	2.18	1.85
2011	3,551,417.80	2,186,407	880,557	156,433	615,817	107,190	-	71,227	4.40	17.34	3.02	2.01
2012	4,381,539.91	2,376,634	1,052,705	237,511	694,363	120,176	-	85,002	5.42	15.85	2.74	1.94
2013	5,168,751.35	2,910,582	1,400,119	407,871	835,386	156,078	-	191,258	7.89	16.16	3.02	3.70
2014	5,190,580.54	2,861,043	1,308,119	446,352	710,953	150,201	-	300,792	8.60	13.70	2.89	5.79
2015	4,700,109.88	1,792,719	558,114	242,479	226,026	89,237	-	158,046	5.16	4.81	1.90	3.36
2016	4,953,448.44	1,818,888	481,532	236,347	162,221	82,773	-	167,862	4.77	3.27	1.67	3.39
2017	6,062,826.57	2,344,033	813,686	331,616	292,672	188,879	-	241,200	5.47	4.83	3.12	3.98
2018	6,636,107.43	2,538,234	848,967	356,986	272,497	219,243	-	254,030	5.38	4.11	3.30	3.83
2019	7,008,568.34	2,699,657	926,819	425,765	312,099	188,373	-	316,118	6.07	4.45	2.69	4.51
2020	3,815,232.79	2,554,547	714,169	413,751	148,473	150,882	583,960	282,089	10.84	3.89	3.95	7.39
2021	5,321,997.98	3,291,376	984,078	541,154	204,976	233,222	920,429	350,603	10.17	3.85	4.38	6.59
2022	9,409,179.13	3,887,489	1,088,319	640,649	255,285	189,599	2,390,165	419,454	6.81	2.71	2.02	4.46
2023	9,860,651.65	3,043,750	1,085,088	731,982	247,406	103,012	2,403,022	502,787	7.42	2.51	1.04	5.10
2024	10,643,287.96	3,194,208	1,221,568	902,992	243,971	71,571	-	667,691	8.48	2.29	0.67	6.27

Source: Geostat, Trade Map, World Bank (author's calculations)

ANNEX 2: Export Sectoral Growth Decomposition

Table 50. Georgia Nominal Export Growth Contribution Decomposition to CIS (2005-2024)

Year	Goods and Services Export to World Growth Rate (%)	Goods Export to CIS Growth Rate (%)	Ag share (t-1)	Ag growth (%)	Ag contrib (pp)	Manuf share (t-1)	Manuf growth (%)	Manuf contrib (pp)	Serv share (t-1)	Serv growth (%)	Serv contrib (pp)	Extract share (t-1)	Extract growth (%)	Extract contrib (pp)	ICT share (t-1)	Beverage s share (t-1)	Beverage s growth (%)	Beverage s contrib (pp)
2006	15.75	-2.53	12.43	-42.59	-5.29	10.39	12.80	1.33	-	-	-	3.00	47.81	1.43	0.00	8.19	-54.18	-4.44
2007	20.85	2.01	6.16	-12.99	-0.80	10.12	5.29	0.54	-	-	-	3.83	59.50	2.28	0.00	3.24	-42.42	-1.38
2008	14.17	2.02	4.44	6.59	0.29	8.82	8.55	0.75	-	-	-	5.06	19.33	0.98	0.00	1.55	44.04	0.68
2009	-7.43	-3.96	4.14	7.04	0.29	8.39	-10.31	-0.86	-	-	-	5.29	-64.13	-3.39	0.00	1.95	3.60	0.07
2010	35.52	10.16	4.79	25.63	1.23	8.12	98.74	8.02	-	-	-	2.05	44.50	0.91	0.00	2.18	14.75	0.32
2011	23.79	12.11	4.44	22.76	1.01	11.91	80.16	9.55	-	-	-	2.18	71.12	1.55	0.00	1.85	34.38	0.64
2012	23.37	4.86	4.40	51.83	2.28	17.34	12.75	2.21	-	-	-	3.02	12.11	0.37	0.00	2.01	19.34	0.39
2013	17.97	7.93	5.42	71.73	3.89	15.85	20.31	3.22	-	-	-	2.74	29.87	0.82	0.00	1.94	125.00	2.43
2014	0.42	-1.78	7.89	9.43	0.74	16.16	-14.90	-2.41	-	-	-	3.02	-3.77	-0.11	0.00	3.70	57.27	2.12
2015	-9.45	-14.44	8.60	-45.68	-3.93	13.70	-68.21	-9.34	-	-	-	2.89	-40.59	-1.17	0.00	5.79	-47.46	-2.75
2016	5.39	-1.63	5.16	-2.53	-0.13	4.81	-28.23	-1.36	-	-	-	1.90	-7.24	-0.14	0.00	3.36	6.21	0.21
2017	22.40	6.70	4.77	40.31	1.92	3.27	80.42	2.63	-	-	-	1.67	128.19	2.14	0.00	3.39	43.69	1.48
2018	9.46	0.59	5.47	7.65	0.42	4.83	-6.89	-0.33	-	-	-	3.12	16.08	0.50	0.00	3.98	5.32	0.21
2019	5.61	1.17	5.38	19.27	1.04	4.11	14.53	0.60	-	-	-	3.30	-14.08	-0.47	0.00	3.83	24.44	0.94
2020	-45.56	-3.04	6.07	-2.82	-0.17	4.45	-52.43	-2.33	-	-	-	2.69	-19.90	-0.53	0.00	4.51	-10.76	-0.49
2021	39.49	6.98	10.84	30.79	3.34	3.89	38.06	1.48	15.31	57.62	8.82	3.95	54.57	2.16	0.00	7.39	24.29	1.80
2022	76.80	2.00	10.17	18.39	1.87	3.85	24.54	0.95	17.29	159.68	27.62	4.38	-18.70	-0.82	0.00	6.59	19.64	1.29
2023	4.80	-0.03	6.81	14.26	0.97	2.71	-3.09	-0.08	25.40	0.54	0.14	2.02	-45.67	-0.92	0.00	4.46	19.87	0.89

Source: Geostat, Trade Map, World Bank (author's calculations)

ANNEX 3: State External Debt and State Debt Guarantees by Creditor

Table 51. Ukraine: State External Debt to IFIs, Bilaterals (billion US\$) (2014-2024)

	Total State External Debt	Debt to IFIs	Total bilateral	EBRD	EIB	WB Group	IMF	EU	Canada	Germany	Poland	Russia	USA	France	Japan	Italy	Netherlands	Ro Korea	UK	China Dev Bank	China EximBank
2014	30,82	10,72	1,04	0,59	0,49	4,33	3,65	1,66	0,17	0,01	-	0,61	0,01	-	0,24	-	-	-	-	0,09	1,55
2015	34,43	14,06	1,36	0,58	0,52	5,20	5,34	2,41	0,29	0,23	-	0,61	0,01	-	0,23	-	-	-	-	0,07	1,55
2016	36,05	13,68	1,68	0,59	0,53	5,06	5,18	2,31	0,30	0,22	-	0,61	0,01	-	0,55	-	-	-	-	0,06	1,54
2017	38,49	14,52	1,76	0,64	0,69	4,92	4,91	3,35	0,32	0,27	-	0,61	0,01	-	0,56	-	-	-	-	0,05	1,51
2018	39,70	13,39	1,73	0,58	0,68	4,89	3,45	3,79	0,29	0,26	-	0,61	0	-	0,57	-	-	-	-	0,03	1,35
2019	39,34	12,34	1,63	0,51	0,78	4,92	2,43	3,69	0,15	0,27	0,01	0,61	0	0,02	0,56	-	-	-	-	0,02	1,20
2020	44,51	15,68	1,55	0,48	0,95	5,33	4,23	4,68	-	0,32	0,01	0,61	0	0,03	0,58	-	-	-	-	-	1,05
2021	47,66	16,98	1,49	0,39	1,02	6,22	4,36	5,00	-	0,29	0,04	0,61	0	0,04	0,50	-	-	-	0,02	-	0,90
2022	63,59	30,09	5,00	0,26	2,68	8,38	6,40	12,37	1,83	0,59	0,05	0,61	0	0,48	1,00	0,21	0,21	-	0,02	-	0,83
2023	94,79	59,31	6,92	0,19	3,03	13,16	10,00	32,90	3,68	0,62	0,10	0,61	0	0,50	0,95	0,22	0,22	-	0,02	-	0,83
2024	114,88	82,83	8,24	0,10	2,95	22,09	13,55	44,01	5,08	0,59	0,10	0,61	0	0,47	0,85	0,21	0,21	0,10	0,02	-	0,83

Source: National Bank of Ukraine (author's calculations)

Table 52. Ukraine: State External Debt Guarantees (billion US\$) (2014-2024)

	State external guaranteed debt	Total IFIs	EBRD	EIB	IBRD	IMF	Euratom
2014	7,99	2,54	0,09	-	0,37	2,06	0,03
2015	9,02	5,87	0,13	-	0,39	5,33	0,02
2016	9,56	7,02	0,39	0,04	0,46	6,13	0,01
2017	10,50	8,18	0,41	0,04	0,45	7,22	0,06
2018	10,76	8,56	0,21	0,06	0,46	7,73	0,11
2019	9,61	8,06	0,34	0,06	0,46	7,09	0,11
2020	9,21	7,84	0,37	0,07	0,45	6,71	0,25
2021	9,54	6,82	0,34	0,06	0,47	5,61	0,34
2022	7,88	5,23	0,61	0,11	0,47	3,72	0,32
2023	6,92	4,23	1,12	0,11	0,54	2,13	0,33
2024	5,21	3,24	1,08	0,19	0,51	1,14	0,31

Source: National Bank of Ukraine (author's calculations)

Table 53. Ukraine Outstanding Eurobond Debt (billion US\$) (2014-2024)

	Total	Eurobond 2005	Eurobond 2006	Eurobond 2007	Eurobond 2010	Eurobond 2011	Eurobond 2012	Eurobond 2013	Eurobond 2014	Eurobond 2015	Eurobond 2016	Eurobond 2017	Eurobond 2018	Eurobond 2019	Eurobond 2020	Eurobond 2021	Eurobond 2024
2014	17.28	0.73	1	0.7	2	2	2.75	4.85	4.25	1	0	0	0	0	0	0	0
2015	17.3	0	0	0	0	0	0	3	1	13.3	0	0	0	0	0	0	0
2016	19.04	0	0	0	0	0	0	3	1	14.04	1	0	0	0	0	0	0
2017	20.47	0	0	0	0	0	0	3	1	12.47	1	3	0	0	0	0	0
2018	22.47	0	0	0	0	0	0	3	1	12.47	1	3	2	0	0	0	0
2019	22.27	0	0	0	0	0	0	3	0	11.81	1	3	2.35	1.12	0	0	0
2020	20.35	0	0	0	0	0	0	0	0	8.64	1	3	2.35	1.23	4.14	0	0
2021	19.91	0	0	0	0	0	0	0	0	7.66	0	3	2.35	1.13	4.02	1.75	0
2022	19.66	0	0	0	0	0	0	0	0	7.56	0	3	2.35	1.07	3.93	1.75	0
2023	19.76	0	0	0	0	0	0	0	0	7.56	0	3	2.35	1.11	3.99	1.75	0
2024	15.22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15.22

Source: National Bank of Ukraine (author's calculations)

Table 54. Moldova external public debt (million USD & % of total) (2003-2024)

	Public external debt	EBRD	EIB	IMF	WB Group	European Commission	IFAD	Bilateral	other creditors	Public external debt (% of GDP)	EBRD	EIB	IMF	WB Group	European Commission	IFAD	Bilateral	other creditors
Unit	Nominal debt										% of external public debt							
2006	876.73	4.38	0	0	394.53	0	12.27	266.41	199.13	25.7%	0.5%			45%		1.4%	30.39%	22.71%
2007	938.65	3.75	0	0	434.59	0	19.71	272.88	207.71	21.3%	0.4%			46.3%		2.1%	29.07%	22.13%
2008	957.46	2.87	0.96	0	436.60	0	31.60	276.17	209.26	15.8%	0.3%	0.1%		45.6%		3.3%	28.84%	21.86%
2009	1139.84	1.14	11.40	183.51	441.12	0	37.61	255.84	209.21	21%	0.1%	1%	16.1%	38.7%		3.3%	22.45%	18.35%
2010	1348.77	0.54	20.23	370.91	584.02	0	51.25	250.56	71.80	19.3%	0.0%	1.5%	27.5%	43.3%		3.8%	18.58%	5.32%
2011	1,521.35	3.04	24.34	325.57	508.13	0	45.64	214.79	399.84	18.1%	0.2%	1.6%	21.4%	33.4%		3.0%	14.12%	26.28%
2012	1,762.56	14.10	61.69	327.84	562.26	0	54.64	200.60	541.44	20.2%	0.8%	3.5%	18.6%	31.9%		3.1%	11.38%	30.72%
2013	1774.92	31.95	86.97	328.36	567.97	0	63.90	179.55	516.22	18.7%	1.8%	4.9%	18.5%	32%		3.6%	10.12%	29.08%
2014	1731.05	48.47	124.64	308.13	564.32	0	62.32	171.12	452.06	18.4%	2.8%	7.2%	17.8%	32.6%		3.6%	9.89%	26.11%
2015	1702.11	51.06	146.38	289.36	570.21	0	61.28	192.22	391.60	21.8%	3%	8.6%	17%	33.5%		3.6%	11.29%	23.01%
2016	1779.36	56.94	156.58	279.36	633.45	0	60.50	250.36	342.17	22.3%	3.2%	8.8%	15.7%	35.6%		3.4%	14.07%	19.23%
2017	1999.64	77.99	205.96	697.87	561.90	0	65.99	354.86	35.07	21%	3.9%	10.3%	34.9%	28.1%		3.3%	17.75%	1.75%
2018	1938.89	87.25	250.12	494.42	711.57	0	65.92	295.64	33.97	17.2%	4.5%	12.9%	25.5%	36.7%		3.4%	15.25%	1.75%
2019	1919.15	94.04	293.63	456.76	738.87	0	69.09	236.56	30.20	16.4%	4.9%	15.3%	23.8%	38.5%		3.6%	12.33%	1.57%
2020	2430.44	138.54	410.74	668.37	792.32	109.37	75.34	186.13	49.62	21.1%	5.7%	16.9%	27.5%	32.6%	4.5%	3.1%	7.66%	2.04%
2021	2543.08	137.33	394.18	849.39	757.84	147.50	71.21	134.35	76.73	18.6%	5.4%	15.5%	33.4%	29.8%	5.8%	2.8%	5.28%	3.02%
2022	2862.5	197.51	406.48	973.25	844.44	166.03	74.43	135.36	70.74	21.2%	6.9%	14.2%	34%	29.5%	5.8%	2.6%	4.73%	2.47%
2023	3554.76	234.61	440.79	1109.09	991.78	394.58	74.65	234.30	71.41	22.7%	6.6%	12.4%	31.2%	27.9%	11.1%	2.1%	6.59%	2.01%
2024	3931.9	326.35	463.96	1226.75	1073.41	322.42	74.71	357.04	91.20	22.3%	8.3%	11.8%	31.2%	27.3%	8.2%	1.9%	9.08%	2.32%

Source: Ministry of Finance of the Republic of Moldova (author's calculations)

Table 55. Georgia external public debt (1000 US\$) (2003-2024)

	State External Debt	Total IFIs	Bilateral	EBRD	EIB	IMF	EU	IDA (WB)	IBRD (WB)	EC	IFAD	ADB	AIIB	CEB	NEFCO	GDP (current 1000 US\$)
2003	1,564,315	707,799	856,516	0	0	0	0	586,554	0	114,923	6,322	0	0	0	0	3,991,377.90
2004	1,592,374	803,129	789,245	0	0	0	0	677,610	0	116,420	9,099	0	0	0	0	5,125,365.19
2005	1,501,685	789,568	712,117	0	0	0	0	678,740	0	101,336	9,492	0	0	0	0	6,410,912.05
2006	1,461,226	870,184	591,041	0	0	0	0	784,492	0	75,711	9,981	0	0	0	0	7,745,250.73
2007	1,540,587	1,003,590	536,997	24,691	0	0	0	883,465	0	84,230	11,204	0	0	0	0	10,172,931.09
2008	2,226,387	1,185,111	1,041,277	28,609	0	0	0	988,050	0	81,570	13,909	72,973	0	0	0	12,795,145.13
2009	2,694,395	1,631,379	1,063,015	26,606	0	99,235	0	1,151,994	99,966	50,950	17,126	185,502	0	0	0	10,766,920.07
2010	3,283,601	2,197,316	1,086,285	46,565	36,002	397,174	0	1,184,523	172,813	17,895	21,536	320,808	0	0	0	12,426,907.97
2011	3,607,828	2,420,995	1,186,833	72,686	73,706	395,946	0	1,217,339	275,787	0	23,972	361,559	0	0	0	15,475,290.47
2012	3,997,301	2,690,505	1,306,795	99,775	114,661	384,211	0	1,293,205	349,657	0	24,457	424,539	0	0	0	16,894,392.03
2013	4,086,353	2,789,898	1,296,455	106,337	197,299	243,108	0	1,347,321	396,813	0	26,118	472,902	0	0	0	17,517,660.14
2014	4,157,203	2,912,968	1,244,233	96,053	241,917	169,257	0	1,285,333	485,792	0	29,905	604,711	0	0	0	17,966,015.11
2015	4,295,509	3,071,040	1,224,468	83,137	233,271	110,858	10,927	1,212,828	633,150	0	29,265	757,604	0	0	0	15,223,796.15
2016	4,510,071	3,264,711	1,245,360	90,892	267,905	107,547	10,556	1,150,990	681,409	0	26,900	928,512	0	0	0	15,444,548.90
2017	5,091,942	3,765,040	1,326,901	134,324	378,571	106,810	27,545	1,162,141	858,153	0	29,569	1,058,660	9,267	0	0	16,473,125.38
2018	5,267,197	3,838,838	1,428,360	124,155	479,696	48,678	43,587	1,065,010	890,192	0	30,343	1,142,749	14,428	0	0	17,902,544.88
2019	5,492,105	3,927,293	1,564,812	131,538	568,043	0	42,529	963,580	910,462	0	32,935	1,249,722	26,666	1,009.00	809.00	17,638,337.12
2020	7,162,138	5,010,416	2,151,723	199,175	740,295	211,719	163,309	920,239	1,130,923	0	35,823	1,443,539	159,524	3,306.00	2,564.00	16,010,869.22
2021	7,737,180	5,577,829	2,159,350	236,765	816,064	205,740	150,449	830,936	1,209,026	0	38,253	1,887,673	195,117	5,308.00	2,498.00	18,853,115.59
2022	7,917,096	5,815,274	2,101,823	237,208	919,651	195,634	141,978	699,029	1,304,989	0	37,000	2,072,307	196,103	9,279.00	2,096.00	24,984,568.96
2023	8,505,946	6,393,180	2,112,768	237,838	1,143,988	197,225	147,139	593,689	1,525,178	0	37,440	2,281,452	211,621	15,488.00	2,122.00	30,777,833.60
2024	8,237,596	6,255,797	1,981,801	215,735	1,079,311	175,732	138,866	474,888	1,636,757	0	35,087	2,269,926	211,669	14,618.00	3,208.00	33,776,141.25

Source: Ministry of Finance of Georgia (author's calculations)

Table 56. Georgia external public debt (% of total) (2003-2024)

	Government External Debt	Total IFIs	Bilateral	EBRD	EIB	IMF	EU	IDA (WB)	IBRD (WB)	IFAD	ADB	AIIB	CEB	NEFCO
2003	39.19%	17.73%	21.46%	0%	0%	0%	2.88%	14.70%	0%	0.16%	0%	0%	0%	0%
2004	31.07%	15.67%	15.40%	0%	0%	0%	2.27%	13.22%	0%	0.18%	0%	0%	0%	0%
2005	23.42%	12.32%	11.11%	0%	0%	0%	1.58%	10.59%	0%	0.15%	0%	0%	0%	0%
2006	18.87%	11.24%	7.63%	0%	0%	0%	0.98%	10.13%	0%	0.13%	0%	0%	0%	0%
2007	15.14%	9.87%	5.28%	0.24%	0%	0%	0.83%	8.68%	0%	0.11%	0%	0%	0%	0%
2008	17.40%	9.26%	8.14%	0.22%	0%	0%	0.64%	7.72%	0%	0.11%	0.57%	0%	0%	0%
2009	25.02%	15.15%	9.87%	0.25%	0%	0.92%	0.47%	10.70%	0.93%	0.16%	1.72%	0%	0%	0%
2010	26.42%	17.68%	8.74%	0.37%	0.29%	3.20%	0.14%	9.53%	1.39%	0.17%	2.58%	0%	0%	0%
2011	23.31%	15.64%	7.67%	0.47%	0.48%	2.56%	0%	7.87%	1.78%	0.15%	2.34%	0%	0%	0%
2012	23.66%	15.93%	7.74%	0.59%	0.68%	2.27%	0%	7.65%	2.07%	0.14%	2.51%	0%	0%	0%
2013	23.33%	15.93%	7.40%	0.61%	1.13%	1.39%	0%	7.69%	2.27%	0.15%	2.70%	0%	0%	0%
2014	23.14%	16.21%	6.93%	0.53%	1.35%	0.94%	0%	7.15%	2.70%	0.17%	3.37%	0%	0%	0%
2015	28.22%	20.17%	8.04%	0.55%	1.53%	0.73%	0.07%	7.97%	4.16%	0.19%	4.98%	0%	0%	0%
2016	29.20%	21.14%	8.06%	0.59%	1.73%	0.70%	0.07%	7.45%	4.41%	0.17%	6.01%	0%	0%	0%
2017	30.91%	22.86%	8.05%	0.82%	2.30%	0.65%	0.17%	7.05%	5.21%	0.18%	6.43%	0.06%	0%	0%
2018	29.42%	21.44%	7.98%	0.69%	2.68%	0.27%	0.24%	5.95%	4.97%	0.17%	6.38%	0.08%	0%	0%
2019	31.14%	22.27%	8.87%	0.75%	3.22%	0.00%	0.24%	5.46%	5.16%	0.19%	7.09%	0.15%	0.01%	0%
2020	44.73%	31.29%	13.44%	1.24%	4.62%	1.32%	1.02%	5.75%	7.06%	0.22%	9.02%	1.00%	0.02%	0.02%
2021	41.04%	29.59%	11.45%	1.26%	4.33%	1.09%	0.80%	4.41%	6.41%	0.20%	10.01%	1.03%	0.03%	0.01%
2022	31.69%	23.28%	8.41%	0.95%	3.68%	0.78%	0.57%	2.80%	5.22%	0.15%	8.29%	0.78%	0.04%	0.01%
2023	27.64%	20.77%	6.86%	0.77%	3.72%	0.64%	0.48%	1.93%	4.96%	0.12%	7.41%	0.69%	0.05%	0.01%
2024	24.39%	18.52%	5.87%	0.64%	3.20%	0.52%	0.41%	1.41%	4.85%	0.10%	6.72%	0.63%	0.04%	0.01%

Source: Ministry of Finance of Georgia (author's calculations)

Table 57. Armenia external public debt (million USD) (2003-2024)

	Total External Public Debt	Multilateral	Bilateral	Abu- Dhaby	ADB/ ADF	ADB/ OCR	EBRD	EDB	EIB	Erste Bank	EU	Exim Bank of China	France	Germa ny	IBRD	IDA	IFAD	IMF	Japan	KBC Bank	OFID	Raiffei sen Bank	Russia	USA	GDP (current US\$)
2017	4,021	3,363	641	27	233	122	265	70	454	30	31	17	97	407	112	1,422	333	19	23	48	249	6	33	25	11,527
2018	4,139	3,543	591	26	238	141	321	51	433	46	25	6	123	345	104	1,539	355	21	18	46	243	6	35	19	12,458
2019	4,307	3,744	557	24	239	251	293	46	409	44	24	6	117	327	114	1,597	444	21	13	45	234	5	33	17	13,619
2020	4,665	4,042	607	23	234	263	284	54	398	48	25	16	119	332	138	2,225	141	15	60	20	219	3	30	18	12,642
2021	4,481	3,936	540	22	223	283	304	46	394	36	21	4	130	273	132	2,220	78	14	53	16	189	3	28	15	13,879
2022	4,504	3,934	554	20	209	320	278	26	380	36	9	15	113	227	153	2,289	55	15	149	12	158	3	23	12	19,514
2023	4,536	4,117	415	19	193	385	357	34	370	24	31	4	117	169	191	2,218	66	16	49	111	149	3	20	11	24,086
2024	4,506	4,187	315	18	177	427	430	49	362	12	6	4	75	150	167	1,891	301	59	40	104	204	3	17	9	25,787

Source: Ministry of Finance of Armenia (author's calculations)

Table 58. Armenia external public debt (& of GDP) (2003-2024)

	Total External Public Debt	Multilateral	Bilateral	Abu- Dhaby	ADB/ ADF	ADB/ OCR	EBRD	EDB	EIB	Erste Bank	EU	Exim Bank of China	France	Germa ny	IBRD	IDA	IFAD	IMF	Japan	KBC Bank	OFID	Raiffei sen Bank	Russia	USA
2017	34.88	29.17	5.56	0.24	2.02	1.06	2.30	0.61	3.94	0.26	0.26	0.15	0.84	3.53	0.97	12.33	2.89	0.17	0.20	0.42	2.16	0.05	0.28	0.21
2018	33.23	28.44	4.74	0.21	1.91	1.14	2.57	0.41	3.48	0.37	0.20	0.05	0.99	2.77	0.83	12.35	2.85	0.17	0.15	0.37	1.95	0.05	0.28	0.15
2019	31.62	27.49	4.09	0.18	1.75	1.85	2.15	0.34	3.00	0.33	0.18	0.04	0.86	2.40	0.84	11.73	3.26	0.16	0.10	0.33	1.72	0.04	0.24	0.13
2020	36.90	31.98	4.80	0.18	1.85	2.08	2.25	0.42	3.15	0.38	0.20	0.13	0.94	2.63	1.09	17.60	1.11	0.12	0.48	0.16	1.73	0.02	0.24	0.14
2021	32.29	28.36	3.89	0.16	1.61	2.04	2.19	0.33	2.84	0.26	0.15	0.03	0.93	1.97	0.95	15.99	0.56	0.10	0.38	0.12	1.36	0.02	0.20	0.10
2022	23.08	20.16	2.84	0.10	1.07	1.64	1.42	0.13	1.95	0.19	0.05	0.08	0.58	1.16	0.78	11.73	0.28	0.08	0.77	0.06	0.81	0.02	0.12	0.06
2023	18.83	17.09	1.72	0.08	0.80	1.60	1.48	0.14	1.54	0.10	0.13	0.02	0.48	0.70	0.79	9.21	0.28	0.07	0.20	0.46	0.62	0.01	0.08	0.05
2024	17.47	16.24	1.22	0.07	0.69	1.66	1.67	0.19	1.40	0.05	0.02	0.01	0.29	0.58	0.65	7.33	1.17	0.23	0.15	0.40	0.79	0.01	0.07	0.03

Source: Ministry of Finance of Armenia (author's calculations)

Thomas Barrett
Sülzburgstraße 189, 50937 Köln, Germany
thomasrobertbarrett@gmail.com
+4915752775123
Citizenship: Republic of Ireland, United Kingdom

PROFESSIONAL EXPERIENCE

- Bertelsmann Foundation, Gütersloh, Germany (remote)** Nov 2024 - May 2025
Ukraine Country Expert
Nov 2024 - present
- Co-author, Bertelsmann Transformation Index (BTI) Ukraine country report
- Kyiv School of Economics, remote** Feb 2023 - Apr 2025
Guest Lecturer
- Lecturer for 4 courses (see below)
 - Bachelor's Thesis supervisor
- Caritas Luxembourg, Moldova/Ukraine** Mar 2022 - Sep 2022
Field Officer for the Ukraine Crisis Response
- Assisted local partners with the design & implementation of humanitarian projects, conducted field assessments
 - Liaised with other Caritas partner organisations & Caritas Europa Emergency Response Team
 - Responsible for local security planning of the Moldova field office & Ukraine team
- Eurasia International University, Yerevan, Armenia (remote)** Apr-Jun 2022
Guest Lecturer
- Institute for European Politics (IEP), Berlin, Germany (remote)** Oct 2021-May 2022
Junior Research Fellow for the German Ukrainian Researchers Network (GURN)
- Co-authored two chapters for a handbook on conducting policy analysis
 - Research team member for a comparative analysis of the output of Ukrainian, German & European think tanks
 - Lecturer "Designing Small-Case Qualitative Research" at the GURN School of Social Science Methodology
- Centre for Interdisciplinary Studies, Brusov State University Yerevan, Armenia** Sep 2020 - Sep 2021
Research Fellow
- Assisting the research & teaching activities of two European Commission Jean Monnet Projects
 - Teaching assistant for the modules 'EU External Relations Law' & 'Research Methods'
 - Successfully applied for 18,200 euros of funding from the DAAD "Go East Summer School" program
 - Co-organiser & lecturer at the summer school 'Changing Legal Orders between the EU & Russia: Constitutional Processes in the Eastern Partnership', Yerevan, August 2021

OSCE/ODIHR Monitoring Mission, Shirak Region, Armenia
Short Term Observer (STO), Parliamentary Elections

June 2021

Anti-Corruption Research & Education Centre (ACREC), Kyiv, Ukraine
Graduate Intern

Jan 2020 - Feb 2020

EDUCATION

**International Max Planck Research School on the Social & Political
Constitution of the Economy (IMPRS-SPCE), Cologne, Germany**

From October 2021

- PhD project: Boulevard of Broken Dreams: Economic Transformation after the Post-Soviet ‘Colour Revolutions’
- Supervisor: Prof. Dr. André Kaiser (University of Cologne)

Free University of Berlin, Berlin, Germany

Oct 2018 - Sep 2021

- Master’s degree in Eastern European Studies with a specialisation in Political Science
- Research Project: (Post)-conflict management of Internally Displaced Persons in Georgia & Ukraine
- Thesis: Oligarchs & Judges: The political economy of the courts in post-Soviet unconsolidated democracies
- Grade: 1.0 (excellent)

Ivane Javakhishvili Tbilisi State University, Tbilisi, Georgia

Mar 2020-Aug 2020

- Erasmus+ Exchange Program

National University of Kyiv-Mohyla Academy, Kyiv, Ukraine

Sep 2019-Feb 2020

- Erasmus+ Exchange Program

University of Oxford, Oxford, United Kingdom

Oct 2015-Jul 2018

- Bachelor’s degree in Modern History
- Grade: Double First Class Degree

LANGUAGE SKILLS

- English (Native Speaker)
- Ukrainian at an advanced level (C1)
- German at an advanced level (C1)
- Russian at an advanced Level (C1)

AWARDS:

- ‘Metropolises in Eastern Europe’ Scholarship, German Academic Scholarship Foundation (2020 - 2021)
- Full Graduate Scholarship from the German Academic Exchange Service (DAAD) (2018-2020)
- Scholarship from St Hugh’s College, University of Oxford (2016-2018)

PUBLICATIONS

Academic Journals:

- Oligarchs & judges: the political economy of the courts in post-Soviet unconsolidated democracies, *Ideology & Politics Journal* 2.18 (2021): 260-291.

Reports and Handbooks:

- Developing Holistic Legal Education at Moldovan Universities, *Freedom House Moldova*, Sep 2021
- Policy Analysis Toolbox, *Institute for European Politics*, 2023

Media:

- The End of Freedom in Kyrgyzstan?, *Lossi* 36, Apr 2021
- Moldova's never-ending political crisis, *Europe & Me*, Apr 2021
- Ukraine should beware of the Georgian development model, *New Eastern Europe*, Mar 2021
- The Nagorno-Karabakh War: Imperialism & ethnic violence in the South Caucasus, *Europe & Me*, Dec 2020
- What the Yanukovich Judgement means for EU-Ukraine Relations, *Euromaidan Press*, September 2019

TEACHING

Academic programs:

Kyiv School of Economics, Kyiv, Ukraine

- 2025 - European Integration, Kyiv School of Economics
- 2025 - Social Science Research Methods
- 2024 - Undergraduate Thesis Preparation
- 2024 - Comparative and International Political Economy
- 2023, 2024, 2025 - History of Economic Ideas

Eurasia International University, Yerevan, Armenia

- 2022 - Hybrid Regimes and the Rule of Law

Summer Schools:

Eurasia International University, Yerevan, Armenia

- 2023 - Current Challenges to International and EU law & Politics: The Security & Human Rights Crises in the European Neighborhood

Brusov State University, Yerevan, Armenia

- 2022 - The EU and Its Neighbours: Legal Approximation and Europeanisation of the Legal Orders of Eastern Partnership Countries
- 2021 - Changing Legal Orders between the EU & Russia: Constitutional Processes in the Eastern Partnership

CONFERENCE PAPERS

- Boulevard of Broken Dreams: Economic Restructuring after the Post-Soviet "Colour Revolutions", *Twenty-Ninth International Conference of Europeanists, University of Iceland*, June 2023
- Reforming Governance from the Top or Bottom? Fighting State Capture in Georgia & Ukraine, *Caucasus Research Resource Centre (CRRC) 6th Methods Conference*, June 2020
- The Role of the EU in Judicial Reform in the Eastern Partnership, 'The EU Principled Pragmatism: Consequences for Eastern & South-Eastern Europe', *Jean Monnet Centre of Excellence, Taras Shevchenko National University of Kyiv*, May 2021
- Oligarchs & Judges: The Political Economy of the Courts in Post-Soviet Unconsolidated Democracies, *Caucasus Research Resource Centre (CRRC) 7th Annual Methods Conference*, June 2021

PHD WORKSHOPS

- 2023 - Democratisation, De-democratisation, Re-democratisation: Taking stock of 30 years of Political Change in Eastern Europe, *Maastricht University*
- 2025 - Economy and Society, *Brown University*

The International Max Planck Research School on the Social and Political Constitution of the Economy (IMPRS-SPCE) is a unique international three-and-a-half-year doctoral program offered jointly by the Max Planck Institute for the Study of Societies, the University of Cologne's Faculty of Management, Economics and Social Sciences, and the Faculty of Social Sciences at the University of Duisburg-Essen. Its research explores the relationship between the modern economy and its social and political foundations. Building on a long tradition in sociology and political science, the school aims to combine and develop the approaches of new economic sociology, comparative political economy, and organization studies. The Studies on the Social and Political Constitution of the Economy are a doctoral thesis series featuring dissertations by PhD students who have successfully completed the graduate training program of the IMPRS-SPCE.

MAX-PLANCK-INSTITUT FÜR GESELLSCHAFTSFORSCHUNG
MAX PLANCK INSTITUTE FOR THE STUDY OF SOCIETIES



Universität
zu Köln



UNIVERSITÄT
DUISBURG
ESSEN

Open-Minded