

JULY 2016

Workshop Summary

Workshop: Economic connectivity in European conflict regions

1st July 2016, Oesterreichische Kontrollbank, Vienna

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The Workshop was organised by: The Vienna Institute for International Economic Studies (wiiw) in collaboration with the *Austrian Ministry of Foreign Affairs (BMEIA)*, and the *Swiss Federal Department of Foreign Affairs (EDA)*.

Professor Michael Landesmann (wiiw) acted as scientific coordinator. Andreas Stadler (BMEIA) and Jonas Grätz (EDA) were instrumental in initiating the workshop and supported it at all stages. Thanks also go to Artem Kochnev and Veronika Janyrova (both wiiw) for assistance in compiling this report and to Veronika Janyrova for organisational assistance.

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Objectives

The objective of this workshop was to explore the concept of 'economic connectivity' in the context of a number of conflict areas in Europe, particularly those in the EU and Russian neighbourhood. The workshop discussed the various channels through which connectivity can be established, explored the successes of different measures in various contexts, and their role in reducing the social costs of conflict and in stabilising economic conditions. Further, it aimed to contribute to defining the role that the OSCE can play within its mandate in such conflict regions.

The conflict zones which were discussed at the workshop included:

- (i) Ukraine – Donbass
- (ii) Armenia – Azerbaijan
- (iii) Moldova – Transnistria
- (iv) Georgia – Abkhazia; Georgia – South Ossetia

Economic connectivity was defined to encompass any economic relationships that develop in such conflict regions cross-border involving civil society but also official channels at the micro-regional level but also in the broader regional context.

The workshop explored the following forms of economic relationships (of the informal and formal type) in the course of the discussion:

- (i) Trade in goods and services including trade policy arrangements such as relationships with wider regional trade policy groupings (such as the EAEU and the EU); cross-border payments solutions; special economic zones (SEZs)
- (ii) Cross-border infrastructure: utility provision (water, electricity); transport (road, rail)
- (iii) Transit: of goods, energy
- (iv) Access to social infrastructure (hospitals, education, pensions); employment policies; mobility; policies directed at youth
- (v) Cooperation in terms of public administration

The workshop also discussed lessons to be drawn from other regional and conflict contexts, in particular from the break-up of Yugoslavia.

The workshop consisted of an introductory session with a keynote speech and four sessions devoted to the four conflict zones mentioned above. The workshop ended with a concluding session and a summary account provided by Dr. Hannes Swoboda, President of wiiw.

Introductory Session: keynote and introductory speeches

KEYNOTE: THOMAS DE WAAL (CARNEGIE, EUROPE)

Started his talk with a note of caution. Referring to the book of Charles A. Kupchan 'How enemies become friends' (Princeton University Press, 2012), he mentioned that in all 20 cases that Kupchan analysed, only one case (Reconciliation of the East and West Germany) was an economically driven process. Everything else was a matter of diplomacy and politics.

Great Britain

Coming to the contemporary events he started with the case of Great Britain. Why did Britain decide to leave the EU, which is equal to self-punishment in economic terms? He emphasised two points on the sociology of Brexit: (1) when one considers the economic benefits of EU membership claiming that EU subsidies help the economy, the argument may not work because the broad masses do not know where the money comes from; therefore the top-down approach does not necessarily inspire positive sentiments; (2) London voted to stay in the EU because their service sector (finance, trade, education) strongly depends on the interaction with foreign citizens. Freedom of movement and migration is an integral part of their daily business, which is not the case for the other places in UK. Thus, different economic relationships result in different voting behaviour.

Nagorno-Karabakh

The Nagorno-Karabakh conflict for de Waal is an example, where the economic interests strongly opposed economic disintegration, but they were completely neglected. Nagorno-Karabakh was integrated into the economy of Azerbaijan SSR, as farmers from the highlands of Nagorno-Karabakh and lowlands of Azerbaijan SSR mutually benefited from the interaction with each other. It did not, however, stop the escalation of the conflict. Feeling of security and ethnic unity strongly prevailed over the other arguments. Soviet Government tried to stop the conflict using various means including a big investment programme, which should bring both sides to cooperate with each other. The programme did not work: both sides rejected the opportunity and de facto behaved opportunistically. The Nagorno-Karabakh conflict showed how the feelings of belonging and security overcame economic reasoning.

Abkhazia

In view of de Waal, Abkhazia represents a neutral case where an economic dependency facilitates some degree of cooperation but does not help to resolve the conflict. He used the example of a power station, which is located on the 'border' between Abkhazia and Georgia: one side of the station is operated by Georgians and the other side by Abkhazians. The power plant transmits electricity to both Abkhazia and Georgia and continued to work and export power during the conflict of 2008. Nevertheless (as in the

example with the UK above), the visibility of the cooperation is low and contacts between two sides of the power plant are rare. Interaction of the sides represents rather necessity than a will for reconciliation.

South Ossetia

The case of South Ossetia could be potentially more promising in terms of preventing conflict by economic means. South Ossetia wanted political autonomy although it is a small agricultural region with small economic base with close economic links to Georgia. One of these close links was a market on the border with an intensive and often illegal trade. When the Saakashvili government came to power and started the reforms, it chose not the best means to eliminate the trade. In 2004, the government did an anti-smuggling operation on the border market. As a result, smugglers disappeared as well as the trade there. South Ossetia reoriented trade to Russia, which used the circumstances for political and military investment. The example of South Ossetia revealed how political barriers may create obstacles for natural exchange.

Transnistria

The Transnistrian conflict may be an example where economic connections were if not the main drivers but at least a source of mitigation of the conflict. Putting aside some biased media-coverage of the region as solely pro-Russian by the western media, de Waal emphasised several points: (1) the ethnic component did not dominate in the conflict; (2) multiple identity of the local population was a driver for mitigation; (3) the region does not have a border with Russia. In the longer run he sees the convergence of two regions (Transnistria and Moldova) in economic terms.

CONCLUSION

Summarising his speech, de Waal highlighted that there is no direct correlation between business links and conflict resolution. Economic interests may help to prevent the conflicts but barely to resolve them. During the conflict, it is often the question of identity, political status and security that play the major role. Therefore, multiple identities can constitute an ideal foundation to mitigate the conflict. Nevertheless, as one could see from the South Ossetian example, one can facilitate a conflict by breaking the economic ties even with the best intentions. In a fight with corruption and shadow economy one has to find an optimal path to promote legal trade and be tolerant to some extent of the illegal economic activities. Regarding the Ukraine events, de Waal pointed out that the current Government is on the dangerous path to create policies for both Donbass and Crimea that may lead to further separation of the regions.

Q&A

Q1: We need to distinguish the types of illegal trade, which one may tolerate and which not. Trading ordinary goods is not the same as trading illegal arms.

Q2: Given the circumstances and suggestions of tolerating illegal trade, what should EU do with DCFTA.

De Waal: Transnistria made a step forward by accepting DCFTA, but one should have it as a long term goal, not the immediate one.

Q3: Both Crimea and territories under control of rebels get supplies from [the mainland] Ukraine. How to deal with the issue of non-payments?

De Waal: If you stop these connections. But in that case the regions will start to reorient their economies toward other regions and partners.

Q4: In which of the conflicts does trade have the highest value in terms of resolving conflicts?

De Waal: Transnistria is a primary example. Abkhazia – maybe. Emphasised again that Ukraine should keep economic connections with separatist regions.

NATALIA MIRIMANOVA (INTERNATIONAL ALERT)

The origin of the topic 'economic connectivity' is linked to the frustration with lengthy and bilateral political negotiation processes between the states. Therefore, the idea of economic connections as a tool to mitigate conflicts appeared on the stage. There are, however, several obstacles that prevent using the economic toolbox to solve the problem.

The first set of problems relates to empirical assessment of conflicts. Since an appropriate framework for conflict assessment does not exist, Mirimanova suggested to differentiate between economic and non-economic conflicts. Evidence suggests that economic and non-economic conflicts require different approaches and means of mitigation. Data gathering is an issue, as we do not have a unified methodology to gather these and we have little understanding of how the economies work in the (near-) conflict environment. One requires a multidisciplinary approach to establish a framework to solve the methodological issues.

Talking about the practical side of the problem, one has to keep in mind several points. First, some groups may profit from the conflict in a direct or indirect sense (military industry, monopolisation of the markets). Moreover, legal status may put constraints on the possible economic activities to mitigate the conflict. Here the examples of Cyprus and Serbia are useful. In a nutshell, countries require a mitigating organisation and strong businesses to let economic collaboration work. Tolerating trade with enemies requires political courage. The Ukraine shows, in her opinion, that she did not learn from the lessons of previous conflicts and Georgia in particular and still needs to find a balance between security and 'openness'.

It is important to consider the type of economy to develop development strategies. The size of an economy matters here. Economic instruments work better where economic interests exist. Taiwan is a big economy and has deep economic exchange with China whereas Abkhazia is a small economy with little products it can sell. Last, one has to introduce the variable of power into the analysis and keep in mind that economic activity that creates asymmetry among the parties may make the conflict worse. Further, Mirimanova emphasised the importance of 'dignity': economic issues might fade into the background as compared to dignity, fairness, access to jobs – see Donbass, loss of employment in factories. Important concept in conflict resolution is fairness and justice.

In the end, she thinks that despite many obstacles, economists should have more voice in resolving the conflicts.

Q&A

Q1: Does it mean that you first need economic development to create the business interests, which could then lead to stronger reintegration motives?

Mirimanova: That is the ideal way. Economic development should go first because otherwise the country will not have parties willing to invest into the country.

Q2: You mentioned the case of China and Taiwan several times, which are different to what happens on the post-soviet space. Does it make sense to apply recipes from the region, which is contextually so different?

Mirimanova: Yes, the differences exist. But there are people in the rebel zones that cross the 'contact line' which are signs of economic exchange.

Q3: Where did you get the data for your study about enterprises in the rebel regions?

Mirimanova: It was first-hand data, which we acquired by interviewing people there. It was risky, but the figures are reliable¹.

Q4: What is the impact of sanctions on the economies?

Mirimanova: Any isolation creates specific kinds of collaboration. Take North Korea for example. Its first biggest trade partner is China. But the second-biggest is Japan. There are many Israeli firms that trade with Saudi Arabia. Therefore, the effect of sanctions is not straightforward. The worst case is the 'carpet bombing' sanctions like the one we had in Cuba and Iran, which led to nothing.

Q5: Should we bring the Russian interests to the table?

Mirimanova: True, we need Russia to solve the conflicts.

Q6: Did the economic relationships become important given the change over the last 25 years?

Mirimanova: Not one of the conflicts had economic foundations. Economics was not important – also because there was no market economy in the 1990s. The economic entities were economically very different from now. Hence, this could change over time and economic issues should probably get more weight in negotiations and conflict resolution. Economic factors may not be the trigger, but certainly a factor, also relevance of international economic ties (RF market).

¹ See Mirimanova (2006), Case study on the South Caucasus;

http://www.international-alert.org/sites/default/files/publications/28_section_2_South_Caucasus.pdf

VLADIMIR GLIGOROV (THE VIENNA INSTITUTE FOR INTERNATIONAL ECONOMIC STUDIES, WIIW)

Professor Gligorov started by saying that 'frozen conflicts' are unresolved conflicts over territory. All Balkan examples are. Borders are crucially important. They are the result of either secession or annexation. They may be internationalised or not. Behind these borders authorities ('monopolies of coercive power') emerge with dubious legality and legitimacy.

There are basically three outcomes: living with the conflict, secession or annexation fail, or they succeed. There are three instruments to arrive at these outcomes: normalisation, legalisation, military intervention.

If the goal is: living with the conflict, the instruments which can be used could be 'connectivity'; in the Balkan case: single market, free trade, regional integration. If the goal is 'failure of secession or annexation', the instruments would be: constitution building (example Macedonia) or military intervention (Croatia, Kosovo, Bosnia and Herzegovina). Finally, if the goal is: 'successful secession or annexation', the instruments used refer to: agreement or legalisation or use of force.

There can be international interventions: Legal intervention: to adjudicate claims to annexation or secession (ICJ decisions on Kosovo); Other legal interventions: ICJ on the right of Macedonia to join international institutions (EU, NATO); European Court of Human Rights' decision on the constitution of Bosnia and Herzegovina (the case of Sejdić-Finci). Or there can be the imposition of sanctions: comprehensive to contain and influence regime change; targeted to constrain the government and influence change of policy. A 'frozen conflict' is a *de facto*, by consequence of the lack of international legality and legitimacy, a system of sanctions, often comprehensive ones.

In the Balkan case, regional integration played an important role to achieve 'normalisation: After 2000, bilateral free trade agreement with EU; after 2006, regional free trade agreement (CEFTA); from 2003, promise of and procedure for accession to the EU. However, geography of animosity unchanged in some parts (Bosnia-Herzegovina). Although the Yugoslav wars are over, the conflicts on the territories exist *de facto*, namely the contested territory of the Republika Srpska and Northern Kosovo. Welfare effects of economic interdependence positive, though regional connectivity beyond trade and some investment limited or non-existent; hard to cross borders (very difficult to invest in regional infrastructure, physical as well as institutional).

Political normalisation and economic connectivity solidify the freeze, but do not resolve conflicts over territory. Economic connectivity is an instrument, which will not help to mitigate the conflict but rather to maintain it in a 'frozen state'. B&H's example demonstrate that economic interdependence between the two republics within the country did not result in a 'proper' constitutional agreement of the country. Although it still works as a single market and started the EU accession process. In the end, one has a better economic environment with no political effect.

Policy tools available in the conflict zones are limited for a number of reasons. Monetary tools are weak because the population uses another currency as a means of exchange. The scope for fiscal policy is very constrained. Labour markets are depressed because one does not have investment and a satisfactory political setup. Markets are distorted because of widespread criminal activity and corruption.

Session 1. Ukraine – Donbass

INTRODUCTION: HEINZ GÄRTNER (AUSTRIAN INSTITUTE FOR INTERNATIONAL AFFAIRS; OIIP)

We heard three different statements: (1) economic connectivity helps; (2) role of the economic interests is exaggerated; (3) economy and politics are independent. Presumably, one can find the cases that support any of the statements.

MARTIN SAJDIK (SPECIAL OSCE REPRESENTATIVE, UKRAINE)

The role of the trilateral group is to supervise the implementation of the Minsk Agreement (MA). The Non-Government Controlled Areas together with Crimea cover a substantial part of the Ukraine territory of 40000 sq. km. Although the contact line covers 480 km, the current skirmish happens sporadically aiming to gain small territorial advantages.

The MA is a 'special' document from the diplomatic/legal point of view for several reasons: representatives of the so-called Donetsk and Lugansk Peoples Republic did not have any official status (and their status does not figure in the document as well), neither parliament (neither Russian, nor Ukrainian) did legally adopt the document. Nevertheless, whatever the legal status of the document is, it has to be implemented and it works.

Up to now, there are three formats that try to resolve the conflict:

1. The Normandy format;
2. MA track;
3. Direct bilateral negotiation lines (USA – Ukraine, USA – Russia, Russia – Ukraine).

Ambassador Sajdik emphasised two points: (1) the conflict involves the two biggest (in land size) countries in Europe; (2) Russia has recently upgraded its own status in the negotiations by appointing Boris Gryzlov as a Russian representative for the Minsk negotiations as he previously held the position of Minister of Internal Affairs in Russia [Mikhail Zurabov, who previously participated in the negotiations on the Russian side, had been Minister of Health and Social Development from 2004 to 2007].

Up to now, OSCE formed 4 working groups, which work on economic, political, security, and humanitarian dimensions of the conflicts. The major result of the OSCE in Ukraine is the decrease of civilian casualties (both lethal cases and injuries). Unfortunately, in the last weeks the figures went up. For Ambassador Sajdik, the political will is crucial to mitigate the conflict and implement the agreement.

HRANT KOSTANYAN (CENTRE FOR EUROPEAN POLICY STUDIES, CEPS)

Started with a quick review of progress of Minsk-II implementation. His analysis revealed that from 13 points of the agreement, six are not implemented, six are partially implemented and only one is implemented fully (for details see Dr. Kostanyan's Ppoint presentation). From his point of view, both Russia and Ukraine are reluctant to implement the MA fully. For Russia it is a way to put pressure on the Ukraine and shift attention to the election agenda. For Ukraine it is a question of high political costs.

Therefore he suggests to renegotiate the conditions of the MA and to make it more instrumental. Instead of the current structure of the agreement, where the MA points have to be implemented in any order, he suggests a step-by-step procedure in the following order: strictly maintain the ceasefire; exchange hostages; extend the mandate of the OSCE and of the special monitoring mission (SMM) to control the whole border [and the contact line?]; provide elections under the supervision of the OSCE; finally, move towards decentralisation in the Ukraine which one should delink from the special status of Donetsk and Lugansk regions.

Furthermore, he pointed out that the diversity of the negotiation links (USA – UA, USA – RUS, RUS – UA, etc.) may lead to contradictory results as they are not transparent in nature. He suggests to extend the Normandy format by including the US into the negotiations to increase transparency and coordination of the parties. The EU from his point of view should maintain the constraints on both Russia and Ukraine through different tools: sanctions for Russia to restrain its opportunistic behaviour; conditionality on Ukraine to promote reforms.

PER FISCHER (COORDINATOR OF THE WORKING GROUP ON ECONOMY OF THE TRILATERAL CONTACT GROUP, UKRAINE, OSCE)

The OSCE economy working group in Ukraine [Working Group on Economy] was established under article 13 of the MA and started to work on May 15th 2015. One of the main issues in coordinating the work of the group was to come to solutions, which seem appropriate for both sides of the conflict. Ambassador Fischer mentioned that the coordination and working atmosphere of the group improved significantly since its inception.

The economic working group deals mostly with the restoration of infrastructure (both physical – roads, railways, electricity, water supply – and others – banking systems, social transfers). Once the conflict started, the problems in one dimension of the infrastructure tend to spill over to the other ones. He illustrated the problem with the case of the payment system and the water supply in non-government controlled areas (NGCA). The companies in NGCA were de facto cut off from the Ukrainian banking system, therefore they were not able to provide payments. Consequently, the water supply companies in NGCA could not provide payments for water consumption in government controlled areas (GCA) leading to shortage of the water supply. To be able to pay for water, the NGCA water supply company established a subsidiary on the GCA side.

Another example of the successful cooperation is the reconstruction of three electrical grids under supervision of the OSCE. He emphasised that the reconstruction of the infrastructure objects is a complicated multi-stage task with a tight cooperation on both sides, which is necessary to maintain

ceasefire and provide the restoration of the objects. Unfortunately, some of the objects get damaged later on and the whole work repeats again.

Some solutions, however, are hard to find. The case of the railroad system demonstrates how reluctance on one side may lead to a disintegration process. Once the Ukrainian Government started to reform the railway sector, the 'authorities' of the NGCA blocked the reform process on their side. There negotiations on the reintegration of the railway systems started but the NGCA authorities effectively blocked them.

Another issue, which remains sensitive, is the payment of social transfers. Pensioners in NGCA could not receive their pensions as the banking system does not operate there. Therefore, people had to cross the contact line and get funds from the GCA in the initial stages of the conflict. The solution provided by the Ukrainian authorities so far was to establish mobile banking branches that move along the contact line and provide payments for the population of the NGCA.

IHOR LOSSOVSKY (PERMANENT REPRESENTATION OF UKRAINE TO THE INTERNATIONAL ORGANISATIONS IN VIENNA)

Ambassador Lossovsky started by mentioning that both Crimea and Donetsk/Lugansk regions are integral part of Ukraine. Despite loss of control of the NGCA and ongoing skirmishes in Donetsk and Lugansk regions, Ukrainian government still guarantees the social contributions of the population there. Putting aside the damage of the property caused directly by the war actions, he claimed that there is evidence of the relocation of the capital stock to Russia (23 factories).

Q&A

Q1: Is it possible to remove the borders between the rebel zones and government controlled areas?

Sajdik: What one could do, is to improve the checkpoint regime. Ukraine insists on the checkpoints because it does not control its border with Russia. Unfortunately, up to now the checkpoints work only two times in a day. We would like to see them working 24 hours.

Q2: How to provide economic connectivity to the average Ukrainian in the rebel zone?

Q3: How to secure the reconstruction in the NGCA?

Per Fischer: First, it is a question of payment. Because once you don't have a working pension system it is not clear how to (a) get wages, (b) provide payments to the companies in the non-government controlled areas (NGCA). Up to now, NGCA have only two quasi-state banks. Even no Russian ones. In the longer term, security of the transport and energy infrastructure is necessary.

Comment by Hrant Kostanyan on the Minsk Agreement (MA): One has to accept that Russia is a part of the conflict in Ukraine and renegotiate the Minsk Agreement because the agreement in its current form isn't implementable. No one makes any investment in implementing the agreement any more.

A reply from Sajdik: First he mentioned that living conditions in NGCA are much harsher than in the GCA. Mainly because prices rose significantly. People often cross the contact line to buy products in the GCA and then come back to the NGCA. People did it, for instance, to buy Christmas trees.

Minsk Agreement is important and one has to stick to it. Because once you start to renegotiate the whole agreement – it's chaos. It's not exactly true that no one invests in the agreement. Look at the law on amnesty for example. And he would not suggest to extend the negotiation formats.

Q3: What happens with gas supply on the NGCA?

Per Fischer: Gas crosses the contact line and supply lines are sometimes damaged. Moreover, there is the non-payment issue. Reconstruction even of the minor elements is extremely complicated because before you can start to work, you first have to agree on a ceasefire and start demining the area. Therefore it is essential for the parties to agree which objects to repair first and then repair them moving from one object to another step by step.

Session 2: Armenia – Azerbaijan

VUGAR BAYRAMOV (CENTER FOR ECONOMIC AND SOCIAL DEVELOPMENT, CESD, AZERBAIJAN)

Professor Bayramov presented a study in which their team tried to analyse the effects of forming a single market on the economies of Armenia, Azerbaijan, and Georgia. To estimate the effects they used an IV approach. Estimating models with various specifications for each country separately, they came to the conclusion that the free-trade agreement will bring benefits to the economies (among other effects the decline of military spending), which could provide incentives for sustainable peace in the region. He mentioned data quality/quantity, abstracting from political issues, and the low estimated effect of FDI on GDP among the main shortcomings of their study.

ALEXANDER ISKANDARYAN (CAUCASUS INSTITUTE, ARMENIA)

Professor Iskandaryan described the current state of the conflict in Nagorno-Karabakh area as the most hopeless amongst the ones discussed at the workshop. The main reason for that is almost absent communication between the sides. Lenin once wrote that 'politics is a concentrated representation of economics'. Following the events of the last twenty five years in the post-soviet space, Iskandaryan is convinced that Lenin's statement could not be more wrong for the post-soviet countries. Here, politics plays a leading role in defining the economic outcomes.

A rapid decline of output of the post-soviet economies did not prevent the escalation of conflict in the NKR area. Even after both sides came to an agreement and the massive military actions were over, the region did not remain peaceful, but escalated gradually with an intensifying arms' race and radicalisation of public opinion in both states. For him this is clear evidence for how the economy is sacrificed to politics.

However, even if one would be ready to facilitate some economic relationships between the countries, as many experts suggest, the lack of infrastructure is a significant barrier to overcome. Professor Iskandaryan could only remember two cases of beneficial interaction in this context: one is the tiny flow of business operations and academic exchange between Armenia and Turkey over the last years; the second was a small town in Georgia where people from both Armenia and Azerbaijan used to find jobs and maintain people-to-people contacts. This opposed the picture promoted by state propaganda. The economic activity in the town, however, disappeared after Saakashvili came to power: the contacts between two countries are very small nowadays.

Q&A

Q1: What are the prospects for the NKR conflict?

Iskandaryan: Part of the problem is, that the populations may be sometimes more radical than their governments. There are consensus opinions in NKR and Armenia on the conflict issue and they are not favourable for a negotiation process. What you can do now is to stop violence.

Q2: Why does Armenia come to Russia for security?

Iskandaryan: EU takes its security from NATO. Armenia is a land-locked country, which shares its borders with three countries only: Turkey, Georgia, and Azerbaijan. Therefore Russia is security. If you need it, you go to Russia. The same is true for Azerbaijan, which buys 85% of the military supplies and weapons from Russia. Therefore, development and security are the two topics, which are constant in the agenda.

Q3: Why was the USSR not able to prevent the conflict in 1988?

Iskandaryan: Because the USSR in 1988 was not the same as the USSR in 1982.

Mirimanova [comment on Bayramov's work]: I wonder if the methodology of your study is applicable given the data constraints you have. For instance, you need at least 20 years of observations to estimate the gravity model.

Session 3: Moldova – Transnistria

JÖRG RADEKE (BERLIN ECONOMICS)

Dr. Radeke started his analysis of the Transnistrian economy by mentioning that Transnistria is a land-locked country, therefore economic ties with the border-states are crucial for the development and existence of the economy. Compared to the other cases discussed before, trade works in the region. Most of the regional exports go to Moldova and EU, whereas imports come mostly from Russia.

He highlighted two main issues that take place in the Transnistrian economy right now. First is the legal one: since 2006 the region has to reorganise its trade relations as Moldova moved towards the DCFTA agreement, whereas Transnistria has a customs duty of 7% on average on both CIS and EU products. Transnistria agreed to liberalise trade relations and agreed to enter the DCFTA in the end. Second is the banking system: foreign banks cannot operate in Transnistria as Moldova requires the supervision of the National Bank of Moldova, which Transnistria refuses to accept. By now, only Russian Sberbank operates in the region and most of the international banking payments are risky and costly.

The solution for the banking system they propose is either to introduce a de facto supervision of the National Bank of Moldova over the foreign banks operating in Transnistria or to agree on a dual supervision by both Moldovan and Transnistrian authorities.

Despite the difficulties, economic interaction still takes place both with Moldova and other countries. One Russian company previously acquired a steel plant, an Italian enterprise engaged in steel production in the region and firms from Moldova account for most FDI in Transnistria. He also emphasised fruitful cooperation in public administration. For instance, Moldovan authorities provided origins of certification for Transnistrian products to let them enter the European market.

In summary, if one leaves out the status questions and lets economies interact as they did, further integration is possible.

DENIS CENUSA (EXPERT-GRUP, MOLDOVA)

Following the previous speaker, Mr. Cenusa highlighted that the Transnistrian 'success' in maintaining economic relations after the conflict was determined by the asymmetric distribution of industrial capacities. As most of the industry plants are located in Transnistria, the structural aspect pushed for further connection. Although Transnistria is usually depicted as a pro-Russian region, the reality is more complex: one of the two dominating parties in Transnistria tries to promote the EU agenda.

Despite the fact that industry dominates in the economy of Transnistria, Mr. Cenusa described the current status of the economy as 'economic collapse'. The reasons for this are manifold, including the Russian – Ukrainian conflict, decline in Russian assistance and the exchange rate, which was kept fixed due to upcoming elections but is likely to depreciate after the elections take place. Another sensitive

issue for the economy is gas supply, which is right now de facto subsidised by Russia as Transnistria does not pay for the gas supply.

Both internal and external politics will define the future economic development of the region. The upcoming elections intensified the discussion among the two major parties within the country which path of integration to proceed with. Should the country participate in the Eurasian Economic Union under Moscow leadership or continue with the further EU integration? Up to now, Russia is non-committal and does not provide any explicit support to any of the parties.

STANISLAV SECRIERU (POLISH INSTITUTE OF INTERNATIONAL AFFAIRS, PISM)

Mr. Secieru addressed three points in his talk: why was the conflict not as severe compared to the other regions, why does it persist so far and how could the current state be improved?

He highlighted several factors that accounted for positive economic cooperation between the two states. First the ethnic factor did not play a big role and the military conflict ended fast, therefore both infrastructure and economic capacities remained mostly untouched. Second, the geographical location defined the efficiency of the ceasefire, as the river Dniester clearly divided the conflict sides and limited the possibilities of unexpected attack and ceasefire violations creating expectations that the ceasefire is going to work in practice. Another contributing factor was the flexibility of the Moldovan government, which maintained some form of cooperation beyond the economic dimension. For instance, the Moldovan authorities let the Transnistrian population get Moldovan passports (300 000), issued biometrical ones (100 000); further allowed the Transnistrian soccer team to play in the national league giving them an opportunity to participate in the Champions League; once one of the Transnistrian clubs also won the national cup.

Coming to the question why the conflict persists, he emphasised that shadow economic links only help to maintain the ceasefire, but the true integration requires a legal economy. Corruption links tend to reinforce each other and have their own interest in maintaining the conflict. Furthermore, Transnistria tried to solidify state structures, and Moldova does not push the reintegration agenda strongly enough. Moreover, some things work in one direction only (non-reciprocal), such as is the case with the issuing of passports or lifting custom duties. Moreover, the further integration of Moldova with the EU (implementing large segments of the Acquis) expands the already existing disconnection between Moldova and Transnistria in the legal field.

Mr. Secieru therefore proposes a major effort to move economic activities from the shadow to the legal economy and initiate legal convergence. Further, facilitate the infrastructure connection of Transnistria through the railway line Chisinau – Odessa, where there are possibilities to cut the riding time through customs' checks onboard during the ride itself and promote tourism capacities in the area, which are heavily underused nowadays.

Q&A

Q1: Is the conflict resolution realistic in the future? What is the role of DCFTA?

Secieru: The sad thing is that already a generation of young people in Transnistria has grown up who think in terms of a separate country. One should not expect that business has much interest in full conflict resolution. Much of the business simply wants to keep things going.

Q2: What solution would you propose for the payment system?

Radeke: Joint control should be beneficial, because thus would bring economic benefits.

Q3: You mentioned that the trade in Transnistria is imbalanced. Who finances it?

Radeke: It is mainly because Transnistria does not pay for the Russian gas.

Q4: Who pays for finance? How does FDI happen if the cross-border payment system does not exist? Who benefits in Moldova from connectivity?

Q5: What is the role of the EU assistance to Moldova and what agenda in Moldova is relevant for OSCE?

Q6: Do you see any adaptation of the legal space?

Genusa: The legal question is mainly about the question of political will.

Q7: In which direction, do you think, the causal mechanism goes? The conflict was mild because there was a lot of industry and well-established infrastructure, or it was a mild conflict and therefore, parties were able to keep infrastructure safe?

Secieru: I believe it was the low scale of conflict, which did not touch the infrastructure that much.

Q8: What do you think about the peace sustainability? What is the role of Russia?

Genusa: We should wait for elections in both Moldova and Transnistria, because pro-Russian politicians may come to power. Russia still plays a role in the conflict. In the economic sphere, Russia still maintains commercial restrictions on Moldova, which motivate shadow schemes with Transnistrian enterprises.

Session 4: Georgia – Abkhazia; Georgia – South Ossetia

SERGEY RASTOLTSEV (INSTITUTE OF WORLD ECONOMY AND INTERNATIONAL RELATIONS, IMEMO; MOSCOW)

Dr. Rastoltsev presented his analysis of how Russia acts in the humanitarian dimension within the conflict regions. He presented each region separately.

Transnistria

He described Transnistria as a region, which still has strong pro-Russian sentiments and got a lot of Russian assistance.

He defined four links through which Russia acts in Transnistria:

1. Local humanitarian organisations
2. Russian humanitarian organisations (Russian World)
3. Educational programmes (Russia provides scholarships for Transnistrian students to study at Russian universities)
4. Direct humanitarian aid

Nagorno-Karabakh

The Nagorno-Karabakh region did not get any official assistance from Russia although some local initiatives for cultural exchange emerged there on their own. Besides, the private Prokhorov fund had some activities there.

South Ossetia / Abkhazia

Russia was generally active in these regions: Russian is a second official language on the territories there, many people have Russian citizenship.

Summarising, he finds that Russia does not use humanitarian help as a means to resolve the conflict but rather a soft power to promote its own influence in the region through scholarships, education and the use of Russian language.

KAKHA GOGOLASHVILI (GEORGIAN FOUNDATION FOR STRATEGIC AND INTERNATIONAL STUDIES)

To begin with, Professor Gogolashvili emphasised that economics matter more in Georgian – Abkhazian relations than in the Georgian – South Ossetian ones. South Ossetia is a small landlocked region with a low productive base and small population, whereas Abkhazia has potential for sustainable development. So far, the Abkhazian economy is an ‘economy of consumption’ with a large trade deficit, which is covered by Russian transfers.

Abkhazians show reluctance to reintegration even if Georgia initiates attractive steps. Even when mutually beneficial agreements (e.g. the case of the power station) take place, Abkhazians perceive it as an unfavourable dependence on Georgia.

Professor Gogolashvili also warned that economics may work equally for military and for peace building purposes. The military lobby and linked enterprises make economic linkages a useful polygon for arms’ exports. Smugglers use it for their profit; human trafficking also takes place. To facilitate the economics for peace building, one needs big projects and involvement of big actors. Partly because small projects are not enough, partly because these would involve the interests of other big actors, in particular the EU and Russia. In that sense, also China’s New Silk Road project may be beneficial for the region as a whole and Abkhazia in particular, as the Georgian ports will not be enough to meet the transport needs for the shipments of goods. The railway connection from Russia to Turkey would be another favourable infrastructure project as well. One has, however, to maintain security in the region. Otherwise, all of the projects will not be effective.

MARIA VAN RUITEN (PEACE AND DEVELOPMENT SPECIALIST, UNDP GEORGIA)

Maria van Ruiten tried to highlight micro effects and micro tools that can be used for reintegration, and why they may fail. She emphasised that Abkhazia showed more will for engagement than South Ossetia, which tends to go in the direction of self-isolation. She mentioned that economic connections (e.g. trade) may bring people together but it does not help to resolve the conflict unless one applies them creatively. She used the following example: Georgia allowed Abkhazians to get medical assistance for free in a hospital, which is located in a town close to the Georgian-Abkhazian border. Local population, however, merely used this opportunity while it is ready to pay money for the medical assistance in the Russian hospitals.

She also made the point that there was a need to maintain a balance in assisting both sides of the conflict. If some type of cooperation creates asymmetry (unequal distribution of the benefits) on the both sides, it may lead to adverse behaviour of the parties.

Q&A

Q1: Does Abkhazia benefit from trade because of its geographical location?

Ruiten: Abkhazia moves closer to Russia. Cross-border cooperation [with Georgia] exists and is important but is narrow. Isolation won’t help to resolve the conflict.

Concluding Remarks

HANNES SWOBODA (WIIW)

Dr. Swoboda concluded the session and summarised the main results of the workshop. From his perspective the following 10 points arise from the workshop:

- 1) Looking at the different conflicts inside the OSCE area, like the one in Eastern Ukraine and Crimea, Transnistria as well as South Ossetia and Abkhazia but also Nagorno-Karabakh, we can see different degrees of economic connectivity across the conflict lines. There is no clear answer to the question whether politics determines the economy or, vice versa, the economy co-determines political developments of the disputes and conflicts, e.g. the weakening of the Russian economy in the wake of the oil/gas price fall affected Russia's stance.
- 2) All these conflicts involve Russia, as they are connected with the weakening and finally the break up of the Soviet Union and the extension of the 'West', represented either by EU or NATO or both. Without dealing with the aspects of the reorganisation of the European space in its wider dimension, it will not be possible to solve or at least unfreeze these conflicts. In this respect the question of the relationship between the EU and the Eurasian Union has to be dealt with. A new large-scale connectivity could create a new perspective of dealing constructively with inner-state or regional conflicts. In addition, a new European security structure could help create a new political framework for conflict resolution.
- 3) A deeper analysis of the conflicts shows that even if connectivity cannot solve conflicts, it may strongly reduce hardship for the people on the ground. These are suffering mostly from new frontiers and insurmountable (or much more costly) dividing lines. They lose jobs, social benefits and the possibility to trade. Especially women and children are the victims of the lack of economic links and lack of access to social and health services.
- 4) Conflict zones are often zones of illegal and illicit trading. While human trafficking and weapons trade should be strictly prevented, small-scale trading of household goods and agricultural products should be tolerated even when it is illegal and de facto tax free. But this tolerance should not be misused by oligarchs who are settling themselves also in conflict zones, which for them may be comfort zones, and in consequence they could have no interest in solving the conflict.
- 5) For a minimum of economic and social connections across the dividing lines, it is absolutely necessary to implement the agreements between conflict partners and their associates; i.e. there should be no a priori exclusion of conflict parties to negotiations. Only then may the conflicts be handled in a way that allows obstructions to be removed in a humane way with some chances of minimal activities for the people on the ground.
- 6) Irrespective of the legal positions and international law, it would be necessary to keep talking to each other in order to save a framework for economic activity. There is always some possibility of

talking and negotiating and still stating one's legal position, as the talks between the leaders of the Greek and Turkish community in Cyprus demonstrate.

- 7) Important for the functioning of connectivity is a safe and secure environment. This is especially true for the areas along the dividing lines and at the crossing points. Economic connectivity should not pose risks to the lives of those involved in it. Work on security safeguards are thus essential for achieving success for economic connectivity.
- 8) The European Union and Russia have a special responsibility to enhance conditions for establishing and promoting economic connectivity. Besides the mutual sanctions, which may hopefully be lifted after fulfilling the conditions like those established by the Minsk agreement for Ukraine, both should have an interest in enhancing connectivity for contributing to conflict resolution but especially for improving everyday life for citizens.
- 9) Infrastructure investment and provision of utilities (electricity, water, etc.) across national borders and thus across conflict zones could make an important contribution to connectivity and social welfare. In this respect also the Chinese 'one belt, one road' project or other projects by external actors could be helpful in connecting conflict areas beyond the conflict dividing line and fostering connectivity.
- 10) Reality is much more complex than a general approach to connectivity would imply. One has to look to the specific conflicts and the individual conditions to see how connectivity may help people to live with and finally solve conflicts. But economic ties could always help citizens on all sides of the conflicts to live a better life than without these. In all cases, legal obstacles to commercial links and direct talks should be overcome to create better chances for the people on the ground. In addition, large-scale connectivity as between large economic and trade communities (such as the EU and the Eurasian Union) and pan-European infrastructures could be helpful in maintaining economic ties and regional and local connectivity.

Annex I: Main Macroeconomic Indicators of the Conflict Regions

Donetsk and Lugansk

Nagorny-Karabakh

Transnistria

Abkhazia

Donetsk Region

	2000	2005	2010	2013	2014*
Population, thd.	4923.9	4647.2	4449.9	4359.7	4320.4
Real Economy					
GDP, mln. UAH	17278.0	58044.0	128986.0	164926.0	119983.0
GDP growth, real	-	14%	13%	-5%	-40%
GDP, mln. USD at FX Prices	3170.3	11336.7	16245.1	20641.6	10133.7
GDP per capita, USD at FX Prices	643.9	2439.5	3650.6	4734.7	2345.5
Economic Activity					
Gross Industry Output, % of GDP	-	-	158%	134%	148%
Gross Agriculture Output, % of GDP	46%	17%	7%	7%	9%
Fixed Capital Investment, % of GDP	-	-	12%	17%	11%
Retail Trade Turnover, % of GDP	-	28%	43%	55%	54%
External Sector					
External Trade Turnover, % GDP	122%	96%	100%	80%	105%
Export, % GDP	93%	75%	84%	63%	88%
Import, % GDP	28%	22%	16%	17%	17%
Net Export, % GDP	65%	53%	68%	47%	70%
Labour Market					
Economically Active Population, thd.	2383.5	2265.1	2166.6	2133.7	1968.8
Monthly Average Employed Population, thd.	2153.2	2124.9	1983.7	1968.1	1752.4
Unemployed, thd.**	230.3	140.2	182.9	165.6	216.4
Unemployment Rate, %	9.7%	6.2%	8.4%	7.8%	11.0%
Average Monthly Wage, UAH	383.0	962.0	2549.0	3755.0	3858.1
Average Monthly Wage, USD at FX Prices	70.3	187.9	321.0	470.0	325.9
Financial Sector					
Inflation Rate (CPI based)	-	11.9%	10.3%	1.3%	22.0%
Official Exchange Rate, UAH/USD	5.45	5.12	7.94	7.99	11.84
State Finance					
Income, % GDP	-	-	-	-	-
Expenditure, % GDP	-	-	-	-	-
Budget Surplus ("-" Deficit), % GDP	-	-	-	-	-

* Values for 2014 do not account for the separatist controlled areas and migration flows

** According to the Methodology of the International Labour Organization

Sources: State Statistical Service of Ukraine, National Bank of Ukraine

Lugansk Region

	2000	2005	2010	2013	2014*
Population, thd.	2625.3	2424.8	2301.4	2248.0	2229.8
Real Economy					
GDP, mln. UAH	6403.0	19716.0	45541.0	55108.0	31393.0
GDP growth, real	-	20%	7%	-7%	-54%
GDP, mln. USD at FX Prices	1174.9	3850.8	5735.6	6897.1	2651.4
GDP per capita, USD at FX Prices	447.5	1588.1	2492.2	3068.1	1189.1
Economic Activity					
Gross Industry Output, % of GDP	-	-	162%	132%	107%
Gross Agriculture Output, % of GDP	62%	30%	11%	12%	17%
Fixed Capital Investment, % of GDP	-	-	12%	21%	17%
Retail Trade Turnover, % of GDP	-	37%	51%	72%	63%
External Sector					
External Trade Turnover, % GDP	272%	228%	247%	207%	355%
Export, % GDP	252%	214%	230%	182%	322%
Import, % GDP	20%	13%	17%	25%	33%
Net Export, % GDP	232%	201%	213%	158%	289%
Labour Market					
Economically Active Population, thd.	1135.3	1143.2	1094.1	1078.0	990.3
Monthly Average Employed Population, thd.	1008.3	1054.4	1015.4	1011.7	877.6
Unemployed, thd.**	127.0	88.8	78.7	66.3	112.7
Unemployment Rate, %	11%	8%	7%	6%	11%
Average Monthly Wage, UAH	232	805	2271	3337	3377.1
Average Monthly Wage, USD at FX Prices	42.6	157.2	286.0	417.6	285.2
Financial Sector					
Inflation Rate (CPI based)	-	12.0%	10.5%	1.3%	25.2%
Official Exchange Rate, USD/UAH	5.45	5.12	7.94	7.99	11.84
State Finance					
Income, % GDP	-	-	-	-	-
Expenditure, % GDP	-	-	-	-	-
Budget Surplus ("-" Deficit), % GDP	-	-	-	-	-

* Values for 2014 do not account for the separatist controlled areas and migration flows

** According to the Methodology of the International Labour Organization

Sources: State Statistical Service of Ukraine, National Bank of Ukraine

Nagorny-Karabakh

	2000	2005	2010	2013	2014
Population, thd.	134.4	137.7	141.4	146.6	148.1
Real Economy					
GDP, mln. AMD	23148.6	51379.4	118187.2	168563.6	188840.3
GDP growth, real	-	19%	6%	6%	7%
GDP, mln. USD at FX Prices	41.7	112.2	316.3	411.5	454.0
GDP per capita, USD at FX Prices	310.3	815.1	2236.9	2807.0	3065.7
Economic Activity					
Gross Industry Output, % of GDP	21%	35%	36%	26%	28%
Gross Agriculture Output, % of GDP	58%	41%	34%	33%	30%
Fixed Capital Investment, % of GDP	-	-	-	-	-
Retail Trade Turnover, % of GDP	93%	83%	69%	67%	62%
External Sector					
External Trade Turnover, % GDP	73%	119%	110%	80%	81%
Export, % GDP	5%	34%	24%	14%	14%
Import, % GDP	68%	85%	86%	65%	67%
Net Export, % GDP	-63%	-51%	-63%	-51%	-52%
Labour Market					
Economically Active Population, thd.	52.3	56.4	61.5	63.6	62.6
Monthly Average Employed Population, thd.	47.8	52.9	58.0	61.0	61.1
Unemployed, thd.	3.5	3.5	3.4	2.6	1.5
Unemployment Rate	6.61%	6.24%	5.60%	4.04%	2.45%
Average Monthly Wage, AMD	28178	51127	92736	111580	134310
Average Monthly Wage, USD at FX Prices	50.8	111.7	248.2	272.4	322.9
Financial Sector					
Inflation Rate (CPI based)	2.9%	0.4%	8.5%	5.6%	4.6%
Official Exchange Rate, AMD/USD	555.09	457.78	373.65	409.63	415.92
State Finance					
Income, % GDP	11%	14%	21%	17%	17%
Expenditure, % GDP	51%	40%	54%	42%	42%
Budget Surplus ("-" Deficit), % GDP	-41%	-26%	-33%	-25%	-25%

Sources: Statistical Service of Nagorny-Karabakh, National Bank of Armenia

Transnistria

	2001	2005	2010	2013	2014
Population, thd.	642.5	547.5	517.9	509.4	505.2
Real Economy					
GDP, mln. PUR	1360.3	3898.6	8865.8	11641.3	12396.3
GDP growth, real	-	14%	-4%	-4%	5%
GDP, mln. USD at FX Prices	237.6	480.7	938.2	1048.8	1116.8
GDP per capita, USD at FX Prices	369.9	878.0	1811.5	2058.8	2210.6
Economic Activity					
Gross Industry Output, % of GDP	233%	153%	83%	76%	86%
Gross Agriculture Output, % of GDP	-	-	-	-	-
Fixed Capital Investment, % of GDP	18%	19%	21%	17%	15%
Retail Trade Turnover, % of GDP	59%	79%	54%	68%	61%
External Sector					
External Trade Turnover, % GDP	387%	299%	200%	214%	210%
Export, % GDP	164%	121%	62%	56%	64%
Import, % GDP	223%	178%	138%	158%	146%
Net Export, % GDP	-58%	-57%	-76%	-102%	-82%
Labour Market					
Economically Active Population, thd.	203.7	162.3	147.1	145.3	147.5
Monthly Average Employed Population, thd.	202.0	159.0	138.5	141.1	142.4
Unemployed, thd.	1.7	3.3	8.6	4.3	5.2
Unemployment Rate	0.8%	2.0%	5.8%	3.0%	3.5%
Average Monthly Wage, PUR	241	962	2580	3715	3947
Average Monthly Wage, USD at FX Prices	42.1	118.6	273.0	334.7	355.6
Financial Sector					
Inflation Rate (CPI based)	26.8%	10.8%	13.2%	3.6%	1.0%
Official Exchange Rate, PUR/USD	5.72	8.11	9.45	11.1	11.1
State Finance					
Income, % GDP	27%	32%	23%	25%	26%
Expenditure, % GDP	29%	35%	38%	31%	33%
Budget Surplus ("-" Deficit), % GDP	-2%	-3%	-14%	-6%	-7%

Sources: Statistical Service of Transnistria, Pridnestrovian Central Bank

Abkhazia

	2000	2005	2010	2013	2014
Population, thd.	-	220.5	237.6	242.0	242.8
Real Economy					
GDP, mln. RUB	-	-	20777.8	24800.1	27552.3
GDP growth, real	-	-	23%	-8%	2%
GDP, mln. USD at FX Prices	-	-	683.9	753.6	713.8
GDP per capita, USD at FX Prices	-	-	2878.7	3113.6	2940.4
Economic Activity					
Gross Industry Output, % of GDP	-	-	10%	10%	11%
Gross Agriculture Output, % of GDP	-	-	21%	41%	49%
Fixed Capital Investment, % of GDP	-	-	19%	12%	9%
Retail Trade Turnover, % of GDP	-	-	35%	48%	44%
External Sector					
External Trade Turnover, % GDP	-	-	60%	72%	72%
Export, % GDP	-	-	10%	11%	11%
Import, % GDP	-	-	50%	62%	62%
Net Export, % GDP	-	-	-40%	-51%	-51%
Labour Market					
Economically Active Population, thd.	-	-	-	-	-
Monthly Average Employed Population, thd.	-	-	38.3	41.5	40.6
Unemployed, thd.	-	-	-	-	-
Unemployment Rate	-	-	-	-	-
Average Monthly Wage, RUB	277.3	1402.7	5953.7	9579.7	9895.1
Average Monthly Wage, USD at FX Prices	9.9	49.5	196.0	291.1	256.3
Financial Sector					
Inflation Rate (CPI based)	22.6%	15.5%	8.0%	8.0%	9.2%
Official Exchange Rate, RUB/USD	28.13	28.31	30.38	32.91	38.6
State Finance					
Income, % GDP	-	-	23%	30%	30%
Expenditure, % GDP	-	-	22%	32%	31%
Budget Surplus ("-" Deficit), % GDP	-	-	1%	-2%	0%

Sources: Statistical Service of Abkhazia, National Bank of Abkhazia, Central Bank of Russia

Annex II:Handouts



Wiener Institut für
Internationale
Wirtschaftsvergleiche

The Vienna Institute for
International Economic
Studies

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Compendium of economic statistics

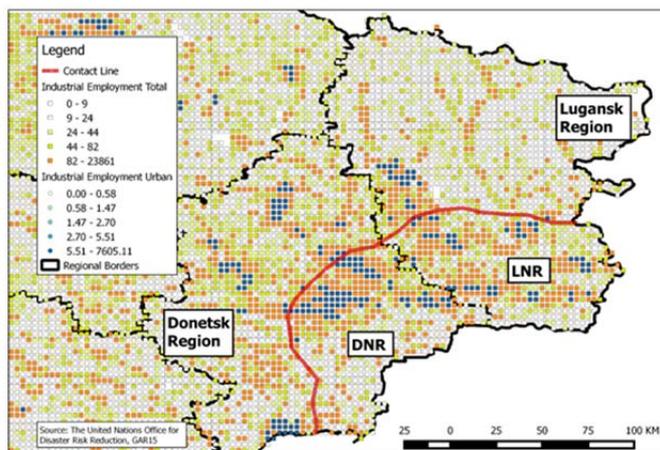
Academic Workshop

Economic connectivity in East European conflict regions

01 July 2016



Concentration of the Industrial Employment in Donetsk and Lugansk Regions



Data is extracted from Global Exposure Dataset 2015.

Each cell represents a 5x5 km grid. The color gradient is assigned according to the equal-size quantiles of the population size per grid.

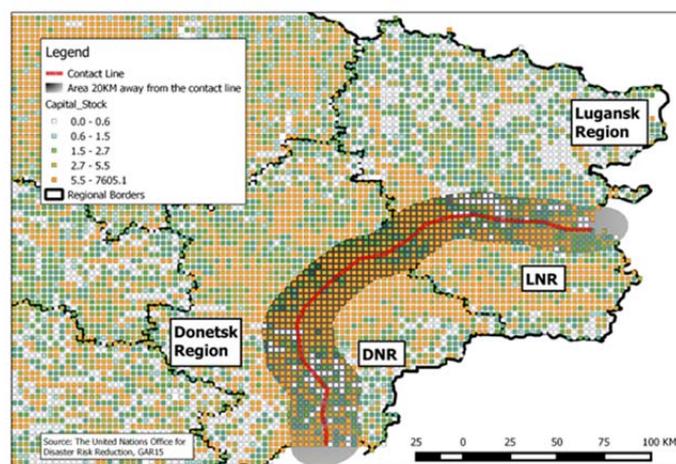
Population is assigned to the grid by calculating the likelihood of living using the land cover, urban/rural areas, and satellite images. Data is published and distributed by LandScan (June 2012).

The contact line is spatially referenced from the UN Food and Agriculture Organization (26th of February 2016).

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Concentration of the Capital Stock in Donetsk and Lugansk Regions



Data is extracted from Global Exposure Dataset 2015.

Each cell represents a 5x5 km grid. The color gradient is assigned according to the equal-size quantiles of the value of the capital stock per grid.

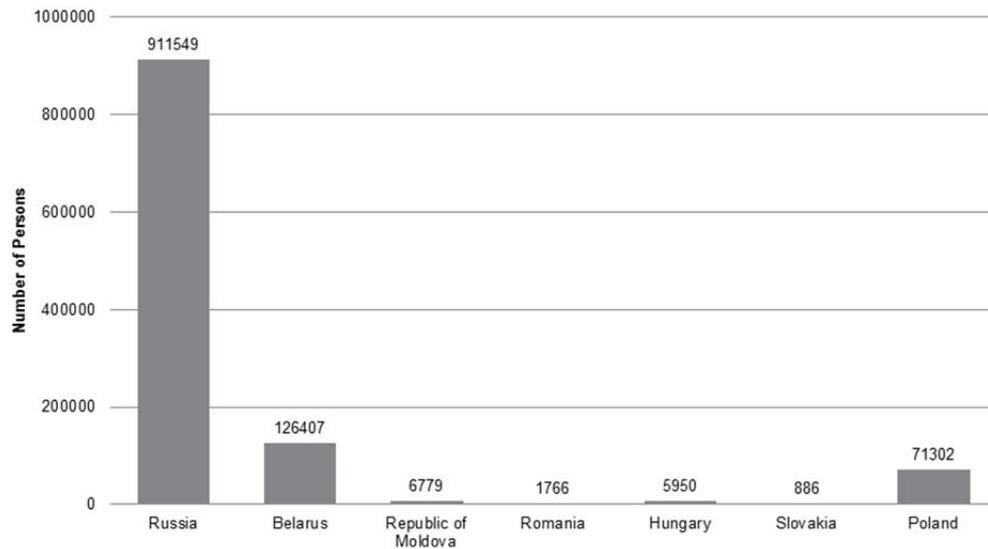
Value of capital stock is estimated using the World Bank Estimation of Capital Stock in 2011 and Gross Regional Product, which is later distributed using the night time light intensity (UNISDR 2015).

The contact line is spatially referenced from the UN Food and Agriculture Organization (26th of February 2016).

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Distribution of Ukrainian Asylum Seekers by 21.08.2015

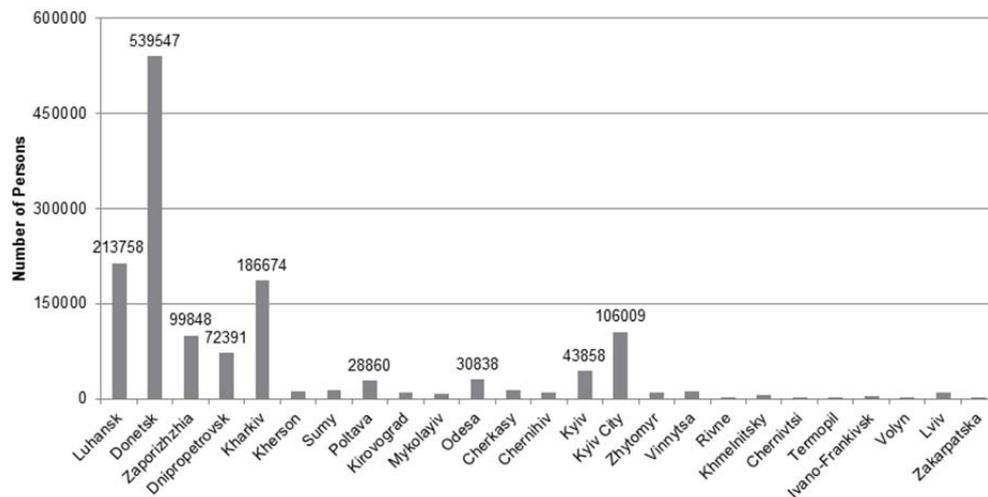


Figures are likely to be underestimated
Source: UNHCR

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Internally Displaced Population within the Ukrainian Regions by 21.08.2015

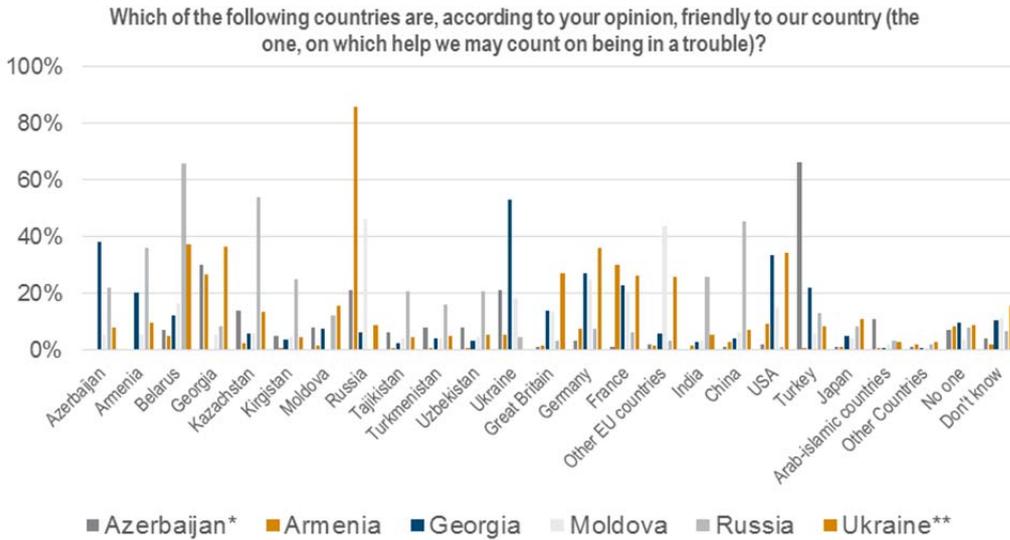


Figures are likely to be underestimated
Source: UNHCR

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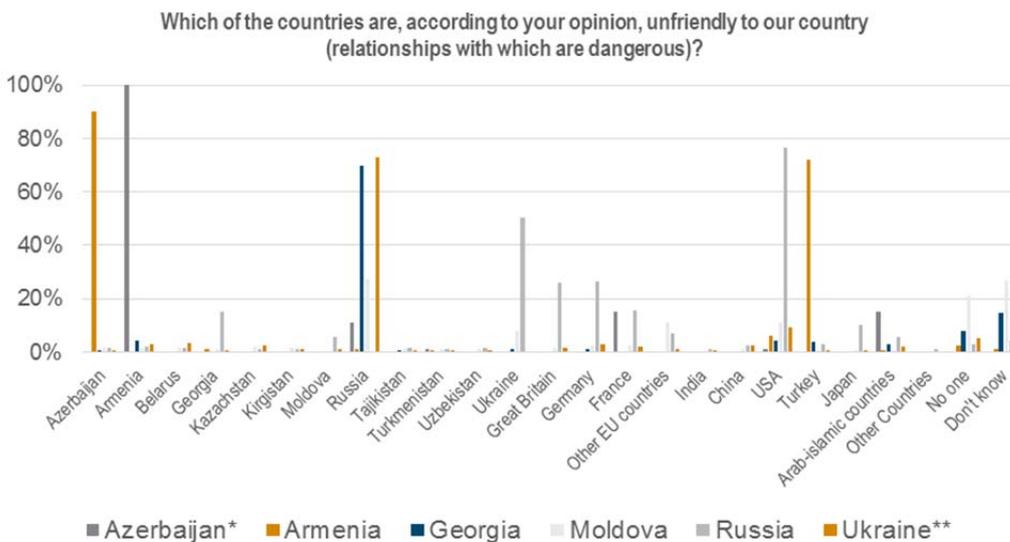
Results of the Integration Barometer Survey in 2015



The survey asks participants to select each country from the list, for which the statement in the question applies. Minimum sample size – 1047 (Georgia); Maximum Sample Size – 2194 (Ukraine)
 * Results for Azerbaijan are from the year 2014. ** Results for Ukraine do not include Donetsk region and Crimea
 Source: Eurasian Monitor (2014, 2015)



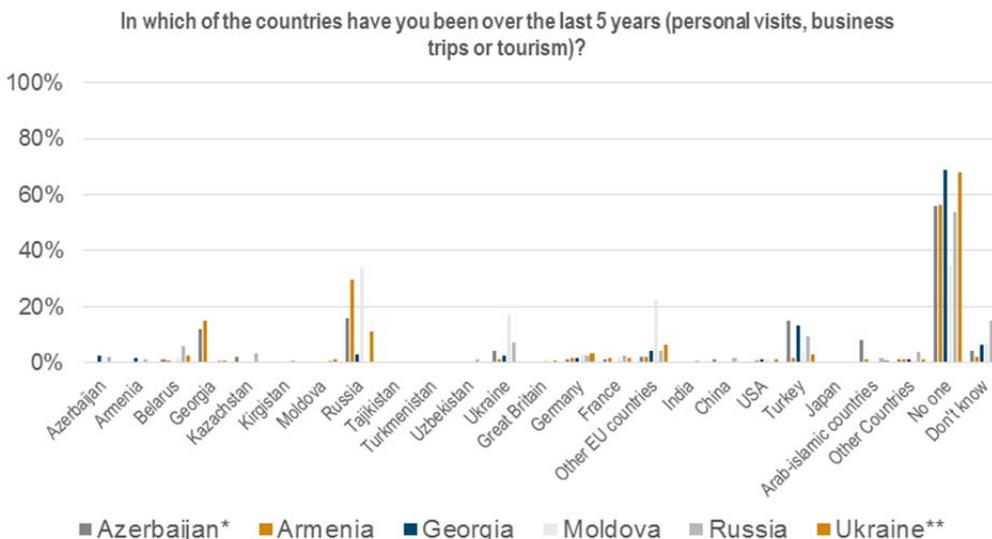
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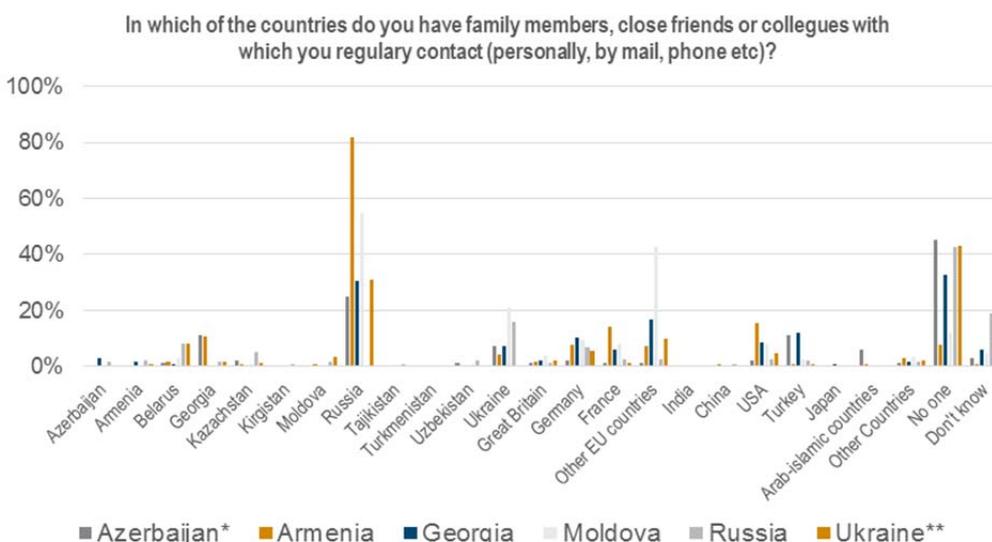
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Results of the Integration Barometer Survey in 2015

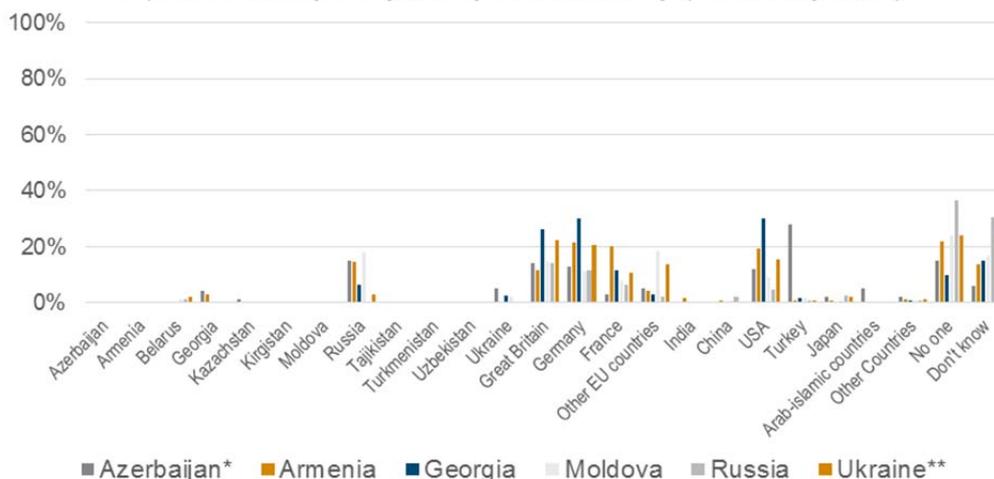


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 Source: Eurasian Monitor (2014, 2015)



Results of the Integration Barometer Survey in 2015

To which country you would like to go for educational purposes? (younger than 35 years old) / To which country would you send your children to study? (older than 35 years old)

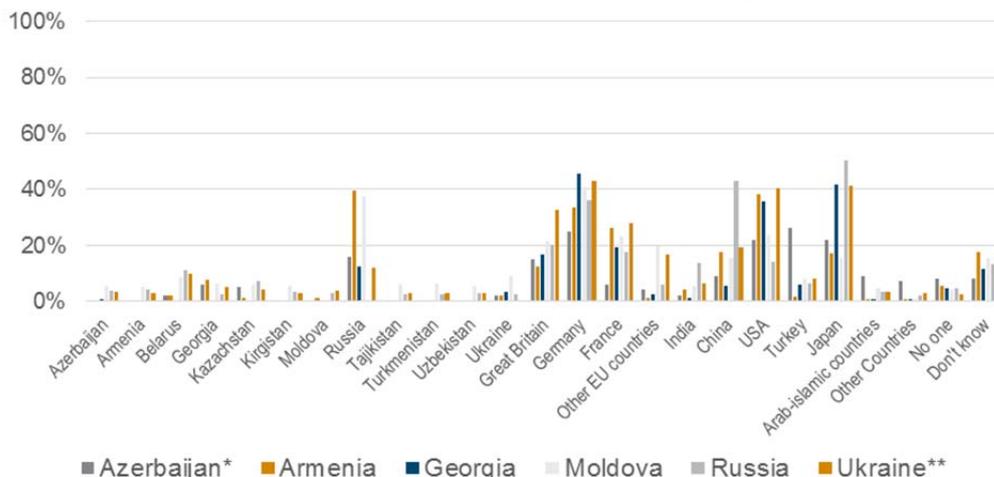


The survey asks participants to select each country from the list, for which the statement in the question applies. Minimum sample size – 1047 (Georgia); Maximum Sample Size – 2194 (Ukraine)
 * Results for Azerbaijan are from the year 2014. ** Results for Ukraine do not include Donetsk region and Crimea
 Source: Eurasian Monitor (2014, 2015)



Results of the Integration Barometer Survey in 2015

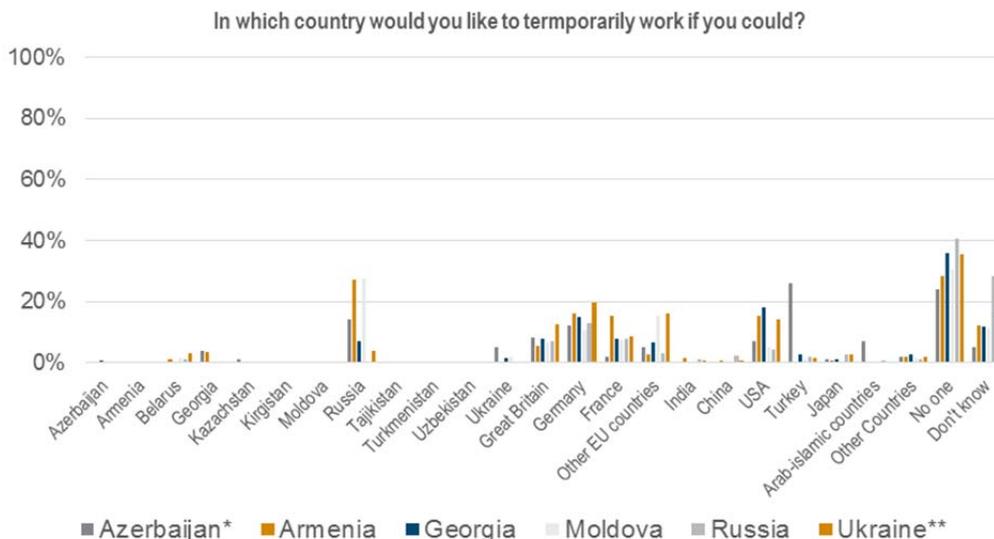
With which countries could our state or companies beneficially cooperate with (do research, exchange R&D results, technologies, scientific ideas)?



The survey asks participants to select each country from the list, for which the statement in the question applies. Minimum sample size – 1047 (Georgia); Maximum Sample Size – 2194 (Ukraine)
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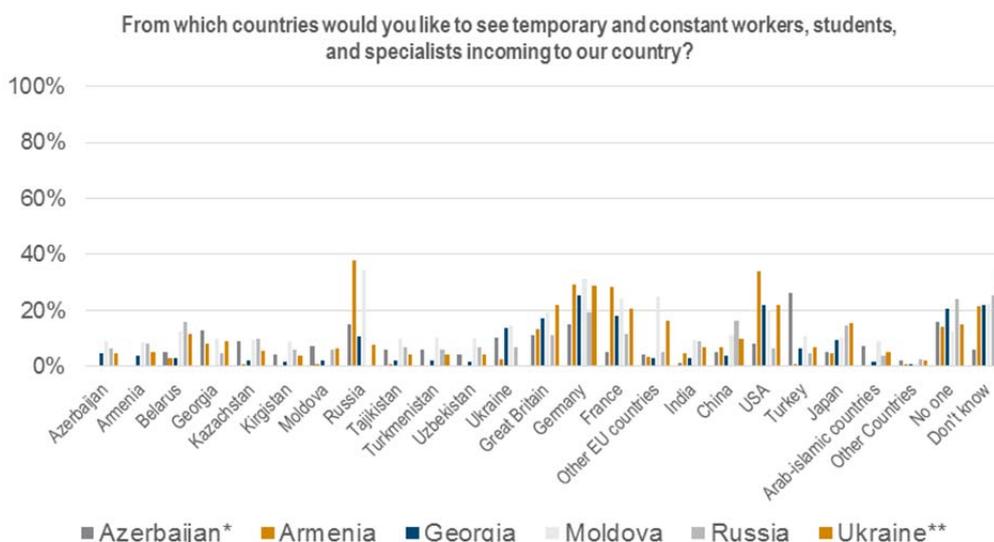
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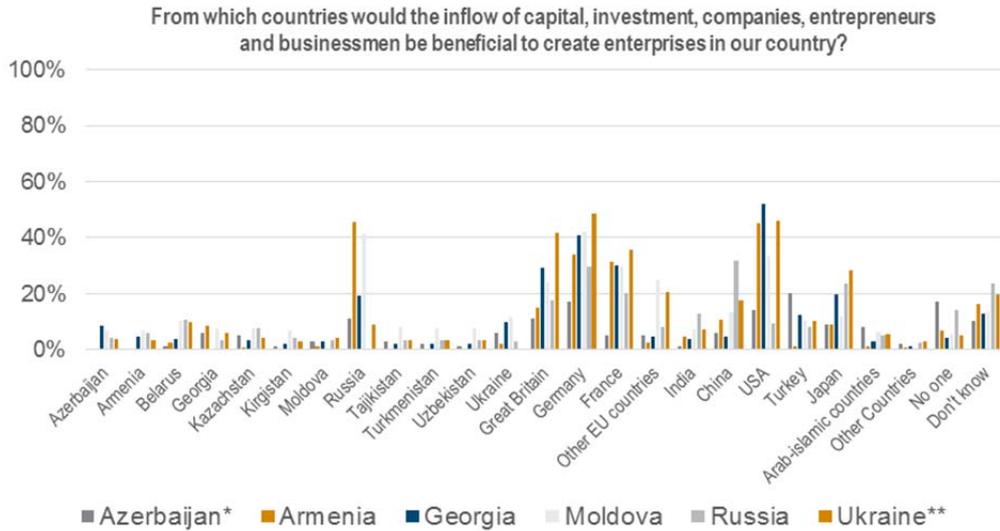
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