



# Transnistria's newfound geopolitical relevance

May, 2022

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Our analysis covers the events happening until May 13, 2022.

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# Introduction

Outside the security professionals' community and before the war in Ukraine, few paid attention to Transnistria. As a consequence of Russia's invasion of Ukraine, however, the relevance of this breakaway Moldovan region has become more pronounced as the conflict and geopolitical interventionism are elevating a multitude of risks for businesses.

Transnistria is a strategically relevant slither of land wedged between Moldova and Ukraine, with no government recognizing its independent sovereign status. As explained in a following section of this article, the territory was originally part of the Moldavian Socialist Soviet Autonomous Republic but was mostly inhabited by ethnic Russian and Ukrainians. Following the dissolution of the Soviet Union and the independence of Moldova, Transnistria declared its independence from the government of Chisinau, leading to a brief civil war, in which the Transnistrian forces were mostly backed by Russia, which up to this day maintains a military presence in the region, officially in the context of a "peacekeeping" mission. However, somewhat surprisingly, not even Russia has official diplomatic relations with Transnistria, despite the fact that without Moscow's political, economic and military support, the local government in Tiraspol would not even exist.

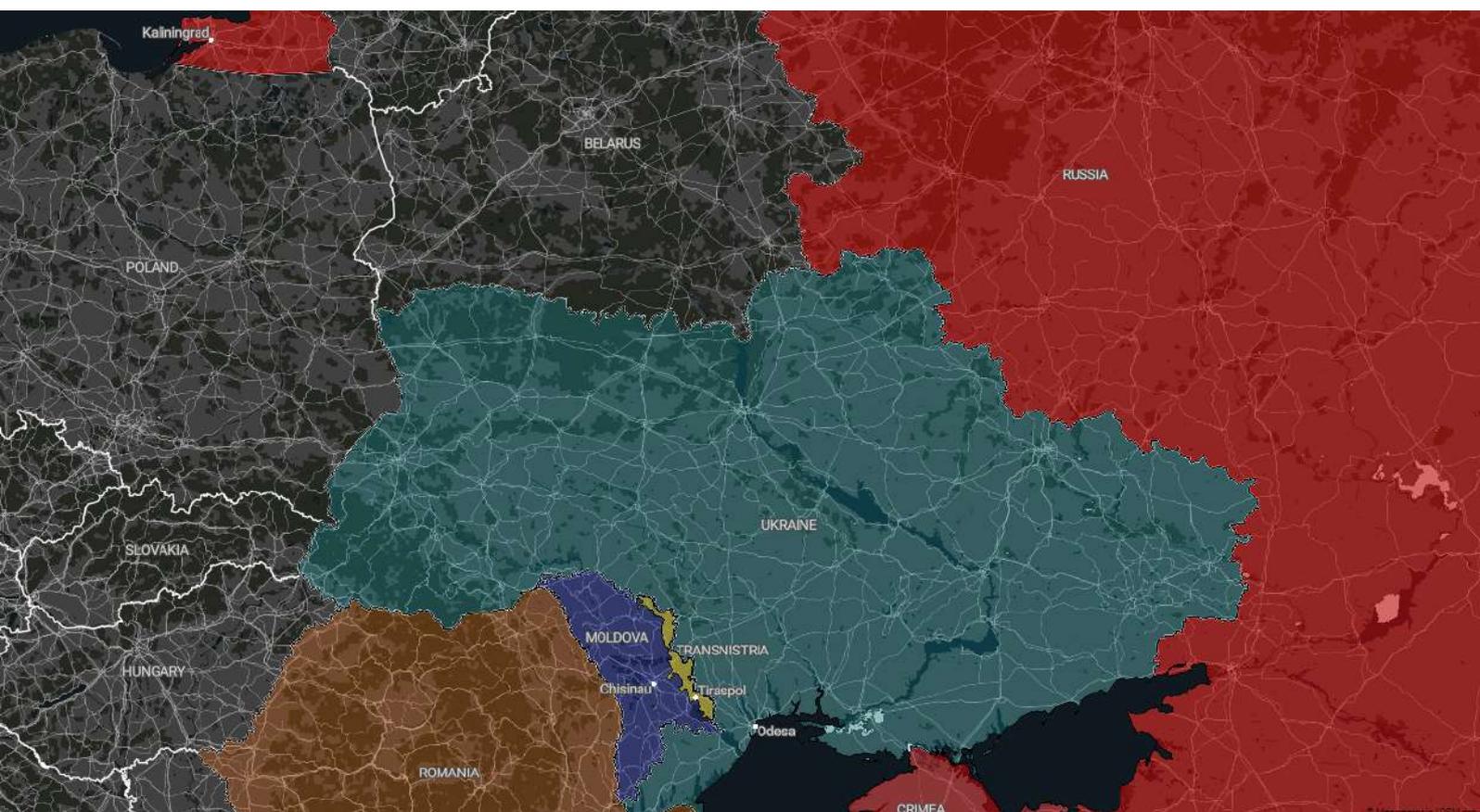
In late April 2022, companies with an operational presence in southeastern Europe had a wake-up call after Russian General Rustam Minnekaev openly claimed that one of Russia's goals in the conflict was to effectively seize the entire Black Sea coast, creating a land corridor from Russia to Transnistria. A few days later, a series of unclaimed attacks rocked the enclave, with some observers interpreting the events as the beginning of the destabilization process needed to carry out such plan.

Considering the murky nature of the Transnistrian state—which is heavily infiltrated by the Russian security services—and the lack of international oversight, a variety of risks are likely to emerge as a consequence of the ongoing war in Ukraine. Some of these business-relevant risks and opportunities will be explored in this article, with potential implications for Eastern Europe, particularly on Romania and Moldova.

# The recent escalations

On Monday, April 25, three unidentified men shot at the Ministry of State Security in central Tiraspol with a grenade launcher. On the following day (April 26), unidentified attackers destroyed a large radio antenna in Mayak, a village in central Transnistria. Additionally, there were reports of an attack on the Tiraspol Airport (LUTR) In response, Transnistrian authorities raised the terrorist threat level in the enclave to the highest. Since then, all mass gatherings have been banned, including those organized for the May 9th Victory Day holiday to commemorate the victory in World War II in many post-Soviet countries. Quickly, the US, Germany and Israel called on their citizens to leave Transnistria. In the following weeks, multiple attacks were reported in the region, often followed by local authorities claiming incursions of Ukrainian drones entering Transnistrian airspace.

Immediately, the issue of attribution arose. The local Ministry of State Security quickly declared that the attack's "footprints lead to Ukraine". The Transnistrian Ministry of Internal Affairs claimed that, in a different incident, shots were fired from Ukraine towards the Kolbasnoe village, where one of Europe's largest ammunition deposits (dating back to Soviet times and currently guarded by the Russian military) is located. Moldovan President Maya Sandu stated that events in Transnistria were linked to "competing domestic factions" within the territory, but did not specify to whom she was referring.



In response, Ukrainian President Volodymyr Zelensky claimed that the Russian secret services were behind the attacks. One of Zelensky's advisors, Alexey Arestovich, added fuel to the fire by stating that Ukraine was ready to take over Transnistria if Moldova asked for support.

The Russian Foreign Ministry called what happened in Transnistria “acts of terrorism”, and publically condemned all attempts at drawing the small nation into the Ukrainian conflict. Russian Telegram channels took the situation even further, circulating conspiracy theories that it was Moldova, with the help of NATO-member Romania, that was planning to attack Transnistria. Coincidentally, these accusations occurred on the same day videos emerged of Romanian military equipment being moved to the Moldovan border. Bucharest representatives called the idea absurd and clarified that military vehicles were moving towards the Moldovan border for a “planned drill”.

The most important aspect to underline is that while **it appears manifest that a potential destabilization of Transnistria is underway, it is unclear who is behind it or how this will eventually play out.** Therefore, to be better prepared to understand the risks emerging in this region, it is necessary to look at how the Transnistrian-Moldovan dispute originated and subsequently analyse possible outcomes for businesses in different industries.



# How the Moldova-Transnistria dispute came to reality

To explore the consequences of a change in the status quo in Transnistria, it is important to understand how modern Moldova was born, and why is Transnistria such an important region for the country.

During the middle ages, the Principality of Moldavia extended over a territory populated by Romanian-speaking tribes, as well as Turkic and Eastern Slavic people. It was localized between the Eastern Carpathian mountains and the Dniester river. Today, this area includes modern-day Moldova, and parts of Eastern Romania, but does not include Transnistria.

A vassal of the Ottoman Empire in the 16th and 17th centuries, the Principality was divided in two in 1812, when the Russian Empire conquered its eastern part, naming it Bessarabia. Quickly, the Russian empire would begin fostering Slavic settlements in the region to protect its southwestern flank.

After the First World War, Bessarabia joined the Romanian kingdom while the territory corresponding to Transnistria remained within what became the USSR. In 1924, the latter created the Moldavian Socialist Soviet Autonomous Republic, which included the Transdnestrian territory and extended to the east into part of present-day Ukraine. Then, prior to the outbreak of the Second World War, the entirety of modern-day Moldavia was integrated into the USSR.

It is crucial to point out that Stalin crafted the borders of Moldova precisely to complicate its independentist claims and allow for easier control by Moscow. In fact, the Moldovan state territory recognized by the United Nations is only partially overlapping with historical Bessarabia. Specifically, northern and southern territories were taken away from Moldova, which is predominantly Romanian-speaking, rendering it a landlocked state. In exchange, the country received Transnistria, where predominantly Russians and Ukrainians lived. Taken together, such measures altered significantly the ethnic and linguistic makeup of the country.

Under Soviet rule, Transnistria was heavily industrialized. Even though it accounted for only 11% of the surface area and 17% of the total population of Moldova in 1989, it generated well over a third of its GDP. The rest of Moldova was, and remains to this day, largely agricultural.



After the collapse of the Soviet Union, a civil war broke out in March 1992 between Transnistrian and Moldovan forces. The main driver behind it was the adoption of Romanian as the official language in Moldova, and the subsequent inevitable loss of influence of the Russian-speaking population. Thousands of people died, but a ceasefire was brokered after the involvement of the Russian 14th Guards Army, headed by General Aleksander Lebed, who sided with Transnistria and played a decisive role in the conflict. The 14th Army had been stationed in the region since the early 1980s, having its headquarters in Tiraspol, and remained in the area also after the dissolution of the USSR. Even though the Russian Federation has officially stated a policy of neutrality in the civil war, most of the soldiers of the unit were from Transnistria and were therefore sympathetic to the independentist cause, leading to the decisive involvement of the 14th Army on the side of the Transnistrian forces.

Ever since, Russia has been trying to build a “postcard society” in Transnistria. For example, many social benefits paid in Transnistria come directly from the Russian government. Additionally, gas comes de facto for free to Transnistria as bills for it are sent to the Moldovan government in Chisinau. This is implemented with one clear goal, to give regular citizens of Moldova an idea of what happens if one “sticks to Russia”, rather than Romania (and therefore the European Union).

Lastly, it is necessary to highlight the significant Russian military presence in Transnistria, which stands at approximately 1,700 “peacekeepers”. Their main task is to guard the Kolbasnoe ammunition deposit, which is one of the largest in Europe. Military scenarios analysis concluded that if a missile struck the depot, which is storing around 22,000 tons of munitions, the resulting explosion would be equivalent to that of a small nuclear bomb detonation. Additionally, it has been assessed that these peacekeepers do not undergo intensive combat training and that their equipment dates back to the 1970s Soviet era. Similar capacity issues are also seen with the 15,000-strong Transnistrian military and security forces.

# Implications for Eastern Europe, Romania and Moldova

The situation in and around Transnistria has been fluid for centuries and, presently, the enclave is potentially edging towards a new and definitive chapter in its political history. In fact, depending on the outcome of the war in Ukraine, Transnistria might follow different paths with varying degrees of likelihood, each with associated risks and opportunities.

In the next section of this article, we will assess the impact of the current geopolitical environment, for Eastern Europe, Romania and Moldova, while attempting to find a common denominator that will manifest regardless of the specificities of future developments.

## **A “southern Kaliningrad”**

Transnistria sits along a line sometime referred to as the “isthmus of Europe”. This is the shortest strip of land that connects the Baltic and the Black seas. Nominally, it begins in the Russian territory of Kaliningrad, located between Lithuania and Poland, runs down through Western Belarus and Western Ukraine, passes through Transnistria, and ends in Odesa. This is considered to be the imaginary border of the “Russian World” as they see it in the Kremlin. If a land army were to invade from continental Europe, in theory, this is where it would be easiest to defend. Therefore, it is not a coincidence that so many of Russia’s strategic territories lie along this strip of land.

To imagine what could happen in Transnistria, were Russian advances westward in southern Ukraine to prove successful, it is enough to look at what is the reality today in Kaliningrad. In fact, Russia’s Baltic region is one of the most heavily militarized parts of the federation. Two kinds of weapons deployed there are particularly relevant: the S-400 surface-to-air anti-missile system and the Iskander short-range ballistic missiles system. The S-400 is considered to be one of the world’s most advanced air defence systems, and its maximum range is close to 400km. The Iskander ballistic missile, which is capable of carrying nuclear warheads, has a range of up to 500km.

From Kaliningrad, the Iskander can hit targets in Poland, parts of eastern Germany, southern Sweden, Latvia, Lithuania, and Estonia, Belarus, and a large part of the Baltic Sea. NATO targets, as well as shipping routes, would be under threat.

Were this system to be deployed in Transnistria, commercial and military sites in Romania, Moldova, Bulgaria and Western Ukraine would be within reach.

The crucial consequence of more Russian-led militarization of Transnistria would be a significant change in NATO's military posture in the region. On the most basic level, this would lead to increased presence of military personnel and hardware in eastern Europe. However, a significant NATO deployment in the area would also bring along a variety of activities in industries such as transportation and logistics, construction, and hospitality to name a few.

## **Romania**

The relevance of Romania on the international scene, both militarily and commercially, has grown over the past years and, as a consequence of the war in Ukraine, this trend will only intensify. In fact, from NATO's perspective, Romania offers a stable operational environment that may allow to project influence to the east, in Moldova and Ukraine, but also to the western Balkan region. On top of that, ideologically, Romania acts as a natural anti-Russian bulwark in the region because of their competing interests in Moldova and the Balkans. To this day, more than 1,900 US military personnel are already based in Romania, alongside NATO colleagues from Italy, France, Germany, Belgium and the Netherlands, engaged in air and sea operations.

The port of Constanza constitutes the main asset for the country as far as maritime interests are concerned. Today more than ever, considering that Ukraine has already lost access to half of its coastline, the port's significance has increased. In fact, since Russia's annexation of Crimea, NATO has viewed the Black Sea as something akin to a Russian lake. Now, countermeasures are expected. Commercially, the port's importance will grow for similar reasons. Having lost access to ports in Mariupol, Berdiansk and Kherson, while Odesa is being constantly bombarded, Ukraine's imports and exports have been mostly redirected through the Romanian port of Constanza, which is the closest and the largest one in the Black Sea with capacity for additional operations.



Companies operating in logistics are set to benefit, but this could also be the case for the automotive sector in the country. In fact, French group Renault has pledged to sell its majority stake in Russian automaker Lada, which is a direct competitor to Romanian automaker Dacia. Both are currently owned by Renault, but considering the loss of the Russian capabilities, it is natural to expect a reorientation of investments in a comparable brand already part of the Renault portfolio.

Lastly, the war in Ukraine has pushed Romania to look for new and alternative energy sources, as the EU seems poised to phase out oil and gas imports from Russia. Today, Romania enjoys a relatively healthy energy mix, with coal, hydropower, fossil gas, nuclear and wind each accounting for comparable shares of power generation. However, with the exception of wind and solar, Romania will have to modernize its energy infrastructure in order to take on more capacity. As a consequence, companies operating in the energy sector in Romania are set to benefit from the coming investments, both to increase production but also maintain the current one by updating hardware installations.

## **Moldova**

As far as Moldova is concerned, in addition to the evident security concerns coming from the apparent Russian attempts to destabilise Transnistria, the impact of the Ukraine crisis on energy security is equally, if not more, important. In fact, Chisinau has been looking for alternatives to electricity coming from Transnistria and gas from Russia for years. An important consideration to make is that Chisinau has inherited old Soviet electricity standards, which allow for the import of electricity either from Romania, or from Transnistria, but not from both at the same time. Currently, the country produces only 20% of the electricity it consumes and imports the rest from Transnistria, upon which it is heavily dependent. In parallel, Chisinau has started building, with Romanian and EU support, a series of links to the Romanian energy grid. Once the project is over, the transition to the purchase of electricity from Bucharest could happen relatively quickly. The project's expected completion date is within a year.

Beyond Transnistria, an even less known separatist region of Moldova which has had less success in its independence claims since the collapse of the Soviet Union, is Gagauzia. The Gagauz people are Christian Orthodox of Turkik origin and live in the southwestern part of the country. While their national language is Gagauz, most people speak Russian with a minority also speaking Romanian and Ukrainian. Political risks here have grown significantly following May 9. In fact, fearing public unrest, authorities in Chisinau have banned the display of pro-Russian symbols, but local authorities overturned the ban. While in the short term this has not had any immediate impact on the overall security environment in the area, in the long run, possibly emboldened by developments in Transnistria, Gagauzia could see heightened insecurity from Russian interventionism.



Lastly, it has to be said that Russia's war in Ukraine has pushed Moldova, for the most part economically, away from Russia. In fact, Moldova has lost access to the Russian market, as well as to the remittances sent back from relatives working in Russia. At the same time, Romania has been playing an increasingly active role in economic and humanitarian matters across the border. Were the war to definitively separate Moldova from Russia, Romanian business would be set to benefit from a new market opening up. Speaking in favour of possible new opportunities for Romanian business in Moldova is Chisinau's application for EU membership submitted on March 3, 2022, in the wake of Russia's invasion of Ukraine. Moldova's accession to the bloc would indeed antagonize Moscow, likely leading the Russian government to deliberately engage in activities aimed at disrupting the process, possibly by further raising the tension in Transnistria.

# Conclusions

Romania, Moldova and Transnistria have had a troubled history and their future relationship, as well as business conditions in each country, are very dynamic and fluid at the moment. Depending on the progress of Russia's war in Ukraine, southeastern Europe will undoubtedly face a different future. In fact, if Russian efforts prove successful in southwestern Ukraine and Moscow extends its territorial control as far as Tiraspol, the region will witness an increased securitization, with Transnistria becoming akin to a "southern Kaliningrad" if annexed or occupied by Russia, while also NATO would further increase its deployment in the area. Furthermore, Moldova may be finding itself in a situation akin to that of Ukraine with regards to Crimea, claiming sovereignty over a territory that Russia considers as its own, which would complicate its accession to the European Union.

However, if Ukraine succeeds in pushing the Russian military away from its south-western coastal territories (possibly even recapturing Kherson), Russia would remain unable to access Transnistria both via land and via air, possibly leading to a weakening of its influence over the territory. This may lead to a new era of Moldovan-Romanian integration. In this case, more traditional industries would be set to benefit, such as energy and automotive.

Under all scenarios, monitoring the development of events in the region is of paramount importance for any multinational company with a significant presence in the region.

**If you are interested in monitoring political risks affecting your company, reach us at [support@nssg.global](mailto:support@nssg.global)**