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The visa-free 3D effect: Georgia, Moldova and Ukraine

by Stanislav Secrieru

Since its inception, the EU's Eastern Partnership (EaP) sought to speed up reforms and pull countries of the eastern neighbourhood closer to the Union. Yet despite the incentives, transformations were often slow and painful: vested interests continue to shape domestic politics to a large degree, justice is frequently selectively applied against the opponents, and high-level corruption discourages large-scale investments.

Although the pace of reforms has been sluggish, the level of connectivity between the EU and its eastern neighbours has nevertheless increased. The liberalisation of visa regimes with the EU is one of the main drivers behind this process.

First stated as a goal in 2009 at the inauguration of the EaP at a summit in Prague, a visa-free regime with the EU was a long-waited milestone for the eastern neighbours. Ukraine was the first in the region to launch a visa liberalisation dialogue in 2008, even before the summit, while Moldova and Georgia followed suit in 2010 and 2012, respectively. It took nine years for Ukraine, five years for Georgia and four years for Moldova to reach their goals. Even if Moldova's citizens have enjoyed visa-free travel longer than Georgians and Ukrainians, all three cases share several similarities.

Attractive and secure passports

After the EU cancelled the need for visas for short-stay travel, Georgia, Moldova and Ukraine surged overnight in the Global Passport Power Rank. Compared to 2016, Ukraine jumped 15 places in 2017 to 32nd in the world. Georgia advanced by 14 places and caught up in the ranking with Moldova (which came in 43rd), with both countries enjoying visa-free regimes with 105 countries. By opening the visa-free door to a total of 120 countries, the Ukrainian passport leapfrogged the Russian one, which came 41st. Although the citizens of the Western Balkans received visa-free status earlier, the three EaP states have now even overtaken these countries.

The possession of a biometric passport is a precondition for visa-free travel to the EU. Available public data confirms that the visa-free regime led to a large rise in applications for biometric passports shortly before and right after the decision. Since 2011, Moldova has only issued biometric passports. As a result, slightly over 750,000 citizens were in possession of the document as of April 2014, when visas to the EU were lifted. Immediately after the visa liberalisation move, the number of applications for biometric passports grew by 78%. There are now over 1.8 million

biometric passports in Moldova, accounting for 46% of the population.

Moreover, 125,000 citizens living in the breakaway region of Transnistria also possess Moldovan biometric passports. In 2015, Moldova's government discontinued the practice of issuing passports free of charge to people residing in Transnistria. By that point, 80,000 had already received biometric documents. However, the decision of the authorities in Chisinau has not diminished the demand for Moldovan passports in the breakaway region, confirming at least an indirect interest in travelling to the EU.

Georgia has been issuing biometric passports since 2010. To speed up the process, the government ran campaigns in 2015 and 2016 during which citizens could apply for passports at a discounted price. By the end of August 2017, 1.4 million Georgian citizens had received biometric travel documents – about 37% of the population. In 2016, the Georgian authorities had issued 223,000 passports, while in first 8 months of 2017 alone they issued 218,000 documents. Despite the soaring demand for passports, 19 modern 'Houses of Justice' (which provide citizens with various administrative documents) across the country managed the influx of applications without experiencing major delays.

Unlike in Transnistria, Georgian citizens from the two separatist regions of Abkhazia and South Ossetia have not rushed to apply for biometric passports. First, not many ethnic Georgians remain in South Ossetia (an estimated 2,500 still live in the town of Akhalgori) following the Russo-Georgian war in August 2008. Second, the breakaway republics are much more isolated from Georgia proper and reaching and crossing administrative boundaries is problematic: Abkhazia closed down four out of six check points in 2016-2017. Third, while the Transnistrian 'authorities' tolerate the possession of multiple passports, Georgians living in Abkhazia (over 46,000, residing mainly in the Gali region) are required to surrender Georgian citizenship in order to obtain an Abkhazian 'passport'. Dual citizenship in the breakaway region is not permitted – unless the second passport is Russian. Regardless of their intentions to claim Abkhazian 'citizenship'

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or not, Georgians from Gali have reported that the local 'authorities' confiscate and destroy Georgian passports if they are discovered.

In Ukraine, the demand for biometric passports was even higher than in Georgia. Ukraine began issuing biometric documents only in 2015; before the visa-free regime entered into force in June 2017, around 3.7 million biometric passports were already in circulation. In the following two months, 1.1 million Ukrainians submitted applications for the new international travel document. The massive spike in applications took the Ukrainian authorities by surprise, and prompted them to begin modernising 25 passport centres across the country. In parallel, the government has procured the additional equipment necessary to increase printing capacity later this year. Authorities estimate that as a result of these improvements, by the end of 2017 the number of biometric passports will go above 5 million, covering more than 11% of the population. And although the official number of applications from Donbas and Crimea has not been disclosed, the visa-free regime could serve as an additional means to keep links alive between Ukraine proper and its citizens living in the occupied territories.

Virtuous circle

The more biometric passports there are in circulation, the larger the pool of clients is for transportation services. The visa-free regime with the EU – combined with a Common Aviation Agreement signed in 2012 – reshaped Moldova's competition-resistant air transport market. Low-cost companies and more European national carri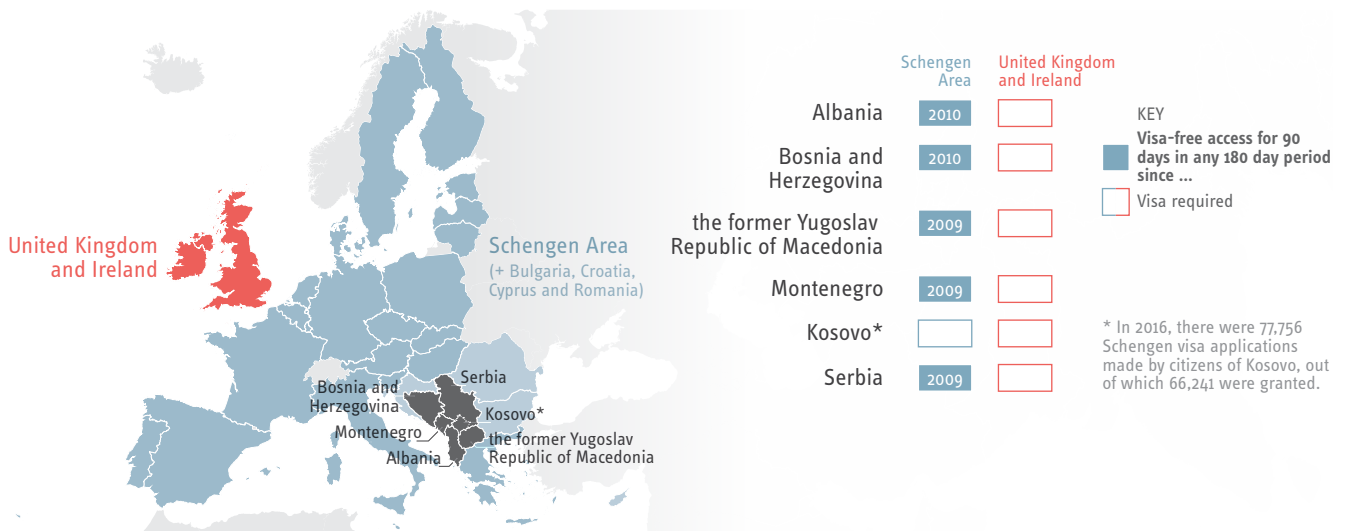ers entered the market, diversifying the number of routes (direct connections with Europe grew by almost 75%) and pushing prices down. As a result, traffic through Chisinau airport nearly doubled from 1.2 million passengers in 2012 to 2.2 million in 2016 (and is projected to grow by 15% in 2017). But although market forces generated by inflated demand have significantly squeezed vested interests, they have failed to eliminate them.

In anticipation of visa liberalisation and dismissing arguments that the populations are too poor

The forerunners: visa regimes in the Western Balkans

	Schengen Area	United Kingdom and Ireland
Albania	2010	
Bosnia and Herzegovina	2010	
the former Yugoslav Republic of Macedonia	2009	
Montenegro	2009	
Kosovo*		
Serbia	2009	

KEY

Visa-free access for 90 days in any 180 day period since ...

Visa required

* In 2016, there were 77,756 Schengen visa applications made by citizens of Kosovo, out of which 66,241 were granted.

Data: European Commission

to travel, a number of low-cost and regular airlines opened new routes from Georgia and Ukraine to the EU. In the case of Georgia, new flights started much earlier and were facilitated by the Common Aviation Agreement signed with the Union in 2010. At the time, the aim was to attract tourists: in 2016, Georgia received 6.3 million tourists, with the sector accounting for 7.3% of GDP. However, flights which originally catered to foreign tourists may in the future serve Georgians who decide to make use of their ability to travel visa-free to the EU. In the first 8 months of 2017, Tbilisi airport saw a 43% growth in passenger traffic. The visa-free regime breathed fresh life into further development of regional airports, too. For instance, in September 2016, a European low-cost carrier launched new flights from Kutaisi to cities in Germany, Italy, Greece, Bulgaria and Cyprus. As a result, passenger traffic through Kutaisi airport between January and August 2017 increased by 83%. More low-cost flights to France, Spain and the Czech Republic are due to begin from Kutaisi at the beginning of 2018.

Similar dynamics (although at a slower pace) can be observed in Ukraine despite the lack of a Common Aviation Agreement. Just like in Georgia, the visa-free regime is behind a surge in traffic in regional airports (in Lviv, Odesa, and Kharkiv, for example). Local airports positioned geographically much closer to the EU now compete with Kiev airport (Borispol) to attract low-cost airlines. At the same time, the country's main airport in Kiev is projected to exceed 10 million passengers per year in 2017, which would represent an 18% increase compared to 2016. Ahead or immediately after visas were lifted, international companies

announced new connections from Ukraine to the EU beginning in 2017 or 2018 to cities in Germany, Italy, Poland and Portugal. However, the debacle surrounding the failed attempt by Ryanair to enter the Ukrainian market has cast a shadow over the further diversification of the market and raised questions about the influence of vested interests in the economy.

Air transportation companies in Ukraine are feeling the pressure not only from their peers, but also from transport companies on the ground. In addition to already operating buses to Poland, in 2017 Ukraine's state-owned railway company introduced a high-speed 'Intercity' train to Przemysl, which, due to its popularity, then led to new connections to Krakow and Chelm. There are now plans to launch new routes to Romania, Hungary and the Baltic states. Statistics from Ukraine's State Border Service show that ground transporters still attract more visa-free travellers: a little over 60% of Ukrainians who have made use of visa-free regime so far travelled to the EU by car, bus or train. But the big disadvantage of going by bus or car remains the high probability of encountering bottlenecks at checkpoints on the Polish-Ukrainian border.

Discovering Europe legally

In the three years since visas were lifted, almost one million biometric passport holders from Moldova visited the EU. According to Frontex's quarterly risk analysis reports, the entry refusal rate during this timeframe stood at around 1.8%, and 1.1% illegally overstayed. The latest available data shows

that a little more than 83,000 Georgians have made a visa-free trip to the EU, with only 242 people being denied entry (0.29%). Ukraine's Border Guards Service reported that in the first 3 months since visa liberalisation, almost 236,000 Ukrainians travelled visa-free and only 61 were refused entry (0.026%). It is still too early to assess whether visa liberalisation in Georgia and Ukraine influenced data on illegal overstays. However, the small percentage of illegal stays by Moldovans strongly refutes gloomy predictions that a visa-free regime would serve as a conduit for massive illegal migration from EaP countries to the EU.

Affordable tickets, short distances or/and the presence of diaspora in an EU member state are the main reasons for many visa-free trips. The preferred destinations in the EU for Moldovans are Bulgaria, Romania, Greece, Italy, Czech Republic, Spain and France. According to Georgia's Ministry of Interior, the favourite destinations of visa-free travellers are Germany, France, Poland and Greece. In the case of Ukraine, the majority of those who travelled visa-free entered the EU via Poland or Hungary.

Visa-free travel provides an opportunity to reconnect or to meet more frequently with relatives and friends who are living in the EU. For instance, data on Moldova shows that people aged 46 years or older have actively exercised their right to visa-free travel to the EU (taking almost 587,000 trips). It also provides an opportunity for young people to practice low-cost tourism, as accommodation is often provided by relatives and friends. Again, statistics on Moldova show that the 18-35 age group is also a frequent user of visa-free travel (1.27 million trips). Georgia and Ukraine might follow these patterns: an opinion poll conducted by the Democratic Initiative Foundation in June 2017 showed that 56% of Ukrainians who declared an intention to visit the EU were in the age bracket 18-29.

Though many still go on low-cost holidays, a growing number of Moldovan citizens now opt to go on more expensive tours to seaside or mountain resorts in the EU. In 2016, the top destinations in the EU were Greece and Romania, where tourists from Moldova made 23,428 and 24,905 trips, respectively. In comparison, in 2013, before visa liberalisation, there were 8,540 and 14,175 respective tourist visits from Moldova to Greece and Romania.

With Georgia and Ukraine now part of the visa-free regime, the tourism industries in EU member states are likely reap the benefits in the years to come. According to the National Bank of Georgia, for example, from April to June 2017 holders of Georgian bank cards spent a record amount of money abroad (€106 million). However, Ukraine represents the biggest potential as its economy is slowly recovering after several severe shocks and the number of biometric passports keeps growing. The elimination of the visa barrier with the EU, coupled with attractive offers from European resorts and better transport connections may eat into Turkey's market share (in 2016, 1.25 million Ukrainians visited Turkey), rerouting some Ukrainian visitors to southern EU member states. Again, if Moldova is to serve as a case study, statistics show that in parallel with an upsurge of tourists to Greece, the number of visitors to Turkey slightly declined.

Bucking negative trends

The visa-free regimes offset the slow pace of reforms in the eastern neighbourhood by intensifying links and drawing partner states closer to the EU. It also fuels competition in the transportation market, preserves the links between central government and citizens living in the breakaway regions, and improves the tourism sector; overall making citizens the big winners of this process. The decision incentivised governments in other EaP countries to push for a visa-free regime, too.

Visa liberalisation also underpins the EaP in few other important ways. First, the EU delivered on promise and reinforced its credibility in a region where commitments are often overlooked for the sake of political expediency. Second, much of the anti-EU discourse (whether internally or externally driven) in the eastern neighbourhood is centred on the narrative that the Union does not really care about the region. In case of Georgia and Ukraine, critics referred to the delays in the visa liberalisation process to emphasise this point. By deciding to lift visas, the EU pulled the rug from under the feet of sceptics who argued that the Union will never grant visa-free regimes to the eastern partners. In turn, it emboldened local constituencies advocating for closer integration with the EU.

Last but not the least, the liberalisation of visa regimes is also an answer to Russia's strategy of exploiting neighbours' vulnerabilities in order to prevent deeper engagement with the Union. By lifting visas, the EU took another step to rebuff Russia's claims of a 'vetocracy' backed by hard power in the eastern neighbourhood.

Stanislav Secrieru is a Senior Associate Analyst at the EUISS.